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Young Presidents Fund



YPF



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YPF Vision, Mission and Values

At YPF, we understand the unique challenges that come with investment management. YPF is a facility for individuals, families and institutions to gain investment exposure to Africa's growth story and provide tangible returns for our investors. We bring proven expertise from accumulation and growth through preservation and distribution.

Vision

- To be the premier investment channel for individuals to invest in Africa

Mission

- Create real, tangible wealth for investors
- Deliver an efficient and effective mechanism for investors seeking growth oriented investments, portfolio diversification, and above market returns
- Enhance opportunities for investors to invest on the African continent

Values

- Invest responsibly
- Invest as transparent partners
- Provide knowledge creation and investment intelligence



Investment Strategy and Management Process

Value-Oriented Investment Philosophy

- Always seek to invest at attractive valuations relative to a target company's growth potential
- Consistent with our value-orientation, the fund will pursue a wide range of transaction types in pursuit of the most attractive entry valuations and risk/reward characteristics
- Leverage experience to protect downside
- Employ a consultative approach focused on understanding a target company's businesses and demonstrating how value will be generated while sharing information as requested to investors

Hands-on Approach to Creating Value

- Leverage our local presence, experience and network to seek, monitor and drive investments
- Enable a transparent and consultative process with all stakeholders including our investors brokers, and relationship partners
- Exploit knowledge and information of specific organizations, sectors, and markets to drive value

Leveraging relationships, networks and local knowledge

- YPF has relationships with local brokers in the market
- Local knowledge of the market, business and opportunities
- Established network with players in various sectors and numerous opportunities
- Access to research reports from a variety of sources



Investment Strategy and Management Process

As investors, you will benefit from a collaborative relationship that addresses—and anticipates—your needs. We follow a rigorous and disciplined investment management process that provides a structured approach while allowing for careful customization as your unique needs and situation dictate.

Quoted Securities

- Listed enterprises with strong fundamentals
- High potential for value creation and upside based on business strategy, sector growth and opportunities, underlying valuation and trading multiples
- Returns in the form of capital gains and dividends
- Pan-African diversification

Unquoted Securities

- Unlisted or OTC traded entities with lower visibility than in traditional markets
- Entities which are prime candidates for introductory listings/IPOs with attractive entry multiples, clear strategy and a sound business model

Alternative/Other Investments

- REITS, corporate bonds, government bills and notes
- Instruments offering portfolio diversification, exposure to specific growth sectors such as real-estate, and guaranteed return instruments
- Returns predominantly in the form of interest / preferred dividends and capital gain

More than ever – Transparency, Integrity and Ethics

YPF's goal is to symbolize the pinnacle of professional integrity.

- We place the client's interests first serving them with integrity and honesty.
- Our core practice is to adhere to strict standards for financial reporting, international accounting, and ethical principles.





Our Difference

Local knowledge – Established relationships – Expertise - Integrity

- We will provide visibility of our investments to all our clients (i.e. shareholders).
- Recognizing that our investors have varying secondary goals in addition to their primary goal of a high ROI, we will facilitate full disclosure of our investments.
- YPF understands that our investors are looking for exposure to the following and upon request, this information (if permitted) can be provided of any vehicles in the YPF portfolio:
 - Financial planning
 - Tax planning
 - Business operations strategy
 - Marketing strategy
 - Human Resource strategy
 - IT strategy
 - Sales strategy
 - Overall corporate strategy
 - Philanthropy
 - Sector specific analysis
 - Deal sourcing
 - Fundraising
 - Mergers & Acquisitions
 - Venture capital funding
 - Investment strategy
 - Board structuring



Fund Structure and Next Steps

Legal characteristics

- Fund to be incorporated in Kenya as a limited corporation by Fund managers
- No capital gains tax at present
- Dividend tax withheld at 5% for locally incorporated entities
- Investors to subscribe to preference shares issued by YPF which will reflect rate of return and be redeemable at the fair value of the investment portfolio
- Fund managers to contribute minimum of 1% of share capital to align interests

Fee structure

- Minimum Acceptable Rate of Return (Hurdle Rate) – 8%
- Performance Fee payable upon achievement of hurdle rate: 80% to investors and 20% to fund managers
- Management Fee of 1.5% of assets under management

Reporting

- Quarterly reporting on fund performance including NAV, investments made, pipeline, exits, and other opportunities
- Annual audited accounts to be provided to all investors

Next Steps

- Shareholders' agreement
- Releasing of funds



Our Team

Faisal Jiwa

Director

Faisal brings over a decade's worth of experience in financial planning and management, investment advisory, financial reporting and audit. He has worked for PwC for over 10 years in Canada, the US, Russia and the UK in various capacities ranging from financial consulting, transaction advisory and audit and brings direct experience in equity and quasi-equity investments in Africa. He is a Chartered Accountant and a graduate of McGill University in Canada.

Al Ismaili

Director

Al has spent the last 2 years as CEO of a leading SaaS software organization with presence in Kenya and Canada. His work has been crucial in striking strategic partnerships and building the organization's client-base in both the for-profit and non-profit sectors. Previously Al spent 5 years working in the telecom software sector where he served customers on-site in the Americas, Europe, Asia, the Middle East and Africa. Al later moved into Business Development & Sales where he concentrated on his company's growth in the USA & Canada. Al's experience includes work at Redknee Inc., MDA Robotics, Honeywell Engineering, Royal Bank of Canada and Scotiabank. Al holds an honors degree in Electrical Engineering from the University of Waterloo (Canada) with a minor in Management Science. Al's academic career also includes a year abroad at Queensland University of Technology (Australia).

Advisory Committee

YPF has access to an Advisory Committee with members whose breadth of expertise ranges from real-estate and hospitality, ICT, strategic consulting to financial and legal aspects. Members provide ad-hoc advice, alert YPF of opportunities in the market, as well as provide a independent sounding board to YPF.



Why Africa?

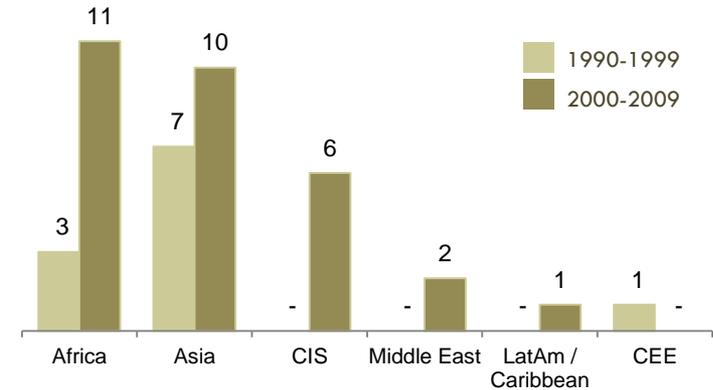
Africa Snapshot

- Africa is the second largest continent in the world in terms of both land mass and population
 - ✓ Over 1 billion people, or 15% of the world's total population
 - ✓ 52 cities with more than 1 million people, which is equal to or greater than Europe, the United States and India
 - ✓ Larger land mass than the United States, China and India, combined
- Africa has demonstrated strong and resilient economic growth
 - ✓ Average GDP growth of 5.2% since 2002, despite global economic crisis
- Sub-Saharan Africa is home to 7 of the top 10 (and 10 of the top 20) fastest growing economies in the world

We believe Africa will continue to present highly compelling opportunities due to its

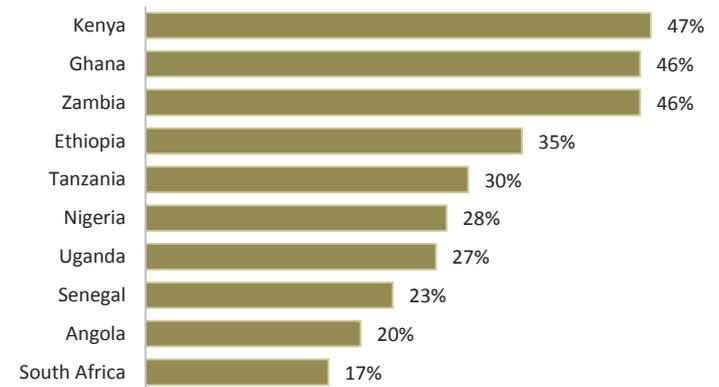
- Attractive macroeconomic fundamentals and favorable demographics
- Accelerating regional integration and improving regulatory environment
- Large number of sectors that are experiencing hyper growth and/or rapid structural change
- Improved governance and new democracies leading to a more stable political context

Number of Countries that Grew GDP >7% per annum



Source: Renaissance Capital, IMF

Projected GDP Per Capita Growth Per Country, 2013-2018



Source: IMF, World Economic Outlook



Favorable Macroeconomic Environment and Attractive Demographics

Africa's robust growth is underpinned by its large and growing consumer class, increasing economic diversification, favorable demographics and accelerating urbanization

Large & Growing Consumer Class

- Africa's middle class has grown to over 310 million people, representing a threefold increase since 1990
- Private consumption in Africa is already higher than in India or Russia; and rose by >\$550 billion between 2000 and 2010 and is expected to increase by an additional \$410 billion by 2020
- It is projected that by 2060, the African middle class will grow to 1.1 billion, representing 42% of the continent's population

Increasing Economic Diversification

- While Africa benefits from a large and growing natural resource endowment and has benefited from increased commodity prices, less than one-third of real GDP growth over the past decade has been attributable to natural resources
- Instead, the vast majority of growth has been, and is expected to continue to be, driven by consumer spending, manufacturing, and service industries with an increasing emphasis on the domestic market

Favorable Demographics

- Africa has the youngest population in the world, with over 200 million people between the ages of 15 and 24, which is expected to double by 2045
- Africa currently has over 500 million working age people, which is expected to double by 2020, creating the largest labor force in the world, surpassing both China and India
- Education levels are improving among young people and it is projected that by 2020 nearly 100 million young people will have had secondary education (vs. 69 million in 2010)

Accelerating Urbanization

- Urbanization is a key economic growth driver as urban populations have higher incomes and consume more goods and services (e.g., while only a third of Africa's population is urban, this segment currently accounts for 80% of total GDP)
- It is expected that over 500 million Africans will live in urban centers by 2016 and by 2030, the continent's top 18 cities are expected to have combined annual spending power of \$1.3 trillion





Increasing Regional Integration

Dramatic increase in regional integration and intra-African trade driven by the private sector and supported by both regulatory and policy initiatives

Regional Integration

- Continued regional integration will provide additional growth opportunities for leading companies looking to expand into adjacent and/or complementary markets
- To date, regional integration has been driven primarily by the private sector:
 - ✓ Leading companies, especially those based in smaller countries and economies, that have achieved local market dominance, seek to export or open operations in neighboring countries which often exhibit similar levels of demand
 - ✓ Opportunities to form regional value chains and achieve economies of scale in production
 - ✓ Regional trade has been of particular importance for African companies recently in light of the uncertainty of the global economy and stagnation in developed markets in Europe and North America
- Going forward, regional integration is expected to be reinforced by the implementation of regulatory and policy initiatives:
 - ✓ Political efforts to sustain the continent's growth and stability and achieve long-term competitiveness have assisted in promoting intra-African trade
 - ✓ Large number of regional trade pacts have been signed over the past 10 years
 - ✓ Emphasis on improving infrastructure to reduce cost and improve reliability of transport within the region
- Increased interdependence and cooperation among countries has resulted in improving transparency, coordinated economic policies, and improved fiscal management

Rapid Growth and Structural Changes

- Large and growing consumer class has unleashed demand for a wide variety of products and services
- Increasing disposable income and evolving consumer tastes are driving significant growth within numerous new and underpenetrated sectors
- Substantial investment (both local and foreign) is driving growth within the supply chain supporting commodity and extractive industries
- Many large industries remain highly fragmented and provide excellent opportunities for growth through consolidation



Additional Information

Additional Africa Information

TED Watch Read Attend Participate About

Charles Robertson:

Africa's next boom

TEDGlobal 2013 · 11:33 · Filmed Jun 2013
Subtitles available in 26 languages

[View interactive transcript](#)

The screenshot shows a video player interface. On the left, there is a navigation menu with the TED logo and links for Watch, Read, Attend, Participate, and About. Below the menu, the speaker's name 'Charles Robertson:' is displayed. The main title of the video is 'Africa's next boom' in a large, bold font. Underneath the title, it says 'TEDGlobal 2013 · 11:33 · Filmed Jun 2013' and 'Subtitles available in 26 languages'. At the bottom left of the video area, there is a link that says 'View interactive transcript'. The video itself shows a man with glasses and a suit speaking on a stage, with a play button icon overlaid in the center.

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