

Eastern Africa Newsletter – June 2012

PART I: MONTHLY COMMENTARY

The natural resources story continued its exponential momentum over the month with further drilling success announced by Tullow and Africa Oil at deeper levels in Kenya and Uganda announcing a tender for a \$2bn refinery in Kabale, Western Uganda.

Cove / Anadarko announced a further major offshore discovery in Mozambique and Statoil and ExxonMobil made another discovery of a very large gas deposit on the Tanzanian coast. East Africa now looks set to become one of the world's largest gas exporters and is well positioned geographically to feed Asia's energy demand, as well as improve its domestic capacity. The continuing natural resources finds are increasingly forming a part of the investment case for the region. Previously it was the growing consumer base presented by the East African Community but more and more it is also the anticipation of revenues and FDI created by the prospect of large natural resource assets.

In energy, renewable continues to take the lead with the Geothermal Development Corporation (GDC) seeking EOLs from investors to participate in the second phase (a 200 MW steam plant) at Kenya's Menengai. A great number of other renewable energy projects are well under way across East Africa to meet the increasing energy needs of consumers and provide socially responsible (as well as commercial) returns to investors.

International corporate investment continued over the month with a significant stake in Fly 540 being acquired by Easyjet of the UK. In a relatively complex deal the 49% stake in the regional airline is being integrated into a structure resulting in the international low-cost giant forming a pan-African low-cost carrier.

Business as usual in the PE sector where we saw four private equity investments into the financial, consumer, breweries and agriculture sectors and further capital raised by funds investing into SSA. Increasingly we are being asked whether we are approaching, or have arrived at a stage where there is too much PE capital chasing too few deals in East Africa, with consequential over valuations. We do not feel that this is the case at present as a general rule. Firstly, the private equity target market is very large in East Africa as a result of the present small size of the listed equities markets, and secondly there is a great deal of differentiation in approach between firms investing into the region in terms of sector, scale, business stage, timeframe of investment horizon as well as structure and strategic fit of investments. From a corporate perspective we feel that the increase in investment interest is driving down the cost of equity capital and improving likelihood of successfully raising capital. Also, valuations that look rich as a multiple of historic earnings sometimes gain more perspective in relation to forecast earnings, given the extraordinary growth profile of quite a number of sectors in the region.

In the listed equities arena Kenya's SME market, GEMS, is now just 1 step away from implementation, following approval in this month's budget, which should allow smaller East African businesses further access to equity capital as well as the other benefits of a listing.

Whilst we are loathe to temper the justifiable exuberance in the region at present, one potential cloud on the horizon is the continued high level of interest rates around East Africa combined with the increasing level of government and private sector borrowing. Whilst the current high growth, investment and confidence levels may well sustain this it would be a mistake to rely on this in perpetuity as we have recently seen with very painful results in the West. We hope for more prudent management of commercial bank loan books and treasury budgets here.

Finally I would like to welcome our latest new joiner, Gerald Njugi, an analyst in our Nairobi corporate finance team.

Edward Burbidge CFA
Managing Director



Burbidge Capital Limited

Head Office:
4th Flr, Nivina Towers
Westlands Road,
Nairobi
Kenya
Tel: +254 (0) 20 2100 102

London Office:
i4 Albany, Piccadilly
London, W1J 0AX
Tel: +44 (0) 207 099 1452
Mobile: +44 (0) 7803 035 638
info@burbidgecapital.com

www.burbidgecapital.com

CONTACTS



Edward Burbidge CFA
Managing Director
Mobile: +254 (0) 729 991 220
edward.burbidge@burbidgecapital.com



Michael Chomba
Associate Director -Corporate Finance
Mobile: +254 (0) 707 209 762
michael.chomba@burbidgecapital.com



Nicholas Immonje
Financial Analyst
Mobile: +254 (0) 728 652 418
nicholas.immonje@burbidgecapital.com



James Njugunah
Corporate Finance Analyst
Mobile: +254 (0) 726 305 043
james.njugunah@burbidgecapital.com



Gerald Njugi
Corporate Finance Analyst
Mobile: +254 (0) 728 543 156
gerald.njugi@burbidgecapital.com

PART II: FINANCIAL MARKET STATISTICS

Key Africa Equity Indices Performance

Equity Index	1/2/2012	5/2/2012	5/31/2012	% Performance for Month	% Performance YTD
NSE20	3,212.86	3,541.07	3,650.85	3.1%	13.6%
DSEI (TZ)	1,303.23	1,326.14	1,317.22	-0.7%	1.1%
UGSINDX	832.59	1,028.48	997.85	-3.0%	19.8%
NGSE All Share	20,730.63	22,350.99	22,066.40	-1.3%	6.4%
EGX 30	3,679.96	4,906.90	4,686.42	-4.5%	27.3%
JSE	6,960.07	8,019.63	7,113.00	-11.3%	2.2%
S&P 500	1,258.86	1,402.31	1,310.33	-6.6%	4.1%
FTSE 100	5,572.28	5,758.11	5,320.86	-7.6%	-4.5%

Key Global Currency Performance

Currency	1/2/2012	5/2/2012	5/31/2012	% Performance for Month	% Performance YTD
KES / USD	85.10	83.20	86.10	-0.3%	2.2%
TZS / USD	1,582.00	1,580.00	1,587.00	0.5%	-0.2%
UGX / USD	2,480.00	2,495.00	2,495.04	0.6%	-1.0%
ETB / USD	17.29	17.48	17.60	-1.1%	-1.5%
ZAR / USD	8.07	7.75	8.58	-1.3%	4.2%
NGN / USD	162.30	157.20	159.95	0.2%	3.1%
EGP / USD	6.03	6.04	6.05	-0.1%	-0.2%
USD / GBP	1.55	1.62	1.54	-1.6%	-4.8%
EUR / USD	0.77	0.76	0.81	0.5%	-1.9%

Key Global Commodity Performance

Commodity	1/2/2012	5/2/2012	5/31/2012	% Performance for Month	% Performance YTD
Gold	1,590.00	1,648.00	1,558.00	-5.5%	-2.0%
Oil	102.96	105.25	87.79	-16.6%	-14.7%
Silver	2,878.00	3,052.00	2,810.00	-7.9%	-2.4%
Copper	7,660.50	8,400.50	7,516.50	-10.5%	-1.9%

Interest Rates

Country/Region	Base Rate
Central Bank of Kenya (Kenya)	18.00 %
Bank of Uganda (Uganda)	20.00 %
Bank of Tanzania (Tanzania)	7.58 %
South African Reserve Bank (RSA)	5.50 %
Central Bank of Nigeria (Nigeria)	12.00 %
Central Bank of Egypt (Egypt)	9.25 %
Bank of England (UK)	0.50 %
Federal Reserve Bank (USA)	0 - 0.25 %
European Central Bank (EU)	1.00 %

PART III: SELECTED DEALS

Date	Buyer	Seller	Stake	Synopsis
6/11/2012	Rubicon	Lonrho	49 per cent	Fly540 is set to be absorbed into a new Africa-focused low-cost airline to be managed by a European budget carrier after its majority shareholder Lonrho transferred its stake to a British investment firm in a deal worth Sh7.2 billion. Lonrho, which owns 49 per cent of Fly540, has transferred its aviation business to the investment firm Rubicon, which will establish a pan-African airline that will be run by EasyJet, the second largest low-cost carrier in Europe after Ryanair. Rubicon intends to start the Africa-focused low-cost airline — FastJet — which will be modelled along EasyJet that is hinged on low fares but passengers paying for extras like food and baggage.
6/8/2012	Marsh brokerage	Alexander Forbes Uganda		Marsh, a global leader in insurance brokerage risk management has acquired Alexander Forbes Insurance Brokerage Services' operations in Uganda. Marsh has continued to expand across Sub-Saharan Africa. The acquisition of Alexander Forbes services in Uganda follows Marsh's earlier acquisition of Alexander Forbes' South African insurance brokerage operations, Alexander Forbes Risk Services (AFRS) and related ancillary operations, as well as Alexander Forbes' insurance brokerage operations in Botswana and Namibia.
6/7/2012	Pearl Capital	Wilmar Flower		Pearl Capital announced a Ksh50 million (\$1.6 million) loan to Kenyan flower growing firm Wilmar Flowers, making it the fund managers' first investment in East Africa after it raised cash last year to fund business in the region's agricultural sector. The loan will help the Thika-based Wilmar Flower, expand its business by sourcing from more smallscale farmers in Kenya and exporting to Europe, especially to the Netherlands. According to Pearl Capital, the loan can be converted into shares any time in the next six years, which is the duration of the loan.
6/5/2012	Aureos Africa Fund Africinvest Swendfund	UAP Insurance	\$ 140.5 million	UAP Insurance Group raised Sh 4.7 billion from the sale of shares to three private equity funds to finance its expansion as it eyes listing on the Nairobi Securities Exchange (NSE) in two years. The funds will help UAP spread its reach across Africa and deepen its activities in the region's property market.
6/3/2012				African Development bank approved a \$100 million equity investment in Agvance Africa, a private equity fund of funds. Agvance Africa is expected to provide capital to private equity and mezzanine debt funds as well as co-finance in selected investments for private companies. The fund of funds will be managed by Credit Suisse. It has a \$ 500million capital size with a first closing expected to raise \$250 million. Agvance Africa was initiated by United Nations Industrial Development Organization, Food and Agriculture Organisation, United Nations Economic Commission for Africa, International Fund for Agricultural Development and ADB, with the objective of promoting agro-industries, and agri-business in Africa.
6/2/2012				Nairobi-based private equity fund InReturn Capital announced to close its first fund with at least \$10 million raised, signalling investors are betting with their cash despite tough economic conditions. The closure of the fund, with a month left to the planned final closing of InReturn Capital's East African Fund, is a validation of the business strategy, market knowledge and industry relationships developed by the firm.
5/28/2012	DEG & British Duet Group Vasari Group	Dashen Brewery	\$ 90 million	DEG is to co-finance Dashen brewery in Ethiopia. The German company DEG will be partnering with the British Duet Group and the Vasari Group with an equity investment of 90 million US dollars for expansion efforts. The 12.5 million US dollar investment in Dashen makes DEG the first international development finance institution to support the company.
5/25/2012				Private equity firm Actis bought back the UK government's 40 per cent stake in the firm in a \$13 million deal. Under the terms of the deal, besides receiving the cash, the government is expected to partake in Actis's future profits over the next decade as investments are realized.
5/25/2012	Emerging Capital Partners (ECP)	Nairobi Java House		An American private equity firm bought a majority stake in Nairobi Java House, marking a significant milestone for the 13-year old coffee chain that is set to expand to neighboring countries.

PART IV: UPCOMING EVENTS/CONFERENCES

Events	Date	Venue	Theme
Private Equity Africa Awards	14th June, 2012	Four Seasons hotel, Canary Wharf London	The Private Equity Africa Awards will exclusively celebrate the achievements of GPs and Advisors between 2001 to 2011.
African Growth and Opportunity Act Forum	14th to 15th June, 2012	Washington	Discussion to strengthen and forward relations and business agreements between the United States and sub-Saharan countries in Africa.
United States-Africa business Conference	21st to 22nd June, 2012	Cincinnati, Ohio	To give American enterprises the opportunity to exhibit and preview their skills and knowledge in business to clients from Africa. To also identify existing and new business opportunities, in both import and export for both regions.
African Finance & Investment Forum 2012	17th to 19th June, 2012	Rabobank Headquarters, Utrecht, Netherlands.	The Forum is designed for entrepreneurs interested in securing finance for their projects, for private investors looking for projects, as well as for policy makers, financiers and bankers.
15th Gulf Of Guinea Oil & Gas Conference (GOG15)	19th to 21st June, 2012	Equatorial Guinea	After 14 successful years, Gulf of Guinea Oil & Gas is now established as the most senior forum to focus on West Africa's thriving hydrocarbons sector. Representatives from governments, national oil and gas companies and leading operators will get together to exchange ideas, share experiences and devise future strategies to increase the participation of indigenous players in oil and gas activities, and promote industrial and economic development.
Invest Nigeria 2012	25th to 26th June, 2012	Dubai's Emirates Towers Hotel	
Africa Debt Capital Markets (ADCM) Summit	2nd July, 2012	London	The summit aims to bring together current and prospective issuers, institutional investors, financial and legal advisors, investment bankers, and rating agencies, as well as create a platform to further develop the market for African debt. The Africa Debt Capital Markets Summit is the premier event focusing on the development of African bonds as an asset class.
African Business Awards 2012	3rd July, 2012	Grosvenor House Hotel, London, UK	Your guide to business in Africa.
Africa Mining Congress 2012	16th July to 19th July, 2012	South Africa Sandton Convention Centre, Johannesburg	The Africa Mining Congress 2012 will offer insight on investing in the continent's mining sector, which is generating a lot of interest from international investors. Africa's mining sector is viewed as an attractive investment proposition, and is expected to continue being one of the largest sources of FDI flows into Africa. The Africa Mining Congress 2012 will provide the perfect forum for investors and other stakeholders interested in learning about key drivers of the sector.
East Africa Business Summit & Expo 2012	20th July, 2012	Sandton, South Africa	The First Annual East African Business Summit and Expo SA is intended to bring together business men and women from the five East African countries and the SADC region and elsewhere to showcase what opportunities for investment exist in the respective countries and also give companies from East Africa an opportunity to grow business linkages with other South African companies so as to be able to have access to the market. The event will cover all aspects of trade in the region and aims at attracting businessmen and women already operating in East Africa and those planning on gaining access.
Banking Outlook Africa	30th July to 3rd August, 2012	Sandton Convention Centre, Sandown, Johannesburg	Banking Outlook Africa is a Two Day Conference, Two Day Workshop with a separate bookable day for Banking Technology.
Africa Global Fair 2012	28th to 30th August, 2012	Malaysia	Africa's pedigree will be showcased to international investors at Kuala Lumpur's prestigious Exhibition and Conference Centre.
The 14th Annual East Africa's Power Industry (EAPIC) Convention	10th to 13th September, 2012	Dar es Salaam, Tanzania	To assist in Tanzania's electricity power generation goals and infrastructure expansion in generation, transmission & distribution and foster investor confidence and facilitate more private sector participation.
Hotel Investment Forum	September 25th, 2012	InterContinental, Nairobi	Bench Events and The Kenya Tourism Development Corporation (KTDC) announced the Africa Hotel Investment Forum (AHIF) will be hosted in Nairobi on 25-26 September 2012 at the InterContinental. AHIF will aim to showcase the potential Kenya has to offer as well as other high-growth destinations across the continent as a whole. The Economist magazine recently identified that over the past decade six of the world's fastest-growing countries were African. Attending AHIF will offer a platform to meet potential partners and seek out new deals in this exciting growth market.
African M&A and Private Equity Forum	September, 2012		investigate key opportunities for African corporates and international investors across the continent in 2012-2013.
16th Kenya International Trade Exhibition (KITE)	6th to 8th October, 2012	Kenya, Nairobi Kenyatta International Conference Center	The 16th KITE - Kenya International Trade Exhibition on multisector products, equipment and machinery will present over 10,000 products, equipment and machinery from over 30 countries. Trade visitors from East and Central African countries are being invited directly and in collaboration with several regional trade bodies in Kenya, Tanzania, Ethiopia, Uganda, Somalia, Mozambique and Zaire.
Eastern African Community (EAC) Investment Forum	16th to 17th October, 2012	Dubai	EAC Investment Forum which would be held in association with the EAC in Dubai on October 16 and 17, would not only inform the business community of Dubai about the investment potential of the African countries but will also allow both sides to discuss joint cooperation in areas of mutual interest.
Debtwire Africa Forum	November & December, 2012		Will African debt forever be the next big thing?
SuperReturn Africa 2012	3rd to 5th December, 2012	Mazagan Beach Resort - Casablanca, Morocco	

PART V: OTHER NEWS (1/3)

US to increase investments in East Africa

Uganda and other East Africa economies could witness a huge inflow of investment and development support as the US moves to counter the gains made by surging Asian nations such as China and India. The US said it is crafting a new incentive-laden trade and investment treaty for the East African Community, which it has identified as a potential hub to host its regional business interests. The proposed binding treaty would mark a major shift in America's engagement with the region, which at present is largely anchored on a simple Trade and Investment Agreement signed with the EAC in July 2008. The TIFA's main role is to strengthen the US-EAC trade and investment relationship, expand and diversify bilateral trade, and improve the climate for business between the two blocs. The framework further seeks to bolster partnerships in initiatives such as the African Growth and Opportunity Act, the World Trade Organisation's Doha Round of negotiations, trade facilitation and skills building. China is particularly active in the construction and infrastructure development sector in East Africa and has since branched into other key economic areas such as manufacturing.

<http://www.monitor.co.ug/Business/US+to+increase+investments+in+East+Africa/-/688322/1411416/-/tu4picz/-/index.html>

Survey ranks Kenya as Africa's second largest retail market

Kenya has the second most developed retail market in sub-Saharan Africa with about 30 per cent of retail shopping being done in formal outlets, a Citi Group study has shown. South Africa is the most formalized market in region, with double the proportion 60 per cent of its consumers using formal outlets. The high penetration of modern retail shops is attributed to the presence of strong brands of local outlets, a broader middle class relative to other African countries, decent transportation network and good governance allowing for ease in importation of goods. The retail market is dominated by four major outlets; Nakumatt, Tusksys, Uchumi and Naivas. Use of the formal outlets increases customer choices while creating employment. However, even with the more conducive climate for modern retail, many of the established retailers felt modern retail penetration will peak out at between 45 to 50 per cent as most of the rural areas will continue to favor informal markets over modern retail. The strong presence of local players was also identified as a hindrance to recommending acquisition as the best entry option for Kenyan retail market for South Africa.

Business Daily 25th May, 2012 (Money & Market) Pg 20

Uganda floats tender for \$2b refinery

Uganda floated an international tender for consultancy services on the logistics for building a \$2 billion refinery in Kabale, Hoima district, some 420 kilometres south-west of Kampala. According to Officials at the Petroleum Exploration and Production Department (PEPD) at the Ministry of Energy, they are also looking for a lead investor for the refinery, which will have an initial capacity of 60,000 barrels of crude oil per day. The Ministry of Energy is acquiring 29 square kilometres of land from local communities as part of the preparatory phase for the refinery. The successful consultant will conduct a route survey from the Port of Mombasa in Kenya to Kabale, to assess limitations for transport and recommend a specific location for the refinery and its boundaries. The consultant will also advise on shipments expected during construction and overall operation of the refinery. Interested consultants are required to obtain bid documents after paying a non-refundable fee of Ush100,000 (\$40) and submit them by June 21. Notice of the best bidder will issued on July 11 and contract awarded by end of July in an exercise to be carried out under the Public Procurement and Disposal of Public Assets Act (PPDA) of 2003. Uganda consumes about 550,000 cubic metres of refined fuel annually, 85 per cent of which is imported through Kenya and 15 per cent through Tanzania. Local production and processing of crude oil has not started. Tullow Oil Plc jointly with Total of France and China National Offshore Oil Corporation are working on details of refining 200,000 barrels per day of crude oil from Lake Albert basin by 2015. Major production from the Lake Albert Basin is expected approximately 36 months after the Uganda government approves a plan for the development. Uganda's nascent oil and gas industry provides opportunities for both local and international investors to make money following the free-market policy adopted in the early 1990s.

<http://www.theeastafrican.co.ke/business/Uganda+floats+tender+for++2b+refinery/-/2560/1413854/-/item/0/-/6a4gyyz/-/index.html>

PART V: OTHER NEWS (2/3)

TBWA heads to Dar with an eye on big clients

Global advertising agency TBWA plans to open offices in Tanzania in the second half of the year, following some of its multinational companies, such as Visa, who are entering the country. Entry in Tanzania will complete TBWA's presence in three East African countries. The advertising agency set up shop in February, after it failed to acquire a Kenyan firm, pointing to how global ad agencies are following their big clients into the region and the challenges faced in pursuing acquisitions. It established its Uganda operations through partnership with a local agency, Limelight in 2009. BBDO, a worldwide advertising agency and part of Omnicom Group, has said it is expanding into East Africa to tap into the growing advertising industry. BBDO has operations in North, West and South Africa. As large multinationals establish their presence in East Africa they are looking for experts to help them put their strategy in place. This means the multinational firms are more likely to work with advertising agencies that also handle their account in other parts of the world. If the advertising agency does not have a presence in the local market, the firm either has to acquire or set up shop as it follows clients into new markets. Acquisitions though have not been easy. A year ago France-based advertising firm Havas Media International made an entry into the Kenyan market through a joint venture with Corporate Talk Group. Experts in the industry say many of the small Kenyan advertising agencies are in a Catch-22 situation because the global agencies would like to acquire them but the small Kenyan agencies do not have a portfolio of multinational clients. TBWA handled clients such as Standard Bank and Visa, the card payment system, globally. This made its entry into Kenya important because some of the clients were setting up offices in the region. Kentucky Fried Chicken, the global food chain and one of the world's most popular chicken restaurants, is TBWA's client. KFC opened its Kenyan operations in August last year and has three outlets. KFC intends to expand into Uganda and Tanzania, with the food chain having stated plans to enter these markets in the second half of the year. Even as TBWA set up shop, talent remains a critical issue for most of the advertising agencies. Mr Smyth, was approached to oversee TBWA, from Ogilvy Africa where he was the CEO.

<http://www.theestafrican.co.ke/business/TBWA+heads+to+Dar+with+an+eye+on+big+clients/-/2560/1423700/-/item/0/-/a5sa85/-/index.html>

Australian company starts Sh1bn gas survey at the Coast

Australia's Pancontinental Oil and Gas and its partner FAR Ltd will on Thursday start seismic survey on an exploration block off Lamu amid increased interest in Kenya's gas and oil sector. According to Pancontinental and FAR, the survey on block L6 is expected to be completed early next month at a budget of \$13.67 million (Sh1.16 billion). According to FAR MD Cath Norman, FAR has mapped a total of seven prospects in the L6 permit which we aim to better define using the 3D seismic and greatly enhance our chance of success ahead of drilling next year. Oslo-based Fugro-Geoteam AS will conduct the survey on the block covering 680 square kilometres. FAR holds a 60 per cent stake in block L6 and its operator, while Pancontinental holds the rest. Kenya and its east African neighbours as well as the Horn of the continent, have become a hot spot for oil and gas exploration in recent years, driven by new finds in countries including Uganda, Tanzania and Mozambique. Exploration interest in Kenya has grown after British oil and gas explorer Tullow Oil and its partner Africa Oil said they discovered oil reserves as deep as 100 metres within the Ngamia-I well in Turkana County. This has seen a number of firms step up their bids for exploration, hoping to find similar prospects. The value of exploration acreage in the offshore waters of Kenya, Tanzania and Mozambique has been significantly enhanced in the past year by several major gas discoveries by Anadarko Corporation, ENI, Statoil and BG. These discoveries are publicly stated to contain up to 100 trillion cubic feet of gas. Tanzania and Mozambique have recently also discovered more deposits of natural gas. Tanzania uses it to generate electricity and to power industries. Kenya's neighbour Uganda is expected to start small-scale crude oil production later in 2012, and go into a major production phase in 2016. Another oil and gas firm, Ophir Energy Plc plans to conduct seismic tests on Kenya's block L15, off the Kenyan coastal town of Lamu, within the third quarter of this year.

<http://www.businessdailyafrica.com/Australian+company+starts+Sh1bn+gas+survey+at+the+Coast+/-/539546/1426884/-/2w8yrz/-/index.html>

PART V: OTHER NEWS (3/3)

Kenya invites bids for coal exploration blocks

Kenya has invited investors to bid for the exploration and development of two coal blocks in the country's eastern region, the energy ministry said on Wednesday, as it pushes to diversify energy sources to meet growing demand for power. Potential bidders must be able to show the ability to raise in excess of \$200 million for investment and a track record of establishing projects with an output of at least 3,000 tonnes per day. Bids must be submitted no later than July 16. Some of the coal will go to the cement and steel industries, which import 3.6 billion shillings of coal a year. The rest will be used for electricity generation, reducing reliance on thermal and diesel-fired plants to fill deficits in supply. The ministry awarded development rights for two blocks in the Mui basin, C and D, to China's Fenxi Mining Group in December last year. It said the new blocks it plans to lease out, A and B, lie in the same basin. Kenya estimates that block C contains a minimum of 400 million tonnes of coal. Fenxi is expected to pay \$3 million for block C and \$500,000 for block D, in return for a renewable concession of 21 years, subject to approval by parliament.

<http://af.reuters.com/article/investingNews/idAFJ0E85C04U20120613>

InReturn closes first \$10m fund, points to willing investors

Nairobi-based private equity fund InReturn Capital announced the closure of its first fund with at least \$10 million raised, signalling investors are betting with their cash despite tough economic conditions. The closure of the fund, with a month left to the planned final closing of InReturn Capital's East African Fund, is a validation of the business strategy, market knowledge and industry relationships developed by the firm. Investors are optimistic regarding the regions growth and could see them overlook risks associated with Kenya's upcoming general election, high inflation across the region, persistent infrastructure deficits, continued currency pressure and economic turmoil in European export markets — the lifeline of EAC international trade. The latest Deloitte survey on the venture capital business shows rising business confidence and consumer demand have lifted fund executives' appetite in East African economies to an all-time high, shrugging off rising concern over the level of political risk. InReturn Capital, which targets social impact in addition to financial returns, has funds from 44 European investors, out of which two institutional investors have put in \$3 million. On average, the private investors have invested \$250,000 each. Attracting local investors is a key strategy for InReturn Capital, according to its CEO, who says there already are encouraging signals. The fund offers a good investment opportunity to investment groups and private investors who want to tap into growing sectors and high rates of return in East Africa without having to put in the time and resource themselves. At the moment, players in East African private equity industry, just like InReturn Capital, are preoccupied with ways of unlocking local sources of capital. The firm's headquarters are in Nairobi, it also has offices in Tanzania and plans to set up a base in Uganda. The fund manager's attention will now be geared towards investing the funds as fund-raising is almost complete. This fund will be invested in approximately 10 Kenyan, Ugandan and Tanzanian small to medium-sized companies that require between \$250,000 and \$2.5 million in growth capital to be invested as equity or otherwise. The firm, which is in a fund management partnership with Jacana — a group of UK private equity experts who support new and emerging SME fund managers in Sub-Saharan Africa — has invested in an eye clinic, a serviced office space provider, a stone quarry that produces bricks, and a tent manufacturer that targets humanitarian organisations.

<http://www.theeastafrican.co.ke/business/InReturn+closes+first++10m+fund++points+to+willing+investors/-/2560/1419000/-/1igvn7/-/index.htm>

PART VI: BURBIDGE CAPITAL APPOINTMENT

New appointment



Gerald Njugi

Corporate Finance Intern

Gerald Njugi has just completed a Bachelors degree in Economics & Statistics from the University of Nairobi. In addition, he is a Certified Public Accountant (CPA) and Certified Securities & Investment Analyst (CSIA) finalist.

Disclaimer

THIS DOCUMENT HAS BEEN PREPARED ON THE BASIS OF INFORMATION AND FORECASTS IN THE PUBLIC DOMAIN. NONE OF THE INFORMATION ON WHICH THE DOCUMENT IS BASED HAS BEEN INDEPENDENTLY VERIFIED BY *BURBIDGE CAPITAL LIMITED* NOR ITS AFFILIATE BODIES AND ASSOCIATES, WHO NEITHER TAKE RESPONSIBILITY FOR THE CONTENT THEREOF AND DO NOT ACCEPT ANY LIABILITY WITH RESPECT TO THE ACCURACY OR COMPLETENESS, OR IN RELATION TO THE USE BY ANY RECIPIENT OF THE INFORMATION, PROJECTIONS, OPINIONS CONTAINED IN THE DOCUMENT.