

BVI Club 1
Briefing Memorandum



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CONFIDENTIALITY

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Introduction

BGL Private Equity

BGL Private Equity Limited is a wholly owned subsidiary of BGL PLC, one of Nigeria's leading independent investment banking institutions. BGL PE is currently committing **US\$50 million** to its Funds - registered in Mauritius and British Virgin Islands .

Over the last 13 years, BGL PLC has emerged as a market leader in Capital Raising, Securities Trading, Mergers and Acquisitions as well as Asset Management. BGL PLC currently has shareholders' funds of **N49.9 billion** and assets under management valued at **N89.2billion**.

BGL PLC is a dynamic, innovative Nigerian-based investment banking firm with an impressive track record, excellent reputation, and strong deal flow which can be leveraged

on behalf of the Fund. In 2006, the Nigerian Stock Exchange, rated BGL PLC the leader in total volume and value of public offers in the Nigerian Capital Markets.

Over the last six years, BGL PLC has consistently maintained a top 5 position in volume and value of securities traded on the floor of the Nigerian Stock Exchange and achieved first position in 2006 for volume and third position in the value of securities traded. Between 2005 and 2006, BGL emerged as the undisputable Mergers & Acquisitions leader (having participated in over half of the M&A's completed in the banking industry during the consolidation of the industry in 2005/2006).

Features of BVI Club I

BVI Club I (“The Fund”)

The Fund or the Company is a newly-formed Limited Liability Company registered in the British Virgin Islands which seeks capital appreciation through growth investments throughout Africa, with an initial focus on sub Saharan Africa including Nigeria, thereafter, expanding throughout the continent.

Fund Structure

The BGL Private Equity (BVI) Club 1 is a closed ended Fund registered in the British Virgin Islands (“BVI”).

Size of the Offering

The Fund is offering **US\$200 million** of two million A class shares at **US\$100** per share. However, the Fund Manager may accept additional subscriptions up until the final closing of the Fund .

The minimum capital commitment for each investor shall be **US\$250,000**. The Investors are not required to provide any capital contribution, funds, assets or monies to the Company in addition to such investment to the Company as set forth in the Private Placement Memorandum.

Closings

A first closing will be held on **31 January 2009**. The Fund Manager will hold two subsequent closings on **31 May 2009** and **30 September 2009**.

Subsequent Investors

All investors who invest before the first closing will be purchasing shares in the Fund at **US\$100** per share. However, investors who purchase shares subsequently will have to pay an interest of 8 percent per annum pro rated from the period of the first closing to the time payment is made.

Investors are encouraged to enter the Fund at the first closing. Notwithstanding, investors at the first closing and subsequent investors are entitled to equal rights within the Fund.

Use of Funds

After each closing, all shareholders’ funds shall be available for investment by the Fund Manager. Until funds are invested in a Portfolio of Investments, funds will be held in a custodian bank resident in the British Virgin Islands.

Fund Manager

The Fund Manager is BGL Private Equity (BVI) Limited.

Term

The Fund’s term will continue until the tenth anniversary of the first closing, unless terminated sooner upon the happening of certain events as set forth in the Shareholders’ Agreement. The Fund Manager may, in consultation with the shareholders, extend the term of the Fund for a maximum of two successive periods of one year each to allow for orderly dissolution of the investments of the shareholders.

Investment Period

The investment period of the Fund will extend from the first closing to a date earlier than:

- the date on which the total committed capital of the Fund has been invested or used to pay expenses and liabilities of the Fund, or formally reserved for such purposes; or
- the 10th anniversary from the final closing.

Investment Criteria

The Fund will seek out market leaders across Africa with above average growth and return on equity characteristics. It will also seek to invest in companies that have already established leadership positions in their domestic markets and are seeking to accelerate their expansion drive by targeting other regional markets or embarking on a pan-African drive.

A particular investment emphasis of the Fund will be a focus on corporate transparency, best practices in accounting and reporting systems and a commitment to highly ethical operations.

Investment Committee

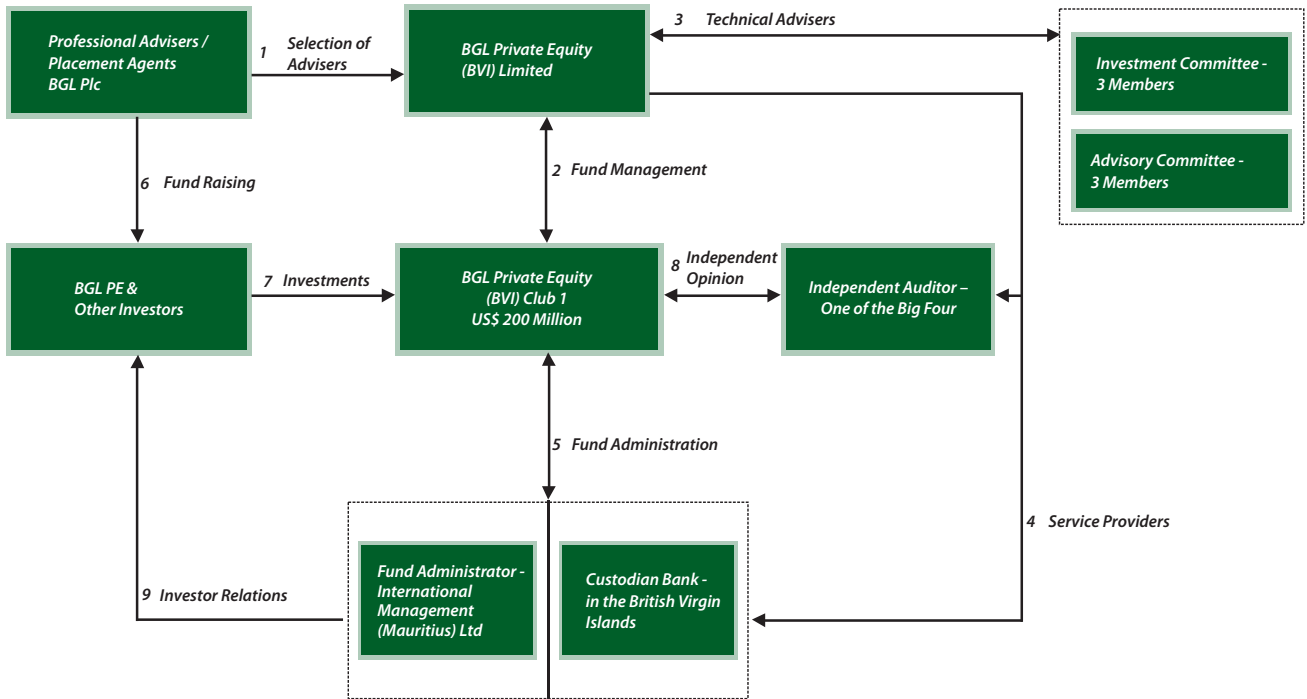
The Fund shall establish an investment committee, the composition of which shall be two representatives of the Fund Manager and one representative of the shareholders.

Advisory Committee

The Fund Manager will establish an independent 3 member advisory committee consisting of individuals with established track record in international Investment Banking. The selection criteria for members of the Advisory Committee will include appropriate due diligence in the following areas:

Qualifications, expertise, industry specific background and value of membership that will be added to the Fund mission.

SCHEMATICS OF BVI CLUB 1



Investment Strategy

The Fund is growth-oriented and will seek investments in common equity, preferred equity, although it will consider investments under certain circumstances in convertible debt.

As the Fund pursues minimum Internal Rate of Return ("IRR") of thirty percent, it will seek to invest in rapidly growing companies with outstanding corporate governance, superior market opportunities, upside potential and sustainable sources of competitive advantage. Such investments will not be limited to Nigeria alone but will be extended to viable and high return driven opportunities within sub Saharan Africa.

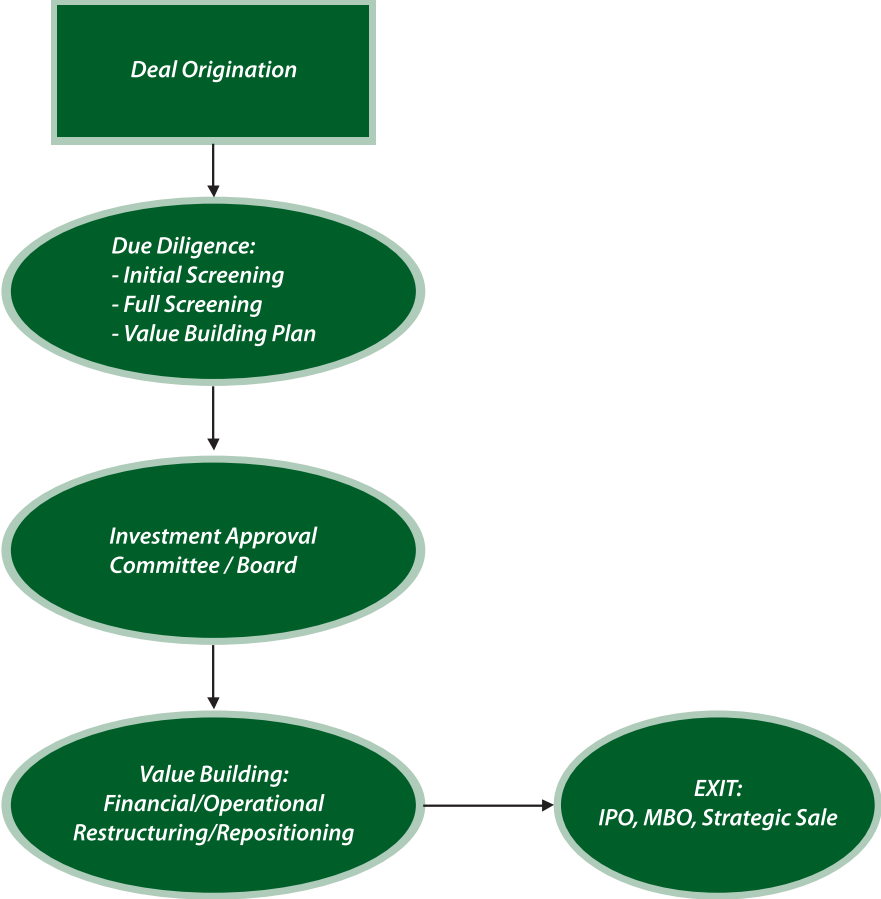
- The Fund proposes to invest both in publicly traded and privately held companies with minimum revenues of twenty million dollars (US\$20,000,000) or higher.
- The Fund may also invest in other private equity funds as funds of funds.
- Clearly articulated exit strategies will be executed through sale, Initial Public Offering, or other liquidity events.

- The time horizon of the typical fund investment will be 3 to 5 years, although the fund will seek earlier liquidity events where possible.

The Fund will seek investments in the following sectors:

1. Financial Services (banking, insurance, micro-credit)
2. Food processing & Beverages
3. Infrastructure
4. Telecommunications and Information Technology
5. Manufacturing (diversified)
6. Energy (Power, Renewables, Oil & Gas)
7. Pharmaceutical
8. Real Estate
9. Commercial Services (retail, logistics)

TRANSACTION FLOW



Distributions

Distributions Include Carried Interest.

The Fund Manager may distribute proceeds realized from dispositions of investments, plus any dividends or interest income received. However, the Fund Manager may retain amounts it considers prudent reserves to meet future expenses and liabilities of the Fund.

Distributions will be made in U.S. dollars. The amount apportioned to the Investors will then be immediately reapportioned between the Investors and the Fund Manager as follows:

- **Return of Contributed Capital:** 100 percent to the Investors in proportion to their contributed capital until they have received distributions equal to their initial capital contributions less the pro rata expenses of the Fund with respect to all realized investments;
- **Hurdle Rate:** 100 percent to the Investors in proportion to their contributed capital until they have received distributions equal to 8 percent per annum cumulative return, compounded annually (the "Hurdle Rate") as calculated on their capital contributions less the pro rata expenses of Fund with respect to all realized investments;
- **Carried Interest Catch-up:** 50 percent to the Investors and 50 percent to the Fund Manager as an incentive distribution (the "Carried Interest") until the Fund Manager has received cumulative distributions of 20 percent of the net profits on all realized investments; and
- **Carried Interest:** thereafter, 80 percent to the Investors in proportion to their contributed capital and 20 percent to the Fund Manager as additional carried interest.

Why a BVI Fund

Fund Level

- BVI Funds are not subject to any income, withholding or capital gains taxes in the BVI.
- No capital or stamp taxes are levied on the issue, transfer or redemption of shares.

Shareholder Level

- Shareholders will not be subject to income, withholding or capital gains taxes in the BVI with respect to shares in the Fund owned by them and relevant distributions received on such shares.
- However, shareholders tax positions will be a matter for them and dependent on their specific tax positions.

Expenses & Fees

Expenses:

The Fund Manager will pay all setup costs from the Funds and such costs not exceeding 5 percent of the Fund size after the final closing.

Each shareholder will be solely responsible for its or their own legal and tax counsel expenses and any out-of-pocket expenses incurred in connection with the organization of, its admission to, or the maintenance of its interest in the Fund.

Management Fee

The Management Company will receive an annual Management Fee, payable quarterly in advance by the Fund. The management fee shall be 2 percent per annum based on the total capital committed to the Fund for the Investment Period. Thereafter 2 percent per annum on the Cost of Investment, less a sum equal to the total of the cost of fully written-off Investments; and the original booked cost of any disposal (determined as at the end of the immediately preceding quarter) of the Fund.

****The Management fee is exclusive of VAT.***

Parties to the Fund

- Fund Manager - BGL Private Equity (BVI) Limited
- Tax & Compliance - KPMG Professional Services (Nigeria)
- Nigerian Counsel - Banwo & Ighodalo
- International Counsel - Sheridans Solicitors (UK)
- Custodian Bank - In British Virgin Islands
- Fund Administrator - International Management (Mauritius) Limited

The Board & Management



**ALBERT E. OKUMAGBA
CHAIRMAN**

Mr. Okumagba is also the Group Managing Director/CEO of BGL PLC. Prior to joining the company, Mr. Okumagba was Manager and Head of Mergers and Acquisitions at Centre-Point Merchant Bank Limited. During his career at Centre-Point Merchant Bank Limited, Mr. Okumagba managed portfolios in Corporate Banking, Multilateral Agency Credits and traded on the floors of the Nigerian Stock Exchange on behalf of Centre-Point's stock broking affiliate, Centre-Point Investment Limited.

Mr. Okumagba holds a Bachelor of Science Degree in Economics from the University of Ibadan and a Master of Science Degree in Economics specializing in Monetary Economics from the University of Lagos. He is the Chairman, Bond sub-committee of the Capital Markets Committee ("CMC"), member of the Presidential Committee on the Bond Market, Chairman of the Technical and Strategy Sub-committee of the Bond Steering Committee. He was a council member of The Nigerian Stock Exchange from November 2003 to September 2006 and Chairman of the Association of Issuing Houses of Nigeria from 2002 to October 2006. He is a Fellow of the Chartered Institute of Stockbrokers.



**MR. CHIBUNDU N. EDOZIE
DIRECTOR**

Mr. Edozie is also the Group Executive Director, Advisory Services of BGL PLC; overseeing Corporate Finance, Structured Finance and Public Sector Advisory Divisions. He holds a Bachelor of Science degree in Geology and Mining from the University of Jos and he is an authorized dealing clerk of the Nigerian Stock Exchange and Fellow of the Chartered Institute of Stockbrokers. Prior to joining BGL PLC, he worked for IMB Securities Plc and Fountain Securities Limited.

Mr. Edozie is an alumnus of the New York Institute of Finance, New York and the Lagos Business School. He is also a council member of the Chartered Institute of Stockbrokers as well as Chairman of BGL Private Equity's Audit and Risk Management Committee.



**MR. HENRY LARAIYETAN
DIRECTOR**

Mr. Laraiyetan is the Group Executive Director, Capital Management of BGL PLC; overseeing Market Making & Underwriting Division as well as BGL Securities Ltd, BGL Asset Management Limited and BGL Private Equity Limited. He holds a Bachelor of Science in Finance and a Masters degree in Business Administration from University of Lagos. Mr. Laraiyetan has over 18 years of Investment Banking and Asset Management experience.

Mr. Laraiyetan is an alumnus of The New York Institute of Finance, New York, IMD, Lausanne, Switzerland and Lagos Business School. He is an authorized dealing clerk of The Nigerian Stock Exchange and an Associate of The Chartered Institute of Stockbrokers. He is also the Chairman, Strategy and Investment Committee of BGL Private Equity.



**MR. MOHAN L. LALCHANDANI
DIRECTOR**

Mr Lalchandani is an accomplished industrialist and business administrator. He is a graduate of Science and Textile from the University of Aligarh, U P and the University of Kanpur, both in India. He has over 25 years of experience in the Nigerian manufacturing sector and was at one time the Managing Director of Textile Consultants Limited, a Lagos based company. Mr. Lalchandani is currently the Managing Director of Ladjor Enterprises Limited, a plastic manufacturing company based in Lagos, Nigeria.



**DR. CHRIS OMERUO
MANAGING DIRECTOR/CEO**

Dr Chris Omeruo holds a PhD in Business Administration. His management education includes the Advanced Management Programme of both Lagos Business School, Pan African University and Said Business School, University of Oxford. He has over 18 years experience in investment banking with core competences in buyout and turnaround transactions. Special interests include Life Coaching, Member of the Board of Trustees, Arrows of God Orphanage, Lekki-Ajah, Lagos and Member of the Governing Council, Salem University, Lokoja. Nigeria.



MS IFY UMUNNAKWE
PARTNER

Ms Umunnakwe has over 10 years experience in international corporate law practice and investment banking. She is a qualified solicitor in England & Wales and has an MSc Finance, Regulation & Risk Management from the ICMA Business School, University of Reading. Ms Umunnakwe worked in the London Office of a leading US Law firm for several years before relocating to Nigeria. Prior to joining BGL Private Equity, Ms Umunnakwe was the Regional Manager of Stanbic IBTC Asset Management's (a member of the Standard Bank Group) Northern Office.

Ms Umunnakwe is a Partner & Chief Financial Officer; overseeing Capital Raising, Capital Partnerships, Investor Relations and Fund Administration. She is also responsible for the development of BGL Minergy Fund I.



EGIE AKPATA
PARTNER

He has over 10 years of international experience in investment banking, real estate and energy. Prior to BGL he was Assistant Vice President with the Global Markets Group at Deutsche Bank AG, New York. Prior to joining Deutsche Bank, Egie was a Manager at Bank of Montreal, Toronto, Canada where he worked on several large transactions in the real estate division and later executed several high profile corporate wide risk management mandates. He also developed extensive expertise in the energy sector with Ernst & Young and Enbridge Inc, in Calgary.

Egie holds a BA (Hons) in Accounting and Finance from the Nottingham Trent University, UK and an MSc in Accounting from The University of Saskatchewan, Canada. He is a qualified accountant and holds the CPA (Colorado) and ACCA (UK) designations. He is also a member of the Urban Land Institute, Washington DC.

He is a Partner and Chief Investment Officer of BGL Private Equity.

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