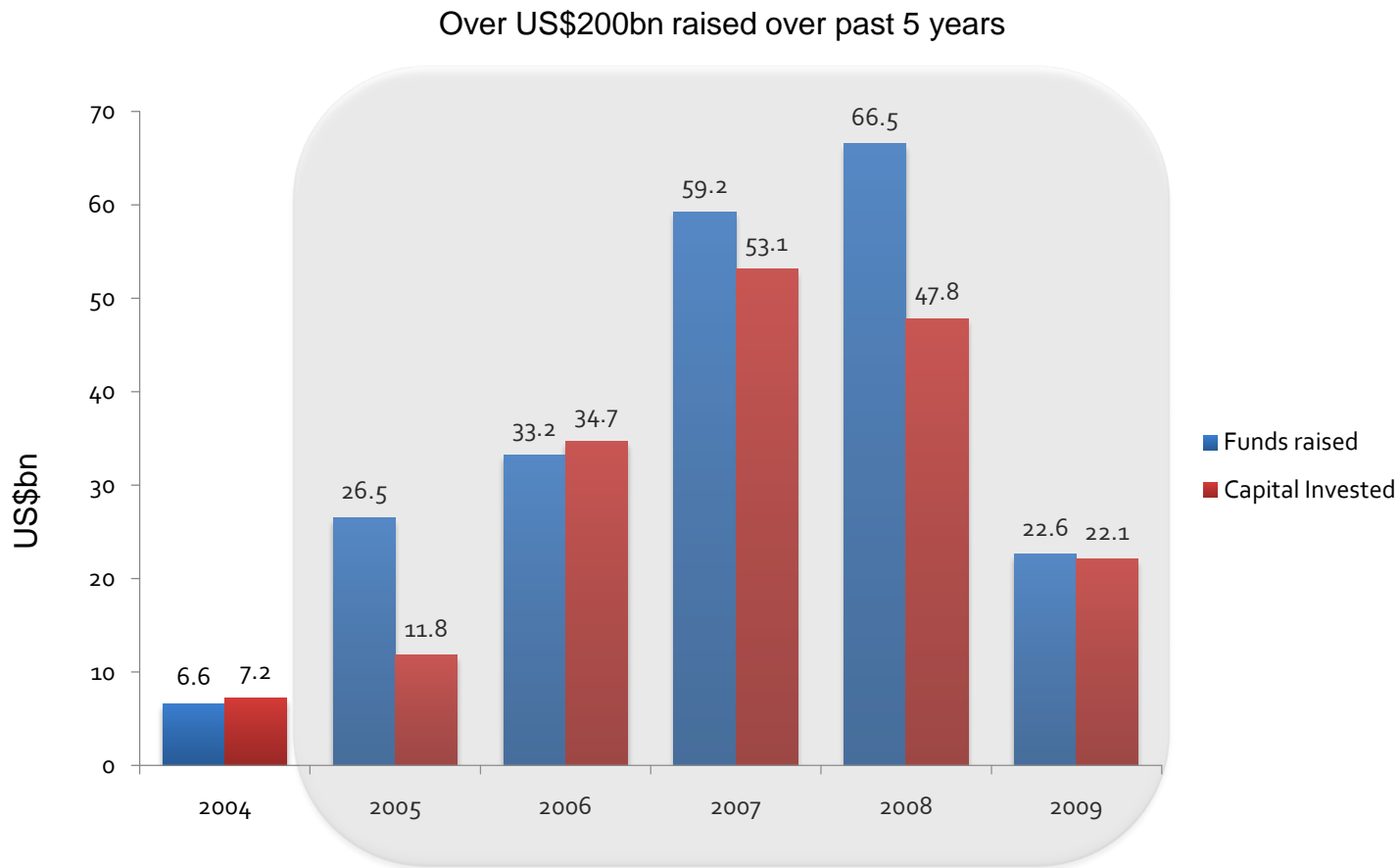


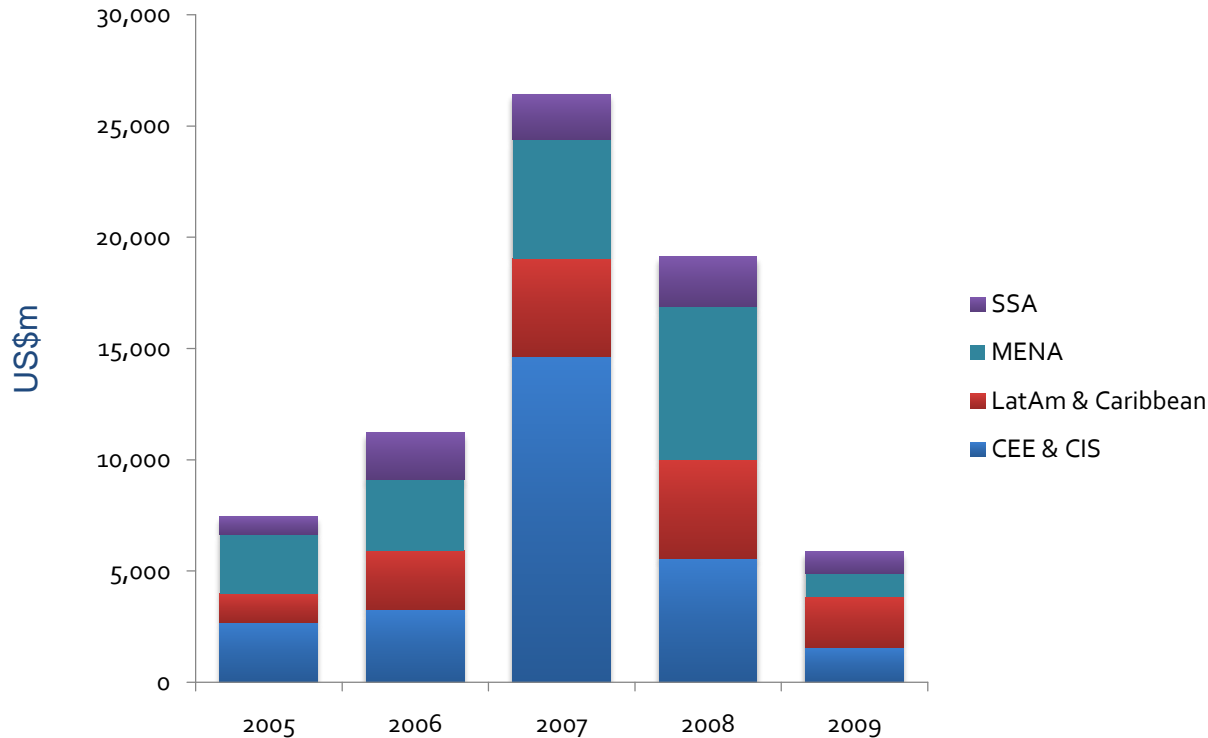


***Southern African Private Equity Round Table  
October 19 -20, 2010***

# Emerging Markets Private Equity Growth



# Emerging Markets Fundraising Landscape

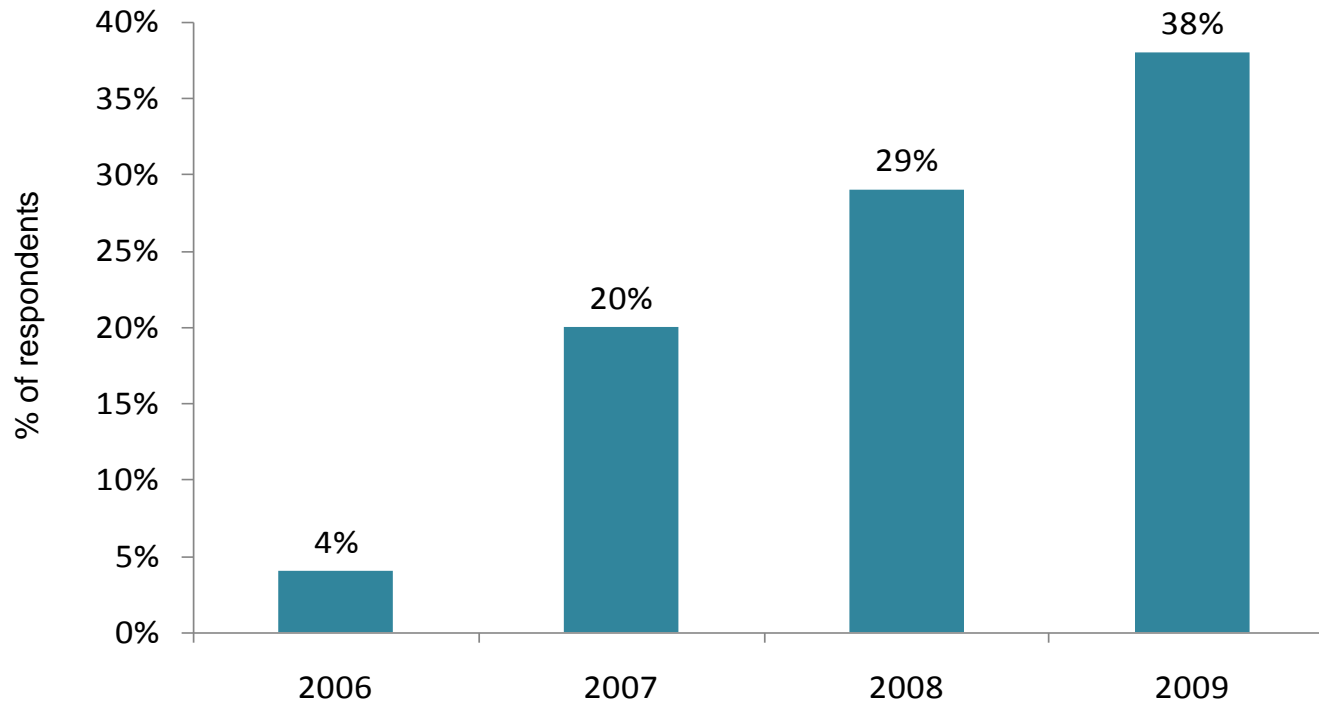


## Sub-Saharan Africa

Year	US\$m
2005	791
2006	2,092
2007	2,034
2008	2,241
2009	964

# Investor interest in Africa Growing

Limited Partners Investing in Africa



Source: EMPEA

# The Current Environment

## Challenging Fundraising Climate

- Smaller Fund Sizes
- Longer fundraising cycles
- Momentum towards more favorable terms for LPs

## Increased Regulation

- Significant impact on African GP options
- Focus on domestic markets
- Clarity required

## Changing Investor appetite

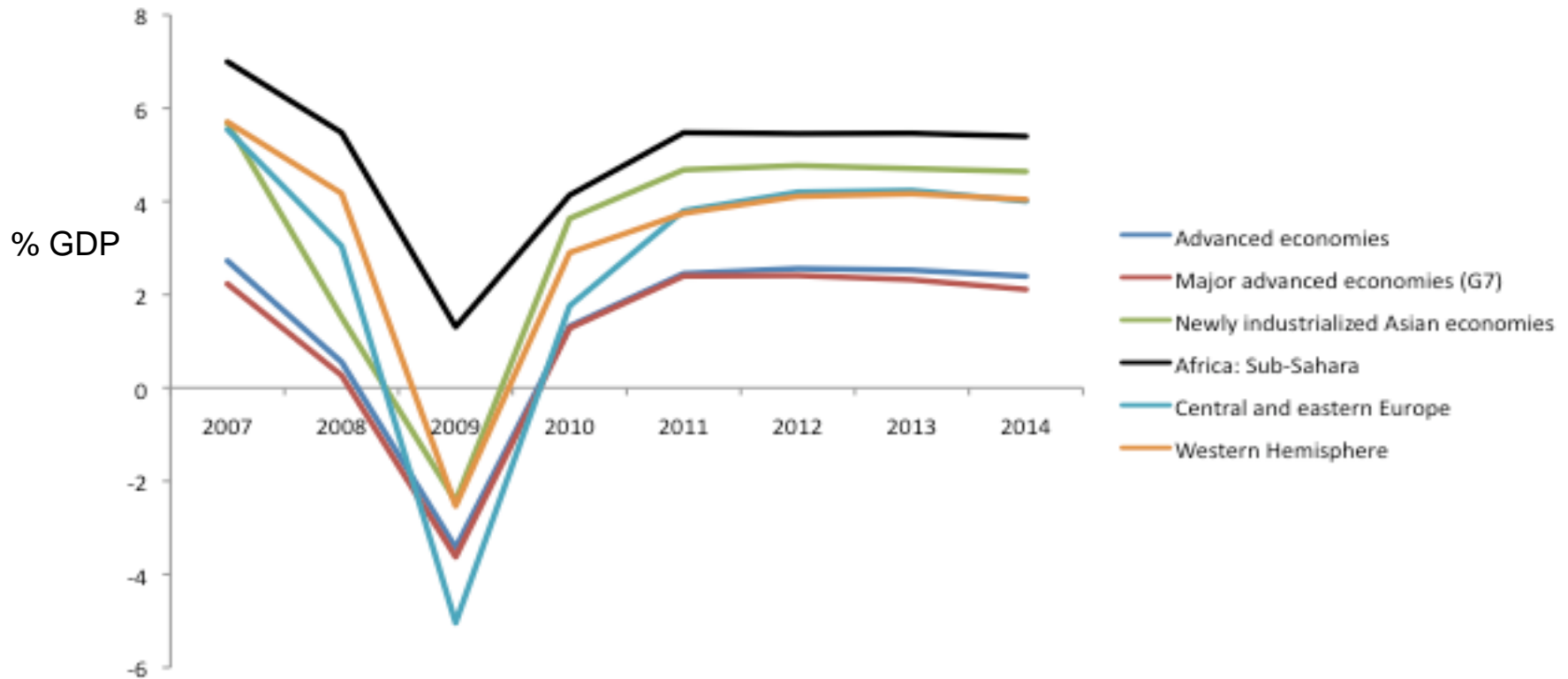
- Hurdles increasing
- Requiring more compelling investment strategy
- Emerging markets present growth

# The Players (a sample)

Fund Name	Fund Name	Fund Size/ Target Size (US\$m)	Close as at June 30 <sup>th</sup> , 2010
<b>Pan-Africa</b>	Aureos Africa Fund	400	381
	ECP III	800	613
	Kingdom Zephyr II	500	492
	Helios II	650	400 (fundraising)
	Actis EM II	3,000	2,300
	DPI I	416	600
	8 Miles I	750	Fundraising
	Satya I	250	250
	TRG (Africa Catalyst Fund)	300	Fundraising
<b>Regional</b>	Capital Alliance II	350	200
<b>Sector/ Product Type</b>	PAIDF	625	Closed
	Greylock	200	78 (fundraising)
	Phatisa Agribusiness	500	Fundraising
	Summit Dev Group	125	25 (fundraising)

# The African Growth Story

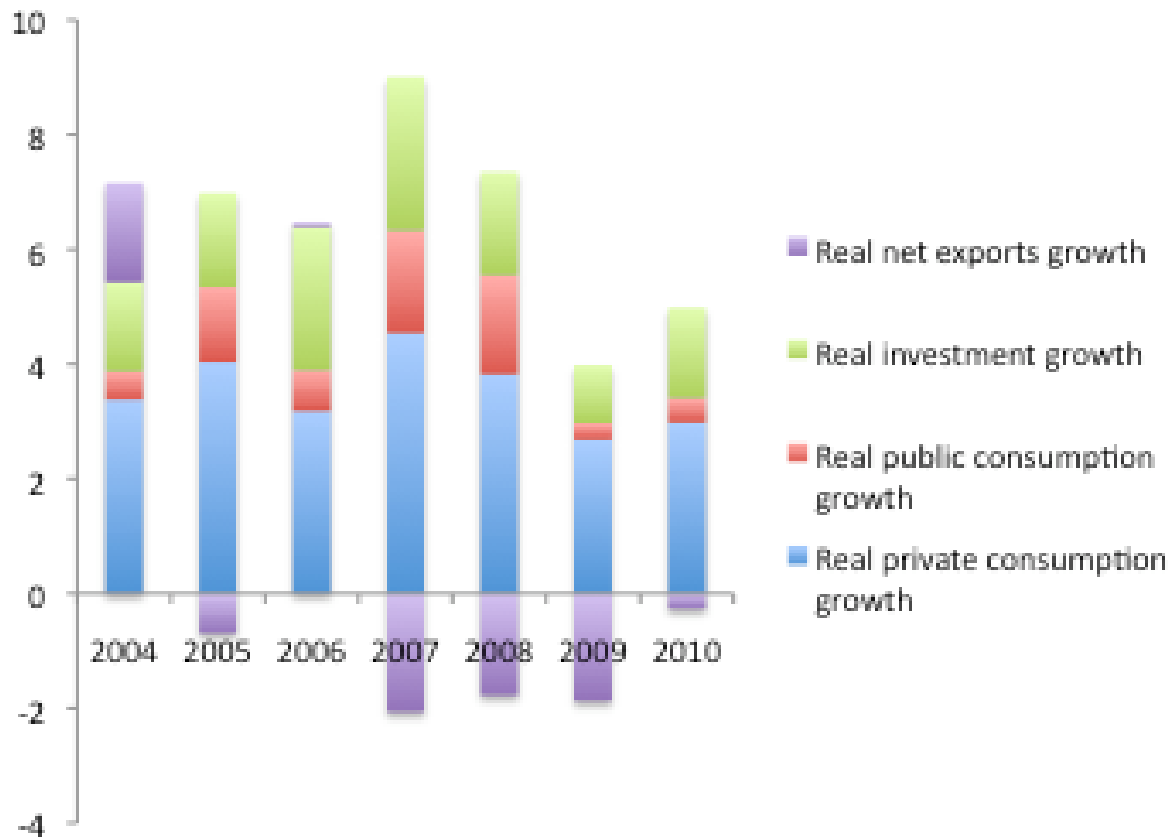
One of the fastest growing economies



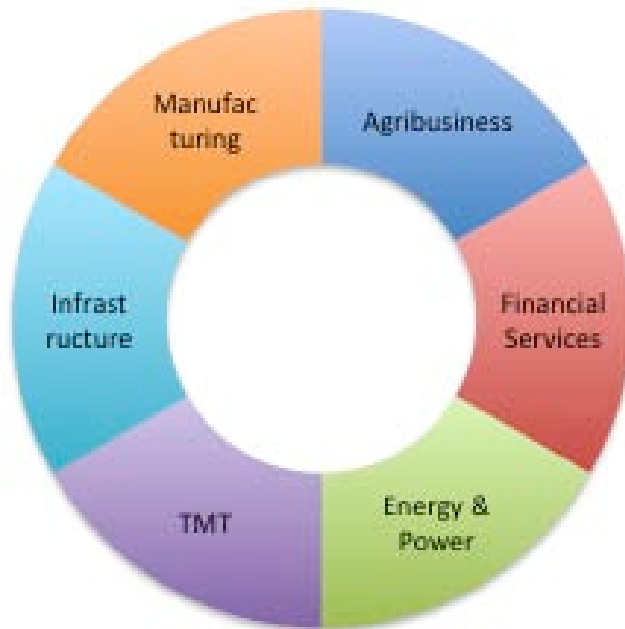
Source: IMF World Economic Outlook April 2010

# The Opportunity

## SSA: Contribution to Growth



# The Opportunity: a consumer story



- **Population:** 14% of the world population
- **Agribusiness:** Irrigated areas only 14%
- **Infrastructure:** US\$8obn required for competitiveness
- **Banking:** Only 10-20% people have access to banking
- **Electricity:** Only 24% population have access to electricity



**900 million consumers**

# Perceived Issues in Investing in Africa

- Markets too small and illiquid
- Corporate Governance
- Too high risk
- Limited investment opportunities
- How do we access?

# The Private Equity Advantage

## PUBLIC MARKET

- No insider due diligence
- Forecasts based on analyst assumptions
- Investors have limited or no influence on management or strategy
- Owner/ manager misalignment
- Management sole decision
- Companies with a substantial asset base involved
- Share values not always based on fundamentals

## PRIVATE MARKET

- Extensive due diligence
- Interrogate management business plan/ forecasts
- Significant influence on management and strategy
- Interests aligned – partnership
- Optimization of gearing
- Across all sizes – growth strategy put in place
- Real and interrogated values

# Conclusion

- Only you can develop your local capital markets and private sector
- Private equity development critical to capital markets development
- Accessing international development finance institutions not a sustainable growth model for private equity