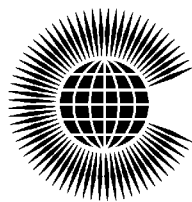


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PROGRESS REPORT ON PAN-AFRICAN INVESTMENT PARTNERS AND PAN-COMMONWEALTH AFRICA PARTNERS FUNDS*

(for the information of delegates)

Commonwealth Secretariat
Marlborough House
London SW1Y 5HX

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* Paper prepared by Kingdom Zephyr Africa Management Company. The views expressed do not necessarily represent the position of the Commonwealth Secretariat or member Governments of the Commonwealth.

Pan-Commonwealth African Partners Limited

Progress Report

by

Kingdom Zephyr Africa Management Company



for

The Commonwealth Secretariat

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INTRODUCTION

As requested by the Commonwealth Secretariat, we would like to present an overview of Pan-African Investment Partners and Pan-Commonwealth Africa Partners (PAIP/PCAP or the “Funds”).

CURRENT SITUATION

- As of June 30th, 2008, the Funds hold three investments totaling US \$57.5 million (cost): US \$13 million in Letshego (consumer finance), US \$18 million in United Bank for Africa (UBA – banking) and US \$26.5 million in CNIA (insurance).
- The portfolio was valued at US\$174.7 million as of June 30th 2008: US \$78.6 million in Letshego, US \$10.5 million in UBA and US \$85.6 million in CNIA. The portfolio companies are being supervised by the investment team and the operating results are satisfactory.
- Since the last Finance Ministers Meeting, the Funds have divested approximately 77% of their investment in UBA, at 2.5x the original cost. Proceeds from these sales have been distributed to PAIP/PCAP investors. With these distributions, the Funds have now returned 122 per cent of contributed capital.
- Approximately 22.4 per cent of the committed capital (or US \$27.4 million) of PAIP/PCAP remains uncalled. There is capacity for one new investment plus add-on investments. The Manager is evaluating several potential investment opportunities. The Funds’ investment period has expired and therefore any new investment would be subject to approval by the Funds’ Advisory Committee.
- Two new members have joined the Kingdom Zephyr team. Mr. Patrick Duff joined as a Senior Associate in the Johannesburg office in May 2008 and in August this year, Mr. Saad Aoad joined the team as an Associate in the London office, increasing the size of the team to eight members.
- The team continues to focus on building value in portfolio companies. A “portfolio management and monitoring plan” is written for each investment and followed through on a monthly basis. The team continues to support Letshego’s expansion into new markets in East Africa and CNIA’s integration of an acquisition of a rival insurance company and expansion plans into other areas of North Africa and into West Africa. The team also continues to support portfolio companies to improve corporate governance.
- Kingdom Zephyr has raised a follow-on fund to PAIP/PCAP. The new fund, the Pan-African Investment Partners II (“PAIP II”) which is targeting US \$500 million in capital commitments, had its first closing at US \$325 million on June 31st, 2008. PAIP II will continue PAIP/PCAP’s investment strategy of identifying industries and industry niches which have growth potential and will allow companies to become regional or Pan-African companies. The current Funds have focused mainly on financial services and telecommunications, however, in PAIP II the manager expects to explore opportunities in a variety of other sectors including mining, logistics, consumer goods, real estate and agri-business.