



**OPTIMISM, IMPACT
AND PERFORMANCE**

ENGAGEMENT IN AFRICA

**THE
ABRAAJ
GROUP**

NOT FOR DISTRIBUTION TO UNITED STATES PERSONS

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THE ABRAAJ GROUP

The Abraaj Group is a leading investor operating in the growth markets of Asia, the Middle East and North Africa, Turkey and Central Asia, Sub-Saharan Africa and Latin America.

In 2012, it completed the merger and integration of Aureos Capital, thereby creating the deepest bench of private equity experience across growth markets.

Employing more than 300 people, the Group has 33 country offices spread across six regional hubs in Bogotá, Dubai, Istanbul, Mumbai, Nairobi and Singapore. Local presence across these markets provides the Group with unmatched expertise, know-how, proprietary transactional access and the ability to grow partner businesses across borders.

The Abraaj Group currently manages US\$ 7.5 billion across 25 sector and country-specific Funds, encompassing private equity (majority and significant minority investments with ticket sizes of between US\$ 10 million and US\$ 100 million) and real estate (primarily yield-generating) investments.

INDUSTRY-LEADING RETURNS

The Group has set the standard for private equity investing in growth markets, having returned c. US\$ 4 billion to investors from more than 60 full and partial exits, providing industry-leading returns across a range of companies that have emerged as today's regional champions and tomorrow's global challengers.

The Group's current partner companies include industry leaders such as Network International, the largest independent payment solutions provider in the Middle East and Africa; NEP Holding, with its Diamond brand and a market leader in the residential filtration market of Malaysia (with a growing presence in Singapore, Hong Kong, Taiwan and Southern China); Brookside Dairy, the leading dairy in East Africa; and IasaCorp, a long-established family run women's retail business in Peru.

The Abraaj Group has an investor base of 300, including corporates, development finance institutions, financial institutions, pension funds, sovereign wealth funds, family offices, high net worth individuals and other institutional investors from Asia, Africa, the Americas, Europe and the Middle East.

SUSTAINABLE IMPACT

The Abraaj Group is committed to the highest environmental, stakeholder engagement and corporate governance standards. The Group is a signatory to the United Nations-backed Principles for Responsible Investment and the United Nations Global Compact. The Group's Founder, Arif Naqvi, was appointed to the United Nations Global Compact Board by UN Secretary-General Ban Ki-moon in 2012.

Through its social investing program, The Abraaj Group has supported best-in-class organizations focused on entrepreneurship and job creation, healthcare, education and community engagement, thereby enabling a deep-rooted and sustainable impact on the economic landscape of the markets in which it operates.

200+
INVESTMENTS

US\$ BILLION
7.5
ASSETS UNDER
MANAGEMENT

300+
EMPLOYEES

25
FUNDS

20 YEARS OF THE ABRAAJ GROUP IN AFRICA

The Group has nearly 20 years of experience investing in the continent and has executed 106 exits to date (93 exits from 14 country-focused pioneer funds). The Africa team consists of 36 locally situated investment and portfolio management professionals based within our core markets of Ghana, Nigeria, Kenya and South Africa. This structure gives the Group wide coverage across Africa and easy access to neighboring countries. Our team's in-depth knowledge of the African markets, combined with strong local relationships built up over time, helps to stimulate proprietary deal sourcing and facilitate the development of partner companies.

THE OPPORTUNITY

The rise of Africa and a growing consumer class is not a new phenomenon. While the expectation is that the continent's consumer industries will grow by more than US\$ 400 billion by 2020¹, the seeds for the opportunities this presents have already been sown. African entrepreneurs have recognized that the upward economic growth trends, increased regional stability and prosperity have catalyzed consumption. This consumption goes beyond luxuries, instead being driven by a demand for essential goods and services, as reflected in the performance of our investments. We are effectively observing the raising of living standards as homegrown alternatives are increasingly available. It has been demonstrated that this growth is more inclusive than would have been expected as we analyze partner company value chains.

Factors contributing to the continued stabilization and future growth of African markets include:

- a young and growing population
- an emerging middle class (although most consumption currently is from lower income groups)
- rapid urbanization
- improved governance
- improved socio-economic conditions
- a significant growth in commodities and primary production



- improving business environments and increased regional integration facilitating the free flow of goods and people.

These are some of the reasons why Africa is a core market for the Group for the future, going beyond our history in the continent. But the biggest reason why Africa matters to the Group is because we are confident we have the presence, capability and experience to critically contribute to the continent's continued transformation.

GOING FORWARD

The view we have of this vibrant continent is one which is optimistic yet realistic. Over the past two decades, we have been privileged to work as partners alongside dedicated entrepreneurs to build truly African brands. These businesses are paving the way for the diversification of economies while engaging as key agents of change in their economic ecosystems. As private equity investors, our engagement with

these businesses is long term through the provision of risk capital and expertise at many stages in the development of companies.

We are proud to present this development impact report, cataloguing achievements resulting in part from our work in Africa, working together with exemplary business leaders and with the support of investors who **believe** as we do.



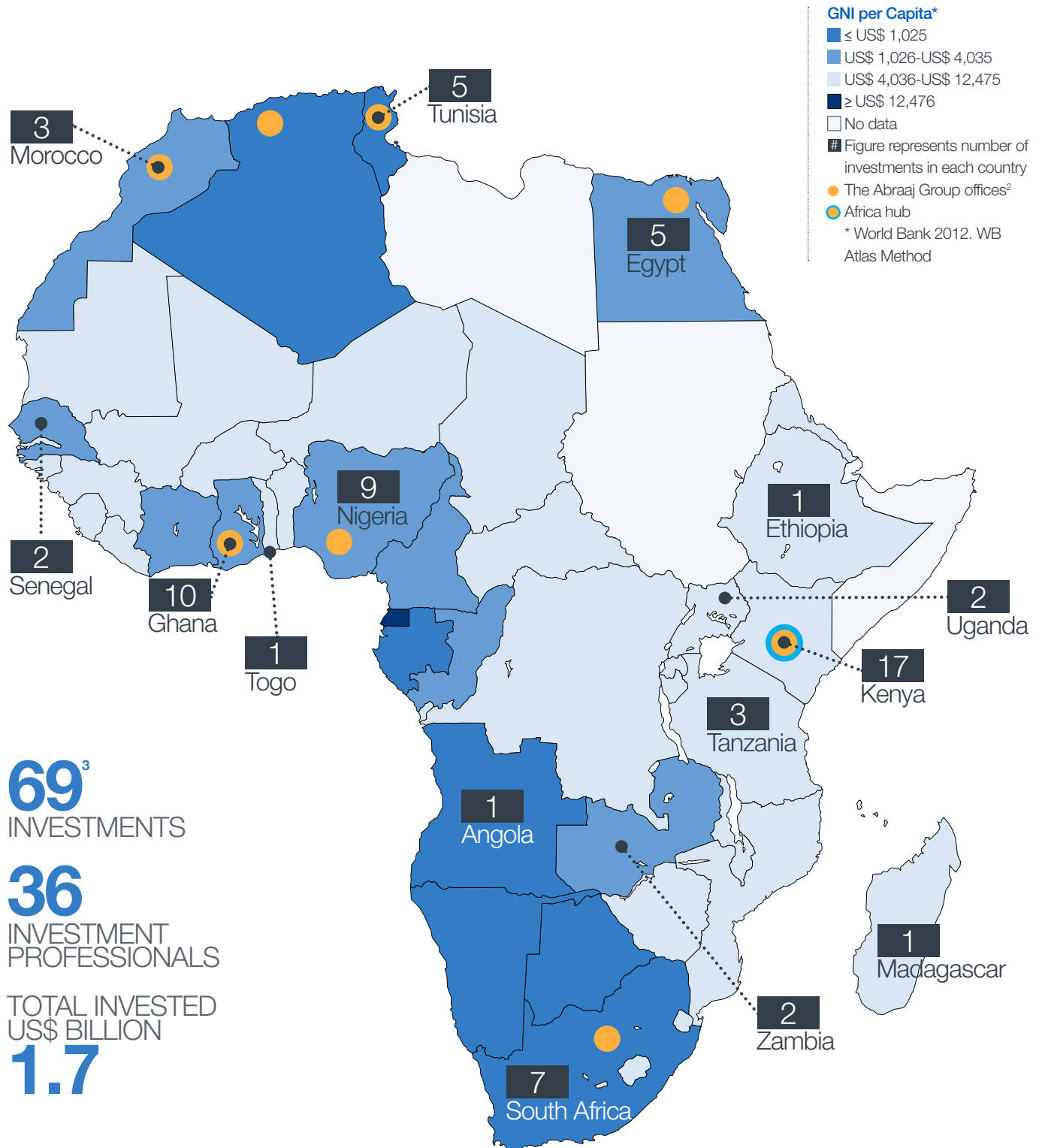
Africa's time has come, and investors who responsibly contribute to the next phase of Africa's growth will not look back.

Davinder Sikand, Partner and Head of Sub-Saharan Africa, The Abraaj Group



¹ McKinsey & Company, *The Rise of the African Consumer*, 2012

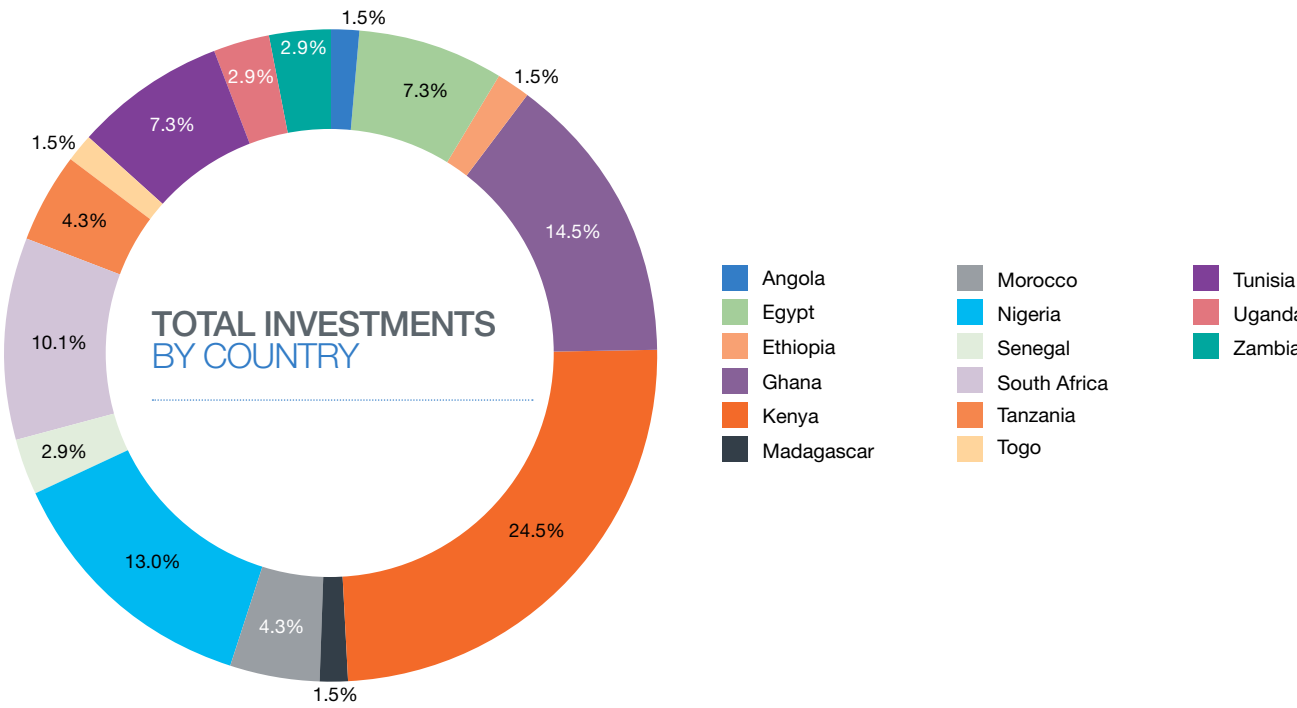
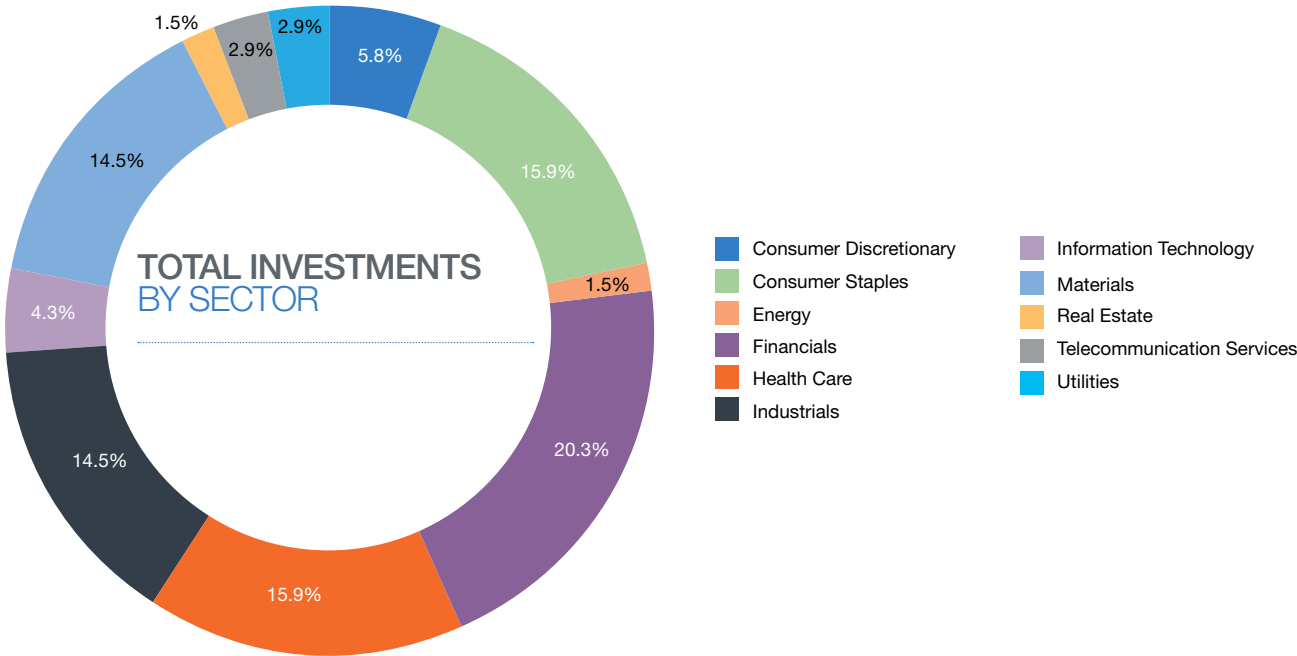
OUR STORY IN AFRICA: A CONTINENT OF MUTUAL OPPORTUNITY



Note: The map and portfolio diversification on pages six and seven represent all investments made in Africa by The Abraaj Group since 2002. This document focuses on the impact of investments made in Sub-Saharan Africa.

2 Regional office in Mauritius not shown on map above
3 All investments across the region since 2002

PORTFOLIO DIVERSIFICATION



EXECUTIVE SUMMARY

Engagement in Africa: Optimism, Impact and Performance is the first report compiled by The Abraaj Group to spotlight the continued importance of sustainability-focused private equity in Africa. Several factors have come together to give rise to this report. Even as the continent moves to become a shining beacon for growth, its people and businesses continue to be faced with challenges ranging from unreliable power supply to inadequate healthcare facilities to persistent state-imposed barriers to markets for local businesses.

Rising commodity prices have played a vital role in the high economic growth experience of Africa; however, reliance on natural resources in an undiversified market will not create long-term sustainable growth. Businesses on the continent provided for 80% of production and 90% of total employment from 1998 to 2008⁴. The private sector is increasingly critical as a driver of growth. Providing patient capital to these businesses and helping them expand will create long-term sustainable growth while contributing towards Africa's millennium development goals.

This report explores:

- The challenges faced by businesses in African growth markets and the transformative role private equity can play in alleviating these challenges. The view is taken from the perspective of on-the-ground professionals, more than 20 years of experience investing in Africa, deep regional knowledge and the ability to think like entrepreneurs;
- The challenges faced by investment managers and how we have sought to understand and align ourselves with the managers of the businesses in which we invest;
- The contributions and representation of women in our partner companies. In 2012, more than 4,700 women were employed by our partner companies;
- The underserved Base of the Pyramid and our contribution towards helping alleviate the disparities they face through

focused investment in healthcare businesses dedicated towards providing these markets with much needed goods and services; and

- The Abraaj Group's ability to positively effect change through a sustainable investment strategy.

We believe, at The Abraaj Group, it is vital to quantify our impact; positive externalities which have previously only been described can now be measured through our in-house bespoke framework, the Abraaj Sustainability Index. Yearly impact is measured across six cluster indices ranging from Financial Performance and Socio-Economic Impact to Private Sector Development and Management & Governance.

Our analysis and case studies show:

- How our professionals' entrepreneurial outlook and regional awareness are able to formulate investment strategies tailored for each business and start adding value from the deal sourcing stage;
- The longer we are invested, the greater the deep-rooted, sustainable impact and higher the returns;
- Through share-ownership programs, higher wages, equal opportunities for advancement and medical plans, partner companies are able to inspire loyalty, reduce their turnover rates and reduce the number of sick days taken by employees; and
- How implementing environmental policies can increase the efficiency of resource use, reduce costs and increase revenue generation while generating social goodwill.

This report also examines our commitment to reach the Base of the Pyramid and highlights the financial feasibility of catering to the needs of an underserved market. Partner companies such as Deli Foods with its low-cost biscuits and the Nairobi Women's Hospital with its hub and spoke model have made products and services available to a market segment that despite having an aggregate purchasing power of more than

US\$ 429 billion frequently faces "poverty penalties". On average, 60% of end users served in 2012 by six of our partner companies in our innovative Africa Health Fund are from the Base of the Pyramid. Revital Healthcare, a partner company producing auto-disposable syringes, has surpassed this average with 90% of its clients hailing from the Base of the Pyramid.

We hope that in reading this report, you realize the tremendous role that private equity and sustainable investing practices can have in effecting positive change across the continent. The growth of Africa is still in its early stages and we at The Abraaj Group look forward to contributing our unique experience to enhancing the development of Africa and its people in the years to come.

OUR APPROACH TO SUSTAINABLE BUSINESS



The Abraaj Group is not new to the African continent or to the opportunity that Africa represents. We have a successful track record of investing in private equity transactions in Africa that spans two decades. At the heart of our thesis is the fundamental appreciation that there is no dichotomy between the drive for returns and sustainability.

“Sustainability” is not a box for us to tick. We embrace the idea that for our investments to succeed over the long term we must contribute to the communities in which we invest. It is after all the emergence of those communities, and the empowerment of individuals that deal in the currency of social and economic aspiration as much as anyone else on this planet, that has driven, and will continue to drive, the growth in Africa that our local teams in nine offices across the continent encounter on a daily basis.

We have been on the ground for the last 20 years and we see ourselves as here to stay.

Arif Naqvi, Founder and Group Chief Executive, The Abraaj Group

Today's world, shaped by technology and interconnectedness, is a much smaller and more fragile place. Different cultures and varying socio-economic classes live in close proximity to each other. Inequalities between cultures, classes, countries and genders define our world. Despite our awareness of these issues, few systems or business models exist to eradicate poverty, hunger, continued gender bias or act efficiently following natural disasters.

Furthermore, regional and global governance systems are in a precarious position and are not wholly adequate to deal with the challenges of the 21st century and the competing demands of their diverse stakeholders. The political and economic upheavals from Wall Street to Greece through to Tahrir Square have also illustrated economic reform without political and social reform is not sustainable. Businesses have a significant role to play in this changing paradigm as transparency, governance, human dignity and equal opportunity increasingly become the drivers of the global economy.

These turbulent economic times have highlighted the need for the private sector to recognize and engage with the wider community. In particular, these tumultuous times have illustrated the importance of supporting the growth of private enterprises for the creation of a balanced and sustainable economy.

Against this backdrop, the Group believes that unlocking the value of businesses in growth markets will play a central role in promoting growth and development across local and regional markets. Over the past two decades, the Group has made this

belief one of the cornerstones of its investment strategy. Resilient, long-term financial value can be attained not only through governance and reduced environmental impact, but also through positive social change and inclusive investment models.



Urban cityscapes: The new symbols of Africa representing economic development



Poverty cannot be fought, because poverty is nothing. Poverty is a void, waiting to be filled, a void that can only be filled by the creation of wealth.

**Diana Patel, Executive Director,
Avenue Healthcare**


I. VALUE ACCRETION: A STRATEGIC ESG APPROACH

The Abraaj Group believes that environmental, social and governance (“ESG”) factors can be a business value creation opportunity and not just an array of indeterminate, sometimes punitive, contingent liabilities waiting to manifest. Great businesses are responsible by their very nature. The Group’s sustainable investment strategy preserves long-term shareholder value by balancing rigorous financial analysis with sound ESG practices that also create value for other stakeholders and local communities.

Good ESG practices are enshrined in the Group’s guiding Business Principles as well as policies covering business integrity, social, health and safety and environmental elements. The Group has developed an effective ESG Management System, which integrates ESG compliance and good practices throughout the investment process from deal sourcing, initial screening, and due diligence, through to active portfolio management and finally, exit. A three-pronged approach considers compliance with our values, value protection (risk mitigation) and active value addition as key components within the investment lifecycle.

As a precondition to the Group’s investment, partner companies must subscribe to the Group’s Business Principles or to a higher standard. ESG performance measurement is carried out by way of a proprietary development impact index, the Abraaj Sustainability Index, developed in-house to annually track each partner company’s sustainability. Moreover, the Group’s staff receives ongoing ESG training internally as well as externally from the IFC, CDC, DEG and FMO.

The Abraaj Group’s commitment to good ESG practices is evident in the positioning of the ESG function within the Abraaj Performance Acceleration Group (“APAG”). APAG consists of nine professionals who operate out of the Group’s regional hubs of Dubai, Istanbul, Singapore, Mumbai, Nairobi and Bogotá and is mandated to support Fund Managers and partner companies with operational excellence. This mandate is delivered at various



You cannot separate ESG from value creation in African high growth markets. It is not discretionary, rather it is integral to the long-term sustainability of the private sector as it contributes to the development of economies.

Wahid Hamid, Partner and Chair of the ParCo Review Committee, The Abraaj Group

stages of the deal cycle through:

- Explicit involvement in the pre-investment strategic, commercial, operational and ESG due diligence using a structured consistent approach;
- Provision of active support in the development of a well-articulated value creation plan and a 100-day plan that includes ESG opportunities for efficiencies, revenue growth and stakeholder value;
- A risk mitigation approach built into the value creation plans which stress test critical success factors of the investment;
- Deployment, on a selective basis, of resources in partner companies to deliver key initiatives; and
- Implementation of a periodic and consistent portfolio review process including separate ESG reviews across all Funds.

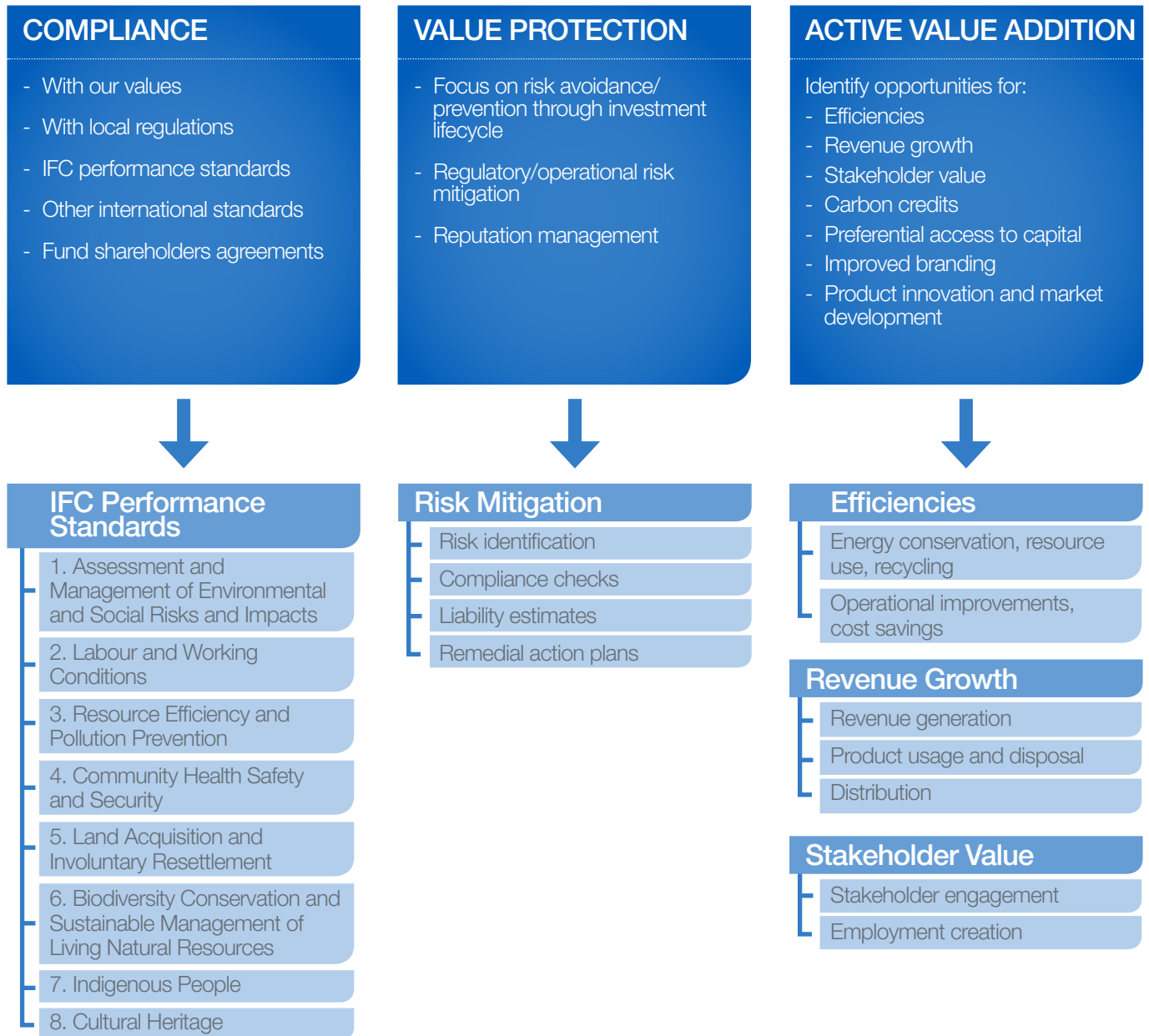
For each of these contributions, APAG has implemented tools and techniques that are consistently applicable across Funds and partner companies.

The following are the operating principles that form the basis of APAG’s engagement with the investment teams and partner companies:

- Partnership driven – one team interfacing with partner companies;
- Integrated into pre-acquisition, post-acquisition and exit processes;
- Provide attention to the stars and the challenges (maximizing marginal return on resources);
- Focus on incremental value-add – does not duplicate efforts of investment teams;
- Accept clear accountability for focused initiatives;
- Constructive engagement with partner companies to foster alignment and change;
- Provide high leverage “mass-scale” support to our partner companies through standards and best practices;
- Adopt a “Pilot-Prove-Progress” approach in building out capabilities; and
- Integrated management of ESG.

The strong correlation between the creation of sustainable businesses and ESG was supported by a recent study published by the IFC which revealed that businesses with strong ESG management also recorded higher returns compared to companies with poor ESG management by as much as 13%. Good ESG practices not only create great businesses, but also lower risk and liabilities and create value by delivering superior returns. The APAG team actively works to reduce the partner company’s environmental footprint while maximizing existing local community ties and strengthening organizational structures.

A THREE-PRONGED ESG APPROACH LEADING TO COMMERCIAL SUSTAINABILITY AND DEVELOPMENT IMPACT:



SIGNATORY AND BOARD MEMBER OF
UN Global Compact



SIGNATORY TO
Principles for Responsible Investment



MEMBER OF THE INVESTOR COUNCIL
Global Impact Investing Network



MEMBER OF
Aspen Network of Development Entrepreneurs



CASE STUDY

VITAL LIQUIDS – THE DEVELOPMENT OF A WEST AFRICAN WATER BRAND



Between 2004 and 2008, AWAFF invested US\$ 8 million in three tranches in Voltic, a Ghanaian company producing and distributing bottled water and juices. The intention of the investment was to back a scalable business that aimed to address the needs of the local market while encouraging import substitution for a product and sector dominated by foreign firms. The proceeds of this financing was to modernize the business, production and processes and to expand into regional markets in Nigeria and Togo in line with the Fund Manager's strategy to build regional businesses. Over the life of the investment, Voltic increased its product offerings, providing large dispensing bottled water and inexpensive sachets of water.

The AWAFF team had initially invested in Voltic in 1996 as a start-up through the Ghana Venture Capital Fund, one of the Group's legacy funds. The product lent itself to scalability given the growing consciousness of the importance of bottled water.

A MULTI-DIMENSIONAL DEVELOPMENT IMPACT

The development impact of the Company was enhanced by the catalytic impact of the capital applied to expand and modernize what was the second Ghanaian water company with the following results:

- Significant production increase as

daily production increased from 500 cartons to 15,000 cartons;

- The market grew to include Nigeria and Togo as well as greater Ghana, outside of Accra.
- Wealth creation for the sponsor and, through the innovative incentive program, all employees working for the Company, from the CEO to cleaning staff. The rationale behind this incentive program based on the units produced and sold, was to enable Voltic's employees to share in the profits and thus create loyalty and a strong workforce, all aligned towards the success of the Company;
- Import substitution – importation of bottled water had fallen to under 5% and mostly related to spring water at the time of exit;
- The Fund Manager introduced the Company to alternative sources of third-party financing, helping to manage its expansion requirements;
- Direct job creation grew from zero in 1995 to 823 by 2008 and there was significant indirect positive impacts on franchise partners and transporters; and
- The development of water sachets increased access to filtered water by low-cost consumers. Further, this was grown through joint ventures and franchises with third parties. This model benefited the Company by reducing the pressure on its facilities while growing the market for filtered water.

Country	Ghana
Sector	Fast Moving Consumer Goods
Fund	Aureos West Africa Fund
Investment	US\$ 8 million

Significant production increase as daily production increased from

500
cartons to
15,000
cartons

Increased filtered water access to low-cost consumers through the development of water sachets

At the time of exit, Voltic had two production lines at the main plant in Accra, expanded to an additional production line in Ghana's second largest city, Kumasi. It had also integrated downwards to produce bottles and caps.

FROM 2004 TO EXIT:
NUMBER OF
EMPLOYEES
INCREASED BY

23%

FROM 2004 TO EXIT:
INCREASE OF

228%
IN ANNUAL
TRAINING
EXPENDITURE

FROM 2004 TO EXIT:
PRODUCTION
INCREASED

30x



A DISTINCTIVE BUSINESS DISTRIBUTION MODEL

Voltic developed a distinctive distribution model to ensure the growth in demand for the product was not constrained by infrastructure barriers in getting the product to market.



This model included:

- Small vehicles making just-in-time deliveries to local entrepreneurs;
- Setting up individual distributors, rather than opening up new depots, so the growth of the Company was mirrored by the growth of these distributors beyond Ghana, into Nigeria and Togo; and
- A conscious decision to restrict the size of its internal fleet of vehicles. Instead, distribution was outsourced to independent transporters who typically had three to four trucks. The long-term loyalty developed with these distributors was valued by the Company.

We did not cut corners in building a sustainable business and it worked. It was part of the process as the Company grew and it yielded benefits for all.

**Jacob Kholi, Partner,
The Abraaj Group**

REALIZING VALUE

Other local water bottling companies in Ghana struggled, largely due to the inability of these businesses to transform from small family businesses to well-governed, professionally run businesses. Value was added to the investment in Voltic by the contribution of necessary funds required for the modernization and successful expansion of the business.

The profile and the brand of the Company were consciously and conscientiously developed based on a model of profitability and sustainability. This was partly achieved by ensuring that Voltic remained a generous corporate citizen, hosting frequent community events.

At the time of exit, Voltic was the leader in the local market, having captured 60% of the market share, successfully competing with a number of foreign multinational companies. The establishment of a strong proudly Ghanaian enterprise, which participated in import substitution, made it an attractive opportunity for an African multinational trade buyer. The flair of the entrepreneur and the desire of the team to grow a thriving business were complemented by an insistence to grow the Company responsibly. The Fund Manager and entrepreneur achieved a successful exit through a sale of the partner company to a South African multinational corporation (MNC) in January 2009.



Direct job creation grew from
0 to 823 by 2008

II. KNOWING VALUE: ABRAAJ SUSTAINABILITY INDEX

The Abraaj Sustainability Index (“ASI”) is a proprietary bespoke index developed to annually track and report the development impact of our partner companies over the lifetime of the investments. An ASI rating is assigned for every investment based on six equally weighted cluster-indices of development impact. Each of these cluster-indices is comprised of an average of 13 sustainability indicators, with each of these indicators contributing to the cluster indices’ score.

THE COMPOSITION OF THE INDEX

The selected indicators were chosen following careful evaluation to ensure they capture the very essence of the sustainability of businesses in growth markets. The six main cluster-indices are:

- Financial Performance
- Economic Linkages
- Socio-Economic Impact
- Private Sector Development
- Management and Governance
- Health and Safety, Environmental and Social.

The scores of the six cluster-indices combine to provide an overall yearly sustainability score for each partner company.

The sustainability index is comprised of a synthesis of qualitative and quantitative information which allows businesses to be compared with peers across deal types, deal sizes, sectors and regions. Quantitative data is drawn from the Group’s Management Information System (“MIS”) and the quantitative and qualitative data is aggregated for an overall development rating.

The ASI looks beyond the financials to include good governance, employee engagement, health and safety, benefit to the community and social responsibility. This provides the Group with valuable insight into the relationship between financial performance

and ‘intangibles’ while providing a framework for engaging partner companies on key non-financial issues. The output of the ASI is a percentage score that helps investment managers and partner companies to monitor and track their performance over the investment period.

At the Group, we believe that true profitability cannot be achieved without sustainability. As sustainability is one of the crucial levers of value creation, the ASI’s rigorous approach to sustainability helps accelerate business performance and strengthens valuations while conveying to our investors, partner companies, employees, management

and stakeholder community our commitment to achieving a strong development impact simultaneously with consistent financial returns.

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Sustainability indicators contribute to the annual ASI score



ASI IN ACTION

As the ASI generates aggregated sustainability and individual cluster-related percentage scores annually for each partner company, the Group is able to track the progress of individual partner companies as well as those of the entire Fund. Based on these scores, the Group is able to ascertain how the Funds are performing as a whole and which of the six indices drive the sustainability performance of the Funds.

The aggregation of the scores within a Fund can obscure the underlying trends. A snapshot of a Fund at any point of time will combine the performance of investments of different vintage years. While we focus on individual company performance, the aggregated Fund performance is only truly reflected after exiting all investments.

AFRICA ASI ANALYSIS

ASAF

ASAF with an average overall score of 71.3% since 2007 has consistently outperformed the other African Funds over the past few years due to the strong Financial Performance, Private Sector Development, Management and Governance, and Health and Safety and Environmental and Social (“HSES”) scores achieved by a significant number of its partner companies.

AAF

AAF’s score declined in 2011 to 64.42% from its 2008 score of 72.5% in part due to the Group’s exit of the well-managed and high-performing Deli Foods, impacting the mix of the remaining portfolio.

AHF

In contrast to AAF, AHF has seen its overall score increase to 55.25% in 2011 from its initial score of 41% in 2009. Since its launch, the AHF partner companies and their deal executives have worked unrelentingly, improving their scores through increased Financial Performance (a jump from 14% to 49%), Economic Linkages (from 40% to 47%) and HSES (from 46% to 70.25%) via focused planning and policy implementation.

REFLECTIONS ON THE MEASUREMENT

This demonstrates the extent to which the varying economic circumstances in each region and the mix of partner companies uniquely impact the progress of fund scores. From a development perspective, there is often a J-Curve experienced by the partner companies. Overall, the Group has noticed that new investments have the ability to initially negatively impact a year’s overall score due to lower Management and Governance, Socio-economic Impact

and Economic Linkages. However, the Group has also noticed a general upward trend in HSES, Economic Linkages and Management and Governance scores the longer the Group remains invested. This confirms the Group’s ability to improve the ESG performance of partner companies following its investment and furthermore supports the Group’s belief that improvements in ESG performance are achievable simultaneously with improvements in Financial Performance over the relatively long period we remain invested in businesses.

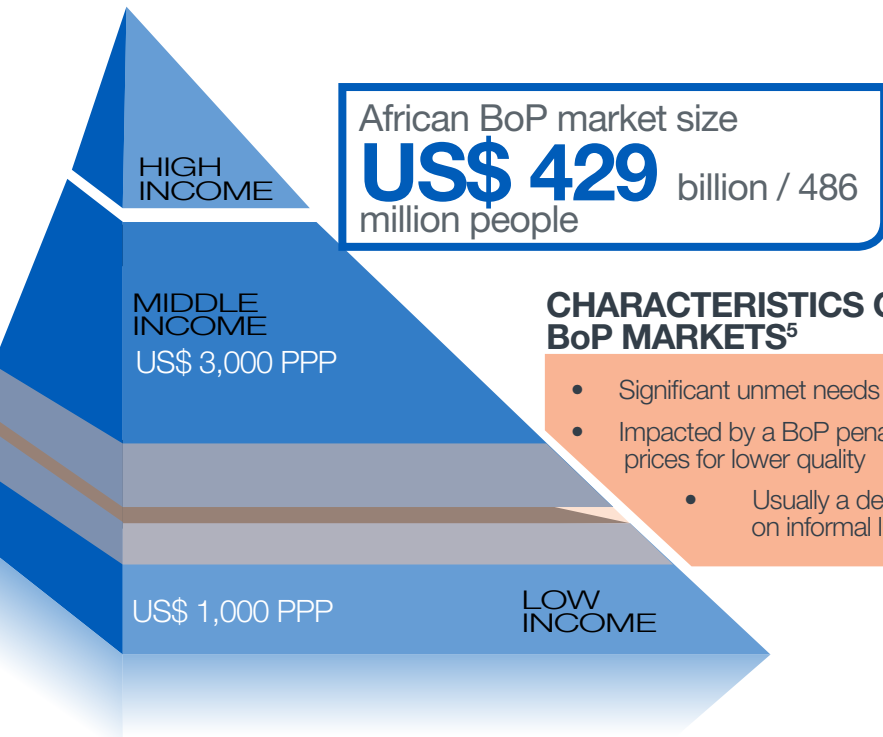


Global growth market businesses are on a promising trajectory. They have significant development impact and are best supported by equity investment from long-term investors. Thus far, this opportunity has not been widely recognized by institutional investors across the world. It is vital at this time more than ever, when we as a global community, as the private sector, are re-examining our role in building stronger economies, that we stand ready to incorporate non-traditional methods of funding and to deliberately build more inclusive businesses. In doing so, we should be rigorous about understanding the kind of impact we are having.

Sev Vettivetpillai, Partner and Chair of the Partner Council, The Abraaj Group



III. INCLUSIVENESS AND THE BASE OF THE PYRAMID



- CHARACTERISTICS OF BoP MARKETS⁵**
- Significant unmet needs
 - Impacted by a BoP penalty-higher prices for lower quality
 - Usually a dependence on informal livelihoods

setting higher prices in facilities serving high income earners. The model is enhanced through a “Hub and Spoke” model whereby the Company sets up fully equipped hospitals (hubs) in regions with adequate infrastructure and access to qualified professionals while outpatient or medical clinics with low capex costs are established as spokes in BoP populated areas. Patients requiring advanced diagnosis or specialized care are referred to the hub. The model has been adopted by Nairobi Women’s Hospital, Avenue Group and C&J Medicare in Ghana.

The AHF focuses on impact measurement that goes beyond numbers to transformational business models that increase access, affordability and the quality of health products and services to the BoP. It is estimated that the AHF is reaching 49.1 million people at the BoP across all of our investments. On average, 60% of end users served in 2012 through six of our partner companies were BoP. In 2012, the combined revenue from these six investments spread across East and West Africa stood at US\$ 34.1 million, proving that the BoP in Africa does indeed have significant purchasing power.

To successfully manage business conditions at the BoP, companies must be innovative in their approach and customize their products, distribution chains and prices to reflect the realities of the BoP market. Companies chasing high margins will miss out on the opportunities at the BoP. On the other hand, companies that think outside the box, innovate and focus on overall profits are likely to thrive at the BoP.⁷

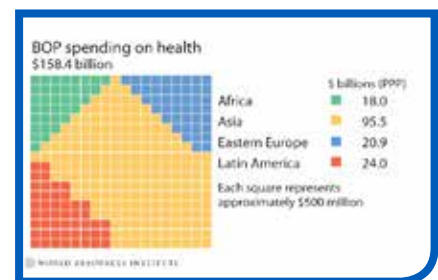
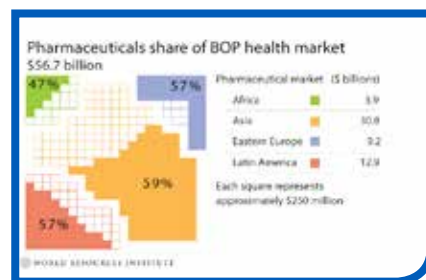
Inclusive business models tend to be financially sustainable and provide access to high-quality and affordable products and services to the economically disadvantaged, often referred to as the Base of the Pyramid (“BoP”). Too often, the BoP cannot access key products at the levels of quality and affordability on which others rely. They may lack steady jobs, business opportunities, access to clean water, electrical power, good roads, healthcare, education, and/or financial services. In the absence of efficient, formal markets, they pay more for such services than those living at the top of the pyramid – a phenomenon known as the “poverty penalty.”⁶

links the Fund’s carry to the percentage of BoP end users served through our partner companies. The structure was founded on the belief that socially motivated business practices enhance financial returns, while also adding positive value to society. The Fund defines the BoP as those who have an average annual household income of less than US\$ 3,000 in purchasing power parity (“PPP”) terms.

Various inclusive BoP models have been adopted by our partner companies in AHF and other funds. One example is cross-subsidization. In this model, pricing of services in health facilities located in densely populated BoP areas is subsidized by

Africa’s BoP share is 95% of its total population with a total measured market size of US\$ 429 billion. Its BoP health market is sized at US\$ 8.1 billion (45% of the global BoP health market size of US\$ 18 billion), comprising the annual spending of 258 million people. These numbers provide a compelling proposition to the private sector.

In recognition of the potential of the health BoP market, the Africa Health Fund (“AHF”) was established with an impact-based incentive structure that



The BoP segment in Africa is a large part of the consumer base, presenting an unavoidable market for the private sector to address for mutual benefit

⁵ World Resource Institute (WRI) & International Finance Corporation (IFC), *The Next 4 Billion: Market Size and Business Strategy at the Base of the Pyramid*, 2007

⁶ C. K. Prahalad, *The Fortune at the Bottom of the Pyramid*, 2005

⁷ Dansk Industri (DI), *Working with the Bottom of the Pyramid: Success in Low Income Markets*, 2007

CASE STUDY



BoP – AFFORDABLE MATERNAL AND CHILD HEALTHCARE

Founded in 2001 as a 30-bed hospital, Nairobi Women's Hospital ("NWH") provides healthcare to women and children from the low and mid-income population of Kenya.

The Hospital provides in-patient, out-patient and services geared towards maternity and other specialized healthcare treatment for women and children.

A MULTI-DIMENSIONAL DEVELOPMENT IMPACT

The Value Add of Private Equity

The Fund's investment enabled NWH's expansion from a 57-bed hospital in 2009 to its current 256-bed healthcare capacity through the addition of two fully fledged hospitals in Adams and Ongata Rongai. The deal team has assisted in the establishment of a corporate governance structure to institutionalize the Hospital, which is essential for the scaling up of the business.

Further, the team has continuously engaged with management through Board positions and chairing of monthly management committee meetings. This has helped to align the management team on the Company's strategy and build a culture of continuous monitoring and reporting on the achievement of set key performance indicators.

The Abraaj Group's global network and deep experience in healthcare investing continues to provide the visibility and networks necessary to support growth and expansion, facilitating South-South exchanges.

Making a Difference

There are a limited number of certified medical and biological waste treatment companies in Kenya. To better manage its environmental impact, NWH installed an internal state-of-the-art incinerator.

The Hospital has established a school of nursing which will increase the pool of resources available to the Hospital and the country at large. This is against a backdrop in Kenya, where the nurse to patient ratio is estimated to be one nurse for every 1,000 patients.

A Practical Use of Technical Assistance

Technical Assistance was provided to support implementation of a hospital

Country	Kenya
Sector	Health Services Provision
Fund	Africa Health Fund
Investment	US\$ 2.6 million

(2009-2012)
57-256 beds

63%
of the patients are from
the Base of the Pyramid



Through the Africa Health Fund, we look forward to helping populate Africa's private healthcare sector with growing, profitable hospitals, well positioned to attract further domestic and foreign investment.

**Dr. Sam Thenya, CEO and Founder,
NWH & GVRC**



Making a difference together: A snapshot of NWH's staff

In Kenya,
1 nurse
is estimated for every
1,000 patients.
NWH has established
a nursing school which
helps address this

CASE STUDY

Management Information System and a College Management System for the school of nursing. The Hospital is currently 60% paperless and targets to become 100% paperless once its hospital Management System is fully operationalized, allowing for an integrated flow of patient information from check in to check out.

Monetary support has been provided to reinforce strategy realignment and a change management program. The objective of the program is to enhance the growth strategies of NWH in line with the planned expansion of its geographical footprint and services.

Impact At the Base of the Pyramid

Independent impact assessments commissioned in 2011 and 2012 show that 63% of patients visiting NWH are BoP patients. In 2012, the Hospital recorded net revenues of US\$ 10.2 million, thus confirming the financial opportunity in BoP businesses.

NWH has a cross-subsidization model, charging higher prices for services in urban areas and lower prices in rural or densely populated areas with add-on options. This enables the Hospital to increase affordability of medical care to the BoP population without compromising on the quality of care provided.

Giving Back to the Community

The Hospital runs a Gender Violence and Recovery Centre ("GVRC") providing services to victims of rape and domestic violence. So far, 21,341 victims have been treated with the support of well-wishers, Kenyan corporations and international as well as local organizations.

The GVRC resolved that patients with medical insurance would use their policy cover while needy patients would be treated at no fee. This initiative received the backing of 28 insurance companies as part of their CSR programs.

Nine camps were launched upcountry, each attracting over 2,000 people. A major medical camp was launched

during the Hospital's anniversary dubbed the "Health and Wellness Festival". The festival attracted more than 500 women.

Every year, the Hospital also runs a pregnancy fair at each of its three branches, with each branch hosting more than 100 women. During the fair, free talks on gynecology, nutrition, Lamaze and breast feeding are offered.

Through its activities, NWH offers a variety of services always central to the woman and child.

NWH launched nine upcountry medical camps, which have attracted more than 18,000 people



1



2

3



1 Women assembling for maternal health information sessions organised by NWH
2 Critical and affordable surgical care offered at NWH
3 One of NWH's successful health camps in rural Kenya

WORKING IN PARTNERSHIP TO ACHIEVE SUCCESS

I. THE FINANCING GAP AND OTHER CHALLENGES FACED BY BUSINESSES IN GROWTH MARKETS

Businesses in growth markets play a vital role in powering economic growth. According to an African Development Bank report, businesses in the private sector accounted for 80% of Africa's total production and 90% of total employment⁸ between 1998 and 2008⁹. These businesses can help Africa reach its full potential as they are drivers of growth. In fact, economic growth is a precondition for the alleviation of poverty and these privately held enterprises in growth markets have the capacity to benefit society as a whole.

However, despite the key role these businesses can play for social and economic good, their path to success is littered with obstacles that prevent them from reaching their potential. While banks are beginning to recognize the impact growth market businesses can have, banks offer loans and not solutions. Banks are unable to offer patient capital. These businesses require a long-term commitment with on-the-ground professionals to be their partners in growth rather than purely capital with little vested interest beyond repayment of the loans. They require deal partners who are continuously looking for ideas to expand and/or create new commercial opportunities using their regional and global capacity to expand the reach of the business.

Growth market enterprises also tend to lack the knowledge to achieve economies of scale due to their lack of access to national and international markets, sometimes as a result of local restrictions and company-level barriers to trade. These businesses can be empowered with knowledge and a strong network of deal executives and

trained individuals with deep local and regional expertise. This empowerment will not only provide businesses with the resources needed to understand local cultures and traditions, but will also make available an institutional support base, assist in the expedited removal of barriers to trade and facilitate the growth of the businesses' operations beyond their local and/or regional confines.

Strong businesses also require innovative, experienced and visionary managers and executives at the helm to guide them toward achieving their potential while adding value to their stakeholders. However, the insufficient talent pool in Africa further hinders the growth of these businesses. Therefore, businesses have to hunt further afield to meet their hiring requirements, but their constrained resources prevents them from fully meeting their needs.

As a result, despite their ability to be powerful drivers of economic and social growth, many businesses in growth markets are severely hindered by a range of challenges – challenges that can be overcome with the right set of tools and access to a far-reaching geographical network of talent and trained individuals.

Private equity is an asset class that can address these challenges while helping businesses over the long term.

⁸ This refers to the working age population

⁹ African Development Bank Group, *Private Sector Development Strategy of the African Development Bank Group 2012-2017*, 2012

II. CHALLENGES FACED BY FUND MANAGERS

Our Africa team has well over two decades of collective private equity experience working in diverse countries at different levels of development, with varying cultures, business practices, judicial and regulatory systems and tax regimes. Shared experience reveals that these factors in isolation, combination, or collectively pose a sizable challenge to Fund Managers in their quest to develop profitable businesses that are balanced in delivering value to all stakeholders in an inclusive and sustainable manner. However, there have been significant reforms, which have made these markets more attractive to us.

Judicial and Regulatory Issues:

Certain environments in which our funds operate have challenging judicial and regulatory issues. Given these circumstances, the Fund Manager cannot rely on the legal system to manage disputes. Consequently, we use several mechanisms to ensure we are aligned with sponsors as well as key partners in the long run, rather than relying purely on contractual relationships.

Management Capacity Challenges:

A fair number of the Group's partner companies are closely held family-owned businesses that almost invariably have management capacity constraints in key functional areas such

as finance, operations and marketing. The challenge is in finding suitable management at the right cost. The Abraaj Group's Africa team has observed that the best-performing partner companies tend to have strong management teams built on sound corporate governance structures. Backing strong management teams with the right cultural fit is the key to developing sustainable businesses in Africa. Where these governance structures are lacking, we work to get them in place.

Uncompetitive Practices: Corruption and payment of facilitation fees all knotted around differences in legal enforcement in some countries remain a challenge for Fund Managers. Corruption creates a distortion in the playing field and inordinately increases the cost of doing business. The Abraaj Group insists on partner companies signing up to the Group's Business Principles or similar or higher standard principles/documents as a precondition for investment. Monitoring of the Business Principles is done in close collaboration with partner companies and through periodic compliance checks.

Politically Exposed Persons ("PEPs"): PEPs involvement in partner companies is yet another challenge for Fund Managers in Africa. From a country perspective, Angola seems to lead the chart as at least one in three

potential partner companies have a PEP involved directly or indirectly. The Fund Manager undertakes rigorous Know Your Customer ("KYC") checks on management teams¹⁰.

Poor IT Platforms: The question of IT platforms is a key concern for many of our partner companies in Africa. Challenges focus around finding appropriate systems at reasonable cost with the right level of post-installation support, whether it be in-house or external. The Abraaj Group in Africa has, in a number of instances, used its in-house IT resources to work with partner companies to help deploy appropriate IT solutions. This is an area where partner companies could swiftly gain a competitive advantage and achieve business sustainability.

Greenhouse Gases, Climate Change & Carbon Credits:

The Abraaj Group has committed to working closely with all Limited Partners that have taken a keen interest in this area and have in some cases made available technical assistance either in the form of funding or provision of expert advisory services. The Fund Manager implemented a South-South solution, applying a technical environmental improvement to Athi River Steel in Kenya, from a similar company in India.

“ The language about Africa is different, it's the potential. Everybody is talking about what can happen. When you have that hope and that bit of optimism, you feel good.

Ngozi Okonjo-Iweala, Minister of Finance of the Federal Republic of Nigeria, Formerly Managing Director of the World Bank ”

“ Africa is a place replete with possibilities.

Kgalema Motlanthe, Deputy President of the Republic of South Africa ”

III. SPECIAL FOCUS – THE POSITION OF FINANCING SMCs

Small and mid-cap companies (“SMCs”) play a vital role in the growth and development of the economy. They are the backbone of all economies and are an important source of employment, economic growth and dynamism in growth markets. Crucially, SMCs bring innovative products and technologies to the market, some of which are driven by frugal innovation.

In high-income countries, SMCs are responsible for more than 50% of GDP production and more than 60% of employment. In contrast, formal SMCs in low-income countries contribute merely 17% of GDP and 30% of employment despite their growth potential and economic impact¹¹. In fact, micro-enterprises and large firms make up a greater part of the markets of developing countries leaving a significant SMC gap known as the “missing middle”.

SMCs face similar barriers to growth as other businesses, ranging from lack of patient capital to restrictive business environments to barriers to regional growth. However, the greatest hindrance is their lack of access to funding also known as the “financing gap.” In fact, 70% of SMCs are unserved or underserved by financial institutions¹².

Financing enables SMCs to expand their operations, develop new products, invest in production facilities as well as build human capital through higher wages and training programs for employees. This in turn generates substantial productivity gains and improves their prospect for higher returns, which facilitates their access to capital. Nevertheless, without financing, they are unable to improve their infrastructure and generate the productivity gains associated with higher returns. Essentially, SMCs are caught in a cyclical trap, unable to access the funding needed to escape and grow.

Additionally, SMCs’ access to financial services is also hindered by their very nature. SMCs may have a short operating history, few fixed assets

and non-traditional business models, making it difficult for banks to assess them in the same manner that they would larger firms. SMCs, especially younger firms, also lack collateral, and this combined with their lack of financial records and the clear delineation of assets makes it difficult for potential investors to distinguish between the financials of the company and those of its owners. SMCs also have a more volatile pattern of growth and earnings and lower survival rates compared to larger firms. These all hinder the SMC’s chances of obtaining financing through the increased price of credit from banks,

capital markets and other suppliers of credit; especially compared to the rates enjoyed by larger businesses.

Private equity investors, deploying patient capital, are in the unique position to assist SMCs in overcoming significant barriers and help them mature. Private equity firms can deploy growth capital and work with partner companies to help them develop into enduring regional businesses that achieve high returns while positively impacting local communities, employees and their various stakeholders.



CASE STUDY

BRIDGING THE FINANCING GAP IN WEST AFRICAN REAL ESTATE



The name Regimanuel Gray Limited (“RGL”) is synonymous with home construction in Ghana. The Company started as a joint venture between Regimanuel Limited and Gray Partners and has grown over the past two decades to become a regional player and Ghana’s leading supplier of residential units both in terms of value and volume.

Through acquisitions and organic growth, RGL has built a holding company that operates across the construction value chain, providing a diverse range of products and services to the rapidly growing West African real estate sector. To date, the Company has completed developments in Ghana and Sierra Leone and is exploring developments in Liberia and Tanzania. While the Company has developed commercial property, RGL’s target market remains low to middle-income and, to a lesser extent, high-income homeowners.

In 2008 and 2009, The Abraaj Group invested US\$ 20 million in RGL, a company with which the deal team had a four year working relationship as a partner company under a previous fund. The team’s prior relationship with the sponsor provided preferential access to the transaction.

Since AAF’s 2008 investment, RGL has delivered more than 260 units and is currently constructing approximately 400 residential units, made up of both houses and apartments.

A MULTI-DIMENSIONAL DEVELOPMENT IMPACT

Economic Linkages

RGL has been the leading supplier to an underserved housing market for almost two decades. Its expandable starter houses, which have been delivered for as little as US\$ 25,000, have been extremely successful, allowing potential homeowners to purchase two-bedroom units and add units at their own pace.

Through its master development concept, another innovation in Ghana’s real estate sector, RGL has delivered home communities complete with supporting infrastructure such as roads, drainage systems, potable water and electricity distribution. RGL has delivered 11 such projects in Ghana and one in Sierra Leone, where it has also pioneered such developments.

Since AAF’s investment, RGL has paid US\$ 6.9 million in taxes and spent more than US\$ 41.6 million on local services and utilities.

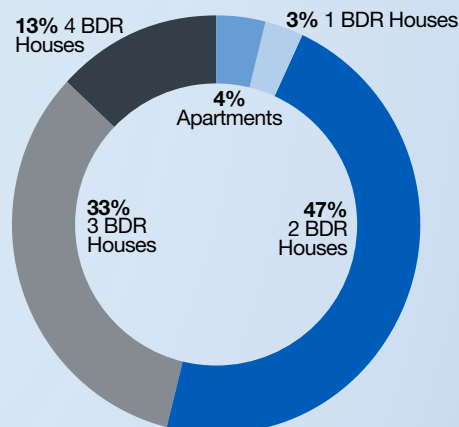
Health, Safety & Environment

RGL strives to limit its impact on the environment before, during and after construction. In accordance with sector regulations, RGL prepares full Environmental Impact Assessments for all of its planned developments. In the design of its developments, RGL plans for water sprinkling and, where feasible,

Country	Ghana
Sector	Real Estate
Fund	Aureos Africa Fund
Investment	US\$ 20 million

Ghana’s leading homebuilder, with over **2,500** units delivered since inception

70% of RGL’s clientele are low to middle-income earners drawn to the Company’s innovative starter homes



FINANCIAL PERFORMANCE
TURNOVER
SINCE 2008
US\$ MILLION

80

ECONOMIC LINKAGES
TAXES PAID
SINCE 2008
US\$ MILLION

6.9

SOCIO-ECONOMIC IMPACT FROM 2011,
WORKERS
IN TRAINING
INCREASED BY

25.4%

tarmacking roads to contain dust pollution from impacting surrounding environments. It also provides storm water drainage and sewage systems and ensures that construction and operational waste are recycled or disposed of properly.

RGL outfits its staff with proper safety equipment, which it emphasizes should be worn at all times while on its construction sites.

Socio-Economic Impact

RGL is mindful of both internal and external stakeholders. Employee packages for its 608-strong staff include above-market wages, medical benefits, as well company contributions into a staff provident fund. Furthermore, the Company spent more than US\$ 13,000 in staff training costs in 2012.

Regimanuel continues to provide support to underprivileged communities across the country. CSR activities undertaken by the Company since December 2011 include a primary school block for 180 students in the Eastern Region, and the provision of new bath and toilet facilities for one of Accra's largest public health facilities. Through its concrete products subsidiary, the Company has also made donations of concrete paving blocks and US\$ 12,000 worth of school supplies to two schools in Oyibi, a suburb of Accra.

Private Sector Development

The severe housing deficit in West Africa is estimated to be more than 1.5 million units in Ghana alone. RGL's role as a market leader in the supply of residential real estate is vital. Among several developments currently under way, the Company's accumulated experience in developing turnkey projects has led to a joint venture with the national pension fund to develop 2,000 units of low-to-middle-income housing in the port city of Tema. The first set of units is currently being constructed. The Company is also in the process of completing the first phase in the development of 5,000 housing units at Katamanso, a suburb of Accra.

Making a Difference

The RGL investment provided a compelling opportunity for the Fund to partake in the high growth of the West African Real Estate-related sectors. The opportunity was made more attractive by the deal team's knowledge of the Company and its comfort with the sponsors. RGL's market leadership and strategic plan to construct high-end, middle-income and affordable housing units regionally were also key drivers behind the deal.

The Abraaj Group's investment provided much needed leverage capacity for the Company to be able to continue to address this infrastructure gap in Ghana and the sub-region. The Fund Manager has been a RGL partner since 2004 and has been able to significantly

Initiated master plan developments in Ghana and Sierra Leone, providing much needed road, sewerage and power infrastructure

improve the corporate governance structures, transforming RGL from a typical family-managed business to the institutionalized professional firm it is now. The Company now has sub-committees to the Board with appropriate charters. The Fund Manager is represented on all such committees and continues to assist with strategic direction. The Abraaj Group is also assisting the Company in raising construction financing for future projects and is helping RGL evaluate potential financing structures.



RGL builds affordable homes and middle-income housing in a highly under-penetrated market



CASE STUDY



LAYING THE FOUNDATION FOR SUSTAINABLE GROWTH

Driven by the dearth of real estate and infrastructure, the construction industry in West Africa is thriving.

Founded in 1999 by the Senegalese Layousse family, Les Ciments du Sahel ("CDS") was established to manufacture and distribute cement, the construction sector's primary input, within Senegal and to neighboring countries. With private equity financing from several financial institutions, the Company began commercial production in 2002. By 2008, CDS was firmly established as the second largest producer of cement in Senegal, manufacturing 1.1 million tons of cement and exporting 506,000 tons from its own locally made clinker.

A MULTI-DIMENSIONAL DEVELOPMENT IMPACT

The strategic economic importance of the Company's product to the sub-region's growth and the opportunity for further regional expansion translated into an urgent need to expand its capacity. These were driving factors behind the Fund's US\$ 13.7 million investment in the business in 2009.

By the end of 2010, cement and clinker production were up to 2.7 million and 2 million tons respectively. The increased capacity has translated into higher earnings with turnover increasing by 43% and deepened Economic Linkages by taxes paid increasing by 17% from 2009 to 2012.

Exports rose from 510,680 tons in 2009 to 1.1 million tons in 2011, a 116% increase.

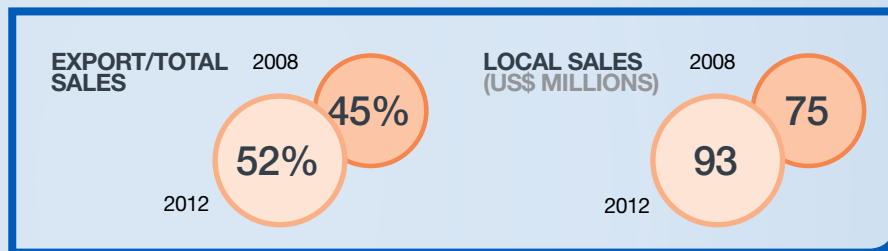
Making a Difference

Since inception, CDS has made strong efforts to minimize its environmental footprint, in the knowledge of the potentially significant adverse environmental impacts of the sector. CDS' Internal Waste Management System ("IWMS") provides for strict disposal procedures for both non-industrial and industrial waste.

CDS also continues to support the communities in which it operates. It spent more than US\$ 80,000 on education and healthcare initiatives in 2011 in Kirene, where its facilities are located, and its neighboring villages.

Country	Senegal
Sector	Construction Materials
Fund	Aureos Africa Fund
Investment	US\$ 13.7 million

Exports rose from
510,680
tons in 2009 to
1.1 million
tons in 2011



CDS' innovative cement plant in Kirene, Senegal

FINANCIAL PERFORMANCE FROM 2009, **TURNOVER INCREASED BY**

43%

ECONOMIC LINKAGES **TAXES PAID** US\$ MILLION

20

SOCIO-ECONOMIC IMPACT SINCE 2009, **WORKERS IN TRAINING INCREASED BY**

66%

IV. PE+ MAKING A DIFFERENCE THE ABRAAJ WAY

The Group's focus since inception has recognized the potential of businesses in growth markets, assisting them in bridging their investment gap and aiding them in their transformation into sustainable regional operations through growth, buyout and consolidation deals. The Group has developed a highly distinctive, disciplined investment strategy that it applies consistently across all Funds, with select modifications to reflect local conditions, a consequence of its extensive experience in making and managing investments in businesses across growth markets. The experience of our professionals enables the Group to formulate an investment philosophy tailored for businesses in growth markets. Through this philosophy, called PE+, the Group aims to scale up businesses by means of its unique global reach and sustainable investing practices, and by also using its local and regional expertise to start adding value from the deal sourcing stage.

The Abraaj Group has demonstrated its ability to add value by educating growth markets enterprises on the role of PE and through the Group's ability to assist with local and regional organic growth. On-the-ground deal executives also provide these enterprises with a supportive institutional base. In addition, partner companies benefit from the Group's experienced local teams who provide additional input and advice to their owners/managers.

Moreover, the Group educates these companies on their social, ethical and environmental impact and encourages them to develop and grow their ties with their respective local communities for long-term success. Many partner companies have taken the lead on building on their own initiatives.

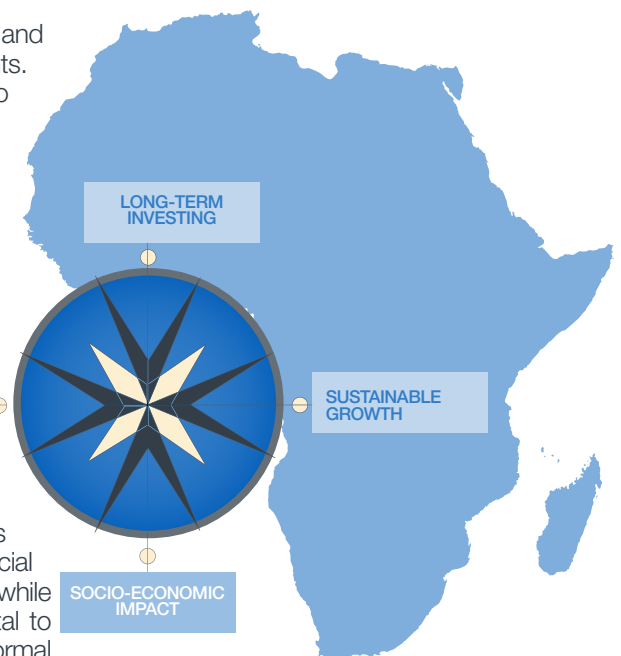
The Abraaj Group also helps bolster the governance structures and systems of businesses with weak organizational structures and/or little to no delegation of duties, strategic plans or with few historic audits of accounts. Organizational assistance is offered from the deal sourcing stage, where these businesses are assisted with the development of business



Revital Healthcare helps reduce the spread of communicable diseases through its production of auto-disable syringes. Through the Fund's investment, the Company has increased its syringe manufacturing capacity while also expanding into intravenous tubing production. As one of few WHO GMP-certified East African companies, the firm has managed to lower the price of syringes by 30% compared to foreign imports. Of its clients, 90% are from the Base of the Pyramid.

plans and the organization and structuring of their accounts. Our professionals also continue to augment the governance structures during the investment's life through the implementation of robust governing structures and systems, instillation of management discipline, succession planning and the recruitment of chief financial and operations officers. In addition, the Group assists its partner companies to navigate financial markets, and helps improve its operational, financial and commercial expertise while providing all-important capital to shift their trajectory from normal to exceptional.

The Abraaj Group is not merely a supporter of entrepreneurialism, its professionals first and foremost think and act like entrepreneurs with experience in the highs and lows of growing businesses. They have an eye



for opportunity and take a pragmatic approach to building the capacity required to scale up an operation, which they combine with a local understanding of industries, markets and cultural dynamics.

THE ESSENTIALS OF PE+

CAPABILITIES

PE+ Principles	Internal and External Challenges Faced	Putting PE+ to Work
GROWTH PARTNER	External: Insufficient patient capital	Our style of investing allows us to commit to being a long-term investor. We continuously look for ideas to expand or create new commercial opportunities using our regional and global capability. It then takes the requisite time to scale up businesses, with a long-term view of success.
LOCAL EXPERTISE	Internal: Inability to overcome barriers and to scale up	Our business model is to have experienced and trained people with a deep understanding of local and regional knowledge as well as strong networks; working together with local entrepreneurs to develop the necessary executorial expertise.
ENTREPRENEURIALISM	Internal: Lack of professional frameworks	Our senior staff are entrepreneurs in their own right, but working within a professional framework. This affords them the ability to understand the needs of growth market business owners, while striving to achieve the common goal of building sustainable, well-run regional powerhouses.

STRATEGIES

EMPOWERMENT	Internal & External: Lack of resources and overseas business know-how to take advantage of opportunities	Our strategy is to back good-quality management and provide a tremendous amount of support through our international network to enable management to fulfill their objectives. We work from a culture of mutuality and collaboration to understand what is needed without second-guessing management, provide the right support internally and externally, and coach through our local and regional office network.
MINORITY INVESTING	Internal: High cost of doing business	The Abraaj Group believes the success of scaling up growth market businesses is entirely dependant on the core management team. Therefore, the Group often takes minority stakes and encourages existing management expertise to flourish, providing support, governance and guidance where needed. Management is strongly incentivized as they share in the upside and have the most to lose if the business fails.
MODERN MANAGERIAL DISCIPLINES	Internal: Lack of a sufficient pool of quality managers	We offer support in risk management, human resources and IT to the partner companies as required, to improve shareholder value and make businesses more attractive to future investors.
GLOBAL COLLABORATION	External: Uncertainty of economic conditions in international markets and lack of overseas contacts	Our global network provides access to new markets or sectors and the Group actively looks to our partner companies to share and support each other.
SUSTAINABLE INVESTING	External: Lack of overseas business knowledge	We pay real attention to building the organization's culture and capability, and ensure the leadership has all the modern managerial disciplines in place to plan and implement sustained success, across markets, especially in an increasingly South-South connected world.
LEVERAGING STRONG CORPORATE CULTURES	External: Lack of brand acceptance	We pay attention to ensure the existing culture is both protected and enhanced as a company expands across borders and into foreign markets.

CASE STUDY

ECONOMICAL TREATS IN THE NIGERIAN FOOD INDUSTRY



Established in 1998, Deli Foods Nigeria Limited ("Deli") is a producer of biscuits with a strong presence in the mass-market segment. It produces 10 own-brand biscuits (which account for 80% of its revenue) in addition to a range of McVitie's products, which it produces under a contract arrangement with United Biscuits U.K.

The Fund Manager invested US\$ 10.1 million in 2008 in the business. In March 2011, The Abraaj Group concluded a 100% trade sale of the Company to Tiger Brands Group of South Africa.

A MULTI-DIMENSIONAL DEVELOPMENT IMPACT

During the time of the investment, women in management increased by 20%. The Group's investment enabled Deli to further raise US\$ 10.7 million in additional capital from local banks.

Deli maintains strong economic linkages by sourcing 70% of its ingredients locally from the formal and informal sectors, therefore positively impacting the local supply chain, especially local smallholders.

Following the Fund's investment, employee wages were increased to above-market rates to improve employee satisfaction and retention rates. This subsequently benefited the productivity of the Company and has also had a follow-on impact on the dependants of the workers due to the multiplier effect.

Deli has reduced its environmental footprint by investing in new energy-efficient gas generators and increased the safety of the plant to meet international standards following the upgrade of manufacturing facilities as a result of the Fund's investment.

GIVING BACK TO THE COMMUNITY

Deli specializes in producing low-cost biscuits targeted at those earning less than US\$ 5 per day, thus providing quality food for a key underserved segment of the Nigerian market. In fact, 85% of its turnover comes from sales to the BoP segment. Furthermore, Deli donates biscuits and other items to motherless babies' homes and awards scholarships to the children of its employees.

Country	Nigeria
Sector	Fast Moving Consumer Goods
Fund	Aureos Africa Fund
Investment	US\$ 10.1 million

Deli Foods produces

10 own-brand biscuits which account for **80%** of its revenue



85%
OF TURNOVER
FROM BoP SALES

CASE STUDY

FROM TABLE EGGS TO GOLDEN EGGS – AN INCLUSIVE AGRIBUSINESS



Golden Lay Limited (“GLL”) is a leading producer and distributor of table eggs in Zambia’s Copperbelt province, selling exclusively to the informal sector for cash. GLL had a pre-acquisition national market share of 15% and a product line that includes spent hens and manure.

The Fund invested US\$ 4.74 million in GLL through Aureos Southern Africa Fund (“ASAF”) in the form of equity and debt when the owners of the business looked to retire.

A MULTI-DIMENSIONAL DEVELOPMENT IMPACT

Working in close collaboration with management, the Company diversified its product lines. Furthermore, to optimize the environmental impact of the bird waste, the Company developed a new product, chicken manure. The sale of the manure was initially to local farmers, but in time grew to include sales to commercial farmers in Zambia’s Mukushi farming block. GLL has also increased its Economic Linkages by buying 70% of its maize from subsistence farmers. The Company reduced costs with a on-site soya feed facility. Soya cake waste was converted to produce cooking oil. GLL also complies with ZEMA rules and reduces its environmental impact by educating its employees. It has introduced international standard bio-security measures enhancing product quality. On the health and safety front, The Abraaj Group and EIB enabled GLL to set up a HIV/AIDS workplace program, facilitating employee and family access to antiretrovirals and support. This program resulted in fewer sick days taken by staff.

GIVING BACK TO THE COMMUNITY

GLL has provided the local clinic with piped water by installing a submersible pump and overhead water tank. It has also taken its HIV/AIDS program beyond its workers to the community. It has done so by mobilizing 30 peer leaders to educate the community on HIV/AIDs, alcohol and drug abuse, and gender violence.

GLL continues to supply egg pulp to the local community school to assist with the school’s feeding program and helps maintain the gravel road leading to the main highway, which is the main access route for a number of commercial and smallholder farms and is vital for the delivery of supplies to the market.

Country	Zambia
Sector	Agri Processing
Fund	Aureos Southern Africa Fund
Investment	US\$ 4.74 million

Zambian market share increased to **18%**

17% of market share in DRC’s Katanga province



A diversified business: Optimizing the poultry value chain from eggs to cooking oil

YEARLY PRODUCTION
88.8
MILLION EGGS

ECONOMIC LINKAGES
TAXES PAID
SINCE 2008
US\$ MILLION
3.2

SOCIO-ECONOMIC IMPACT
INCREASE OF
FEMALE EMPLOYEES
250%

CASE STUDY

QUALITY & INCLUSIVENESS “MILKING” THE VALUE CHAIN



Brookside Dairy Limited (“BDL”) is a Kenyan dairy founded in 1993, one year after the deregulation of the Kenyan dairy sector. At the time of investment, the sponsors had nearly 30 years of large-scale dairy farming experience and with the dairy industry poised for rapid growth following the deregulation of the sector, they recognized the opportunity to expand downstream into the processing and packaging of milk.

The Abraaj Group initially invested in BDL through the Acacia Fund in 1998 and exited its holding in 2006. Subsequently, the Group was approached to acquire a stake in a combined company created when Brookside acquired Spin Knit Dairy Limited, a private dairy processor with well-known brands. The combined company formed Kenya’s largest dairy by intake volume and profitability. The Aureos Africa Fund (“AAF”) invested US\$ 18.5 million in equity for a 17% stake in the business in February 2009.

In 2011, BDL recorded its highest milk intake to date. In addition to selling to the domestic Kenyan market, Brookside now exports to Tanzania, Uganda, Rwanda, Burundi, Egypt and Mauritius. The Company also strives to meet the highest international ESG, and food and beverage standards.

A MULTI-DIMENSIONAL DEVELOPMENT IMPACT

Economic Linkages

Since investment, BDL’s milk intake has increased by a CAGR of 17% to 600,000 liters per day through its increased geographical outreach to small-scale suppliers in the informal

sector. As a result, its suppliers have grown by a CAGR of 35% between 2008 and 2012 to more than 145,000. In fact, BDL sources 95% of its milk from these 145,000+ local subsistence farmers, cooperatives and farmer groups on a daily basis.

In order to facilitate the collection of fresh milk across a large region with limited refrigeration facilities, Brookside has developed an extensive collection infrastructure including the use of local “bicycle boys” to efficiently source milk from a large and diverse base. BDL has also reached out to small shop owners and currently provides livelihoods for more than 200,000 people in Kenya and a further 10,000 in Tanzania and Uganda who work for the Company’s regional distribution network.

Health, Safety & Environment

As a producer of dairy food products, BDL’s operations have the potential

Country	Kenya
Sector	Agri Processing
Fund	Aureos Africa Fund
Investment	US\$ 18.5 million

95% of milk sourced from **145,000+** local subsistence farmers and cooperatives

Milk production has increased by a CAGR of **17%** to **600,000** liters per day



BDL’s field days: Helping smallholders network and learn best-practice in livestock management

FINANCIAL PERFORMANCE
MILK INTAKE FOR 2011
177,021,060
LITERS

SOCIO-ECONOMIC IMPACT
SINCE INVESTMENT,
NUMBER OF EMPLOYEES INCREASED BY
14%

PRIVATE SECTOR DEVELOPMENT
EXPENDITURE ON NEW TECHNOLOGY IN 2011
US\$ MILLION
5.65

CASE STUDY

to have far-reaching effects. BDL's management have demonstrated their commitment to improving the Company's safety and environmental performance. They have been diligently pursuing environmental, health and safety and quality certifications; thus mitigating risks in these areas while ensuring product integrity.

The Company has mandatory fire-fighting and emergency response and preparedness training for all staff in its factory, with dedicated firefighting equipment on-site. The Company also hosts numerous external events, especially concerning capacity building of its supply chain, where its first aiders assist external first aid staff.

BDL operates under a well-structured governance system with its Board of Directors meeting regularly to review and discuss operations and strategy.

Socio-Economic Impact

BDL was the first dairy company in Kenya to introduce guaranteed pricing contracts, thus providing farmers with pricing transparency and a guaranteed market for their milk. Through its strategic CSR program, BDL has also worked to improve many roads and bridges in local areas, improving access to its suppliers.

The Company sponsors training field days, which are attended by up to 6,000 local farmers. These field days are used to spread best practice in livestock management and provide networking opportunities for geographically isolated smallholders.

BDL and its staff are deeply involved in their local communities. Staff participate in events such as the Dettol Heart Run and Freedom from Hunger Walks. The Company is involved in providing food, clothing, cash donations and helping develop infrastructure for children's homes and other community-based programs. Promotion of healthy lifestyles is a common theme in BDL's products, something it extends to its philanthropic efforts through its long-standing sponsorship of the



The success behind Brookside has really been about leadership and a team that is a cut above most, committed to quality and efficiency, in order to achieve sustainable development.

Peter Njoka,
Managing Director,
The Abraaj Group

Kenyan Secondary School Sporting Association since 2006.

Private Sector Development

BDL has commenced construction of a new milk powder plant adjacent to its main plant. It has ensured that all requisite permits are in place and has charged the contractor with the responsibility of managing health, safety and environmental issues during the construction phase. The powder plant has been specially designed to meet international standards and therefore safeguards have been built in to ensure the workers' occupational health and safety while mitigating the possible pollution of the environment. The powder plant is expected to help smooth out volatility of milk production by increasing the storage life of the milk product. This is critical as increasingly unpredictable climatic changes result in cycles of milk glut and scarcity. As Brookside's markets have expanded, the Company has introduced new technologies to the region. Brookside has been instrumental, through marketing and the introduction of new machinery, in expanding the availability and sales of UHT milk in Kenya.

Making a Difference

Capital from Funds (Acacia and AAF) managed by the Group's deal team has enabled BDL to expand its product line from fresh milk to include long-life milk, flavored milk and high-value products such as butter, cream, yoghurt and ghee. The Company's products are exported to all East African countries and as far afield as MENA and the Indian Ocean islands. This has, in turn, enabled the creation of jobs with BDL currently employing 2,750 people, up nearly 14% from 2009. With ASI data stating that each wage earner has on average five dependants, BDL is effectively able to indirectly impact another 10,000 individuals. BDL's expansion has also enabled it to increase linkages between rural and urban economies, and provide a sustainable route out of poverty for approximately 200,000 Kenyans. Additionally, it has been able to reduce its environmental impact through the implementation of improved waste treatment processes.

BDL is a truly inclusive and well-integrated sustainable business, profitably sharing positive externalities between the Company and its stakeholders, functioning as an exemplary Kenyan brand.



PRIVATE SECTOR DEVELOPMENT – AN EVOLVED PE PERSPECTIVE

Professional private equity (“PE”) funding plays a vital role in the development of economies, by providing long-term, patient capital. Primarily, PE offers a complementary source of financing, reducing reliance on access to debt while providing appropriate capital

for the expansion of businesses regionally and internationally. PE transactions align incentives benefiting multiple stakeholders while funding entrepreneurship, fostering strategic managerial skills and deepening financial markets by way of increased

commercial activities on the stock exchange and through private exchange of company ownership. Private equity is a strong participant in private sector development.

I. AFFORDABLE CAPITAL

Affordable finance for the under-banked and for smaller businesses in Africa has been scarce. Microfinance and affordable alternatives to traditional banking continue to play an important role in helping provide capital for entrepreneurs, whether micro-entrepreneurs or small businesses which form a vital part of the economy.

The Abraaj Group has had a significant impact in Africa, investing in partner companies that provide this vital capital. The financing gap on the continent is particularly acute for small businesses.

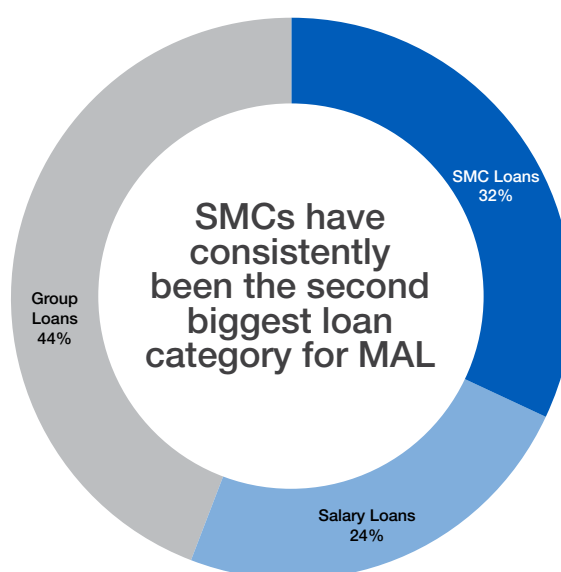
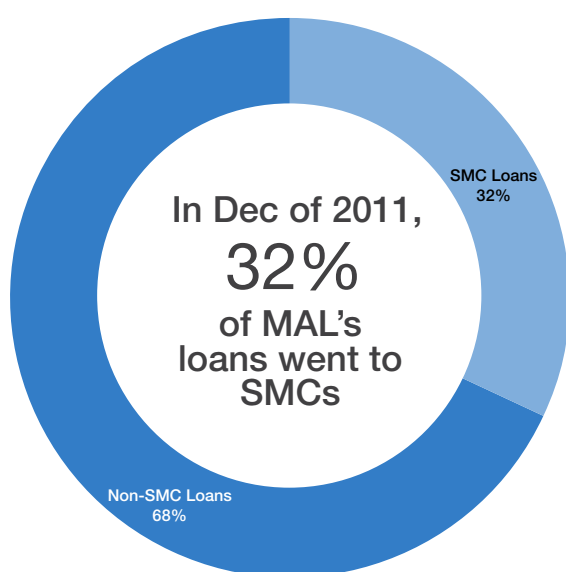
However, without access to capital, these small businesses struggle to join the formal economy and develop into more stable SMCs.

Micro Africa Limited (“MAL”) has shown a strong commitment to the SMC segment and continues to disburse loans in challenging locations, including South Sudan.

Uganda Microfinance has a strong loan book, showing a good mix of gender recipients.

Uganda Microfinance
While 24% of loans in arrears greater than one day belong to women, only 16.5% of loans in arrears greater than 30 days belong to women. This confirms the World Bank’s statistics that women are more inclined to repay their loans than men.

MAL: PROVIDING ASSISTANCE TO SMCs



II. GENDER CAPITAL AND THE EMPOWERMENT OF WOMEN¹³

The Abraaj Group believes that bridging the gender gap is smart economics. Private equity managers investing in challenging markets have the ability to positively impact the United Nations' Millennium Development Goals.

We believe that the empowerment of women is good for businesses and can advance innovation, create positive consumer recognition for partner companies and increase productivity. Furthermore by improving women's access to credit and opening up new markets for their products, the Group believes it can help women expand their businesses and become meaningful contributors to the economy.

Toward this end, gender equality good practices are embedded in our ESG process, especially with regard to employment, workplace matters and the impact partner companies have on women in their communities. The Group also encourages its partner companies



In 2012, in our African partner companies, there were

- **4,700+** women employed
- **163%** increase since 2008
- **47.5%** were in financial services, accounting for **2,262** employees
- **57%** of healthcare employees were female

to take a broader stakeholder view and consider gender discrimination along its supply chain.

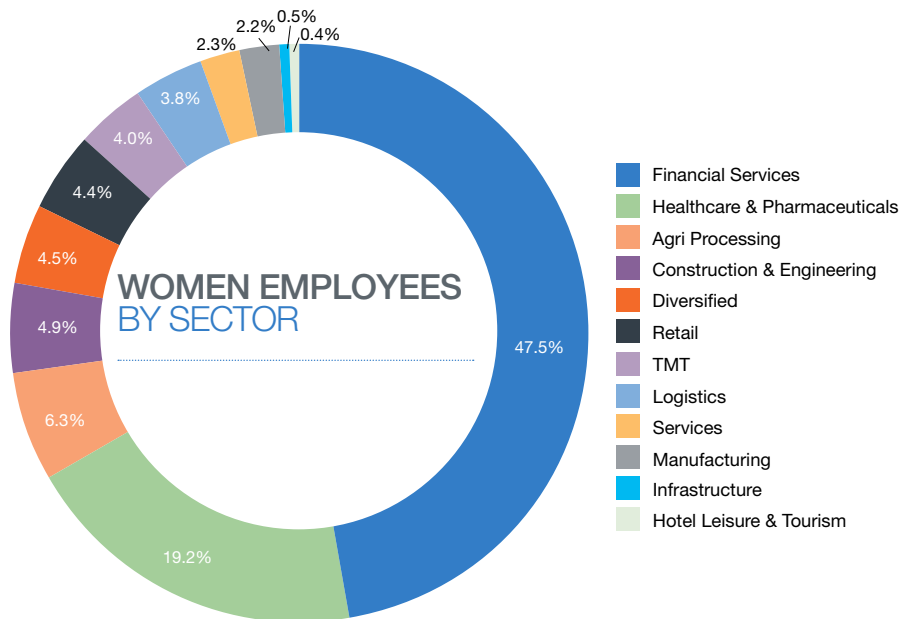
We encourage our partner companies to go beyond hiring women to training them and upgrading their skills, thus enabling them to become more involved in operational and management functions. Deacons Kenya ("Deacons") is a trailblazer in this regard with 67% of its top leadership positions being held by women. Furthermore, Deacons has had a female Non-Executive Director since 1986 with Diana Bird holding the position until 2003, followed by Judith Kibaki. In fact, nine of the Group's African partner companies have women in top management or Board positions with seven of them having female shareholders.

Giving credence to the impact women have on their communities, Ms. Botchwey, who jointly owns 65% of Regimanuel Gray and is RGL's Chief Executive, has been instrumental in donating 600 "blue" school bags containing educational materials such as exercise books, pens, and crayons to the Oyibi Presbyterian Primary School and donating a six-unit classroom block for Oborpah East LA Primary School. Through her donations, Ms. Botchwey is creating a center for distinction for the local

Women comprise **2/3** of the world's informal workforce and earn **1/10** of the world's income

community. Due to her contributions to social and private sector development, Ms. Botchwey was appointed the first Vice President of the Ghana Real Estate Development Association in September 2012 with the mandate of recognizing the potential of the sector for the socio-economic development of the country.

While the recent economic crisis has endangered the advances made over the past few years in the field of empowering women through work, the Group continues to emphasize the importance of equal opportunities for women within its partner companies for the vital role women play in reducing poverty, meeting Millennium Development Goals ("MDGs"), and promulgating sustainable development.



SUPPORTING FEMALE ENTREPRENEURSHIP: THE DOCTOR IS IN



Dr. Joyce Djabatay had a vision to establish a national network of modern medical facilities in Ghana to improve the health and comfort of patients while providing sensitive professional care. Now the Founder and CEO of C&J Medicare Hospital, she has built C&J from a small clinic in a poor neighborhood into one of the leading

providers of healthcare in Accra. C&J provides medical services for the employees and dependants of over 100 leading corporate clients, including on-site clinics for companies such as the Coca-Cola Bottling Company, Pioneer Food Cannery and Cargill Ghana, and sponsors free health screening drives.

The Abraaj Group invested US\$ 6 million from the Africa Health Fund to help accelerate the crucial role it already plays in providing high-quality healthcare to low-income workers in Accra and to make it a pioneer in private health delivery in Ghana.

Under Dr. Djabatay's leadership, C&J has been a regular host of health fairs and has consistently shown its dedication to providing free services to the communities in which it operates. For example, the Hospital organizes a medical drug outreach program, through which it sends a bulk supply of medicines to rural communities at no cost and provides VCT (Voluntary Counseling & Testing) to HIV/Aids patients.

All employees receive basic salaries above the daily minimum wage and benefits that surpass those obtainable at government facilities. C&J also offers

both on-the-job and external training to its employees based on their training needs. In 2012, the Company spent US\$ 8,600 on external training for its employees.

Dr. Djabatay has not only achieved her vision, but has earned the reputation and recognition as an entrepreneurial and visionary leader with a highly successful track record. Her tenacity and belief in her vision enabled her to set up and run C&J on her own.

She is an enduring inspiration for other female entrepreneurs in Africa and globally.

Since 2011, C&J's

- Workers increased by **29.3%**
- Female employees increased by **50%**

III. STAKEHOLDER PERSPECTIVES ON THE INCLUSIVE IMPACT OF OUR PARTNER COMPANIES¹⁴

Stakeholders have an interest in the health and prosperity of a business as they also stand to benefit directly and indirectly if the company is growing and profitable. Therefore to demonstrate the impact partner companies have on their various stakeholders, the ASI analysis of the Funds has been broken down into four categories: Government, Employees, Private Sector Development and Shareholder Wealth.

A. GOVERNMENT

The impact of businesses in the economy goes beyond their production of essential goods and services. Businesses play a crucial role in the generation of wealth through the creation of earning opportunities, upskilling of employees and increasing living standards, while enabling governments to plan and execute infrastructure projects. If the businesses are doing substantially better than previously, governments can expect more income from corporate taxation and increased job creation, which in turn will generate personal income taxes for the governments' coffers.

Corporate taxes contribute to public spending on public transportation, roads, railways, hospitals and educational facilities. Furthermore, the multiplier effect leads to trickle-down effects through the hiring of engineers, construction workers and government employees to manage these infrastructure projects who in turn will boost the budget and help the government work towards balancing its deficits.

Export levels and export growth rates are important to government as they provide information on the desirability of a country's products at the global level

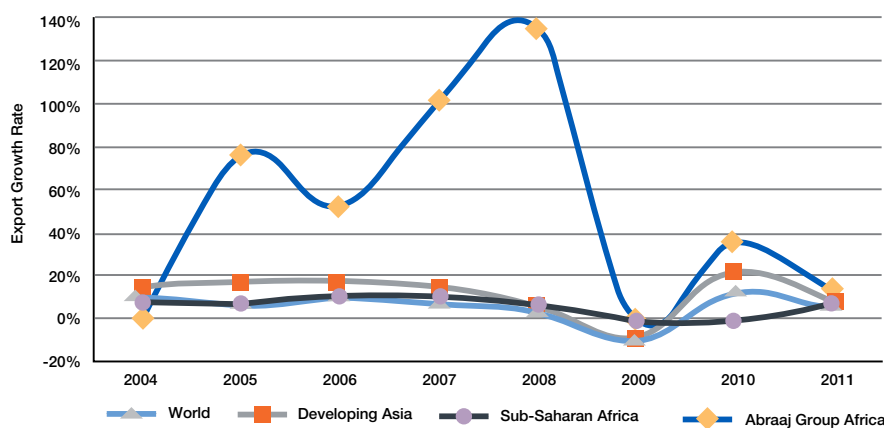
and indicate the level of competitiveness of a country's products compared to similar goods produced in other countries. Furthermore, comparisons between the global and regional export growth rates enable governments to analyze the ability of local businesses to compete on a global level during the highs and lows of the global business cycle. Furthermore, exported goods are usually of a higher quality and this in turn will raise the quality of products available in the local markets, which will increase competition and lead to inferior products being replaced by higher-quality products which in turn will raise the quality of life in a country.

Additionally, exports also assist with a country's low foreign exchange position. The more businesses export, the greater their foreign exchange contributions. This can help raise the exchange position of a country as more of their currency is demanded

to pay for goods. Therefore, countries will experience an increase in their purchasing capacity in international markets, enabling countries to buy products at a lower cost than they did previously. This, in turn, will facilitate the narrowing of a country's deficit and bring economic stability and this stability will encourage foreign direct investments ("FDI") inflows to the country.

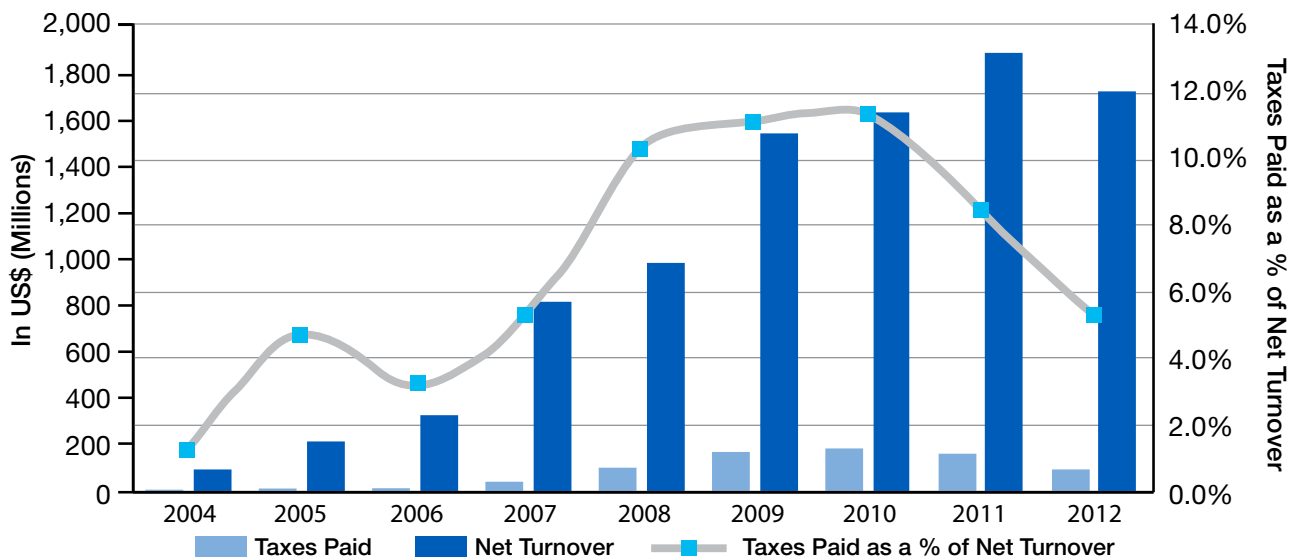
Therefore, governments have a vested interest in the performance of businesses as they have the ability to provide economic stability, increase quality of life, provide employment and ultimately assist poverty reduction through wealth generation.

THE INTERCONNECTED NATURE OF EXPORTS

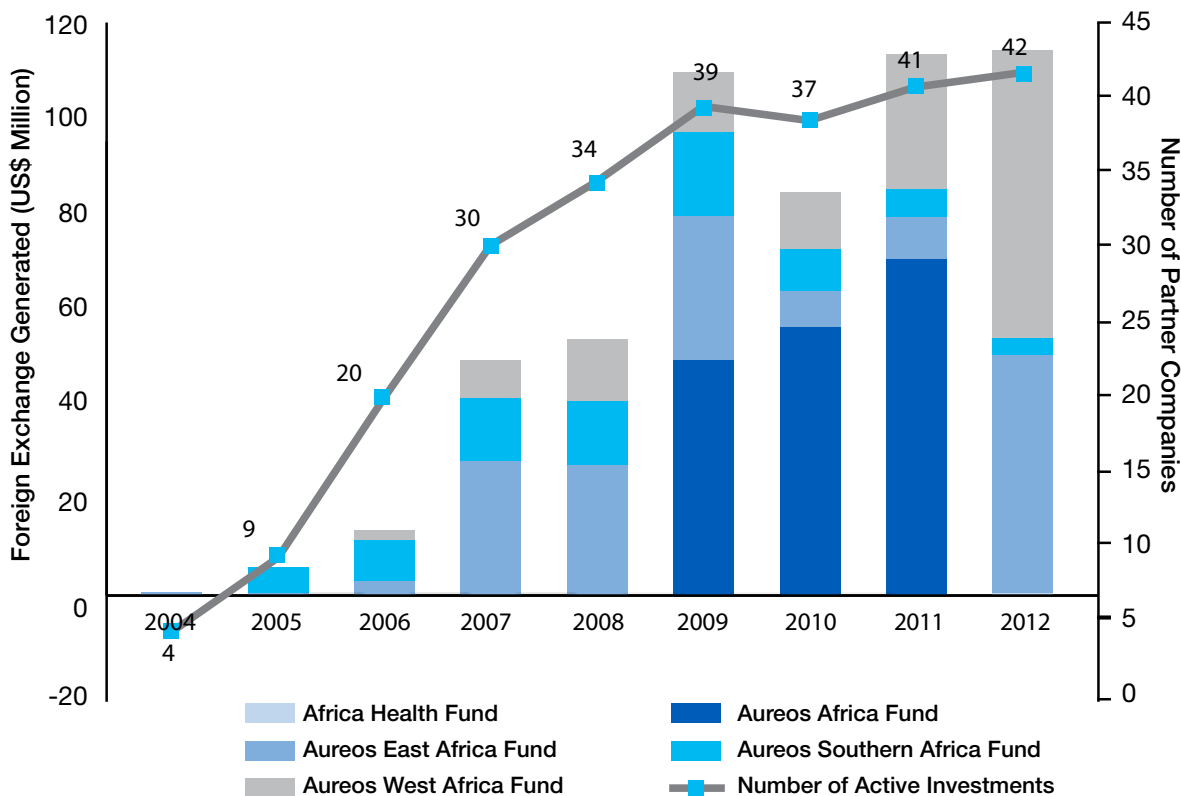


* The Group's partner companies' export growth rate is organic with the exports of exited partner companies kept constant based on last year of holding
Data from ASI, AfDB & IMF (Year on Year)

TAXES PAID VS NET TURNOVER



FOREIGN EXCHANGE GENERATED



B. EMPLOYEES

Employees are one of the biggest stakeholders of businesses. Not only is their livelihood tied to the development and prosperity of their company, but they, in turn, have the ability to influence the productivity and profitability of the firm. Contented employees who have access to managerial staff to openly discuss issues and who have access to labor unions and collective bargaining, training opportunities and health programs are loyal employees. This increases the morale of employees and firms' retention rates and mitigates the need for businesses to repeatedly waste resources by training new staff.

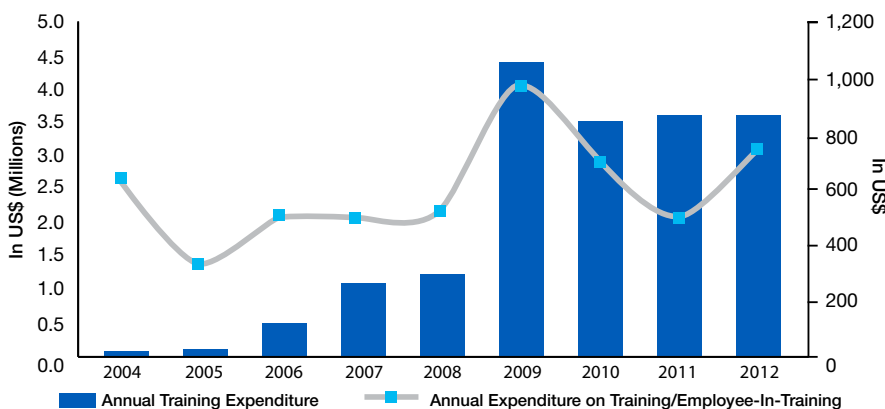
This can translate into higher levels of productivity for firms. Furthermore, the impact of a firm is not restricted to its employees. As workers have dependants, a small change in wages or hours can snowball into a greater local community impact.

All of The Abraaj Group's partner companies are deeply committed to paying their employees' wages equivalent to or well above the national minimum statutory levels. Additionally, partner companies are committed to the empowerment of women and go beyond merely hiring them to working with them to improve their skills and help them transition into operational and managerial roles.

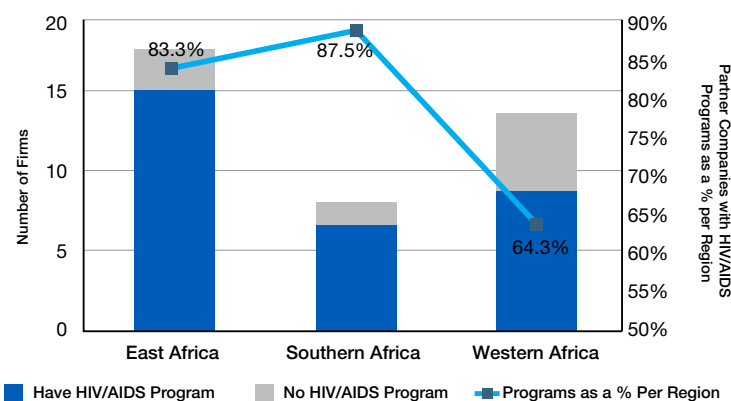
The Abraaj Group's partner companies offer frequent training and upskilling programs for its staff to assist in their advancement through the ranks. While per employee in-training expenditures have fallen following the 2009 recession, expenditure on training has increased 53x since the release of the Group's inaugural Funds in 2004.

Furthermore, the vast majority of the Group's partner companies offer medical plans as part of their employment contracts to their employees and in some instances these plans extend to include family members. With Sub-Saharan Africa representing 69%¹⁵ of the global HIV burden, our partner companies understand the necessity of proactively addressing treatments and the dissemination of information regarding this pandemic. Nearly 78% of our partner companies have HIV/AIDS programs with a higher concentration of firms with programs in Southern Africa, which is currently the epicenter of the pandemic accounting for 31% of new infections¹⁶. As a result of HIV/AIDS programs and medical plans, partner companies have seen a fall in the number of sick days taken by its employees.

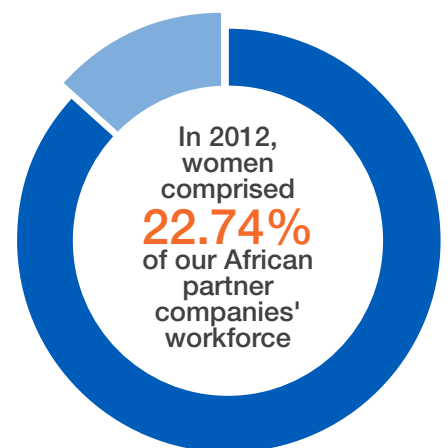
ANNUAL EXPENDITURE ON TRAINING PER EMPLOYEE-IN-TRAINING HAS INCREASED 27.2% SINCE 2004



THE PERCENTAGE OF FIRMS WITH HIV/AIDS PROGRAMS REFLECTS THE PREVALENCE OF HIV/AIDS IN THE REGION



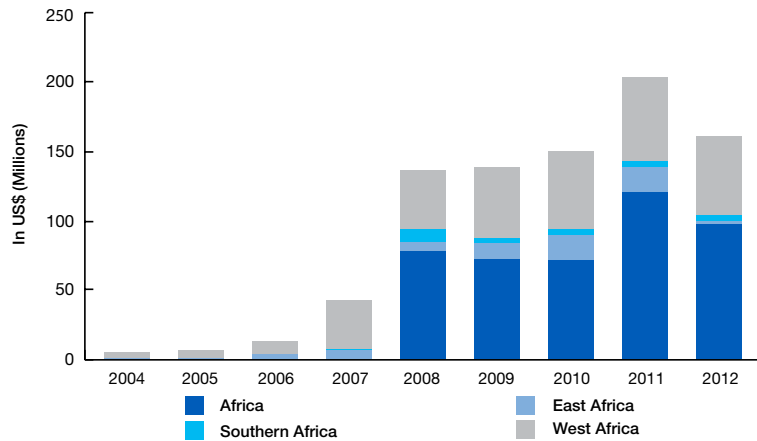
85% of our partner companies pay wages above or well above minimum statutory levels



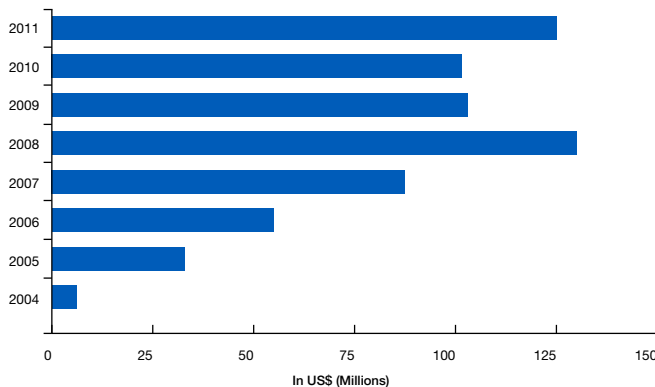
C. PRIVATE SECTOR DEVELOPMENT

The development of the private sector can create forward and backward linkages, which can benefit existing companies such as utilities firms (as seen below) or lead to the creation of new firms to meet the needs of the company and its employees. New firms offering substitutes can also emerge, creating competition, increasing innovation and improving the efficiency of resource allocation within the economy. This will increase the quality and lower the prices of goods and services and attract FDIs, while deepening the pool of knowledge available to companies.

OUR PARTNER COMPANIES HAVE SEEN THEIR EXPENDITURE ON LOCAL UTILITIES AND SERVICES INCREASE BY 196% ON AVERAGE FROM 2004



17x INCREASE IN EXPENDITURE ON NEW TECHNOLOGY

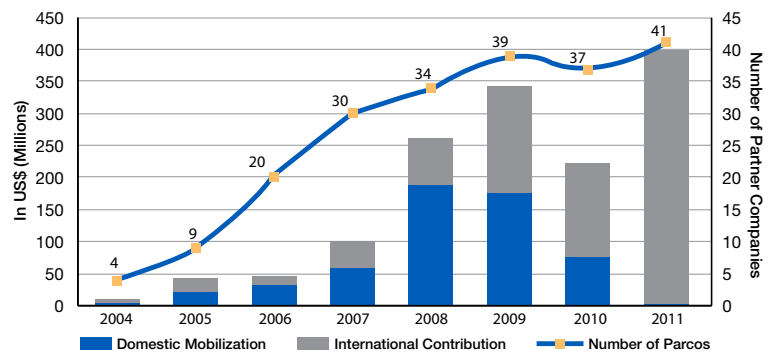


D. SHAREHOLDER WEALTH

In 2011, shareholder funds grew by an average of 9.8% across all Funds with the Africa Health Fund contributing the largest proportion to this growth

From 2004 to 2012, for every dollar invested by The Abraaj Group in Africa, a cumulative total of US\$ 3.70 was injected into partner companies as additional financing from other sources

INVESTMENT MOBILIZATION



OUR FUNDS IN AFRICA

I. AAF – THE PAN-AFRICAN FUND

The 2008 vintage Aureos Africa Fund (“AAF” or “the Fund”), with a final close commitment of US\$ 381.1 million, seeks to invest in growth market businesses that have the potential to become pan-African market leaders. AAF, a second generation fund, is the first continentally focused fund with Sub-Saharan Africa its primary market.

The development of regional trade agreements and regulation stimulates intra-Africa trade and increases the opportunities for African businesses to expand across borders. This area of focus is a central theme for AAF in Africa. It gives partner companies the opportunity to leverage their extensive existing presence and expand throughout the continent. Target industries include financial services, logistics, construction and engineering services, general services, manufacturing, fast-moving consumer goods, information technology, communication and agri processing. Figure 1 illustrates the sector exposure of the Fund.

At the close of Q4 2012, AAF had disbursed a total of US\$ 264.7 million to 19 companies, representing 65% of committed capital. Figure 2 opposite represents the amounts invested per country.

The Africa deal team made its maiden investment in July 2008, continuing to invest into 2012. AAF achieved an early exit from [Deli Foods Nigeria Limited](#).

A brief summary of the investments made by the Fund to date are shown below:

[Regimanuel Gray](#), introduced to AAF by the now exited AWAF, acquainted the Ghanaian homeowner with both the master concept in housing development and the expandable houses concept. AAF’s investment was for the purposes of supporting the general working capital needs of the well-managed company operating in a growth sector of its markets to provide affordable housing to low-income earners.

19 Investments made

The Fund’s investment in [Custodian and Allied Insurance Plc \(“CAI”\)](#) was to assist management with the transformation of CAI into one of Nigeria’s top insurers. The strategy formed by the deal executive and management focused on the implementation of strong corporate governance, management control and reporting systems, expansion of distribution channels, diversification of investment sources and the acquisition of a fellow insurance company.

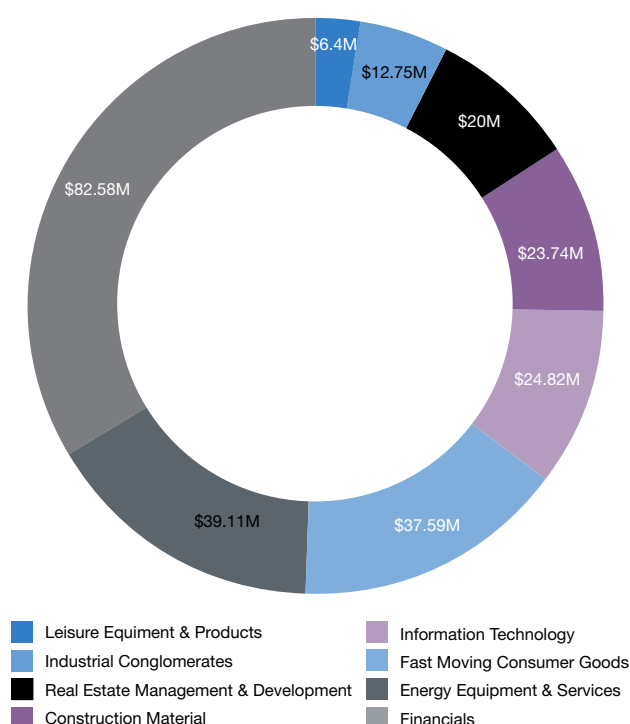
The investment in [Seven Seas Technologies Limited](#), an IT solutions provider with operations in Kenya, Uganda and Rwanda was based on the premise of benefiting from the growth prospects in one of the fastest growing sectors in the three countries.

AAF’s investment in [Deli Foods Nigeria Limited](#) was focused on the completion of a management buy-in (“MBI”) process, providing working capital funding, meeting capex requirements and refinancing expensive short-term debts. The Fund exited early through an attractive trade sale to a JSE listed entity.

The investment rationale behind [Brookside Dairy Limited \(“BDL”\)](#) was to facilitate the acquisition of a competitor to become the largest dairy company in Kenya. BDL has a strong management team, well-developed strong brands and an excellent dividend paying policy.

[Les Ciments Du Sahel S.A.](#) is Senegal’s second largest producer of cement. AAF’s investment supported the expansion plan and subsequent increase of plant capacity. With its strong fundamentals and regional expansion potential, it offers the Fund high potential for an attractive return.

FIGURE 1: AAF’S SECTOR EXPOSURE



Sandbox Holdings Limited offers a variety of IT-related services both across South Africa and internationally. AAF facilitated a management buyout (“MBO”) of a company comprised of a number of subsidiaries with different IT product offerings.

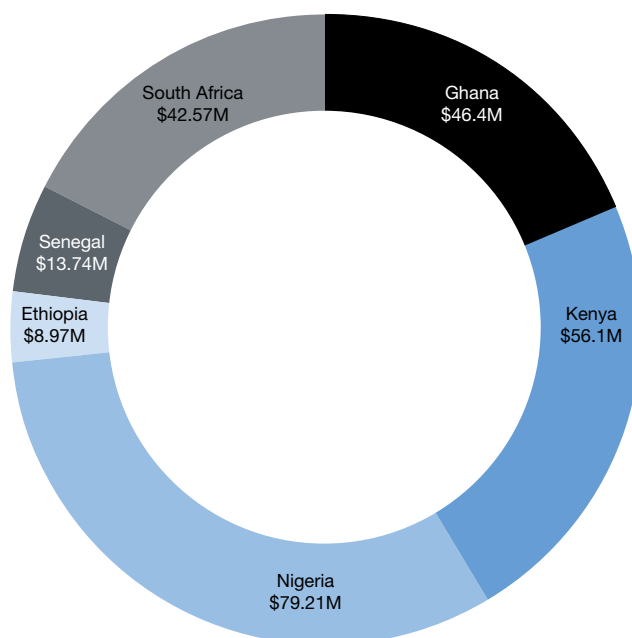
Southey Holding (Pty) Limited is a leading diversified Southern African industrial group providing industrial painting, blast cleaning, scaffolding, sheeting and contracting services. The Company provides services for major industrial installations, heavy engineering and mining operations. The Company has also grown into Southern Africa’s leading ship and oil and gas rig repairs and maintenance company. Southey and its subsidiary brands are leaders in the market and have displayed strong historical financial performance and significant future growth prospects within South Africa and particularly in Sub-Saharan Africa on the strength of The Abraaj Group’s geographical footprint, in line with the investment thesis to build regional/pan-African entities.

Since the Fund’s investment, **Computer Warehouse Group Limited (“CWG”)** has evolved to become the leader in the ICT industry in Nigeria, offering personal and business solutions in the areas of hardware and enterprise systems, software development, networks integration and communication. The Fund’s investment was used to finance working capital and capex requirements in order to strengthen its market position.

Nigeria’s leading independent leasing company, **C&I Leasing** has grown its business interests covering diverse sectors including outsourcing, finance leasing, car rentals (Hertz), automobile sales and servicing, taxi services and land and marine equipment rentals. It remains the only listed leasing company on the Nigerian Stock Exchange and is the largest non-bank leasing company in West Africa.

Athi River Mining (“ARM”) is a listed Kenyan cement manufacturer that AAF backed for the purposes of setting up two plants in Tanga and Dar es

FIGURE 2: INVESTMENTS BY COUNTRY



Salaam in neighboring Tanzania. The Dar es Salaam grinding plant has been commissioned and the fully integrated clinker and cement manufacturing plant in Tanga will be commissioned by the end of 2013. These two plants are expected to create 1,300 jobs in total. ARM also has a plant in South Africa and is positioning itself to take advantage of other opportunities across Africa.

HFC Bank of Ghana is a universal bank providing a range of mortgage financing, commercial banking and investment banking services. The Fund’s investment was made to facilitate its branch expansion network and simultaneously contribute toward the achievement of the Bank’s new minimum capital requirement.

Real People Investment Holdings was established in 2001 as a specialist provider of credit, education and debt collection services to the mass, previously unbanked market sector in South Africa and East Africa. In the process, the Company has become one of South Africa’s largest non-banking, independent financial service providers. Real People uses its unique skillset to reduce the impact of the risk associated with these asset

classes, thereby delivering a superior risk adjusted return to stakeholders. The Company is also attempting to leverage its experience gained in the South African market and its funding relationships with developmental finance institutions to expand into East Africa through the provision of micro-enterprise finance to small and micro businesses in Kenya, Uganda and Tanzania.

Strategic Global Alliances Inc. is involved in the manufacturing of extruded plastic packaging films and other plastic products in Ghana, with plans to expand into the manufacturing of degradable flexible packaging plastic products. AAF’s investment was for the purposes of a planned expansion and to provide the Company with requisite working capital.

The merger of Orwell Oil & Gas and Africa Oilfield Services Ltd (“AOS”) in 2011 to form **AOS-Orwell** created one of the fastest growing indigenous oilfield service companies in the region. AAF’s investment is focused on achieving growth both locally and internationally.

One of the newest additions to the Fund, **UAP Holdings Limited**, is one

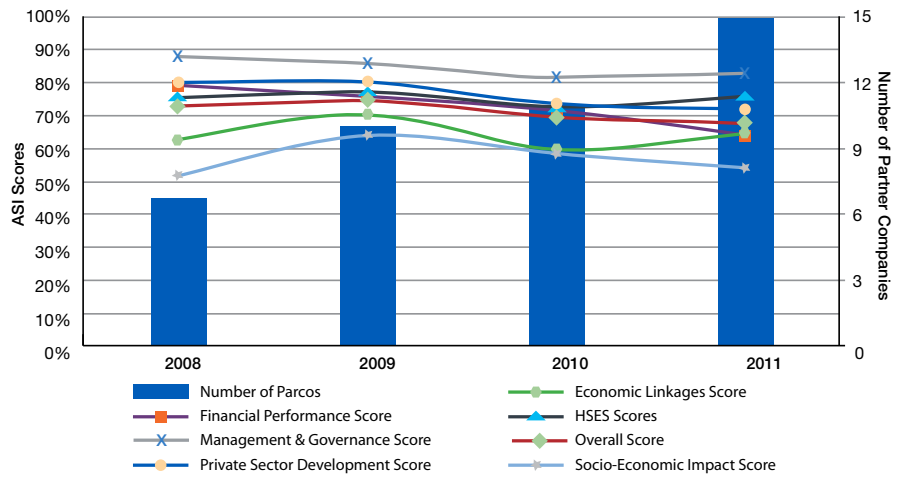
of the leading composite insurance and financial services companies in East Africa and provided AAF with an opportunity to be a part of its regional integration and the improved regulatory environment, which presents significant growth prospects.

AAF partnered with the **Bank of Africa Kenya Limited ("BOAK")**, which is part of the larger Bank of Africa Group, to facilitate its expansion in Kenya. It was introduced to the Fund by AEF to assist in executing BOAK's strategy of creating an East African Banking entity.

In 2012, the Fund positioned itself alongside a consortium to buy out a majority stake in **Dashen Breweries**, the second largest brewery in Ethiopia. The investment provides an opportunity for strong growth prospects.

In Q4 2012, AAF invested in Ghana Home Loans, which is the only independent mortgage finance institution in Ghana. The five main products offered by GHL are "First-time Buyers", "Buy to Let", "Equity Release", "Refinance", and "Home Completion".

AAF'S ASI SCORES



SOME GOOD PRACTICES FROM AAF

AAF's Management & Governance ("M&G") Scores have increased over the years with nine of our 14 active investments in 2011 recording M&G scores of over 80% due to increased institutionalization efforts by partner companies to comply with good governance principles through increased Board meetings, implementation of sub-committees and new management systems.

CWG has demonstrated commendable efforts at institutionalizing good corporate governance practices with auditing and internal controls equivalent to those in place at public companies.



Bank of Africa Kenya, positively impacting the under-banked

CASE STUDY

PORTS TO SUCCESS



Southey Holdings (Pty) Ltd ("Southey") is a leading diversified industrial group specializing in industrial painting and blast cleaning. It also provides services for major industrial installations, heavy engineering and mining operations. In addition, the Company is South Africa's leading ship repairs and maintenance company outperforming its peers and competitors due to its strong and dynamic management team.

Southey's impressive growth has been driven by a combination of the expansion in the Company's offshore operations, growth in the oil and gas services business and certain large industrial contracting projects. Southey businesses are leaders in their market segments in South Africa. The country offers a platform to extend the services into other African markets on the strength of The Abraaj Group's geographical footprint, which is in line with our investment thesis to build regional/pan-African entities.

The heavy duty nature of the industry in which the Company operates means that health, safety and environmental risk require active management and focused controls. However, the Company has demonstrated outstanding results in these areas and received numerous accolades and top ratings for its efforts. Southey's ESG risk ratings are indicative of the management's level of commitment and the intervention that is applied towards ensuring best practice. South Africa has relatively strict regulations so ESG risk tends to be well managed.

A MULTI-DIMENSIONAL DEVELOPMENT IMPACT

Economic Linkages

Southey Holdings Group contributes and adds value through the various economic activities. The Company creates significant employment and provides extensive training and upskilling opportunities for its labor force.

As the Company expands into new markets throughout Africa, this in turn improves infrastructure development in those markets.

Strong working relationships have been built with numerous blue-chip local and international companies. Southey is leveraging these relationships to secure contracts in existing and new markets where these clients have operations. Opportunities exist to grow the Company's markets and market share through the capturing of infrastructure spending on power generation, ports, mining, healthcare and education by government and private sector through its business units – Southey Contracting, Dormac and Parkhomes.

During 2012, the Company's exports totaled US\$ 46.1 million, spending US\$ 1.1 million on local services and utilities.

Health, Safety & Environment

Southey Group is in compliance with all legislation and is committed to ensuring that its activities do not negatively impact the environment. Risk assessments are conducted on

Country	South Africa / Regional
Sector	Diversified Industrials
Fund	Aureos Africa Fund
Investment	US\$ 12.75 million

Southey is now present throughout Africa and the Middle East. Growth across the Company has been around 22% per annum since 2000

Since 2008, revenues and EBITDA have grown by a CAGR of **14.3%** and **10%** respectively



activities both on its sites and that of its clients, including any impacts that its activities may cause outside their

FINANCIAL PERFORMANCE
TURNOVER
US\$ MILLION

242

ECONOMIC LINKAGES
TAXES PAID
US\$ MILLION

13.9

SOCIO-ECONOMIC IMPACT SINCE 2009, WORKERS IN TRAINING INCREASED BY

164%

CASE STUDY

work boundaries. All personnel, from the CEO to the workers fully embrace a safe and healthy work environment. Impact minimization measures are initiated on all their work sites and such measures are proactive in nature to prevent significant environmental incidents from occurring.

The Company ensures that workers are provided with protective personal equipment and clothing, specific to the job being carried out. Southey also has a dedicated HSE (health, safety and environment) manager and toolbox meetings are held regularly to discuss safety issues. Training is also conducted at regular intervals. Moreover, Southey has comprehensive employee induction and safety rules. Employees form an integral part of all hazard identifications and risk assessments in the Company. After the completion of training, all employees sign final assessment forms.

Socio-Economic Impact

The Company is committed to protecting the basic rights of its employees, building its worker-management relationship and developing the lives and careers of its staff. Employment equity is governed in South Africa by the Employment Equity Act and the Basic Conditions of Employment Act. To this end, the Company has instituted a formal gender equality policy and Affirmative Action targets.

Training has become a cornerstone of the Company's operations and as such requires a significant amount of expenditure across the divisions for training-related activities. Training is provided in areas such as machinery, electrical, engineering development and business management. In addition, the Company runs a variety of training programs covering skills such as

0 incidents during refurbishment of an offshore storage vessel in a 12-week period

welding, boiler making, information technology, quality control, safety, law and human resources. Not only does the above-mentioned training aid in the development and improvement of employees' lives, but the additional skills that the employees gain ensures that the Company retains and builds a highly skilled workforce in an industry characterized by a high level of unskilled workers. Additional benefits include the expected introduction of further tax relief for companies offering apprentice training programs such as Dormac.

The Company has also developed a formal HIV/AIDS policy, which explains the outline of the disease itself, how it is transmitted, as well as the approach the Company takes to ensure that affected employees are treated equally to other employees. This includes voluntary testing and counseling, equal recruitment and succession opportunities, anti-discrimination policies and guidelines for employees working with HIV-infected staff.

Private Sector – Development

Southey's Contracting Division mainly uses locally manufactured and sourced resources in its operations. Contracting maintenance services ensures the sound operation of large industrial plants and more efficient use of resources. In recent years, increased effort has been put into value-added services in the business through investment in high-pressure hose equipment as opposed to the environmentally unfriendly process of shot blasting. With the growth in the West African oil and gas industry, Southey Contracting has built the capacity to undertake contracts for clients in the oil and gas fields along the West African coast. The demand for the services offered by Southey has resulted in the establishment of Southey Angola. Further demand from the oil-rich fields off Nigeria, Ghana and Gabon led to the formation of Southey branches in Gabon and Ghana. The experience gained in the African oil and gas industry has enabled Southey Contracting to enter the Middle East market.



The Fund Manager has broadened the scope of Southey's share participation scheme by opening it up to all Southey employees, with a weighting towards previously disadvantaged individuals

Making a Difference

Southey recognizes the importance of good corporate governance and has strived to adopt the principles laid out in the King III Report on good governance. The Abraaj Group was not only keen to uphold these high standards but to improve these standards through the creation of an audit and remuneration committee to monitor the performance of each business unit and facilitate reporting for external auditors. The deal team also encouraged Southey to move beyond mere compliance to assume a leadership position by being proactive in ESG matters. A full-time HSE manager reports to the CEO and full auditing and training are carried out across all of the Company's various units to ensure international norms are not only met, but exceeded.

Southey has won numerous awards over the past three years, which in turn has created positive exposure and delivered repeat contracts. The latest awards include: Southey receiving an FEM award for its low accident frequency over the past five years and Dormac winning South Africa's Top Training & Education Company Empowerment Award.

II. AEF – THE EAST AFRICA FUND

The Aureos East Africa Fund (“AEAF”) is one of the Group’s three first-generation Africa Funds with a mandated regional focus. The US\$ 40 million Fund closed in July 2003.

AEAF’s investment strategy was grounded in a number of trends in the region that included the increase in regional integration on the back of the rise of the East African Community (“EAC”), which had been revived in 2000. The EAC’s revival promised access to a much larger market with a combined population of 90 million people and a combined GDP of US\$ 25 billion. Further afield, membership of COMESA (Kenya and Uganda), and SADC (Tanzania) opened up large potential export markets. The evolving market dynamics in the region also revealed opportunities to fund regional expansions and the restructuring of large family-owned enterprises to create profitable and impactful businesses. In addition, the economic liberalization across the region provided opportunities for privatizations and encouraged investment. Finally, the region’s political stability gave the promise of a strong increase in economic growth.

The Fund’s initial investment was made in September 2003, and the 14th and final investment was made in June 2007 from our offices in Nairobi and Dar es Salaam respectively. As of December 31, 2012, AEAF had completed exits from six investments, namely **SDL Limited**, **Shelys Pharmaceuticals**, **Safepak**, **UML/Equity Bank**, **Micro Africa** and **Bank of Africa Uganda**. The Fund has also received exit approval for a further two investments.

A number of AEAF’s parcos expanded across borders following the Fund’s investment. AEAF’s investment in Tanzania’s **Shelys** was mobilized to acquire a complementary pharmaceutical manufacturer in Kenya, giving the Company a regional presence. **Micro Africa** used a portion of its investment funds to gain a stake in Uganda’s **UML**, an investment that was eventually converted into shares of **Equity Bank** when it acquired UML.



Fueling tankers form an essential link in the transportation chain

14
Investments made

East African Cables acquired a factory in Tanzania, while **Cable Holdings** acquired a significant minority share in **Zamefa**, a cable and copper rod manufacturer based in Zambia.

AEAF’s investment in the three **Bank of Africa entities** in Kenya, Uganda and Tanzania was intended to build a regional business while Kenyan **Ovidian** acquired a complementary subsidiary in Zambia.

A number of AEAF’s partner companies have shown leadership in the market. **Safepak** was Kenya’s first manufacturer of high-quality PET containers and its products were picked up by multinational companies, thereby displacing a significant amount of PET imports. **UML** introduced thousands of Ugandans to the formal financial services market as the largest micro deposit-taking institution in Uganda.

1,166 NEW
JOBS IN 2011

After its purchase by Kenya’s **Equity Bank**, it formed an expansion platform for the Bank with the largest number of accounts in the region. Equity Bank holds more than two-thirds of bank accounts in Kenya. **Athi River Steel Plant Limited (“ARSPL”)** was instrumental in lobbying for the change in the official measuring standard for building steel to a weight based standard, which enhanced quality standards for the whole industry. In addition, ARSPL commissioned the design and installation of Anti-Pollution Control Devices (“APCD”) on its furnaces, becoming the first steel plant in the region to do so.

Primefuels was the region’s first multi-modal bulk liquid transporter, moving products over both rail and road in Kenya, Tanzania and Uganda. The Company’s focus on its ESG practices encouraged a number of multinational

US\$ MILLION
7.3
 PAID IN TAXES IN
 2012¹⁷

oil companies to outsource their transportation to Primefuels.

Porini, operating on a conservancy-based model, creates a source of income for the local community by offering community members employment at their ecotourism camps, with local community members making up the bulk of the Firm's staff.

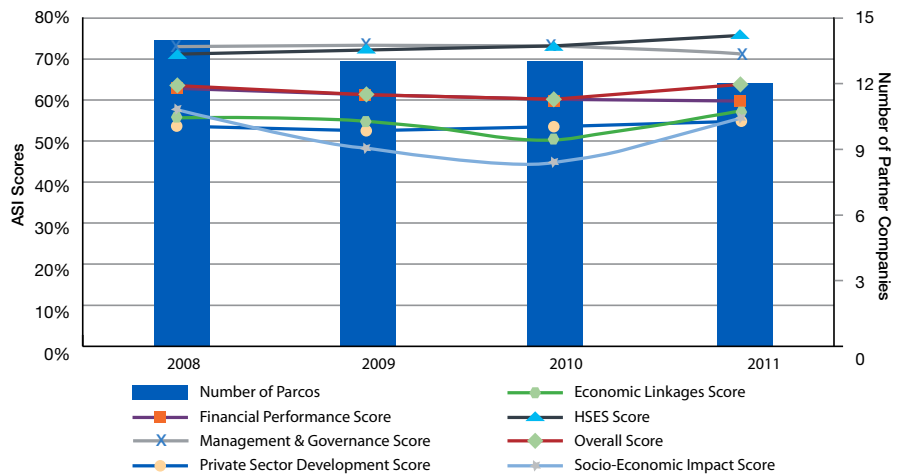
The breadth of Shelys' direct distribution across East Africa was the key reason behind its acquisition by South Africa's Aspen Pharmaceuticals, which is one of the largest antiretroviral producers in the world.

AEAF's companies are also deeply engaged with their respective communities in terms of CSR. Deacons runs one of Kenya's most visible breast health awareness initiatives targeted at young women, while the Equity Bank Foundation currently provides scholarships to more than 3,400 students to enable them to attend secondary school and university, and has the intention of expanding this number to 15,000 by 2015¹⁸. Furthermore, Equity Bank has trained more than 300,000 people in financial literacy, with a target to educate 1 million by 2014. Primefuels' CSR activities primarily focused on education, health and disaster relief through donations and in kind (transportation) assistance. Porini has provided a borehole for a community near one of its camps. The water from this borehole is used by both the people and their livestock.

A few of AEF's partner companies have been recognized for their contributions and achievements through awards.

For example, Equity Bank has won numerous awards, including Best Bank in Kenya from a number of institutions such as Euromoney, Africa Investor, the World Economic Forum, Financial Times and the Commonwealth Business Forum¹⁹. Bank of Africa Kenya also won the Best Bank in Customer Satisfaction in 2011 during the Kenyan Banking Awards and one of Porini's camps has received a Gold certification by Ecotourism Kenya, while the remaining three have been awarded Silver certifications.

AEAF'S ASI SCORES



SOME GOOD PRACTICES FROM AEF

As long-distance drivers are among the highest risk groups for HIV, Primefuels with the Group and Norfund has developed a comprehensive HIV/AIDS policy which provides antiretroviral treatment for staff members and their immediate families. In addition, the Company has designated specific overnight stops to limit potential exposure.

ARSPL encourages its staff to hold weekly toolbox meetings to raise any work-related issues that may have arisen and has also instituted a hotline, which staff members can use to report problems and misconduct directly to the executive management.

17 Taxation figure does not include taxes paid by East Africa Cable and Deacons (neither company has released its data), Bank of Africa Uganda (exited) and Micro Africa Limited (exited)

18 In June 2008, Equity Bank Limited ("EBL"), a listed Kenyan commercial bank, completed an acquisition of UML's share capital. AEF received a small stake in EBL as consideration in this transaction

19 Following EBL's acquisition of UML's share capital, AEF received a small stake in EBL as consideration in this transaction

CASE STUDY

SUSTAINABLE TOURISM – A WILD CONSERVANCY MODEL



Porini is a Kenyan tourism company which operates two companies: Gamewatchers Safaris, a tour operator, and Porini Safari Camps, a destination provider. Gamewatchers is a local tour operator that constructs unique game-watching experiences and sells packages focused on the high-end camping safari market. Porini works closely with communities living alongside national parks and wildlife reserves to help them derive benefits from conserving wildlife species and the indigenous habitat. They offer visitors the experience of staying in small, high-quality safari camps located in exclusive wildlife conservancies in some of the finest big game areas in Africa.

At the time of investment, Porini operated two camps. The Abraaj Group invested in equity and debt instruments to fund the expansion of the Company's camp network. Porini now operates five camps, two in the Maasai Mara ecosystem, one in Amboseli and one at the Ol Pejeta conservancy in Laikipia. In 2012, the Company acquired a new camp in Nairobi.

Approximately 95% of Porini's billings are in US dollars, bringing much needed

foreign currency into the country while making a commercial and international case for the protection of Kenya's spectacular wildlife – much of which resides outside the Kenyan National Parks.

A MULTI-DIMENSIONAL DEVELOPMENT IMPACT

Economic Linkages

The additional income Porini brings to local communities through conservancy fees has diversified income streams for families while spurring micro-enterprises to develop, which serve Porini's clients and employees. Local employees have managed to break the cycle of key wage earners needing to work in cities to support families back home. As a result, more families are able to live together and disposable income has increased due to the lower cost of living in the conservancies relative to the cities. This has led to more goods and services being purchased within the communities. The additional income has also enabled more young people to continue with school as the pressure to contribute to family livelihoods has been eased.

Country	Kenya
Sector	Hotels, Resorts and Cruise Lines
Fund	Aureos East Africa Fund
Investment	US\$ 625,000

Porini's camps operate on the conservancy model, where the Company leases community-owned tracts of land and pays a portion of each bed night to the community.

At the time of The Abraaj Group's investment, Porini had approximately 23,500 acres of community land under conservation, whereas it is now involved in helping to protect 116,000 acres of community land.



FINANCIAL PERFORMANCE
TURNOVER
 US\$ MILLION
8.61

ECONOMIC LINKAGES
TAXES PAID
 US\$ MILLION
0.5

SOCIO-ECONOMIC IMPACT
NUMBER OF EMPLOYEES
227

CASE STUDY

Health, Safety & Environment

Porini limits the environmental impact of its camps by using semi-permanent structures and limiting camp sizes to 10 or fewer tents. Camps are established without cement, tents are lit using energy from solar panels and sustainable briquettes are used for cooking and heating water. All waste is separated and returned to Nairobi for recycling and disposal. Conservation of water in these dry areas is helped by the 20-liter cap placed on the guests' 'safari showers' each day.

All of Porini's camps are certified by EcoTourism Kenya. Three of the camps are rated Silver, and in 2011 Porini's Amboseli camp became one of only four Gold-rated camps in Kenya. The Company aims to improve the rating of all its camps in due course.



The post-election violence in 2008 was a huge blow to us and everyone in the Kenyan tourism sector. We had all of our bookings canceled, and had to reconvert and refund the money at a very bad exchange rate. This was extremely bad timing for a company in a growth phase without large buffers of cash.

It was useful to have a private equity company that wasn't just looking at the bottom line but was sympathetic to the entire situation. An important part of it was that they were Kenyans, based in Kenya and understood what was going on. If we had a company based in New York, for example, it would have been very different and probably much worse.

Mohanjeet Brar,
Managing Director,
Porini



The outdoor park operations are supervised by armed Kenya Wildlife Service Game Rangers, who are government employees. Porini aims to protect the safety of staff and guests with adequate training on practical and respectful interaction with wildlife.

Socio-Economic Impact

It is estimated that each wage earner at the camps supports at least 10 people. Porini liaises with elders of each group ranch to ensure at least one person from each family is employed to equitably spread the benefits of the conservancies. Many Maasai have a traditional spectrum of knowledge, and training to work at Porini brings together different realms of knowledge, opening entirely new career paths which respect tradition.

For example, a staff member who used to earn US\$ 90 monthly working in Nairobi now earns nearly US\$ 100 more by placing his land under conservancy and working as a ranger for Porini. Moreover, he works within walking distance of his home and meals and accommodation are provided. As a result, he has more income at the end of each month to pay for things like school fees. The conservancies have proven to be a way for the communities to lift themselves out of poverty.

Porini has also provided a borehole for a Maasai community located near the Amboseli camp. Water from the borehole is used at the Amboseli camp.

Private Sector Development

The establishment of conservancies provides a revenue stream for the local communities from leases and concession fees from land that was previously unused. These revenues have allowed communities to reduce their dependency on nomadism and agriculture. This is particularly relevant in times of drought and crop failure. Critically, in addition this conservancy model has changed the confrontational relationship between local communities and wildlife. Communities are beginning to see wildlife as an asset, rather than as competition for resources.



Making a Difference

Porini has demonstrated that it is possible to operate a profitable sustainable tourism business having minimal environmental impact while maximizing its impact on local citizens who are often locked out of the derived benefits. The social benefits of Porini's operations have allowed more people to work closer to home while still making adequate wages. The transformation of the perception of wild animals as a nuisance into a resource to be protected has also benefited biodiversity.

AEAF's investment enabled the Company to expand its footprint and benefit more communities located around Kenya's national parks. The Group's staff have worked closely with the Company to ensure that the business is run profitably while maintaining product quality and providing a source of income to local communities.

Thanks to Porini, the conservancy model is now being replicated across Kenya, aiding in the protection of some of Kenya's natural assets.

III. AHF – THE PAN-REGIONAL HEALTH FUND

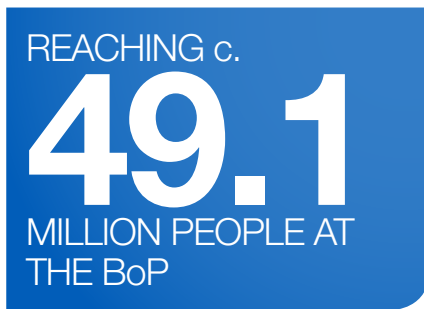
Backed by the Bill and Melinda Gates Foundation and the IFC, the Africa Health Fund (“AHF” or “the Fund”) was established in October 2009 with an initial close of US\$ 57 million. AHF was established with a unique mandate – to invest in healthcare businesses across Africa with a view to increasing access, affordability and quality of health services and products to the economically disadvantaged.

In November 2011, AHF closed at US\$ 105.4 million, reflecting the belief held by our investors that a commercially driven investment fund also has the potential to drive sustainable improvement in healthcare in one of the most impoverished continents of the world. Other investors backing the Fund include: the African Development Bank, the ASN Bank, the Development Bank of Southern Africa, DEG, the Elma Foundation, Norfund, Proparco and the Maria Wrigley Trust. To date, the Fund has deployed approximately US\$ 22 million in eight transactions in the Sub-Saharan region with an additional US\$ 13 million expected to be deployed by the end of 2013. The Fund is supported by a Health Advisory Panel of local and international experts who support the deal teams and provide specific insight on existing and potential investments.

Alongside the main Fund, AHF has a Technical Assistance Facility (“TAF”) of just over US\$ 5 million. The facility was set up in recognition of the challenges faced by early stage companies and the need to create value that goes beyond financial returns. The TAF has been used to finance a management capacity building program at [Nairobi Women’s Hospital](#), hire health professionals at [C&J Healthcare](#) in Ghana, educate health workers in Uganda and Tanzania on the use of auto-disable syringes manufactured by [Revital Healthcare Ltd](#) and fund an internal controls audit of [Clinique Biana](#) in Togo, among other initiatives. The TAF can also be used to support projects such as product development, application for international accreditation and transfer of proven healthcare business models that would grow the existing operations and increase social impact.



The cutting edge CT scanner at C&J’s diagnostic facilities has upgraded medical technology in Accra



Additionally, the TAF is used to fund the measurement of social impact of the partner companies. It is estimated that the Fund is currently reaching 49.1 million people at the Base of the Pyramid through patient visits across all investments and customer purchases of products manufactured or distributed by our partner companies. The Fund defines the BoP as individuals living in households with a net household member average income of less than US\$ 3,000 on a purchasing power parity²⁰ basis. Collectively, the BoP constitutes a US\$ 5 trillion global consumer market²¹ with the African market contributing US\$ 429 billion and a client base of 486 million people. This is the region’s dominant consumer market with 71% of purchasing power. The Fund’s development record is evident from the remarkable projects and programs supported by our partner companies.

[Nairobi Women’s Hospital \(“NWH”\)](#) has grown from a 57-bed hospital in 2009 to a hospital with a current capacity of 256 beds. Patient numbers

have also increased from 64,701 to 99,626 over the same period. It is estimated that in 2012, 63% of patients served by the Hospital were BoP 3,000. The Hospital has also installed a state-of-the-art incinerator for the purposes of disposing medical and biological waste and makes its incineration services available to nearby medical facilities.

[The Avenue Group](#) is a diverse health services provider, offering general and specialist inpatient and outpatient care and medical plans to individuals and corporations in Kenya. It is the only healthcare company in Kenya that offers an integrated managed healthcare model, combining managed healthcare plans with service delivery. The Avenue Group is currently constructing a 70-bed hospital in Kisumu, Kenya, where 60% of the population lives in poverty.

[The Bridge Clinic](#) is an IVF clinic in Nigeria, which enables women to affordably access infertility treatment. Infertility is recognized as a disease by the WHO and leads to the social stigmatization of couples who are unable to bear children. The Company has formed a Public Private Partnership with the Lagos state government to establish the Lagos State Institute for Fertility Medicine (“IFM”). The IFM aims to address the issue of affordable assisted reproductive care by providing IVF services to patients in the low to mid socio-economic classes who would otherwise be unable to afford the procedure at its current high cost. The IFM is run by the Clinic and services are

20 Purchasing power parities (PPPs) are currency conversion rates that both convert to a common currency and equalize the purchasing power of different currencies. They eliminate the effect of differences in price levels between countries. Source: www.oecd.org/std/ppp

21 WRI & IFC, *The Next 4 Billion*, 2007

offered at a 60% discount compared to the prices at other facilities. Since inception in early 2011, the IFM has recorded 213 IVF cycles and 11 live births with three additional ongoing pregnancies.

At **Clinique Biasa** in Togo, affordable, quality service through a “social fee” discount of up to 50% off the standard consultation fee is given to patients from exceptionally disadvantaged backgrounds. With less than one hospital bed per 1,000 people in Togo, the Fund’s investment will enable Clinique Biasa to boost its capacity from 24 to 80 beds, which will, in turn, contribute to the increase in healthcare infrastructure in Togo.

C&J Medicare in Ghana is a leading supplier of healthcare services for the employees and dependants of over 100 leading corporate clients. C&J is the first private hospital in Accra to be equipped with state-of-the-art diagnostic facilities and is a pioneer in providing women’s counseling, educational services and HIV/AIDS treatments in Ghana. Estimates indicate that approximately 59% of C&J’s patients are BoP 3,000.

Revital Healthcare Ltd is contributing toward the fight against the spread of infectious diseases through the manufacture of WHO certified auto-disable (“AD”) syringes and AD immunization syringes. AD syringes have been mandated by the governments of Uganda, Tanzania and the DRC as the only syringes that should be used in all health facilities. More African governments are expected to pass regulation on the use of AD syringes. The Company has added the manufacture of blood collection test tubes and increased its production capacity to meet the increasing demand of its high-quality and affordable products. The Company has also attained the Conformité Européenne (“CE”) mark and is WHO-GMP certified.

Vine Pharmaceuticals is based in Kampala, Uganda and is the largest and leading pharmacy retail chain in the country with a network of over 20 stores. Vine launched a wholesale

distribution business that imports specialty prescription products for its own stores, local pharmacies and government tenders.

Based in Kumasi, Ghana’s second most populous city, **Aniniwah Medical Center (“AMC”)** is the largest private healthcare institution in the northern half of Ghana. AMC’s general services include outpatient and laboratory services, a pharmacy and radiology unit, while its specialist services include obstetrics, gynecology and urology. With daily outpatient rates between 400 and 450, AMC’s large clientele base includes a mixture of low, middle and high-income patients mainly from the Kumasi metropolitan area, although it also serves patients hailing from as far afield as Burkina Faso and Mali.

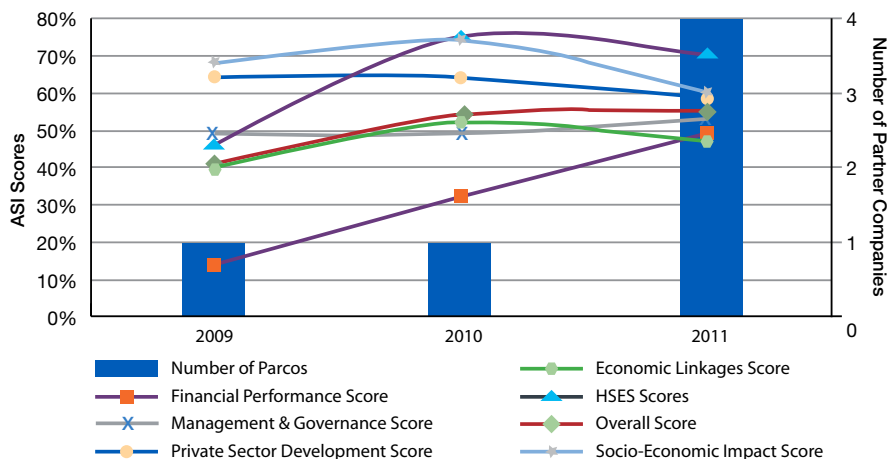
LESSONS FROM THE AHF

Size matters: Private healthcare is fragmented and most private healthcare companies are small. Carefully supervised sustainable expansion can provide a strong foundation for further capital deployment and the scaling up of the business.

Look beyond the obvious: “Confidence levels” in the AHF’s BoP impact will be higher the closer we invest to the end consumer; however, AHF’s mandate is to invest across the entire health value chain. Diversification through investing in multiple sectors will help ensure financial returns can be achieved while meeting social impact targets.

Structure for risk: The pilot nature of the AHF requires managers to have a strategic outlook for the company and release funds as needed to establish a base for inorganic growth and subsequently organic growth.

AHF’S ASI SCORES



SOME GOOD PRACTICES FROM AHF

Revital Healthcare maintains a Training Policy Document highlighting the Company’s training objectives and responsibilities. Revital also annually draws up a training calendar which lists the training to be conducted at the factory each month which includes topics such as General Safety Training and Health & Safety Training.

NWH’s management has continued to show commitment to addressing OHSE issues in 2012 through recruitment of a dedicated resource for OHSE, completing and approving OHSE management plans, procedures and policies, as well as developing a monitoring plan for implementation of statutory audits.

CASE STUDY

A MULTI-SPECIALTY HOSPITAL PUNCHING ABOVE ITS WEIGHT



Clinique Biasa (“Biasa”) was founded in 1975 and is located in Togo’s capital, Lomé. It currently offers more than 15 specialty services ranging from general medicine, pediatrics and neurology to anesthesiology and physical therapy to residents of Togo and its neighboring countries.

The Value Add of Private Equity

The growth of the Hospital over the decades to become a strong regional specialty hospital has given rise to a need for modernization alongside its growth. The US\$ 1.7 million investment will enable Clinique Biasa to complete its modernization and expansion plans.

The investment will in turn increase the range of treatments and services offered to patients in Togo, while more than trebling the Hospital’s bed capacity.

This investment will ultimately create the country’s first privately run hospital certified to international standards.

Making a Difference

The investment in Biasa makes a significant contribution to improving the quality of health provision in a country which has less than one hospital bed per 1,000 people. This compares to a global average of three hospital beds per 1,000 people. The investment has enabled the Hospital to increase the range of treatments and services offered to its patients, while dramatically scaling up the numbers of patients reached. This investment will ultimately create the country’s first privately run hospital certified to international standards.



Through its diverse investments in the healthcare sector, The Abraaj Group has demonstrated a unique understanding of the challenges and opportunities facing healthcare businesses in Africa. I look forward to working with it to grow the Clinic as both a business and as a key contributor to the healthcare landscape of Togo.

Dr. Moise Fiadjoe, Managing Director, Clinique Biasa



Country	Togo
Sector	Health Services Provision
Fund	Africa Health Fund
Investment	US\$ 1.7 million

75% of the **11,324** patients treated by the Hospital in 2012 were women.

Our investment has increased the health infrastructure in Togo by enabling Biasa to increase its range of services and treatments and complete its modernization plans.



Lab facilities at Clinique Biasa



AHF’s investment is aimed to increase access to the 15+ specialty services offered

IV. ASAF – THE SOUTHERN AFRICA FUND

The Aureos Southern Africa Fund (“ASAF” or “the Fund”) is a US\$ 50 million Fund that reached first close on June 30, 2003. The Fund largely concentrates on providing risk capital for the expansion of profitable businesses and change of control transactions including management buyouts, management buy-ins, consolidations and reorganizations in the Southern African geographical region.

The deal team made its maiden investment in November 2004 and completed its 10th and final investment in January 2009, although further follow-ons have taken place with the last disbursement occurring in Q3 2012. ASAF has fully exited three companies – Tofo, Invescom Limited and Golden Lay – and partially exited SA Block as of Q4 2012.

All of ASAF’s partner companies have adopted and strive toward fulfilling our Business Principles, as signed in the Shareholders Agreement. The partner companies comply with all environmental and health and safety laws relating to them and have also complied with the terms of any permits, licenses and other authorizations which they hold or which are required under their respective environmental laws. The majority of the investments have a low to medium-industry rating with regard to the Environment, Social, Health & Safety, and Governance. However, the deal executives and our partner companies look to manage these risks through plans and processes that allow each aspect to be monitored and controlled.

A brief summary of the investments made by the Fund to date are shown below:

Allied Catering Equipment (“ACE”) is one of the leading suppliers of catering equipment in South Africa catering for industries as diverse as mining to education. ACE has been part of the upgrades undertaken by the government of its institutions, such as correctional facilities, hospitals, and defense, and was involved in the improvements to the 2010 World Cup



Allied Catering Equipment has helped government institutions upgrade their catering facilities

stadium. Since ASAF’s investment in April 2007, all ACE staff have been attending in-house training courses in quality management, product applications and customer relations, which serve to drive staff development. ACE encourages its staff to understand its products/markets and customers. This offers its support staff opportunities to become absorbed in operational and middle management functions. ACE’s efforts to address health and safety issues are professional and in compliance with OHSAS 18001, which defines a set of occupational health and safety management system requirements.

Fibrex is an Angolan company engaged in the manufacture of HDPE and other low-pressure plastic pipe products used in the construction industry and provides a significant contribution to infrastructure development in its region. The management team has the capacity and willingness to manage ESG issues, evidenced by the policies, measures and procedures that have been put in place to counter the risks associated with the business. This is further demonstrated by the Company’s attainment and continued certification of ISO 9001 and its quest to attain the OSHAS 18001 by the end of 2013.

Golden Lay (“GLL”), which was one of ASAF’s earliest investments (February 2006), is a leading producer and distributor of table eggs in Zambia’s Copperbelt province, selling exclusively to the informal sector for cash, which then resells to the general public. GLL’s willingness to manage ESG issues is evidenced by the measures taken in the run-up to its third phase of expansion whereby an Environmental Project Brief was produced, followed by an Environmental Management Plan. The approval of the two documents was provided by the local regulator – Zambia Environmental Management Agency (“ZEMA”). GLL implemented an HIV/AIDS project for staff and the local community, including supporting a local clinic and community schools. During 2012, ASAF exited its stake in GLL.

Real People Investment Holdings was established in 2001 as a specialist provider of credit, education and debt collections services to the mass, previously unbanked market sector in South Africa and East Africa. In the process, the Company has become one of South Africa’s largest non-banking, independent financial service providers. The Abraaj Group invested in Real People to assist in accessing lines of credit, for additional growth,

using the Group's network of financial institutions. At the time of its investment, ASAF was tasked with procuring US\$ 16 million (ZAR 100m) in lines of credit for Real People within an 18-month time frame, failing which Real People had call options on the ASAF shareholding at punitive ZAR IRRs. ASAF was successful in procuring more than US\$ 22.4 million (ZAR 140m) in lines of credit from Proparco and FMO well within the stipulated schedule. To date, lenders introduced by the Group, which include FMO, Proparco, Norfund and Cordiant, have together extended US\$ 812 million in credit lines to Real People. The Company has successfully listed a local Domestic Medium Term Note, which has further enhanced its ability to grow its acquired debt and merchant finance books. Real People is actively pursuing an IPO for Q4 2013.

further weight to Sandbox's corporate governance ambitions.

SCAW Limited is the leading private sector foundry in Zambia, whose primary business is the manufacturing and distribution of grinding media (mill balls) sold to mining companies. While the majority of its business comes from Zambian companies, SCAW also exports its products to its neighboring countries of Botswana, Zimbabwe and the Democratic Republic of Congo. SCAW has in place a committee that carries out routine audits to monitor occupational hazards around the workplace. Furthermore, the Company engages an external consultant annually to carry out health and safety audits. SCAW supports local NGOs, by providing materials such as deformed bars that are used for construction projects. It also donates funds to a local clinic to procure cleaning equipment and disinfectants.

10 Investments made

SA Block is a brick manufacturing company that creates its bricks out of clinker, a by-product and environmental waste of chain grate boilers, which is used by the power generation industry to produce steam from coal. The bricks form a major part of the low-cost housing initiative in South Africa, allowing the government to construct more homes with its available funding. SA Block's efforts to address health and safety issues are of a professional manner and in compliance with the Occupational Health and Safety Act (Act 85 of 1993).

Scientific ("SEL"), ASAF's newest investment, complements the development of the food and hospitality industry by manufacturing counter-top catering and laboratory equipment. SEL is developing export markets through the establishment of a trading subsidiary in China and via partnership agreements signed with a US company. SEL's efforts to address health and safety issues are of a professional manner and in compliance with OSHA 18001, which allows SEL to develop a simplified set of standards that will be equally applicable to small, medium and large organizations.

Sandbox Holdings' ERP operations and risk applications, enables enterprises to define, measure, monitor and action risk in a coordinated environment. It facilitates the execution of the enterprise's tactical and strategic objectives through the proactive mitigation and treatment of risks, while maximizing the enterprise's capability to embrace the challenges it faces in order to create a profitable and sustainable business. Sandbox has a strong Board of Directors, which includes two independent directors, to oversee operations. A remuneration committee and audit committee lend

ASAF's partner companies have also been outstanding corporate citizens. During our investment, **Golden Lay** provided support to a local clinic through the installation of a submersible pump and overhead water tank, which forms part of the EIB initiative to tackle HIV/AIDS in the workplace. The hospital now has piped water supply, whereas previously the clinic used a hand pump and did not have a water tank.

REAL PEOPLE
MERCHANT FINANCE

Want it?
Get it on Credit

Quick and Easy Applications
Credit up to R60 000
Up to 36 months Repayments
Same Day Result
No Deposit

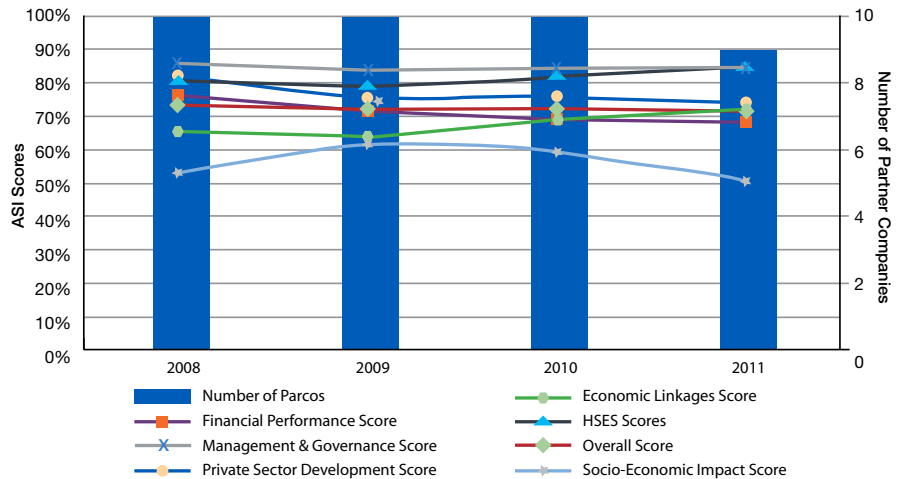
More than Just Finance

A sample advertisement for Real People aimed at consumers seeking home improvements, a growing phenomenon

Real People continues its focus on initiatives supporting needy children and has provided financial support to a number of children's welfare organizations during the year, including supporting the East London Children's Home by providing financial assistance towards the purchase of school clothing for the Home's underprivileged children.

SEL encourages the growth of the manager-worker relationship and promotes the rights of all its employees through the Skills and Employment Equity Forum. The Forum serves to represent the views of employees with regard to employment equity, identify employees who require training, identify potential barriers to employment equity and recommend strategies discussed at the Forum to the employer. All members are to receive, at the Company's cost, adequate training in order to effectively carry their responsibilities.

ASAF'S ASI SCORES



SOME GOOD PRACTICES FROM ASAF

Over the years, our partner companies have not only consistently striven to ensure the integrity of their M&G systems, but they have worked towards reducing accident rates and increasing training for their employees and encouraging open dialogues between their managers and employees.

At GLL, management is highly committed to its employees' safety as is evidenced by the importance given to incidence reporting. Employees are rewarded for reporting incidents, no matter how minor. Remedial action is then quickly taken to address the factors that led to the incident occurring.



Angola's Fibrex is a leading producer of pipes

CASE STUDY

FINANCING OPPORTUNITIES AND FUNDING CREDIT REHABILITATION



THE COMPANY OVERVIEW

Real People Investment Holdings (“RPIH” or “Real People”) was established in 2001 as a specialist provider of credit, education and debt collection services to the mass, previously unbanked market sector in South Africa and East Africa. In the process, the Company has become one of South Africa’s largest non-banking, independent financial service providers.

AAF invested in RPIH through a Mauritius-based SPV, RPAAF Limited, which was established by the Fund to facilitate a structure whereby AAF would fund Real People Management to exercise options in Real People, which they held by virtue of a rights offer conducted in late 2009. AAF subsequently invested further in Real People by way of a direct purchase of shares from two existing shareholders in June 2011.

The Company’s highly regarded credit management capabilities, state-of-the-art IT systems and unique understanding of its target market, the LSM 4-7 group, assure its continued success.

A MULTI-DIMENSIONAL DEVELOPMENT IMPACT

Economic Linkages

Given the nature of Real People’s business, there always exist concerns that consumer finance providers to the lower income classes charge rates that are significantly above the norm, thus making the poor “poorer”. In some instances, consumer finance institutions

are depicted as loan sharks that use threatening actions or physical harm in order to secure repayments. Significant due diligence was conducted on Real People by FMO, KPMG, Proparco and The Abraaj Group to ascertain that such practices were indeed not used by Real People.

Real People provides the lower income population with access to credit with educational and housing loans forming a large portion of their advances. It provides meaningful broadening of an ownership base with the successful completion of a Black Economic Empowerment (“BEE”) transaction in 2008, which saw a consortium backed by the Industrial Development Corporation and Purple Capital become shareholders in the Company.

Health, Safety & Environment

Maintaining a safe and healthy work environment is an ongoing priority for Real People. The health and safety committee performs a monitoring function in accordance with Real People’s health and safety policy and addresses issues across the business to mitigate risks and ensure a healthy working environment. A structure of health and safety representatives, first aiders and fire marshals are in place. It is the Company’s policy to provide a safe working environment for all its employees. Furthermore, the Company pays particular attention to the physical and emotional well-being of its employees to prevent reduced morale among its staff, in order to minimize disruptions and increase the productivity of its workforce. First aid and HIV/AIDS training is provided on

Country	South Africa
Sector	Financials
Fund	Aureos Southern Africa Fund and Aureos Africa Fund
Investment	US\$ 20 million

At the end of 2012, Real People employed a total of **1,891** employees, amounting to an overall increase of **10.3%**

an ongoing basis and it also promotes flu inoculation among its employees by contributing towards the cost of the flu vaccine.

Socio-Economic Impact

Real People ensures that all working relationships and terms of employment are present in the contract of employment. This includes information regarding their rights under labor laws and their rights related to wages and benefits. Equal opportunity is the principle underlying all employment decisions, such as hiring and promotion, and is based entirely on the person’s ability to effectively perform in the new role under consideration for them.

All employee salaries are market related and are significantly above minimum wage for the unskilled workers. Learning and development is regarded as a key driver in the Company’s business performance, in that it

FINANCIAL
PERFORMANCE
TURNOVER
US\$ MILLION

110.8

ECONOMIC
LINKAGES
TAXES PAID
US\$ MILLION

12.8

SOCIO-ECONOMIC
IMPACT
**WOMEN IN THE
WORKFORCE**

66%

CASE STUDY

aims to facilitate the development of employees' potential and ensure high levels of motivation among employees. Real People is committed towards the upskilling of its employees and spent US\$ 8.3 million (3.45% of total payroll cost) during 2012 on training and development. Further study bursaries were made available to permanent employees who wish to further their secondary or tertiary qualifications, in line with the Company's skills requirements.

Current CSR Projects:

- Real People has contributed upwards of US\$ 24,000 toward upgrading Buchule Technical School's facilities by providing its Academy for Mathematics with training modules, a new computer laboratory and awarding bursaries to the top-performing matriculates.
- East London Field Band Foundation is a non-profit organization which provides the youth from socially and economically challenged communities with the opportunity to develop skills in arts and culture. Real People has contributed US\$ 32,000 towards the Eastern Cape sector of the foundation, in order to assist the band in becoming commercially viable.

Private Sector - Development

Real People provides credit to the large, previously unbanked, lower income market and has introduced an SMC product, targeting businesses with annual sales of US\$ 35,000 – US\$ 118,000, thereby providing credit for the growth and development of small businesses. The Company provides housing and educational loans to the market. Through technology-driven platforms and an efficient branch network, Real People is able to serve its client base in South Africa, Uganda, Botswana, Tanzania, Malawi and Kenya, and has strategic initiatives to expand into Zambia, Nigeria and other frontier markets.

Making a Difference

Real People's vision is "Sustainably Improving Lives". The Company has embarked on a journey to understand its target market and its needs better and has used this information to re-evaluate its customer value proposition. Real People is committed to sustainably improving the lives of its local community members by supporting previously disadvantaged individuals and non-profit organizations with a proven track record.

Since The Abraaj Group became a shareholder, Real People has introduced a strong corporate structure. The Board meets at least quarterly to consider business philosophy and strategic issues, to set risk parameters, approve financial results and budgets, and monitor the implementation of delegated responsibilities. Feedback from its committees, as well as a number of key performance indicators, variance reports and industry trends are also considered. The Board committees include an audit and risk committee, a remuneration committee, a nomination committee, and a social and ethics committee.

Ongoing employment-related compliance audits are conducted to minimize business risk and ensure compliance with legal requirements.

The Company achieved a racial equity profile of **74.5%** of its permanent workforce

54 branches in South Africa

14 branches in East Africa

1 call center in East London

which deliver individual consumer and retail finance options and services to its customers

A risk registry and audit system is operational across the business in accordance with the Company's business conduct and ethics policy.



Real People donated 4,000 lap desks to rural schools in the Eastern Cape. Pictured here are some of the learners with their Real People-branded Lapdesks, which also carry a financial planning message, "How to Save Money"

V. AWAFF – THE WEST AFRICA FUND

With US\$ 50 million dedicated to the West African states south of the Sahara, the 2003 vintage Aureos West Africa Fund (“AWAF” or “the Fund”) was one of three inaugural Funds in Africa under The Abraaj Group brand.

In addition to the investment strategy that underpins all of the Group’s first-generation regional Funds, several trends in the West African sub-region informed the deal team’s investment thesis. The 16 member ECOWAS community presented a platform for local enterprises to scale up into regional players. Oil and gas discoveries in the sub-region and the commissioning of the West Africa gas pipeline have also been creating new opportunities in the local and regional energy sector, with the burgeoning financial services sector serving a consumer base of more than 300 million. An uptick in overall economic growth in the region and relative political stability were also enabling factors.

The deal team made its maiden investment in February 2004 and completed its 11th and final investment in December 2007, closely examining over 50 potential transactions across its offices in Dakar, Accra and Lagos. AWAFF has fully exited four companies – **Fruitpack**, **Voltic**, **Regimanuel** and **Leasafri** – and has partially exited two others – C&I and Portland Paints.

Aligned with the deal team’s desire to help partner companies build a regional presence, AWAFF-backed companies were encouraged to reach across borders. A portion of the Fund’s investment in **Voltic** was used to deepen its presence in the sub-region. Upon its sale to SAB Miller, Voltic had consolidated its operations in Togo, Nigeria and Ghana. Subsequent to AWAFF’s investment, **PNN** expanded its operations from Nigeria into Uganda, Kenya, Ghana and Rwanda. In 2009, PNN acquired a subsidiary that manufactures low-energy street lights in the United Kingdom.

AOS-Orwell has also made inroads into other markets such as Uganda, Ghana and Angola. Nigerian leasing company **C&I** also gained a share in the



AOS-Orwell, a leading Nigerian company, provides offshore services to leading multinational companies

11 Investments made

Ghanaian market by acquiring shares in partner company **Leasafri**. Leading homebuilder **Regimanuel Gray** also expanded and commenced operations in Sierra Leone in 2006.

Many of AWAFF’s partner companies have been path-bending leaders in the industries in which they operate. Water bottling company **Voltic**, which AWAFF exited in January 2009, all but created a local mineral water industry that was once dominated by imported mineral water. By 2008 imported water made up less than 5% of the industry. **Regimanuel**, an AWAFF partner company from 2004 to 2010, introduced both the master development concept in housing development and expandable homes to the Ghanaian homeowner. The latter allows homeowners to buy a smaller, more affordable unit and, through a pre-approved design, add-on additional rooms at their convenience, making home ownership possible for a new segment of the population.

The merger of Orwell Oil & Gas and Africa Oilfield Services Ltd (“AOS”) in 2011 to form **AOS-Orwell** created one of the fastest growing indigenous oilfield service companies in the region, achieving the Nigerian government’s local content requirement. Nigeria’s leading independent leasing company, **C&I Leasing**, has grown its business interests covering diverse sectors from financial leasing to car rental and marine equipment rentals. It remains the only listed leasing company on the Nigerian Stock Exchange and with annual revenue that has grown to over US\$ 87 million, it is the largest non-bank leasing company in West Africa. **Leasafri** became Ghana’s most capitalized leasing company following the Fund’s investment in 2005. It remains the only institution in Ghana licensed by the Central Bank to provide leasing finance to public and private Ghana.

2,159
EMPLOYEES
IN 2012

AWAF's parcos have also been outstanding corporate citizens. **Nycil** has developed cordial relationships with its host communities for more than 30 years. The Company has provided a water borehole for its local community, contributed to the repair of roads and supported local educational facilities. The Company is also held in good esteem by the local community. Since December 2011, **Regimanuel** has constructed and fully furnished a classroom block for 180 students in an underserved district and provided new and renovated bathroom facilities for one of Accra's largest public health institutions. Additionally, **Voltic**, which exclusively hired factory workers from local communities, refused to automate bottle labeling to maintain employment levels. The Company also implemented a profit share scheme that gave

US\$ MILLION
90
 PAID IN TAXES
 SINCE 2008

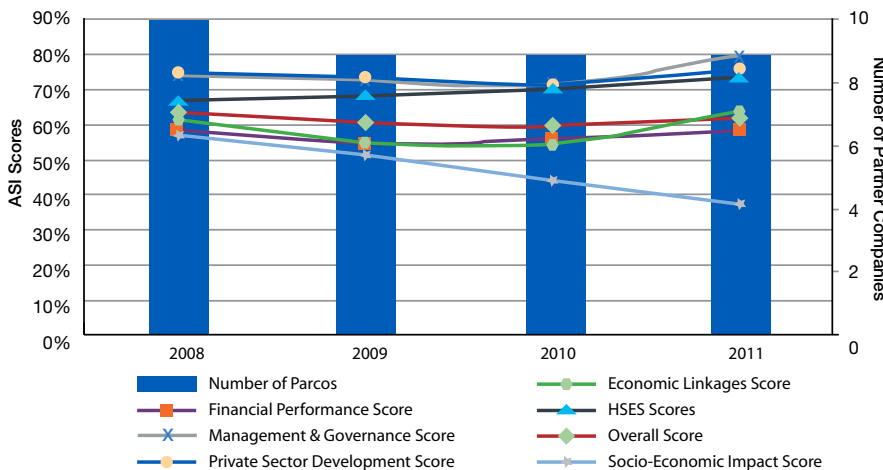
25% Investees' turnover growth

49% Investees' EBITDA growth

bonuses of up to 150% of regular wages when KPIs were met.

Partner company achievements have been formally recognized through numerous awards. A current member of the Ghana Club 100 company, **Regimanuel** has won numerous awards, including the New York Quality Summit Gold Award for Excellence and Ghana Millennium Excellence Award.

AWAF'S ASI SCORES



SOME GOOD PRACTICES FROM AWAF

Matforce's management is very committed to developing employees' technical and management skills. In order to ensure each employee receives proper training, an annual training plan is put together at the time of individual appraisals. Therefore, each employee has a unique plan addressing his/her specific needs that is approved by senior management and the employee's direct supervisor.

Along with Board meetings which are held once every three months to discuss and/or review operations and strategy, Aviance has a good MIS system that ensures accurate generation and distribution of appropriate management reports for timely action.



CELEBRATING SUCCESS

2012
The Abraaj Group
The African Private Equity Investor of the Year
Africa CEO Forum Awards

2012
Golden Lay Limited
Operational Excellence Award, EMEA
Inaugural Private Equity Investment

Award of the Decade
The Abraaj Group
SME Deal Making
Private Equity Africa

2012
The Bridge Clinic
Best Assisted Conception and IVF Hospital 2012
Institute for Government Research and Leadership Technology

2012
Dormac (RJ Southey)
South Africa's Top Education & Training Company
Oliver Empowerment Awards

2011
Seven Seas Technologies
Partner of the Year
VMware Africa Channel

2012
Porini Holdings Limited
Community Conservancy of the Year
Eco-Warriors Awards

2011
Southey Holdings
Special Award for low incidence rates over past five years
Federated Employers Mutual Assurance Company Limited

2011
Porini Holdings Limited
Tour Operator & Travel Agent Winner
Sustainable Development in Tourism Awards

2011
Bank of Africa Kenya
Best in Customer Satisfaction
Kenyan Banking Award

2011
Athi River Mining
2nd Runner up – Industrial, Commercial and Services Category
Fire Awards

2011
Porini Holdings Limited
Operator of the Year
Kenya Tourism Board

2011
Computer Warehouse Group
Nigeria CSR Award for technology work
CSR Nigeria Awards

2011
Computer Warehouse Group
Nigeria CSR Award for technology work
CSR Nigeria Awards

2009
Athi River Mining
Special Award
Total Eco Challenge

2010
Athi River Mining
Africa's Innovation Leader of the Year
Africa Investor Investment and Business Leader Awards

2010
Equity Bank
Employer of the Year
Uganda Investment Authority

2008
Athi River Mining
Gold Award Winner
Total Eco Challenge

2009
Athi River Mining
Energy Innovation
Energy Management Award

2009
Athi River Mining
Runner Up
Energy Management Award

2006
Athi River Mining
Bronze Award Winner
Total Eco Challenge

ACRONYMS

AAF	Aureos Africa Fund
AEAF	Aureos East Africa Fund
AHF	Aureos Health Fund
ASAF	Aureos Southern Africa Fund
ASI	Abraaj Sustainability Index
AWAF	Aureos West Africa Fund
AUM	Assets under Management
BoP	Base of the Pyramid
CBD	Corporate Business Development
CDC	Commonwealth Development Corporation
CEO	Chief Executive Officer
CIO	Chief Investment Officer
COMESA	Common Market for Eastern and Southern Africa
CSR	Corporate Social Responsibility
EAC	East African Community
ECOWAS	Economic Community of West African States
EMP	Environmental Management Plan
ESG	Environmental, Social and Governance
FMO	Financieringsmaatschappij voor Ontwikkelingslanden, Netherlands Development Finance Company
FUM	Funds under Management
GDP	Gross Domestic Product
GNI	Gross National Income
HEICS	Hospital Emergency Incident Command System
HSES	Health and Safety, Environment and Social
IC	Investment Committee
IFC	International Finance Corporation
IFM	Institute for Fertility Medicine
IRR	Internal Rate of Return
IT	Information Technology
MexCom	Management Executive Committee
MIS	Management Information System
MBO	Management Buy Out
MoC	Multiple of Cash
OSH	Occupational Safety and Health
Parco	Partner Company
PET	Polyethylene Terephthalate
APAG	Abraaj Performance Acceleration Group
PPP	Purchasing Power Parity
SADC	Southern Africa Development Community
SMCs	Small and Medium Cap Companies
TAF	Technical Assistance Facility
UHT	Ultra Heat Treated
VCP	Value Creation Plan
WB	World Bank
WHO GMP	World Health Organization Good Manufacturing Practice
ZEMA	Zambia Environmental Management Agency

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**GROWTH MARKETS
IN WHICH THE ABRAAJ
GROUP INVESTS**

- LATIN AMERICA
- SUB-SAHARAN AFRICA
- CENTRAL ASIA AND
TURKEY
- MIDDLE EAST AND
NORTH AFRICA
- SOUTH EAST ASIA
- SOUTH ASIA

REGIONAL OFFICES



REGIONAL HUBS

