

FANISI VENTURE CAPITAL FUND

18th September 2013



AGRI-BUSINESS

HEALTHCARE

LIGHT MANUFACTURING

FINANCIAL SERVICES

OIL, GAS & MINING SERVICES

Kenya's Economic Successes, Prospects and Challenges

Role for the Stock Market and Private Equity



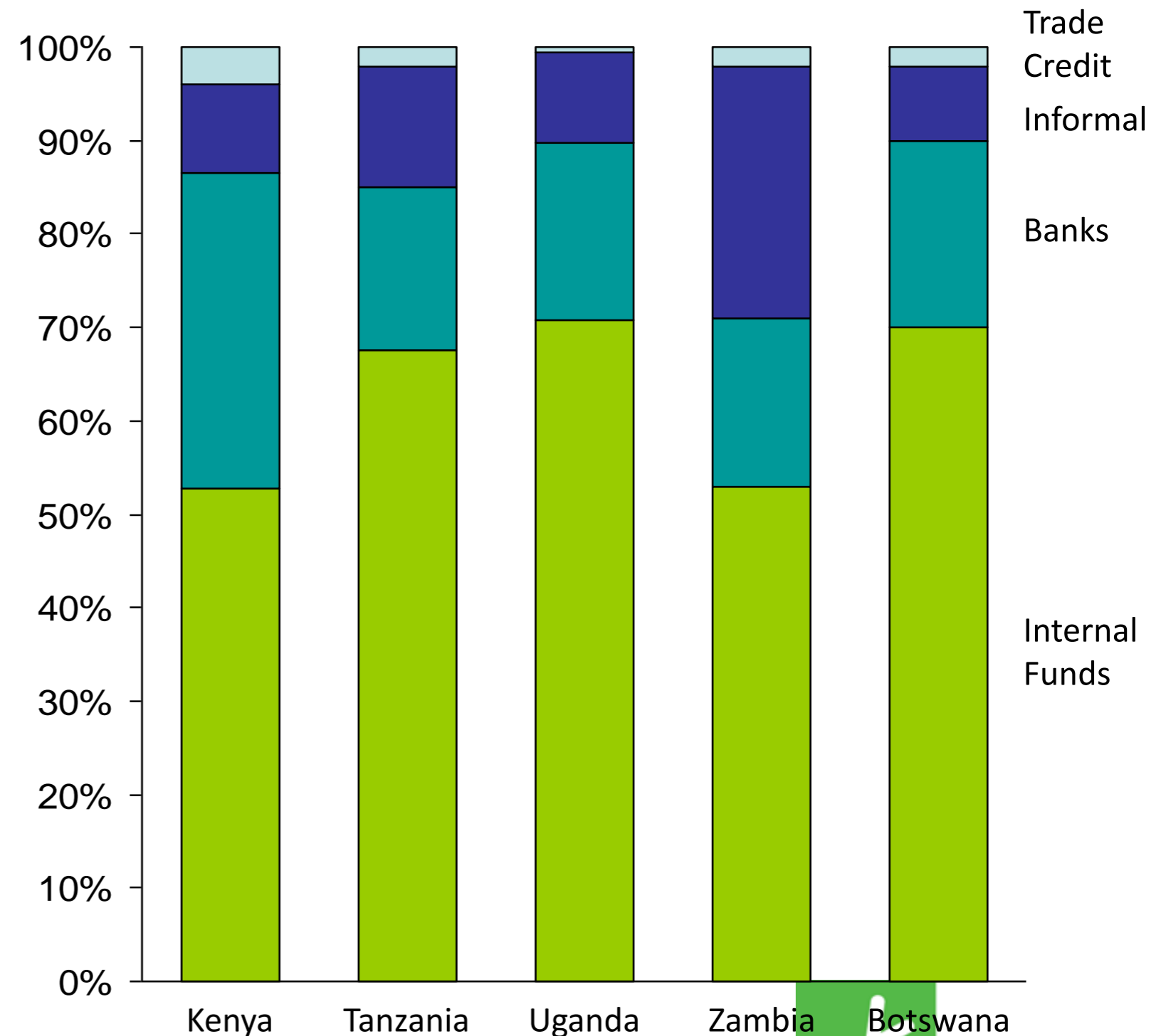
Restricted Supply of Funds

Entrepreneurial growth restricted by lack of access to appropriate financing

Financing Challenges

- **Internal funds and informal sources make up the majority of financing** sources for businesses in East Africa
- Enterprises surveyed in Uganda, Tanzania, and Kenya rank **lack of access to finance as a major or very severe obstacle to firm growth**
- 46% of firms surveyed in EADB's 2007 East Africa market analysis had **financing needs between \$0.5 million and \$2 million**
- Despite a 20% increase in FDI inflows in 2006, **Africa received only 2.7% of global FDI**; Although in 2006 US\$2 billion of FDI flowed into East Africa the majority went towards oil exploration and other extractive industries

Sources of New Investment Financing

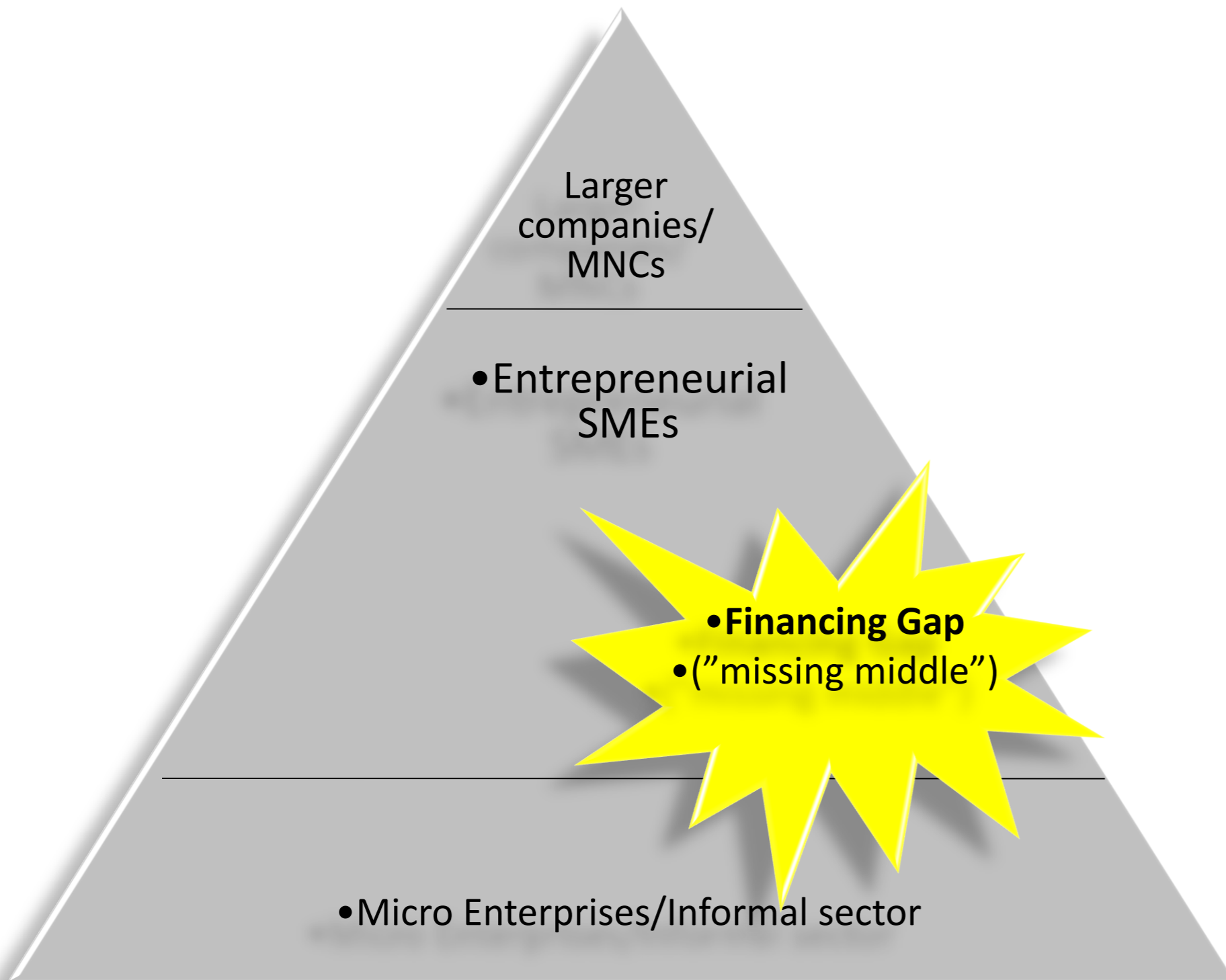


Financing Gap for enterprises

There is financing gap for East African growth companies representing both a challenge and an opportunity to address this "missing middle"

Demand for Funds

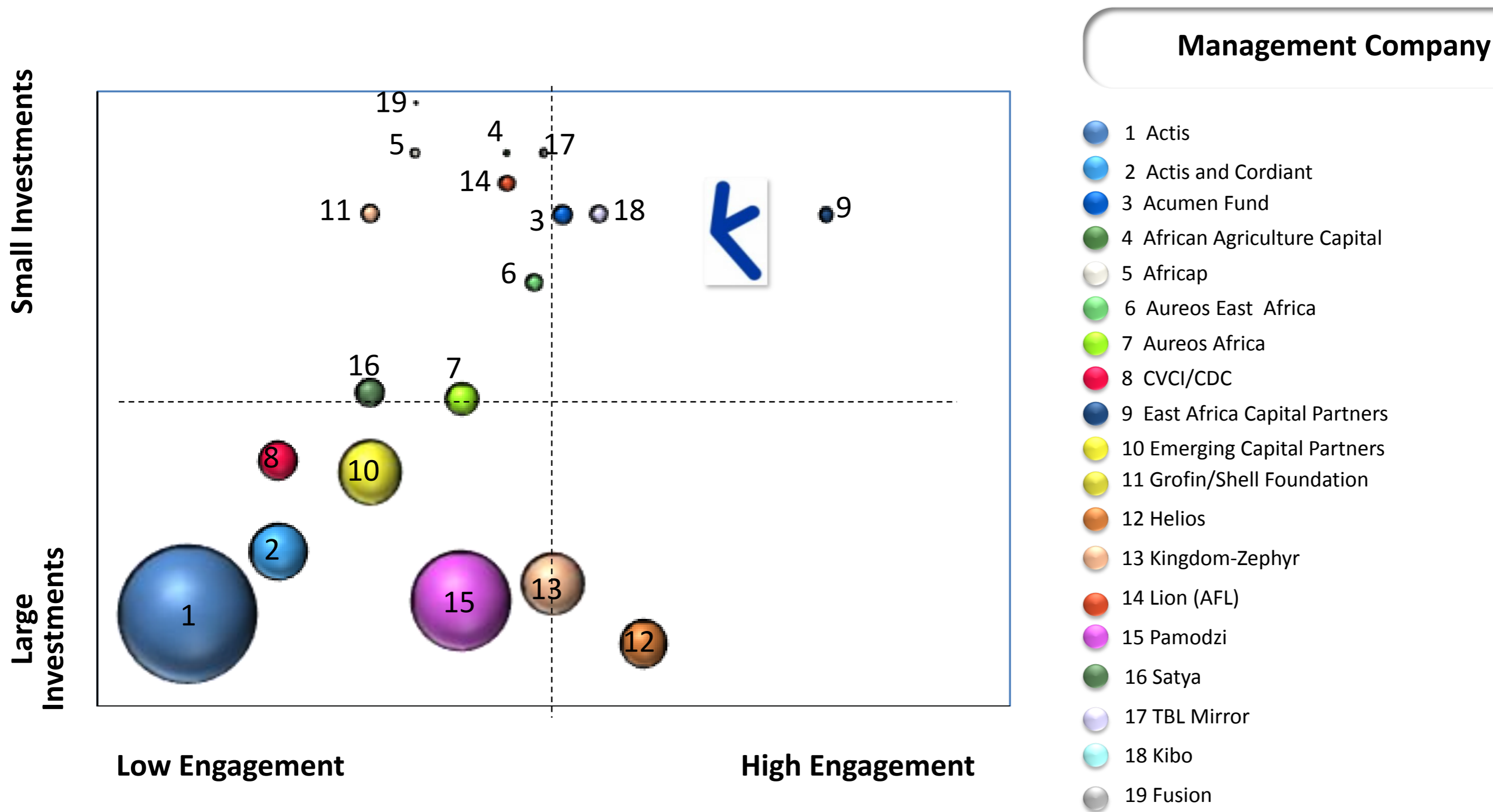
Supply of Funds



- Private equity
 - FDI
 - IPOs
 - Commercial banks
- ←
- Retained earnings
 - Informal savings and credit associations
 - Money lenders
 - Friends and family
 - Leasing arrangements
- ←
- Seed capital
 - Micro-credit
 - Leasing arrangements
- ←

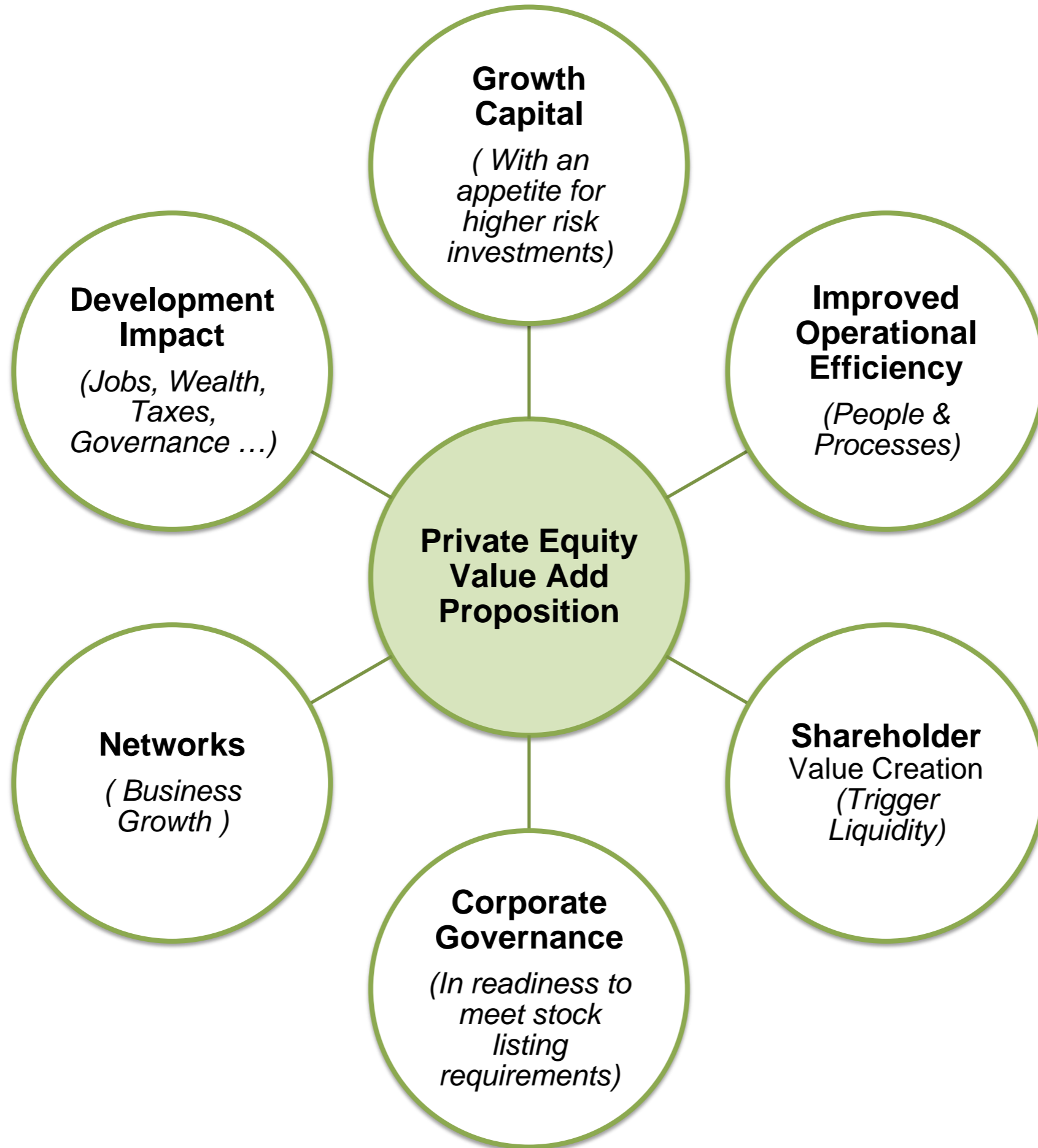
Private Equity Landscape

Fanisi is targeting high growth, commercially viable SMEs that with high engagement can succeed

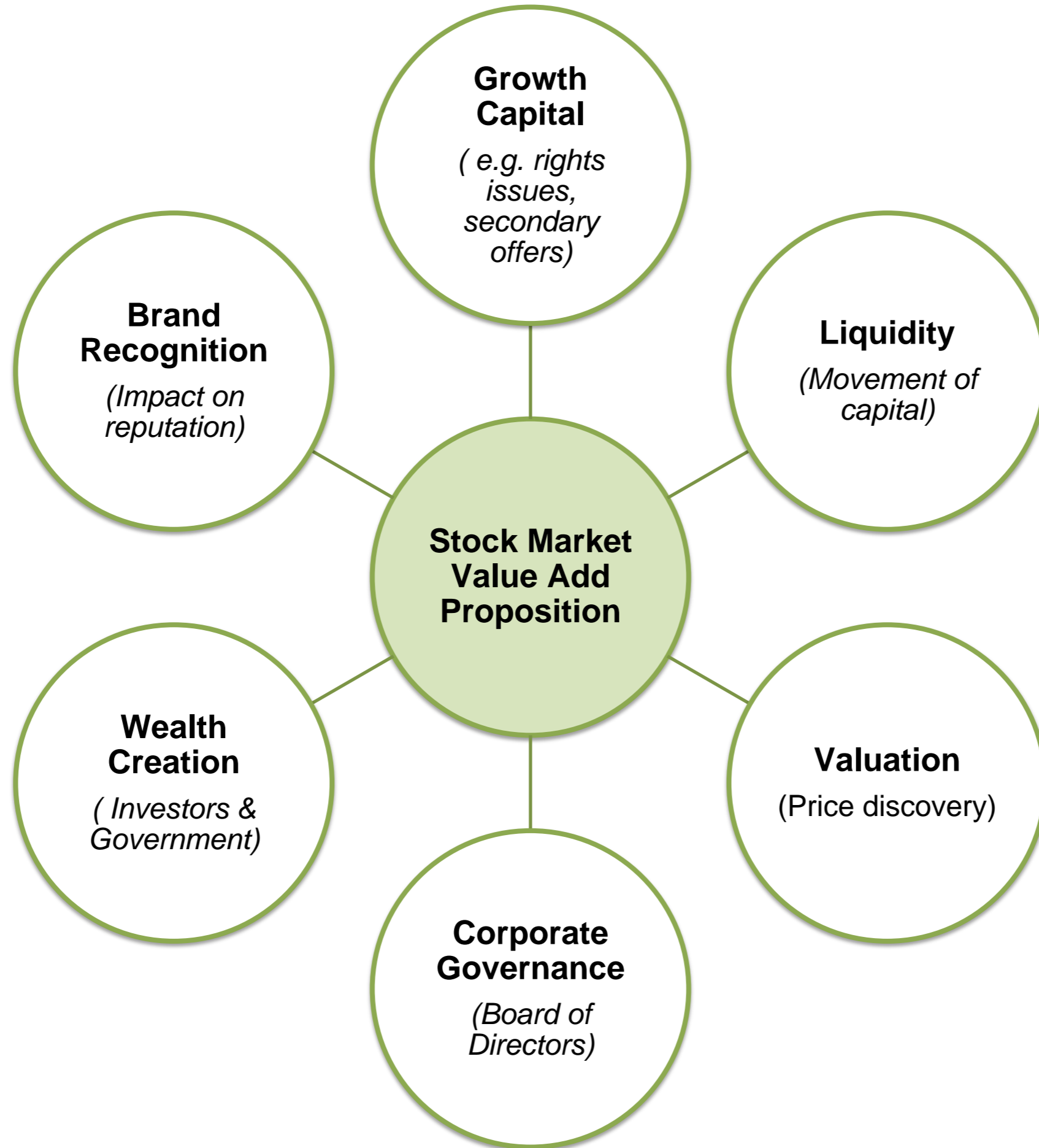


•Notes: Bubble size is indicative of funds under management; funds under management reflect total assets of active funds; data includes partially invested funds but excludes fully invested funds; data based on information from AVCA and ANDE and is largely self reported

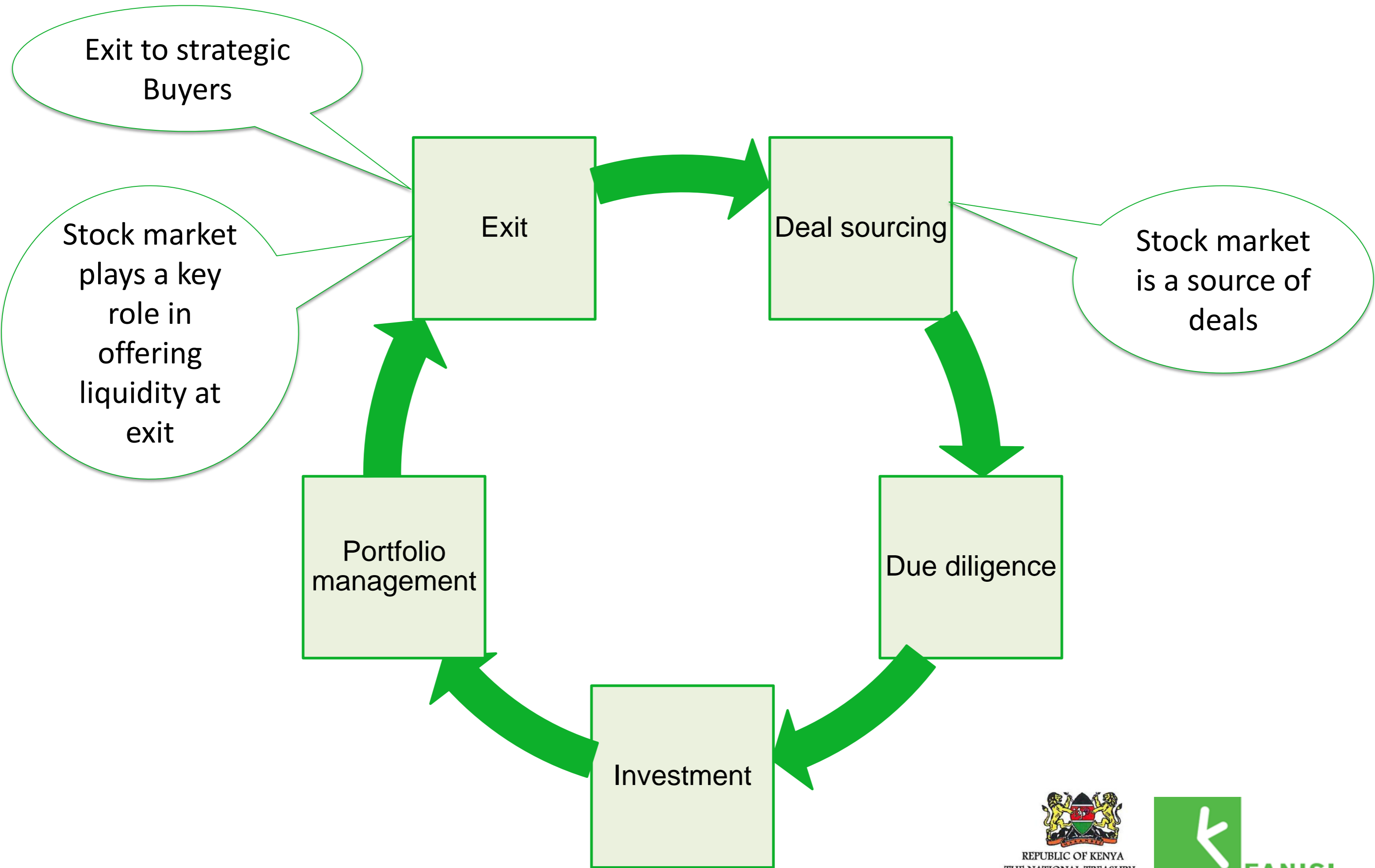
Private Equity Value Proposition



Stock Market Value Proposition



Private Equity Investment - A Process of Recycling of Capital



A financial Hub For Africa – Factors Favoring Nairobi

Talent and expertise

- Mature advisory firms
- An educated population

Developed infrastructure

- Good road network
- International airport
- Mature communication networks

International connection hub

- Nairobi connects to the rest of Africa

International institution hub

- Corporates: IBM, GE, Tullow, Airtel
- International orgs: UNEP
- Private equity firms: Fanisi

A financial Hub For Africa – Proposed Way Forward

Policy for reinforce the:

- Regulation of alternative investments e.g. Pension funds investing in private equity
- Creation of friendlier business environment (zone) to compete with
 - Mauritius
 - Delaware (USA)
 - British Virgin Islands
 - Cayman Islands
- Deliberate creation of a competitive advantage for local advisory firms e.g. Luxembourg

THANK YOU

