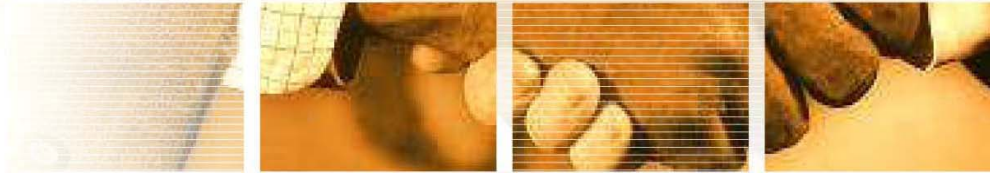





VPB

PRIVATE EQUITY • CORPORATE FINANCE



Private Equity in Botswana



- 
- History
 - Industry overview
 - Investment Focus
 - VPB
 - Future prospects

History

- Major Investors
 - Botswana Gov't agency - BDC
 - Botswana Life Insurance Limited
- Peo Venture Capital
 - 10 years
- Predominantly a captive industry
- Industry mushroomed in the last 7 years

Overview

- Four known Investment Vehicles
 - CEDA Venture Capital Fund
 - Peo Venture Capital Fund
 - Cassiopea Private equity Fund
 - Botswana Development Corporation
- One Independent P E fund manager
 - VPB
- Funds are Generalist
- Investors
 - Botswana Government
 - Botswana Life
 - Botswana Public Officers Pension Fund and other Pension Funds

Overview

- Demand for equity Funding mirrors demand for debt
- Equity funding drivers
 - Establishment of industries *Venture capital*
 - Expanding economy *Expansion capital*
 - Regional growth *Acquisitive finance*
 - Privatisations *Buyout*
 - CEE *Leveraged capital*
 - Infrastructure (PPPs) *Mezzanine*
- Transaction sizes increased with demands of growing economy
- Latent demand for equity finance > *PI Billion*

Overview

- Leverage funding
 - Not easily available
 - Relatively expensive
 - Restrictive covenants
 - Debt /equity requirements high
 - Lack of Mezzanine finance
- Providers of debt
 - Most of the banks
 - BIFM and Flemings

VPB

- Botswana's leading Independent PE Fund manager
- Focused private equity fund management firm
- Established 2002
- Owned by management and employees
- VC and buyout focus
- Established first dedicated closed end PE fund
 - Citizen Empowerment
- **To be a *TRUE* Investment Manager**

CVCF

- Fully committed in 3.5 years
- 17 companies
- Notables:
 - First exit 19% IRR
 - Established new industries, leather, dairy, healthcare,
 - Largest transport company
 - First radio telecommunications network
 - Citizen entry into aviation industry
 - Largest insurance brokerage
- Pipeline > P500m

VPBII

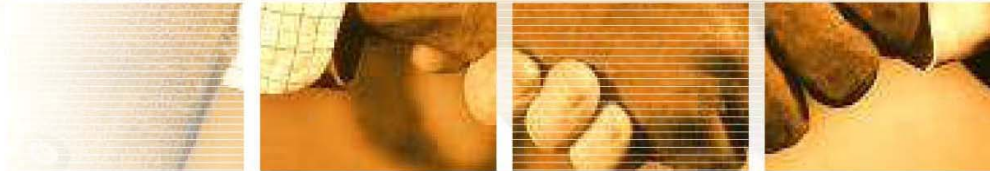
- Euro 150 Million Pan-SADC Private Equity Fund;
- Parallel fund – EURO and Pula;
- Domicile – Mauritius;
- Target countries for investment:
 - Botswana
 - Mozambique
 - South Africa
 - Namibia
 - Angola
 - Zambia
- Defined portion of Fund earmarked for Botswana.
- Local Asset status

Future Prospects

- Fastest growing asset class with an emerging market focus worldwide
- African private equity fund raised > US\$5bn 2007
- PE accepted as the driver of emerging market economic growth
- Venture Capital need
- 137% BSE rise 2007
- Regional economic growth
- Resource sector driving demand

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THANK YOU

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