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The Directors of Africa Opportunity Fund Limited (the “Company”), whose names appear on page 6 of this document, accept responsibility both individually and collectively for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and contains no omission likely to affect its import. This document, which constitutes an AIM admission document relating to the Company, has been drawn up in accordance with the AIM Rules for Companies. This document does not contain an offer of transferable securities to the public in the United Kingdom within the meaning of Section 102B of the Financial Services and Markets Act 2000 (as amended) and is not required to be issued as a prospectus pursuant to Section 85 of FSMA.

Application has been made for the admission of the entire issued and to be issued share capital of the Company to trading on AIM, a market operated by the London Stock Exchange plc. It is expected that dealings in the Ordinary Shares will commence on AIM on 24 July 2007. The rules of AIM are less demanding than those of the Official List of the United Kingdom Listing Authority.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange plc on admission to trading on AIM in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. Neither the United Kingdom Listing Authority nor the London Stock Exchange plc has examined or approved the contents of this document. It is emphasised that no application is being made for admission of these securities to the Official List of the United Kingdom Listing Authority. The Ordinary Shares are not dealt on any other recognised investment exchange and no application has been or is being made for the Ordinary Shares to be admitted to any such exchange. After Admission, the Company currently intends to also make an application for its issued share capital to be listed on the Channel Islands Stock Exchange, LBG.

The whole of this document should be read. Attention is drawn in particular to the “Risk Factors” set out in Part 3 of this document.

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# Africa Opportunity Fund Limited

*(An exempted company incorporated in the Cayman Islands with registration number MC-188243)*

## Placing of 125,000,000 Ordinary Shares of US\$0.01 each at US\$1.00 per Ordinary Share and Admission to trading on AIM

*Nominated Adviser*

**GRANT THORNTON CORPORATE FINANCE**

*Broker*

**LCF EDMOND DE ROTHSCHILD SECURITIES LIMITED**

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Share capital immediately following Admission				
Authorised			Issued and fully paid	
Number	Nominal Amount		Number	Nominal Amount
1,000,000,000	US\$10,000,000	Ordinary Shares of US\$0.01 each	125,000,000	US\$1,250,000

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Grant Thornton Corporate Finance, a division of Grant Thornton UK LLP which is authorised and regulated by the Financial Services Authority, is acting as nominated adviser to the Company for the purposes of the AIM Rules for Companies in connection with the Placing and Admission and, as such, its responsibilities are owed solely to the London Stock Exchange plc and are not owed to the Company or to any Director or to any other person or entity. Grant Thornton Corporate Finance will not be responsible to any person other than the Company for providing the protections afforded to clients of Grant Thornton Corporate Finance or for providing advice to any other person in connection with the Placing and Admission.

LCF Rothschild is authorised and regulated by the Financial Services Authority, is a member of the London Stock Exchange plc and is acting as broker to the Company and no one else in connection with the Placing and Admission. LCF Rothschild will not be responsible to anyone other than the Company for providing the protections afforded to clients of LCF Rothschild or for providing advice to any other person in connection with the Placing and Admission.

No representation or warranty, express or implied, is made by Grant Thornton Corporate Finance or LCF Rothschild as to the contents of this document (without limiting the statutory rights of any person to whom this document is issued), and Grant Thornton Corporate Finance and LCF Rothschild have not authorised the contents of any part of this document nor are they responsible for the accuracy of any information or opinion contained in this document or for any omission of information.

The distribution of this document in jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws of such jurisdictions. Your attention is drawn to the information contained on page 2 of this document under the heading “Important Information.”

## IMPORTANT INFORMATION

The information below is for general guidance only and it is the responsibility of any person or persons in possession of this admission document and wishing to make an application for Ordinary Shares to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. No person has been authorised by the Company to issue any advertisement or to give any information or to make any representation in connection with the contents of this document and, if issued, given or made, such advertisement, information or representation must not be relied upon as having been authorised by the Company. This document does not constitute, and may not be used for the purposes of, an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. In particular, this document does not constitute an offer to sell or the solicitation of an offer to buy any of the Ordinary Shares in Canada, Australia, South Africa, the Republic of Ireland, Singapore, the United States of America, or Japan (collectively, the “Prohibited Territories”) and this document should not be forwarded or transmitted to or into the Prohibited Territories or to any resident, national, citizen or corporation, partnership or other entity created or organised under the laws thereof or in any other country outside the United Kingdom where such distribution may lead to a breach of any legal or regulatory requirement. The distribution of this document may be restricted and accordingly persons into whose possession this document comes are required to inform themselves about and to observe such restrictions.

Prospective investors should inform themselves as to: (a) the legal requirements of their own countries for the purchase, holding, transfer or other disposal of the Ordinary Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of the Ordinary Shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of the Ordinary Shares. Prospective investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein. Statements made in this document are based on the law and practice currently in force in the Cayman Islands, England and Wales, the United States, Belgium, the Netherlands, France, Luxembourg and Switzerland and are subject to change. This document should be read in its entirety. All Shareholders are entitled to the benefit of, and are bound by and are deemed to have notice of, the provisions of the Articles of the Company.

### **FOR THE ATTENTION OF CAYMAN ISLANDS RESIDENTS**

No invitation or offer, whether direct or indirect, may be or has been made to the public in the Cayman Islands to subscribe for the Ordinary Shares. Neither the Cayman Islands Monetary Authority nor any other governmental authority in the Cayman Islands has passed judgment upon or approved the terms or merits of this document. There is no investment compensation scheme available to investors in the Cayman Islands.

### **FOR THE ATTENTION OF UNITED KINGDOM RESIDENTS**

Neither Grant Thornton Corporate Finance nor LCF Edmond de Rothschild Securities Limited has approved this document for the purposes of FSMA. This document is confidential and only for distribution in the United Kingdom (i) at any time, to persons reasonably believed by the Company to be investment professionals within the meaning of paragraph (5) of Article 19 or to high net worth companies or unincorporated associations within the meaning of paragraph (2) of Article 49 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (SI 2005/1529), as amended, and (ii) prior to Admission, to persons who are qualified investors within the meaning of Section 86(7) of FSMA.

Outside the United Kingdom (and subject as provided below), this document is only being sent to persons reasonably believed by the Company to be investment professionals or to persons to whom it may otherwise be lawful to distribute it. This document is being supplied to you solely for your information and may not be reproduced, further distributed or published in whole or in part by any other person. As the Placing Shares will be offered to fewer than 100 persons (other than qualified investors within the meaning of Section 86(7) of FSMA) per member state of the European Economic Area, the Placing will be an exempt offer of securities to the public for the purposes of Section 86 of FSMA. Accordingly, this document is not a prospectus and does not require the approval of the FSA or any other relevant authority in any other member state of the European Economic Area.

#### **FOR THE ATTENTION OF UNITED STATES RESIDENTS**

The Ordinary Shares have not been and will not be registered under the US Securities Act of 1933, as amended, (the “Securities Act”) or with any securities regulatory authority of any State or any other jurisdiction of the United States and, subject to certain exceptions, may not be offered or sold within the United States or to, or for the account or benefit of, “US persons” (as defined in Regulation S under the Securities Act (“Regulation S”)). In addition, the Company and the Investment Manager have not been and will not be registered under the US Investment Company Act of 1940, as amended (the “Investment Company Act”), and investors will not be entitled to the benefits of that Act. Accordingly, the Company and the Investment Manager are not subject to the provisions of the Investment Company Act, except Section 12(d)(1) thereof in reliance upon certain exemptions from registration provided in the Investment Company Act. The Ordinary Shares have not been approved or disapproved by the US Securities and Exchange Commission, any State securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Ordinary Shares or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States and re-offer or resale of any of the Ordinary Shares in the United States or to US persons may constitute a violation of US law or regulation.

#### **FOR THE ATTENTION OF SWISS RESIDENTS**

The Company has not been and will not be licensed or authorised by the Swiss Federal Banking Commission (the “SFBC”) to publicly offer the Ordinary Shares in Switzerland and neither this document nor any other offering document has been or will be submitted to the SFBC for approval. Accordingly, the offer of the Ordinary Shares is restricted to a private placement as defined in Circular Letter N° 2003/1 of the SFBC (the “Circular Letter”). As a result, the Ordinary Shares may only be offered and this document and other materials in respect of an investment in the Company may only be distributed in or from Switzerland to (i) institutional investors (as defined in the Circular Letter), and (ii) a maximum of 20 non-institutional investors per business year. The offer of the Ordinary Shares and the distribution or disclosure of this document or any other document in respect of investing in the Company to persons other than those listed above, is strictly forbidden and may contravene Swiss law. Investors in the Company will not benefit from the protections granted by the Swiss Federal Act on Investment Funds of 18 March 1994 (as amended) or its implementing ordinance of 19 October 1994 (as amended).

#### **FOR THE ATTENTION OF BELGIAN RESIDENTS**

The Placing is exclusively conducted under applicable private placement exemptions and therefore it has not been and will not be notified to, and this document or any other offering material relating to the Ordinary Shares has not been, and will not be, approved by the Belgian Banking, Finance and Insurance Commission (“*Commission Bancaire, Financière et des Assurances/Commissie voor het Bank, Financier en Assurantiewezen*”). Any representation to the contrary is unlawful. LCF Rothschild has undertaken not to offer sell, resell, transfer or deliver, or to take any steps thereto, directly or indirectly, any Ordinary Shares, and not to distribute or publish this document or any other material relating to the Ordinary Shares or to the Placing in a manner which would be construed as: (i) a public offering under the Belgian Royal Decree of 7 July 1999 on the public character of financial transactions; or (ii) a public offering under the Belgian law of 22 April 2003 on the public offer of shares; or (iii) an offering of securities to the public under Directive 2003/71/EC which triggers an obligation to publish a prospectus in Belgium. Any action contrary to these restrictions will cause the recipient and the issuer to be in violation of Belgian securities laws.

#### **FOR THE ATTENTION OF RESIDENTS OF THE NETHERLANDS**

The Ordinary Shares are not, will not and may not be, offered in the Netherlands other than to professional market parties in terms of Section 1c(1)(a) of the Dutch Exemption Regulation pursuant to the Act on the Supervision of the Securities Trade 1995 (*Vrijstellingsregeling Wet toezicht effectenverkeer 1995*). Therefore, pursuant to Section 1c(1)(a) of the Dutch Exemption Regulation pursuant to the Act on the Supervision of the Securities Trade 1995 (*Wet toezicht effectenverkeer 1995*), the Placing is exempted from the obligation to make generally available a prospectus that has been approved by the Dutch Authority for the Financial Markets (*Autoriteit Financiële Markten*; “AFM”) or by a supervisory authority in another EU member state. No prospectus has been filed with and approved by the AFM or by a supervisory authority in another EU member state.

#### **FOR THE ATTENTION OF FRENCH RESIDENTS**

This document has not been prepared in the context of a public offering of securities in France within the meaning of Article L.411-1 of the French *Code monétaire et financier* and Articles 211-1 of the General Regulation of the

*Autorité des Marchés Financiers* (“AMF”) and has therefore not been submitted to the AMF for prior approval. The Placing Shares may not be offered in France, other than (i) for a minimum consideration of €50,000 (or currency equivalent) per investor and per offer (as provided by Article 211.2-3 of the General Regulation of the AMF), (ii) to persons providing a portfolio management investment service for third parties (as provided by Article L.411-2-II-4 a) of the French *Code monétaire et financier*) or (iii) to qualified investors and/or to a restricted circle of investors other than qualified investors (as defined in Articles L.411-2-II-4 b), and D.411-1 through D.411-4 of the French *Code monétaire et financier*) provided that said qualified investors or investors are acting for their own account in accordance with Articles D. 411-1, D. 411- 2, D. 734-1, D. 744-1, D. 754-1 et D. 764-1 of the French *Code monétaire et financier* and undertake not to retransfer, directly or indirectly, the Placing Shares to the public in France, other than in compliance with applicable laws and regulations (Articles L.411-1, L.411-2, L.412-1 and L.621-8 to L.621-8-3 of the French *Code monétaire et financier*).

#### **FOR THE ATTENTION OF RESIDENTS OF LUXEMBOURG**

The Luxembourg regulatory authorities have neither reviewed nor approved this document. The Ordinary Shares are not and may not be offered to the public in or from Luxembourg and they may not be offered outside the scope of the exemptions provided for by Article 5 Section 2 of the law of 10 July 2005 on prospectuses for securities. The Placing has not been and may not be announced to the public and offering material may not be available to the public.

#### **FORWARD LOOKING STATEMENTS**

This document contains forward-looking statements. These relate to the Company’s future prospects, developments and strategies. Forward-looking statements are identified by their use of terms and phrases such as “believe”, “could”, “envisage”, “estimate”, “intend”, “may”, “plan”, “will” or the negative of those, variations or comparable expressions, including references to assumptions. These statements are primarily contained in Parts 1 to 5 of this document. The forward looking statements in this document are based on current expectations and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by those statements.

These forward-looking statements relate to matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the intentions, beliefs or current expectations of the Company and the Investment Manager concerning, amongst other things, the investment policy, financing strategies, investment performance, results of operations financial condition, liquidity, prospects and dividend policy of the Company and the prospects of the markets in which the Company’s expect to invest. By their nature, forward-looking statements involve known and unknown risks and uncertainties and other factors that may change with time because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The Company’s actual investment performance, results of operations, financial condition, liquidity, dividend policy and the development of its financing strategies may differ materially from the impression created by the forward-looking statements contained in this document.

Potential advisers are strongly advised to read this document in its entirety, and, in particular, the section of this document entitled “Risk Factors” in Part 3 of this document for a discussion of the factors that could affect the Company’s future performance. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this document may not occur.

These forward-looking statements speak only as at the date of this document. Subject to its legal and regulatory obligations (including under the AIM Rules), the Company expressly disclaims any obligations to update or revise any forward-looking statement contained herein to reflect any change in expectations with regard thereto to any change in events, conditions or circumstances on which any statement is based.

None of the forward-looking statements referred to above are intended to constitute qualifications of the working capital statement of the Company set out in paragraph 8 of Part 7 of this document.

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## DIRECTORS, INVESTMENT MANAGER AND ADVISERS

### Directors

Robert Christopher Knapp  
Francis Daniels  
Christopher Marcus Gradel  
Christopher John Agar  
Shingayi Stanley Mutasa  
Myma Adwowa Belo-Osagie

*all non-executives and all of registered office:*

PO Box 309 GT  
Ugland House  
South Church Street  
George Town  
Grand Cayman  
Cayman Islands

### Investment Manager

Africa Opportunity Partners Limited  
PO Box 309 GT  
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South Church Street  
George Town  
Grand Cayman  
Cayman Islands

### Nominated Adviser

Grant Thornton Corporate Finance  
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London NW1 2EP  
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### Broker

LCF Edmond de Rothschild Securities Limited  
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### Custodian

Barclays Bank Plc, Mauritius Branch  
International Banking Division  
8th Floor, Harbour Front Building  
President John Kennedy Street  
Port Louis  
Mauritius

### Administrator

Fidelity Trust Limited  
608 St James Court  
St Denis Street  
Port Louis  
Mauritius

### Legal Adviser to the Company

*(as to English law)*  
Lawrence Graham LLP  
4 More London Riverside Court  
London SE1 2AU  
United Kingdom

### Legal Adviser to the Company

*(as to Cayman Islands law)*  
Maples & Calder  
Princes Court  
7 Princes Street  
London EC2R 8AQ  
United Kingdom

### Legal Adviser to the Nominated Adviser and Broker

*(as to English law)*  
SJ Berwin LLP  
10 Queen Street Place  
London EC4R 1BE  
United Kingdom

### Tax Adviser to the Company

Grant Thornton UK LLP  
Grant Thornton House  
Melton Street  
London NW1 2EP  
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### Auditors

Ernst & Young  
Anglo Mauritius House  
4 Intendance Street  
Port Louis  
Mauritius

### Reporting Accountants

Grant Thornton UK LLP  
The Explorer Building  
Fleming Way  
Manor Royal  
Crawley RH10 9GT  
United Kingdom

### Registrar

Anson Registrars Limited  
Anson Place, Mill Court  
La Charroterie, St. Peter Port  
Guernsey GY1 3WX  
Channel Islands

## DEFINITIONS

The following definitions apply throughout this document unless the context requires otherwise:

“ <b>Admission</b> ”	the admission of the entire issued and to be issued share capital of the Company to trading on AIM becoming effective in accordance with the AIM Rules
“ <b>AIM</b> ”	the market of that name operated by the London Stock Exchange
“ <b>AIM Rules</b> ”	the rules governing the operation of AIM being together the AIM Rules for Companies and the AIM Rules for Nominated Advisers
“ <b>AIM Rules for Companies</b> ”	the AIM Rules for Companies as published by the London Stock Exchange from time to time
“ <b>AIM Rules for Nominated Advisers</b> ”	the AIM Rules for Nominated Advisers as published by the London Stock Exchange from time to time
“ <b>AOF (GP)</b> ”	Africa Opportunity Fund (GP) Limited, a wholly-owned subsidiary of the Company, incorporated in the Cayman Islands with registered number MC-189739 and acting as the general partner of the Limited Partnership pursuant to the terms of the Partnership Agreement
“ <b>Articles</b> ”	the Memorandum and Articles of Association of the Company
“ <b>Board</b> ” or “ <b>Directors</b> ”	the directors of the Company (who are also the directors of AOF (GP) and references to Board and Directors shall be construed accordingly), whose names are set out on page 6 of this document
“ <b>Broker</b> ” or “ <b>LCF Rothschild</b> ”	LCF Edmond de Rothschild Securities Limited
“ <b>Business Day</b> ”	any day on which banks are open for business in London excluding Saturdays, Sundays and public holidays
“ <b>Cayman Islands</b> ”	the British Overseas Territory of the Cayman Islands
“ <b>CarryCo</b> ”	AOF CarryCo Limited, an exempt company incorporated in the Cayman Islands with limited liability with registered number MC-189876
“ <b>Clearstream</b> ”	the system of paperless settlement of trades and the holding of shares without share certificates administered by Clearstream Banking SA
“ <b>Company</b> ”	Africa Opportunity Fund Limited, an exempted company incorporated in the Cayman Islands with limited liability with registered number MC-188243
“ <b>Companies Law</b> ”	Companies Law (2004 Revision) of the Cayman Islands
“ <b>Custodian</b> ”	Barclays Bank PLC, Mauritius Branch
“ <b>EEA</b> ”	the European Economic Area
“ <b>Euroclear</b> ”	the system of paperless settlement of trades and the holding of shares without share certificates administered by Euroclear Bank
“ <b>EVCA guidelines</b> ”	the guidelines for private equity and venture capital activity as set out by the European Private Equity and Venture Capital Association
“ <b>Executive Team</b> ”	the Investment Manager’s executive team consisting of Francis Daniels and Robert Knapp, who are also Directors of the Company
“ <b>FSA</b> ”	the United Kingdom Financial Services Authority
“ <b>FSMA</b> ”	the Financial Services and Markets Act 2000 of the United Kingdom (as amended)
“ <b>GDP</b> ”	gross domestic product

<b>“Grant Thornton Corporate Finance”</b>	the corporate finance division of Grant Thornton UK LLP which is authorised in the United Kingdom by the FSA to carry on investment business
<b>“Group”</b>	the Company, AOF (GP) and the Limited Partnership collectively and any other limited partnership or other incorporated or unincorporated entity in which the Company may hold a direct or indirect interest from time to time (but excluding Investee Companies)
<b>“Investment Manager” or “Africa Opportunity Partners”</b>	Africa Opportunity Partners Limited, a limited liability company incorporated in the Cayman Islands and acting as the investment manager to the Group pursuant to the Investment Management Agreement
<b>“Investment Management Agreement”</b>	the investment management agreement entered into between the Investment Manager, AOF (GP) and the Company dated 18 July 2007, further details of which are set out in paragraph 7.4 of Part 7 of this document
<b>“Investee Company”</b>	a company or other entity in which the Group has invested and “Investee Companies” shall be construed accordingly
<b>“IFRS”</b>	International Financial Reporting Standards
<b>“IRR”</b>	internal rate of return, which is the interest rate at which a certain amount of capital today would have to be invested to grow to a specific value at a specific time in the future
<b>“Limited Partnership”</b>	Africa Opportunity Fund L.P., a Cayman Islands registered exempted limited partnership constituted and established pursuant to the terms of the Partnership Agreement
<b>“Listing Rules”</b>	the listing rules of the FSA in accordance with Part VI of FSMA (as amended) from time to time relating to the admission of securities to the Official List
<b>“London Stock Exchange”</b>	London Stock Exchange plc
<b>“Millennium”</b>	Millennium Partners L.P.
<b>“MSO”</b>	Millenium Special Opportunities Holdings Ltd, a company incorporated in the Cayman Islands and wholly owned by Millenium
<b>“Net Asset Value”</b>	the value of the assets of the Company less its liabilities, as determined by guidelines laid down by the Board from time to time, further details of which are set out in Part 5 of this document
<b>“Net Asset Value per Share”</b>	the Net Asset Value divided by the number of the Ordinary Shares in issue from time to time
<b>“Official List”</b>	the Official List of the United Kingdom Listing Authority
<b>“Ordinary Shares”</b>	ordinary shares of \$0.01 each in the capital of the Company
<b>“Partnership Agreement”</b>	the amended and restated limited partnership agreement which constitutes the Limited Partnership entered into between the Company, AOF (GP), CarryCo and MSO dated 18 July 2007, further details of which are set out in paragraph 7.7 of Part 7 of this document
<b>“Placees”</b>	those persons who have subscribed for Ordinary Shares pursuant to the Placing
<b>“Placing”</b>	the conditional placing of the Placing Shares by LCF Rothschild at the Placing Price
<b>“Placing Agreement”</b>	the conditional agreement entered into between the Company, the Investment Manager, Grant Thornton UK LLP, LCF Rothschild and the Directors dated 18 July 2007, further details of which are set out in paragraph 7.3 of Part 7 of this document

<b>“Placing Price”</b>	\$1.00 per Ordinary Share
<b>“Placing Shares”</b>	125 million Ordinary Shares that will be issued by the Company in connection with the Placing
<b>“Prospectus Rules”</b>	the Prospectus Rules published by the FSA under Part VI of FSMA
<b>“Registrar”</b>	Anson Registrars Limited
<b>“Regulatory Information Service Provider”</b>	a regulatory information service provider that is approved by the FSA
<b>“Shareholders”</b>	holders of the Ordinary Shares
<b>“Sub-Adviser”</b>	Anibok Investment Research Chambers (Pty) Ltd, a limited company incorporated in South Africa and controlled by Francis Daniels, which has been engaged as sub-adviser to the Investment Manager
<b>“UK” or “United Kingdom”</b>	the United Kingdom of Great Britain and Northern Ireland
<b>“US”, “USA” or “United States”</b>	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia and all other areas subject to its jurisdiction
<b>“\$” or “US Dollars”</b>	the lawful currency of the US
<b>“£” or “Pound Sterling”</b>	the lawful currency of the UK

## PLACING STATISTICS

Placing Price	\$1.00
Market capitalisation at the Placing Price on Admission	\$125,000,000
Number of Ordinary Shares in issue on Admission	125,000,000
Estimated net proceeds of the Placing receivable by the Company	\$120,270,000
Estimated initial Net Asset Value per Share on Admission*	\$0.962

\* Derived by dividing the estimated net proceeds of the Placing by the total number of Ordinary Shares in issue following Admission.

## EXPECTED TIMETABLE

Publication of this admission document on	18 July 2007
Admission of the Ordinary Shares to trading on AIM and commencement of dealings at 8.00 a.m. (London time) on	24 July 2007
Crediting of Euroclear/Clearstream stock accounts in respect of the Ordinary Shares by	24 July 2007
Share certificates in respect of the Ordinary Shares dispatched by	31 July 2007

*Save in relation to the date on which this admission document is published, each of the times and dates in the above timetable are indicative and subject to change.*

## EXCHANGE RATE

All references to \$ in this document are to US Dollars and to cents are to US cents. The rate of exchange as at 17 July 2007 (as ascertained from Reuters) is \$1.00 = £0.48

## SUMMARY INFORMATION

The attention of potential investors is drawn to the risk factors set out in Part 3 of this document. The Ordinary Shares are only suitable for investors who understand the potential risk of capital loss, that there may be limited liquidity in the underlying investments of the Group, for whom an investment in the Ordinary Shares constitutes part of a diversified investment portfolio and who fully understand and are willing to assume the risks involved in investing in the Group. This information should be read as an introduction to the full text of this document and any decision to invest in the Ordinary Shares should be based on consideration of the full text of this document.

### THE COMPANY

Africa Opportunity Fund Limited is a newly incorporated, closed-ended, Cayman Islands company established to achieve consistent capital growth and income through investment in value, arbitrage, and special situations opportunities derived from the continent of Africa. The Company therefore may invest in securities issued by, or economic interests created by, companies domiciled outside Africa which conduct significant business activities within Africa. The Group will have the ability to invest in a wide range of asset classes including real estate interests, equity, quasi-equity or debt instruments and debt issued by African sovereign states and government entities.

### THE INVESTMENT MANAGER AND THE EXECUTIVE TEAM

The Company has appointed Africa Opportunity Partners Limited, a newly incorporated investment management company as the investment manager of the Group. The Investment Manager will be responsible for implementing the Group's investment policy. The Investment Manager has no fixed life and is owned by Francis Daniels, Robert Knapp and Ironside Partners LLC. Robert Knapp and Francis Daniels, the founders of the Investment Manager and directors of the Company (together, the "Executive Team") have worked together since 1999. The Executive Team has, in aggregate, over 22 years of operating and investment experience in fund and investment management and investment advice. Further details of the Executive Team are set out in Part 1 of this document under the heading "The Executive Team's Track Record".

### INVESTMENT RATIONALE

As the economies of African countries develop and change due to various factors, including rising annual GDP growth rates, an emerging middle class, improving government finances, and political reforms, opportunities to invest emerge. By balancing the size and type of investment, the Directors and the Investment Manager believe that attractive returns may be made across asset classes. Whilst the African capital markets can be volatile, by ensuring diversity of investment across industries and countries, it is anticipated that such risks can be mitigated by the Investment Manager. The Group will target industries rather than countries to exploit valuation discrepancies which can arise among African countries. The Directors and the Investment Manager believe also that Africa's status as a continent containing a large number of reforming countries will provide investment opportunities in those countries.

### INVESTMENT STRATEGY

The Directors and the Investment Manager believe that the diversity and volatility of African economies present opportunities to earn attractive returns when investments are made selectively, across asset classes, and without pre-determined benchmarks or allocations. The Company intends to generate attractive returns for its Shareholders by relying on the Executive Team's extensive professional experience and by capitalising on the Executive Team's proven track record of investment in Africa.

The Group's investment strategy is opportunistic. The Group will invest primarily where and when the Investment Manager believes that investments can be made at a material discount to the Investment Manager's estimate of an investment's intrinsic value. Discounts to intrinsic value may exist as a result of factors such as liquidity constraints, distress, information asymmetries and political or regulatory change. The Investment Manager will target investments it believes will generate a minimum IRR of 20 per cent., except interest bearing and cash management investments. **Potential investors should note that these expectations are not to be taken as profit forecasts.** The key elements of the Company's investment strategy include a preference for businesses which the Investment Manager believes can demonstrate both high real returns on assets (frequently arising from a company's status as a pioneer in markets new to Africa but existing elsewhere in the world or private *de facto* monopolies) and an earnings yield higher than the local currency denominated government debt of the country in which the assets of a business are located. The other key elements are set out in greater detail in Part 1 of this document under the heading "Investment Strategy".

## INVESTMENT POLICIES AND RESTRICTIONS

The investment policies and restrictions that the Investment Manager will adhere to for at least three years after Admission (in the absence of unforeseen circumstances) include the following:

- **Geographical focus.** The Group will make investments in companies or assets with a material portion of their value derived from or located in Africa. Such companies may be domiciled in Africa or outside Africa or, if listed, listed either on an African stock exchange or a non-African stock exchange. The geographic mix of investments will vary over time depending on the relative attractiveness of opportunities among countries and regions.
- **Investment size.** At the time of investment, no single investment may exceed 15 per cent. of the Net Asset Value without the prior approval of the Board. No one initial investment will exceed 20 per cent. of the Net Asset Value at the time of investment.
- **Number of investments.** At any one time and after being fully invested, the Investment Manager anticipates managing a concentrated portfolio of approximately 10 to 15 investments, excluding money market investments.

## GROUP STRUCTURE

To ensure that investments to be made by the Company, and the returns generated on the realisation of investments, are both effected in the most tax efficient manner, the Company has established the Limited Partnership as an exempted limited partnership in the Cayman Islands. All investments made by the Group will be made through the Limited Partnership. The limited partners of the Limited Partnership are the Company, CarryCo and MSO. As at the date of this document, CarryCo is wholly-owned by the Executive Team. The general partner of the Limited Partnership is AOF (GP), a wholly-owned Cayman Islands subsidiary of the Company. The Directors also constitute the board of AOF (GP).

## THE PLACING

The Placing comprises a limited offer by the Company of 125 million Placing Shares to raise gross proceeds of approximately \$125 million (net proceeds of approximately \$120.3 million). The Placing Shares have been offered to selected investors at a Placing Price of \$1.00 per Placing Share. No offer of securities to the public in the EEA has been made for which a prospectus is required to be produced and the Placing is not underwritten. The Placing is conditional, *inter alia*, upon Admission. The net proceeds of the Placing will be used to fund investments by the Group in accordance with the investment objective, strategy and policies outlined in this document and to pay the Group's ongoing ancillary costs. LCF Rothschild, as placing agent for the Company, has undertaken to use reasonable endeavours to procure places at \$1.00 per Ordinary Share. The Placing is not underwritten in whole or in part.

## FEES AND EXPENSES

The formation and initial expenses of the Company are those that are necessary for the incorporation and organisation of the Company to effect the Placing. These expenses will be met by the Company out of the Placing proceeds and will be paid on or around Admission. The Company will bear the expenses of the Placing and Admission capped at 4 per cent. of the gross proceeds of the Placing with any excess being borne by the Investment Manager.

The Group will also incur ongoing and annual expenses. These expenses will include, among others, the fees payable to the Investment Manager and the Directors. Under the Investment Management Agreement, the Investment Manager will receive a management fee equal to one quarter of two per cent. of the quarterly Net Asset Value of the Company payable in US Dollars quarterly in advance. In addition, the Executive Team is beneficially interested in CarryCo, which under the terms of the Partnership Agreement, is entitled together, with MSO, to share an aggregate annual carried interest (the "Performance Allocation") from the Limited Partnership equivalent to 20 per cent. of the excess of the Net Asset Value (as at 31 December in each year) over the sum of (i) the annual management fee for that year and (ii) a non-compounding annual hurdle amount equal to the Net Asset Value as at 31 December in the previous year, as increased by the one year US Dollar LIBOR rate (as derived from Bloomberg) calculated at the same date. The Performance Allocation is subject to a "catch up" and a "high watermark" requirement. For further detail regarding the interaction of the "high watermark" and the annual hurdle amount, see paragraph 7.7 of Part 7 of this document. The Performance Allocation shall accrue monthly and be calculated as at 31 December in each year and shall be allocated following the publication of the Net Asset Value for such date.

## PART 1

### THE COMPANY

#### 1. INTRODUCTION

Africa Opportunity Fund Limited is a newly incorporated, closed-ended, Cayman Islands company established to achieve consistent capital growth and income through investment in value, arbitrage, and special situations opportunities derived from the continent of Africa. The Company therefore may invest in securities issued by, or economic interests created by, companies domiciled outside Africa which conduct significant business activities within Africa.

The Group will have the ability to invest in a wide range of asset classes including real estate interests, equity, quasi-equity or debt instruments and debt issued by African sovereign states and government entities.

The Directors and the Investment Manager believe that the diversity and volatility of African economies present opportunities to earn attractive returns when investments are made selectively, across asset classes, and without pre-determined benchmarks or allocations. The Company intends to generate attractive returns for its Shareholders by relying on the Executive Team's extensive professional experience and by capitalising on the Executive Team's proven track record of investment in Africa.

The Company has appointed Africa Opportunity Partners Limited, a newly incorporated investment management company as the investment manager of the Group. The Investment Manager will be responsible for implementing the Group's investment policy.

The Company's capital structure is comprised of a single class of Ordinary Shares which will be admitted to trading on AIM. In addition, after Admission, the Company currently intends to also make an application for its issued share capital to be listed on the Channel Islands Stock Exchange, LBG. As at the date of this document, the Group consists of the Company, AOF (GP) (a wholly owned subsidiary of the Company) and the Limited Partnership.

#### 2. INVESTMENT RATIONALE

As the economies of African countries develop and change due to various factors, including rising annual GDP growth rates, an emerging middle class, improving government finances, and political reforms, opportunities to invest emerge. By balancing the size and type of investment, the Directors and the Investment Manager believe that attractive returns may be made across asset classes. Whilst the African capital markets can be volatile, by ensuring diversity of investment across industries and countries, it is anticipated that such risks can be mitigated by the Investment Manager.

The Group will target industries rather than countries to exploit valuation discrepancies which can arise among African countries. The Directors and the Investment Manager believe also that Africa's status as a continent containing a large number of reforming countries will provide investment opportunities in those countries.

#### 3. INVESTMENT STRATEGY

The Group's investment strategy is opportunistic. The Group will invest primarily where and when the Investment Manager believes that investments can be made at a material discount to the Investment Manager's estimate of an investment's intrinsic value. Discounts to intrinsic value may exist as a result of factors such as liquidity constraints, distress, information asymmetries and political or regulatory change. The Investment Manager will target investments it believes will generate a minimum IRR of 20 per cent., except interest bearing and cash management investments. **Potential investors should note that these expectations are not to be taken as profit forecasts.** The key elements of the Group's investment strategy are as follows:

- **Company preference.** The Group will have a preference for businesses which the Investment Manager believes can demonstrate both high real returns on assets (frequently arising from a company's status as a pioneer in markets new to Africa but existing elsewhere in the world or private *de facto* monopolies) and an earnings yield higher than the local currency denominated government debt of the country in which the assets of a business are located.
- **Industry focus rather than country focus.** The Group will seek to invest in an industry without regard to national borders, even where a country in which that industry is operating is potentially not as stable as other countries in which the industry operates.

- **Natural resource discounts.** The Group will seek to invest in natural resource companies whose market valuations reflect a discount to the spot and future world market prices for those natural resources. Two causes of such discounts may be extended periods of low production and/or civil unrest.
- **“Turnaround” countries.** The African continent is home to a large number of reforming or “turnaround” countries. The Directors and the Investment Manager believe examples include Angola, Benin, Ghana, Kenya, Liberia, Mali, Mauritania, Mozambique, Nigeria, Sierra Leone, South Africa, Tanzania, Uganda, and Zambia. “Turnaround” countries combine secular political reform with the opening of industries to private sector participation.
- **Balkanized investment landscape.** The Group will seek to invest in companies with low valuations in relation to peers across the continent and use an arbitrage approach to provide attractive investment returns.
- **Point of entry.** The Group will search for the most favourable risk adjusted point of entry into a capital structure, whether through financing the establishment of a new company or acquiring the debt or listed equity of an established company.

#### 4. INVESTMENT POLICIES AND RESTRICTIONS

The Investment Manager will adhere to the following policies and restrictions:

- **Geographical focus.** The Group will make investments in companies or assets with a material portion of their value derived from or located in Africa. Such companies may be domiciled in Africa or outside Africa or, if listed, listed either on an African stock exchange or a non-African stock exchange. The geographic mix of investments will vary over time depending on the relative attractiveness of opportunities among countries and regions.
- **Type of investment.** The Group may invest in real estate interests, equity, quasi-equity or debt instruments, which may or may not represent shareholding or management control, and debt issued by African sovereign states and government entities. Investments may be made directly or through special purpose vehicles, joint venture, nominee or trust structures. The Group may utilise derivative instruments to hedge certain market or currency risks and may from time to time engage in the short sale of securities.
- **Investment size.** At the time of investment, no single investment may exceed 15 per cent. of the Net Asset Value without the prior approval of the Board. No one initial investment will exceed 20 per cent. of the Net Asset Value at the time of investment.
- **Number of investments.** At any one time and after being fully invested, the Investment Manager anticipates managing a concentrated portfolio of approximately 10 to 15 investments, excluding money market investments.
- **Borrowing.** The Group may use overdraft and other short-term borrowing facilities to satisfy short-term working capital needs, including to meet any expenses or fees payable by the Group. The Investment Manager anticipates that borrowings may be utilised for investment purposes with the prior approval of the Board. There are no limits on the Group’s ability to leverage itself.
- **Investment timeline.** The Investment Manager currently anticipates that the Group will be fully invested within approximately 9 to 12 months of the date of Admission.
- **Cash management.** Cash will be placed in bank deposits, investment grade commercial paper, government and corporate bonds and treasury bills, in each case, of US and African issuers.

The Directors will review the investment policies of the Company on an annual basis and, subject to their review and in the absence of unforeseen circumstances, the Company intends to adhere to such policies for at least three years after Admission. Any future changes to the Company’s investment policies would require Shareholder consent by an ordinary resolution.

#### 5. THE EXECUTIVE TEAM’S TRACK RECORD

Robert Knapp and Francis Daniels, the founders of the Investment Manager, have worked together since 1999. The Executive Team has, in aggregate, over 22 years of operating and investment experience in fund and investment management and investment advice.

Robert Knapp was employed as a fund manager by Millennium for 10 years where he was a managing director. Millennium is a multi-strategy investment fund with in excess of \$8 billion under management. He established his

own firm, Ironsides Partners LLC, in early 2007. Robert Knapp specialises in emerging markets, natural resources, distressed debt, closed end fund arbitrage, and turnarounds. He achieved profitable investment returns in every year during his career at Millennium and through Ironsides Partners LLC continues to manage a portfolio for Millennium. Some highlights of his investing career include acting as a seed investor and founding director of the Vietnam Opportunity Fund Limited, an investment company admitted to trading on AIM, and leading the restructuring efforts against numerous under-performing investment funds, including International Biotechnology Trust, Vietnam Frontier Fund, and Amerindo Internet Fund. Robert Knapp is the lead independent director of MVC Capital Inc, an investment company traded on the New York Stock Exchange, having led a successful proxy contest in 2003 to install a new board and the current management. Robert Knapp graduated from Princeton University in 1989 with a BSc degree in engineering and in 1993 from New College, Oxford University with a BA degree in Philosophy, Politics, and Economics.

Francis Daniels is an attorney admitted to practice in the State of New York. He practised on a full time basis in New York City as a banking lawyer at the firms of Milbank, Tweed, Hadley & McCloy and Watson Farley & Williams. He also worked at the New York law firm of Schulte, Roth & Zabel. Francis Daniels graduated with a LL.B (Hons.) degree from the University of Ghana in 1981, a LL.M. degree from the University of Toronto in 1983, a LL.M (General) degree from New York University Law School in 1986, and a LL.M (Corporations) degree from New York University Law School in 1987.

Francis Daniels has 12 years of investing experience in Africa and has lived in Johannesburg, South Africa, since 1998. He is the president of the African Phoenix Group Inc, ("APG") whose current clients are an American hedge fund and an African property and casualty insurance company and he also manages his own private portfolio. His private portfolio has had an IRR in US Dollars of 55.7 per cent. over the previous 10 years and an IRR of 87.5 per cent. over the previous five years. The US Dollar returns achieved by the American hedge fund on its portfolio assembled on the advice of APG were 26.4 per cent. in 2003, 45.9 per cent. in 2004, 15.3 per cent. in 2005, and 44.8 per cent. in 2006. The US Dollar returns achieved by APG's African insurance company client on the portfolio assembled on its advice were 96.5 per cent. in 2004, 33.5 per cent. in 2005, and 16.8 per cent. in 2006. The portfolios assembled with the advice of APG had a market value exceeding \$70 million as of the end of June 2007.

**Potential investors should note that past performance of funds or assets managed by either member of the Executive Team is not necessarily indicative of the future performance of the Group. There can be no assurances as to the future performance of the Investment Manager and hence the Company.**

## 6. INVESTMENT OPPORTUNITIES

The Investment Manager has identified several potential investment opportunities for the Group:

- a beverage company operating a Tanzanian brewery, which the Investment Manager believes has attractive growth prospects;
- a fixed line and mobile telecommunications company in Senegal and Mali, producing a high operating profit per subscriber;
- an airport handling agent in Tanzania, which the Investment Manager believes has attractive growth prospects;
- the sole listed Egyptian insurance company to have been rated by A M Best for several years and is also currently rated by Standard & Poors;
- an oil and gas exploration and production company, focused on Africa and the Middle East, founded in 1994 and listed on the Toronto Stock Exchange's Venture Exchange since 2006 and the Official List since early 2007;
- a copper exploration company with interests in high-grade deposits in the Katanga Province of the Democratic Republic of the Congo and traded on AIM;
- an oil and gas services company focused on West Africa, whose shares are traded in the over-the-counter market of the Norwegian Stock Exchange; and
- a fixed income investment in an African government's treasury bills providing an attractive real yield.

**The Group does not have any legally binding agreements in place in respect of any of these opportunities and, as such, there can be no assurance that the Group will make investments into all or any of the potential investments listed above.**

## 7. INVESTMENT PROCESS

The Investment Manager, relying on the extensive experience of the Executive Team, will select a limited number of investment opportunities. In selecting those investment opportunities, the Investment Manager will adhere to an analytical process, elements of which include, classifying each investment opportunity in the appropriate categories of an asset-based equity opportunity, an earnings-based equity opportunity, distressed debt, corporate debt, African sovereign debt, arbitrage, or special situations. The assessment of equity investment opportunities involves:

- in the case of an asset-based equity opportunity, determining whether the equity securities of the company or entity under consideration commands a valuation which is materially lower than the Investment Manager's estimate of that company's or entity's intrinsic value. The determination of a company's or entity's intrinsic value is based on a variety of standards such as comparing the book value of the assets of the company or entity against the private market value of those assets, or the valuations of listed peers of that company or entity;
- in the case of an earnings-based equity opportunity, determining whether the equity securities of the company or entity under consideration possesses both a high real return on assets and an earnings yield higher than the local currency denominated government debt of the country in which the assets of that company are located;
- comparing the valuation of the company or entity in question against valuations of its listed and private peers (where possible) in different parts of Africa, non-African emerging markets and developed markets;
- understanding the industry in which the company or entity under consideration operates, the prospects of that industry and the prospects of competitors of the company or entity in question. This aspect will frequently require discussions with industry participants;
- comparing each security issued by the relevant company or entity against its other classes of issued securities to determine which security offers the best risk-reward ratio to the Group;
- determining whether the investment is likely to generate a minimum IRR of 20 per cent.; and
- estimating the product of the probability of loss and the quantum of loss of an investment opportunity to set off against the product of the probability of gain and the quantum of gain of that investment to determine the risk-adjusted potential return on that investment opportunity. As a general proposition, the higher the anticipated probability of loss of an investment, the smaller the likely investment.

Provided the investment opportunity falls within the investment policy of the Group, the Investment Manager will have, on behalf of the Group, the discretion to make and dispose of investments. However, in the event that an investment will constitute more than 15 per cent. of Net Asset Value at the time of investment the prior approval of the Board will be required. Before any investment is undertaken by the Group, all appropriate due diligence will be undertaken, and this will include checking the sanctions list of the US. Special consideration will also be given to money laundering and terrorist financing risks and any and all politically exposed persons who may be a part of, or have close links with any target company.

The Company will be liable to reimburse the Investment Manager for all expenses reasonably incurred by the Investment Manager, including, but not limited to, legal costs, due diligence costs and specialist advisory fees.

## 8. THE PLACING

The Placing comprises a limited offer by the Company of 125 million Placing Shares to raise gross proceeds of approximately \$125 million (net proceeds of approximately \$120.3 million). The Placing Shares have been offered to selected investors at a Placing Price of \$1.00 per Placing Share. No offer of securities to the public in the EEA has been made for which a prospectus is required to be produced and the Placing is not underwritten. The Placing is conditional, *inter alia*, upon Admission. The net proceeds of the Placing will be used to fund investments by the Group in accordance with the investment objective, strategy and policies outlined in this document and to pay the Group's ongoing ancillary costs.

LCF Rothschild, as placing agent for the Company, has undertaken to use reasonable endeavours to procure placees at \$1.00 per Ordinary Share. A commission equal to three per cent. of the Placing Price multiplied by the total number of Placing Shares allotted by the Company on Admission is payable by the Company to LCF Rothschild. The Placing is not underwritten in whole or in part. Further details of the Placing Agreement are set out in paragraph 7.3 of Part 7 of this document.

## **9. THIRD PARTY CO-INVESTORS**

The Group may co-invest with third party investors, or invite third party investors (who may include Shareholders) to co-invest with the Group. Such third party investors may have investment objectives and policies that differ from those of the Group. If the Group co-invests with any such parties, the Investment Manager will use all reasonable endeavors to ensure that the terms of such co-investment are fair to the Group.

## **10. GROUP STRUCTURE**

To ensure that investments to be made by the Company, and the returns generated on the realisation of investments, are both effected in the most tax efficient manner, the Company has established the Limited Partnership as an exempted limited partnership in the Cayman Islands. All investments made by the Group will be made through the Limited Partnership. The limited partners of the Limited Partnership are the Company, CarryCo and MSO. As at the date of this document, CarryCo is wholly-owned by the Executive Team. The general partner of the Limited Partnership is AOF (GP), a wholly-owned Cayman Islands registered subsidiary of the Company. The Directors also constitute the board of AOF (GP). The Limited Partnership has been established pursuant to the terms of the Partnership Agreement, under which CarryCo and MSO will share a carried interest based upon the performance of the Group (further details of which arrangement are set out in paragraph 7.7 in Part 7 of this document). It is intended that the Company will contribute the majority of the net proceeds of the Placing to the Limited Partnership by way of capital contribution. CarryCo will make a contribution to the Limited Partnership of \$250,000 and MSO will make a contribution of \$500,000. AOF (GP) will make a contribution of \$250,000. In addition, the Investment Management Agreement has been entered into between the Company, AOF (GP) and the Investment Manager in relation to the management of the assets of the Group. Under the terms of the Investment Management Agreement, the Investment Manager is entitled to receive a management fee (further details of which are set out in paragraph 7.4 in Part 7 of this document).

The Group currently intends for all investments to be made through special purpose vehicles which will be established in tax-efficient domiciles.

## **11. CONFLICTS MANAGEMENT**

Under the terms of the Investment Management Agreement, the Investment Manager is required to devote its time and attention to the affairs of the Group and not to manage other investment funds or investment companies that have a similar investment focus to the Group. This undertaking is without prejudice to any pre-existing commitments which the members of the Executive Team may have at the date of this document.

Where the Investment Manager or one or more members of the Executive Team (or their connected parties) has an interest in any potential investment being considered by the Group, the Investment Manager shall make fair and accurate disclosure of such interest to the Board. Following such disclosure, the potential investment shall only be undertaken with the unanimous approval of the independent members of the Board.

## **12. FOREIGN EXCHANGE POLICY**

It is the Company's policy to determine the valuations of all its investments in US Dollars. Consequently, the value of its investments may fluctuate with changes in the rate of exchange of the US Dollar against the African currencies or any other currency in which an investment is made. The Company may enter into currency arrangements to hedge currency risks if such arrangements are desirable and practicable, but there can be no assurance that such arrangements will be available on economic terms or at all.

## **13. DISTRIBUTION POLICY**

The Directors will determine the Company's dividend policy. Subject to having sufficient cash resources available for the purpose, the Company is currently intending to pay an aggregate annual dividend of an amount equal to the product of Net Asset Value on 1 January in each year multiplied by the three month US Dollar LIBOR rate (as derived from Bloomberg) on the same date, which amount will be payable in four equal quarterly instalments in March, June, September and December of that year. It is anticipated that the first such dividend will be paid in March 2008.

**There can be no assurance that the Company will be able to pay dividends at the projected level or at all.**

## **14. FUTURE ISSUES OF ORDINARY SHARES**

The Directors will have authority to allot the authorised but unissued Ordinary Share capital of the Company following Admission on a non-pre-emptive basis. The Board have resolved that such authority shall only be

exercised at an allotment price per Ordinary Share of not less than the then prevailing Net Asset Value per Share, unless the Shareholders consent to a lower allotment price by ordinary resolution.

#### **15. REPURCHASE OF ORDINARY SHARES**

The Directors will have the general authority to repurchase the Ordinary Shares in issue following Admission subject to the Company having funds lawfully available for the purpose. The Directors do not currently have any intention to exercise such general authority. However, if the market price of the Ordinary Shares falls to a discount to the Net Asset Value, the Directors will consult with the Investment Manager as to whether it is appropriate to instigate a repurchase of Ordinary Shares. Any repurchase of Ordinary Shares will be made subject to the Articles, the laws of the Cayman Islands and within guidelines established by the Directors. The making and timing of any repurchases will be at the absolute discretion of the Board and not at the option of the Shareholders.

#### **16. LIFE OF THE COMPANY**

The Company does not have a fixed life but the Directors consider it desirable that Shareholders should have the opportunity to review the future of the Company at appropriate intervals. In 2014, the Directors will convene a general meeting where a resolution will be proposed that the Company will continue in existence. If the resolution is not passed, the Directors will be required to formulate proposals to be put to Shareholders to reorganise, reconstruct or wind up the Company. If the resolution is passed, the Company will continue its operations and a similar resolution will be put to Shareholders every five years thereafter.

#### **17. SUITABILITY**

As an investment vehicle incorporated in the Cayman Islands, the Placing Shares may only be marketed to, and is only suitable as an investment for, sophisticated investors with an understanding of the risks inherent in investment in emerging market jurisdictions and an ability to accept the potential total loss of all capital invested in the Company.

## PART 2

### DIRECTORS, MANAGEMENT AND ADMINISTRATION

#### 1. THE DIRECTORS

The Directors have overall responsibility for the Group's activities including the review of its investment activities and performance. The Directors have primary responsibility for determining the Company's overall investment objective and strategy and for implementing the Company's investment policies. The Board is also responsible for supervising and reviewing the activities of the Investment Manager. The Board intends to meet at least four times a year to review the Company's investment objective, strategy and policies and as necessary to approve investments in accordance with the approval process described in Part 1 of this document. Details of the Directors, all of whom are non-executives, are set out below.

**Robert Christopher Knapp**, aged 40 (*Non-independent, non-executive Chairman*)

Details of Robert Knapp's biography are set out in Part 1 of this document under the heading "The Executive Team's Track Record".

**Francis Daniels**, aged 48 (*Non-independent, non-executive director*)

Details of Francis Daniels' biography are set out in Part 1 of this document under the heading "The Executive Team's Track Record".

**Christopher Marcus Gradel**, aged 36 (*Non-executive director*)

Mr. Gradel is the co-founder of VinaCapital Group Limited, an asset management, corporate finance and real estate consulting firm based in Vietnam. He has over 10 years experience investing in China and South-East Asia, initially with The Marmon Group in China, where he established two green field manufacturing businesses and structured the buy-out of a state-owned coal mining equipment company. Following his time at the Marmon Group, Mr. Gradel became an engagement manager at McKinsey and Company in Hong Kong focusing on strategy and mergers and acquisitions for industrials, investment companies and conglomerates and was involved in transactions in China, Hong Kong, Singapore, Indonesia, Taiwan, US and Germany. Mr. Gradel co-founded Pacific Alliance Investment Management Limited, the investment manager for Pacific Alliance Asia Opportunity Fund Limited ("PAX") and Pacific Alliance Private Equity Limited, the investment manager of ARC Capital Holdings Limited ("ARCH"). Both PAX and ARCH are AIM traded funds that invest in China. He is also a director and investment committee member of PAX and ARCH, and an investment committee member of Vietnam Opportunity Fund Limited and VinaLand Limited. Mr. Gradel has a Joint Masters degree in Engineering, Economics and Management from Oxford University.

**Christopher John Agar**, aged 47 (*Non-executive director*)

Mr. Agar commenced his career in 1981 with de Zoete and Bevan (later becoming BZW Ltd), progressing to Director of Investment Trusts. Originally specialising in research, he later moved into sales of closed-end funds and was Head of Sales prior to moving to S.G. Warburg Ltd in 1991 (later becoming UBS Limited). At UBS Limited, he held a number of positions which include: Executive Director of closed-ended funds and Head of Sales, Research and IT. Mr. Agar also sat on a number of committees, was a member of the Managing Committee and the Chair of the New Business Committee. In 2005, he became self-employed and is now a partner of Spring Farm Partnership, a farming and livestock management company. In addition, he is involved in fund raising for private equity companies and consultancy within the closed-ended fund industry. Mr. Agar is a non-executive director of Ocean Resources Capital Holdings Plc and previously Chairman of Close Finsbury European Technology Trust Plc.

**Shingayi Stanley Mutasa**, aged 48 (*Non-executive director*)

Since 1997, Mr. Mutasa has been the Executive Chairman of TA Holdings, a Zimbabwean stock exchange listed company. TA Holdings is a holding company with insurance, insurance brokerage, hotels, fertiliser, and edible oil operations. He has a wealth of experience in a number of sectors within African countries, including investment, insurance, chemicals and infrastructure and real estate development. Mr. Mutasa graduated from the University of London with a BA degree in Economics.

*Myma Adwowa Belo-Osagie, aged 53*

Dr. Belo-Osagie is a member of the New York, Ghana, and Nigerian Bars and is a member of the American Bar Association. She is a practicing barrister and the Managing Partner in Udo, Udoma & Belo-Osagie, a leading Nigerian corporate law firm. Dr. Belo-Osagie graduated from the University of Ghana in 1975 with a LL.B degree. She obtained a LL.M. degree from Harvard Law School in 1978 and a JSD degree from Harvard Law School in 1985.

## **2. THE INVESTMENT MANAGER**

### **Investment Manager, Directors and Personnel**

Africa Opportunity Partners is a newly incorporated investment management company formed on 25 June 2007 as a limited liability company under the Companies Law. The Investment Manager has no fixed life and is owned by Francis Daniels, Robert Knapp and Ironside Partners LLC. The directors of the Investment Manager currently comprise Robert Knapp, Francis Daniels and Konstantin Smirnov (whose biographies are set out in Part 1 and Part 2 of this document) and the investment personnel of the Investment Manager currently consists of the Executive Team (whose details are set out in Part 1 of this document under the heading “The Executive Team’s Track Record”). In due course it is intended that further qualified staff will be recruited to assist in the provision of the services supplied to the Group by the Investment Manager. The Investment Manager has also entered into a sub-advisory agreement with the Sub-Adviser pursuant to which the Investment Manager has delegated certain of its responsibilities to the Sub-Adviser.

### **Management Services**

Pursuant to the Investment Management Agreement, AOF (GP) has appointed the Investment Manager to act as the sole investment manager and to be responsible for the day-to-day management of the Group’s investment portfolio conditional on Admission. The Investment Manager’s mandate includes the acquisition and disposal of investments in accordance with the Group’s investment strategy and policies, subject to the investment restrictions described in Part 1 of this document.

The Investment Manager is also, amongst other things, responsible for the following:

- the investigation, valuation, analysis and selection of investment opportunities and exit strategies in relation to such investment opportunities;
- with the prior approval of the Board, arranging borrowing facilities for the Group;
- administering the collection of revenues, dividends and proceeds from investments;
- monitoring and analysing the performance of the Group’s portfolio and advising generally in relation to investment trends, market movements and peer group performance; and
- providing valuation recommendations to the Board based on the valuation policy adopted by the Group.

### **Management Fee**

Under the Investment Management Agreement, the Investment Manager will receive a management fee equal to one quarter of two per cent. of the quarterly Net Asset Value of the Company payable in US Dollars quarterly in advance.

The quarterly management fee will initially be paid based upon the last preceding published Net Asset Value current at the date of payment (“Current NAV”). Where an updated Net Asset Value is published part way through a quarter (“Updated NAV”) then:

- where the Updated NAV is higher than the Current NAV the Investment Manager shall be paid a further balancing payment for that quarter in order to provide the Investment Manager with the same economic benefit as if the management fee for that quarter had been calculated on the basis of the Updated NAV; and
- where the Updated NAV is lower than the Current NAV the succeeding quarterly payments of the management fee shall be reduced to take account of any overpayment made in relation to the management fee in the previous quarter.

## **Termination**

The Investment Management Agreement will be for an effective initial term of four years from the date of Admission subject to termination on 12 months' written notice by AOF (GP) or the Investment Manager, such notice to expire on or after the fourth anniversary of Admission. The agreement may also be terminated immediately in certain circumstances. Further details of the Investment Management Agreement are set out in paragraph 7.4 of Part 7 of this document.

## **Performance Fee**

In addition, the Executive Team is beneficially interested in CarryCo, which under the terms of the Partnership Agreement, is entitled together, with MSO, to share an aggregate annual carried interest (the "Performance Allocation") from the Limited Partnership equivalent to 20 per cent. of the excess of the Net Asset Value (as at 31 December in each year) over the sum of (i) the annual management fee for that year and (ii) a non-compounding annual hurdle amount equal to the Net Asset Value as at 31 December in the previous year, as increased by the one year US Dollar LIBOR rate (as derived from Bloomberg) calculated at the same date. The Performance Allocation is subject to a "catch up" and a "high watermark" requirement. For further detail regarding the interaction of the "high watermark" and the annual hurdle amount, see paragraph 7.7 of Part 7 of this document. The Performance Allocation shall accrue monthly and be calculated as at 31 December in each year and shall be allocated following the publication of the Net Asset Value for such date.

The carried interest is allocatable between CarryCo and MSO. MSO is ultimately controlled by Millenium which will, on Admission, hold 17.64 per cent. of the issued share capital of the Company and will be classified as a "Substantial Shareholder" and therefore a related party of the Company for the purposes of the AIM Rules for Companies. CarryCo and MSO have agreed pursuant to a side letter to the Partnership Agreement that the 20 per cent. Performance Allocation shall be divided between them as to 1 per cent. for MSO and 19 per cent. for CarryCo.

Further details of the Partnership Agreement and side letter are set out in paragraph 7.7 of Part 7 of this document.

## **THE INVESTMENT COMMITTEE**

The Investment Manager has established an investment committee comprised of individuals with financial and business backgrounds to assist in the review and consideration of potential investments. These individuals have not entered into any contractual arrangements with either the Company or the Investment Manager in respect of their participation on the investment committee. The current investment committee comprises Francis Daniels and Robert Knapp (details of whose biographies are set out in Part 1 of this document under the heading "The Executive Team's Track Record") and Konstantin Smirnov, Paul Brink and Richard Webb, whose biographies are detailed below.

### ***Konstantin Smirnov***

Mr. Smirnov is a Director of Investments at Baring Vostok Capital Partners ("BVCP") in Moscow. BVCP manages over \$1 billion in private equity funds in Russia and is presently investing its fourth fund. Previously, Mr. Smirnov worked at Millennium Partners LP, a multi-strategy hedge fund in New York. He has MS in mathematics from Moscow State University and MBA from Columbia University in New York.

### ***Paul Brink***

Mr. Brink is director of Corporate Development for Newmont Capital. Newmont Capital manages the mergers and acquisitions activities of Newmont Mining Corporation and its royalty, asset and equity investment portfolios. Prior to joining Newmont Capital, Mr. Brink was a founder, CFO and VP business development for NRX Global Corporation, a software vendor to the mining, utilities and oil and gas sectors. Mr. Brink has a background in corporate finance having been in mining investment banking at BMO Nesbitt Burns in Toronto and in project finance at the Union Bank of Switzerland in New York and Zurich. Mr. Brink has an M.Phil. in Management Studies from Oxford University and a B.Sc. in Mechanical Engineering from the University of the Witwatersrand.

### ***Richard Webb***

Mr. Webb is the Chief Executive Officer and majority shareholder of Metage Capital Limited, with overall responsibility for the firm's trading and investment management activities. He has 20 years of experience in trading, investment management and research, covering fixed income and equity markets. At the time Metage was

formed, he was a director in the Leveraged Funds Group at Credit Suisse First Boston (Europe) Limited, responsible for equity fund management. Previous positions include seven years with Buchanan Partners, a London based proprietary trading and fund management organisation, where he was the Head of Trading and a member of the board. Mr. Webb holds an M.A. in Mathematics from Oxford University and is a CFA charterholder.

#### **4. THE CUSTODIAN, ADMINISTRATOR AND REGISTRAR**

##### **Custodian**

Barclays Bank PLC, Mauritius Branch has been appointed by the Company to act as custodian to the Group with effect from, and conditional upon, Admission under the terms of a custodian agreement. Further details of the custodian agreement are set out in paragraph 7.5 of Part 7 of this document.

##### **Administrator**

Fidelity Trust Limited has been appointed by the Company to act as administrator to the Group with effect from, and conditional upon, Admission under the terms of an administration agreement. Further details of the administration agreement are set out in paragraph 7.6 of Part 7 of this document.

##### **Registrar**

Anson Registrars Limited has been appointed by the Company to act as registrar to the Company with effect from, and conditional upon, Admission under the terms of a registrar agreement.

## PART 3

### RISK FACTORS

Investment in the Ordinary Shares involves a high degree of risk and prospective purchasers of the Ordinary Shares should carefully evaluate the factors set out below. The Group's investment activities in Africa will entail certain special risks not typically associated with investments in more developed economies such as Western Europe and the United States including political, social, legal and economic uncertainty, high inflation, price volatility, limited liquidity, less transparent and rigorous regulatory, disclosure and financial reporting requirements, restrictions on foreign investment and repatriation of capital and income, fluctuations of currency exchange rates, currency devaluations and the possibility that the exchange of a foreign currency may be blocked. In addition, there are certain risks when making investments in Africa in terms of valuation, risk of economic downturn, expansion risks, access to financing, management risks, uninsured losses and a lack of marketability, among others. An investment in the Company should be considered speculative and long-term in nature and is suitable only for sophisticated investors who understand the risks involved, including the risk of a total loss of capital.

If any of the events or circumstances described should actually occur, the Company's business, financial condition and results of operations could be materially affected. In such circumstances, the market price of the Ordinary Shares may fall and prospective investors could lose all or part of their investment.

The following factors are not exhaustive and do not purport to be a complete explanation of all the risks and significant considerations involved in investing in the Ordinary Shares. Accordingly and as noted above, additional risks and uncertainties not presently known to the Directors, or that the Directors currently deem immaterial, may also have an adverse effect on the Group's business. A prospective investor who is in any doubt about the action it should take, should consult a professional adviser who specialises in advising on the acquisition of shares and other securities. Prospective investors should be aware that the value of the Ordinary Shares and income from them may decrease and that they may not realise their initial investment.

#### RISKS RELATING TO THE GROUP'S STRUCTURE

##### **Lack of operating history**

The Company and the other entities in the Group are recently incorporated and have no significant operating histories. As such, the Group has no operating history upon which to evaluate the Group's likely future performance. Therefore, it may be difficult for a prospective investor to evaluate an investment in the Ordinary Shares, the Group's ability to achieve the objectives of its investment strategy or the performance of the investments which the Group intends to make or its future prospects.

##### **Investment of Placing proceeds**

Whilst the Investment Manager has identified a number of potential investment opportunities there can be no guarantee that the Group will be able to make any such investments. Suitable investment opportunities may not be available at the time of the completion of the Placing and although it has targeted a 9 to 12 month period following Admission for investment of the Placing proceeds the Group cannot definitively predict how long it will take to invest the Placing proceeds which may take a significantly longer period.

##### **Dependence on Investment Manager and Executive Team**

The Group's ability to provide returns to Shareholders and achieve its investment objective is substantially dependent on the performance of the Investment Manager in the identification, acquisition and disposal of investments and the management of such investments and on its ability to retain the current members of the Executive Team. The Board will monitor the performance of the Investment Manager but there can be no assurance that the Investment Manager's investment selection and management of the Company's investments will result in the Company meeting the objectives of its investment strategy. Failure by the Investment Manager to identify, acquire and manage investments effectively and the loss of either member of the Executive Team could have a material adverse effect on the Group's financial results. In addition, the Group has no employees and no separate facilities and is reliant on the Investment Manager, which has significant discretion as to the implementation of the Group's operating policies and strategies. The Group is subject to the risk that, if the Investment Manager terminated the Investment Management Agreement, no suitable replacement could be found or would exist.

### **Independence of Board of Directors**

Whilst the majority of the Board is wholly independent of the Investment Manager, Robert Knapp and Francis Daniels, who are directors of the Company, are the controlling shareholders of the Investment Manager. This may give rise to potential conflicts of interest.

### **Life of the Company**

In 2014, the Directors will convene a general meeting where a resolution will be proposed that the Company will continue in existence. If the resolution is not passed, the Directors will be required to formulate proposals to be put to Shareholders to reorganise, reconstruct or wind up the Company. If the resolution is passed, the Company will continue its operations and a similar resolution will be put to Shareholders every five years thereafter. Shareholders otherwise have no right to redeem their Ordinary Shares and will only be able to realise their investments by selling their Ordinary Shares in the market or by participating in any share repurchase undertaken by the Company.

### **Availability of distributions**

Although the Company has indicated that it intends to pay an annual dividend (subject to having significant cash resources for that purpose), there can be no assurance that the Company will have sufficient resources to allow the payment of dividends or share buybacks or that, at the relevant time, the Directors will consider that the payment of a dividend is in the best interests of the Company. The expenses and other outgoings of the Group are likely, at least in the short term, to exceed its income thereby resulting in a reduction of the Group's total assets to the extent of that excess.

### **Cayman Islands incorporation**

The Company has been incorporated in the Cayman Islands as an exempted company. As a result, the rights of the Shareholders will be governed by the law of the Cayman Islands and the Articles. The rights of Shareholders under the laws of the Cayman Islands may differ from the rights of shareholders of companies incorporated in other jurisdictions and the enforcement of such rights may involve different considerations and may be more difficult than would be the case if the Company had been incorporated in England or the jurisdiction of an investor's residence.

### **Regulation in the UK**

The Group is not currently subject to regulation in the United Kingdom, other than (after Admission) under the AIM Rules, which are less demanding than the Listing Rules and Prospectus Rules, which companies listed on the Official List are subject to. It is possible that changes may occur in the regulatory environment in which the Group operates, and any such changes may impact on the Group's ability to continue to conduct the activities as detailed in this document. Investors should also note that the AIM Rules may be varied in the future, such that AIM is no longer an appropriate market on which to list the Ordinary Shares. Although it is hoped that any such revisions to the AIM Rules or the regulatory environment in which the Group operates will not prejudice the Group, there can be no assurance that this will be the case.

### **A change to Cayman Islands laws could affect the Company's ability to make distributions or the Company's tax exempt status**

Representations in this document concerning the taxation of investors in the Ordinary Shares are based on current tax law and practice which are subject to change. Any change to the basis on which profits or capital may be distributed by Cayman Islands companies could have a negative impact on the Company's ability to pay dividends. Any change in the Group's tax status or in tax legislation could affect the value of the investments held by the Group and its performance.

### **Maintenance of tax status**

In order to maintain its non-UK tax resident status, the Company is required to be controlled and managed outside the United Kingdom. The composition of the Board, the place of residence of the individual members of the Board, and the location(s) in which the Board make decisions will be important in determining and maintaining the non-UK tax residence status of the Company. While the Company is incorporated in the Cayman Islands, and a majority of the Directors live outside the United Kingdom, continued attention must be addressed to ensure that major decisions are not made in the United Kingdom or the Company may lose its non-UK tax resident status. As such, management errors could potentially lead to the Company or other members of the

Group being considered UK tax resident, which would negatively affect the Company's financial and operating results.

The Investment Manager intends to conduct the investment activities of the Group (including investments in loans) in a manner such that the Group should not be deemed to be engaged in a US trade or business for US federal income tax purposes. There can be no assurance, however, that the US Internal Revenue Service will agree that all of their transactions will not constitute a US trade or business, in which case the Group would be subject to US income and branch profits tax on its share of the income and gain from those activities and related activities, if any.

The Investment Manager intends to conduct the investment activities of the Group in a manner such that it will not cause any income or capital gains of the Group to be taxable in any African country. There can be no assurance that the revenue authorities of the African countries in which the Investment Manager operates will not regard certain income and capital gains of the Group to be taxable in the relevant country

**Payments relating to the Group's investments may be subject to taxation or withholding**

Payments made to the Group or the proceeds of realisation of its investments may be subject to local tax, exchange controls or withholding in certain circumstances and in certain jurisdictions. Although the Group and the Investment Manager intend to structure the Group's investments so that they are made and held in the most tax efficient manner, the Group may not be able to avoid local taxation, exchange controls or withholding in respect of all investments.

**Prior to deployment of the net proceeds of the placing on investment opportunities, the Group will invest in short term investments which will lower returns to Shareholders.**

Until the Group fully invests the net proceeds of the Placing, the Group is likely to invest in short term, highly liquid or other authorised investments. Such short term investments are not likely to earn as high a return as the Group expects to earn on the investments that fall within its investment strategy. The Group can give no assurance as to how long it will take to fully invest the net proceeds of the Placing in investments that satisfy its investment strategy. If the Group is unable to identify and acquire such investments promptly, the distributions to Shareholders would be adversely affected.

**There is no restriction in the constitutional documents of the Company on the type of activity in which the Company may engage or the types of investments in which the Company may invest.**

Although the Company plans to make investments of the type described in this document, the constitutional documents place no restriction on the type of business or activity in which the Company may engage, or on the type or location of assets in which the Company may invest. Subject to the AIM Rules for Companies in respect of fundamental changes in investment strategy, Shareholder approval will not be required by the Company prior to making any investment.

**Restriction on Auditors' Liability**

Mauritius law does not restrict the ability of auditors to limit their liability and consequently the engagement letter entered into with the auditors may contain such a provision as well as contain provisions indemnifying the auditors in certain circumstances.

**RISKS RELATING TO THE INVESTMENT MANAGER**

**Lack of operating history**

The Investment Manager is recently incorporated, has not yet commenced business and has no significant operating history. The Investment Manager must develop and implement operating procedures and control systems in order to carry out functions under the Investment Management Agreement. The past performance of assets or funds managed by the Executive Team are not necessarily indicative of the future performance of the Investment Manager and there can be no assurance that the Investment Manager will achieve comparable results.

**There can be no assurance as to the continued services or service of the Executive Team and the Investment Committee**

The departure of one or several members of the senior management of the Investment Manager or one or more members of the Investment Committee without adequate replacement, particularly in the initial stages of the Company's existence, may have an adverse effect on the performance of the Company.

**It may be difficult for the Company to terminate the Investment Management Agreement**

The Investment Manager's appointment pursuant to the Investment Management Agreement is intended to be long-term. The Company may terminate the Investment Management Agreement by giving the Investment Manager not less than 12 months' written notice. However, such notice may not expire before the fourth anniversary of the date of Admission. Consequently the Investment Management Agreement has an initial four year term. The Investment Management Agreement may only be terminated by the Company before this date with immediate effect in the event of material breach of its terms (subject to a 60 day remedy period) or the Investment Manager suffers any insolvency type event. In addition up until the first anniversary of Admission, the Investment Management Agreement may be terminated by the Company on 90 days notice in the event that Francis Daniels ceases to be associated with the Investment Manager. Poor investment performance would not, of itself, constitute an event that would allow the Company to terminate the Investment Management Agreement.

**The Investment Manager is not subject to regulatory oversight**

The Investment Manager will not (nor will the Executive Team) be subject to regulation by the FSA or any other financial services regulator. Accordingly, neither the Investment Manager nor the Executive Team (nor their activities) will be subject to regulatory requirements or oversight.

**Conflicts of Interest**

The Investment Manager may be subject to conflicts of interest, including in relation to the allocation of investment opportunities. Please refer to the section entitled "Conflicts Management" in Part 1 for details of how potential conflicts of interest will be managed. In addition, as stated, in that section the Executive Team will be entitled to honour pre-existing commitments which its members currently have. Accordingly members of the Executive Team (and particularly Francis Daniels who manages his own private portfolio of investments in Africa) will be devoting time to managing other assets and not just those of the Group.

**The compensation structure of the Investment Manager may encourage high risk investments**

Under the terms of the Partnership Agreement, the Investment Manager is entitled to share a performance related carried interest calculated on the increase in the Net Asset Value in each accounting period as described more fully in paragraph 7 in Part 5 of this document. In evaluating an investment, the way in which the carried interest is structured may lead the Investment Manager to pursue riskier opportunities which may offer higher project returns in order to seek a carried interest or increase the carried interest allocatable in a particular accounting period.

**The Company cannot predict the amounts of compensation to be paid to the Investment Manager**

As the carried interest that the Company will allocate to the Investment Manager is based on the increase in Net Asset Value, it is not possible to accurately predict the amounts of compensation that the Group will be required to pay the Investment Manager. Carried interest allocated to the Investment Manager will reduce funds available for distribution, investment or re-investment. As the Company cannot predict the amount of carried interest due to the Investment Manager, the Company cannot determine how such carried interest allocations may impact its distributions or investments or re-investments.

**INVESTMENT RISKS****Competition**

The Group's ability to implement its strategy and achieve its desired returns will depend largely on its ability to identify and invest in suitable assets at satisfactory prices and on satisfactory terms. A growing number of funds of all descriptions have become active in seeking investment opportunities with a focus on Africa. The Group may face significant competition from domestic investors, other foreign investment funds and strategic investors. Many competitors have greater financial resources than the Group and a greater ability to borrow funds to acquire assets. Competition for attractive investment opportunities may lead to higher asset prices which may affect the Group's ability to invest on terms which the Investment Manager considers attractive. Such conditions may have a material adverse impact on the Group's ability to secure attractive investment opportunities and consequently may have an adverse effect on the Net Asset Value and the market price of the Ordinary Shares.

**Unregulated markets/jurisdictions**

Investing in companies domiciled or operating in one or more unregulated environments involves considerations and possible risks not typically involved in investing in securities of companies domiciled or operating in regulated

securities markets. Many African securities markets are less liquid, more volatile and less subject to governmental supervision than regulated environments. Investments in securities of companies domiciled or operating in unregulated environments could be affected by factors not present in regulated environments, including lack of uniform accounting, auditing and financial reporting standards and potential difficulties in enforcing contractual obligations.

### **Target jurisdictions**

Investing in African countries involves certain risks and special considerations not typically associated with investing in other more established economies or securities markets. Such risks may include (a) the risk of nationalisation or expropriation of assets or confiscatory taxation; (b) social, economic and political uncertainty including war and revolution; (c) dependence on exports and the corresponding importance of international trade and commodities prices; (d) less liquidity of securities markets; (e) currency exchange rate fluctuations; (f) potentially higher rates of inflation (including hyper-inflation); (g) controls on foreign investment and limitations on repatriation of invested capital and the ability to exchange local currencies for US Dollars; (h) a higher degree of governmental involvement and control over the economies; (i) government decisions to discontinue support for economic reform programmes and imposition of centrally planned economies; (j) differences in auditing and financial reporting standards which may result in the unavailability of material information about the economics of issuers; (k) less extensive regulatory oversight of securities markets; (l) longer settlement periods for securities transactions; (m) less stringent laws regarding the fiduciary duties of officers and directors and protection of investors; and (n) certain consequences regarding the maintenance of portfolio securities and cash with sub-custodians and securities depositories in Africa. A general economic downturn or the materialisation of any one or a combination of the above risks could have a materially adverse effect on the Group's financial results.

Many of the laws and regulations of countries in Africa are either not well established or at an early stage of development. Such laws and regulations and the applicable legal framework can be vague, contradictory, not comprehensive and subject to varying interpretation. Accordingly, there can be no assurance that the Group will be able to achieve effective enforcement of its rights by way of legal proceedings.

### **Corruption**

Corruption remains a significant issue in Africa. Its effects seriously constrains the development of local economies, erodes stability and trust and its macro economic and social costs are immense. There remains, across Africa, insufficient effective anti-corruption legislation and insufficient co-ordination of anti-corruption initiatives.

### **African debt securities**

The Investment Manager may invest in debt securities, including short-term and long-term securities denominated in various currencies. These securities may be unrated or rated in the lower rating categories by the various credit rating agencies. These securities are subject to greater risk of loss or principal and interest than higher-rated securities and are generally considered to be predominantly speculative with respect to the issuer's capacity to pay interest and repay principal. They are also subject to greater risk than securities with higher credit ratings in the case of deterioration of general economic conditions. Additionally, evaluating credit risk for such debt securities involves great uncertainty because credit rating agencies throughout the world have different standards, making comparisons across countries difficult. Because investors generally perceive that there are greater risks associated with lower-rated securities, the yields or prices of such securities may tend to fluctuate more than those for higher-rated securities. The market for African debt securities is more illiquid and less active than that for higher-rated securities, which can adversely affect the prices at which securities are sold. In addition, adverse publicity and investor perceptions about emerging market debt securities, whether or not based on fundamental analysis, may be a contributing factor in a decrease in the value and liquidity of such securities.

### **Exchange rate risks**

It is likely that the Group's portfolio will comprise of US Dollar denominated investments and investments denominated in other currencies. However, all monies returned to the Shareholders and the reported Net Asset Value will be denominated in US Dollars. Changes in the value of other currencies against the value of the US Dollar could have an adverse impact on the performance of the Group. The Group may enter into currency hedging transactions, but is not required or expected to do so, and such transactions have an associated cost that could depress investment returns.

### **Political and country risks**

The value of the Group's investments in or relating to Africa may be affected by changes in foreign exchange rates and controls, interest rates or government policy, as well as social and civil unrest and other political, economic and other developments in or affecting Africa. Future political and economic conditions in Africa may result in its governments adopting different policies with respect to foreign investment. Any such changes in policy may affect ownership of assets, taxation, rates of exchange, environmental protection, labour relations, repatriation of income and return of capital, with potentially adverse effects on the Group's investments. Future actions of the African governments could have a significant effect on the local economies, which could adversely affect private sector companies, market conditions and prices and yields of the Group's investments. The Group does not intend to obtain political risk insurance. In recent years Africa has witnessed various terrorist attacks, civil unrest and other acts of violence or war, and it is possible that in the future such events as well as other adverse social, economic or political events in Africa may adversely affect the value and prospects of the Group's investments.

### **Accounting and financial reporting standards**

Accounting, auditing and financial reporting standards, practices and disclosure requirements imposed on companies incorporated in Africa are generally less stringent than those applicable in the United Kingdom. This may make it more difficult to obtain accurate information and carry out effective due diligence in respect of potential investments. In addition, there is generally less government supervision and regulation of stock exchanges, brokers and listed companies, which may lead to an increased risk of irregularities.

### **Securities exchanges**

The African securities' exchanges are less developed than the leading stock markets of the developed world. Trading volumes can be substantially lower so that accumulation and disposal of holdings may be time consuming and may need to be conducted at unfavourable prices. Prices may also be more volatile. Any significant extension of settlement periods in a sector of the African financial markets as a result of unforeseen circumstances may lead to delays in the receipt of proceeds from the sale of securities. It is possible that the Group could miss investment opportunities as a result of an inability of the Group to make intended securities purchases due to settlement problems. Securities' exchanges typically have the right to suspend or limit trading in any instrument traded on that exchange. Any suspension of any security held by the Group could make it impossible for the Group to liquidate positions and thereby expose the Group to losses. The value of the Group's investments may be affected generally by factors affecting African securities' exchanges, such as price and volume volatility in the capital markets, interest rates, changes in policies of the governments in Africa, taxation laws or policies and other political and economic developments, including closure of stock exchanges, which may have an adverse bearing on individual securities, a specific sector, or all sectors including equity and debt markets.

### **Market transparency in Africa lags behind European and US standards with the African market still being very opaque**

The level of information generally available in Africa is far behind European and US standards. Whilst the Directors believe that Africa possesses great investment potential, they are also aware that Africa harbours greater risk due to a lack of transparency.

## **GENERAL RISKS**

### **Fulfilment of investment objective**

There can be no guarantee and the Company does not represent or warrant that the investment objective of the Company will be met, or that investors will receive back any or all of their investment in the Company.

### **Borrowings**

The Group may, from time to time, borrow to fund investments or for short term funding purposes. Investee Companies may also have borrowings or otherwise be geared or leveraged. Although such facilities may increase investment returns, they also create greater potential for loss. This includes the risk that the Investee Company will be unable to service the interest repayments, or comply with other requirements, rendering it repayable, and the risk that available funds will be insufficient to meet required repayments. There is also the risk that existing borrowings will not be able to be refinanced or that the terms of such refinancing will not be as favourable as the terms of existing borrowings. A number of factors (including changes in interest rates, conditions in the banking market and general economic conditions which are beyond the Company's control) may make it difficult for the Group or its Investee Companies to obtain new finance on attractive terms or at all.

### **Disposal of investments and valuations**

The value of the Group's assets will be determined in accordance with the valuation policies adopted by the Board, as detailed in section 4 of Part 5 of this document. However, there can be no assurance that investments will ultimately be realised at any such valuation. Some of the Group's investments may be difficult to realise in a timely manner, or at an appropriate price, or at all. This risk is increased because the Group may invest in unquoted securities and investments, which are generally less liquid. The valuation of unlisted securities is inherently subjective due to the lack of marketability and the nature of accounting practices. As a result, valuations of unlisted Investee Companies are subject to uncertainty.

### **Concentration of investments**

The Group may make only a limited number of investments and these may be relatively concentrated, for instance in geographical or sectoral terms. Poor performance by one or more of these investments, or adverse events or sentiments affecting a geographical area or sector in which investments are concentrated, could have a significant adverse effect on the returns received by the Group.

### **Changes in laws or regulations**

Legal and regulatory changes may occur that could adversely affect the returns to the Group and the ability of the Group to successfully pursue its investment strategy, and/or efficiently repatriate any gains, including changes to applicable tax legislation and foreign exchange regulations. The Group's investment strategy may be reliant on obtaining certain licences and on certain regulatory permissions. There is no guarantee that these will necessarily be available or will continue to be available during the life of the Group so as to enable the Group to pursue its investment strategy in the manner described in this document.

### **Access to financing**

Access to conventional financing for private companies in Africa, such as commercial bank lending, is limited. Investee Companies may need to raise additional financing for working capital and capital expenditures in order to grow their business, which in the absence of access to conventional financing, may lead to the issue of further equity in such companies which may dilute the Group's investment and reduce its capital value.

### **Uninsured losses**

The relatively undeveloped insurance markets in Africa may mean there is a risk of loss which cannot be insured or is too expensive to insure. In the event that an Investee Company incurs a loss that is not fully covered by insurance, the value of the Group's investment may decrease.

### **Lack of marketability**

The lack of marketability of an investment may severely reduce the value of the investment; equally, the length of time required to identify an exit strategy may reduce the return on such an investment. If an Investee Company is listed, the Group may be subject to lock-up restrictions that may restrict the ability of the Group to dispose of its investment, which may reduce the Group's return on that investment.

### **Short selling and derivatives**

The Group may engage in short selling. Short selling involves selling securities which are not owned and borrowing the same securities for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows an investor to profit from declines in the value of securities. A short sell creates the risk of significant loss to the Group as the price of the underlying securities could increase without limit thereby increasing the cost of buying the securities necessary to cover the short position. Also there can be no assurance that the securities necessary to cover a short position will be available for purchase.

The Group may, but is not obliged to use derivatives for the purposes of efficient portfolio management, which may include the enhancement of income and protection of the Group's investments from undue risk. However, such transactions may not always achieve the intended effect and can limit potential gains.

## **RISKS RELATING TO THE ORDINARY SHARES**

### **Trading on AIM**

An investment in shares traded on AIM is generally perceived to involve a higher degree of risk and be less liquid than an investment in shares listed on the Official List. AIM has been in existence since June 1995 but its future success and liquidity in the market for the Company's securities cannot be guaranteed. Consequently, it may be

more difficult for an investor to sell his or her Ordinary Shares than it would be if the Ordinary Shares were listed on the Official List, and he or she may receive less than the amount paid. It is also possible that an active trading market may not develop and continue upon completion of the Placing. Even if an active trading market develops, the market price for the Ordinary Shares may fall below the Placing Price or the Net Asset Value per Share. If an active trading market is not developed or maintained, the liquidity and trading price of the Ordinary Shares could be adversely affected.

### **Share pricing risks**

The market price of the Ordinary Shares may not reflect the underlying Net Asset Value. The price at which the Ordinary Shares are quoted and the price which investors may realise for their Ordinary Shares will be influenced by a large number of factors, some specific to the Group and its operations and some which may affect the quoted investment sector or investment or quoted companies generally and which are outside the Group's control. These factors could include the performance of the Group, large purchases or sales of the Ordinary Shares, legislative changes, general economic, political or regulatory conditions, or changes in market sentiment towards the Ordinary Shares. Any of these events could result in a material decline in the market price of the Ordinary Shares.

### **Shareholders may not be entitled to the takeover offer protections provided by the City Code on Takeovers and Mergers (the "City Code")**

The City Code applies, *inter alia*, to offers for all listed public companies considered by the Panel on Takeovers and Mergers to be resident in the United Kingdom, the Channel Islands or the Isle of Man. However, the Panel on Takeovers and Mergers will normally consider a company resident in the United Kingdom, the Channel Islands or the Isle of Man only if it is incorporated in one of those jurisdictions or has its place of central management in one of those jurisdictions. The Panel on Takeovers and Mergers is unlikely to regard the Company as having its place of central management in the United Kingdom, the Channel Islands or the Isle of Man, in which case the Panel on Takeovers and Mergers would decline to apply the City Code to the Company with the result that Shareholders will not receive the benefit of the takeover offer protections provided by the City Code.

### **Future issues of Ordinary Shares could dilute the interest of existing Shareholders and lower the price of the Ordinary Shares**

The Company may, subject to its Articles and applicable law, issue additional Ordinary Shares without limitation and is not required under Cayman Islands law or the AIM Rules to offer any such Ordinary Shares to existing Shareholders on a pre-emptive basis. As such, it may not be possible for existing Shareholders to participate in any future issue of Ordinary Shares, which would dilute the existing Shareholders' interests in the Company. The issue of additional Ordinary Shares, or the possibility of such an issue, may cause the market price of the Ordinary Shares to decline. However, the Directors have resolved at a meeting of the board not to allot the unauthorised but unissued Ordinary Share capital of the Company at an allotment price per Ordinary Share of less than the prevailing Net Asset Value per Share, unless the Shareholders consent to a lower allotment price by ordinary resolution.

**Prospective investors should therefore consider carefully whether investment in the Company is suitable for them in light of the risk factors outlined above, their personal circumstances and the financial resources available to them.**

## PART 4

### AFRICAN CONTINENT PROFILE

#### INTRODUCTION

Africa, with a land mass of approximately 11.7 million square miles, is the world's second largest continent. It consists of 53 countries of which six are island states. With a total population estimated at 935 million, it has approximately 14 per cent. of the world's population. For 2005, the aggregate GDP of the countries in Africa amounted to an estimated \$933 billion (of which approximately 26 per cent. was attributable to South Africa) or, approximately 2.1 per cent. of the aggregate GDP of the world. By way of comparison, the GDP of the United States for 2005 was \$12.4 trillion.

Africa is a continent rich in natural resources and produces many of the world's major commodities. According to the BP Energy Report of 2006, Africa possessed 114 billion barrels of crude oil reserves, with the highest reserve growth in the world, increasing over 100 per cent. since 1985; 14.3 trillion cubic meters of natural gas reserves, with the second highest reserve growth in the world, increasing over 134 per cent. since 1985. In 2005, according to the GFMS Platinum and Palladium Survey, Africa produced 72 per cent. of the world's platinum supply and 36 per cent. of the world's palladium supply. Africa's stock of commodities tends to be concentrated in particular countries. For example, 12 per cent. of the world's reserves of copper are located in two countries: the Democratic Republic of the Congo and Zambia, with copper grades often exceeding five per cent. World commodities prices and demand have increased in the last few years leading to greater revenues generated from the export of commodities. Africa could suffer from a downturn in world commodities prices. Except for the economy of South Africa, which possesses some characteristics of a developed economy, African countries have emerging economies. For purposes of this document, Africa is classified into Sub-Saharan Africa, Sub-Saharan Africa excluding Nigeria and South Africa, and Africa. This classification assists a reader to discern the regional nature, if any, of the developments in Africa. In addition, certain statistics are stated as excluding South Africa and Nigeria. South Africa and Nigeria are excluded from such statistics in order to show that even without the two largest economies in Sub-Saharan Africa, the region is experiencing improved economic fortunes and possesses significant investment potential.

#### REFORMING AFRICA

##### Political and Economic Developments

In 2005, African countries, other than South Africa, had approximately 95 per cent. of the continent's population and accounted for approximately 74 per cent. of the continent's GDP.

Most of the countries in Africa have experienced similar political, economic and social changes since the 1950s. Since the late 1950s, many of the countries gained independence from colonial rulers and adopted or maintained economic systems which conferred on their governments or government-owned entities substantial control over the revenues and profits generated by the African economies. In some cases, such control reflected a reaction against prior colonial domination and an attraction to the socialist and communist ideologies which pervaded many different parts of the world until the late 1980s. In other cases, that control emanated from emulating the trend of nationalizing certain industries then prevailing in the former colonial powers. Thus, many countries nationalized economic resources or adopted programmes excluding or limiting foreign involvement in economic enterprises. In the political realm, many governments built on colonial authoritarian traditions to limit civil liberties and democracy, frequently under the guise of an anti-colonial or socialist or communist ideology. Consequently, many countries experienced various forms of upheaval or unrest, including revolutions, military coups, civil wars, and ethnic hostilities.

In general, partly as a result of the policies adopted following independence and, in great measure, a consequence of the deep decline in the real prices of commodities since independence, the economies of many of the African countries declined or stagnated until the early 1990s. The demise of socialism and communism as an ideology in many parts of the world, the upturn in commodity prices, and the adoption of political and economic reforms to deepen Africa's embrace of the political and economic institutions necessary for the smooth functioning of free market economies has led to growing signs of recovery in the fortunes of many African countries. The economies of many of the African countries are dependent on the export of agricultural or mineral commodities. As a result, many of the African countries' economies have benefited from the upturn in commodity prices experienced since

2001. For example, the ten year average GDP growth rate for Sub-Saharan Africa (excluding Nigeria and South Africa) for the period of 1999-2008 was stated by the International Monetary Fund (“IMF”) to be 5.3 per cent. That GDP growth rate compares with GDP growth rates over the same period of 5.4 per cent. for Developing Asia (excluding China and India) 4.4 per cent. for Central and Eastern Europe, 4.8 per cent. for the Middle East, 6.6 per cent. for Russia, 3.1 per cent. for Brazil, and 3.1 per cent. for Mexico. Set out below are the IMF figures and forecasts for real GDP growth in these regions.

### Real GDP

(Annual percent change)

Regional Group	Ten Year Average	IMF Forecast	
	1999-2008	2007	2008
Sub-Saharan Africa <sup>(1)</sup>	5.3	7.8	6.9
Developing Asia <sup>(2)</sup>	5.4	6.0	6.0
Central & Eastern Europe	4.4	5.5	5.3
Middle East	4.8	5.5	5.5
Russia	6.6	6.4	5.9
Brazil	3.1	4.4	4.2
Mexico	3.1	3.4	3.5

(1) Excludes Nigeria and South Africa (Source: 2007 IMF World).

(2) Excludes China and India (Source: Economic Outlook).

African countries have applied the proceeds from the rising commodity prices and debt write-offs under the debt relief programs of the IMF, the International Bank for Reconstruction and Development (the “World Bank”) and official state donors represented in the Paris Club of Creditors to reduce substantially their external government debt burdens and improve their fiscal balances. For example, the aggregate fiscal balance, as a percentage of aggregate GDP, of Sub-Saharan Africa (excluding Nigeria and South Africa) for 2006 was 2.9 per cent. Comparable ratios for Developing Asia (excluding China and India) were: -1.9 per cent. for Developing Asia (excluding China and India), -2.7 per cent. for Central and Eastern Europe, 6.1 per cent. for the Middle East, 7.5 per cent. for Russia, -3.2 per cent. for Brazil, and -2 per cent. for Mexico. Set out below are the IMF forecasts for fiscal balances.

### Fiscal Balances

(Percent of GDP)

Regional Group	IMF Actual	IMF Forecast	
	2006	2007	2008
Sub-Saharan Africa <sup>(1)</sup>	2.9	-2.2	-1.8
Developing Asia <sup>(2)</sup>	-1.9	-2.2	-1.9
Central & Eastern Europe	-2.7	-3.1	-2.2
Middle East	6.1	3.5	5.1
Russia	7.5	4.0	4.2
Brazil	-3.2	-2.4	-2.0
Mexico	-2.0	-1.9	-1.7

(1) Excludes Nigeria and South Africa (Source: 2007 IMF World).

(2) Excludes China and India (Source: Economic Outlook).

The improvements in Africa’s economic fortunes is closely linked to its rapidly growing middle class. For example, according to the ICT Development Report of 2006, Africa had 138 million mobile telephone subscribers at the end of 2005 versus 90 million subscribers in India. The compound annual growth rate in African mobile telephone subscribers between 2000 and 2005 was over 54 per cent., compared with 36 per cent. for China over the same period. Improving economic fortunes in Africa are matched by a spread of the tide of formal democracy. More than 70 per cent. of Sub-Saharan African GDP is generated in countries undergoing political and economic reforms. Set out below is an illustration of the deepening roots of democracy in Africa.

Year	Socio-Political Development
1990	Benin holds free elections and experiences peaceful transfer from dictatorship to democracy.
1991	Zambia ends one party rule with peaceful change of ruling party.
1992	Mali holds first democratic election since independence.
1994	South Africa holds first democratic elections under a franchise open to all its residents.
1995	Tanzania ends one party rule with first multiparty elections since independence.
2000	Ghana undergoes first peaceful change of ruling party since independence.
2000	Senegal undergoes first peaceful change of ruling party since independence.
2002	Kenya experiences first peaceful change of ruling party since independence.
2003	Nigeria experiences first peaceful re-election of its President.
2004	Ghana experiences second successive democratic elections.
2005	Liberia elects first female President in Africa.
2006	Democratic Republic of the Congo holds first genuine democratic elections since 1960.
2007	Mauritania holds first democratic elections since independence.
2007	Nigeria experiences third successive democratic elections.

Despite the improvements described above, the economies of African countries continue to be adversely affected by the burden of government-owned or supported enterprises, the lack of economic cooperation among the African countries, high levels of population growth, the high incidence of AIDS in certain areas and the tribal or other ethnic or racial conflicts and tensions that exist in many African countries.

In addition, foreign direct investment in Africa has been quite low. For example, net foreign direct investment in sub-Saharan Africa (excluding South Africa) has averaged \$1.6 billion per year for the period 1995 through 2005, as compared to an average \$9.9 billion in Latin America and the Caribbean during the same period. As African economies weakened between the 1950s and the early 1990s, the infrastructure in many African countries also deteriorated. Following independence, many African countries devoted a significant portion of their assets to spending on health and education programmes; however, more recently, spending on health and education in many African countries has deteriorated. Fortunately, the terms of the debt relief programs of the international donor community and the rising proceeds from the sale of growing quantities of natural resources at rising global prices are fostering a reversal of the pattern of declining social spending. Other than Zimbabwe, African countries have arrested or reduced their high rates of inflation over the last five years. Many African currencies have appreciated significantly against the US Dollar.

Under the guidance of the World Bank and the IMF, many African countries have adopted economic reform programmes. Although economic reform programs adopted by any country reflect the political, economic and social situation in that country, the general parameters of the programmes include removal of subsidies and price controls, privatisation of state-owned enterprises, a reduction in the direct governmental controls over the economy, and the design by the government and civil society organisations of a country of policies for alleviating poverty. There can be no assurance that whatever positive experiences currently enjoyed by African countries implementing these programmes will continue in the future.

### **Securities Markets**

There are 19 stock exchanges in Africa. Those markets are in the following countries: Algeria, Botswana, Cameroon, Cote d'Ivoire, Egypt, Ghana, Kenya, Malawi, Mauritius, Morocco, Namibia, Nigeria, South Africa, Swaziland, Tanzania, Tunisia, Uganda, Zambia, and Zimbabwe. In addition, several companies with a substantial portion of their assets located in Africa are listed on stock exchanges outside Africa. Some of the more popular of those non-African stock exchanges are the AIM market in London and the stock exchanges in Paris, Luxembourg, Toronto, and Sydney.

The aggregate market capitalisation of the African stock exchanges, excluding South Africa, on 30 December 2005 was \$0.15 trillion, as compared to the market capitalisation on that date of the New York Stock Exchange of \$16.9 trillion, an aggregate market capitalisation on the Mumbai Stock Exchange of \$0.55 trillion, an aggregate market capitalisation on the Moscow Stock Exchange of \$0.54 trillion, an aggregate market capitalisation on the Brazilian Stock Exchange of \$0.47 trillion. Many of these African markets are characterised by thin trading and a lack of liquidity, with trading dominated by major financial institutions such as banks and insurance companies. The corporate debt issued by both companies domiciled in African countries and companies domiciled in countries outside Africa with substantial assets located in Africa is thinly traded whether in or outside Africa. The sovereign debt issued by African governments, other than South Africa, tends to be thinly traded.

The following tables set forth economic and other information on Africa. The information is classified into the following categories: (a) Africa; (b) Sub-Saharan Africa; (c) Sub-Saharan Africa excluding South Africa and Nigeria; and (d) African Nations with Stock Exchanges. The tables show the economic progress which has been made in Africa since 2000 and the relative size of African stock exchanges. Inflation has declined and foreign exchange reserves and rates of growth of gross domestic product have increased. These patterns exist in Africa, Sub-Saharan Africa, and Sub-Saharan Africa excluding South Africa and Nigeria.

Indicator	2000	2001	2002	2003	2004	2005
<b>Africa</b>						
<i>(Figures in billion unless noted)</i>						
GDP (current US\$)	584.1	572.0	572.0	678.7	803.0	933.3
Population, total	0.8	0.8	0.8	0.9	0.9	0.9
Total debt service (TDS, current US\$)	24.4	24.3	24.5	25.7	25.9	34.4
Total reserves (includes gold, current US\$)	85.0	97.3	106.0	130.6	173.1	228.8
Current account balance (BoP, current US\$)	5.7	1.6	-0.1	6.9	15.4	32.0
<b>Sub-Saharan Africa</b>						
GDP (current US\$)	341.6	334.7	350.2	435.1	530.1	621.9
Population, total	0.7	0.7	0.7	0.7	0.7	0.7
Total debt service (TDS, current US\$)	13.5	13.9	13.0	12.7	12.8	21.1
Total reserves (includes gold, current US\$)	36.9	37.2	38.1	41.7	63.6	84.7
Current account balance (BoP, current US\$)	0.2	-2.4	-1.6	-1.4	7.6	14.2
<b>Sub-Saharan Africa ex. South Africa and Nigeria</b>						
GDP (current US\$)	162.8	168.2	192.6	210.7	243.4	283.4
Population, total	0.5	0.5	0.5	0.5	0.6	0.6
Total debt service (TDS, current US\$)	7.8	6.9	6.8	6.8	7.2	7.4
Total reserves (includes gold, current US\$)	19.1	18.9	22.7	26.1	31.5	35.4
Current account balance (BoP, current US\$)	-7	-5.2	-3.6	-2.9	-2.2	-0.9

Source: The World Bank Group: 2007 World Development Online.

Country	Population (in millions)	GDP (in \$ billion)	GDP growth	Inflation consumer Prices <sup>(3)</sup>	Interest rate spread <sup>(1)</sup>	Market capitalisation (in \$ billion)	Listed Domestic Companies
<b>African Nations with Stock Exchanges – 2005</b>							
Algeria	32.9	102.3	5.3%	1.6%	6.3%	n/av <sup>(2)</sup>	n/av <sup>(2)</sup>
Botswana	1.8	10.3	6.2%	8.6%	6.5%	2.4	18
Cameroon	16.3	16.9	2.0%	2.0%	12.8%	n/av <sup>(2)</sup>	n/av <sup>(2)</sup>
Cote d'Ivoire	18.2	16.3	1.8%	3.9%	n/av <sup>(2)</sup>	2.3	39
Egypt, Arab Rep.	74.0	89.4	4.9%	4.9%	5.9%	79.7	744
Ghana	22.1	10.7	5.9%	15.1%	n/av <sup>(2)</sup>	1.4	30
Kenya	34.3	18.7	5.8%	10.3%	7.8%	6.4	47
Malawi	12.9	2.1	2.6%	15.4%	22.2%	n/av <sup>(2)</sup>	9
Mauritius	1.2	6.3	4.6%	4.9%	13.8%	2.6	42
Morocco	30.2	51.6	1.7%	1.0%	n/av <sup>(2)</sup>	27.2	56
Namibia	2.0	6.1	3.5%	2.3%	4.4%	0.4	13
Nigeria	131.5	99.0	6.9%	13.5%	7.4%	19.4	214
South Africa	46.9	239.5	4.9%	3.4%	4.6%	565.4	388
Swaziland	1.1	2.7	1.8%	4.8%	6.6%	0.2	6
Tanzania	38.3	12.1	7.0%	8.6%	10.4%	0.6	6
Tunisia	10.0	28.7	4%	2%	n/av <sup>(2)</sup>	2.9	46
Uganda	28.8	8.7	6.6%	8.2%	10.9%	0.1	5
Zambia	11.7	7.3	5.2%	18.3%	17.0%	1.0	12
Zimbabwe	13.0	3.4	-6.5%	n/av <sup>(2)</sup>	144.6%	2.4	79
Total	527.2	732.1				714	1,745

#### International Comparisons – 2005

Brazil	186.4	796.1	2.3%	6.9%	37.8%	474.6	381
India	1,094.6	805.7	9.2%	4.2%	n/av <sup>(2)</sup>	553.1	4,763
Russian Federation	143.1	763.7	6.4%	12.7%	6.7%	548.6	296
United States	296.4	12,416.5	3.2%	3.4%	n/av <sup>(2)</sup>	16,998.0	5,143

(1) Lending rate minus deposit rate.

(2) n/av: not available

(3) annual %

Source: The World Bank Group: 2007 World Development Online, www.mse.co.mw

## PART 5

### OTHER INFORMATION

#### 1. ANNUAL EXPENSES

##### Formation and Initial Expenses

The formation and initial expenses of the Company are those that are necessary for the incorporation and organisation of the Company to effect the Placing. Such expenses will include fees payable to LCF Rothschild, Administrator's and Registrar's fees, Admission fees, printing, advertising and distribution costs, legal and accounting fees and any other related expenses. These expenses will be met by the Company out of the Placing proceeds and will be paid on or around Admission. The Company will bear the expenses of the Placing and Admission capped at four per cent. of the gross proceeds of the Placing with any excess being borne by the Investment Manager. In accordance with IFRS, the incorporation and initial expenses will be expensed immediately.

##### Ongoing and Annual Expenses

The Group will also incur ongoing and annual expenses. These expenses will include, among others, the fees payable to the Investment Manager and the Directors. Details of these fees are set out in section 7 of Part 7 of this document. Each Director will initially be paid a fee of \$30,000 per annum plus re-imbursement for out-of-pocket expenses (Robert Knapp and Francis Daniels have agreed to waive their Director's fees for so long as they are interested in the Investment Manager). Other ongoing operational expenses of the Group include, among others, interest payments, bank fees, regulatory fees, legal fees, audit fees, referral fees or finders' fees, and other applicable expenses. It is estimated that the total expenses of the Group for the period ending 31 December 2007 (excluding the formation and initial expenses of the Company) are not expected to exceed 3 per cent. per annum of the Net Asset Value, annualised over this period.

#### 2. ACCOUNTING POLICY

The financial statements of the Group will be prepared under IFRS.

#### 3. REPORTS AND ACCOUNTS

The Company has only recently been incorporated and, consequently, it has not published any financial information. The Company's annual report and consolidated accounts will be prepared up to 31 December in each year and copies of the report and accounts will be sent to Shareholders within the following six months. The first such annual report will cover the period from incorporation on 21 June 2007 to 31 December 2007. Shareholders will also receive an unaudited interim report covering the six month period to the end of 30 June in each year, the first such report covering the period to 30 June 2008. Interim reports will be dispatched to Shareholders within three months of the interim period end. Shareholders will be sent updates on the Company's activities as and when appropriate.

#### 4. VALUATION POLICY AND REPORTING

The Net Asset Value per Share, expressed in US Dollars, will be determined by the Administrator and will be published monthly. In all cases, the Net Asset Value per Share will be determined by dividing the Net Asset Value on the valuation date (namely the last Business Day of each month, and/or such other Business Day as the Directors may, from time to time, prescribe as a valuation date) by the total number of Ordinary Shares outstanding at that date. The gross asset value of the Company shall be calculated by aggregating the value of the securities owned or unconditionally and irrevocably contracted for by the Company with the value of the other assets of the Company. The Net Asset Value shall be calculated by deducting from the gross asset value the liabilities of the Company (which shall where appropriate be deemed to accrue from day to day).

For the avoidance of doubt, in the event the Company acquires a controlling shareholding in an investment company investee (such as a master-feeder arrangement), this would be valued at fair value under IFRS. The assets of the Company will be valued as follows:

- securities listed on a stock exchange or traded on any other regulated market will be valued at the last closing price on such exchange or market or, if no such price is available, at the mean of the bid and asked price on such day. If there is no such price or such market price is not representative of the fair market

value of any such security, then the security should be valued based on quotations readily available from principle-to-principle markets, financial publications, or recognised pricing services, or a good faith estimate of fair value should be made in accordance with IFRS, in consultation with the Investment Manager;

- if a security is listed on several stock exchanges or markets, the last closing price on the stock exchange or market which constitutes the main market for such security will be used;
- where the securities are not listed on any stock exchange, fair value shall be estimated with reference to IFRS;
- if a revaluation of an unlisted security of the Company is proposed by the Investment Manager, it shall be accepted by the Company at its revised value only upon unanimous approval of the independent Directors of the Board;
- cash or other liquid assets will be valued at their face value with interest accrued to the end of the day;
- the value of accounts receivable, prepaid expenses and interest receivable and dividend income receivable will be the full amount thereof less any withholding tax unless the Board determines the value of the asset to be less than that amount;
- values expressed in a currency other than US Dollars will be translated into US Dollars at the average of the last available buying and selling price for such currency; and
- for avoidance of doubt, all derivatives, forwards or other option contracts on listed securities will be held at fair value. The Investment Manager may use such probable realisation value estimated with care and in good faith by a competent professional appointed by the Investment Manager.

Due to the nature of such unquoted securities or investments and the difficulty in obtaining a valuation from other sources, such competent professional may be related to the Investment Manager. With respect to the calculation of the Net Asset Value, the Administrator will rely upon valuations provided to it by third parties. The Administrator shall not be liable for any errors in Net Asset Value calculations where such errors are the result of incorrect information provided by such third parties, unless the Administrator reliance upon such third party information constitutes fraud, willful misconduct or gross negligence.

To the extent feasible, investment income including interest receivable and dividend income, interest payable, fees and other liabilities (including management fees) will be accrued daily. The Net Asset Value per Share will be published monthly through a Regulatory Information Service Provider to the London Stock Exchange as soon as practicable after the end of the relevant month. It is expected that the first Net Asset Value per Share following Admission will be calculated as at 30 August 2007 and will be published as soon as practicable following such date. Valuations will be suspended in circumstances where the underlying data necessary to value an investment cannot readily, or without undue expenditure, be obtained. Such suspensions will be communicated to investors via a Regulatory Information Service Provider.

## 5. TAXATION

Information concerning the tax status of the Company as a Cayman Islands company and the taxation of certain Shareholders is contained in Part 6 of this document. **Investors should seek advice from an independent professional adviser, if they are in any doubt about the taxation consequences of acquiring, holding or disposing of the Ordinary Shares.**

## 6. TERMS AND CONDITIONS OF THE PLACING

### 6.1 Introduction

These terms and conditions apply to persons subscribing for Placing Shares.

Each Placee to whom these conditions apply, as described above, who confirms his agreement to the Broker and the Company to subscribe for Placing Shares agrees with the Broker and the Company to be bound by these terms and conditions as being the terms and conditions upon which Placing Shares will be issued. A Placee shall, without limitation, become so bound by signing and returning to the Broker the letter of confirmation attached to the subscription agreement (the "Letter of Confirmation").

### 6.2 Agreement to acquire Ordinary Shares

Conditional on (i) the Placing Agreement becoming unconditional and not having been terminated; and (ii) the confirmation mentioned under paragraph 6.1 above, a Placee agrees to become a member of the

Company and agrees to subscribe for Placing Shares at the Placing Price. To the fullest extent permitted by law, each Placee acknowledges and agrees that it will not be entitled to exercise any remedy of rescission at any time. This does not affect any other rights such Placee may have.

### 6.3 **Payment for Ordinary Shares**

Each Placee undertakes to pay the Placing Price for the Placing Shares issued to such Placee in such manner as shall be directed by the Broker.

### 6.4 **Placee Representations and Warranties**

By signing the Letter of Confirmation, each Placee is deemed to warrant and undertake to the Broker and that Company that:

- (a) the Placee is not and does not regard itself as being a customer of the Broker in relation to the Placing, and does not expect the Broker to have any duties or responsibilities to the Placee;
- (b) the Placee does not expect the Broker to have any duty to it similar or comparable to the “best execution” “suitability” and “risk warnings” rules of the FSA and the Placee is not relying on the Broker to advise whether or not the Placing Shares are in any way a suitable investment;
- (c) the Placee is not, nor is it agreeing to acquire placing shares on account for or for the benefit of any, “US persons” (as defined in Regulation S under the US Securities Act of 1933, as amended) or a national, citizen or resident of Australia, Canada, Japan or the Republic of Ireland;
- (d) in agreeing to acquire Placing Shares, the Placee is (i) not relying on any information or representation by or on behalf of the Company or any of its directors or employees or agents, whether in relation to the Company or the Placing Shares or in relation to any other matter, other than as contained in this document and (ii) agreeing that information in this document supersedes any information previously given to the Placee by the Company or its agents including, without limitation, any presentation and (iii) irrevocably and unconditionally waiving any rights the Placee may have with respect to any information or representation not contained in this document; and (iv) not relying on any representation or warranties or agreements by the Broker or any directors, employee or agent of the Broker except as set out in the express terms of the subscription agreement;
- (e) the Placee has not been the recipient of materials in respect of the Company or the Placing, and no offer or invitation to sell or issue, or any solicitation to purchase or subscribe for, Placing Shares has been made to the Placee, in circumstances that would or might constitute a breach of securities laws in any relevant jurisdiction which applies to the Placee;
- (f) the Placee is entitled to acquire the Placing Shares comprised in its Placing commitment under the laws of all relevant jurisdictions which apply to the Placee and that the Placee has fully observed such laws and obtained all governmental and other consents which may be required thereunder and complied with all necessary formalities;
- (g) in the case of UK-resident investors only, the Placee is a person who is authorised (within the meaning of the Financial Services and Markets Act 2000), or a person falling within article 19 (investment professionals) or article 49 (high net worth companies, unincorporated associations etc.) of the Financial Services and Markets Act 2000 (Financial Promotion) Orders 2001;
- (h) in the case of UK-resident investors only, the Placee is a person whose ordinary activities involve the Placee in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its businesses or that it will acquire, hold, manage and dispose of the Placing Shares for the purposes of its business;
- (i) no instrument transferring Placing Shares to the Placee (whether as principal, agent or nominee) will be subject to stamp duty or stamp duty reserve tax at the increased rates referred to in Section 67 or 93 (Depositary Receipts) or Section 70 or 96 (Clearance Services) of the Finance Act 1986;
- (j) the Placee is a person who is sufficiently knowledgeable to understand the risks of accepting a participation in the Placing;
- (k) in accepting a Placing commitment the Placee is acting as principal and for no other person and that the Placee’s acceptance of that commitment will not give any other person a contractual right to require the issue by the Company of any of the Placing Shares; and

- (l) the Placee is liable for all and any stamp duty reserve tax and any related costs, fines, penalties and interest arising in respect of the delivery and settlement in respect of the Placing Shares comprised in the Placee's Placing commitment.

## 6.5 Miscellaneous

The rights and remedies of the Broker and the Company, or any of their respective agents, under these terms and conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others.

On application, each Placee may be asked to disclose, in writing or orally, to the Broker:

- (a) if he is an individual, his nationality; or
- (b) if it is a discretionary fund manager, the jurisdiction in which the funds are managed or owned.

The contract to subscribe for Placing Shares and the appointments and authorities mentioned herein will be governed by, and construed in accordance with, the laws of England and Wales and each Placee irrevocably submits to the non-exclusive jurisdiction of the English courts in respect of these matters.

The Company, Grant Thornton Corporate Finance and LCF Rothschild each expressly reserve the right to modify the Placing (including, without limitation, its timetable and settlement) at any time before allocations are determined.

## 7. LOCK-IN ARRANGEMENTS

The Directors have agreed under the terms of the Placing Agreement and substantial Shareholders have agreed under the terms of separate lock-in agreements with Grant Thornton UK LLP and LCF Rothschild that they and their related parties, pursuant to Rule 7 of the AIM Rules, shall not dispose of any interest in their Ordinary Shares within a period of one year following Admission except in certain restricted circumstances. Details of the Placing Agreement and these lock-in agreements are set out in paragraph 7 of Part 7 of this document.

## 8. ADMISSION, SETTLEMENT AND DEALINGS

Application has been made to the London Stock Exchange for the issued and to be issued Ordinary Shares of the Company to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings will commence on 24 July 2007. The Registrar will be responsible for the maintenance of the branch register of Shareholders with the definitive register of Shareholders maintained in the Cayman Islands. After Admission, the Company currently intends to make an application for its issued share capital to be admitted to listing and trading on the Channel Islands Stock Exchange, LBG.

The Directors have arranged for the Ordinary Shares to be admitted to Euroclear and Clearstream with effect from Admission. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within the Euroclear or Clearstream system if the relevant Shareholders so wish. Euroclear and Clearstream are paperless settlement procedures which allow securities to be evidenced without a certificate and transferred otherwise than by written instrument.

## 9. CORPORATE GOVERNANCE

There is no applicable regime of corporate governance to which directors of a Cayman Islands company must adhere over and above the general fiduciary duties and duties of care, diligence and skill imposed on such directors under Cayman Islands law. However, the Directors recognise the value of the Combined Code on Corporate Governance issued by the Financial Reporting Council in June 2006 ("Combined Code") and will take appropriate measures to ensure that the Company complies, as far as practicable and to the extent appropriate given the Company's assets, liabilities and other relevant information.

Since all Directors are non-executive, the Company is not required to comply with the principles of the Combined Code in respect of executive directors' remuneration and, accordingly, the Board will not appoint a remuneration committee as it is satisfied that any relevant issues can be properly considered by the Board as a whole.

However, the Company has established a management engagement committee which will meet formally at least on an annual basis to consider the performance and remuneration of the Investment Manager. The management engagement committee will be composed of all the members of the Board other than Robert Knapp and Francis Daniels. Christopher Agar has been appointed the chairman of this committee.

The Company has also established an audit committee, which comprises all the members of the Board other than Robert Knapp and Francis Daniels. The audit committee's main functions include, *inter alia*, reviewing and monitoring internal financial control systems and risk management systems on which the Company is reliant, considering annual and interim accounts and audit reports, making recommendations to the Board in relation to the appointment and remuneration of the Company's auditors and monitoring and reviewing annually their independence, objectivity, effectiveness and qualifications. Christopher Gradel has been appointed the chairman of this committee.

## PART 6

### TAXATION

**The information below, which relates only to Cayman Islands, United Kingdom and Swiss taxation, is applicable to the Company and to persons who are resident, ordinarily resident or carrying on a trade in those jurisdictions (except where indicated) and who hold the Ordinary Shares as investments. The information is based on existing law and practice and is subject to change. If you are in doubt as to your tax position or require more detailed information than the general outline below, you should consult your own professional adviser without delay.**

#### **CAYMAN ISLANDS**

The following is a discussion on certain Cayman Islands tax consequences of an investment in the Ordinary Shares. The discussion is a general summary of present law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor's particular circumstances, and does not consider tax consequences other than those arising under Cayman Islands law.

The Government of the Cayman Islands, will not, under existing legislation, impose any income, corporate or capital gains tax, estate duty, inheritance tax, gift tax or withholding tax upon the Company or the Shareholders. The Cayman Islands are not party to any double taxation treaties.

The Company has received an undertaking from the Governor-in-Cabinet of the Cayman Islands that, in accordance with Section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, for a period of 20 years from the date of the undertaking, no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations and, in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable (i) on the shares, debentures or other obligations of the Company or (ii) by way of the withholding in whole or in part of a payment of dividend or other distribution of income or capital by the Company to its members or a payment of principal or interest or other sums due under a debenture or other obligation of the Company.

There is, at present, no direct taxation in the Cayman Islands. Interest, dividends and gains payable to the Partnership and all distributions by the Limited Partnership to limited partners will be received free of any Cayman Islands income or withholding taxes. The Limited Partnership has registered as an exempted limited partnership under Cayman Islands law and the Limited Partnership has applied for and expects to receive an undertaking from the Governor in Cabinet of the Cayman Islands to the effect that, for a period of 50 years from the date of the undertaking, no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciations shall apply to the Limited Partnership or to any partner thereof in respect of the operations or assets of the Limited Partnership or the interest of a partner therein; and may further provide that any such taxes or any tax in the nature of estate duty or inheritance tax shall not be payable in respect of the obligations of the Limited Partnership or the interests of the partners therein. The Cayman Islands does not have a double tax treaty with the United States or any other country.

#### **UNITED KINGDOM**

##### **The Company**

The Company intends to conduct its affairs so that, for United Kingdom corporation tax purposes, it will not be regarded as resident within the United Kingdom nor as carrying on a trade through a permanent establishment located in the United Kingdom. On that basis and on the assumption that it has no United Kingdom source income the Company will have no liability in respect of United Kingdom corporation tax on its income or capital gains.

##### **United Kingdom Resident Investors**

Shareholders who are resident in the United Kingdom may be liable to United Kingdom income tax or corporation tax in respect of dividend income received from the Company and to United Kingdom capital gains tax or corporation tax on chargeable gains in respect of capital gains realised on a disposal of Ordinary Shares.

##### **(a) *Taxation of dividends***

A distribution by the Company with respect to the Ordinary Shares in the form of a dividend may give rise to income chargeable in the United Kingdom to either income tax or corporation tax on income. In the

case of a dividend, individuals domiciled and ordinarily resident for tax purposes in the United Kingdom who are liable to income tax at the starting or basic rate will be taxed at the ordinary rate (10 per cent.) under Schedule D Case V of the Income and. An individual who is a higher rate tax payer will be chargeable to tax at the upper rate (32.5 per cent.). Non-taxpayers will have no liability to income tax. United Kingdom resident corporate shareholders will normally be liable for corporation tax on any dividends paid by the Company. No withholding tax will be deducted from dividends paid by the Company.

The Finance Bill proposes an extension of the notional tax of 10 per cent. – which is currently available only for United Kingdom individual shareholders who receive United Kingdom dividends – to United Kingdom resident individuals who receive dividends from overseas companies. The proposed changes would extend the 10 per cent. non-refundable tax credit to investors who hold less than a 10 per cent. interest in an overseas company and receive less than £5,000 of dividends a year in total from overseas companies. These changes result in an effective tax rate of 0 per cent. for basic rate taxpayers and 25 per cent. for higher rate taxpayers on the overseas dividends received. These changes are proposed to have effect from 6 April 2008 onwards.

(b) ***Taxation of capital gains***

On the basis that the Company is a closed-ended body corporate, the Company will not be a collective investment scheme for the purposes FSMA 2000 and therefore should not be within the scope of the United Kingdom offshore funds legislation. Accordingly, any gain realised by a United Kingdom resident holder of Ordinary Shares or a holder of Ordinary Shares who carries on a trade in the United Kingdom through a permanent establishment with which their investment in the Company is connected on a sale or other disposal (including from liquidation or dissolution of the Company) of their Ordinary Shares may, depending on their circumstances and subject as mentioned below, be subject to United Kingdom capital gains tax or corporation tax on chargeable gains. The amount of the gain will be the difference between the acquisition cost of the Ordinary Shares and the disposal proceeds. On a disposal of Ordinary Shares by an individual investor who is resident or ordinarily resident in the United Kingdom for tax purposes, the Ordinary Shares may attract taper relief which reduces the amount of chargeable gain according to how long, measured in years, the Ordinary Shares have been held. An investor which is a body corporate resident in the United Kingdom for tax purposes will benefit from indexation allowance which, in general terms, increases the capital gains tax base cost of an asset in accordance with the rise in the Retail Prices Index. Special rules may apply to tax gains on disposals made by individuals at a time when they are temporarily neither resident nor ordinarily resident in the UK.

**Stamp Duty and Stamp Duty Reserve Tax (“SDRT”)**

The statements below are intended as a general guide to the current position. They do not apply to certain intermediaries who are not liable to stamp duty or SDRT, or to persons connected with depositary arrangements or clearance services, who may be liable at a higher rate.

No United Kingdom stamp duty or SDRT should arise on the issue of Ordinary Shares.

Any instrument effecting or evidencing a transfer of Ordinary Shares which is executed in the United Kingdom may not (except in criminal proceedings) be given in evidence or be available for any purpose whatsoever in the United Kingdom unless duly stamped. Any instrument of transfer executed outside the United Kingdom which relates to any matter or thing done, or to be done in the United Kingdom may not (except in criminal proceedings) be given in evidence or be available for any purpose whatsoever in the United Kingdom, unless duly stamped after it has first been received in the United Kingdom. The rate of stamp duty is 0.5 per cent on the value of the consideration for the relevant transfer, rounded up to the next multiple of £5. Interest on the stamp duty will accrue from 30 days after the date the instrument was executed.

No charge to stamp duty will arise in relation to the transfer of the Ordinary Shares provided that all instruments relating to the transfer are executed and retained outside the United Kingdom and do not relate to matters or actions performed in the United Kingdom.

No charge to SDRT will arise in respect of an agreement to transfer Shares provided such Shares are not registered in any register kept in the United Kingdom by or on behalf of the Company.

**Transfer of Assets Abroad**

Individual investors ordinarily resident in the UK for tax purposes should note that Chapter II of Part XIII of the Income Tax Act 2007 may render them liable to income tax in respect of undistributed income or profits of

the Company. These provisions are aimed at preventing the avoidance of income tax by individuals through a transaction resulting in the transfer of assets or income to persons (including companies) resident or domiciled abroad. However, these provisions will not apply if the investor can satisfy the HM Revenue and Customs that either:

- (1) the purpose of avoiding liability to United Kingdom taxation was not the purpose or one of the purposes of his investment in the Company; or
- (2) the investment was a bona fide commercial transaction and was not designed for the purpose of avoiding United Kingdom taxation.

#### **Transactions in securities**

The attention of investors is drawn to the provisions of sections 703 to 709 of the Income and Corporation Taxes Act 1988 which give powers to HM Revenue and Customs to cancel tax advantages derived from certain transactions in securities.

#### **Controlled Foreign Companies Legislation**

The attention of companies resident in the United Kingdom is drawn to the fact that the “controlled foreign companies” provisions contained in Sections 747 to 756 of the Income and Corporation Taxes Act 1988 could be material to any company so resident that has an interest in the Company such that 25 per cent. or more of the Company’s profits for an accounting period could be apportioned to them, if at the same time the Company is controlled by companies or other persons who are resident in the United Kingdom for taxation purposes. The effect of such provisions could be to render such companies liable to United Kingdom corporation tax in respect of their share of the undistributed income and profits of the Company.

#### **Section 13 Taxation of Chargeable Gains Act 1992 (“TCGA”)**

The attention of United Kingdom investors resident or ordinarily resident and, if an individual, domiciled in the United Kingdom is drawn to the provisions of Section 13 TCGA under which, in certain circumstances, a portion of capital gains made by the Company can be attributed to an investor who holds, alone or together with associated persons, more than 10 per cent. of the Ordinary Shares. The capital gains attributed to the investor may (in certain circumstances) be liable to United Kingdom tax on capital gains in the hands of the investor.

#### **SWITZERLAND**

The following summary is based on the tax laws of Switzerland in effect on the date of this document, which may be subject to change at any time. Furthermore, this summary does not purport to be a comprehensive description of all Swiss tax aspects to be taken into consideration for the decision to purchase, own or dispose of Ordinary Shares and also does not purport to deal with the tax consequences applicable to all categories of prospective investors.

Prospective investors should therefore consult their own tax advisers as to the Swiss cantonal and federal tax law consequences of the purchase, ownership and disposition of Ordinary Shares. It is particularly important for investors who are in Switzerland to check on the cantonal tax laws of their canton of residence, as no specific views regarding cantonal and municipal taxes are expressed herein.

#### **The Company**

The Directors intend to manage and conduct the affairs of the Company so that for Swiss corporate tax purposes the Company does not become resident within Switzerland for Swiss tax purposes nor will it carry on a trade or a business through a permanent establishment (“*établissement stable*”) located in Switzerland. On that basis and on the assumption that it has no Swiss source income the Company will have no liability in respect of either Swiss corporation tax or income tax.

#### **Investors**

##### ***Federal Stamp Taxes***

Under the Federal Swiss Stamp Tax Act of 27 June 1973 (“STA”), the issuance of Ordinary Shares by the Company is not subject to the Swiss federal issuance stamp tax, provided that the Company is at all times resident and effectively managed outside of Switzerland. However, the dealing in shares is subject to the Swiss Federal Stamp Tax Act on the transfer of securities if a Swiss bank or a Swiss securities dealer (as defined in the STA) is involved as an intermediary or as a counterparty in such a transaction.

### ***Federal Withholding Tax***

The payment of dividends by the Company will not be subject to Swiss withholding tax (the statutory rate of which is 35 per cent.), provided the Company is at all times resident and effectively managed outside of Switzerland.

### ***Federal Income Taxes***

A shareholder who is not resident in Switzerland and who has not during the taxable year engaged in trade or business through a permanent establishment or a fixed place of business in Switzerland and who is not subject to Swiss federal income tax for any other reason shall not be subject to federal income taxes on dividends paid by the Company or on the gain realised on the sale of shares. The same rules normally apply for Swiss cantonal and municipal income taxes.

### ***Taxation of dividends***

Individuals residing outside of Switzerland, but holding Ordinary Shares through a permanent establishment or a fixed place of business in Switzerland, as well as Swiss individuals holding Ordinary Shares, who are resident or deemed resident in Switzerland in the sense of Swiss tax legislation are liable to federal income tax in respect of any dividend income received from the Company (including stock dividends, liquidation surpluses and proceeds from the redemption of its own shares by the Company). Corporate holders of Ordinary Shares who are resident or deemed resident in Switzerland in the sense of Swiss tax legislation are liable to federal profit tax in respect of any dividend income received from the Company. Under certain conditions, corporate shareholders may benefit from a “participation reduction” on dividend income if derived from shares having a fair market value of at least CHF 2,000,000 or representing a stake of at least 20 per cent. of the share capital of the Company. The same rules normally apply for cantonal and municipal income taxes.

### ***Taxation of Capital Gains***

Swiss resident individuals acting as private investors and holding the Ordinary Shares as private assets are not taxed on private capital gains realised on the sale of Ordinary Shares. Swiss resident individuals engaged in a business activity or deemed to manage their assets in a professional way for tax purposes are subject to federal income tax on capital gains realised on the sale of Ordinary Shares. Swiss resident corporate investors holding Ordinary Shares are taxed on capital gains realised on the sale of Ordinary Shares. Under certain conditions, corporate shareholders may benefit from a “participation reduction” on capital gains if derived from the disposition of shares representing a stake of at least 20 per cent. of the share capital of the Company and which have been held for at least one year. The same rules normally apply for cantonal and municipal income taxes.

### ***Cantonal Wealth Tax***

The cantonal tax laws provide for an annual wealth tax levied on the fair market value of the Ordinary Shares held by Swiss resident individuals.

## **EU SAVINGS TAXATION – BILATERAL AGREEMENT BETWEEN SWITZERLAND AND THE EU**

In accordance with the Agreement of 26 October 2004 between the European Community and the Swiss Confederation providing for measures equivalent to those laid down in Council Directive 2003/48 EC of 3 June 2003 on taxation of savings income in the form of interest payments and the guidelines issued by the Federal Tax Administration, EU resident individuals receiving interest payments from a Swiss paying agent may, subject to the conditions set forth by the said Agreement, be subject to a withholding savings tax on “interest income” as defined in the said Agreement, to be withheld by the Swiss paying agent.

According to the said Agreement of 26 October 2004, the European Community and Switzerland agreed on the taxation of savings income by way of a specific withholding tax system or a voluntary declaration in the case of transactions between parties in the European Union Member States and Switzerland. Accordingly, Switzerland introduced a specific withholding tax on interest payments or other similar income paid by a Swiss paying agent to an individual residing in the European Union effective as from 1 July 2005. The withholding rate amounts to 15 per cent. for the first three years, 20 per cent. for the subsequent three years and 35 per cent. thereafter. The beneficial owner of the interest payments may be entitled to a tax credit or refund of the withholding tax if certain conditions are met.

**OTHER JURISDICTIONS**

Prospective purchasers of Ordinary Shares that are resident in jurisdictions other than the Cayman Islands, the United Kingdom and Switzerland should consult their own professional tax advisers as to the tax consequences of the purchase, ownership and disposition of Ordinary Shares.

**Any person who is in any doubt as to his tax position should consult his professional advisers.**

## PART 7

### ADDITIONAL INFORMATION

#### 1. RESPONSIBILITY

The Directors, whose names appear on page 6 of this document, accept responsibility for all the information contained in this document including individual and collective responsibility for compliance with the AIM Rules. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

#### 2. THE GROUP

- 2.1 The Company was incorporated with limited liability and registered in the Cayman Islands as an exempted company under the Companies Law on 21 June 2007 and with registered number MC-188243.
- 2.2 The Company operates under the Companies Law and regulations made thereunder.
- 2.3 The Company's main activity is that of an investment company. As a closed-ended investment company, the Company is not regulated as a mutual fund in the Cayman Islands and is not otherwise subject to regulatory review in its place of incorporation. When the Ordinary Shares are admitted to trading on AIM the Company will be subject to the AIM Rules for Companies.
- 2.4 The registered office of the Company is located at PO Box 309 GT, Uglund House, South Church Street, George Town, Grand Cayman, Cayman Islands (telephone number +1 345 949 8066).
- 2.5 The liability of the Shareholders of the Company is limited.
- 2.6 Save for its entry into the material contracts summarised in paragraph 7 of this Part 7, since its incorporation, the Company has not carried on significant business and no accounts of the Company have been made up.
- 2.7 The Company is the ultimate holding company of the following company:

Name and Registered Number	Date of Incorporation	Registered Office	Percentage of issued share capital held
Africa Opportunity Fund (GP) Limited (No. MC-189739)	22 June 2007	PO Box 309 GT, Uglund House, South Church Street, George Town, Grand Cayman, Cayman Islands	100 per cent.

- 2.8 The Company is also the principal limited partner of the Africa Opportunity Fund L.P., an exempted limited partnership registered in the Cayman Islands on 25 June 2007 under registration number MC-20466 and constituted pursuant to the Partnership Agreement (further details of which are set out in paragraph 7.7 of this Part 7). The other limited partners of the Limited Partnership are AOF CarryCo Limited and Millenium Special Opportunities Holdings Ltd. The general partner of the Limited Partnership is Africa Opportunity Fund (GP) Limited.
- 2.9 The Directors also constitute the board of AOF (GP).

#### 3. SHARE CAPITAL

- 3.1 The authorised share capital and issued share capital of the Company (i) as at the date of this document; and (ii) as it will be immediately following Admission (all of which is issued and will be fully paid up), is set out below:

Authorised No. of Shares	Nominal Value \$	Issued No. of Shares	Nominal Value \$
(i) 1,000,000,000	10,000,000	1	0.01
(ii) 1,000,000,000	10,000,000	125,000,000	1,250,000

- 3.2 The Ordinary Shares have been created pursuant to the Companies Law. The Company was incorporated with an authorised share capital of \$10,000,000 divided into 1,000,000,000 Ordinary Shares of \$0.01 each,

of which one subscriber share was issued to the subscriber to the Company's Memorandum of Association. Subject to Admission, the issued subscriber share will be repurchased by the Company at par value and cancelled.

- 3.3 On 18 July 2007, the Placing Shares were allotted, conditionally upon Admission, by resolution of the Board.
- 3.4 The Ordinary Shares have been assigned ISIN KYG012921048 which will be enabled at Admission.
- 3.5 Save as referred to in paragraph 3.1, 3.2 and 3.3 above, since the date of its incorporation no share or loan capital of the Company has been issued or agreed to be issued, or is now proposed to be issued, for cash or any other consideration and, save as referred to in paragraph 7.3 below, no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue of any such capital.
- 3.6 No share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option.
- 3.7 Any unallotted Ordinary Shares will remain authorised but unissued. The Directors are entitled to allot Ordinary Shares immediately following Admission for cash or otherwise. The allotment of Ordinary Shares will not be made on a pre-emptive basis. There are no provisions of the Companies Law equivalent to sections 89 to 96 of the Companies Act 1985 of England and Wales which confer pre-emption rights on existing shareholders in connection with the allotment of equity securities for cash.

#### **4. CONSTITUTIONAL DOCUMENTS AND OTHER RELEVANT LAWS AND REGULATIONS**

##### **4.1 Memorandum of Association**

The Memorandum of Association of the Company provides that the objects of the Company are unrestricted and the Company shall have full power to carry out any object not prohibited by the Companies Law. The Companies Law does not prohibit the Company from acting as an investment company.

##### **4.2 Articles of Association**

The Articles of Association of the Company contain provisions, *inter alia*, to the following effect:

###### **4.2.1 Voting Rights**

Subject to any rights or restrictions attached to any shares, on a show of hands every Shareholder who (being an individual) is present in person or by proxy or, if a corporation or other non-natural person is present by its duly authorised representative, shall have one vote and on a poll every Shareholder who (being an individual) is present in person or by proxy or, if a corporation or other non-natural person is present by its duly authorised representative, shall have one vote for every share of which he is the holder.

###### **4.2.2 Dividends**

- (i) Subject to the Companies Law and this paragraph (i), the Directors may declare dividends and distributions on shares in issue and authorise payment of the dividends or distributions out of the funds of the Company lawfully available for that purpose. No dividend or distribution shall be paid except out of the realised or unrealised profits of the Company, or out of the share premium account or as otherwise permitted by the Companies Law. There is no fixed date on which the entitlement to dividends arises. All dividends shall be non-cumulative.
- (ii) Except as otherwise provided by the rights attached to shares, all dividends shall be declared and paid according to the par value of the shares that a Shareholder holds. If any share is issued on terms providing that it shall rank for dividend as from a particular date, that Share shall rank for dividend accordingly.
- (iii) The Directors may deduct from any dividend or distribution payable to any Shareholder all sums of money (if any) then payable by him to the Company on account of calls or otherwise.
- (iv) The Directors may declare that any dividend or distribution be paid wholly or partly by the distribution of specific assets and in particular of shares, debentures, or securities of any other

company or in any one or more of such ways and where any difficulty arises in regard to such distribution the Directors may settle the same as they think expedient, and in particular may issue fractional shares and fix the value for distribution of such specific assets or any part thereof, and may determine that cash payments shall be made to any Shareholders upon the basis of the value so fixed in order to adjust the rights of all Shareholders and may vest any such specific assets in trustees as may seem expedient to the Directors.

- (v) Any dividend, distribution, interest or other monies payable in cash in respect of shares may be paid by wire transfer to the holder or by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of the holder who is first named on the Register of Shareholders or to such person and to such address as such holder or joint holders may in writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. Any one of two or more joint holders may give effectual receipts for any dividends, bonuses, or other monies payable in respect of the share held by them as joint holders.
- (vi) No dividend or distribution shall bear interest against the Company.
- (vii) Any dividend which cannot be paid to a Shareholder and/or which remains unclaimed after six months from the date of declaration of such dividend may, in the discretion of the Directors, be paid into a separate account in the Company's name, provided that the Company shall not be constituted as a trustee in respect of that account and the dividend shall remain as a debt due to the Shareholder. Any dividend which remains unclaimed after a period of six years from the date of declaration of such dividend shall be forfeited and shall revert to the Company.

#### 4.2.3 *Winding-up*

- (i) If the Company shall be wound up, and the assets available for distribution amongst the Shareholders shall be insufficient to repay the whole of the share capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the Shareholders in proportion to the par value of the shares held by them. If in a winding up the assets available for distribution amongst the Shareholders shall be more than sufficient to repay the whole of the share capital at the commencement of the winding up, the surplus shall be distributed amongst the Shareholders in proportion to the par value of the shares held by them at the commencement of the winding up, subject to a deduction from those shares in respect of which there are monies due of all monies payable to the Company for unpaid calls or otherwise. This paragraph is without prejudice to the rights of the holders of shares issued upon special terms and conditions.
- (ii) If the Company shall be wound up the liquidator may, with the sanction of a Special Resolution of the Company and any other sanction required by the Companies Law, divide amongst the Shareholders in kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may for that purpose value any assets and determine how the division shall be carried out as between the Shareholders or different classes of Shareholders. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the Shareholders as the liquidator, with the like sanction, shall think fit, but so that no Shareholder shall be compelled to accept any asset upon which there is a liability.

#### 4.2.4 *Transfers*

- (i) Shares are transferable subject as hereinafter provided. The Directors may, in their absolute discretion, decline to register any transfer of a share (not being a fully-paid share), provided that such discretion may not be exercised in such a way as to prevent dealings in the shares from taking place on an open and proper basis. The Directors may also decline to register the transfer of any shares in respect of which the Company has a lien. Shares are not transferable to natural persons under the age of 18. The Directors shall not exercise such discretion if to do so would cause a contravention of any applicable Clearstream and/or Euroclear rule or regulation.
- (ii) If at any time the holding or beneficial ownership of any shares in the Company by any person (whether on its own or taken with other shares), in the opinion of the Directors

(a) would cause the assets of the Company to be considered “plan assets” within the meaning of the Plan Assets Regulation (29 C.R.R.2510.3-101) adopted by the United States Department of Labor under the Employee Retirement Income Security Act of 1974 (“ERISA”) or Section 4975 of the Internal Revenue Code of 1986, as amended or such similar United States acts and regulations as determined by the Directors from time to time, (b) may give rise to a breach of any applicable law or requirement in any jurisdiction; or (c) would or might result in the Company being required to register or qualify under the United States Investment Company Act 1940; or (d) would or might result in any investment manager engaged by the Company being required to register or qualify under the United States Investment Advisers Act 1940; or (e) contravene the criteria for eligibility for investing in the Company determined by the Directors from time to time, then any shares which the Directors decide are shares which are so held or beneficially owned (“Prohibited Shares”) must be dealt with in accordance with paragraph (iii) below. The Directors may at any time give notice in writing to the holder of a share requiring him to make a declaration as to whether or not the share is a Prohibited Share.

- (iii) The Directors shall give written notice to the holder of any share which appears to them to be a Prohibited Share requiring him within 21 days (or such extended time as the Directors consider reasonable) to transfer (and/or procure the disposal of interests in) such share to another person so that it will cease to be a Prohibited Share. From the date of such notice until registration of such a transfer or a transfer arranged by the Directors as referred to below, the share will not confer any right on the holder to receive notice of or to attend and vote at general meetings of the Company and of any class of shareholders) and those rights will vest in the Chairman of any such meeting, who may exercise or refrain from exercising them entirely at his discretion). If the notice is not complied with within 21 days to the satisfaction of the Directors, the Directors shall arrange for the Company to sell the share at the best price reasonably obtainable to any other person so that the share will cease to be a Prohibited Share. The net proceeds of sale (with interest at such rate as the Directors consider appropriate) shall be paid over by the Company to the former holder upon surrender by him of the relevant share certificate (if applicable).
- (iv) The instrument of transfer of any share held in any usual or common form for use in the Cayman Islands or in any other form approved by the Directors and shall be executed by or on behalf of the transferor (and, in the case of a transfer of any share that is nil-paid or partly-paid, signed by the transferee). The transferor shall be deemed to remain the holder of a share until the name of the transferee is entered in the Register of Shareholders.

#### 4.2.5 *Alteration of Share Capital*

The Company may by Ordinary Resolution:

- (i) increase the share capital by such sum as the resolution shall prescribe and with such rights, priorities and privileges annexed thereto, as the Company in general meeting may determine;
- (ii) consolidate and divide all or any of its share capital into shares of larger amounts than its existing shares;
- (iii) by subdivision of its existing shares or any of them, divide the whole or any part of its share capital into shares of smaller amounts than is fixed by the Memorandum of Association or into shares without par value; and
- (iv) cancel any shares that at the date of the passing of the Resolution have not been taken or agreed to be taken by any person.

#### 4.2.6 *Variation of Rights*

If at any time the share capital of the Company is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound-up, be varied with the consent in writing of the holders of at least three-quarters of the issued shares of that class, or with the sanction of a special resolution passed at a general meeting of the holders of the shares of that class.

#### 4.2.7 *Ownership Threshold for Shareholder Disclosure*

From the date of Admission and for so long as the Company has any of its shares admitted to trading on AIM, or any successor market or any other market operated by the London Stock Exchange, every Shareholder shall comply with the notification and disclosure requirements set out in Chapter 5 of the Disclosure and Transparency Rules Sourcebook (as amended and varied from time to time) of the FSA Handbook as if the Company were classified as an “issuer” whose “Home State” is the United Kingdom. This provision is more stringent than any requirement of Cayman Islands law.

#### 4.2.8 *General Meetings*

- (i) The Company may hold an annual general meeting, but shall not (unless required by the Companies Law) be obliged to hold an annual general meeting.
- (ii) The Directors may call general meetings, and they shall on a Shareholders requisition forthwith proceed to convene an extraordinary general meeting of the Company.
- (iii) A Shareholders requisition is a requisition of Shareholders holding at the date of deposit of the requisition not less than 25 per cent. in par value of the capital of the Company as at that date carries the right of voting at general meetings of the Company.
- (iv) At least 14 days’ notice shall be given of any general meeting. Every notice shall be exclusive of the day on which it is given or deemed to be given and of the day for which it is given and shall specify the place, the day and the hour of the meeting and the general nature of the business and shall be given in the manner hereinafter mentioned or in such other manner if any as may be prescribed by the Company, provided that a general meeting of the Company shall, whether or not the notice specified in this regulation has been given and whether or not the provisions of the Articles regarding general meetings have been complied with, be deemed to have been duly convened if it is so agreed:
  - (a) in the case of an annual general meeting, by all the Shareholders (or their proxies) entitled to attend and vote thereat; and
  - (b) in the case of an extraordinary general meeting, by a majority in number of the Shareholders (or their proxies) having a right to attend and vote at the meeting, being a majority together holding not less than 95 per cent. in par value of the shares giving that right.
- (v) No business shall be transacted at any general meeting unless a quorum is present. Two Shareholders being individuals present in person or by proxy or if a corporation or other non-natural person by its duly authorised representative shall be a quorum unless the Company has only one Shareholder entitled to vote at such a general meeting, in which case the quorum shall be that one Shareholder present in person or by proxy or (in the case of a corporation or other non-natural person) by a duly authorised representative.
- (vi) A resolution (including a Special Resolution) in writing (in one or more counterparts) signed by all Shareholders for the time being entitled to receive notice of and to attend and vote at general meetings (or, being corporations, signed by their duly authorised representatives) shall be as valid and effective as if the resolution had been passed at a general meeting of the Company duly convened and held.
- (vii) If a quorum is not present within half an hour from the time appointed for the meeting or if during such a meeting a quorum ceases to be present, the meeting, if convened upon the requisition of Shareholders, shall be dissolved and in any other case it shall stand adjourned to the same day in the next week at the same time and place or to such other day, time or such other place as the Directors may determine, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting the Shareholders present shall be a quorum.
- (viii) The chairman may, with the consent of a meeting at which a quorum is present, (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left

unfinished at the meeting from which the adjournment took place. When a general meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Otherwise it shall not be necessary to give any such notice.

- (ix) A resolution put to the vote of the meeting shall be decided on a show of hands unless before or on the declaration of the result of the show of hands the chairman demands a poll, or any other Shareholder or Shareholders collectively present in person or by proxy and holding at least ten per cent. par value of the shares giving a right to attend and vote at the meeting demand a poll.

#### 4.2.9 *Directors*

- (i) The Company may by Ordinary Resolution appoint any person to be a Director or may by Ordinary Resolution remove any Director.
- (ii) The Directors may appoint any person to be a Director, either to fill a vacancy or as an additional Director provided that the appointment does not cause the number of Directors to exceed any number fixed by or in accordance with the Articles as the maximum number of Directors.
- (iii) Subject to the provisions of the Companies Law, the Memorandum and the Articles and to any directions given by Special Resolution, the business of the Company shall be managed by the Directors who may exercise all the powers of the Company.
- (iv) The quorum for the transaction of the business of the Directors may be fixed by the Directors, and unless so fixed shall be two if there are two or more Directors, and shall be one if there is only one Director.
- (v) Subject to the provisions of the Articles, the Directors may regulate their proceedings as they think fit. Questions arising at any meeting shall be decided by a majority of votes. In the case of an equality of votes, the chairman shall have a second or casting vote, but only if the effect of that exercise of such a vote is not to render a decision or vote. A Director who is also an alternate Director shall be entitled in the absence of his appointor in addition to his own vote.
- (vi) A resolution in writing (in one or more counterparts) signed by all the Directors or all the members of a committee of Directors (an alternate Director being entitled to sign such a resolution on behalf of his appointor) shall be as valid and effectual as if it had been passed at a meeting of the Directors, or committee of Directors as the case may be, duly convened and held.
- (vii) A Director of the Company who is present at a meeting of the board of Directors at which action on any Company matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent from such action with the person acting as the chairman or secretary of the meeting before the adjournment thereof or shall forward such dissent by registered post to such person immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favour of such action.
- (viii) A Director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director for such period and on such terms as to remuneration and otherwise as the Directors may determine.
- (ix) A Director may act by himself or his firm in a professional capacity for the Company and he or his firm shall be entitled to remuneration for professional services as if he were not a Director or alternate Director.
- (x) A Director or alternate Director of the Company may be or become a director or other officer of or otherwise interested in any company promoted by the Company or in which the Company may be interested as shareholder or otherwise, and no such Director or alternate Director shall be accountable to the Company for any remuneration or other benefits received by him as a director or officer of, or from his interest in, such other company.
- (xi) No person shall be disqualified from the office of Director or alternate Director or prevented by such office from contracting with the Company, either as vendor, purchaser or otherwise,

nor shall any such contract or any contract or transaction entered into by or on behalf of the Company in which any Director or alternate Director shall be in any way interested be or be liable to be avoided, nor shall any Director or alternate Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or transaction by reason of such Director holding office or of the fiduciary relation thereby established. A Director (or his alternate Director in his absence) shall be at liberty to vote in respect of any contract or transaction in which he is interested provided that the nature of the interest of any Director or alternate Director in any such contract or transaction shall be disclosed by him at or prior to its consideration and any vote thereon.

- (xii) A general notice that a Director or alternate Director is a shareholder, director, officer or employee of any specified firm or company and is to be regarded as interested in any transaction with such firm or company shall be sufficient disclosure for the purposes of voting on a resolution in respect of a contract or transaction in which he has an interest, and after such general notice it shall not be necessary to give special notice relating to any particular transaction.

#### 4.2.11 *Borrowing Powers*

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital or any part thereof and to issue debentures, debenture stock, mortgages, bonds and other such securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

#### 4.2.12 *Issue of Shares*

Subject to the provisions, if any, in the Memorandum of Association (and to any direction that may be given by the Company in a general meeting) and without prejudice to any rights attached to any existing shares, the Directors may allot, issue, grant options over or otherwise dispose of shares (including fractions of a share) with or without preferred, deferred or other rights or restrictions, whether in regard to dividend, voting, return of capital or otherwise and to such persons, at such times and on such other terms as they think proper.

#### 4.2.13 *Pre-emption Rights*

There is no provision of Cayman Islands law or in the Articles which confers rights of pre-emption upon the issue or sale of any shares in the Company. There is no provisions in the Articles which would have the effect of delaying, deferring or preventing a change of control of the Company except as may arise under paragraph 4.2.4 above.

#### 4.2.14 *Request for information*

The Directors shall have power by notice in writing to require any Shareholder to disclose to the Company the identity of any person other than the Shareholder (an "Interested Party") who has any interest in the share capital held by the Shareholder and the nature of such interest. The Directors may be required to exercise this power on the requisition of one tenth of the Shareholders. If any Shareholder has been duly served with a request for information notice by the Directors and is in default for the prescribed period in supplying to the Company the information thereby required, then the Directors may in their absolute discretion at any time thereafter serve a notice on the Shareholder stating, amongst other things, that:

- (i) the Shareholder shall have no right to vote at a general meeting or meeting of the holders of any class of shares of the Company or exercise any other right conferred by being a Shareholder; and
- (ii) where the Shareholder's Shares represent at least 0.25 per cent. of the class of shares concerned, that in respect of his Shares, any distribution or part thereof which would otherwise be payable on such Shares shall be retained by the Company without any liability to pay interest thereon when such money is finally paid to the Shareholders and no transfer other than an excepted transfer of any of the Shares held by such Shareholder shall be registered except in limited circumstances.

### 4.3 **Minority Purchase Rights**

The Ordinary Shares are subject to the compulsory acquisition provisions set out in Section 88 of the Companies Law of the Cayman Islands. Under these provisions where an offeror makes a takeover offer

and within four months of making the offer it has been approved by the holders of not less than 90 per cent. in value of the shares to which the offer relates, that offeror is entitled to acquire compulsorily from dissenting shareholders those shares which have not been acquired or contracted to be acquired on the same terms as under the offer.

#### **4.4 Takeovers**

The Ordinary Shares are not, by virtue of the country of incorporation of the Company, subject to the provisions of the City Code on Takeovers and Mergers (the “City Code”) and as such the rules regarding mandatory takeover offers set out in the City Code do not apply to the Company. No provisions analogous to parts of the City Code have been incorporated into the articles of association of the Company.

#### **4.5 Anti-Money Laundering**

In order to comply with legislation or regulations aimed at the prevention of money laundering, the Company will adopt and maintain anti-money laundering procedures, and may require Shareholders to provide evidence to verify their identity. Where permitted, and subject to certain conditions, the Company may also delegate the maintenance of its anti-money laundering procedures (including the acquisition of due diligence information) to a suitable person.

If any person resident in the Cayman Islands knows or suspects that another person is engaged in money laundering or is involved with terrorism or terrorist property and the information for that knowledge or suspicion came to their attention in the course of their business, the person will be required to report such belief or suspicion to either the Financial Reporting Authority of the Cayman Islands pursuant to the Proceeds of Criminal Conduct Law (2005 Revision) if the disclosure relates to money laundering, or to a police officer of the rank of constable or higher if the disclosure relates to involvement with terrorism or terrorist property pursuant to the Terrorism Law. Such a report shall not be treated as a breach of confidence or of any restriction upon the disclosure of information imposed by any enactment or otherwise.

#### **4.6 Limited Partnerships**

The Limited Partnership is constituted as a Cayman Islands exempted limited partnership under the Exempted Limited Partnership Law (2003 Revision) (the “ELP Law”). A Cayman Islands exempted limited partnership is constituted by the signing of the relevant partnership agreement and its registration with the Registrar of Exempted Limited Partnerships in the Cayman Islands (a summary of the terms of the Partnership Agreement are set out in paragraph 7.7 of this Part 7.

Notwithstanding registration, an exempted limited partnership is not a separate legal person distinct from its partners. Under Cayman Islands law, any property of the Limited Partnership shall be held or deemed to be held by AOF (GP) as the general partner of the Limited Partnership as an asset of the partnership in accordance with the terms of the Partnership Agreement. Similarly AOF (GP) for and on behalf of the Limited Partnership will incur the debts or obligations of the Limited Partnership. Registration under the ELP Law entails that the Limited Partnership becomes subject to, and the limited partners therein are afforded, the limited liability and other benefits of the ELP Law.

The business of an exempted limited partnership will be conducted by its general partner(s) who will be liable for all debts and liabilities of the exempted limited partnership to the extent the partnership has insufficient assets. As a general matter, a limited partner of an exempted limited partnership will not be liable for the debts and obligations of the exempted limited partnership save (i) as expressed in the partnership agreement, (ii) if such limited partner becomes involved in the conduct of the partnership’s business or (iii) if such limited partner is obliged pursuant to Section 14(1) of the ELP Law to return a distribution made to it where the exempted limited partnership is insolvent.

#### **4.7 The Disclosure and Transparency Rules**

The Articles require that, from Admission and for so long as the Company has any of its share capital admitted to trading on AIM, or any successor market or any other market operated by the London Stock Exchange, every Shareholder must comply with the notification and disclosure requirements set out in Chapter 5 of the Disclosure and Transparency Rules Sourcebook (as amended and varied from time to time) of the FSA Handbook as if the Company were classified as a “UK-Issuer”.

Under the Disclosure and Transparency Rules, a Shareholder is required to notify the Company of the percentage of its voting rights if the percentage of voting rights which he or she holds (directly or indirectly)

reaches, exceeds or falls below three per cent., four per cent., five per cent., six per cent., seven per cent., eight per cent., nine per cent., ten per cent. and each one per cent. threshold thereafter up to 100 per cent. The notification must be made within four trading days of the Shareholder becoming aware of the acquisition or disposal, or learning of any other reason, leading to the increase or decrease in his or her shareholding.

## 5. DIRECTORS AND OTHER INTERESTS

5.1 The interests of the Directors in the Ordinary Shares at Admission will be as follows:

Name	Number of Ordinary Shares	Percentage of issued share capital held
Robert Knapp	2,000,000	1.6
Francis Daniels	1,000,000	0.8
Christopher Gradel	250,000	0.2
Christopher Agar	100,000	0.08
Shingayi Mutasa	–	–
Myma Belo-Osagie	–	–

Unless otherwise stated all such Ordinary Shares have been subscribed for pursuant to the Placing and are beneficially held.

5.2 In addition to their directorships of the Company and the other entities in the Group, the Directors held or have held the following directorships, and are or were members of the following partnerships, within the past five years:

Name	Current directorships, partnerships and affiliations	Previous directorships, partnerships and affiliations
Robert Knapp	Ironsides Partners LLC MVC Capital Inc. Pacific Alliance Investment Management Limited	Vietnam Opportunity Fund Limited First Hungary Fund Vietnam Frontier Fund
Francis Daniels	Ocean Resources Capital Holdings Plc Uramin Inc TA Holdings Ltd Botswana Insurance Company Lion Assurance Company of Uganda Zimnat Lion Insurance Company Zimnat Asset Management Company Metonic Investments Ltd Trans Industries (Pty) Ltd The Africa Phoenix Group, Inc. The Africa-America Group, Inc. Lion of Zimbabwe Insurance Co. Metonic Investments Limited	Africa International Batanai Capital (Put) Ltd Aon Zimbabwe Zimnat Life Assurance Company Ltd Cresta Marakanelo (Pty) Ltd Cresta Hospitality Holdings Ltd Cresta Hotels (Pty) Ltd Aon Zimbabwe Batanai Capital Finance (Private) Ltd
Christopher Gradel	ARC Capital Holdings Limited ARC Capital Partners Limited PA Financial Investment Limited Pacific Alliance Investment Management (Hong Kong) Limited Pacific Alliance Group Limited Pacific Alliance Investment Management Limited VinaCapital Group Limited Vina Capital Real Estate Limited Kerry Oriental Investments Company Limited Kerry Far Eastern Investments Limited Greenland Property Development Limited China Oasis Enterprise Limited China Alliance Enterprise Limited PA Financial Enterprise Limited Asia Value Catalyst Limited	None

Name	Current directorships, partnerships and affiliations	Previous directorships, partnerships and affiliations
Christopher Gradel <i>continued</i>	China Natural Energy Limited G-Baby Holdings Limited Geoby International Holdings Limited Beyond Holdings Limited Etechnology Holdings Limited First Shanghai Child Products Limited Chi Shung Assets Limited Geoby Children's Products, Inc. Goodbaby Child Products Co., Limited Ningbo Goodbaby Child Products Co., Limited Shanghai Goodbaby Online Co., Limited Shanghai Goodbaby Fashion Co., Limited Kunshun Goodbaby Tommee Tippee Child Products Co., Limited CRF Holdings Limited Cornway Developments Limited	
Christopher Agar	Ocean Resources Capital Holdings Plc Spring Farm Partnership UBS Limited	Close Finsbury Eurotech Trust PLC
Shingayi Mutasa	TA Holdings AON Zimbabwe (PVT) Ltd Botswana Insurance Company Zimnat Lion Insurance Company Zimnat Life Assurance Company Ltd Lion of Zimbabwe Insurance Company Grand Reinsurance Company Cresta Hospitality Holdings FMI Holdings Joina Development Sable Chemical Industries Ltd AFF Holdings Ltd Fertilizer Holdings Ltd	None
Myma Belo-Osagie	Udo, Udoma & Belo-Osagie First Securities Discount House Limited Corona Schools Trust Council Growing Businesses Foundation International Advisory Board, African Leadership Academy, South Africa Restral Ltd. Havard Investments Ltd Quadrant Estates Ltd Duval Properties Ltd Boston Investments Ltd Alsec Ventures Limited Alsec Nominees Limited Greenshields International Limited The iNollywood Multimedia Company Limited Cerberus Limited Lyndhurst Nigeria Limited Hillpoint International Limited Tevilon Nigeria Limited African Entertainment Networks Esoil and Gas Resources Limited	EM West Africa Limited FSDH Securities Limited

5.3 As at the date of this document, none of the Directors of the Company:

5.3.1 has any unspent convictions in relation to indictable offences; or

5.3.2 has been bankrupt or entered into an individual voluntary arrangement; or

- 5.3.3 was a director of any company at the time of or within 12 months preceding any receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with that company's creditors generally or with any class of its creditors: or
- 5.3.4 has been a partner in a partnership at the time of or within 12 months preceding any compulsory liquidation, administration or partnership voluntary arrangement of such partnership; or
- 5.3.5 has had his assets the subject of any receivership or has been a partner of a partnership at the time of or within 12 months preceding any assets thereof being the subject of a receivership; or
- 5.3.6 has been subject to any public criticism by any statutory or regulatory authority (including any recognised professional body) or has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of a company
- 5.4 Save as set out in this document, none of the Directors has or has had any interest in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company or which has been effected by the Company since its incorporation.
- 5.5 No loan or guarantee has been granted or provided by the Company to any Director.
- 5.6 The services of each of Robert Knapp, Francis Daniels, Christopher Gradel, Christopher Agar, Shingayi Mutasa and Myrna Belo-Osagie as non-executive directors are provided under the terms of letters of appointment, which are conditional upon Admission, between each of them and the Company dated 5 July 2007 subject to termination upon at least three months' notice, at an initial fee of \$30,000 per annum (Robert Knapp and Francis Daniels have agreed to waive their Director's fees for so long as they are interested in the Investment Manager).
- 5.7 Save as set out in paragraph 5.6 above, there are no service agreements in existence between any of the Directors and the Company or any of its subsidiaries providing for benefits upon termination of employment.
- 5.8 Details of the length of time in which the Directors who are currently in office and the period of their term of office are set out below:

Name	Commencement of period of Office	Date of expiration of term of office
Robert Knapp	25 June 2007	Until terminated
Francis Daniels	21 June 2007	Until terminated
Christopher Gradel	25 June 2007	Until terminated
Christopher Agar	25 June 2007	Until terminated
Shingayi Mutasa	25 June 2007	Until terminated
Myrna Belo-Osagie	25 June 2007	Until terminated

## 6. SHARE INTERESTS

- 6.1 As at 18 July 2007 (the latest practicable date prior to publication of this document), the Company was not aware of any persons who, immediately following Admission, could, directly or indirectly, jointly or severally, exercise control over the Company.
- 6.2 Save as set out below, the Directors are not aware of any person, directly or indirectly, jointly or severally, who exercises or could exercise control over the Company or who will be interested in three per cent. or more of the issued share capital of the Company immediately following Admission:

Name	Number of Ordinary Shares as at Admission	Percentage
Millenium Partners L.P.	\$22,050,000	17.64
Metage Special Emerging Markets Fund Limited	\$18,000,000	14.4
The Tudor BVI Global Portfolio L.P.	\$18,000,000	14.4
QVT Overseas Limited	\$12,400,000	9.92
QVT Global II L.P.	\$9,100,000	7.28
SG Option Europe SA	\$9,000,000	7.20
QVT Associates L.P.	\$6,900,000	5.52
Metage Funds Limited	\$4,500,000	3.60

- 6.3 None of the persons identified in paragraph 6.2 have voting rights which differ from the voting rights attaching to shares of the same class.

## 7. MATERIAL CONTRACTS

The following contracts, not being entered into in the ordinary course of business, have been entered into by the Group since incorporation and are, or may be, material:

- 7.1 An engagement letter dated 16 May 2007 between Ironsides Partners LLC and Grant Thornton UK LLP, as novated by the deed of novation dated 18 July 2007 among the Executive Team, Grant Thornton UK LLP Finance and the Company, pursuant to which Grant Thornton Corporate Finance has been appointed to act as nominated adviser to the Company. The agreement contains certain undertakings and indemnities from the Company and is terminable on 30 days notice in writing by either party. The agreement is governed by English law.
- 7.2 A broker agreement dated 18 July 2007 between the Company, LCF Rothschild and the Investment Manager pursuant to which the Company has conditionally upon Admission, appointed LCF Rothschild as broker to the Company for the purposes of the AIM Rules and terminable by either party on not less than three months' notice in writing. In the agreement, the Company and the Investment Manager have given certain indemnities to LCF Rothschild. The Company has agreed to pay LCF Rothschild a fee of £8,500 excluding VAT for the period from Admission to 31 December 2007 and an annual retainer of £20,000 excluding VAT payable in advance at six monthly intervals commencing on 1 January 2008.
- 7.3 A placing agreement dated 18 July 2007 made between the Company, the Investment Manager, the Directors, Grant Thornton UK LLP and LCF Rothschild pursuant to the terms of which LCF Rothschild has conditionally agreed, as agent for the Company, to use its reasonable endeavours to procure places at the Placing Price of \$1.00 per Ordinary Share. The Placing is not underwritten in whole or in part. In consideration for its services, LCF Rothschild will be paid a commission equal to three per cent. of the Placing proceeds received from Places introduced by LCF Rothschild. LCF Rothschild and Grant Thornton Corporate Finance are also entitled to be reimbursed their reasonable out of pocket expenses incurred by them in the performance of their respective duties under the Placing Agreement. The Company, the Investment Manager and the Directors have each given certain warranties to Grant Thornton Corporate Finance and LCF Rothschild. The Company has also agreed to indemnify Grant Thornton Corporate Finance, LCF Rothschild and their respective directors, officers and employees in respect of, and they shall have no liability to the Company for, any losses incurred by them or the Company in connection with the performance by LCF Rothschild or Grant Thornton Corporate Finance of their duties under the Placing Agreement, except to the extent that such losses arise as a result of the fraud, negligence, wilful default or breach of contract of Grant Thornton Corporate Finance and/or LCF Rothschild or any of their respective directors, officers and employees.

The Placing Agreement may be terminated by Grant Thornton Corporate Finance or LCF Rothschild if any material statement contained in this document is discovered to be untrue, incorrect or misleading in any material respect, or there has been a material breach of any of the warranties or any other material term of the Placing Agreement on the part of the Company or by reason of *force majeure*.

The Placing Agreement also contains lock-in undertakings pursuant to the terms of which each of the Directors have covenanted in accordance with Rule 7 of the AIM Rules not to dispose of any of the Ordinary Shares held by them at Admission or subsequently acquired by them for a period of 12 months from Admission except in limited circumstances (i.e. being a sale pursuant to a court order, death or acceptance of a takeover offer which is open to all Shareholders).

- 7.4 The Investment Management Agreement dated 18 July 2007 between AOF (GP), the Company and the Investment Manager pursuant to the terms of which the Investment Manager has been appointed to manage the Group's portfolio of assets in accordance with the investment policies from time to time approved by the Board (in its capacity as the board of directors of AOF (GP)). Under the terms of the agreement, the Manager will act as sole manager of the portfolio in accordance with the terms of the agreement with discretion to invest and reinvest the assets of the Group subject to the need to seek Board approval where the value of an investment represents 15 per cent. or more of the Net Asset Value at the time of acquisition.

The Investment Management Agreement will be for an initial term of four years from the date of Admission subject to termination on 12 months' written notice by AOF (GP) or the Investment Manager such notice to expire on or after the fourth anniversary of Admission.

Day to day management of the Group's portfolio of assets shall be carried out by Francis Daniels and Robert Knapp or such other designated employees of the Manager approved in advance by the Board (in its capacity as the board of directors of AOF (GP)). The Investment Manager is required to devote its time and attention to the affairs of the Group and not to establish other investment funds or investment companies which have a similar investment focus to the Group.

Under the Investment Management Agreement, the Investment Manager will receive a management fee equal to one quarter of two per cent. of the quarterly Net Asset Value of the Company payable in US Dollars quarterly in advance.

The quarterly management fee will initially be paid based upon the last preceding published Net Asset Value current at the date of payment ("Current NAV"). Where an updated Net Asset Value is published part way through a quarter ("Updated NAV") then:

- where the Updated NAV is higher than the current NAV the Investment Manager shall be paid a further balancing payment for that quarter in order to provide the Investment Manager with the same economic benefit as if the management fee for that quarter had been calculated on the basis of the Updated NAV; and
- where the Updated NAV is lower than the Current NAV the succeeding quarterly payments of the management fee shall be reduced to take account of any overpayment made in relation to the management fee in previous quarters.

The Investment Management Agreement contains an indemnity from the Company in favour of the Investment Manager against claims by third parties except to the extent that the claim is due to the negligence, wilful default or fraud of the Investment Manager or any associate to whom the Investment Manager has delegated any of its functions, or any material breach by any of them of the terms of the agreement or any applicable legal requirements. In addition, the Company has given certain warranties to the Investment Manager. The Investment Management Agreement may be terminated by either party giving to the other not less than twelve months' notice expiring on or at any time after the fourth anniversary of the commencement date of the agreement. The agreement may also be terminated immediately by AOF (GP) where the Investment Manager (i) is subject to an insolvency event; or (ii) is in material breach of duty or negligent in connection with the performance of its duties under the agreement or commits a material breach of the agreement, which is either irremediable or not remedied within thirty (30) days of receipt of written notice served by AOF (GP) requiring the Investment Manager to remedy such breach upon being notified of such breach.

In addition, if at any time until the first anniversary of Admission, Francis Daniels and/or Robert Knapp either (i) resigns and the replacement in his role with the Investment Manager is someone who is not reasonably acceptable to AOF (GP) or (ii) is unable to properly perform his duties under the agreement (as a result of medical incapacity or otherwise) for a continuous period of 90 days; or (iii) elects not to perform his duties under the agreement for a continuous period of 90 days other than in circumstances covered in sub-paragraph (ii) above, AOF (GP) may, within 90 days of being notified or otherwise becoming aware of any such event, give not less than three months' written notice of termination of the agreement. The agreement is governed by English law.

- 7.5 A custody and dealing agreement dated 18 July 2007 made between the Company and the Custodian pursuant to the terms of which the Custodian has been appointed as custodian of the assets of the Company. The Custodian shall accept responsibility for the safe custody of the property of the Company which is delivered to and accepted by the Custodian or any sub-custodian. The Custodian shall be entitled to receive an annual fee from the Company of between 25 and 18 basis points per annum of the value of the assets held by the Custodian (in those African countries where the Custodian has a regional business presence) and a tariff of between 10 and 45 basis points per annum of the value of the assets held by the Custodian in various other African countries in which it does not have a regional business presence. The Custodian is also entitled to receive agreed dealing fees which vary dependent on the location of the market on which the securities are traded. The agreement contains an indemnity in favour of the Custodian against claims by third parties except to the extent that the claim is due to the negligence, wilful default or fraud

of the Custodian. The Agreement may be terminated by either party giving to the other not less than 60 days prior written notice at any time. The agreement is governed by Mauritius law.

- 7.6 An administrative services agreement dated 18 July 2007 made between the Company, AOF (GP) and the Administrator whereby the Administrator was appointed as administrator of the Company, AOF (GP) and the Limited Partnership. The Administrator shall be entitled to receive an initial aggregate fee of \$96,000 payable by the Company for administration and certain secretarial services to the Group. The Agreement contains an indemnity in favour of the Administrator against claims by third parties except to the extent that the claim is due to the gross negligence, fraud or wilful default of the Administrator. The agreement may be terminated by either the Company or AOF (GP) giving to the Administrator not less than 30 days, and by the Administrator giving to the Company and AOF (GP) not less than 30 days, notice in writing at any time or otherwise in circumstances where any of the parties goes into liquidation. The agreement is governed by Mauritius law.
- 7.7 An amended and restated limited partnership agreement dated 18 July 2007 made between the Company, AOF (GP), CarryCo and MSO (CarryCo and MSO together being known as the “Special Limited Partners”) pursuant to the terms of which the Limited Partnership has been established and constituted as an exempted limited partnership in the Cayman Islands under the ELP Law.

AOF (GP) has been appointed as general partner, with unlimited liability, and shall be responsible for the management of the Limited Partnership. AOF (GP) has delegated the majority of its investment authorities and discretions to the Investment Manager under the terms of the Investment Management Agreement. Partnership interests may only be transferred with the prior written consent of AOF (GP). The other partners of the Limited Partnership shall have limited liability up to the amount of their capital contributions to the Limited Partnership. Assets of the Limited Partnership shall at all times be held in the name of AOF (GP) or as it may determine from time to time in its absolute discretion.

For the purposes of the Partnership Agreement:

- (a) The term “Accounting Period” means the following periods: the initial Accounting Period shall commence upon the initial capital contribution to the Limited Partnership. Each subsequent Accounting Period shall commence immediately after the close of the immediately preceding Accounting Period. Each Accounting Period will close at the close of business on the first to occur of (i) the last day of each fiscal quarter, (ii) the date immediately prior to the effective date of the admission of a new limited partner, (iii) the date immediately prior to the establishment of a new Capital Account (as defined below) as a result of an additional capital contribution by an existing limited partner, (iv) each date on which a partner withdraws all or a portion of a Capital Account or a distribution is made to the partners on a non pro rata basis, (v) the date of the consolidation of one or more Capital Accounts, (vi) the date when the Limited Partnership dissolves or (vii) any date AOF (GP) determines in its sole discretion.
- (b) The term “Beginning Value” means, with respect to any Accounting Period, the value of the Limited Partnership’s Net Assets (as defined below) at the beginning of such Accounting Period after giving effect to withdrawals relating to the immediately preceding withdrawal date, if any, and any distributions by the Limited Partnership relating to the immediately preceding Accounting Period.
- (c) The term “Ending Value” means, with respect to any Accounting Period, the value of the Limited Partnership’s Net Assets (as defined below) at the end of such Accounting Period before deductions for any withholding taxes and before giving effect to any withdrawals and distributions relating to such Accounting Period.
- (d) The term “Net Assets” means the excess of the Limited Partnership’s assets over its liabilities at market value.
- (e) The term “Net Decrease” means, with respect to any fiscal year of the Limited Partnership or other period used to determine the Incentive Allocation (as defined below), the aggregate Net Losses for all Accounting Periods ending within or on the close of such fiscal year or other period less the aggregate Net Profits for all Accounting Periods ending within or on the close of such fiscal year or other period.
- (f) The term “Net Increase” means, with respect to any fiscal year of the Limited Partnership or other period used to determine the Incentive Allocation (as defined below), the aggregate Net Profits (as defined below) for all Accounting Periods ending within or on the close of such fiscal year or other

period less the aggregate Net Losses for all Accounting Periods ending within or on the close of such fiscal year or other period.

- (g) The term “Net Profit” means, with respect to any Accounting Period, the excess, if any, of the Ending Value over the Beginning Value.
- (h) The term “Net Loss” means, with respect to any Accounting Period, the excess, if any, of the Beginning Value over the Ending Value.
- (i) The term “Withholding Tax” means tax withheld from or with respect to the income of the Limited Partnership or paid over by the Limited Partnership that is determined based on the status of a partner.

A capital account (each, a “Capital Account”) is to be established on the books of the Limited Partnership for AOF (GP), each of the Special Limited Partners (which will each have two capital accounts, one for their respective limited partnership contributions and one for their respective Performance Allocations (as defined below)) and for each capital contribution by the Company (each such Capital Account of the Company to correspond to new shares issued by it) (excluding the Special Limited Partners in their capacity as such).

A “Partnership Percentage” will be determined for each Capital Account for each Accounting Period of the Limited Partnership by dividing the amount of each Capital Account by the aggregate Capital Accounts of all partners as of the beginning of such Accounting Period after taking into account withdrawals and distributions. The sum of the Partnership Percentages will equal 100 percent. A partner’s Partnership Percentage will be equal to the sum of the Partnership Percentages for all of its Capital Accounts. A “Limited Partnership Percentage” will be determined for each limited partner’s Capital Account (excluding the Capital Accounts of the Special Limited Partners in their capacity as such) for each Accounting Period of the Partnership by dividing the amount of such Capital Account by the aggregate Capital Accounts of all limited partners (excluding the Capital Accounts of the Special Limited Partners in their capacity as such) as of the beginning of such Accounting Period after taking into account withdrawals and distributions. The sum of the Limited Partnership Percentages will equal 100 per cent. A limited partner’s Partnership Percentage will be equal to the sum of the Limited Partnership Percentages for all of its Capital Accounts.

At the end of each Accounting Period, each Capital Account (including AOF (GP)’s Capital Account) for such Accounting Period will be adjusted by crediting (in the case of Net Profit) or debiting (in the case of Net Loss) the Net Profit or Net Loss, as the case may be, to the Capital Accounts of all of the partners (including AOF (GP)) in proportion to their respective Partnership Percentages.

If at the end of each fiscal year of the Limited Partnership, the Net Increase, if any, allocated to each Capital Account of a limited partner (excluding the Capital Accounts of CarryCo in its capacity as a limited partner and a Special Limited Partner and the Capital Account of MSO in its capacity as a Special Limited Partner) for such fiscal year exceeds the sum of (i) the annual management fee (payable pursuant to the Investment Management Agreement) corresponding to such Capital Account for such fiscal year, and (ii) the greater of (x) the “Hurdle Amount” (as defined below) with respect to such Capital Account and (y) any unrecovered balance remaining in the Loss Recovery Account (as defined below) maintained on the books and records of the Limited Partnership for such Capital Account (“Loss Recovery Account Balance” this also constitutes the “high watermark” requirement) (any such excess amount being the “Excess Balance”), an amount, not to exceed the Excess Balance, equal to the sum of (x) 25 per cent. of the excess, if any, of the Hurdle Amount over the Loss Recovery Account Balance (“Excess Amount” this constitutes the “catch-up”) and (y) 20 per cent. of the Excess Balance less the Excess Amount, if any, will be reallocated from such Capital Account to the Capital Accounts of CarryCo and MSO (the “Special Limited Partners”) shared between them in such manner as they may agree (the “Performance Allocation”). Pursuant to a side letter agreement to the Partnership Agreement entered into between AOF (GP), CarryCo, the Investment Manager and MSO dated 18 July 2007, the parties to the side letter have agreed that the 20 per cent. Performance Allocation allocable to CarryCo and MSO shall be split as to 1 per cent. in favour of MSO and 19 per cent. in favour of CarryCo.

For each fiscal year, the Hurdle Amount equals the product of (x) the rate that appears on Bloomberg at 5 pm (London Time) on 31 December of the prior fiscal year for one year US Dollar deposits on the London Interbank Market (the “Hurdle Rate”) and (y) the opening balance of each Capital Account as of the beginning of such fiscal year after giving effect to any withdrawals from, and distributions by, the Limited Partnership relating to prior periods. The Hurdle Amount will not be cumulative from year to year.

The Hurdle Amount will be appropriately adjusted for periods of less than one year using the applicable Hurdle Rate. The first Performance Allocation will be determined as of 31 December 2007, for the period from commencement of the Limited Partnership through 31 December 2007. AOF (GP), with the consent of Millennium, may elect to reduce, waive or calculate differently the Performance Allocation with respect to certain limited partners.

There will be established on the books of the Limited Partnership for each Capital Account maintained for a limited partner (excluding the Capital Accounts of CarryCo in its capacity as a limited partner and a Special Limited Partner and the Capital Account of MSO in its capacity as a Special Limited Partner) a memorandum account (each, a "Loss Recovery Account"), the opening balance of which will be zero. At the end of each fiscal year, or at such other date during a fiscal year as of which the calculation of an Performance Allocation is required to be made for such Capital Account the balance in each Capital Account's Loss Recovery Account will be adjusted as follows: first, if there has been, in the aggregate, Net Decrease (as adjusted pursuant to the last sentence of this paragraph) with respect to such Capital Account since the immediately preceding date as of which a calculation of an Incentive Allocation was made (or if no calculation has yet been made with respect to such Capital Account, since its establishment), an amount equal to such Net Decrease will be debited from such Capital Account's Loss Recovery Account, and, second, if there has been, in the aggregate, Net Increase (as adjusted pursuant to the last sentence of this paragraph) with respect to such Capital Account since the immediately preceding date as of which a calculation of a Performance Allocation was made, an amount equal to such Net Increase, before any Performance Allocation to the Special Limited Partners is made, shall be credited to and reduce any unrecovered balance in such Capital Account's Loss Recovery Account, but not below zero. Solely for the purposes of this paragraph, in determining a Capital Account's Loss Recovery Account, Net Increase and Net Decrease for any applicable period will be calculated by taking into account the amount of the annual management fee payable under the Investment Management Agreement, if any, corresponding to such Capital Account for such period.

In the event that all or a portion of the capital is withdrawn from a Capital Account with an unrecovered balance in its Loss Recovery Account, the unrecovered balance in such Capital Account's Loss Recovery Account will be reduced as of the beginning of the next Accounting Period by an amount equal to the product obtained by multiplying the balance in such Capital Account's Loss Recovery Account immediately prior to such withdrawal by a fraction, the numerator of which is the amount withdrawn from such Capital Account and the denominator of which is the balance in such Capital Account on the last day of the prior Accounting Period (prior to such withdrawal).

The right of the Special Limited Partners to receive the Performance Allocation shall terminate on the date of termination of the Investment Management Agreement. This will not, however, affect the right of the Special Limited Partners to receive any Performance Allocations accrued as of the date of such termination except in the event of termination of the Investment Management as a result of the insolvency of the Investment Manager or material breach of duty, negligence, wilful default, fraud or material breach of applicable laws by the Investment Manager (in each case which is either irremediable or not remedied within 60 days..

Subject to the ELP Law each limited partner has the right to withdraw any or all of the balance in a Capital Account as of the last day of any calendar quarter (a "Withdrawal Date"). Written notice of withdrawal must be received by the Limited Partnership not later than 60 days prior to the applicable Withdrawal Date. AOF (GP) may waive notice requirements or permit withdrawals under such other circumstances and on such conditions as it, in its sole discretion, deems appropriate.

AOF (GP) may require or permit withdrawals under such other circumstances as it approves, including withdrawals by the Company to pay expenses of the Company approved by the Investment Manager and to allow the Company to pay annual management fees payable under the Investment Management Agreement and dividends on the Ordinary Shares.

AOF (GP) and the Special Limited Partners will be subject to the same withdrawal provisions as the limited partners; provided, however, that each Special Limited Partner may withdraw amounts allocated to it as a Performance Allocation as of 31 December at each year, or at other times.

AOF (GP) may, in its sole discretion, make distributions in cash or in kind, or in a combination thereof, in connection with a withdrawal of funds.

AOF (GP), the Investment Manager, the Sub-Adviser, CarryCo and MSO (and their respective affiliates) are indemnified by the Limited Partnership for any claims, losses, judgments and expenses paid in settlement of any claim sustained in connection with the limited partnership except in the case of gross negligence, wilful misconduct or bad faith on the part of the relevant indemnified party.

The Limited Partnership will terminate on the earlier of (i) the termination, bankruptcy, insolvency or dissolution of AOF (GP), (ii) at such time as AOF (GP), in its sole discretion, chooses to dissolve the Limited Partnership, (iii) the occurrence of certain events set out under the ELP Law unless the limited partners resolve to continue the business of the Limited Partnership; and/or (iv) at such time as AOF(GP) is removed under the terms of the Partnership Agreement and 66<sup>2</sup>/<sub>3</sub> per cent. of the limited partners based upon Limited Partnership Percentages pass a resolution to terminate the Limited Partnership within one month of such removal.

Under the terms of the Partnership Agreement, CarryCo is appointed as tax matters partner with authority to make such tax elections and filings as it deems appropriate provided that it will not cause AOF (GP) to cause the Limited Partnership to make or revoke any tax election that would have a material adverse effect on Millennium without the prior consent of Millennium.

The Partnership Agreement is governed by Cayman Islands law.

- 7.8 A lock-in agreement dated 18 July 2007 entered into between Millennium Partners L.P. and the Company, Grant Thornton Corporate Finance and LCF Rothschild pursuant to the terms of which Millennium has covenanted in accordance with Rule 7 of the AIM Rules for Companies not to dispose of any of the Ordinary Shares held by it at Admission or subsequently acquired by it for a period of 12 months from Admission except in limited circumstances (i.e. being a sale pursuant to a court order or acceptance of a takeover offer which is open to all Shareholders).
- 7.9 Save as itemised above, as at the date of this document there are no other contracts (not being contracts entered into in the ordinary course of business) entered into by the Company since its incorporation which are or may be material or which contain any provision under which the Company has any obligation or entitlement which is material to it as at the date hereof.

## **8. WORKING CAPITAL**

In the opinion of the Directors, having made due and careful enquiry, the working capital available to the Company, taking into account the net proceeds receivable by the Company, will be sufficient for its present requirements, that is for at least 12 months from the date of Admission.

## **9. GENERAL**

- 9.1 There are no patents or other intellectual property rights, licences or particular contracts which are of fundamental importance to the Company's business.
- 9.2 The costs and expenses of, and incidental to, Admission will be borne by the Company and will be approximately \$4.73 million.
- 9.3 The Investment Manager was incorporated as a limited company in the Cayman Islands on 25 June 2007 with registered number MC-189881. The Investment Manager operates under the Companies Law. The registered office of the Investment Manager is at PO Box 309 GT, Uglan House, South Church Street, George Town, Grand Cayman, Cayman Islands. The Investment Manager is registered in the Cayman Islands under the Securities Investment Business Law (2003 Revision) but is exempt from holding a licence under that legislation.
- 9.4 The Custodian is a branch of Barclays Bank PLC. The Custodian is licensed in Mauritius as a bank under the Banking Act 2004. The Custodian is subject to the Financial Intelligence and Anti-Money Laundering Act 2002. The registered office of the Custodian is at 8th Floor, Harbourfront Building, President John Kennedy Street, Port Louis, Mauritius (tel. +230 208 9070). The Custodian is licensed and regulated by the Financial Services Commission of Mauritius.
- 9.5 The Administrator was incorporated as a private company limited by shares in the Republic of Mauritius on 24 July 1995 with registered number 15020/1987. The Administrator is licensed as a management company to provide company secretarial and administration services under the Financial Services Development Act 2001, Mauritius. As a management company, the Administrator is subject to the Financial Intelligence and Anti-Money Laundering Act 2002. The registered office of the Administrator is

at 608 St James Court, St Denis Street, Port Louis, Mauritius (tel. +230 210 9000). The Administrator is licensed and regulated by the Financial Services Commission of Mauritius

- 9.6 Save as otherwise set out in this document and except for fees payable to the professional advisers whose names are set out on page 6 of this document, no person has received fees, securities in the Company or other benefit to a value of £10,000 (or its currency equivalent) whether directly or indirectly, from the Company within the 12 months preceding the application for Admission, or has entered into any contractual arrangement to receive from the Company, directly or indirectly, any such fees, securities or other benefit on or after Admission.
- 9.7 The Company is not, and has not since incorporation, been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) which may have, or have had in the recent past, significant effects on the Company's financial position or profitability.
- 9.8 Since the date of the Company's incorporation, there has been no significant change in the Company's financial and trading position nor has the Company commenced operations and no financial statement has been prepared.
- 9.9 Where information has been sourced from a third party, the Company confirms that this information has been accurately reproduced and as far as the Company is aware and is able to ascertain from the information published by that third party, that no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 9.10 Grant Thornton Corporate Finance, LCF Rothschild and the Investment Manager have each given and not withdrawn their written consent to the issue of this document with the references to their names in the form and context in which they appear.
- 9.11 The Company's auditors are Ernst & Young, Anglo Mauritius House, 4 Intendance Street, Port Louis, Mauritius. Ernst & Young were appointed as auditors to the Company on 18 July 2007. Ernst & Young is a member of the Institute of Chartered Accountants of England and Wales (ICAEW) and the Mauritius Institute of Professional Accountants (MIPA).
- 9.12 The Company has not, nor has it had since its incorporation, any employees and does not own any premises. The Company currently has no significant investments in progress.
- 9.13 The Directors undertake to propose a resolution for the winding-up of the Company if no investments have been made within two years of Admission. In addition, as required by the AIM Rules and until the Company is substantially invested, the Company's investment strategy will be approved by Shareholders on an annual basis. The Company may not materially change its principle investment objectives and policies for a period of three years from Admission without Shareholder consent.
- 9.14 All related parties and applicable employees (as these terms are defined in the AIM Rules for Companies) have agreed pursuant to Rule 7 of the AIM Rules for Companies not to dispose of any interests in any of the Ordinary Shares for a period of 12 months from Admission.
- 9.15 The Company has not issued any convertible debt securities and, save as specified under the Placing no person has any right or option to subscribe for Ordinary Shares. The Company has not authorised or issued any debt securities or other loan or debt arrangements.
- 9.16 The Company has not granted any mortgages or charges, has given no guarantees and has no contingent liabilities (other than per the material contracts referred to herein).
- 9.17 Any suspension in trading in the Ordinary Shares shall be notified to AIM.
- 9.18 The Directors have applied for the Ordinary Shares to be admitted to Euroclear and Clearstream with effect from Admission. Accordingly, it is expected that the Ordinary Shares will be enabled for settlement in Euroclear and Clearstream following Admission.

## 10. UNAUDITED BALANCE SHEET

The following table comprises an unaudited opening balance sheet of the Company as at 21 June 2007.

	As at 21 June 2007	
	Number	\$
<b>Assets</b>		
Subscription	<u>N/A</u>	<u>0.01</u>
<b>Liabilities and Shareholders equity</b>		
<i>Authorised</i>		
\$10,000,000 divided into 1,000,000,000 Ordinary Shares of \$0.01 each	<u>1,000,000,000</u>	<u>10,000,000</u>
<i>Allotted and called up</i>		
Share premium		
One Ordinary Share of \$0.01 each	<u>1</u>	<u>0.01</u>

## 11. AVAILABILITY OF DOCUMENTS

Copies of this document are available for collection free of charge during normal business hours on any weekday (Saturdays and relevant public holidays excepted) from the offices of Grant Thornton Corporate Finance, Grant Thornton House, Melton Street, Euston Square, London NW1 2EP for a period of one month from the date of Admission.

18 July 2007

