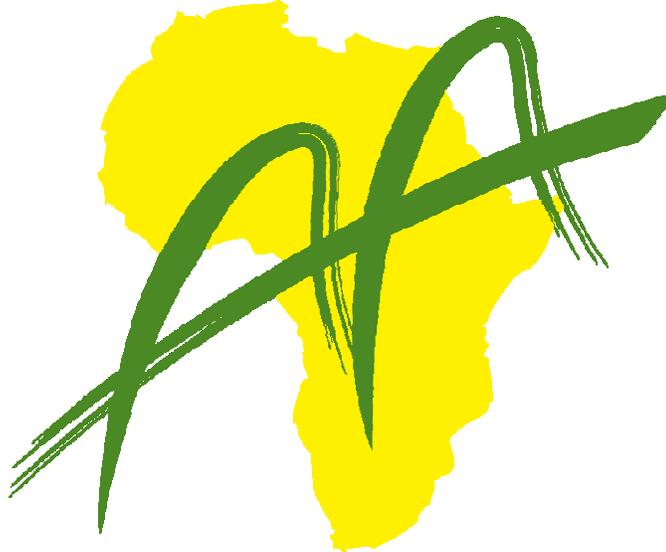


AFRICA ASSET MANAGEMENT



CREATING VALUE THROUGHOUT AFRICA

Africa Asset Management Ltd
121 Whitehall Court
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www.africaassets.com



*121 Whitehall Court
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Africa Asset Management

Africa Asset Management Limited was set up by Keith Gubbin and Graeme Stout to meet the needs of companies and financial institutions operating in sub-Saharan Africa or contemplating investing in the African market.

The aims and objectives of AAM are to:

- ◆ Purchase, invest in and turnaround under-performing companies in Africa
- ◆ Provide interim management and management services for African businesses
- ◆ Offer business development and turnkey services for investors planning to operate in an African market
- ◆ Manage, purchase or dispose of non-core businesses for companies operating in Africa or that wish to exit specific markets

Our Approach

The AAM team is based in London with representatives in Nairobi and Lagos. We have a strong record of providing an innovative, hands-on approach to investment and management issues in Sub-Saharan Africa. AAM has access to experienced professionals from a wide variety of sectors and is able to respond at very short notice.

Funding Sources

We have access to funds via capital partners, which include both institutions and high net worth individuals. Our capital partners specialise in providing appropriately structured financial solutions, as either debt or equity, to perceived high-risk projects in Africa. In addition, we have excellent relations with investment banks resident in East Africa and pan-African development banks/ private equity houses specialising in emerging market investment.

Creating Value Throughout Africa



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Fee Structure

Africa Asset Management allies its remuneration to the aims and aspirations of its clients. We have low fixed and administrative costs enabling us to operate on a competitive fee, appropriate upside basis. This reduces risk and exposure to our clients but ensures that all parties have the same ultimate objective. We specialise in hands on management of projects with a view to handing over to permanent management as early as possible; this is reflected in our fee structure.

Where appropriate, AAM is comfortable assuming a board level position. This can be either on a permanent, or short to medium term basis while new management is being settled in. This gives the company concerned on-going, objective support and provides investors with a degree of continuity and an additional comfort factor.

Local Commitment

Africa Asset Management executives are experienced at sourcing, mentoring and empowering local management. Many years experience throughout Africa has confirmed this as the most efficient, sustainable and economic way forward. We therefore use external managers in the short to medium term and only at the highest levels. Local capability is sourced once the stabilisation phase has been reached with a view to appointment towards the closing phase of the turnaround.

AAM has a strong commitment to and a wealth of experience in diverse sub-Saharan African markets. Should effective, experienced, trustworthy management for assets be required throughout this region, Africa Asset Management is the logical partner of choice.

The AAM Team

Senior members of the AAM team include:

Keith Gubbin MSc (Sloan Fellow); BSc (Hons) - Director, Africa Asset Management Ltd

Graeme Stout ACIMA - Director, Africa Asset Management Ltd

Justin Longley MBA, BSc (Hons) - Associate, Africa Asset Management Ltd

Ayo Ighodaro PhD, MS, BSc (Hons)- Director, Africa Asset Management Nigeria Ltd

Alex Andrewes BSc (Hons)- Principal, Kenya, Africa Asset Management Ltd

Creating Value Throughout Africa

Team Member Profiles

Keith Gubbin

A highly experienced senior manager with a proven ability to perform successfully in an international environment, demonstrating strong leadership, organisational, interpersonal and strategic skills.

- Set up K2 Africa (now Africa Asset Management) in 2001. Built relationships with clients, capital partners and professional services firms in both the UK and Africa. Successfully negotiated and co-ordinated acquisition and turnaround of Orbit Chemical Industries Ltd.
- As Managing Director of a subsidiary of the Ocean Group plc in Angola turned the company from loss to profit in six months. Restructured senior management. Successfully sold loss-making parts of the group. Prepared the remainder of the group for sale to an Angolan consortium.
- Established first Rothmans Group operation in Eritrea since 1973. Successfully built the company from inception into an important part of the Rothmans Africa portfolio. Reported \$3m EBITDA in first year's trading.
- Initiated and produced business-plan for the takeover of Tabarwanda and setting up of Rothmans' first ever operation in Rwanda. Assisted with feasibility studies and operational planning for takeover and integration of Tabazaire into Rothmans Zaire. Assisted with setting up Rothmans Nigeria Ltd, Rothmans' first operation in that country for over 20 years.
- Organised and ran the first comprehensive aerial survey of the wildlife resources of the Marromeu Complex in the Zambesi delta for Lonrho Mozambique since Mozambique's independence. Area subsequently recommended for World Heritage Site status.

Education:

London Business School
Royal Military Academy Sandhurst
University of Newcastle upon Tyne

MSc- General Management (Sloan Fellow)
Officer Training- British Army
BSc (Hons)- Agricultural Economics

Languages: French, Portuguese

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Team Member Profiles

Graeme Stout

A highly experienced, versatile finance professional accustomed to operating in an international environment, demonstrating strong adaptability, cultural sensitivity, leadership and organisational skills.

- Twelve years in position of Financial Controller/Management Accountant, seven of which relate to Africa including projects in Angola, Ghana, Kenya and Nigeria.
- Key role in development of business plans. Instigated group wide systems and budgets to improve efficiencies and controls.
- Financial restructuring of operations in Angola and Ghana. Financial Controller during the successful disposal of an Ocean Group subsidiary in Angola.
- Reviewed and replaced accounting systems of Ocean Group subsidiary in Ghana and two Ocean Group subsidiaries in Angola. Designed systems and procedures to reflect real results in the hyperinflationary economies.
- Acting CFO of Orbit Chemical Industries in Kenya during turnaround process. Managed finances of the company, orchestrated restructure of financial systems and developed financial plans in the company and successfully handed over to new management.

Education:

Associate of Chartered Institute of Management Accountants

Languages: Spanish, Portuguese

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graemestout@africaassets.com

Team Member Profiles

Justin Longley

A senior manager, comfortable and effective in multi-cultural settings, with proven ability to rationalise and implement corporate strategies within politically charged or otherwise unstable environments.

- Acting CEO of Orbit Chemical Industries in Kenya during turnaround process. Assumed overall control of the company, taking responsibility for all aspects of leadership, management and medium term strategy. Orchestrated restructure and successfully handed over to new management.
- Executive responsibility for negotiating agreements & implementing start-up operations to develop Congolese state assets in participation with corporate investors. Included defending & legitimising the rights of local people in project areas to satisfy international human rights charters.
- As country manager in Angola, was responsibility for implementing an aggressive growth strategy for a Canadian listed diamond mining company. Within two years, established two industrial production operations, a pilot production project, and an exploration programme.
- On behalf of a well-known global aid organisation, established their flagship landmine clearance operations in Angola. This project was the first to integrate civilians from government as well as rebel held areas, and in a widely reported media event, the project was acclaimed by the US Ambassador as an example of the way forward for the Angolan peace process.
- General Consulting: Through first hand investigation, has assessed the influence of regional politics and local economic pressures on commercial opportunities in the energy, mining, and transport sectors. Countries have included South Africa, Kenya, Angola, Sierra Leone, Rwanda, Sudan, as well as Thailand, Burma, and Australia.

Education:

**Imperial College Management School
University College London
Lympstone Commando**

MBA, The Management of New Ventures
BSc (Hons), Geology
Officer Training, Royal Marines

Languages: Portuguese

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Associate
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justinlongley@africaassets.com

Team Member Profiles

Ayo Ighodaro

An academically distinguished, highly experienced senior manager and advisor with exposure to international business in a wide variety of sectors at the very highest levels.

- Established Bishopstone Associates in London and Lagos. Advised a West African industrial holding company embarking on new projects in power generation, FMCG and property development. Advised bidders for two hotel privatisations and a pulp/paper mill in Nigeria. Acted as Director, Investment Promotion for the Commonwealth Business Council, London.
- Correspondent in Nigeria for the D Group, a business development network with membership of chief executives from over 100 large companies in Europe, Southeast Asia, South Africa and the Caribbean.
- COO and Corporate Development Director for Nigerian holding company. Managed project and co-ordinated international financing for 5-star hotel. Co-ordinated start-up of a passenger/cargo airline enjoying strong competitive advantage to operate nationally and regionally.
- Managing Director, Chief Operating Officer of Nigerian healthcare management, consultancy and supply firm. Main responsibility was to accomplish the turnaround of a company burdened with large short-term debt. Working with the CEO re-focused company's strategy, rationalised staffing and operations, reached accommodation with creditors.
- Strategic Planning Consultant, New Business Development, Scott Paper Company, Philadelphia, USA. Co-creator of corporate entrepreneurship programme. Led business team in assessing industry structure and competitors' strategies. Established on-going competitive intelligence procedures to improve decision-making.

Education:

Cornell University, NY, USA
Cornell University, NY, USA
University of Ibadan, Nigeria

Ph.D Management Science
M.S. Management Science
BSc (Hons) Physics (First Class)

Languages: German, French

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Team Member Profiles

Alex Andrewes

A versatile manager with extensive experience in a wide variety of business sectors in East Africa demonstrating outstanding management, leadership and entrepreneurial skills.

- Managing Director and shareholder of Interactive Media Services, Nairobi, Kenya. Set up the first company in East Africa to offer value added telephone services through the provision of premium rate and free phone facilities. Formulated long and short-term strategic plans, raised finance through private individuals and banks. Negotiated contracts with the three main telephone operators in Kenya in addition to Kenya's main media groups.
- Managing Director of Abercrombie and Kent Lodges Ltd, Nairobi, Kenya. Restructured the company and refocused its business by divesting out of management contracts for large, low margin lodges and developing high quality, high margin properties. Turned the company from a loss making cost centre of the Abercrombie and Kent Group into highly profitable, stand alone company.
- Director and shareholder of OnTime Solutions Ltd, Nairobi, Kenya. The company was set up to provide integrated IT solutions to companies in the East African region. The company took over Microsoft Kenya Ltd and became the only value-added re-seller for NCR in East Africa. Built a client base of over 70 companies throughout East Africa.

Education:

The European Business School

BA (Hons), European Business Administration

Languages: French, Spanish

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Case Study

1. Background

In June 2002, a major banking group (the “Bank”) contacted the Africa Asset Management team to provide assistance with the corporate renewal of an important Nairobi based chemical manufacturing and distribution company (The “Company”) to which the Bank had significant exposure. Subsequent to an exploratory visit by AAM and presentation of an outline diagnostic review, AAM was requested to negotiate the withdrawal of existing management and to assume executive control. In addition, the Bank tasked AAM to address and resolve management, organisational, personnel and finance issues and to prepare the company for sale to TQ Chemicals (“TQ”), a Mauritius based Special Purpose Vehicle. The setting up of TQ and the Company’s sale to it was a crucial part of the turnaround process. It was co-ordinated by AAM and one of its capital partners. Africa Asset Management was tasked to make the major changes necessary to ensure long-term viability of the company before bedding in a new chairman and chief executive.

2. The Company

The Company trades, manufactures and packages commercial and domestic chemicals for the regional market. It has an annual turnover in the region of \$10m with current borrowing approximately \$12m. It was a family owned business with the following issues:

- ◆ The business had grown beyond the capabilities of the existing management which was unable to react to the dynamics of a radically changing market
- ◆ Three of four divisions were loss making
- ◆ Gearing levels were unsustainable and interest and capital had not been serviced for approximately ten months
- ◆ Directors were unwilling/unable to inject capital and the confidence of external backers had been lost
- ◆ Morale was at rock-bottom and leadership and general management becoming increasingly ineffective
- ◆ Market position and local reputation were in serious jeopardy
- ◆ Records and systems were unworkable

Case Study

- ◆ The Company was in a state of imminent collapse with a fire sale being the only way for the bank to realise any of its liabilities

Africa Asset Management's objectives were to:

- ◆ Assess the situation in the Company with a view to obtaining an accurate view of its finances, management and operations
- ◆ Ensure management remained co-operative and allow the take-over process to move smoothly
- ◆ Restructure the Company to enable it to continue operating as a going concern
- ◆ Formulate a sustainable strategy for the survival of the business
- ◆ Take control of the Company in the short term with a view to facilitate an orderly transition between incumbents and new management
- ◆ Ultimately implement a plan that would see a positive return on the Bank's exposure in the Company

3. Services provided

Africa Asset Management carried out the following work:

- ◆ Produced a diagnostic review and emergency action plan
- ◆ Negotiated on behalf of and represented the Bank at all meetings with the Company's owners and the bank's counsel
- ◆ Defined and implemented control and monitoring systems
- ◆ Reviewed organisation, roles and employment terms and conditions and, where appropriate, renegotiated
- ◆ Prepared proposals and financial projections for presentation to key stakeholders

Case Study

- ◆ Stabilised the business
- ◆ Proposed ongoing strategy to ensure implementation of proposals and repayment of the Bank's loans
- ◆ Managed the Company in the short to medium term ensuring a professional and smooth hand-over to new management

4. Additional services provided

Subsequent to the hand-over, AAM was tasked to carry out the following work:

- ◆ Attend board meetings as directors of the Company and provide ongoing, objective support as required/ requested
- ◆ Continue to liaise and manage the relationship between the Bank, the Company and TQ Chemicals

5. Conclusion

The Africa Asset Management team was assigned to the project in August 2002, took full control at the end of October 2002 and completed handing it over in early March 2003. AAM executives assumed control of all aspects of running the Company and worked in close collaboration with its owners and the Bank. Costs were cut, personnel rationalised, operations, strategy and marketing plans implemented. AAM worked closely with owners of TQ Chemicals, which opened lines of communication and greatly facilitated the handover. The project was completed on time, within budget and has enabled the Company to be re-launched with a very bright future. The original owners of the Company were able to hand it over in a considered, dignified manner and maintained their reputation in the local market.



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Case Study

Testimonial:

From Jas Bedi, the new CEO of [The Company]

Dear Keith,

On behalf of the Board of Directors of [The Company]. I hereby take this opportunity to thank you for the outstanding job you and your partners/colleagues have performed for [The Company] during the interim period and transition from the [Family] to the new management. The diligence and high integrity is highly admirable, not forgetting the attention to detail in every aspect. We look forward to your continued support as and when required and thereby would like to record our appreciation in respect to the same.

Thanking you once again.

Kind Regards,

--

Jas Bedi

Managing Director

[The Company]



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<p>Graeme Stout Director Africa Asset Management +44 1382 370 240 +44 7734 246821 graemestout@africaassets.com</p>	<p>Alex Andrewes Principal Kenya Africa Asset Management +254 733 637416 alex@esbc.co.ke</p>
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