



Investment Company Credit Opportunities Fund

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Fund Overview

Investment Company's flagship Credit Opportunities Fund (COF, "the Fund") provides access to the African consumer growth story.

The Fund focuses on US\$ denominated proprietary credit special situations that generate private equity-like returns with reduced risk.

Investment Company has successfully realised several credit-enhanced investments, giving the team a unique depth of experience and a pipeline of opportunities that will enable the COF to achieve its desired returns. Investment Company Africa, a subsidiary of Investment Company, seeded the COF with over \$XXm of warehoused assets.

Investment Strategy

Investment Company will leverage its proprietary deal flow and network to invest in opportunities such as:

- Bank guaranteed loans with significant equity upside
- Credit insurance wrapped products
- Special situations

Firm Overview

Investment Company is an award winning private equity firm that focuses on Sub-Saharan Africa (SSA). It manages a portfolio of \$XXM in a *private* permanent capital vehicle. Investment Company's investments span sector A, sector B and sector C.

In four years, Investment Company has earned a reputation for achieving superior returns from its investments. Investment Company has a realized Gross IRR of XX% in special situations.

Awards for Investment Company



Track Record and Partners

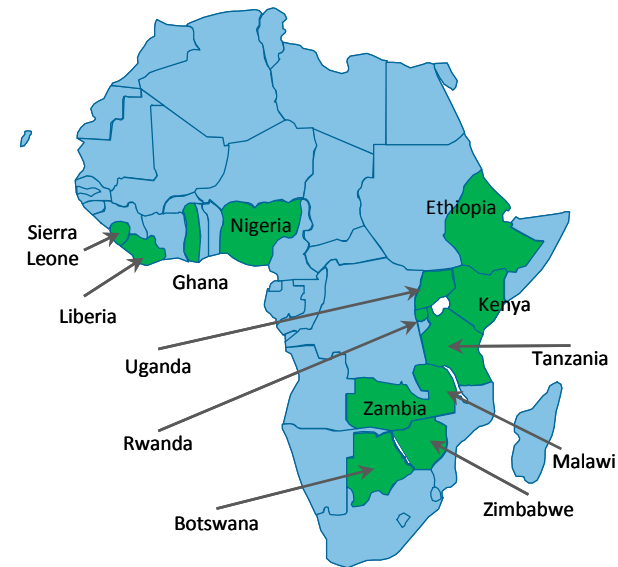
| Investment Company Group – Exited Deals | Details | Sector | Geography | Gross IRR |
|---|-------------------|--------|-----------------|---------------|
| Company A – The first private cancer treatment center in Ghana. Co-investors included XX, XX and XX. | Exited XXXX | XXX | Ghana | XX% Equity |
| Company B – A distressed African agricultural fund with assets throughout the agribusiness value chain and across 4+ countries. | Exited 2013 | XXX | Southern Africa | XX% Debt |
| Company C – A luxury river cruising company on the Mekong river in Cambodia and Vietnam. | Exited 2014 | XXXX | Cambodia | XX% equity |
| Company D – Debt capital markets agent for SSA companies seeking debt finance and access to international investors. | Partial Exit XXXX | XXXX | Mauritius | XX% Debt |
| Combined Gross IRR (Excl. NMB Exit) | | | | XX% |
| Company E – Offers a range of corporate finance and advisory, commercial and retail banking services; focuses on customers in the middle to upper income brackets. | Exited XXXX | XXXX | Zimbabwe | XX% Debt |
| Combined Gross IRR (Incl. NMB Exit) | | | | XX% |

| Key Partnerships | |
|------------------|--|
| XXXX | <ul style="list-style-type: none"> ▪ Fund legal counsel |
| XXXX | <ul style="list-style-type: none"> ▪ Provides administration, shareholder services and accounting functions to Investment Company |
| XXXX | <ul style="list-style-type: none"> ▪ Custodian to the Investment Company COF and Investment Company |
| XXXX | <ul style="list-style-type: none"> ▪ Fund auditor |

Geographic and Sector Focus

Core Geographic Focus

- The COF's primary focus is Anglophone SSA, excluding South Africa (RSA)
- Anglophone SSA ex-RSA is the focus due to:
 - Legal protections
 - Investment Company networks
 - Supply / demand for capital
- The secondary focus is all of Africa; Investment Company will opportunistically invest in the secondary region
- The developmental stage of the core countries allows Investment Company to apply its credit linked equity structures



Sector Focus

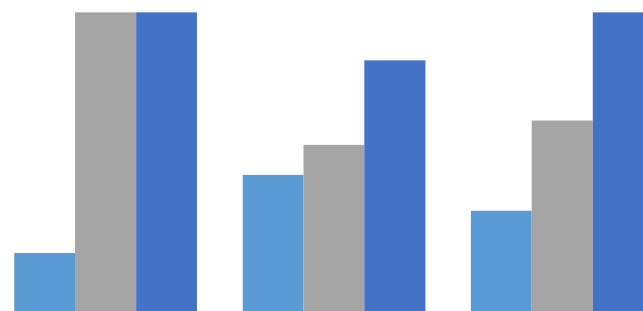
- The primary investment theme is the rise of the African consumer. This is underpinned by a number of macro-economic tailwinds, including urbanization, demographics and political stability (see Appendix). With the rapid growth of the African middle class, consumer-driven products and services are experiencing exponential growth
- The COF will typically focus on investments in Sector A, Sector B, Sector C and Sector D
- The fund is unlikely to pursue investments that could be classified as: Type A, Type B, Type C and Type D industries

COF Portfolio

| Credit Deals | Sector | Geography | Size | Deal Structure |
|---|--------|------------|-------------|--|
| Company A <i>(Second tranche closed)</i> | XXXX | Pan-Africa | Up to \$XXM | <ul style="list-style-type: none"> XX% coupon X year term Principal covered by local bank guarantee |
| Company B <i>(Second tranche closed)</i> | XXXX | Ghana | Up to \$XXM | <ul style="list-style-type: none"> XX% upfront fees; XX% coupon \$XXM bonus payment X year term Principal + interest covered by local bank guarantee |
| Deal A <i>(Live)</i> | XXXX | Pan-Africa | Up to \$XXM | <ul style="list-style-type: none"> XX% coupon; X% upfront fee X year term Equity put option (that will make IRR ~XX%) XX% principal cover with AA+ rated insurer |
| Deal B <i>(Live)</i> | XXXX | Nigeria | Up to \$XXM | <ul style="list-style-type: none"> XX% coupon, X% upfront fee X year term, principal guarantee Warrants, equity put option (to get net IRR ~XX%) Principal covered by local bank guarantee |

- Investment Company utilizes credit enhancements to mitigate risk while achieving equity-like returns. Bank guarantees, insurance wrapped products and other enhancements allow Investment Company to mitigate its downside risk while targeting a XX% IRR
- Enhancements may allow the fund to:
 - Lock in a minimum return
 - Ensure capital preservation
 - Share risks with local institutions; benefiting from local “informal” market intelligence
 - Mitigate collateral collection & enforcement risk
 - Build long term relationships with leading local financial institutions; this enables re-financings, exits and deal flow

Risk Arbitrage:



All deals are USD denominated. Full deal pipeline available on request.

Fund Highlights

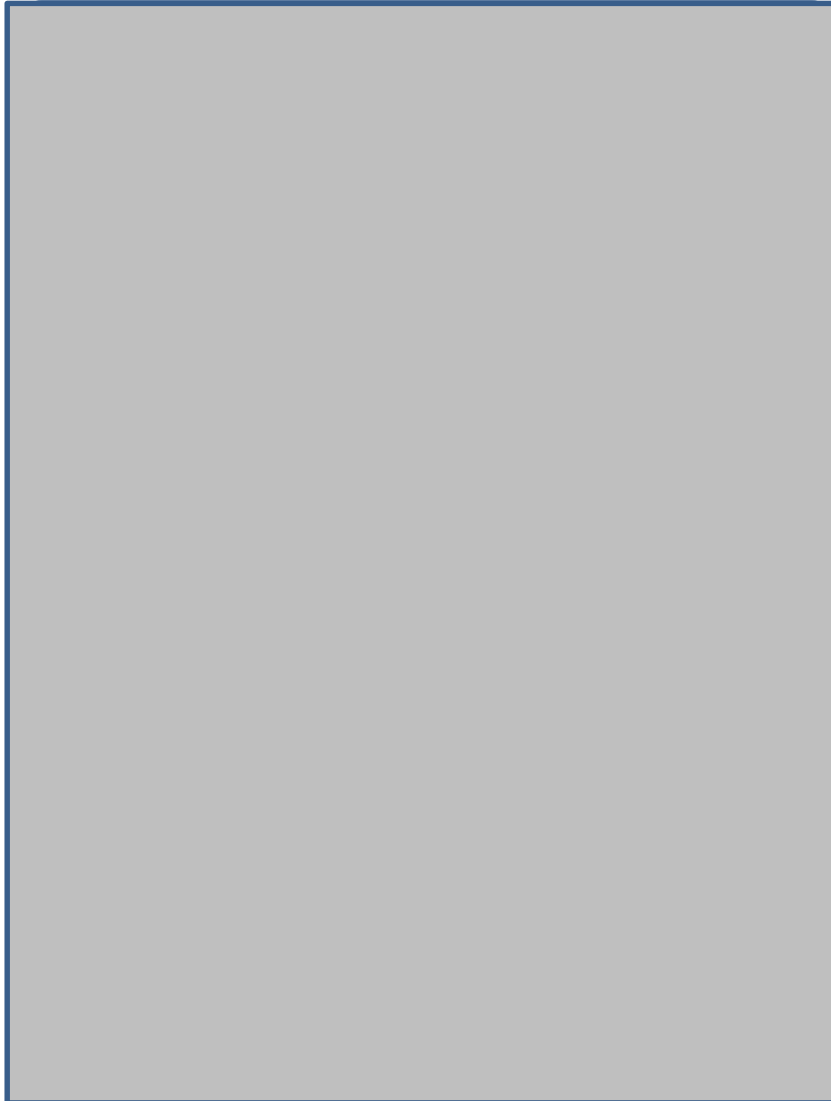
| | |
|-------------------------------------|---|
| Target Investor Return (Net) | XX% gross IRR, XX% gross current income. |
| Management Fee | X% per annum, charged quarterly. |
| Incentive Fee | XX% of annualized returns. |
| Geographic Focus | Primary focus is Anglophone SSA, ex-South Africa. |
| Theme | The fund will focus on consumer-driven investments in Sector A, Sector B and Sector C - i.e. investments set to benefit from the rise of the African consumer. |
| Strong Shareholders | Investment Company's shareholder base includes founders/C-level executives of some of the most prominent and reputable companies in the alternative investments industry. |
| Initial Funding | Investment Company has contributed over \$XXm in warehoused assets. |
| Target Size | \$X |
| Leverage | Up to XX% of NAV |
| Currency Exposure | All investments will be USD denominated. |
| Minimum Initial Subscription | \$X |
| Currency | US Dollars |

COF Terms

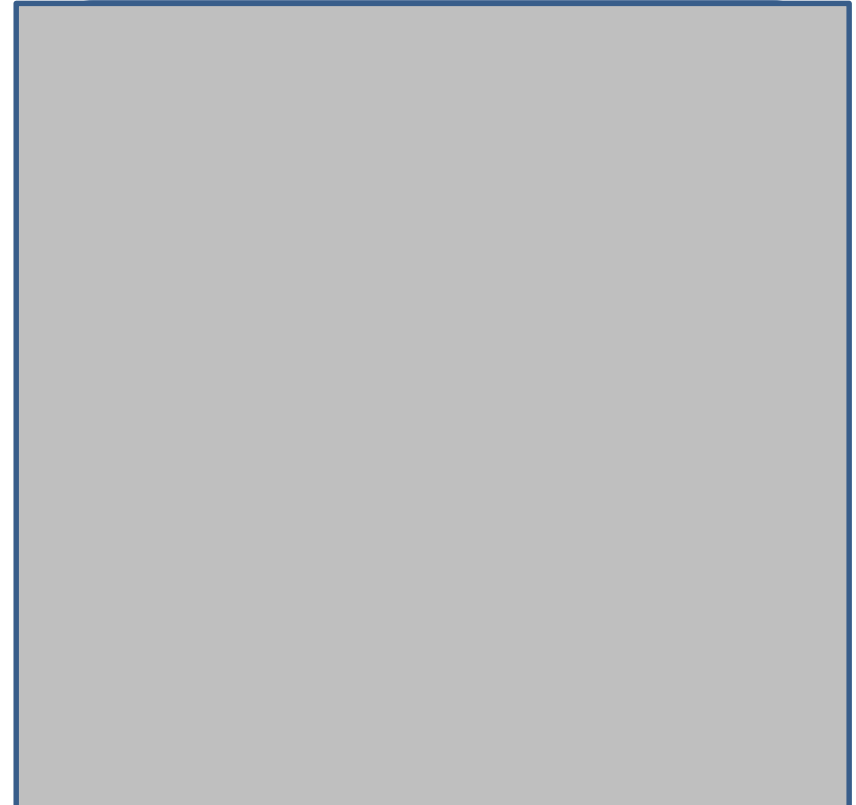
| | |
|-------------------------------|--|
| Structure | Cayman regulated open-ended mutual fund with a BVI management company |
| Manager | Company X, a wholly owned subsidiary of Investment Company Africa Limited |
| Fund | An exempted company incorporated on XXXX with limited liability under the laws of the Cayman Islands with registration number XXXX |
| Subscriptions | Quarterly |
| Liquidity Redemptions | Quarterly, with 12-month notice |
| Administrator | XXXX |
| Legal Advisor | XXXX |
| Auditors | XXXX |
| Custodian | XXXX |
| Diversification Limits | Maximum of XX% exposure in any single risk |

Experience and Partners

Combined Team Experience



Partners & Service Providers



Contact Details

- Email : XXXX
- Phone: XXXX
- Website: XXXX



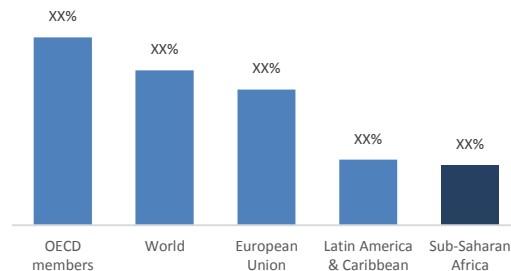
Appendix



SSA Credit Shortage – Lack of Financing: “Missing Middle” Funding Gap

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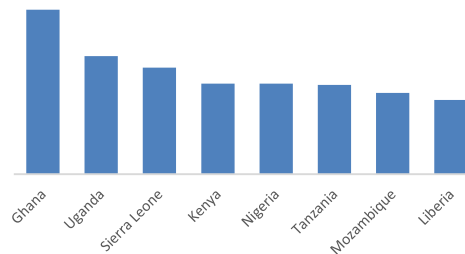
- Minimal access to term debt in SSA for the private sector, especially for SMEs
- Credit to the private sector as a percent of GDP is lower than global averages
- Banks are capital starved, leading them to focus on lending to larger corporates and governments
- More available information and developed banking relationships for large companies leaves SMEs with a lack of funding



Source: XXXX

XX

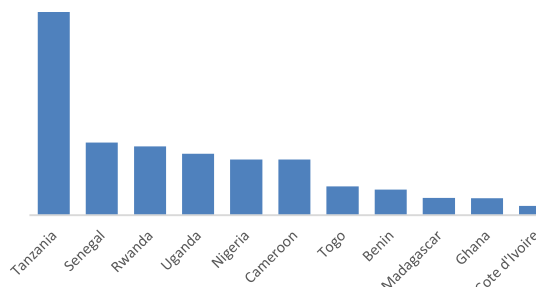
- Local currency borrowing rates in SSA are high and continue to rise in most countries due to projected currency depreciations
- US Dollar borrowing rates tend to be lower, but USD debt is difficult to access for SMEs
- SMEs generally only have access to working capital and trade financing facilities with maturities under one year



Source: XXXX

XX

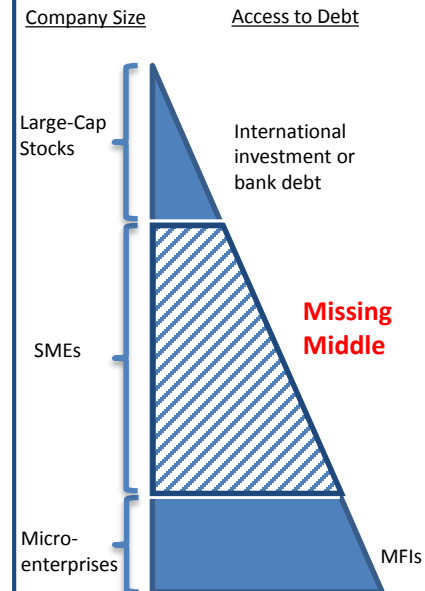
- SSA has some of the largest microfinance institution (MFI) loan portfolios in the world
- Micro-enterprises have relatively easy access to funds due to the plethora of microfinance institutions in SSA
- Single-person companies are therefore well-served and not in urgent need of capital



Source: XXXX

XX

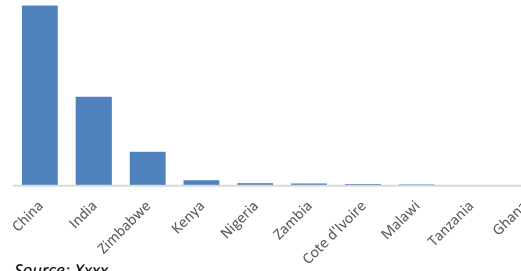
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SSA Credit Shortage – Illiquidity of Equity

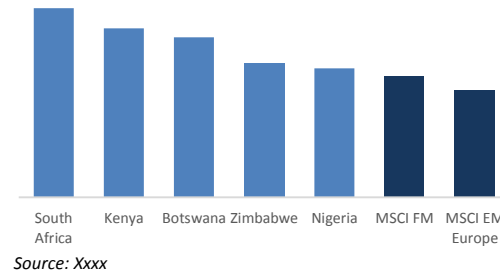
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- With the exception of XX, public markets in SSA are too small and illiquid to be considered a material path to exit
- Most countries in SSA significantly lag behind the rest of the world in terms of liquidity (measured as trade volume times share price as percent of GDP)



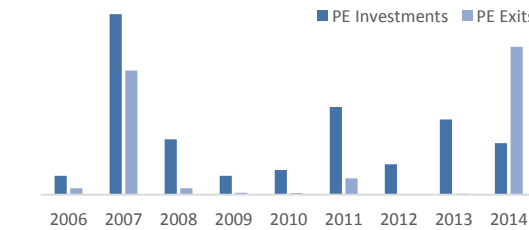
XX

- As a result of the lack of liquidity, institutional investors focus on a very short list of large-cap stocks, masking how illiquid the markets are for most equities
- High demand for large-cap stocks leads to higher Price-Earnings ratios in SSA relative to other frontier and emerging markets



XX

- Private equity investments in SSA are difficult to exit and hard to time
- During XX, PE firms exited a total of X companies, posting a X% gain on the number of exits in XX and the highest volume of exits since XX, when there were X exits



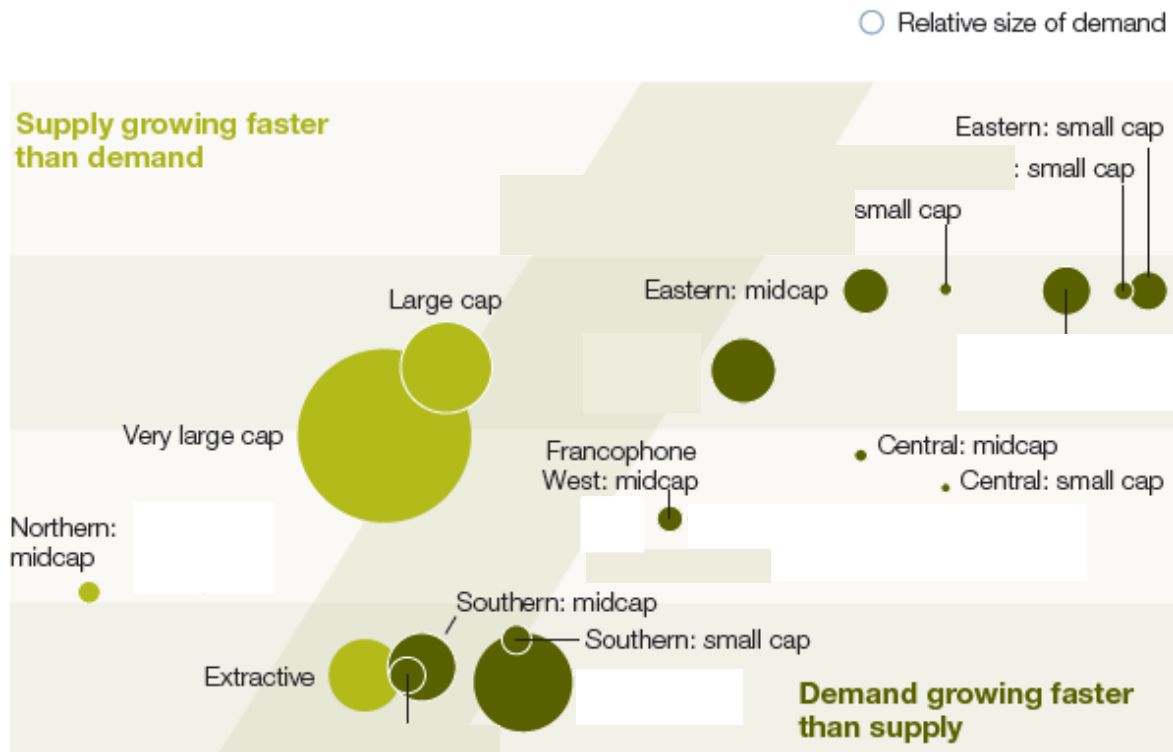
Source: XXXX

XX

- SMEs are underfunded
- Undersupply of capital in the lower and middle markets; most of the capital raised is concentrated in large funds¹
- Equity investments are illiquid
- The COF capitalizes on illiquidity and SME funding constraints by employing credit structures
- The COF mitigates exit risk using self-liquidating structures

SSA Credit Shortage – Oversupply of capital in large private equity funds focused on large cap companies

Distribution of African private equity, based on projected demand and supply growth rates



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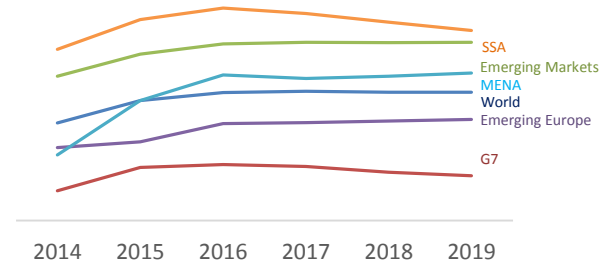
- Supply of capital in large cap funds is exceeding demand for capital from large cap companies
- Supply of capital in SME funds below demand for capital from SMEs

Source: Xxx

Investment in SSA's Growth – Macro Tailwinds

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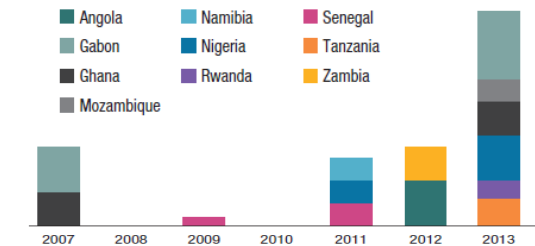
- GDP growth in SSA improved to an average of X% in XX, up from X% in XX, supported by infrastructure investment and consumer spending
- Economic growth in SSA is projected at a slower pace in XX, averaging X% compared to X% in XX. This is primarily due to the sharp decline in the price of oil and other commodities, election risks, insurgency, the tightening of US monetary policy and the economic slow down of China¹



Source: XXXX

XX

- Africa is gaining increased access to international capital flows
- FDI flows to Africa grew by ~X% in XX to reach \$Xb
- Within Africa, SSA has caught the most attention from investors, with X% of FDI directed towards SSA in XX
- FDI flows to SSA grew by ~X% in XX for a total of \$Xb, up from just \$Xb in XX



Source: XXXX

XX

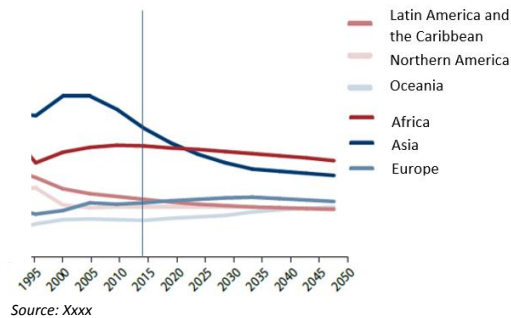
- A number of SSA economies have shown impressive improvements in their competitiveness in XX-XX. In the X Index, X moved up to Xth place, Y moved up Y places to Yth place, and Z moved up Z places to Zth place
- These improvements are symptomatic of improving education, infrastructure and health conditions across SSA economies, acting as a backbone for current and future economic growth
- Over the past five years, X different SSA countries have appeared on the annual list of the top 10 global improvers (“Doing Business” – A World Bank report). The region accounted for 5 of the 10 top improvers in XX/XX. The region also accounted for the largest number of regulatory reforms in the past year – X out of a total of Y worldwide – enhancing investor protections and improving the environment to do business

Source: XXXX

Investment in SSA's Growth – Rise of the African Consumer

XX

- Africa has achieved the highest urbanization growth rates worldwide in the past few decades, averaging X% per annum
- Urbanization growth is expected to continue into XX
- By XX, the median age in Africa will be around X, compared to X in China



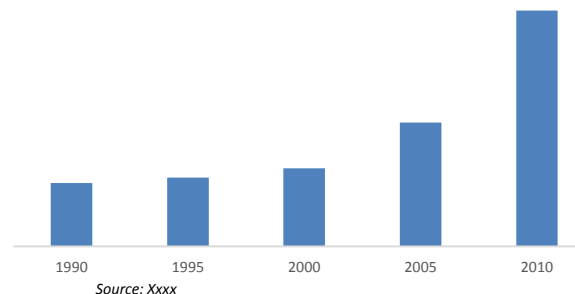
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- The number of middle class households in the top X SSA economies, excluding South Africa, are expected to increase from X million in XX to over X million by XX
- This rising middle class will further fuel rapid economic growth across the continent



XX

- By XX, more than X of African households are projected to have discretionary income
- Total households are expected to grow from X million today to almost X million in XX



XX

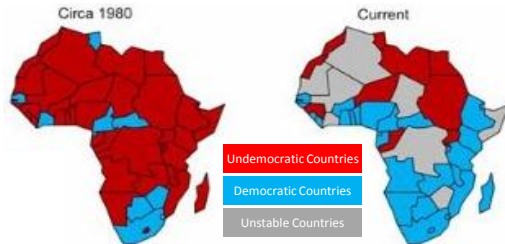
- A rising African middle class, young population and urban concentration are fueling consumer demand
- Consumer driven products and services will experience growth
- The COF's strategy is to focus on investments that capture the growing urbanization and consumerism in Africa

Source: Xxx

Investment in SSA's Growth – Improving Stability

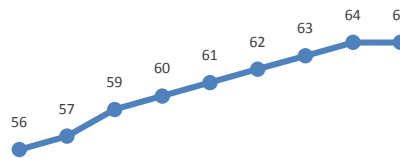
XX

- SSA governments in XX/XX accounted for the largest number of regulatory reforms worldwide. These reforms have helped to reduce the complexity and cost of regulatory processes and strengthen local institutions
- X ruling parties or leaders have been democratically removed by voters from XX/XX, compared to only X peaceful transition of power from XX/XX



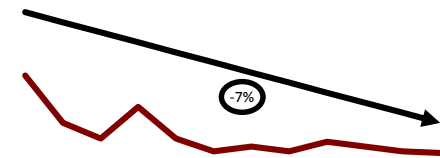
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- From X to X, for children under age five, the mortality rate dropped by X% and the proportion of those who are underweight dropped from X to X% in SSA
- Primary school enrolment rates increased from X% to X% between X and X in SSA
- Life expectancy has been constantly improving in SSA despite its rapidly growing population



XX

- SSA inflation rates have been steadily going down since Y. The inflation rate in X is estimated to be X% vs X% in X
- In X, the fiscal deficit for the SSA region narrowed to X% of GDP as several countries took measures in X to control expenditure
- The region's debt ratio remained moderate at around X% of GDP due to robust growth and concessional interest rates



Africa has moved towards effectively harnessing its vast potential, with the continent showing great positive development in its macroeconomic outlook and its socio-economic indicators

Source: Xxxx



Glossary

| | |
|-------------|------------------------------|
| SSA | Sub-Saharan Africa |
| COF | Credit Opportunities Fund |
| SME | Small – Medium Enterprises |
| FMCG | Fast – Moving Consumer Goods |
| NAV | Net Asset Value |
| IRR | Internal Rate of Return |
| RSA | Republic of South Africa |
| BVI | British Virgin Islands |
| GDP | Gross Domestic Product |
| MFI | Micro-Finance Institutions |
| FDI | Foreign Direct Investment |
| ARV | Antiretroviral |
| HIV | Human Immunodeficiency Virus |

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