

PRIVATE DOCUMENT

CONFIDENTIAL
INFORMATION
MEMORANDUM

**In Connection with the Private Placing
of Ordinary Shares, by way of Private
Placement and Open Offer**

(Incorporated under the International Business Companies Act) Belize Registration No. 22127

NOVEMBER 2005

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The information contained herein does not constitute a distribution, an offer to sell or the solicitation of an offer to buy any securities in any jurisdiction in which such distribution or offer is not authorized to any person. In particular, the information herein is not of distribution and does not constitute an offer to sell or the solicitation of any offer to buy any securities in the United States of America to or for the benefit of United States persons (being residents or citizens of the United States of America or partnerships or corporations organized under the laws of the United States of America or any state, territory or possession thereof).

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This Confidential memorandum has been prepared as an offer for sale through private placement. It is being submitted on a confidential basis for use by a limited number of parties solely in connection with the proposed private equity placement of AFRICA ENTERPRISE FUND LTD.

This confidential investment memorandum has been prepared by the sponsors and promoters of AEFL to help institutional investors and other high net worth individuals to familiarize and acquaint themselves with the private placement.

By accepting this confidential memorandum the potential investor agrees to keep confidential the information contained herein or made available during the familiarization with the workings and operations of AEFL.

While all reasonable care has been taken to ensure that all information, projections expressions and other relevant data contained in this document has been conveyed in a free and truthful manner, investors are reminded that they are also required to take and exercise all reasonable care to ensure that any financial decisions taken by them in this regard has been properly and thoroughly verified by them.

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AFRICA ENTERPRISE FUND LTD

OVERVIEW

Africa Enterprise Fund Ltd. ("AEFL") was registered as a private equity and venture capital company with limited liability in the jurisdiction of BELIZE.

Its charter expressly provides for it to invest in AFRICA, and in particular to focus investment in the areas of energy, mining and Telkom infrastructure including both landline, and mobile technology. To focus on private equity, AEFL intends to raise you as USD 100,000,000 to capitalise the company for onward investment throughout Africa.

MISSION

AEFLs mission is to facilitate wealth, creation and entrepreneurship amongst the people of Africa by promoting direct investment, through identifying and creating new investment opportunities, thus creating employment and higher standards of living. The continent of Africa has the opportunity to develop at a very fast pace. With Increasing global liberalisation-oriented policies, privatization and foreign investment have become buzzwords all around the continent. As a result, African Governments are looking to finance new investments in energy, mining, and telecommunications via foreign and local investments and strategic technical partners. AEFL aims to take advantage of this opportunities by creating a funding structure by which the peoples of Africa, together with foreign investors and strategic partners, can also join in this rapid and exiting process to enhance wealth creation on the continent

INVESTMENT OBJECTIVE

AEFL investment objective is to earn an above average investment return (as measured by internal; rate of return, IRR) derived from both dividend income and capital gains commensurate with levels involve in investing in equity and Quasi equity throughout Africa in areas of energy, mining and telecommunication.

TIME HORIZON

It is envisaged that the investments in various companies will be between 7 and 10 years.



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Due to the long term nature of the fund, therefore, shareholders time zones should also be long term nature. It is unlikely that the above average returns may be achieved until such time that the companies are sold on a stock exchange, or have been sold through a merger or acquisition.

INVESTMENT POLICY AND STRATEGY

AEFL seeks to bring the venture capital concept to the peoples of Africa. Sweeping liberalisation in key sectors has attracted foreign direct investments all across the African continent. To further facilitate foreign investment and to also enhance local investment so as to further wealth creation amongst Africans, AEFL aims to serve as a facilitating link between investors, technical partners and the peoples of Africa.

Facilitation will take place through two methodologies:

- Acting as a funding source. Inquires from management teams and principals are welcome. AEFL also recognises the valuable role of intermediaries in origination and developing attractive investment opportunities. Confidentially will be respected and AEFL may consider funding customary fees for valuable investment banking and intermediary services leading to complete transactions. AEFL is also interested in partnering with other investments groups.

- Acting as an investment catalyst. AEFL management and advisors will identify investment opportunities and put into gear their technical resources and financial resources to conceptualise projects. AEFL wishes to nurture promising next-generation industries and companies. As a partnership of financial, technical and management experts, the people behind AEFL understand how to turn a great vision into business, and a business into a success. AEFL believes in supporting entrepreneurs who have a unique insight into the dynamics of their market. AEFL specifically plans to be early investors in some of the most promising mobile networks, energy generation and mining enterprises across Africa.

AEFL understands that there is a lot more to successful venture capital



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than gut instincts and money. It believes it has better-rounded definition of the word “investment” Entrepreneurs will choose to partner with AEFL because AEFL financial commitments are always track record all working together for maximum impact.

Focus Areas

AEFL will consider investments in both unlisted and listed companies that are in its main focus areas. The Company will primarily invest in companies within the following main areas:

- | | |
|-------------------|--|
| ENERGY | - Power generation, power transmission and distribution, oil and gas exploration. |
| TELECOMMUNICATION | - Landline networks and operations, mobile network installations and operations and microwave installations; and |
| MINING | - Gold, titanium, copper, and gemstone mining |

Business Stages

AEFL aims to invest in a portfolio of companies in various business stages that it believes will grow strongly over the long term. Business stages include the following:

- Start-up ventures and young firms in the early stage of development that may not be able to obtain commercial bank financing due to the associated risks of venture capital.
- Companies that are introducing new products to the markets that can compete effectively with imports and provide new sources of export revenues.
- Companies that are looking to expand production facilities to take advantage of global liberalisation and the removal of tariffs (expansion stage financing). This would also include the financing of mergers and acquisitions.
- Companies that are looking to expand production facilities to a reach a critical mass so as to become more profitable (expansion stage financing)



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Types of Investment.

Equity

The largest component of the portfolio is envisaged to be invested in ordinary equity or convertible preference shares. This is due to the likelihood of being able to maximise investment returns upon a public listing, or through a merger or acquisition.

A Shareholder' Agreement will be drafted by a lawyer for each equity investment spelling out the rights of AEFL; i.e. the appointment of the Company to the Board of Directors and the exit strategy, and the terms and conditions of the equity investment; i.e. minimal financial ratios maintained, sale of assets, minority shareholder protection etc.

Quasi-equity

Quasi-equity, legally debt but has a capital gain component in that a share of profits or revenue is also distributed, e.g. revenue bonds, will also be considered. This type of investment will be purchased when ordinary shares are not being offered or the Company's asset type has been met for equity.

An appropriate agreement will be drafted by a lawyer for each quasi-equity investment spelling out the rights out the rights of AEFL; i.e. the appointment of the Company to the Board of Directors and the exit strategy, and the terms and conditions of the quasi-equity investment, i.e. payment of interest income and capital distribution, minimal financial ratios maintained, sale of assets, etc.

Debt

It is envisaged that the debt will be the smallest component of the portfolio in that it is unlikely to achieve above average returns. Most of the will be short-term in nature and will play a part in investing the funds in income earning investments until such time that equity or quasi-equity investments become available.

An appropriate debt agreement will be drafted by a lawyer for each debt investment, if applicable, spelling out the rights of AEFL; i.e., the



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appointment of the Company to the Board of Directors and the exit strategy, and the terms and conditions of the debt investment; i.e., payment of interest income and par value, securitisation, minimal financial ratios maintained, sale of assets, etc.

Investment Amounts

The Company intends to invest between US\$500,000 to US\$5 million in any given project that meets its selective target criteria.

Investment Criteria

The private equity experience will begin primarily with an evaluation of unlisted private companies in areas or industries with high growth potential. AEFL will invest in companies that not only meet its detailed investment criteria well before the company is listed on the stock market so as to capitalise on the companies' intrinsic values.

Therefore AEFL intends to invest at values typically lower than an investor might find on the stock market. The Company will be looking for companies that it can add further value to the Company as well as to shareholders' investment returns. Finally, upon exit from its investment, returns from net proceeds will be returned to the shareholders.

When it comes to managing private equity, AEFL will adopt an active and disciplined bottom up approach to investing in quality assets. The approach will consist of the following methodology:

1. Identify an undervalued business within the focus areas and perform the following analysis:

Due Diligence - Do the sponsor's claims truly represent the facts and conditions?

What is the background of the sponsors? Are they credible? Are there any legal constraints regarding the project? Who owns the property? Are there any charges against it? A site/plant tour will take place to add comfort that the project is what it reports to be.

Company Analysis - Close scrutiny of the company will take place



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with questions such as “Is management up to the jobs?”, “How adaptable are the company and management”, “What is the company’s competitive advantage?” etc being asked. Analysis of Components of ROE will be reviewed and a determination made as to the true value of the company. In addition a SWOT Analysis will be performed.

Companies with the following various traits will be considered for investments:

- Having an early entry into the market so as to reduce competition;
- The introduction of new products, service or processes
- The foray into new viable markets of an existing successful product;
- Having products with a sustainable competitive edge so as to maintain their success through the stages of corporate growth; and
- Having talented leaders who have been successful in other start-up organisations or large firms.

Proposed management integrity and character will also be closely scurtinised. Specially, the following characteristics will be examined to determine the ability of the company to succeed:

- Leadership - Has the entrepreneur past experience in being a leader?
- Vision- Does the entrepreneur have foresight to address problems before they arise rather than operate as a “fire fighter”?
- Integrity - Is the entrepreneur open to taking advice when it comes to management, strategies and solving problems?
- Dedication - Does the entrepreneur have the ability to preserve when things may not be going as planned
- Financial Analysis- A minimum of five years’ projections for profit and loss, balance sheet flow statements and financial ratios will be projected. A sensitivity analysis will also take place to determine the projects ability to absorb price shocks etc.

2. Evaluate the industry/economic case

The industry and economies within which the company operates will



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be scrutinised. Can the industry sustain an above average growth rate? What is the level of existing competition? Are there any threats of new entrants? What are the substitute products? What is the bargaining power of buyers and suppliers

3. Challenge the proposition

Due diligence will continue and a rigorous review will be completed by the investment team and Investment Advisory Council, a panel of experts from a variety of industries upon whom AEFL can call upon for advice.

4. Form a Partnership

When an investment is made, a senior member of AEFL's investment team will be appointed to the board of that Company to be called upon to help with management decisions when necessary.

5. Negotiate a successful exit

The exit strategy will depend upon the Company's business stage and market conditions. It is the intention of AEFL that will exit from its investments through Initial Public Offerings (IPOs) in the Countries of operation as well as on overseas markets where available. This will serve to realistically value the investments but should also serve to maximise the shareholder return.

Where public listings are not possible, the shareholders' agreement will provide the basis for exit methodology and valuation. Possible exit venues would include merger and acquisitions and/ or existing shareholders taking up their pre-emptive rights where applicable.

6. Investments Timing

It may take up to two or three years for the Company to be fully invested. This is largely due to the time needed to find appropriate investments and to carry out proper due diligence exercises. While waiting for the appropriate investments, the money will be invested in short term debt instruments, including commercial paper and accounts receivable discount notes, to help achieve investments objectives.



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7. Expected returns

To achieve the investment objective of obtaining above average returns commensurate for the level of risk, management will be looking for average returns (internal rate of return IRR) above 30% per annum, net of management fees.

Return in the first years of the Company however will be minimal due to the start up nature of the investments as well as those Companies in their infancy or expanding production. It may take up to three to four years before substantial returns are seen. Returns on the investments are not expected to be maximised until the last years of investment when the investments are listed on a Stock Exchange, or are sold through mergers or acquisitions. In the meantime, the Company will expect to receive dividends from its investments.

Risk Factors

The company is in the business of financing start-ups, here money can be completely lost in ventures that do not succeed.

The company will also invest in worldwide stock markets in those companies that are in our focus areas stock markets have continue to decline over the last 3-5 years and some equities have dropped by as much as 90%.

The company does not expect to pay any dividend for the first two years. The foregoing list of factors should not be constructed or as any admission regarding the adequacy of disclosures made by the company.

The company disclaims any intention or obligation to update or revise forward-looking statements, whether as a result of new information, future events or otherwise.

Diversification

Systematic risk can be reduced and minimized through diversification. By combining many investments with dissimilar correlations into one portfolio, the specific risk component lessens for the portfolio as a whole when compared to the specific risk factor for each individual investment in the portfolio.

To minimize risk, the Company will diversify the investment Portfolio



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under the following guidelines:

Minimum number of Investments

Once the Company is fully invested, a minimum of twenty investments will be made. At such time that the exit strategies for each individual are put in place; this minimal level may not be maintained.

Maximum Exposure to any Industry

Once the Company is fully invested, it will be restricted to a maximum of 25% of the portfolio to be invested in any one sub - industry.

Maximum exposure to any investment

Once the Company is fully invested, it will be restricted to a maximum of 10 % of the portfolio to be invested in any one Company. The Company will be limited to a shareholding of 20 - 49% of the capital of each invested Company.

Maximum Exposure to any one financial instrument type

It is likely that a minimum of 75% of the Company's portfolio will be invested in equity.

Allocation amongst financing stages

No restriction will be made in regards to the exposure to any on financing stage type. This will be determined through management' best judgment given the potential of high returns. However, it is envisaged that the predominant type will be in "early stage", "expansion stage", and / or "turn around stage".

INVESTMENT ENVIRONMENT

The recent loss in value of major stock markets worldwide has caused high net worth and institutional investors' focus to return to private equity. This is due to potentially high returns and also the ease and speed at which one can identify and respond to investment opportunities as and when they occur.

For the most part, international investors have ignored Africa to date with the recent exception of South Africa. This is due to perceived



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and real investment constraints occurring throughout the continent including civil disturbances, poor Government and Govt. governance, closed and /or small markets, over regulation, under regulation, poor infrastructure and high production costs. Unfortunately for the over 50 separate states comprising the African Continent, civil disturbances in one Country has meant investors avoided investments in the peaceful and growing states due to misconceived images portrayed across Western media. With a Top Down approach to investment, most investor have missed some impressive successive stories.

One of the biggest constraints for private investment across Africa has been access to capital. While very large Companies have been able to access capital through commercial bank debt and the very small could access donor aid from Non Government Organizations, the vast majority of Companies in the middle range have had to effectively self finance any startups and expansions. In the absence of venture capital funds, one a few sponsors have had the ability to raise the required capital themselves. This has severely hindered wealth creation in the Continent.

With increasing liberalization Africans are looking to restructure their economies and the individual Companies within each economy to become more competitive. Family-run Companies are increasingly looking at inviting institutional investors to become shareholders. Governments too are realizing that the private sector is more often than not the better generator of profits, thereby increasing the Country's tax base.

Institutional investors are deemed to be long - term investors that could add professionalism, and accountability coupled with the ability to expand market opportunities through the use of their marketing networks. Through the use of venture Companies would be able to access institutional money from that which they have been previously restricted.

By being " on the ground" and having a network of investment consultants spanning across the continent, AEFL will utilize a "bottom up" investment philosophy top identify Companies that have the ability to provide an above average investment return. In doing so it



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will contribute to wealth and job creation across the Continent as well as contributing to higher levels of professionalism and Co-operate Governance.

AEFL PROMOTERS – FIRST- HAND AFRICAN EXPERIENCE

The promoters of the AEFL are Mr. Hamza Aziz and Mr. Mehboob N. Juma. Their experience in Africa is extensive, comprising of setting up of banks, various manufacturing Companies, automotive distribution networks and the setting up of beverage franchises in several African Countries. The promoters have farsighted vision to serve the people of Africa to reach its mission.

The successful execution of a business plan is linked to local market knowledge and access to key contacts. Emerging economies in markets such as Latin America, Asia and Eastern Europe have recently proven the value of local knowledge and leverage to successful investment implementation. The promoters of AEFL and the Company's external advisors intend to provide this source of local knowledge to the Company through their critical local and international contacts and experience.

INVESTMENT ADVISORY TEAM

AEFL's investment advisory team includes individuals who are currently or former senior regional diplomats and professionals with the African Development Bank, COMESA, ECOWAS, the World Bank, and various development Institutions. In addition this team is comprised of individuals who have held privatizations, as well as New York Stock Exchange (NYSE) and European listings of Africa Companies. Advisors also include investment and commercial bankers, lawyers, financial advisors and other prominent businessmen with first hand experience in Africa.



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OVERVIEW OF INVESTMENT IN AEFL

Launch Date	:	2nd November 2005
Currency Denomination	:	US\$
Projected Dividend	:	LIBOR plus
Performance Goal	:	Outperform MSCI index
Fund size	:	US\$ 100 million
Min Initial Investment	:	US\$ 2,500
Incremental Investment	:	\$1,000

Offer dates:

Offer opening date 10:00 AM 3rd November 2005 Belize Time and offer closes 24th November 2005, 3PM (AEFL has the right to close earlier if fully subscribed)

Minimum Investment: \$ 2,500 (USD)

Investment term: 5 years

Distributions:

AEFL does not expect to make any dividend distributions until the second half of the life of the Company. Any Distributions until the second half yearly in June and December, solely at the Boards Discretion.

Accessing shareholder's funds:

Investors will not have access to their funds for the first two years. After 30th November 2007 investors can access a limited facility, dependant upon liquid funds available. This means at certain times, at its own discretion, Africa Enterprise Fund Limited will offer to purchase from investors fully paid units at a rate of 75% of their value at that time.

Annual Management Fees: 1.0% of the Portfolio value



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COMPANY PROFILE

1. **Company Registration No. #22127**
2. **Registered Office:**
99 ALBERT STREET
BELIZE CITY - BELIZE
3. **Business Location:**
P.O. Box 4433
DAR -ES - SALAAM
TANZANIA
4. **Directors:**
HAMZA AZIZ
MEHBOOB JUMA
5. **Company Bankers**
THE BELIZE BANK LIMITED
60 MARKET SQUARE
BELIZE CITY BELIZE
6. **Auditors:**
DELOITTE & TOUCHE
P. O. BOX 1559
DAR-ES-SALAAM
TANZANIA
7. **Registered Agents/Company Secretary:**
ALPHA SERVICES LIMITED
99 ALBERT STREET
BELIZE CITY-BELIZE
8. **Company Lawyers:**
Barrow and Williams
99 ALBERT STREET
BELIZE CITY-BELIZE
9. **E-mail: info@africafundltd.com**
Website: www.africafundltd.com

SHARES APPLICATION FORM



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Private Placing of up to 100,000,000 ordinary shares of U.S. \$1 each in Africa Enterprise Limited at par new ordinary share, payable in full on application.

1/We, undersigned hereby apply to purchase the new ordinary shares specified below and state that,

1/we agree to accept the same or any smaller of new ordinary shares specified below and state that

1/We authorize you to enter my/our name in the register of members of the Company as the holder of the new ordinary shares allotted to me/us.

1/We authorize you to send the certificate for the new shares allotted to me/us and the refund cheque (if any) (without interest) to me/us at the address given below or to the agent through whom this application is made.

In consideration of your agreeing to accept this application 1/We agree that this application shall be irrevocable and shall constitute a collateral contract upon the terms and conditions contained in the prospectus and the Company's Memorandum and Articles of Association, which shall become binding upon me/us upon dispatch or delivery of this Application Form.



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Read the Notes below and then complete this application form in capital letters.

PART A:

No. of new ordinary shares Amount due on application (in figures (US\$) applied for (in figures)

Particulars of cheque

Bank Amount (US\$)

ALTERNATE WAYS TO PAYS

Investors can make alternative payments via the following methods.

- **Banker's Draft**
- **Direct Transfer** - Investors can arrange to contact AEFL's offices on instructions for a direct transfer

PLACEMENT NOTICE

These securities have not been registered under the Securities Act and may not be offered or sold in the United States or to US persons absent registration or an applicable exemption from the registration requirements. These securities have been previously sold, this announcement appears as a matter of record only.

US \$100,000,000

Africa Enterprise Fund LTD

An offshore private equity investment fund

In African equities and projects

Strategic Advisor: The undersigned privately placed these securities with qualified investment limited partnerships of high net worth qualified individuals outside of the United States in reliance on Regulation S under the Securities Act of 1933.

Arranged and placed by: To be appointed.....

This notice appears as a matter of record only.