RNS Number: 9685X

Africa Opportunity Fund Limited

02 May 2023

This announcement replaces the announcement issued by the Company on Friday 28 April at 1.22pm (RNS number 9178X). The date in the first paragraph has been amended with all other text remaining unchanged.

28 April 2023

Africa Opportunity Fund Limited (AOF LN)

Announcement of Annual Results for the Year ended 31 December 2022

The Board of Africa Opportunity Fund Limited ("AOF", the "Company" or the "Fund") is pleased to announce its audited results for the year ended 31 December 2022. The Company's full annual report and financial statements will shortly be sent to shareholders and will be available to view and download from the Company's website at: www.africaopportunityfund.com.

The following text and financial information does not constitute the Company's annual report but has been extracted from the annual report and financial statements for the year ended 31 December 2022.

For further information please contact:

Africa Opportunity Fund Limited	
Francis Daniels	Tel: +2711 684 1528
Liberum (Corporate Broker)	
Owen Matthews	Tel: +44 20 3100 2223
Darren Vickers	Tel: +44 20 3100 2218

The Company

Africa Opportunity Fund Limited ("AOF" or the "Company") is a Cayman Islands incorporated closed-end investment company traded on the Specialist Fund Segment ("SFS") of the London Stock Exchange ("LSE"). AOF's net asset value on 31 December 2022 was $19.2 million and its market capitalisation was $12.1 million.

Investing objective

The investing objective of the Company is to achieve capital growth and income through investments in value, arbitrage, and special situations opportunities derived from the continent of Africa. Therefore, the Company may invest in securities issued by companies domiciled outside Africa which conduct significant business activities within Africa or, if listed, listed either on an African stock exchange or a non-African stock exchange. The Company may invest in equity, quasi-equity or debt instruments, debt issued by African sovereign states and government entities, and real estate interests.

The Directors and Africa Opportunity Partners Limited (the "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.

By balancing the size and type of investment, the Directors and the 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, the Manager attempts to mitigate such risks.

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

Summary of Investment Strategy

The Company's investment strategy is opportunistic. The Company invests primarily where and when the Manager believes that investments can be made at a material discount to the Manager's estimate of an investment's intrinsic value.

Company preference. The Company prefers companies which demonstrate both high real returns on assets and earnings yields higher than the yield to maturity of local currency denominated government debt.

Industry focus rather than country focus. The Company seeks to invest in industries it finds attractive with little regard to national borders.

Natural resource discounts. The Company seeks natural resource companies whose market valuations reflect a discount to the spot and future world market prices for those natural resources.

"Turnaround" countries. The African continent is home to a large number of reforming or "turnaround" countries. "Turnaround" countries combine secular political reform with the opening of industries to private sector participation.

Balkanized investment landscape. The Company seeks to invest in companies with low valuations in relation to peers across the continent and uses an arbitrage approach to provide attractive investment returns.

Point of entry. The Company seeks 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.

The Company intends to be a passive investor and will generally not control or seek to control or be actively involved in the management of any company or business in which it invests.

Investment Policies and Restrictions

New investment policy (Effective 1 July 2019)

Consistent with the 30 June 2019 adoption of the Reorganisation plan as approved at the Company's EGM, the Directors considered it to be in the best interests of the Company and its shareholders that the Company's investment policy be changed to facilitate a realisation strategy and the orderly return of capital to shareholders. Shareholders approved the adoption of the New Investment Policy effective 1 July 2019.

The Company will be managed with the objective of realising the value of the assets in its portfolio in a prudent manner with a view to making an orderly return of capital to shareholders over time.

The Company's investment objective will be undertaken with a view to realising all of its investments in a manner that seeks to achieve a balance between maximising the value from the Company's investments and making timely returns of capital to shareholders.

The Company will sell or otherwise realise its investments with the objective of achieving the best exit values reasonably available within reasonable time scales.

The Company will cease to make any new investments (unless additional funds are required for existing investments within the Company's portfolio) and shall not undertake additional borrowing other than to refinance existing borrowing or for working capital purposes.

Any cash received by the Company as part of the realisation process will be held by the Company as cash on deposit and/or as cash equivalents.

The Manager adheres to the following policies and restrictions:

Geographical focus. The Company makes investments in companies or assets with a material portion of their value derived from or located in Africa. The geographic mix of investments varies over time depending on the relative attractiveness of opportunities among countries and regions.

Type of investment. The Company 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 Company 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 single initial investment will exceed 20 per cent of the Net Asset Value at the time of investment.

Number of investments. The Company has, and expects to maintain, a concentrated portfolio of approximately 10 to 20 investments, excluding money market investments.

Borrowing. The Company 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 Company. The Manager anticipates that borrowings may be utilised for investment purposes with the prior approval of the Board. There are no limits on the Company's ability to leverage itself.

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.

Distribution policy

Subject to market conditions, compliance with the Companies Law and having sufficient cash resources available for the purpose, the Company intends to pay the following dividends on the Ordinary Shares: an amount equal to the total comprehensive income of the Company as that expression is used in international accounting standards (excluding net capital gains/(losses) in accordance with the Investment Management Association Statement of Recognised Practice), such amount to be paid annually. The Company has been accepted into the UK Reporting Fund Status regime.

Upon shareholder approval at the June 2019 EGM, the Company initiated a change to the distribution policy. While the Company intends to continue to meet the requirements of the UK Reporting Fund Status regime, the Company will undertake a staged return of capital to shareholders.

The Company will undertake the return of capital by way of a compulsory redemption of Ordinary Shares. The Articles were amended to permit the Directors, at their sole discretion, to undertake a Compulsory Redemption of Ordinary Shares on an ongoing basis, pro rata, to a shareholder's shareholding in the Company, to return capital to shareholders.

The Directors continue to have the right to return cash otherwise than through Compulsory Redemptions, such as by way of tender offers to shareholders to purchase their Ordinary Shares. In such circumstances, a tender offer will be made to shareholders in accordance with market practice and in compliance with the Listing Rules (to the extent the Company voluntarily complies with these) and applicable law. Further, the Directors may determine, in their absolute discretion where they consider it to be in the best interests of shareholders, to return cash from sales made pursuant to the New Investment Policy to shareholders by way of dividend or any other distribution permitted by the Listing Rules (to the extent the Company voluntarily complies with these) and applicable law.

Life of the Company

The Company does not have a fixed life, but the directors consider it desirable that its shareholders should have the opportunity to review the future of the Company at appropriate intervals. The Directors most recently convened an extraordinary general meeting in June 2022 where a resolution was made regarding the continued existence of the Company. This resolution further extended the continuation of the Company, as the shareholders had previously extended the Company for a three-year period in 2019. The 2022 resolution passed, as the shareholders voted for the continuation of the Company during a two-year period concluding on 30 June 2024 (the "Return Period"). Shareholders will be provided with an opportunity to reassess the investment policy and distribution policy at the end of the Return Period. To that end, an ordinary resolution for the Company's continuation will be proposed at an extraordinary general meeting to be convened at the end of the Return Period.

CHAIRPERSON'S STATEMENT

2022 Review

Africa Opportunity Fund Limited
Chairperson's Statement

The shareholders of Africa Opportunity Fund Limited (the "Company" or "AOF") held an extraordinary general meeting in June 2022 to decide on the future of the Company. They voted to extend the current realisation period of the Company for two more years. The Company completed 36 months of its asset realisation period as of June 30, 2022. It made four distributions to shareholders amounting to $36.5 million or 76% of its December 2019 net asset value. The Company's total return since June 2019 has been 8% versus -3% for the MSCI EFM Africa index and -6% for S&P Africa Top 40 Index.

2022 was a tough year for the Company as its net asset value (including redemptions) fell 9%, despite this, the share price recorded a 15% increase. To provide some basis for comparison, South Africa fell 3%, Nigeria rose 16%, Kenya fell 18%, and Egypt fell 19%. In non-African emerging markets, China fell 8%, Brazil fell 18%, Russia fell 36% and India fell 4%. In developed markets, Japan fell 20%, the US fell 18%, Europe fell 14%, and the UK fell 6%.[1]

Inflation, the Russian-Ukrainian war, volatile commodity prices, and global monetary tightening policies were the overarching themes of 2022. The UN Food and Agricultural Organization World Food Price index rose 19% in the first three months of 2022, only to decline steadily for the balance of the year to deliver a flat 2022 performance. Unfortunately, crop inputs like muriate of potash, dominated in global production and exports by Russia, Belarus, Ukraine, China, and Canada, soared 155% in price in 2022, which inflicted considerable financial pressure on several African importing states. Brent crude oil rose 61% to $128 per barrel in Q1 2022 before dropping 33% to $86 per barrel at the end of Q4 2022[2]. Countries without large foreign exchange reserves struggled to shield their residents from the sharp local price swings in imported commodities. The weak fiscal capacities of some African governments exposed their countries to higher debt distress as their currencies collapsed, and their budget deficits and domestic interest rates rose in the global monetary policy tightening environment. Global maize prices rose 24%.

Ghana's debt stress signs became a full-blown crisis in 2022. Its parliament refused initially to approve a new levy on mobile money transfers to increase Ghana's tax revenue collections above its meagre 12% of GDP level. That refusal, combined with the sovereign debt downgrades imposed on Ghana's Eurobonds by the major rating agencies, effectively shut Ghana out of the international capital markets. Ghana's fiscal woes were exacerbated by disappointing initial receipts from its new levy. Consequently, Ghana approached the International Monetary Fund in July to seek financial assistance. A majority of Ghana's interest payments are made to domestic individual and institutional investors. Pursuant to discussions with the IMF, Ghana sought to reduce sharply the net present value of its domestic debt by extending the tenor of its debt and lowering the coupons on that debt. Ghana's institutional investors accepted the new debt instruments. The Company's Ghanaian holdings bore the burdens of this crisis via a steep depreciation of the Cedi that, at its worst, in December, had lost 58% of its value against the US Dollar.

Zambia's sovereign debt renegotiations started in November 2020 and have continued for more than two years. Its creditors remain unable to agree on a sustainable debt plan. Zambia's Kwacha, in reaction to this indeterminate fiscal crisis, depreciated by 13% in the last quarter of 2022. The value of the Company's Zambian holding declined in tandem with that depreciation.

AOF's 2022 strategy was one of deliberate realisation to maximise the value of the assets returned to shareholders. In some cases, that objective inclined the Company towards corporate transactions to create value for the Company. In several other cases, the Company exited through the secondary public markets.

2023 Outlook

AOF's 2023 will be impacted by the Fed's anti-inflation campaign and the termination of China's zero covid policy. The International Monetary Fund's latest 2023 world economic outlook forecasts a modest 3.8% 2023 GDP growth rate for sub-Saharan Africa with falling inflation rates. African currencies will continue to depreciate against the Dollar and the purchasing power of its consumers will decline for another year. The macro-economic fortunes of Ghana, Zambia, and

Zimbabwe will have a material impact on AOF's performance. The slight silver lining is that new African gas deposits, under development in countries like Mozambique, were exported in 2022 and will come on stream in other countries like Senegal and Mauritania in 2023 as the world seeks substitutes for Russian fossil fuels.

Our shareholders should rest assured that the lengthy realisation period will allow AOF to avoid involuntary or indiscriminate liquidation of its holdings and that the Manager is working to balance and achieve the best values possible.

In closing, I wish also to extend my thanks to our shareholders for their support.

Dr. Myma Belo-Osagie
Chairperson
April 2023

MANAGER'S REPORT

2022 Review

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[1] Reference indices are calculated in US Dollars using: Nigeria NSE Allshare Index, South Africa FTSE/JSE Africa Allshare Index, Nairobi NSE Allshare Index, Egypt Hermes Index, Moex Russia Index (previously known as Russia MICEX Index), Brazil IBOV Index, the Shanghai Shenzen 300 CSI Index, the India SENSEX Index, the S&P 500, the Stoxx Europe 600 Index, the FTSE 100 and the Nikkei 225.

[2] Bloomberg.

Manager's Report

2022 marked the fifteenth full year of operation of Africa Opportunity Fund Limited (the "Company" or "AOF"). Its ordinary shares had an annual return of –9.8%. At year-end, AOF held $1.49 million in cash, and $18 million in equity securities. The Company's underlying end-of-year holdings were in Botswana, Ghana, Kenya, Mauritius, Tanzania, Zambia, and Zimbabwe.

The Company's shareholders decided in June 2022 to extend an orderly realisation of the Company over a two-year period ending in June 2024. The Company exited Cote d'Ivoire and South Africa and reduced its holdings in Botswana, Mauritius, and Zambia. It completed its Zambia exit in Q1 2024. It made those disposals via the secondary markets as well as in a corporate transaction. The balance of this report will discuss a few of the Company's holdings.

The Company's largest investment is now Copperbelt Energy ("Copperbelt"). Copperbelt's total return was 51% in 2022. It raised its dividend for the 6th straight year by 44% in US Dollar terms, giving it a 15% dividend yield on the date of that dividend's announcement. Copperbelt's future is becoming clearer and brighter. It executed a 13-year bulk supply agreement with ZESCO, the state-owned Zambian electric utility, ending in March 2035. Historical commercial disputes between these two companies were settled. A long-outstanding study of the cost of service for Zambia's entire electricity industry was completed. That study disclosed that Copperbelt has modest Zambian transmission expansion capex requirements of $13 million up to 2030. Overall, though, it plans to spend $200 million in the next three years to expand its generation capacity by adding 94 MW in two photovoltaic plants in 2023 and raising the interconnector capacity between the Democratic Republic of Congo and Zambia from 230 MW to 400 MW by the end of 2024. Copperbelt's Zambian customers have been reducing electricity demand by approximately 5% per annum since 2014. However, electricity sales in the Katanga province of the Democratic Republic of Congo and wheeling charges more than offset that decline. Total energy demanded by its customers rose by 3% in 2022 to 5913 GWh from 5717 GWh. Copperbelt delivered respectable results in 2022. However, for the first time in six years, it suffered two accidents. As is its norm, Copperbelt completed its fourteenth fatality free year. Net profits were flat ($50.8 million vs. $50.9 million in 2021), as Copperbelt increased its impairments by 91%. Actual collections of receivables, though, improved significantly to lift net cashflow from operations by 19% to $94 million. Free cash flow, however, fell to $55 million while Copperbelt's net cash position declined modestly to $72 million. Its 2022 return on average equity of 15%, with 8% as its return on average assets, are decent returns for a rare African utility that earns its revenues in US Dollars. Copperbelt's current enterprise value of $306 million (calculated on March 31, 2023 and excluding the unpaid debt of the Konkola Copper Mine) is 3.2x operating cash flow, 5.6x free cash flow, and 2.6x EBITDA, excluding impairments. It remains a deeply undervalued company.

The Company's second largest holding is in African Leadership International ("ALI"). ALI: (a) has an educational division – ALX - that uses only student-driven and technology enabled instruction to train its students to become software engineers or engage in other software-related activities; (b) maintains a network for connecting talented individuals - the Room - to economic opportunities; (c) collaborates with both charitable organisations and companies to accelerate job creation on the African continent for its network; and (d) employs some of its graduates in software consulting operations. The Company's ALI holding, through sales in the private secondary market, was reduced by 14% in 2021 and an additional 16% in 2022. ALI has sufficient cash resources to support 5 years of operation at its current cash-burn rate. We expect to sell our ALI holding in the private secondary market.

Enterprise Group's total return was -27% in 2022. Its 17% Cedi-denominated total return was overwhelmed by the 39% depreciation of the Cedi. Ghana's exchange of its domestic government debt for lower interest and longer tenor government debt has imposed an approximate 40% reduction of the net present value of Enterprise's investment securities portfolio. A considerable part of that reduction will be absorbed by its life fund policyholders. Nevertheless, we expect a material reduction in Enterprise's equity. Ghana's entire financial sector has experienced liquidity challenges in response to this domestic debt exchange. We expect the embedded value of Enterprise Life to fall because of the domestic debt exchange. From the market share and competitive positioning perspective, we also expect Enterprise to increase its relative strength. All in all, Enterprise suffered a serious setback in 2022.

Letshego's 2022 total return for the Company was 12.3%, despite its -7% return on the Botswana Stock Exchange. The Company's disposals of Letshego shares in H1 2022 at a higher price and received dividends offset the fall in Letshego's share price. Letshego had a disappointing year, as its interest expense (in Pula) rose 23% versus a 6% increase in gross income. Expected credit losses also worsened, as they are wont to do in times of monetary tightening. Operating costs increased by 14%. Furthermore, its West and East African small and medium enterprise borrowers struggled to service their debts. Ghana's macro-economic crisis, for example, led to a 68% fall in the pre-tax profits of its Ghanaian subsidiary. Letshego has placed Ghana, Nigeria, Kenya, Rwanda, and Tanzania in the category of 'turnaround markets' targeted for special attention to raise their performance because they pulled down its overall performance. The net effect of Letshego's results was that its return on equity dropped to 8%, its return on assets to 3%, and its cost to income ratio soared to 69%--all unacceptable outcomes. As of early March, Letshego was valued on a P/E ratio of 7.1x, a P/B ratio of 0.52x and a gross dividend yield of 12.4%. It is fairly valued based on its 2022 results.

The Company's Zimbabwean property holdings turned in poor returns. The Company's internal estimates of the Zimbabwe Dollar declined by 76%. This property portfolio fell by 48%, implying share price appreciation in Zimbabwe Dollars. Our internally derived Zimbabwe Dollar exchanges rate continue to serve as a realistic and conservative rate for valuing the

Company's Zimbabwean holdings. Zimbabwe continues to suffer from hyperinflation and intense foreign currency shortages. Nevertheless, our property holdings do preserve purchasing power in the long run. Our intent in disposing of these holdings remains to minimise the devaluation risk facing disposal proceeds.

We shall strive to preserve the value of the Company in this fog of doubts and uncertainty. Although the realisation pace may slow, we continue to believe that the Company's holdings are undervalued. Our mission is to monetise that undervaluation through our realisation strategy.

Francis Daniels
Africa Opportunity Partners
April 2023

AFRICA OPPORTUNITY FUND LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022	2021
		USD	USD
Income			
Net gains on investment in subsidiaries at fair value through profit or loss	6(a)	**-**	11,225,487
		-	11,225,487
Expenses			
Net losses on investment in subsidiaries at fair value through profit or loss	6(a)	**2,003,998**	-
Management fees	5(a)	**50,000**	174,395
Other operating expenses		**127,611**	139,415
Directors' fees	12	**70,000**	70,000
Audit and professional fees		**158,261**	126,807
		2,409,870	510,617
(Loss)/income for the year attributable to equity holders*		**(2,409,870)**	10,714,870
(Loss)/earnings per share attributable to equity holders	11	**(0.119)**	0.432

* There is no other comprehensive income for the year.

AFRICA OPPORTUNITY FUND LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Notes	2022	2021
		USD	USD
ASSETS			
Cash and cash equivalents	8	**42,251**	21,469
Receivable from related party	7	**227,805**	149,552
Prepayments	7	**8,960**	7,862

Investment in subsidiaries at fair value through profit or loss*	6(a)	**19,041,847**	26,095,345
Total assets		**19,320,863**	26,274,228
EQUITY AND LIABILITIES			
LIABILITIES			
Trade and other payables	10	**153,540**	197,035
Total liabilities		**153,540**	197,035
Net assets attributable to shareholders		**19,167,323**	26,077,193
Ordinary share capital	9(a), 9(b)	**202,146**	247,878
Share premium	9(b)	**1,997,201**	6,451,469
Retained earnings		**16,967,976**	19,377,846
Total equity		**19,167,323**	26,077,193
Net assets value per share:			
- Ordinary shares		0.948	1.052

*The investment in subsidiaries at fair value through profit or loss include the investment in the Master Fund-Africa Opportunity Fund L.P.

AFRICA OPPORTUNITY FUND LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Share Capital	Share Premium	Retained Earnings	Total
	USD	USD	USD	USD
At 1 January 2021	350,062	13,553,258	8,662,976	22,566,296
CAPITAL TRANSACTIONS:				
Redemption of ordinary shares	(102,184)	(7,101,789)	-	(7,203,973)
OPERATIONS:				
Income/Total comprehensive income for the year	-	-	10,714,870	10,714,870
At 31 December 2021	247,878	6,451,469	19,377,846	26,077,193

	Share Capital	**Share Premium**	**Retained Earnings**	**Total**
	USD	**USD**	**USD**	**USD**

At 1 January 2022	**247,878**	**6,451,469**	**19,377,846**	**26,077,193**
CAPITAL TRANSACTIONS:				
Redemption of ordinary shares	**(45,732)**	**(4,454,268)**	**-**	**(4,500,000)**
OPERATIONS:				
Loss/Total comprehensive loss for the year	**-**	**-**	**(2,409,870)**	**(2,409,870)**
At 31 December 2022	**202,146**	**1,997,201**	**16,967,976**	**19,167,323**

AFRICA OPPORTUNITY FUND LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

		2022	2021
		USD	USD
Operating activities			
(Loss)/income for the year		**(2,409,870)**	10,714,870
Adjustment for non-cash items:			
Net losses/(gains) on investment in subsidiaries at fair value through profit or loss	6(a)	**2,003,998**	(11,225,487)
Cash used in operating activities		**(405,872)**	(510,617)
Net changes in operating assets and liabilities			
Reduction in investments in subsidiaries at fair value through profit or loss	6(a)	**5,049,500**	7,714,445
Increase in loan receivable from related party		**(78,253)**	(66,223)
Increase in prepayments		**(1,098)**	(346)
(Decrease)/increase in trade and other payables		**(43,495)**	49,218
Net cash flow generated from operating activities		**4,926,654**	7,697,094
Financing activities			
Redemption of ordinary shares	9(b)	**(4,500,000)**	(7,203,973)
Net cash flow used in financing activities		**(4,500,000)**	(7,203,973)
Net increase/(decrease) in cash and cash equivalents		**20,782**	(17,496)
Cash and cash equivalents at 1 January		**21,469**	38,965
Cash and cash equivalents at 31 December		**42,251**	21,469

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Africa Opportunity Fund Limited (the "Company") was launched with an Alternative Market Listing "AIM" in July 2007 and moved to the Specialist Funds Segment "SFS" in April 2014.

Africa Opportunity Fund Limited is a closed-ended fund incorporated with limited liability and registered in Cayman Islands under the Companies Law on 21 June 2007, with registered number MC-188243. The Company is exempted from registering with the Cayman Islands Monetary Authority ("CIMA") under the Private Funds Act of the Cayman Islands given that it is listed on the Specialist Funds Segment of the London Stock Exchange which is approved by CIMA.

The Company aims to achieve capital growth and income through investment in value, arbitrage, and special situations investments in the continent of Africa. The Company may therefore invest in securities issued by companies domiciled outside Africa which conduct significant business activities within Africa. The Company has 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 Company's investment activities are managed by Africa Opportunity Partners LLC, a limited liability company incorporated in the Delaware, United States and acting as the investment manager pursuant to an Amended and Restated Investment Management Agreement dated 13 June 2022.

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 Africa Opportunity Fund L.P. ("the Master Fund") as an exempted limited partnership in the Cayman Islands. All investments made by the Company are made through the limited partnership. The limited partners of the limited partnership are the Company and AOF CarryCo Limited. The general partner of the limited partnership is Africa Opportunity Fund (GP) Limited. Africa Opportunity Fund Limited holds 100% of Africa Opportunity Fund (GP) Limited.

The financial statements for the Company for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the Board of Directors on 27 April 2023.

Presentation currency

The financial statements are presented in United States dollars ("USD"). All figures are presented to the nearest dollar.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied from the prior year to the current year for items which are considered material in relation to the financial statements.

Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Basis of preparation

The Company satisfied the criteria of an investment entity under IFRS 10: Consolidated Financial Statements. As such, the Company no longer consolidates the entities it controls. Instead, its interest in the subsidiaries has been classified as fair value through profit or loss, and measured at fair value. This consolidation exemption has been applied prospectively and more details of this assessment are provided in Note 4 "significant accounting judgements, estimates and assumptions." The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB). The financial statements have been prepared under the historical cost convention except for financial assets and financial liabilities measured at fair value through profit or loss. The preparation of financial statements in accordance with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year.

Although these estimates are based on management's knowledge of current events and actions, actual results ultimately may differ from those estimates. In additional to the following: All assets have been assessed for impairment regardless of whether any indicators for impairment were identified; and all possible liabilities that might arise from the winding up of the Company have been accrued for. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

As the entity is not a going concern due to the limited life, the directors have considered an alternative basis of preparation but believe that IFRS as a basis for preparation best reflects the financial position and performance of the entity. The carrying value of the assets, which were determined in accordance with the accounting policies, have been reviewed for possible impairment and changes which have occurred since the year end and consideration has been given to whether any additional provisions are necessary as a result of the decision to deregister. It is expected that all assets will realise at least at the amounts at which they are included in the statement of financial position and there will be no material additional liabilities.

The Company presents its statement of financial position in order of liquidity. An analysis regarding recovery within 12 months (current) and more than 12 months after the reporting date (non-current) is presented in Note 14.

The Company's financial statements include disclosure notes on the Master Fund, Africa Opportunity Fund L.P., given that the net asset value of the Master Fund is a significant component of the Investment in subsidiaries at fair value through profit or loss, of the Company. These additional disclosures are made in order to provide the users of the financial statements within an overview of the Master Fund performance.

Foreign currency translation

(i) Functional and presentation currency

The Company's financial statements are presented in USD which is the functional currency, being the currency of the primary economic environment in which the Company operates. The Company determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The functional currency of the Company is USD. The Company chooses USD as the presentation currency.

(ii) Transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of the exchange ruling at the reporting date. All differences are taken to profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Classification

The Company classifies its financial assets and liabilities in accordance with IFRS 9 into the following categories:

(i) Financial assets at fair value through profit or loss

For the Company, financial assets classified at fair value through profit or loss upon initial recognition include investment in subsidiaries.

Investment in subsidiaries

In accordance with the exception under IFRS 10 Consolidated Financial Statements, the Company does not consolidate subsidiaries in the financial statements. Investments in subsidiaries are accounted for as financial instruments at fair value through profit or loss in accordance with IRFS 9 – Financial Instruments.

Management concluded that the Company meets the definition of an investment entity as it invests solely for returns from capital appreciations, investment income or both, and measures and evaluates the performance of its investments on a fair value basis. Accordingly, consolidated financial statements have not been prepared.

(ii) Financial assets at amortised cost

The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Company's financial assets at amortised cost comprise of 'cash and cash equivalents' in the statement of financial position.

(iii) Other financial liabilities

This category includes all financial liabilities, other than those classified as fair value through profit or loss. The Company includes in this category amounts relating to other payables.

(a) *Initial Recognition*

The Company recognises a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument.

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace are recognised directly on the trade date, i.e., the date that the Master Fund commits to purchase or sell the asset.

(b) Initial measurement

Financial assets and liabilities at fair value through profit or loss are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in profit or loss.

Derivatives embedded in other financial instruments are treated as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contract, and the host contract is not itself classified as held for trading or designated at fair value though profit or loss. Embedded derivatives separated from the host are carried at fair value.

Financial assets at amortised cost and financial liabilities (other than those classified as held for trading) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

(c) Subsequent measurement

The Company measures financial instruments which are classified at fair value through profit or loss at fair value. Subsequent changes in the fair value of those financial instruments are recorded in 'Net gain or loss on financial assets and liabilities at fair value through profit or loss. Interest earned elements of such instruments are recorded separately in 'Interest revenue'.

Financial assets at amortised costs are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial liabilities, other than those classified as at fair value through profit or loss, are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the amortisation process.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instruments, but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

(e) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and

Either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. When the Company has transferred its rights to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset.

The Company derecognises a financial liability when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all financial assets measured at amortised cost. When measuring ECL, the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the entity would expect to receive, taking into account cash flows from credit enhancements. The Company considers a financial asset in default when contractual payments are 90 days past due.

However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

At the reporting date, receivable from related party and cash and cash equivalents are de minimis. As a result, no ECL has been recognised as any amount would have been insignificant.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Determination of fair value

The Company measures it investments in subsidiaries at fair value through profit or loss at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measured is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Company. The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price without any deduction for transaction costs.

For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible. An analysis of fair values of financial instruments and further details as to how they are measured is provided in Note 6.

The Company uses the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation technique:

- Level 1: quoted (unadjusted) market prices in active markets for identical assets and liabilities.
- Level 2: valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Net gain or loss on financial assets and liabilities at fair value through profit or loss

This item includes changes in the fair value of financial assets and liabilities held for trading or designated upon initial recognition as 'at fair value through profit or loss' and excludes interest and expenses.

Unrealised gains and losses comprise changes in the fair value of financial instruments for the year and from reversal of prior year's unrealised gains and losses for financial instruments which were realised in the reporting period.

Shares that impose on the Company, an obligation to deliver to shareholders a pro-rata share of the net asset of the Company on liquidation classified as financial liabilities

The shares are classified as equity if those shares have all the following features:

(a) It entitles the holder to a pro rata share of the Company's net assets in the event of the Company's liquidation.

The Company's net assets are those assets that remain after deducting all other claims on its assets. A pro rata share is determined by:

(i) dividing the net assets of the Company on liquidation into units of equal amount; and
(ii) multiplying that amount by the number of the shares held by the shareholder.

(b) The shares are in the class of instruments that is subordinate to all other classes of instruments. To be in such a class the instrument:

(i) has no priority over other claims to the assets of the Company on liquidation, and
(ii) does not need to be converted into another instrument before it is in the class of instruments that is subordinate to all other classes of instruments.

(c) All shares in the class of instruments that is subordinate to all other classes of instruments must have an identical contractual obligation for the issuing Company to deliver a pro rata share of its net assets on liquidation.

In addition to the above, the Company must have no other financial instrument or contract that has:

(a) total cash flows based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Company (excluding any effects of such instrument or contract) and

(b) the effect of substantially restricting or fixing the residual return to the shareholders.

The shares that meet the requirements to be classified as a financial liability have been designated as at fair value through profit or loss on initial recognition.

Dividend expense

Dividend expense relating to equity securities sold short is recognised when the shareholders' right to receive the payment is established.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2022. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The accounting policies adopted are consistent with those of the previous financial year except for the following new and amendments to IFRS as from 1 January 2022:

	Effective for accounting period beginning on or after
Reference to the Conceptual Framework – Amendments to IFRS 3	1 January 2022
Onerous contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	1 January 2022
Fees in the '10 per cent' test for derecognition of financial liabilities – Amendments to IFRS 9	1 January 2022

The above new standards and amendments applied for the first time in 2022, they did not have a material impact on the financial statements of the Company.

3.1 ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following standards, amendments to existing standards and interpretations were in issue but not yet effective. The Company would adopt these standards, if applicable, when they become effective. No early adoption of these standards and interpretations is intended by the Board of directors.

	Effective for accounting period
Amendments to IAS 8 – Accounting policies, Changes in Accounting Estimates and Errors	1 January 2023
Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to IAS 1: Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 1: Classification of Liabilities as Current or Non-current	1 January 2024

The Company does not expect that the adoption of these standards will have any material impact on the financial statements.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts recognised in the financial statements and disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Going concern

At the Extraordinary General Meeting ("EGM") of the Company held on 29 June 2022, the shareholders voted in favor of a Continuation Resolution which extended the life of the Company, with the current Investment Policy remaining in place, to 30 June 2024. If the assets of the Company are not realised over the period of the extension, the Directors will formulate and revert to Shareholders in 2024 further proposals to continue, reorganize or reconstruct the Company or to wind up the Company.

The Company will continue to return sums to Shareholders by way of compulsory redemption, repurchase of Ordinary Shares in the market or such other method as determined by the Directors.

Below is a brief synopsis of the "New Investing Policy" as approved with the passage of the Continuation Resolution and consistent with the Company's Circular dated 5 June 2019, updated to reflect the two-year continuance:

For a period of up to two additional years following the 29 June 2022 Extraordinary General Meeting (the "Extended Return Period"), the Company will make no new investments (save that it may invest in, or advance additional funds to, existing investments within the Company's portfolio to maximise value and assist in their eventual realisation). The Company will continue to adopt the New Investment Policy whereby the Company's existing portfolio of investments will be divested in a controlled, orderly and timely manner to facilitate a staged return of capital. It should be appreciated that there is no time horizon in terms of the implementation of the New Investment Policy. Although the Company's portfolio is comprised of some liquid equity holdings, the Company's portfolio is weighted to somewhat illiquid investments and it may take the Investment Manager some time to realise these. Shareholders will be provided with an opportunity to reassess the investment policy and distribution policy if investments remain unrealised at the end of the

Extended Return Period. Subsequent to the disposal of the investments, the Company will be liquidated, which indicates that it will no longer be a going concern. IAS 1 - Presentation of Financial Statements and IAS 10 - Events after the reporting period require that the financial statements should not be prepared on a going concern basis if management determines that it intends to liquidate the entity. The directors have considered an alternative basis of preparation but believe that International Financial Reporting Standards ("IFRS"), as a basis for preparation, best reflects the financial position and performance of the Company. The extension of the Company through 30 June 2024 further supports this methodology.

The carrying value of the of the assets, which were determined in accordance with the accounting policies, have been reviewed for possible impairment and changes which have occurred since the half-year and consideration has been given to whether any additional provisions are necessary as a result of the decision to eventually deregister. It is expected that all assets are fairly valued and will realise at, or near, the amounts at which they are included in the statement of financial position and there will be no material additional liabilities.

Determination of functional currency

The determination of the functional currency of the Company is critical since recording of transactions and exchange differences arising thereon are dependent on the functional currency selected. As described in Note 2, the directors have considered those factors therein and have determined that the functional currency of the Company is the United States Dollar.

Assessment for an investment entity

An investment entity is an entity that:

(a) Obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services;
(b) Commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
(c) Measures and evaluates the performance of substantially all of its investments on a fair value basis.

An investment entity must demonstrate that fair value is the primary measurement attribute used. The fair value information must be used internally by key management personnel and must be provided to the entity's investors. In order to meet this requirement, an investment entity would:

- Elect to account for investment property using the fair value model in IAS 40 Investment Property
- Elect the exemption from applying the equity method in IAS 28 for investments in associates and joint ventures, and
- Measure financial assets at fair value in accordance with IFRS 9.

In addition, an investment entity should consider whether it has the following typical characteristics:

- It has more than one investment, to diversify the risk portfolio and maximise returns;
- It has multiple investors, who pool their funds to maximise investment opportunities;
- It has investors that are not related parties of the entity; and
- It has ownership interests in the form of equity or similar interests.

The Board considers that the Company continues to meet the definition of an investment entity as it invests solely for returns from capital appreciations, investment income or both, and measures and evaluates the performance of its investments in subsidiaries on a fair value basis. In addition, the Company has more than one investors and the major investors are not related parties of the Company. The Company also has an exit strategy given that it is a limited life entity, realising its investments at the end of the Return Period of 3 years as per the 'New Investment Policy'. Accordingly, consolidated financial statements have not been prepared. IFRS 10 Consolidated Financial Statements provides "investment entities' an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measures the investment in each eligible subsidiary at fair value through profit or loss in accordance with IFRS 9 Financial Instruments.

Assumptions and Estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur. When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using a variety of valuation techniques that include the use of mathematical models.

Fair value of financial instruments

The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. The estimates include considerations of liquidity and model inputs such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the statement of financial position and the level where the instruments are disclosed in the fair value hierarchy.

The models are calibrated regularly and tested for validity using prices from any observable current market transactions in the same instrument (without modification or repackaging) or based on any available observable market data. In relation to the underlying investments held in Zimbabwe via the Master Fund, the quoted share prices of these securities have been discounted as explained in Note 6(d). The determination of the discount involves judgement and estimation uncertainties which has a material impact on the fair value of the investments. An analysis of fair values of financial instruments and further details as to how they are measured is provided in Note 6.

IFRS 13 requires disclosures relating to fair value measurements using a three-level fair value hierarchy. The level within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety as provided in Note 6. Assessing the significance of a particular input requires judgement, considering factors specific to the asset or liability. To assess the significance of a particular input to the entire measurement, the Company performs sensitivity analysis or stress testing techniques.

5a. AGREEMENTS

Investment Management Agreement

Effective 1 July 2022, the Company and the Investment Manager have, upon the approval of the Reorganisation Resolution at the EGM in June 2022, entered into the Amended and Restated Investment Management Agreement which amends the fees payable to the Investment Manager as follows:

Management fees

There was no management fee charged during 2022. Pursuant Amended and Restated Investment Management Agreement, there will be no management fees charged during the Extended Return Period.

The Investment Manager's entitlement to future performance fees (through CarryCo) has been cancelled and CarryCo's limited partnership interest in the Limited Partnership will be transferred to the Company for nominal value in the last year of the Extended Return Period, that being 2024.

Realisation fees

The Investment Manager shall be entitled to the following realisation fees during the Return Period from the net proceeds of all portfolio realisations (including any cash returned by way of a Compulsory Redemption):

On distributions of cash to Shareholders: 1 per cent of the net amounts realised.

The revisions to the arrangements with the Investment Manager, constitute a related party transaction under the Company's related party policy, and in accordance with that policy, the Company was required to obtain: (i) the approval of a majority of the Directors who are independent of the Investment Manager; and (ii) a fairness opinion or third-party valuation in respect of such related party transaction from an appropriately qualified independent adviser.

The realisation fees for the financial period under review amounts to **USD 50,000** (2021: USD 57,500) of which **USD 32,511** relates to accrued realisation fees; management and performance fees for the financial year under review were nil (2021: USD 116,895 for management fees and USD Nil for performance fees).

Administrative Agreement

SS&C Technologies Inc. is the Administrator for the Company. Administrative fees are expensed at the Master Fund level and have been included in the NAV of the subsidiary.

Custodian Agreement

A Custodian Agreement has been entered into by the Master Fund and Standard Chartered Bank (Mauritius) Ltd, whereby Standard Chartered Bank (Mauritius) Ltd would provide custodian services to the Master Fund and would be entitled to a custody fee of between 18 and 25 basis points per annum of the value of the assets held by the custodian and a tariff of between 10 and 45 basis points per annum of the value of assets held by the custodian. The custodian fees are expensed at the Master Fund level and have been included in the NAV of the subsidiary.

Prime Brokerage Agreement

Under the Prime Brokerage Agreement, the Master Fund appointed Credit Suisse Securities (USA) LLC as its prime broker for the purpose of carrying out the Master Fund's instructions with respect to the purchase, sale and settlement of securities. Custodian fees are expensed at the Master Fund level and have been included in the NAV of the subsidiary.

5b. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AT THE MASTER FUND LEVEL

Africa Opportunity Fund LP (the "Master Fund") is incorporated in the Cayman Islands and is not subject to regulatory review. Management has voluntarily disclosed all the policies and notes to the accounts of the Master Fund to provide shareholders of the Company with a better insight.

The primary accounting policies for interest revenue and expense, dividend revenue and expense and cash and cash equivalents, are similar as in Note 2. Those policies which only relate to the Master Fund's financial statements are set out below. These policies have been consistently applied from the prior year to the current year for items which are considered material in relation to the financial statements.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Classification

The Master Fund classifies its financial assets and liabilities in accordance with IFRS 9 into the following categories:

(i) Financial assets and liabilities at fair value through profit or loss

The category of the financial assets and liabilities at fair value through the profit or loss is subdivided into:

Financial assets and liabilities held for trading

Financial assets are classified as held for trading if they are acquired for the purpose of selling and repurchasing in the near term. This category includes equity securities, investments in managed funds and debts instruments. These assets are acquired principally for the purpose of generating a profit from short term fluctuation in price. All derivatives and liabilities from the short sales of financial instruments are classified as held for trading.

Financial assets at fair value through profit or loss upon initial recognition

These include equity securities and debt instruments that are not held for trading. These financial assets are classified at FVTPL on the basis that they are part of a group of financial assets which are managed and have their performance evaluated on a fair value basis, in accordance with risk management and investment strategies of the Company, as set out in each of their offering documents. The financial information about the financial assets is provided internally on that basis to the Investment Manager and to the Board of Directors.

Derivatives - Options

Derivatives are classified as held for trading (and hence measured at fair value through profit or loss) unless they are designated as effective hedging instruments (however the Company does not apply any hedge accounting). The Master Fund's derivatives relate to option contracts.

Options are contractual agreements that convey the right, but not the obligation, for the purchaser either to buy or sell a specific amount of a financial instrument at a fixed price, either at a fixed future date or at any time within a specified period.

The Master Fund purchases and sells put and call options through regulated exchanges and OTC markets. Options purchased by the Master Fund provide the Master Fund with the opportunity to purchase (call options) or sell (put options) the underlying asset at an agreed-upon value either on or before the expiration of the option. The Master Fund is exposed to credit risk on purchased options only to the extent of their carrying amount, which is their fair value.

Options written by the Master Fund provide the purchaser the opportunity to purchase from or sell to the Master Fund the underlying asset at an agreed-upon value either on or before the expiration of the option.

Options are generally settled on a net basis.

Derivatives relating to options are recorded at the level of the Master Fund. The financial statements of the Company do not reflect the derivatives as they form part of the net asset value (NAV.) of the Master Fund which is fair valued.

(ii) Financial assets at amortised cost

The Master Fund measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Master Fund's financial assets at amortised cost comprise 'trade and other receivables' and 'cash and cash equivalents in the statement of financial position.

(iii) Other financial liabilities

This category includes all financial liabilities, other than those classified as fair value through profit or loss. The Master Fund includes in this category amounts relating to trade and other payables and dividend payable.

(a) Recognition

The Master Fund recognises a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument.

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place are recognised directly on the trade date, i.e., the date that the Master Fund commits to purchase or sell the asset.

(b) Initial measurement

Financial assets and liabilities at fair value through profit or loss are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in profit or loss.

Derivatives embedded in other financial instruments are treated as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contract, and the host contract is not itself classified as held for trading or designated at fair value though profit or loss. Embedded derivatives separated from the host are carried at fair value.

Financial assets at amortised cost and financial liabilities (other than those classified as held for trading) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

(c) Subsequent measurement

The Master Fund measures financial instruments which are classified at fair value through profit or loss at fair value. Subsequent changes in the fair value of those financial instruments are recorded in 'Net gain or loss on financial assets and liabilities at fair value through profit or loss. Interest earned elements of such instruments are recorded separately in 'Interest revenue'. Dividend expenses related to short positions are recognised in 'Dividends on securities sold not yet purchased'. Dividend income/distributions received on investments at FVTPL is recorded in "Net gain or loss on financial assets at fair value through profit or loss".

Financial assets at amortised costs are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

(iii) Other financial liabilities

(d) Subsequent measurement

Financial liabilities, other than those classified as at fair value through profit or loss, are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the amortisation process.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Master Fund estimates cash flows considering all contractual terms of the financial instruments but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

(e) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and

Either (a) the Master Fund has transferred substantially all the risks and rewards of the asset, or (b) the Master Fund has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset. When the Master Fund has transferred its rights to receive cash flows from an asset (or has entered into a pass-through arrangement) and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Master Fund's continuing involvement in the asset.

The Master Fund derecognises a financial liability when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Determination of fair value

The Master Fund measures its investments in financial instruments, such as equities, debentures and other interest-bearing investments and derivatives, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measured is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Master Fund. The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price without any deduction for transaction costs.

For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible. An analysis of fair values of financial instruments and further details as to how they are measured is provided in Note 6.

Impairment of financial assets

The Master Fund uses the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation technique:

- Level 1: quoted (unadjusted) market prices in active markets for identical assets and liabilities.
- Level 2: valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Master Fund recognises an allowance for expected credit losses (ECLs) for all financial assets measured at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Master Fund expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised either on a 12-month or lifetime basis. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Master Fund considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Master fund may also consider a financial asset to be in default when internal or external information indicates that the Master fund is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Master fund. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For trade receivables, the Master Fund applies a simplified approach in calculating ECLs. Therefore, the Master Fund does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. At the reporting date, the assessment of the Master Fund's debt instruments which include trade and other receivables and cash and cash equivalents were considered as de minimis. As a result, no ECL has been recognised as any amount would have been insignificant.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Net gain or loss on financial assets and liabilities at fair value through profit or loss

This item includes changes in the fair value of financial assets and liabilities held for trading or designated upon initial recognition as 'at fair value through profit or loss' and excludes interest and expenses. At the Master Fund Level, the fair value gains and losses exclude interest and dividend income.

Unrealised gains and losses comprise changes in the fair value of financial instruments for the year and from reversal of prior year's unrealised gains and losses for financial instruments which were realised in the reporting period.

Realised gains and losses on disposals of financial instruments classified as 'at fair value through profit or loss' are calculated using the Average Cost (AVCO) method. They represent the difference between an instrument's initial carrying amount and disposal amount, or cash payments or receipts made on derivative contracts (excluding payments or receipts on collateral margin accounts for such instruments).

Due to and due from brokers

Amounts due to brokers are payables for securities purchased (in a regular way transaction) that have been contracted for but not yet delivered on the reporting date at the Master Fund level. Refer to the accounting policy for financial liabilities, other than those classified at fair value through profit or loss for recognition and measurement.

Amounts due from brokers include margin accounts and receivables for securities sold (in a regular way transaction) that have been contracted for but not yet delivered on the reporting date. Refer to accounting policy for financial assets at amortised cost for recognition and measurement.

Interest revenue and expense

Interest revenue and expense are recognised in profit or loss for all interest-bearing financial instruments using the effective interest method.

Dividend revenue

Dividend revenue is recognised when the Master Fund's right to receive the payment is established. Dividend revenue is presented gross of any non-recoverable withholding taxes, which are disclosed separately in profit or loss of the Master Fund.

6. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

6(a). Investment in subsidiaries at fair value

The Company has established Africa Opportunity Fund L.P., an exempted limited partnership in the Cayman Islands to ensure that the investments made and returns generated on the realisation of the investments made and returns generated on the realisation of the investments are both effected in the most tax efficient manner. All investments made by the Company are made through the limited partner which acts as the master fund. At 31 December 2022, the limited partners of the limited partnership are the Company (97.73%) and AOF CarryCo Limited (2.27%). The general partner of the limited partnership is Africa Opportunity Fund (GP) Limited. Africa Opportunity Fund Limited holds 100% of Africa Opportunity Fund (GP) Limited.

	2022	2021
	USD	**USD**
Investment in Africa Opportunity Fund L.P.	**19,038,376**	26,091,546
Investment in Africa Opportunity Fund (GP) Limited	**3,471**	3,799
Total investment in subsidiaries at fair value	**19,041,847**	26,095,345
Fair value at 01 January	**26,095,345**	22,584,303
Reduction in investment in subsidiaries*	(5,049,500)	(7,714,445)
Net (loss)/gain on investment in subsidiaries at fair value	(2,003,998)	11,225,487
Fair value at 31 December	**19,041,847**	26,095,345

***** The reduction in investment in subsidiaries relates to capital withdrawn from the Master Fund by the Company.

6(b). Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation technique:

Level 1: quoted (unadjusted) market prices in active markets for identical assets and liabilities.
Level 2: valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
Level 3: valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

- **Fair value hierarchy of the Company**

	31 December 2022	**Level 1**	**Level 2**	**Level 3**
COMPANY	**USD**	**USD**	**USD**	**USD**
Investment in subsidiaries	**19,041,847**	**-**	**19,041,847**	**-**

	31 December 2021	Level 1	Level 2	Level 3
COMPANY	USD	USD	USD	USD
Investment in subsidiaries	26,095,345	-	26,095,345	-

- **Fair value hierarchy of the Master Fund.**

The Company has investment in Africa Opportunity Fund L.P., the Master Fund, amounting to USD 19,038,376. The underlying investments of the Master Fund amounts to USD 24,015,367. Details on the financial assets and liabilities of the Master Fund and fair value hierarchy are as follows:

MASTER FUND	**31 December 2022 USD**	**Level 1 USD**	**Level 2 USD**	**Level 3 USD**
Financial assets at fair value through profit or loss				
Equities	18,634,833	13,859,649	4,775,184	-
	18,634,833	**13,859,649**	**4,775,184**	**-**

MASTER FUND	31 December 2021 USD	Level 1 USD	Level 2 USD	Level 3 USD
Financial assets at fair value through profit or loss				
Equities	23,885,626	16,463,988	7,421,638	-
Debt securities	129,741	129,741	-	-
	24,015,367	16,593,729	7,421,638	-

Note: The assets and liabilities of the Master Fund have been presented but do not represent the assets and liabilities of the Company as the Master Fund has not been consolidated.

6(c). The valuation technique of the investment in subsidiaries at Company level is as follows:

The Company's investment manager considers the valuation techniques and inputs used in valuing these funds as part of its due diligence, to ensure they are reasonable and appropriate and therefore the NAV of these funds may be used as an input into measuring their fair value. In measuring this fair value, the NAV of the funds is adjusted, as necessary, to reflect restrictions on redemptions, future commitments, and other specific factors of the fund and fund manager. In measuring fair value, consideration is also paid to any transactions in the shares of the fund. Given that there have been no such adjustments made to the NAV of the underlying subsidiaries and given the simple structure of the subsidiaries investing over 95% in quoted funds, the Company classifies these investments in subsidiaries as Level 2.

6(d). The valuation techniques of the investments at Master Fund level are as follows:

Equity and debt securities

These pertain to equity and debt instruments which are quoted for which there is a market price. As a result, they are classified within level 1 of the hierarchy except for the valuation of listed on the Zimbabwe Stock Exchange which have been classified as level 2 given that their quoted share price has been discounted as at 31 December 2022 as follows:

Valuation of investments listed on the Zimbabwe Stock Exchange

Beginning in June 2020, the Zimbabwe authorities suspended Old Mutual shares from the Zimbabwe Stock Exchange, necessitating the Company to devise an alternative transparent discount factor. The new discount factor is based on the official Zimbabwe Dollar exchange rate at the end of June 2019, when the Zimbabwe Dollar, became the sole legal tender in Zimbabwe, modified by the inflation differential between Zimbabwe and the United States captured in their respective monthly Consumer Price Indices (the US Consumer Price Index is that for urban consumers), then adjusted by the proportion of export proceeds that must be surrendered by Zimbabwean exporters to the Zimbabwe Reserve Bank.

In May 2022, the Zimbabwe government imposed a ban on bank lending services so as to stop currency speculation and in June 2022 the RBZ monetary policy committee increased the policy rate 12,000 basis points to 200% so as to control rising inflation. The Company adjusted its model to reflect a 20% surrender requirement on the basis that the reported CPI captured only 80% of actual inflation, a position supported by the government actions. Over time, the official exchange rate has converged towards our in-house exchange rate, further supporting the rate modification during 2022 and our policy of applying the discount factor. This discount factor changes every month. The consequence of applying this discount factor is that the Zimbabwe Dollar prices of the Company's investments listed on the Zimbabwe Stock Exchange were converted into US Dollars, as at 31 December 2022 at a discount rate of 25.4% (the discount rate was 48.20% as at 31 December 2021). The value of the Zimbabwe investments recorded in the books of the Company, after applying this discount factor, was USD 62,166 (2021: $143,886).

Written put options

These are traded on an active market and have a quoted market price. They have therefore been classified in level 1 of the hierarchy.

Unquoted equity investments
African Leadership University ("ALU") is a network of tertiary institutions, currently with operations in both Mauritius and Rwanda. The Investment Manager valued ALU on the basis of an observable arms-length transaction between existing shareholders selling a portion of their shares and an unaffiliated third party. The transactions were agreed via an omnibus share purchase agreement dated 28 September 2022 with dates of the agreements evidencing the first, second, third, and fourth tranches, respectively, 30 September 2022, 5 December 2022, 6 March 2023 and 5 June 2023, and thus were utilized as the basis of the valuation as at 31 December 2022. At 31 December 2022, the investment in ALU has been classified under level 2 because the value of the investment utilizes the recent transaction.

6(d). The valuation technique of the investments at Master Fund level are as follows:

Unquoted debt and equity investments

	2022	2021
	USD	USD
Investment in ALU	**2,625,800**	3,125,800

Financial asset and liabilities at fair value through profit or loss

	2022	2021
	USD	USD
Investment in ALU:		
At 1 January	**3,125,800**	3,625,800
Disposal	**(500,000)**	(500,000)
At 31 December	**2,625,800**	3,125,800
Total gain included in the statement of profit or loss and other comprehensive income of Africa Opportunity Fund L.P. for asset held at the end of the reporting period.	-	-

6(e). Statement of profit or loss and other comprehensive Income of the Master Fund for the year ended 31 December 2022.

The net loss on financial assets at fair value through profit or loss amounting to **USD 2,003,998** (2021: net gain of USD 11,225,487) is due to the loss arising at the Master Fund level and can be analysed as follows:

	2022	2021
	USD	USD
Income		
Interest revenue	**14,100**	46,216

Dividend revenue	**1,267,116**	1,281,589
Net gains on financial assets and liabilities at fair value through profit or loss	**-**	10,519,619
	1,281,216	11,847,424
Expenses		
Net losses on financial assets and liabilities at fair value through profit or loss	**2,780,643**	-
Net foreign exchange loss	**159,000**	21,228
Custodian fees, Brokerage fees and commission	**165,427**	243,377
Other operating expenses	**12,840**	24,306
	3,117,910	288,911
Operating (losses)/gains before tax	**(1,836,694)**	11,558,513
Less withholding tax	**(209,150)**	(169,947)
Total comprehensive (losses)/gains for the year	**(2,045,844)**	11,388,566
Attributable to:		
AOF Limited (direct interests)	**(2,003,670)**	11,224,044
AOF Limited (indirect interests through AOF (GP) Ltd)	-	1,443
	(2,003,998)	11,225,487
AOF CarryCo Limited (NCI)	**(41,846)**	163,079
	(2,045,844)	11,388,566

6(e). Statement of profit or loss and other comprehensive Income of the Master Fund for the year ended 31 December 2022 (Continued)

The financial assets and liabilities of the Master Fund are analysed as follows:

(i) Net losses on financial assets and liabilities at fair value through profit or loss held by Africa Opportunity Fund L.P.

	2022	2021
	USD	USD
Net (losses)/gains on fair value of financial assets at fair value through profit or loss	**(2,780,643)**	10,519,619
Net (losses)/gains	**(2,780,643)**	10,519,619

(ii) Financial asset and liabilities at fair value through profit or loss held by Africa Opportunity Fund L.P.

	2022	2021
	USD	USD
Held for trading assets:		
At 1 January	**24,015,367**	19,480,476
Additions	**-**	19,968
Disposal	**(2,599,891)**	(6,004,696)
Net losses on financial assets at fair value through profit or loss	**(2,780,643)**	10,519,619

At 31 December (at fair value)	**18,634,833**	24,015,367
Analysed as follows:		
- Listed equity securities	**16,009,033**	20,759,826
- Listed debt securities	**-**	129,741
- Unquoted equity securities	**2,625,800**	3,125,800
	18,634,833	24,015,367

(iii) Net changes on fair value of financial assets at fair value through profit or loss

	2022	2021
	USD	USD
Realised	**37,447**	(569,441)
Unrealised	**(2,818,090)**	11,089,060
Total (losses)/gains	**(2,780,643)**	10,519,619

7. RECEIVABLES

	2022	2021
	USD	USD
Amount due from Africa Opportunity Fund L.P. (Note 12)	227,805	149,552
Prepayments	8,960	7,862
	236,765	157,414

8. CASH AND CASH EQUIVALENTS

	2022	2021
	USD	USD
Cash at bank	**42,251**	21,469

9a). ORDINARY SHARE CAPITAL

Company

	2022	**2022**	2021	2021
	Number	**USD**	Number	USD
Authorised share capital Ordinary shares with a par value of				

USD 0.01	**1,000,000,000**	**10,000,000**	1,000,000,000	10,000,000
Issued share capital Ordinary shares with a par value of USD 0.01	**20,214,590**	**202,146**	24,787,758	247,878

The directors have the general authority to repurchase the ordinary shares in issue subject to the Company having funds lawfully available for the purpose. However, if the market price of the ordinary shares falls below the Net Asset Value, the directors will consult with the Investment Manager as to whether it is appropriate to instigate a repurchase of the ordinary shares.

The Company intends to pay or report dividends in order to remain an UK Reporting Fund, however, there is no assurance that the Company will be able to pay dividends. In compliance with the current investment strategy, Directors have the right to return cash through compulsory redemptions, by way of dividend or any other distribution as permitted by the Listing Rules.

9(b). SHARE CAPITAL AND SHARE PREMIUM

	Ordinary Shares	**Ordinary Shares**
	USD	**Number**
At 1 January 2021	**13,903,320**	**35,006,160**
Changes during the period:		
Redemption of ordinary shares	(7,203,973)	(10,218,402)
At 31 December 2021	**6,699,347**	**24,787,758**
Changes during the period:		
Redemption of ordinary shares	(4,500,000)	(4,573,168)
At 31 December 2022	**2,199,347**	**20,214,590**

Ordinary and C share Merger, Issuance of Contingent Value Rights

In 2014, AOF closed a Placing of 29.2 million C shares of US$0.10 each, at a placing price of US$1.00 per C share, raising a total of $29.2 million before the expenses of the Issue. The placing was closed on 11 April 2014 with the shares commencing trading on 17 April 2014. AOF's Ordinary Shares and the C Shares from the April placing were admitted to trading on the LSE's Specialist Fund Segment ("SFS") effective 17 April 2014.

The Fund merged the C share class and the ordinary shares as contemplated in the April 2014 issuance of the C share class, and with the consent of the Board of Directors, on 23 August 2017. The C Class shares were converted into ordinary shares.

The Shoprite arbitral award issued in 2016. The arbitral award resulted in AOF not being considered legal owner of the specific Shoprite Holdings;(eps) is therefore, the Shoprite investment was written off. To effectuate this merger, Contingent Value Rights certificates for any residual rights with respect to Shoprite shares listed on the Lusaka Stock Exchange were issued to the ordinary shareholders of record on 21 August 2017.Information regarding the merger was distributed and released to the market prior to, and upon execution of, the merger. This information and information relative to the CVRs can be found on the Fund's website.

10. TRADE AND OTHER PAYABLES

	Notes	**2022**	2021

		USD	USD
Directors Fees Payable	12	17,500	17,500
Other Payables		136,040	176,618
		153,540	197,035

Other payables are non-interest bearing and have an average term of six months. The carrying amount of trade and other payables approximates their fair value.

11. EARNINGS PER SHARE

The earnings per share (EPS) is calculated by dividing the decrease in net assets (increase in 2021) attributable to shareholders by number of ordinary shares. The EPS for 2022 and 2021 represent both the basic and diluted EPS.

		2022	2021
		Ordinary shares	Ordinary shares
Total Comprehensive (loss)/gain	USD	(2,409,870)	10,714,870
Number of shares in issue		20,214,590	24,787,758
Change in net assets attributable to shareholders per share	USD	(0.119)	0.432

12. RELATED PARTY DISCLOSURES

The Directors consider Africa Opportunity Fund Limited (the "Company") as the ultimate holding company of Africa Opportunity Fund (GP) Limited and Africa Opportunity Fund L.P.

Name	Country of incorporation	% equity interest 2022	% equity interest 2021
Africa Opportunity Fund (GP) Limited	Cayman Islands	**100**	**100**
Africa Opportunity Fund L.P.	Cayman Islands	**97.73**	**98.19**

Name of related parties	Type of relationship	Nature of transaction	Volume USD	Balance at 31 Dec 2022
				USD
Africa Opportunity Partners Limited	Investment Manager	Management fee expense	50,000	32,511
Africa Opportunity Fund LP	Subsidiary	Receivable	-	227,805
SS&C Technologies	Administrator	Administration fees	90,437	-
Directors	Directors	Directors' fees	70,000	17,500

Name of related parties	Type of relationship	Nature of transaction	Volume USD	Balance at 31 Dec 2021

				USD
Africa Opportunity Partners Limited	Investment Manager	Management fee expense	174,395	95,417
Africa Opportunity Fund LP	Subsidiary	Receivable	-	149,552
SS&C Technologies	Administrator	Administration fees	26,163	-
Directors	Directors	Directors' fees	70,000	17,500

The terms and conditions of the amount with related parties are as follows:

(i) Unsecured interest free and settlement occurs in cash;
(ii) No guarantees have been given or received on these balances; and
(iii) No provision has been recognized in relation to outstanding balances from related party.

Key Management Personnel (Directors' fee)

Except for Robert Knapp who has waived his fees, each director has been paid a fee of USD 35,000 per annum plus reimbursement for out-of pocket expenses during both 2022 and 2021.

Robert Knapp, who is a director of the Company, also forms part of the executive team of the Investment Manager. Details of the agreement with the Investment Manager are disclosed in Note 5. He has a beneficiary interest in AOF CarryCo Limited. The latter is entitled to carry interest computed in accordance with the rules set out in the Admission Document (refer to Note 5 - 'Investment management agreement' for further detail of the performance fee paid to the director).

Details of investments in the Company by the Directors are set out below:

	No of shares held	Direct interest held %
2022	3,290,354	16.28
2021	4,034,732	16.28

13. TAXATION

Under the current laws of Cayman Islands, there is no income, estate, transfer sales or other Cayman Islands taxes payable by the Company. As a result, no provision for income taxes has been made in the financial statements.

Dividend revenue is presented gross of any non-recoverable withholding taxes, which are disclosed separately in the statement of comprehensive income. Withholding taxes are not separately disclosed in statement of cash flows as they are deducted at the source of the income.

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable tax rate is as follows:

	2022	2021
	USD	USD
Total comprehensive (loss)/gain	(2,409,870)	10,714,870
Income tax expense calculated at 0%	-	-
Withholding tax suffered outside Cayman Islands	-	-
Income tax expense recognized in profit or loss	-	-

* Withholding taxes are borne at the master fund level and amounted to **USD 169,947** (2020: USD 205,367). These have been included in the NAV of the subsidiary.

14. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

14(a). AT THE COMPANY'S LEVEL

Introduction

The Company's objective in managing risk is the creation and protection of shareholder value. Risk is inherent in the Company's activities. It is managed through a process of ongoing identification, measurement, and monitoring, subject to risks limits and other controls. The process of risk management is critical to the Company's continuing profitability. The Company is exposed to market risk (which includes currency risk, interest rate risk and price risk), credit risk and liquidity risk arising from the financial instruments it holds.

Risk management structure

The Investment Manager is responsible for identifying and controlling risks. The Board of Directors supervises the Investment Manager and is ultimately responsible for the overall risk management approach of the Company.

Fair value

The carrying amount of financial assets and liabilities at fair value through profit or loss are measured at fair value at the reporting date. The carrying amount of trade and other receivables, cash and cash equivalents trade and other payables approximates their fair value due to their short-term nature.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices and includes interest rate risk, foreign currency risk and equity price risk. The Company is not directly exposed to market risk. The Company holds investments in subsidiaries, Africa Opportunity Fund L.P. (Master Fund) and Africa Opportunity Fund (G.P.) Limited which are valued at their net asset value. The Company is thus exposed to market risk indirectly through investments held by the Master Fund.

Equity price risk

Equity price risk is the risk that the fair value of equities decreases as a result of changes in the levels of the equity indices and the values of individual stocks. The equity price risk of the Company arises from the net asset value (NAV) of the underlying funds, the Master Fund and AOF G.P. The equity price risk at Company level is analysed as follows:

Equity

Company	**Change in NAV price**	**Effect on Equity 2022**
		USD
Investment in subsidiaries at fair value through profit or loss	10%	**1,904,185**
	-10%	**(1,904,185)**

Company	**Change in NAV price**	**Effect on Equity 2021**
		USD
Investment in subsidiaries at fair value through profit or loss	10%	2,609,535
	-10%	(2,609,535)

Currency risk

All of the Company's financial assets and financial liabilities are denominated in its functional currency. The Master Fund's investments are denominated in various currencies. The effect of a change in USD against other currencies at the Master Fund level will have the same impact at the Company level and will form part of the NAV of the subsidiary (refer to note 14(b)). The currency profile of the Company's financial assets and liabilities is therefore summarised as follows:

	2022 Financial assets	**2022 Financial liabilities**	2021 Financial assets	2021 Financial liabilities
	USD	**USD**	USD	USD
United States Dollar	**19,311,903**	**153,540**	26,266,366	197,035
	19,311,903	**153,540**	26,266,366	197,035

Prepayments are typically excluded as these are not financial assets; prepayments as at 31 December 2022 and 2021 amounted to USD **8,960** and USD 7,862, respectively.

As at 31 December 2022

Company	**Gross amounts of recognised financial assets**	**Gross amounts of recognised financial liabilities set off in the statement of financial position**	**Net amount of financial assets presented in the statement of financial position**	**Financial instruments**	**Cash collateral**	**Net amount**
	USD	**USD**	**USD**	**USD**	**USD**	**USD**
Cash and cash equivalents	**42,251**	**-**	**42,251**	**-**	**-**	**42,251**
Total	**42,251**	**-**	**42,251**	**-**	**-**	**42,251**

As at 31 December 2021

Company	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the statement of financial position	Net amount of financial assets presented in the statement of financial position	Financial instruments	Cash collateral	Net amount
	USD	USD	USD	USD	USD	USD
Cash and cash equivalents	21,469	-	21,469	-	-	21,469
Total	21,469	-	21,469	-	-	21,469

Cash and cash equivalents are offset as the Company has current bank balances and bank overdrafts with the same counterparty which the Company has current legally enforceable right to set off the recognised amounts and the intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Company’s financial assets and liabilities are non-interest bearing; therefore, the Company is not exposed to interest rate risk and thus, no sensitivity analysis has been presented.

Credit risk

The Company takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Financial assets that potentially expose the Company to credit risk consist principally of cash and cash equivalent balances and trade and other receivables, comprising of an intercompany balance with the Master Fund. The extent of the Company’s exposure to credit risk in respect of these financial assets approximates their carrying values as recorded in the Company’s statement of financial position.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Notes	2022 Company Carrying amount	2021 Company Carrying amount
		USD	USD
Other receivables, excluding prepayments	7	**227,805**	149,552
Cash and cash equivalents	8	**42,251**	21,469

The cash and cash equivalent assets of the Company are maintained with Standard Chartered Bank (Mauritius) Ltd. Standard Chartered Bank has an A1- issuer rating from Moody's long term rating agency, a P-1 short term rating from Moody's rating agency, an AA- issuer rating from Standard and Poor's rating agency, and an A-1+ short term rating from Standard and Poor's rating agency.

Concentration risk

The Company does not have any concentration risk as at 31 December 2022. Given that the Company has invested in Africa Opportunity Fund L.P (the Master Fund) which holds investments in various countries in Africa, the concentration risk therefore arises primarily at the Master Fund Level.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows. The table below illustrates the maturity profile of the Company's financial liabilities based on undiscounted payments.

Year 2022	**Due on demand**	**Due within 3 Months**	**Due Between 3 and 12 Months**	**Due Between 1 and 5 years**	**Due greater than 5 years**	**Total**
	USD	**USD**	**USD**	**USD**	**USD**	**USD**
Financial liabilities						
Other payables	-	**153,540**	-	-	-	**153,540**
Total liabilities	-	**153,540**	-	-	-	**153,540**

Year 2021	Due on demand	Due within 3 Months	Due Between 3 and 12 Months	Due Between 1 and 5 years	Due greater than 5 years	Total
	USD	USD	USD	USD	USD	USD
Financial liabilities						

Other payables	-	197,035	-	-	-	197,035
Total liabilities	-	197,035	-	-	-	197,035

Capital Management

Total capital is considered to be the total equity as shown in the statement of financial position.

The Company is a closed end fund and repurchase of shares in issue can be done with the consent of the Board of Directors. The Company is not subject to externally imposed capital requirements.

The objectives for managing capital are:

- To invest the capital in investment meeting the description, risk exposure and expected return indicated in the Admission document.
- To achieve consistent capital growth and income through investment in value, arbitrage and special situations opportunities derived from the African continent.
- To maintain sufficient size to make the operation of the Company cost effective.

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

14(b). AT THE MASTER FUND'S LEVEL

The financial risks at Master Fund Level are described as follows:

Fair value

The carrying amount of financial assets and liabilities at fair value through profit or loss held at Master Fund level are measured at fair value at the reporting date. The carrying amount of other receivables, cash and cash equivalents, trade and other payables and amount payable to related party at Master Fund levels approximates their fair value due to their short-term nature.

Market risk

The market risk lies primarily at the Master Fund level. Short selling involves borrowing securities and selling them to a broker-dealer. The Master Fund has an obligation to replace the borrowed securities at a later date. Short selling allows the Master Fund to profit from a decline in market price to the extent that such decline exceeds the transaction costs and the costs of borrowing the securities, while the gain is limited to the price at which the Fund sold the security short. Possible losses from short sales may be unlimited as the Master Fund has an obligation to repurchase the security in the market at prevailing prices at the date of acquisition.

With written options, the Master Fund bears the market risk of an unfavourable change in the price of the security underlying the option. Exercise of an option written by the Master Fund could result in the Master Fund selling or buying a security at a price significantly different from its fair value.

A contract for difference creates, as its name suggests, a contract between two parties speculating on the movement of an asset price. The term 'CFD' which stands for 'contract for difference' consists of an agreement (contract) to exchange the difference in value of a particular currency, commodity share or index between the time at which a contract is opened and the time at which it is closed. The contract payout will amount to the difference in the price of the asset between the time the contract is opened and the time it is closed. If the asset rises in price, the buyer receives cash from the seller, and vice versa. The Master Fund bears the risk of an unfavourable change on the fair value of the CFD. The risk arises mainly from changes in the equity and foreign exchange rates of the underlying security.

The Master Fund's financial assets are susceptible to market risk arising from uncertainties about future prices of the instruments. Since all securities investments present a risk of loss of capital, the Investment Manager moderates this risk through a careful selection of securities and other financial instruments. The Master Fund's overall market positions are monitored on a daily basis by the Investment Manager.

The directors have based themselves on past and current performance of the investments and future economic conditions in determining the best estimate of the effect of a reasonable change in equity prices, currency rate and interest rate.

Equity price risk

Equity price risk is the risk that the fair value of equities decreases as a result of changes in the levels of the equity indices and the values of individual stocks.

The equity price risk exposure arises from the Master Fund's investments in equity securities, from equity securities sold short and from equity-linked derivatives (the written options). The Master Fund manages this risk by investing in a variety of stock exchanges and by generally limiting exposure to a single industry sector to 15% of NAV.

Management’s best estimate of the effect on the profit or loss for a year due to a reasonably possible change in equity indices, with all other variables held constant is indicated in the table below. There is no effect on ‘other comprehensive income’ as the Master Fund have no assets classified as ‘available-for-sale’ or designated hedging instruments.

In practice, the actual trading results may differ from the sensitivity analysis below and the difference could be material. An equivalent decrease in each of the indices shown below would have resulted in an equivalent, but opposite impact.

Master Fund	**Change in NAV price**	**Effect on net assets attributable to Shareholders 2022**
		USD
Financial assets at fair value through profit or loss	10%	**1,863,483**
	-10%	**(1,863,483)**

Master Fund	**Change in NAV price**	**Effect on net assets attributable to Shareholders 2021**
		USD
Financial assets at fair value through profit or loss	10%	**2,401,537**
	-10%	**(2,401,537)**

Currency risk

The Master Fund's investments are denominated in various currencies as shown in the currency profile below. Consequently, the Company is exposed to the risk that the exchange rate of the United States Dollar (USD) relative to these various currencies may change in a manner which has a material effect on the reported values of its assets denominated in those currencies. To manage its risks, the Master Fund may enter into currency arrangements to hedge currency risk if such arrangements are desirable and practicable.

The following table details the Master Fund’s sensitivity to a possible change in the USD against other currencies. The percentage applied as sensitivity represents management’s assessment of a reasonably possible change in foreign currency denominated monetary items by adjusting the translation at the year-end for the change in currency rates at the Master Fund level. A positive number below indicates an increase in profit where the USD weakens against the other currencies. In practice, actual results may differ from estimates and the difference can be material. The effect of a change in USD against other currencies at the Master Fund level as per the table below will have the same impact at the company level and will form part of the NAV of the subsidiary.

The sensitivity analysis shows how the value of a financial instrument will fluctuate due to changes in foreign exchange rates against the US Dollar, the functional currency of the Company.

Currency Risk - Year 2022

Effect on net assets attributable to

Master Fund	Currency	shareholders in (USD)	
Change:		**30%**	**-30%**
	Botswana Pula	(95,224)	95,224
	Ghana Cedi	(1,605,354)	1,605,354
	Kenyan Shilling	(91,305)	91,305
	South African Rand	(26,315)	26,315
	Tanzanian Shilling	(331,067)	331,067
	Zambian Kwacha	(2,005,894)	2,005,894
Change:		**5%**	**-5%**
	Great British Pound	329	(329)

Currency Risk - Year 2021

Master Fund	Currency	Effect on net assets attributable to shareholders in (USD)	
Change:		**30%**	**-30%**
	Botswana Pula	(437,444)	437,444
	Ghana Cedi	(2,299,289)	2,299,289
	Kenyan Shilling	(111,723)	111,723
	South African Rand	(62,083)	62,083
	Tanzanian Shilling	(334,588)	334,588
	Zambian Kwacha	(1,640,378)	1,640,378
Change:		**10%**	**-10%**
	CFA Franc	(27,952)	27,952
Change:		**5%**	**-5%**
	Great British Pound	687	(687)

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The fair values of the Master Fund's debt securities fluctuate in response to changes in market interest rates. Increases and decreases in prevailing interest rates generally translate into decreases and increases in fair values of those instruments.

The investments in debt securities have fixed interest rate and the income and operating cash flows are not exposed to interest rate risk. The change in fair value of investments based on a change in market interest rate (a 50 basis points change) is not significant and has not been disclosed.

Credit risk

Financial assets that potentially expose the Master Fund to credit risk consist principally cash balances and interest receivable. The extent of the Master Fund's exposure to credit risk in respect of these financial assets approximates their carrying values as recorded in the Master Fund's statement of financial position (note 15). The Master Fund takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2022 Master Fund Carrying amount	2021 Master Fund Carrying amount
	USD	USD
Other receivables, excluding prepayments	**28,700**	28,700
Cash and cash equivalents	**1,516,490**	3,159,934

Concentration risk

At 31 December 2022 the Master Fund held investments in Africa which involves certain considerations and risks not typically associated with investments in other developed countries. Future economic and political developments in Africa could affect the operations of the investee companies.

Analysed by geographical distribution of underlying assets:

	Master Fund 2022	Master Fund 2021
	USD	USD
Bond & Notes		
South Africa	-	129,741
	-	129,741

	Master Fund 2022	Master Fund 2021
	USD	USD
Equity Securities		
Ghana	**5,351,179**	7,664,295
Zambia	**6,686,314**	5,467,927
Other	**2,625,800**	3,125,800
Zimbabwe	**2,149,384**	4,295,838
Tanzania	**1,103,558**	1,115,294
Botswana	**17,415**	1,458,146
Kenya	**304,350**	372,409
South Africa	**96,833**	106,401
Cote D'Ivoire	-	279,516

	18,634,833	23,885,626
Total	**18,634,833**	24,015,367

Analysed by industry of underlying assets:

	Master Fund 2022	Master Fund 2021
	USD	USD
Bond & Notes		
Consumer Product & Services	**-**	129,741
	-	129,741

	Master Fund 2022	Master Fund 2021
	USD	USD
Equity Securities		
Utilities	**6,990,664**	5,840,336
Financial Services	**5,448,012**	7,770,696
Other	**2,625,800**	3,125,800
Real Estate	**2,149,384**	4,295,838
Beverages	**1,103,558**	1,115,294
Consumer Finance	**317,415**	1,458,146
Plantations	**-**	279,516
	18,634,833	23,885,626
Total	**18,634,833**	24,015,367

Maturity Analysis

All figures are expressed in USD.

Master Fund

As at 31 December 2022	**Within 12 Months**	**After 12 Months**	**Total**
ASSETS			
Cash and cash equivalents	1,516,490	-	1,516,490
Trade and other receivables	28,700	-	28,700
Equity securities	6,539,674	9,469,359	16,009,033
Unquoted equity securities	488,633	2,137,167	2,625,800
Total assets	**8,573,497**	**11,606,526**	**20,180,023**

LIABILITIES

Trade and other payables	467,410	-	467,410
Amount payable to related party - AOF Ltd	227,805	-	227,805
Total liabilities	**695,215**	**-**	**695,215**

Master Fund

As at 31 December 2021	**Within 12 Months**	**After 12 Months**	**Total**
ASSETS			
Cash and cash equivalents	3,159,934	-	3,159,934
Trade and other receivables	28,700	-	28,700
Equity securities	1,734,529	19,025,297	20,759,826
Fixed income securities	129,741	-	129,741
Unquoted equity securities	500,000	2,625,800	3,125,800
Total assets	**5,552,904**	**21,651,097**	**27,204,001**
LIABILITIES			
Trade and other payables	6,886	467,410	474,296
Amount payable to related party - AOF Ltd	149,552	-	149,552
Total liabilities	**156,438**	**467,410**	**623,848**

15. ANALYSIS OF NAV OF MASTER FUND ATTRIBUTABLE TO ORDINARY SHARES

	2022	2021
	USD	USD
ASSETS		
Cash and cash equivalents	1,516,490	3,159,934
Trade and other receivables	28,700	28,700
Financial assets at fair value through profit or loss	18,634,833	24,015,367
Total assets	20,180,023	27,204,001
EQUITY AND LIABILITIES		
Liabilities		
Trade and other payables	467,410	474,296
Amount payable to related party - AOF Ltd	227,805	149,552

Total liabilities	695,215	623,848
Net assets attributable to members' account	19,484,808	26,580,153

16. SEGMENT INFORMATION

For management purposes, the Company is organised in one main operating segment, which invests in equity securities, debt instruments and relative derivatives. All of the Company's activities are interrelated, and each activity is dependent on the others. Accordingly, all significant operating decisions are based upon analysis of the Company as one segment. The financial results from this segment are equivalent to the financial statements of the Company as a whole.

For geographical segmentation at the Master Fund level, please refer to Note 14.

17. PERSONNEL

The Company did not employ any personnel during the year (2021: nil).

18. COMMITMENTS AND CONTINGENCIES

There are no commitments or contingencies at the reporting date.

19. SIGNIFICANT EVENTS

MANDATORY REDEMPTION

The Directors, at their sole discretion, can effect a compulsory redemption of the Ordinary Shares on an ongoing basis and will therefore undertake a staged return of capital to shareholders. During the year ended 31 December 2022, the Directors approved a partial mandatory redemption of the Company's Ordinary Shares. On 28 June 2022, the Board of Directors of Africa Opportunity Fund Limited approved the mandatory redemption of 4,573,168 Ordinary shares. On 6 July 2022, the mandatory redemption was completed and AOF redeemed the 4,573,168 Ordinary Shares, on a pro rata basis, at the prevailing NAV per Ordinary Share of $0.984 as at 31 May 2022. Such shares were cancelled automatically following their redemption. Fractions of shares produced by the applicable redemption ratios have not been redeemed and so the number of shares redeemed in respect of each shareholder has been rounded down to the nearest whole number of shares. Payments of redemption proceeds were effected either through Euroclear or Clearstream (in the case of shares held in uncertificated form) or by cheque (in the case of shares held in certificated form) on or around 13 July 2022. Following the Mandatory Redemption, the Company has 20,214,590 Ordinary Shares in issue. As a result of the Mandatory Redemption described above, Robert Knapp and Myma Belo-Osagie, Directors of the Company now hold 3,263,346 and 27,008 Ordinary Shares, respectively. The Company benefitted from a strong level of realisations from its underlying portfolio. The redemptions during the year were funded through proceeds received from realising the assets of the Company.

20. COVID-19 PANDEMIC AND UKRAINE-RUSSIA CONFLICT

The Board of Directors and Investment Manager continue to assess the impact of both the continued presence of a novel and highly contagious form of coronavirus ("Covid-19"), which the World Health Organization has officially declared a pandemic, and the geopolitical unrest in the form of the Ukraine and Russia conflict. Covid-19, has resulted in numerous deaths across the globe, adversely impacted global commercial activity, interrupted normal business and social activities, and contributed to significant volatility in certain equity and debt markets. The global impact of the outbreak continues to evolve, as new strains of the coronavirus develop. Many countries continue to react by instituting quarantines, prohibitions on travel, restrictions on imports and exports, and the closure of offices, businesses, schools, retail stores and other public venues. Businesses, including the Investment Manager and key vendors of the Company have implemented similar precautionary measures. Such measures, as well as the general uncertainty surrounding the continuing dangers and impact of Covid-19, continue to create significant disruption in supply chains and economic activity and are having a particularly adverse impact on transportation, hospitality, tourism, entertainment, and other industries. The impact of Covid-19 has led to significant volatility and declines in the global public equity markets, and it is uncertain how long this volatility will continue. As Covid-19 variants continue to spread, the impacts, including a potential global, regional, or other economic recession, remain uncertain and difficult to assess. Public health emergencies, including outbreaks of new strains of Covid-19 or other existing or new epidemic diseases, or the threat thereof, and the resulting financial and economic market uncertainty could have a significant adverse impact on the Company, including the fair value of its investments.

The Directors and Investment Manager continue to assess the impact of the geopolitical unrest affecting the Russia, Belarus, and Ukraine regions. While the Company has no direct exposure to investments in, or traded in, these regions, the potential for supply chain disruptions as well as cybersecurity related risks and adverse impacts on general economic activity is elevated and continues to be monitored. Sanctions, high inflation, rapid increases in food prices, currency exchange limitations, heightened volatility of currencies, export or capital controls, sovereign debt distress or sovereign debt default, or civil or political unrest appear to have limited direct impact on the Company at this time, however, the impact of an expansion of any or all of these consequences of the conflict may indirectly have material impacts on investments of the Company. An expansion of hostilities could have adverse impacts, including a potential global, regional or other economic recession, which remain uncertain and difficult to assess.

The current investment strategy and distribution policy, while mitigating some operational risks due to the enhanced levels of cash and cash equivalents as a consequence of the realisation efforts, does pose other challenges as the Investment Manager continues to attempt to maximise value while realising investments during this volatile environment. The Company and the Master fund will continue to meet their working capital requirements and other obligations through utilisation of existing cash resources.

The Directors consider the continuation of the Covid-19 pandemic and the Ukraine-Russia conflict to be non-adjusting post balance sheet events and hence any future impacts are likely to be in connection with the assessment of the fair value of investments at future valuation dates. The Fund's portfolio of investments may see a range of impacts due to these events, the specifics of which will depend on a variety of factors, including geographic location, industry sector and the effectiveness of governmental actions, amongst others. The Board and the Investment Manager are actively working towards assessing and minimizing risks to the Fund's portfolio, however, given the degree of uncertainty around the potential future course of Covid-19 and the Ukraine-Russia conflict, it is not possible to accurately quantify the future impact on the portfolio at this.

21. EVENTS AFTER REPORTING DATE

In March 2023 the US Treasury, Federal Deposit Insurance Corporation ("FDIC"), and Federal reserve took action to stabilise the US banking system in response to the collapse of two mid-sized lenders. These actions appear to have helped prevent a systemic crisis in the US banking sector. The Company has no cash or investment assets at a US banking institution. As such, while the directors and investment management will monitor this situation, we do not anticipate any direct or indirect adverse impacts on the company's portfolio of investments or its ability to realise those investments pursuant to the current liquidation strategy.

Other than described above, there were no other material events after the reporting date up to the date that these financial statements were authorised for issue that warrant adjustments or disclosures in the financial statements for the year ended 31 December 2022.

SHARE PRICE

Prices of Africa Opportunity Fund Limited are published daily in the Daily Official List of the London Stock Exchange. The shares trade under Reuters symbol "AOF.L" and Bloomberg symbol "AOF LN".

MANAGER

Africa Opportunity Partners LLC.

COMPANY INFORMATION

Africa Opportunity Fund Limited is a Cayman Islands incorporated closed-end investment company admitted to trading on the SFS operated by the London Stock Exchange.

CAPITAL STRUCTURE

The Company has an authorized share capital of 1,000,000,000 ordinary shares of US$0.01 each of which 24,787,758 are issued and fully paid.

LIFE OF THE COMPANY

Directors consider it desirable that Shareholders should have the opportunity to review the future of the Company at appropriate intervals. Accordingly, Shareholders passed an ordinary resolution at an extraordinary general meeting of the Company on 28 February 2014 that the Company continues in existence. On June 27, 2019, the Shareholders passed a further ordinary resolution at an extraordinary general meeting of the Company on that the Company continues in existence through 30 June 2022.

In June 2022, the Directors convened an Annual General Meeting and an Extraordinary General Meeting where the following was passed:

- Ordinary resolution that the continuation of the existence of the Company be and is hereby approved.
- The text set out under "New Investing Policy" in paragraph 2 of Part III of the Company's circular to Shareholders dated 5 June 2019 (the "Circular") adopted as the new investment policy of the Company continues;
- The terms of the Amended and Restated Investment Management Agreement (as defined in the Circular) be and are hereby approved;
- The memorandum and the articles of association in the form initialled by the Chair of the meeting be adopted as the memorandum and articles of association of the Company in substitution for and to the exclusion of the existing memorandum and articles of association; and
- Any variation to the rights attaching to the Ordinary Shares in the Company pursuant to the adoption of the new memorandum and articles of association, and in particular the right for the Company to redeem the Ordinary Shares (including any redemptions made of 15 per cent. or more of the Company's issued share capital), be and is hereby approved.

In summary, shareholders voted to give AOF two years during which the Investment Manager will realize the portfolio in an orderly manner and distribute the proceeds to the shareholders. (Please review the Company's Circular dated 13 June 2022 for a detailed and comprehensive description of the Continuation Vote)

A brief synopsis of the "New Investing Policy" which shall remain in force through 30 June 2024 is below: (Please review the Company's Circular dated 5 June 2019 for a detailed and comprehensive description of the Policy):

For a period of up to three years following the EGM (the "Return Period"), the Company will make no new investments (save that it may invest in, or advance additional funds to, existing investments within the Company's portfolio to maximise value and assist in their eventual realisation). The Company will adopt the New Investment Policy whereby the Company's existing portfolio of investments will be divested in a controlled, orderly and timely manner to facilitate a staged return of capital.

It should be appreciated that there is no time horizon in terms of the implementation of the New Investment Policy. Although the Company's portfolio is comprised of largely liquid equity holdings, the Company has some illiquid investments, and it may take the Investment Manager some time to realise these.

REGISTERED NUMBER

Registered in the Cayman Islands number MC-188243.

Website

www.africaopportunityfund.com