



## Newsletter QII 2010

The first two quarters of 2010 have been a very active period for SOVEC. Since fall last year, Sander is in Ghana almost every five weeks. This has not only resulted in a boosted pipeline, but also helped us progressing the various projects. In January we officially closed the investment in Oasis Capital, in combination with the co-investment agreement with Ebankese Fund. We further have several very interesting projects in our project pipeline of which we hope to close four by the end of this year. The co-operation, communication and working spirit with our local partners is very good. Based on this, and on the many opportunities we mutually see, we believe that we should be able to realize our original goal of being fully invested in 2011-2012, despite the fact that we have not been able to make any investment in our first year of operation, 2008.

## Investors trip 2010

Considering the enthusiastic reactions of the participants, our first trip in November 2009 was quite a success. Summarized, the trip gave investors more insight in "doing business in Ghana", what



SOVEC is doing and who our local partners are. The program was intense but informative and gave a good mix of business aspects, cultural impressions and also some time to leisure. We look forward to a warm "Akwaba" in Ghana to those investors who will join us on the new trip. We plan it to take place between Wednesday 3 November and Tuesday 9 November and will soon send out invitations with a tentative program. We look forward to taking some 10 investors and hope for a similar interesting and fun trip as last year.

## General Shareholders Meeting 2010

Our 3rd General Shareholders Meeting was held on 24 June 2010. We look back at a successful meeting with positive response from our Investors to the various projects we discussed. We share the upbeat spirit for the progress that is



made. After having taken care of the formalities Sander gave the shareholders a presentation and update on the current portfolio and pipeline projects. Unfortunately James Tooley, the writer of "A beautiful Tree", could not participate due to a

malaria infection of which he hadn't completely recovered yet. We wish him a speedy recovery. After the meeting, we watched Holland gaining a well deserved victory over Cameroon with a number of shareholders who stayed for the match.

## Ghana Macro Overview

### Financial Data\*

Inflation: 13.3% (Q1 2010)  
Bank of Ghana prime rate: 16.00 % (June 2010)  
Treasury Bond Rate : 13.38% (182 days, June 2010)  
Commercial Lending Rate: 27.89% (June 2010)  
GSE (Ghana Stock Exch.): +7.93% (Q1 2010 YTD)

### Exchange Rate\*

1 USD = 1.43 GHS (June 8 2010)

## The Ghanaian Economy

The overall macroeconomic trends in the Ghanaian economy are positive. The exchange rate is stabilizing, inflation is easing, short term interest rates are going down and the fiscal deficit is reduced. It thus seems that Ghana has found its way back to economic growth.

\*Source: Ministry of Finance and Economic Planning (MOFEP; [www.mofep.gov.gh](http://www.mofep.gov.gh)) and Ghana Stock Exchange (GSE; <http://www.gse.com.gh/>)

## Black Stars and Baghana Baghana

The Ghanaian national football team has done very well on the WC in South-Africa. They were the first African team to ever make it to the quarter finals. Unfortunately they were



not able to beat Uruguay in a thrilling match. Had it not been for this defeat the Netherlands would have played Ghana in the semi's. However, the entire continent was very proud of the achievement of the Black Stars who were invited by

Nelson Mandela to celebrate their success. Confidence is high as reflected in the statement of team captain Appiah "Ghana will go for the title in Brazil 2014".

# SOVEC

## Social Venture Capital



### Potential Co-investments SOVEC

We expect to close two co-investments at the end of this summer and two by the end of this year. Two of these are in the educational area (private schools), while two others are in real estate and fruit processing. Fidelity is our co-investment partner for one of the private schools, the real-estate project and the fruit processing company. Oasis' pipeline also looks very promising and we are confident that at least one additional co-investment will be closed with Oasis. We will keep you informed about the developments through our website and by mail.

### Eco leisure park in Accra



During our latest visit to Ghana we got into contact with Kofi, a Dutch-Ghanaian individual who manages a 130 acres park in Accra. With its more than 3 mio. inhabitants and booming

housing sector, Accra has less and less green spaces to relax and leisure. This park in fact is one of only two that are still left (out of the 13 that Accra once had) and is of exceptional beauty and value, as it was set up long time ago as a botanical garden by the English. The management company has been entirely financed by a private individual, but the park now lacks sufficient funds for investment. This could be a very interesting opportunity as the park attracts a growing number of visitors, who appreciate the peace and quietness of the park, among whom also many school children who love the space to play and have fun while being educated about the environment. The park both caters to families in the weekends and during holidays while school children are visiting during the week. The park almost fell prey to project developers, like what almost happened with Central Park in New York, but thanks to Kofi's personal efforts the park has been rescued from complete demolition as he was able to secure a 50 year lease. We would aim to extend the lease to 100 years.



### Fidelity Equity Fund II (FEFII)

The Fidelity portfolio now holds 7 companies being: Elnental, Property Express, Adehyeman, LaGray, Sunripe, Sweden Ghana Medical Centre (SGMC) and Diagnostic Centre (DCA). Elnental is doing fine. We are discussing additional financing with them. Adehyeman seems to finally be on the right path making a modest profit since March 2010. For the entire year 2010 and beyond we expect that the company will keep on track with increasing profits and growth. Unfortunately the MD has resigned thus we have to look for an alternative. SGMC has been faced with some delays partly due to withdrawal of one of the main investors. It looks like this meanwhile has been solved and the project can be finalized in due course. The DCA facility is now almost completed and the diagnostic equipment will be installed shortly. Operations will start after training of personnel; probably in October 2010 (almost 1 year behind schedule) The 6<sup>th</sup> FEFII Board Meeting took place on March 19, and generally requested FEFII to focus more on companies in a growth or expansion phase as opposed to start-ups. Sander is in Ghana now to participate in the 7<sup>th</sup> Board Meeting. We are very pleased with how the cooperation with Fidelity is going and believe we have a solid partner for our co-investments.



### Oasis Capital

Oasis has been able to set up the Ebankese Venture Fund, with its first closing in April for USD 10 mio. The impressive thing is that it has been financed fully by Ghanaian investors, mainly being local institutions. Oasis has meanwhile created a good team of employees (7 total), is looking for someone at partner level, and its priority now is realizing a few good investments before going for a second round funding. Oasis' pipeline is steadily filling up with several projects that we are interested in for co-investment. These range from project development, construction, education, financial services, hospitality and business services. We are delighted with the co-operation with Matthew and his team.



### E4E: Production and Blending of Fruit Juices



We are evaluating an investment in Sunripe, a company already in the portfolio of FEFII (and visited during our 2009 Investors trip) that requires an additional round of financing. Sunripe produces fresh fruit juices for retail and business to business (i.e. hotels, cafeterias, restaurants and the like). We are seeking entrepreneurs that have experience in the production of fresh fruit juices and especially expertise in the blending of these juices. For that reason we are in contact with Doehler

AG, one of the biggest fruit processors in Europe. If you happen to know companies or people involved in the production and blending of fruit juices that you think would be interested in sharing their expertise with us, please be so kind to introduce them to us through email or by phone. We would be most grateful for your support.