Cambria Africa plc

Initiation of Coverage
23rd April 2014

How To Get Inter-Africa

Cambria Africa is a long-term, active investment company, building a portfolio of investments in the high economic growth region of Sub-Saharan Africa. It currently owns three investments, two of which are well-positioned to benefit from the region's economic growth (Payserv Africa and Millchem), and a third which is currently being held for sale (Leopard Rock Hotel & Resort). Cambria is also pursuing recovery of claims related to previously owned aircrafts. With an experienced management team in place, for investors seeking to tap into this high economic growth region and/or looking for portfolio diversification, we recommend investors to take a closer look.

Business summary

Cambria's two core investments are Payserv Africa and Millchem. Payserv Africa is an established payments processing and business process outsourcing business, predominantly operating in Zimbabwe, but expanding into the surrounding Southern and Eastern Africa region. Payserv offers electronic payment and fund transfer services, payroll outsourcing and loan management systems, enabling Payserv's customers to outsource these functions so they can focus on their core operating activities. Cambria's other investment, Millchem, has established a meaningful leading position as a value-added chemicals distributor in Zimbabwe, while rapidly increasing its presence in Zambia and Malawi.

Geographical market opportunity

The directional trend of several economic, political and social factors give us confidence that a critical mass of African economies are poised to drive the structural transformation required over the coming decades to not only sustain, but even accelerate growth and development. This, we believe, will accelerate the uptake of Cambria's investments' products and services.

Financial Forecasts

With Cambria investing in top-line growth, we think it may turn EBITDA positive in FY17, reaching margins of c.15% soon after. Additional funding will be required, but we expect that this should come from the sale of the Leopard Rock Hotel asset.

Valuation

Using the DCF as our preferred method of valuation, we have derived a target price of 14.63p. We have associated no value for the Jet claims settlement - which has been estimated to exceed $10m or 6.15p/share - and its Southerton properties, which have been valued at up to $1m or 0.62p/share. The biggest risk to our forecasts relate to the execution of Cambria's growth plan and the improvement in the SSA region taking longer than expected. Please note that additional fundraising may be dilutive to shareholders, in particular if completed at lower valuations.

Table: Financial overview

Year to 31st Aug	2012A	2013A	2014E	2015E
Revenue ($000)	7,721	8,487	11,640	18,375
EBITDA* ($000)			(2,543)	(1,882)
PBT* ($000)	(8,267)	(4,810)	(3,470)	(2,378)
EPS (cents)	(18.6)	(7.6)	(4.18)	(2.40)

Source: GECR and company. *Notes: * Continuing operations*

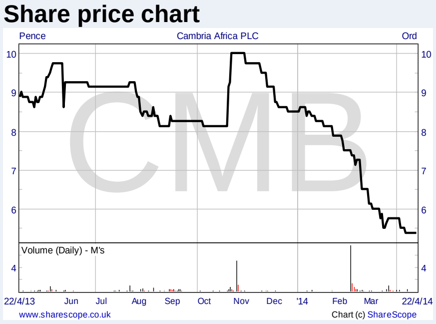
Buy

Target price **14.63p**

Key data

Share price	5.38p
52 week high/low	10.00p/5.00p
Primary exchange	AIM
EPIC	CMB
Shares in issue	99,155 m
Market Cap	£5.33 m
Sector	Equity Investment Instruments

Share price chart



Analyst details
Emanuil Manos Halicioglu
+44 (0)207 562 3368
Emanuil.Halicioglu@gecr.co.uk

Andrew Noone
+44 (0)207 562 3370
Andrew.Noone@gecr.co.uk

Important: All disclaimer information can be found on the last page of this document. Please note: this publication has been commissioned by the company to which this publication relates and therefore it cannot be considered independent.

Summary And Investment Conclusion

Cambria Africa is a long-term, active investment company, building a portfolio of investments in Sub-Saharan Africa. Its key objective is building companies which are well-positioned to benefit from the region's economic growth and from the formalisation and modernisation of the region's economy. Cambria is not focused on any particular sector, but seeks investments that have current sector leadership, are scalable, asset-light and can easily be "rolled out" into the region.

Potential High-Growth Investments

Payserv Africa's main product lines act as specialists in their respective areas, enabling them to assist customers in improving margins and driving revenues. It also means customers can focus on their core operating activities, while these non-core functions are managed efficiently by specialists that are able to achieve scale and reduce costs.

Most Payserv products are based around its Paynet platform, which utilises the available connection to all 22 banks and building societies in Zimbabwe as well as more than 1,500 corporates. We, therefore, see the barriers to entry as high.

Payserv, which received its National Payment License in Zambia four months ago, recently signed on its first banks in that country, where revenue generation is now starting.

Millchem is a value added chemical distributor, adding value to the chemicals it supplies by having in-house blending, formulation, de-bulking, and repackaging capabilities, alongside a technical support team. The size of Millchem's facilities should enable it to achieve scale, as it has, for example, one of the largest solvent storage facilities in Zimbabwe. These capabilities mean it can offer market leading commercial terms to customers, and enable Millchem to be reactive to changes in its operating environments. Recently, Millchem has commenced operations in Zambia, where it now has a warehouse and offices up and running. It has also recently launched operations in Malawi.

Millchem is the only African member of the USA's National Association of Chemical Distributors (NACD), as well as the European FECC (European counterpart), which ensures it maintains global best practices with regards to product quality, industrial processes, health & safety, and environmental care. This is an important consideration for key suppliers in this sector.

Geographical market opportunity

Despite levels of ongoing scepticism, the past decade has been one of robust and sustained economic growth in Africa. Since 2002, and in the face of a tough global economy, the overall size of the African economy has more than trebled. High growth rates of individual economies are set to continue, with the IMF forecasting that 11 of the 20 fastest-growing economies in the world through to 2017 will be in Africa. Twenty-seven African countries have already attained "middle income" status, and at current growth rates, as many as 42 (i.e., 75% of countries on the continent) could reach that status by 2025. The directional trend of several economic, political and social factors give us confidence that a critical mass of African economies are poised to drive the structural transformation required over the coming decades to not only sustain, but even accelerate, growth and development.

Highly experienced management team

Cambria Africa has a highly experienced management team in place, which we believe is capable of delivering growth in its current investments as well as, when the time is right, identifying additional high-growth investment opportunities.

Financial forecasts

Combining both investments together, we are forecasting group revenues of $11.64m in FY14, rising to $18.37m in FY15 and then $28.78m in FY16. Similarly, we are forecasting group EBITDA of negative $2.54m in FY14, falling to negative $1.88m in FY15 and then negative $50k in FY16. Cambria has announced that it requires funding for the expansion of Millchem and Payserv as well as for the group's working capital, and we expect that this additional funding should come from the sale of its non-core assets, including the Leopard Hotel and certain industrial properties, as well as settlement of its aircraft dispute, and the raising of additional equity and/or debt capital. Its net cash position was last reported as $4.81m (year ending 31st August 2013), but it since raised $4.00m of equity in an oversubscribed placement (on 19th February 2014).

Valuation

Based on our preferred method of valuation, being the Discounted Cash Flow (DCF), we have derived a target price of 14.63p and therefore initiate coverage with a buy recommendation. We feel that our assumptions are conservative, particularly given that we have associated no value for the Jet claims settlement - which has been estimated to exceed $10m, well more than Cambria's current market capitalization, its Southerton properties - which have been valued at up to $1m, and the high cost of equity and low market share assumptions that we have used in our model. When considering the uniqueness of the company's investments, as well as the current and potential market for its offerings, we see its investments as potential acquisition targets.

Risks

The principal risk of any investment in Cambria Africa is that its investment strategy is contingent on an improvement in the macro-economy of the Southern Africa region and it is therefore possible that a significant period of time may elapse before an investment by the company will produce any returns. Other company specific risks relate to the execution of Cambria's growth plan and expansion into other regions.

1.0 Business Summary

Cambria currently owns three investments in Southern Africa. The first investment is payments and business process outsourcing provider Payserv Group. The Payserv group is 100% owned by Cambria, but Nisela Capital, a South African Private Equity Fund, potentially holds a 21% stake in Payserv through a $2m convertible debenture. The second investment, which is 100% owned, is value-added chemicals distributor Millchem. Thirdly, Cambria owns the 4-star Leopard Rock Hotel & Resort, in which it also has 100% ownership. The Leopard Rock Hotel, which is unprofitable, has now been classified as for held-for-sale.

1.1 Company background

Cambria Africa was established in October 2007, and listed on AIM in December of that year. It was originally established to pursue investment opportunities in Zimbabwe and acquired a wide range of investments. However, following the introduction of a new board approximately two years ago, Cambria decided to dispose of its non-core assets, completion of which will mark the re-alignment away from multiple investments operating in a single country to a select number of investments operating regionally. In our view the Board's decision to focus on fewer but larger investments, which are not just focused on one single country, makes a lot of sense.

Since then, Cambria has begun divesting the underperforming businesses in its portfolio, only focusing on businesses that are scalable, can be rolled out across multiple countries, are asset light and, preferably provide good cash yields. Accordingly, Cambria is now solely focused on Payserv Africa and Millchem Holdings and, in the coming years these investments should continue to expand into additional geographies, with the first successful steps already having been made in Zambia and, in Millchem's case, Malawi.

1.1.1 Payserv Africa

In March 2008, Cambria acquired Paynet, which was later rebranded as PayServ Africa, for $3.19m. Payserv Africa focuses on three product lines: Electronic Data Interchange (EDI) and Electronic Fund Transfer (EFT); Payroll processing and salary bureau services; and, Payroll backed micro finance loan administration, via 51% owned Tradanet, which operates as Loanserv. It also owns its own premises, which have been independently valued at $2.2m.

In May 2013, Cambria issued a $2m convertible debenture to Nisela Capital, which offers Nisela the opportunity to convert all or part of the debenture into a maximum 21.3% of Payserv's equity.

Following a recent restructuring of the business, Payserv Africa has now re-organised its operating entities by geography (Zimbabwe, Zambia, Uganda and Botswana) as well as a central organisation, which provides overall strategy and operational oversight. As appropriate, Payserv offers EDI / EFT, Payroll and / or Loan processing in each of its target geographies.

1.1.2 Millchem Holdings

In March 2008, Cambria acquired Blueberry International Services for $4.37m. Blueberry consisted of a 60% interest in Celsys (a Zimbabwean publicly listed company active in the telecommunications and security printing markets in Zimbabwe) and Gardoserve (a chemicals distribution business).

In August 2013, after years of depressed results, Cambria's new Board decided to sell Blueberry for $1, retaining both the property of Celsys called 'Southerton properties' as well as Gardoserve, a chemicals distribution business, which historically traded as Millpal, and has now been re-named Millchem Holdings.

Cambria extensively revamped Millchem. It appointed a new CEO as well as high-profile industry veterans as Non-Executive Directors. It subsequently launched operations in Zambia and Malawi, as well as sourcing operations in the Netherlands and South Africa.

1.1.3 Leopard Rock Hotel

Cambria purchased The Leopard Rock Hotel for $8.5m in April 2009, after which it also acquired the well-known ‘Castle at Leopard Rock’, which is located adjacent to the Leopard Rock Hotel, for €550,000 in March 2012. The Leopard Rock Hotel is currently held for sale.

1.1.4 Ongoing legal claims

In 2009, through its wholly owned subsidiary LonZim Air, Cambria purchased three aircraft: Two Fokker F27-500 Cargo planes (F-27’s) and one ATR 43-320 (ATR). Subsequently, Cambria leased them to 540 (Uganda) Ltd and Five Forty Aviation Limited (Kenya).

Over the years, a number of disputes arose between 540 and Cambria in relation to the existing contracts and the associated aircraft. Therefore, in 2012 Cambria filed a claim to recover the losses which are estimated to be in excess of $10m. This amount relates to, among other, lease charges and related contractual interest, payment of insurance proceeds, deterioration in market value of the aircraft and the very poor condition the aircraft were found to be in. This dispute is currently ongoing.

1.2 Investment Strategy

While there is no limit on the number or the size of any one investment the company can potentially make, Cambria intends to diversify the Company’s investments across the Southern African region to mitigate risk and to avoid concentrating the portfolio in any single company or country. The Company’s interest in a proposed investment or acquisition may range from a minority position to full ownership but, whenever possible, Cambria pursues to actively manage the operations of the companies it invests in.

We appreciate Cambria may commence looking for a third platform investment during the latter part of 2014, with the expectation of concluding a deal sometime during the second half of 2015. The main requirements highlighted by the company include easily scalable and able to grow into the region; asset light and attractive cash yields; and, a ‘GDP levered sector’.

1.3 Management

Cambria Africa has a highly experienced management team in place.

Table: Management

Ian Perkins – Non-Executive Director and Chairman	Ian Perkins has over 40 years of “London City” experience. Until 1991 he was at James Capel & Co. where he was a Director and Head of Fixed Income. Between 1991 and 1996, Ian was Director and later CEO of listed bank King & Shaxson Holdings plc. When Gerrard Group acquired King & Shaxson in 1996, Ian became a Director of Gerrard Group plc and Chairman of the Gerrard & King bank. Following Gerrard Group’s takeover by the Old Mutual Group in 2000, he became a Director of Old Mutual Financial Services plc, and the CEO and later Chairman of GNI Limited until 2003. Thereafter, Ian was Chairman of fixed income and inter-dealer broking firm King & Shaxson Limited until 2010.

Edzo Wisman – Director and Chief Executive Officer	Prior to joining Cambria in 2010, Edzo Wisman was Managing Director of Stuart Lammert & Co., a Toronto and New York based corporate advisory firm he founded in 2003. Prior, Edzo was a VP, Investment Banking with Toronto based CCFL Advisory Services and before this he was with Wilshire Associates, both in its Amsterdam and Los Angeles offices, seeking opportunities in the leveraged buyout markets. Edzo started his career at KLM Royal Dutch Airlines's pension funds investment department. He holds a Doctorandus degree in Business Economics from the University of Groningen and has published a number of papers on the buyout markets and corporate governance issues.
Paul Turner – Non-Executive Director and Deputy Chairman	Paul Turner is a Past President of the Institute of Chartered Accountants of Zimbabwe. He is a highly respected and knowledgeable member of the Zimbabwean business community. Paul was previously a Senior Partner at Ernst & Young in Harare, Zimbabwe for over thirty years and brings a high level of experience in the structure and operation of Zimbabwean businesses. Paul is a qualified Chartered Accountant, registered in both Zimbabwe and South Africa.
Fred Jones – Non-Executive Director	Fred Jones is the Chairman of Jutland Group which he founded in 2006. Based in Hong Kong, Jutland, is a privately held investment management and commodity firm which manages portfolios of foreign exchange, precious metals and international debt. Fred also founded Jaramcor International, a commodity supply-chain manager and supplier of pulp/paper, chemicals and agricultural products. He was previously VP, Private Client Services, at Bear Stearns Global Wealth Management. Before that, Fred was with the International Private Client Group of Merrill Lynch. He holds a BSc in Accountancy and an MBA in Finance from Florida A&M University.
Itai Mazaiwana – Non-Executive Director	Itai Mazaiwana started his career at the Institute of Mining Research at the University of Zimbabwe as an Analytical Geochemist. He subsequently held senior positions in the mining and chemicals industries at ZISCO Steel, Anacal Laboratory, Ardington Exploration, and Polokwane Chemicals (South Africa). Itai is currently a director of Jeune Zimbabwe, the Mining and Infrastructure Development Corporation, a joint venture between Jeune and the Government of Zimbabwe and Pan-African Energy Resources, a consortium of European and Zimbabwean engineers and scientists developing a 2000MW power station. In recent years, Itai has acted as a technical adviser to Orange Advisory Alliance (South Africa), Lineband/Scores Mining, and New Frontier Partners Zimbabwe. Itai holds a BSc in Chemistry and Geology and a MSc in Analytical Chemistry, both from the University of Zimbabwe. He has published a number of papers on low level detection of gold.
Nyaradzo Mudzamiri – Strategy and Corporate Development	Prior to joining Cambria, Nyaradzo Mudzamiri was with KPMG Corporate Finance in Johannesburg (South Africa) and Harare (Zimbabwe), focusing on Mergers & Acquisitions, Valuations and Restructuring. During that time she gained experience across multiple sectors, working for local and international clients with operations in Zimbabwe, Zambia, Namibia, Malawi and South Africa. Nyaradzo holds a Bachelor of Science Honours degree in Economics from the University of Zimbabwe, has a banking diploma awarded by

	the Institute of Bankers (Zimbabwe) and is a Level III CFA (Chartered Financial Analyst) candidate.
Rhonda Wells – Group Financial Controller	Prior to joining Cambria during 2013, Rhonda spent seven years at Mecom Group plc, latterly as the Group Financial Controller. Before that Rhonda held increasingly senior positions in her ten years at KPMG, most recently as Audit Senior Manager in London, working primarily with listed companies and their subsidiaries. Rhonda is a Chartered Accountant, holds a BA (Hons) degree in Accounting and an Executive MBA. Rhonda spent a significant part of her youth in Zambia and South Africa.

Source: Company

1.4 Current Investments

1.4.1 Payserv (Current Investment)

Payserv Africa focuses on three product lines: Paynet, which is an Electronic Data Interchange (EDI) and Electronic Fund Transfer (EFT) platform; Autopay, which offers payroll processing and salary bureau services; and, lastly, Loanserv, which offers payroll backed micro finance loan administration.

Paynet

Paynet's allows corporate and retail users to process electronic payments, such as bulk salary transfers, supplier payments and direct debits.

In Zimbabwe, the Paynet platform utilises its connection to all 22 banks and building societies as well as more than 1,500 corporate customers. With Paynet's brand recognition relatively high in Zimbabwe, both client retention and client acquisition should remain strong in the future. Given an almost dominant market share in this space this business model seems to be highly effective and we like the Paynet business in Zimbabwe.

Encouraged by its existing customers in Zimbabwe, Payserv has begun expanding into different regions. Late 2013, a National Payments Licence was received from the Zambian Central Bank. Its first partnership with Investrust Bank of Zambia was established in January this year and Paynet Zambia's first customers have now commenced processing bulk payments through the system.

Since most of its competitors in Southern and Eastern Africa are still quite small and since the Paynet platform is essentially a network which becomes inherently more powerful as it grows, the Paynet business appears to have the potential for considerable organic growth. Furthermore, any organic growth automatically increases Paynet's ability to exploit its inherent economies of scale, improving the already high margins of this business.

Paynet processed 15.2m transactions in FY13 and 12.3m transactions in FY12, representing a year over year transaction growth of 24%.

Payserv recently launched the eSchedules product as an extension of the Paynet platform. Through eSchedules, health care providers, pension funds and municipalities can send various data schedules as required. For example, updated individual retiree information, medical treatment updates, and etcetera. This is currently being rolled out in Zimbabwe amongst various insurance companies and municipalities.

Payserv has been actively building an upgrade of the Paynet product. Its PayFT product is an Electronic Funds Transfer (EFT) switching service which allows corporate and retail users to electronically transfer funds similar to the Paynet platform, but with the funds attached to the instruction in real time.

Jointly developed with BankSERV, the main South African payments processor, PayFT is currently in trials with the majority of banks in Zimbabwe. While at an early stage, we believe that PayFT has the potential to deliver high organic revenue growth, albeit some of this growth may cannibalize the existing Paynet product.

Autopay

Autopay provides a complete end-to-end payroll related management service which includes printing pay slips, depositing salaries, settling third party payments including pension and medical aid, generating required management and statutory reports and ensuring policy and regulatory compliance. Its revenue model is based on providing a low cost, confidential, reliable and efficient salary payment service. This service enables HR executives to focus on the more strategic aspects of their business.

Autopay is already Zimbabwe's largest private sector salary bureau and Human Resources (HR) administration service, and is now also expanding into Uganda, Botswana and Zambia.

The business has the potential to deliver organic growth within its end markets. In 2013, it provided payroll services to 150 clients, providing a strong foundation to support growth in Zimbabwe and internationally, as well as being a good endorsement of the product. This growth potential appears to be becoming a reality as client numbers had risen in 2013, with more than 303,000 pay slips processed. This compares with 286,000 pay slips processed a year earlier, representing Y-o-Y growth of 5.9%. As with all Payserv's divisions, growth should also provide further access to scale that can improve the strong margins Payserv already delivers.

With a stable client base, and growing market share this business seems to be a predictable, almost annuity like cash flow provider to the business, fuelling Payserv's ability to accelerate growth in its other businesses.

Loanserv

Loanserv is a loan administration service, which focuses on processing high volumes of low value, payroll backed consumer loans. Loanserv services financial institutions to manage these loans at the employer's site, from origination through to repayment management via salary deductions. It also monitors the performance of the loan portfolio in parallel with loan administration. Loanserv can also manage the provision of internal staff loans to employees as well as credit provided by retailers to customers.

Loanserv has seen significant growth over the years in the value of loans processed, which stood at $131m in FY13. The loan book had grown to $110m at 31st August 2013. This demonstrates that there is demand for micro-loans, and further growth could come from either new business wins or through leveraging existing relationships with clients of other divisions.

Loanserv has an almost dominant market share in Zimbabwe, providing for an attractive outlook for the product as to opportunities in neighbouring countries. Initial discussions with possible customers in Zambia appear to be underway.

Payserv's Business Strategy and management

Payerv's strategic objective is to be the leading payments processor and business process outsourcing provider in Southern and Eastern Africa. To this end, Payserv has developed a six year plan to aggressively grow its network by adding participants and the number of services offered as well as extending the geographical footprint beyond Zimbabwe. Developed jointly with its co-investor Nisela Capital, Payserv's strategy is to have six main product lines, in six countries (Zimbabwe, Zambia, Malawi, Botswana, Tanzania and Uganda) in six years. Cambria aims to execute this strategy organically;

however, where organic growth is not deemed feasible or efficient, selective acquisitions may be considered.

We feel that, given the right financial resources in place, as well as the right management team, the targeted countries' growth outlook and the existing levels of competition, this is a realistic strategy. We have, accordingly, built our financial model around this. Cambria Africa is targeting EBITDA of $10m by 2018, representing a CAGR of 30% per annum for the Payserv business. When compared to the forecasted market size and growth rates of electronic payments within Sub-Saharan Africa (see 'market' section below), we feel that, if executed well, this is an achievable target.

Payserv's Market

Payments, electronic funds transfer and related businesses.

The payment processing sector is a relatively nascent industry in Africa and while stronger regulatory measures favour the emergence of high quality, neutral payment processors and aggregators, the industry is currently lead by banks and mobile network operators (MNOs). With banking and banking-related activities generally outpacing economic growth, the payment processing industry in Payserv's target countries continues to grow at a strong pace.

For example, Gallup survey research shows that, currently, an average of 54% of adults in sub-Saharan Africa make one or more long-distance payments in a given month, totalling approximately 5bn transactions annually. The total volume of these flows is approximately $760bn, and 50% to 60% of the transactions are in cash. With a conservative estimate of revenues at 2% of volume, this results in annual revenues of about $6.6bn from electronic payments.

Within this space, electronic and mobile payments are quickly emerging as a key driver of economic inclusion. In Kenya, survey data shows that the number of person-to-person (P2P) remittance senders grew by 215% between 2006 and 2009. Mckinsey shows that if the SSA region's P2P electronic payments were to grow similarly, the region's electronic-payment revenue could grow to $15bn to $16bn.

We note that once a processing platform is in place, growth is generated through minimal capex and modest SG&A expansion, enabling Payserv to benefit from high inherent economies of scale. In addition, while the initial capital investment to entering a new market is relatively low, the barriers to entry, once a business is entrenched are relatively high.

The main risks appear to be creating the necessary volume growth quickly enough to achieve a sustainable market share as well as dealing with local regulators in countries in which one wants to become established.

We conclude that the payments industry and related electronic funds transfer businesses is an attractive area of investment in Africa.

Geographical

As local African economies grow and develop, we expect to see healthy growth in the demand for fast, efficient payment platforms and outsourced support services and therefore a significant increase in the level of IT and technology used to drive this growth. In addition, any positive changes to the unemployment rate that this economic growth brings should potentially expand some of Payserv's end markets, particularly with respect to Autopay and Loanserv.

As can be seen in the figure below, the IMF is forecasting high real GDP growth in Payserv's expected growth markets.

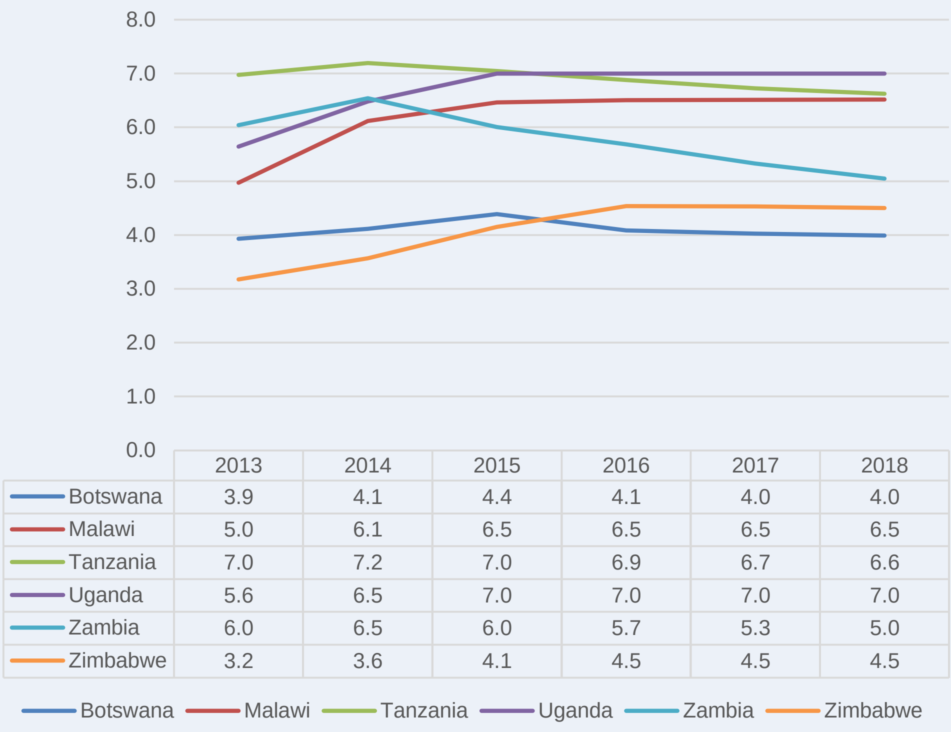
Table: Gross Domestic Product, constant prices (National currency, billions)

	2013	2014	2015	2016	2017	2018
Botswana	76.451	79.595	83.088	86.481	89.965	93.552
Malawi	717.012	760.878	810.049	862.748	918.93	978.812
Tanzania	20491.7	21965.66	23513.8	25132.01	26821.97	28598.94
Uganda	23503.64	25026.41	26778.26	28652.74	30658.43	32804.52
Zambia	21.237	22.626	23.985	25.348	26.698	28.046
Zimbabwe	8.008	8.294	8.638	9.029	9.439	9.864

Sources: IMF, World Economic Outlook Database, October 2013; GECR.
Notes: Some values have been rounded.

Zimbabwe, which still accounts for the majority of Payserv's revenue, shows GDP growth between 4.5% and 3.2% per annum between 2013 and 2018. Zambia, where Payserv's geographical expansion strategy has recently been initiated, is predicted to deliver GDP growth similar to Zimbabwe. Once Zambia has achieved break-even, Payserv will enter other countries, including Malawi, Botswana, Tanzania and Uganda, which all show projected GDP growth [between 3.9% and 7.0%].

Table: Gross Domestic Product, constant prices (percent change)



	2013	2014	2015	2016	2017	2018
Botswana	3.9	4.1	4.4	4.1	4.0	4.0
Malawi	5.0	6.1	6.5	6.5	6.5	6.5
Tanzania	7.0	7.2	7.0	6.9	6.7	6.6
Uganda	5.6	6.5	7.0	7.0	7.0	7.0
Zambia	6.0	6.5	6.0	5.7	5.3	5.0
Zimbabwe	3.2	3.6	4.1	4.5	4.5	4.5

Sources: IMF, World Economic Outlook Database, October 2013; GECR.
Notes: Some values have been rounded.

Financial Forecasts

Revenue

For the year ended 31st August 2013, Payserv revenue grew by 5% to $4.16m. The period saw Payserv experience a slowdown in the rate of revenue growth, which can largely be attributed to a high level of uncertainly in the business environment in Zimbabwe.

For FY14, we are forecasting revenue growth of 27%, to $5.31m, with the majority of this revenue (c.95%) coming from its Zimbabwe operations and the remaining from its

Zambia operations. Of the total revenue amount, we expect Paynet/PayFT/Loanserv to account for 88%, Autopay to account for 12%. We primarily see this accelerating growth coming from an increase in market share, as Cambria grows its existing market in Zimbabwe as well as enters into other markets, and a general increase in the number of payments processed within the region.

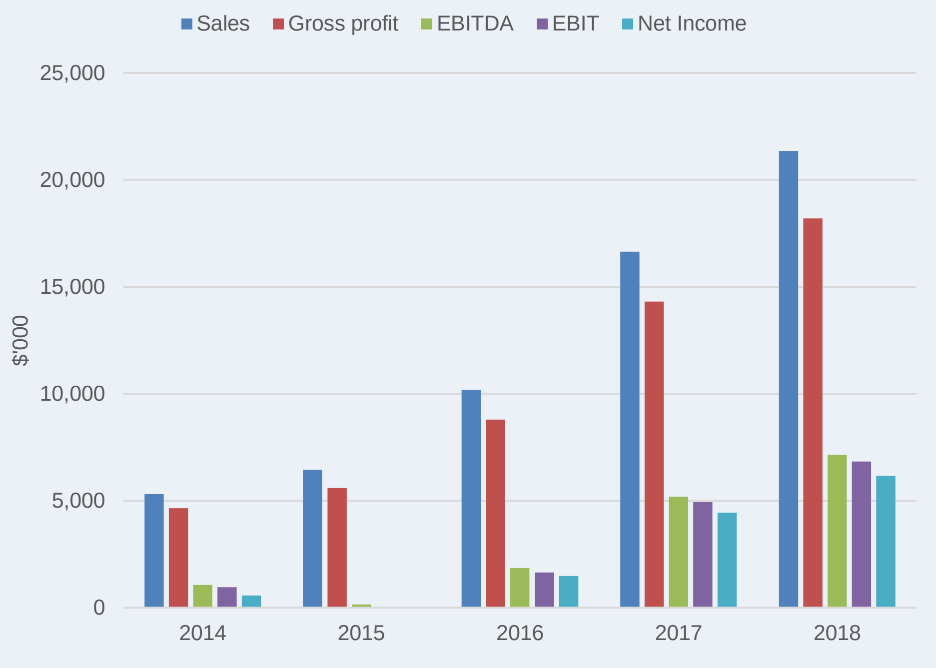
As its Zambia operations break even, we expect Payserv to enter other markets, more specifically Botswana, Tanzania and Uganda. We expect Payserv to enter other markets initially with Autopay as, unlike its other products, Autopay does not require any regulatory approvals and has lower launch requirements with initial processing completed 'out of country' (e.g. Botswana, Uganda). The initial focus, according to the company, will be on multi country/regional customers, as has proven fruitful in Zambia and Botswana).

Accordingly, for FY15, we are forecasting revenue growth of 22%, to $6.45m. We expect Zimbabwe to account for around 83% of total revenue, Zambia to account for around 15% and the three new markets just 2%. Of the total revenue amount, we expect Paynet/PayFT/Loanserv to account for 84%, Autopay to account for 16%.

In FY16, we expect to see Payserv enter its sixth geographical market, Malawi, and are forecasting total revenue growth of 58%, to $10.19m. Accordingly, we expect Zimbabwe to account for around 56% of total revenue, Zambia to account for around 28% and other four markets to account for 16%. Of the total revenue amount, we expect Paynet/PayFT/Loanserv to account for 71%, Autopay to account for 19%

We see these forecasts as conservative as, although one would expect bank deposits and formal employment to grow with GDP growth, for the purpose of our model, these drivers have been assumed to be flat. Furthermore, we have assumed a very gradual increase in its share of the market, but believe this could be materially higher.

Figure: Revenue, Gross Profit, EBITDA, EBIT and Net Income forecast profile



Source: Company and GECR.

Gross profit

Paynet/PayFT/Loanserv has historically generated gross margins of c.90% and Autopay of c.70% and we have therefore assumed that they remain at these levels in our forecasts. Accordingly, as Payserv sells more of its lower margin services, we are forecasting a gross profit of $4.64m for FY14, rising to $5.60m in FY15 and then $8.79m in FY16. This equates to respective gross margins of 87.5%, 86.8% and 86.2%.

Operating profit

In FY13, SG&A rose to $3.37m, leading to an EBITDA of $438k (2012: $1.34m) and an EBITDA margin of 11% (2012: 34%). During the period, Payserv invested significantly in product upgrades, new offerings, entry into the Zambian market, as well as exploration of other geographic markets. These investments, we note, have not been capitalised and have therefore directly impacted the income statement during the period under review.

Going forward, given Payserv's strategy to further expand its product base and to move into other geographical regions, we expect to see Payserv's investment to increase and are therefore forecasting an EBITDA of $1.06m in FY14, falling to $156k in FY15 and rising to $1.85m in FY16. This equates to EBITDA margins of respectively 20.1%, 2.4% and 18.2%.

We understand that entering a market is not Capex intensive, requiring only basic IT network infrastructure (e.g. since inception, $70k has been invested in setting up its Zambia operations). However, it does require hiring local sales and administration staff and carrying these costs through to break-even (e.g. Zambia's entry has been estimated by the company at $250k).

Including deprecation, we are forecasting an operating profit of $952k in FY14, falling to $16k in FY15 and then rising to $1.64m in FY16.

Valuation

The Nisela transaction in May 2013 valued Payserv at $8m (which excluded Payserv's Property holding company Le Har which has been independently valued at $2.2m.

With Payserv looking to become a regional participant in the payments business, we feel it would make an attractive investment to private equity firms as well as regional/global payments companies (e.g. Interswitch[1], EMPH[2] etc), once an exit is desired. We note that recently emerging markets transaction EBITDA multiples have ranged between 10x and 12x, and even higher. Recent transactions in Jordan and West Africa were at respectively 15x and 12x (source: company).

1.4.2 Millchem (Current Investment)

Millchem was established in Zimbabwe in 1986 as Millpal and rebranded Millchem in 2011. Millchem has established a leading position as a value-added chemicals distributor in Zimbabwe, where it commands market shares of approximately 60% in solvents and 90% in metal treatment chemicals, and it has recently commenced operations in Zambia and Malawi.

Millchem supplies industrial companies across a number of sectors including coatings, cosmetics, plastics, textiles, consumer products, packaging, automotive and more recently mining.

The company aims to serve a relatively large number of smaller customer accounts, thereby spreading its credit risk and enabling it to charge a relatively higher margin for its products.

In addition, by having in-house blending, formulation, de-bulking and repackaging capabilities, alongside a technical support team, the business is able to add value to the

[1] Interswitch is a pan-African switch, mainly owned by Helios Investment Partners.
[2] Emerging Markets Payments Holdings is an Actis-backed vehicle.

chemicals it supplies. This gives it the ability to generate higher margins relative to competitors which may only be able to essentially trade raw materials.

The size of Millchem's facilities should enable it to achieve scale, as it has, for example, one of the largest solvent storage facilities in Zimbabwe. Millchem has an installed capacity of 150,000 litres in underground and 100,000 litres in above the ground storage. These capabilities mean it can offer market leading commercial terms to clients and enables Millchem to remain relatively flexible.

Since last year, Millchem has embarked on an aggressive growth path under guidance of a newly appointed CEO. While continuing to launch new products it opened up a branch in Bulawayo, Zimbabwe's second largest city, and is opening up a branch in Mutare, Zimbabwe's third largest city.

Importantly, Millchem has also commenced operations in Zambia and Malawi, and, it has established buying entities in the Netherlands and South Africa. Moreover, it was able to add relationships with various attractive new suppliers such as BASF, ENI (Cent-Lube), Sasol and others.

Moreover, in addition to the NACD, Millchem is now also a member of the FECC, as it seeks to position itself as a Responsible Distributor in Southern Africa. These accreditations play an important role when attracting the more desirable suppliers to Millchem.

Cambria's aim is for Millchem to eventually become the first coast-to-coast value added chemical distributor in Southern Africa, reaching from Namibia, via Botswana, Zimbabwe, Zambia and Malawi, into Tanzania.

Market

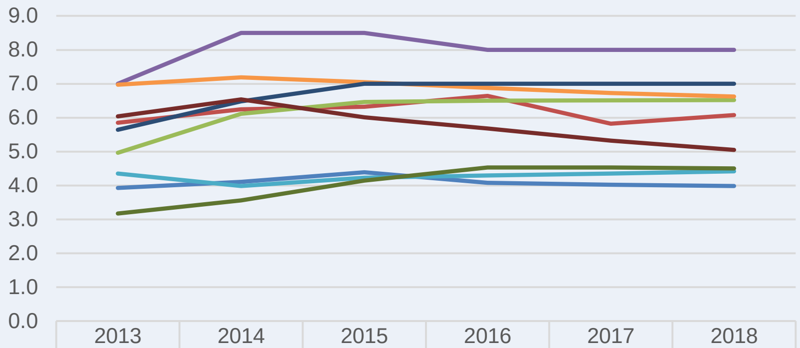
We believe Millchem has made significant top and bottom line progress over the past 12-24 months as the effects of expansion and cost control are becoming more evident. We believe there is definitely further scope for growth of the business, especially internationally. Millchem is already well established in Zimbabwe; however, we feel further expansion into other targeted countries, such as above mentioned Malawi and Zambia, could be enhanced by a number of factors.

Table: Gross Domestic Product, constant prices (National currency, billions)

	2013	2014	2015	2016	2017	2018
Botswana	76.451	79.595	83.088	86.481	89.965	93.552
Kenya	1,675.92	1,780.60	1,893.14	2,018.94	2,136.59	2,266.36
Malawi	717.012	760.878	810.049	862.748	918.93	978.812
Mozambique	175.289	190.189	206.355	222.863	240.692	259.948
Namibia	48.988	50.939	53.094	55.377	57.789	60.343
Tanzania	20,491.70	21,965.66	23,513.80	25,132.01	26,821.97	28,598.94
Uganda	23,503.64	25,026.41	26,778.26	28,652.74	30,658.43	32,804.52
Zambia	21.237	22.626	23.985	25.348	26.698	28.046
Zimbabwe	8.008	8.294	8.638	9.029	9.439	9.864

Sources: IMF, World Economic Outlook Database, October 2013; GECR.
Notes: Some values have been rounded.

Chart: Gross Domestic Product, constant prices (percent change)



	2013	2014	2015	2016	2017	2018
Botswana	3.9	4.1	4.4	4.1	4.0	4.0
Kenya	5.9	6.2	6.3	6.6	5.8	6.1
Malawi	5.0	6.1	6.5	6.5	6.5	6.5
Mozambique	7.0	8.5	8.5	8.0	8.0	8.0
Namibia	4.4	4.0	4.2	4.3	4.4	4.4
Tanzania	7.0	7.2	7.0	6.9	6.7	6.6
Uganda	5.6	6.5	7.0	7.0	7.0	7.0
Zambia	6.0	6.5	6.0	5.7	5.3	5.0
Zimbabwe	3.2	3.6	4.1	4.5	4.5	4.5

Sources: IMF, World Economic Outlook Database, October 2013; GECR.
Notes: Some values have been rounded.

Financial Forecasts

Revenue

For the year ended 31st August 2013, Millchem grew revenues by 15% to $4.32m. The period saw Millchem experience a slowdown in the rate of revenue growth, which can largely be attributed to a high level of uncertainly in the business environment in Zimbabwe surrounding the elections in that country. Importantly, despite decreased revenue in the latter part of the period, Millchem did not lose market share or customers over the period.

For FY14, we are forecasting revenue growth of 50%, to $6.33m, with the majority of this revenue (74%) coming from its Zambia (23%) and Malawi operations (3%).

For FY15, we are forecasting revenue growth of 83%, to $11.92m. As its operations grow, we expect Millchem to enter other markets, more specifically Botswana and Namibia. Accordingly, we expect Zimbabwe to account for around 52% of total revenue, Zambia to account for around 38% and Malawi for 6% and the new two markets just 4%.

In FY16, we expect to see Millchem enter Tanzania and Uganda and are forecasting total revenue growth of 56%, to $18.60m. Accordingly, we expect Zimbabwe to account for c.39%, Zambia to account for c.43% and the remaining markets to account for 5%.

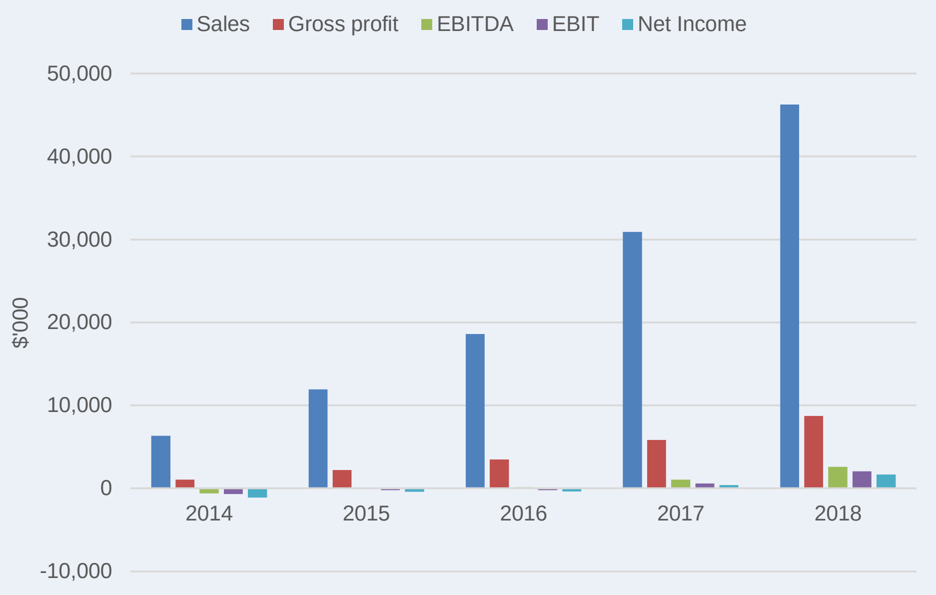
Gross profit

Millchem has historically generated gross margins of 18% and we have therefore assumed that the level remains at a similar rate in our forecasts. Accordingly, we are forecasting a gross profit of $1.05m for FY14, rising to $2.23m in FY15 and then $3.49m in FY16.

Operating profit

In FY13, SG&A decreased to $840k, leading to an EBITDA of negative $70k (2012: negative $208k). As mentioned, during the period, Millchem launched new products opened up a branch in Bulawayo, opened up warehouse space and offices in Zambia, became active in Malawi and established buying entities in the Netherlands and South Africa.

Figure: Revenue, Gross Profit, EBITDA, EBIT and Net Income forecast profile



Source: Company and GECR.

We note that, similar with Payserv, investments required for the expansion have not been capitalised and have therefore directly impacted the income statement during the period under review.

Going forward, given Millchem's strategy to expand both geographically as well as into new product lines, we expect to see an increase level of investment are therefore forecasting a negative EBITDA of $607k in FY14, rising to negative $38k in FY15, swinging to positive $148k in FY16. This equates to respective EBITDA margins of negative 7.1%, negative 0.3% and positive 0.8%.

Including deprecation, we are forecasting an operating profit of negative $680k in FY14, rising to negative $216k in FY15 and negative $200k in FY16.

Once the growth curve is well underway, and meaningful scale and scope have been achieved, taking both incremental working capital investments and incremental SG&A growth into account, Millchem should, on average over time, be able to achieve 50-60% of EBITDA annually for every dollar of working capital invested in the entire business throughout the year. This would not uncommon for value added chemical distributors in high-growth frontier or emerging markets.

Valuation

As Africa becomes more "approachable" and as Millchem grows, we believe that the business could become an increasingly desirable acquisition target for strategic buyers for global chemical distributers such as UNIVAR, Brenntag, Azelis or IMCD. Exit valuations achieved in Europe for regional distributers are 5-6x EBITDA and have been the same for years (source: Company). Therefore, we feel that a 7x and 8x EBITDA multiple may be more appropriate for the first coast-to-coast distributer in a region which has higher growth, relatively limited competition, and higher margins.

1.4.3 Leopard Rock Hotel (Held-For-Sale)

Cambria acquired the iconic Leopard Rock Hotel in 2009 for $8.5m. Following renovation by Cambria during 2011, the Hotel was returned to its former glory.

The Hotel, located in the Vumba Mountains of Eastern Zimbabwe, boasts 1,850 hectares of pristine Afro-Montane forest, including some extremely rare flora and fauna, a watershed, and unparalleled views, including vistas deep into Mozambique.

The four-star property has 58 rooms and suites, a game park, a casino and an award winning championship golf course which was chosen by CNN amongst the Top 10 Best Courses in Africa during 2013. The property also includes a genuine Castle, built in the 1940s, as well as waterfalls, and an ‘enchanted forest’.

Valuation

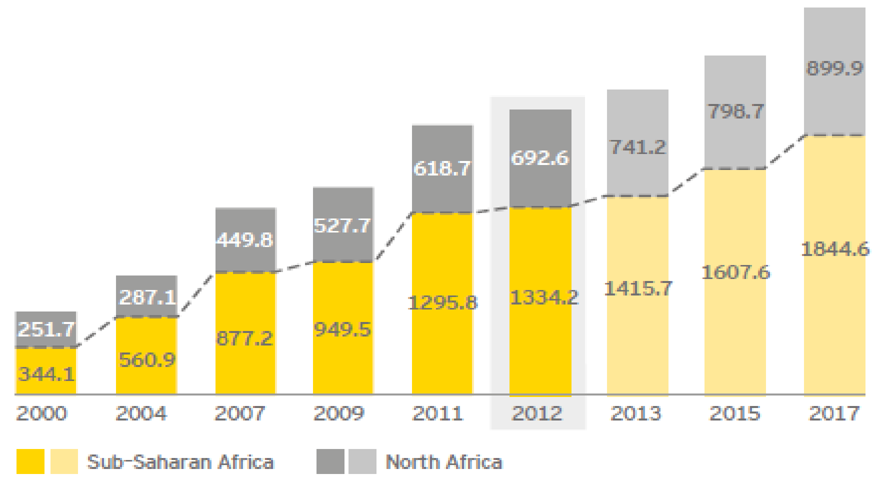
Cambria is currently in the process of selling this unique asset, which is included in the accounts for US$ 11 million dollars, well in excess of Cambria’s current market capitalization.

2.0) Africa's general economic environment

Analysis suggests that a diverse and critical mass of African economies are consistently outperforming those in other, more developed regions of the world:

- According to research conducted by Renaissance Capital, 11 African countries grew at an annual rate of 7% or more between 2000 and 2009.[3]
- The well-documented fact, based on IMF data, that 6 of the 10 fastest-growing economies in the world over the period 2001–2010 were in Africa, adds further substance to a story of robust and sustained growth.
- The story looks set to continue through this year, with The World Bank, among various other notable institutions, forecasting growth for SSA (excluding South Africa) of 6%, with a full third of countries in the region growing at or above 6%.
- Looking forward, and according to the IMF's most recent forecasts, 11 of the world's 20 fastest-growing economies through 2017 will be African.[4]
- As of today, 22 SSA countries (45% of the total), as well as five North African countries, have attained "middle income" status as defined by The World Bank[5] and, if current growth rates are sustained, 13 more could reach middle income status by 2025.[6]

Figure: Africa's economic output (GDP, US$b)



Source: IMF World Economic Outlook Database; Ernst & Young analysis

There is no one overriding factor that makes us doubt the sustainability of Africa's growth. Instead, there are a number of economic, social and political factors that are all moving in the right direction. Among the more important factors are the following:

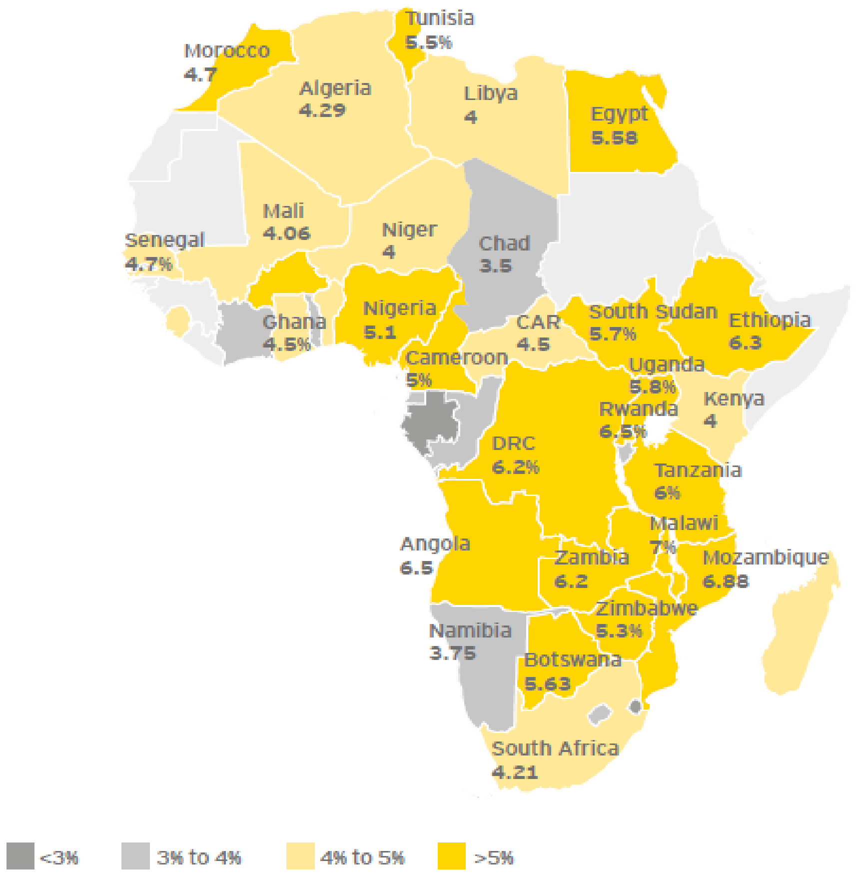
Sound macroeconomic management

We do not feel that it is an exaggeration to suggest that a large number of African economies have been better managed over the past decade than their developed market counterparts. Economic reforms that began being implemented in the 1990s have laid a

[3] Charles Robertson, Yvonne Mhango and Nothando Ndebele, "Africa: The bottom billion becomes the fastest billion," Renaissance Capital, July 2011.
[4] Based on IMF estimates from the World Economic Outlook Database, October 2012.
[5] The World Bank's criterion for classifying economies is gross national income (GNI) per capita. A country is classified as "middle income" if it has GNI of between US$1,026 and US$12,475. We have counted Equatorial Guinea as middle income, although it is, in fact, the first African country to be classified as "high income" (i.e., GNI per capita in excess of US$12,475).
[6] Shantayanan Devarajan and Wolfgang Fengler, "Is Africa's recent economic growth sustainable?", *Institut français des relations internationals*, October 2012.

foundation for the sustained growth that have been subsequently seen. Significantly reduced budget deficits and debt levels, for example, have been a key factor. In a sample of 15 SSA countries,[7] the debt burden — measured as the stock of external debt to gross national income (GNI) — decreased from an average of 120% in 1994 to 21% in 2011.[8] While many developed markets continue to struggle with large debt burdens, many African governments have had far greater flexibility to invest in growth. Our research also shows that Africa's ability to cover its total debt service through export earnings has strengthened on average fourfold since 2007, when compared with 1990 levels[9]. Similarly, and despite growth rates, inflation levels have dramatically improved over the past decade.

Figure: Projected GDP growth rate
(% change year to year – 2012 – 17)



Source: Oxford Economics; Ernst & Young Growing Beyond Borders™.

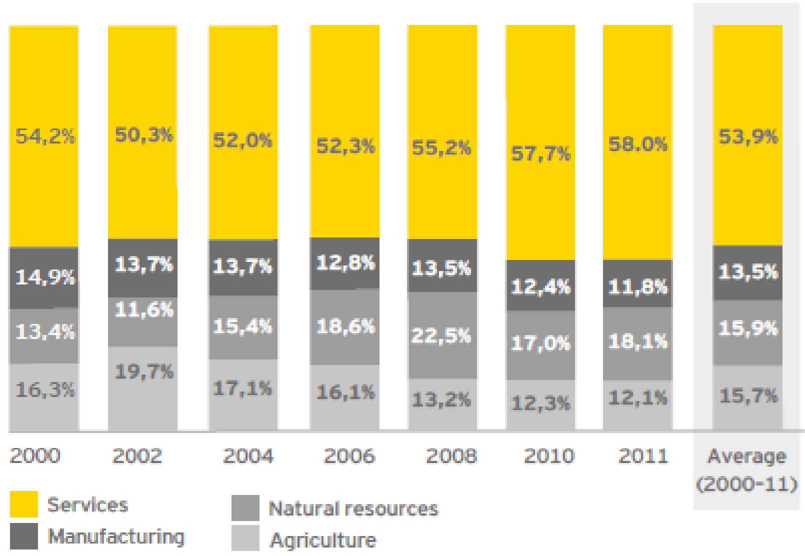
Diversification of sources of growth

There is a fairly common view that Africa's growth over the past decade has been driven by natural resources. However, while they are and will continue to be an important contributor to growth, resources have contributed less than a third of Africa's growth since 2000. The rest has come from a range of other sectors, including agriculture, manufacturing, construction and, in particular, services. These growth patterns are reflected in the overall structure of Africa's total GDP (which is this year forecast to break

[7] Analysis by Skolkovo Institute for Emerging Markets. Averages have been calculated for the following 15 countries: Botswana, Burkina Faso, Cameroon, Ethiopia, Ghana, Kenya, Mauritius, Mozambique, Nigeria, Rwanda, Senegal, South Africa, Tanzania, Uganda and Zambia.
[8] World Development Indicators, World Bank, 2012.
[9] Using export income from goods and services and taking its ratio against total debt service. World Bank Development Indicator figures.

the US$2 trillion mark). During a period in which the size of Africa's GDP has tripled, natural resources (excluding agriculture) have made an average contribution of less than 20%, while services are moving ever closer to accounting for 60% of value added.

Figure: Sub-Saharan Africa's contributions to GDP (%)



Source: The World Development Indicators, World Bank

Growth and diversification of trading partners

Growth in Africa's trade with the rest of the world has grown over fourfold since 2000 and has been another key driver of Africa's sustained economic growth. The EU as a bloc remains Africa's largest trading partner, and trade between Africa and the EU has grown at a compound rate close to 10% since 2000. However, the EU's relative share of trade with Africa has shrunk considerably over that period — from over 50% in 2000 to around 30% today — as growth in trade with other markets, particularly those in the emerging world, has picked up. Standard Bank, for example, estimates that that BRICS' (Brazil, Russia, India, China and South Africa) total trade with Africa reached US$340 billion in 2012 (i.e. Africa's total trade with the rest of the world in 2000), representing a more than 10-fold increase over the course of a decade.[10]

Investment in infrastructure

Infrastructure gaps, particularly relating to logistics and electricity, are consistently cited as the biggest challenges by those doing business in Africa. At a macro level, too, Africa's growth will be inherently constrained until the infrastructure deficit is bridged. The flip side of this challenge, though, is that strong growth has been occurring despite such infrastructure constraints — consider the potential not only to sustain, but to accelerate, growth as the gap is narrowed. Indeed, our research shows that, in 2012, there were over 800 active infrastructure projects across different sectors in Africa, with a combined value in excess of US$700 billion.

Democracy has taken root

Looking back on almost 25 years of slow but steady progress, Africa's political landscape has changed dramatically. Some form of regular democratic elections has become increasingly the norm across most parts of Africa. Although the process is often not

[10] Simon Freemantle and Jeremy Stevens, "BRICS trade is flourishing, and Africa remains a pivot," Standard Bank Research, February 2013.

perfect, and there is still a long way to go in many countries, the process is very real and substantial. To illustrate the point, between 1960 and the fall of the Berlin Wall in 1989, only five African countries held elections on any kind of regular basis, and there was only a single instance — in Mauritius — of a peaceful, democratic transfer of power. In contrast, since 1990, we have seen well over 30 ruling parties or leaders changing through a democratic process.

It is getting easier to do business

While Africa's size, diversity and fragmented economies make it an inherently complex place to do business, conditions have significantly improved over the past decade. Using The World Bank's *Doing Business* research as one key indicator of trends, many African economies have made substantial progress. Focusing only on SSA, the World Bank's research shows that 45 out of the 46 sub-Saharan economies they track have improved their regulatory environments for doing business since 2005. In fact, among the 50 economies that have made the biggest improvements over that period, the largest share — 19, or well over a third — is in Africa.

The quality of human life is improving

Improvements in the quality of life are not only a key indicator of the ultimate impact of economic growth, but also of long-term sustainability. While there is obviously still a long way to go, the trends point to significant progress not only in raising income levels, but in areas of health, education and general welfare in many parts of Africa. Indeed, according to The World Bank, the poverty rate in Africa has been falling by one percentage point a year since 1995. They estimate that the proportion of Africans living beneath the poverty line will have reduced from 60% in 1995 to 38% in 2015.

3.0) Cambria Africa Financial Forecasts

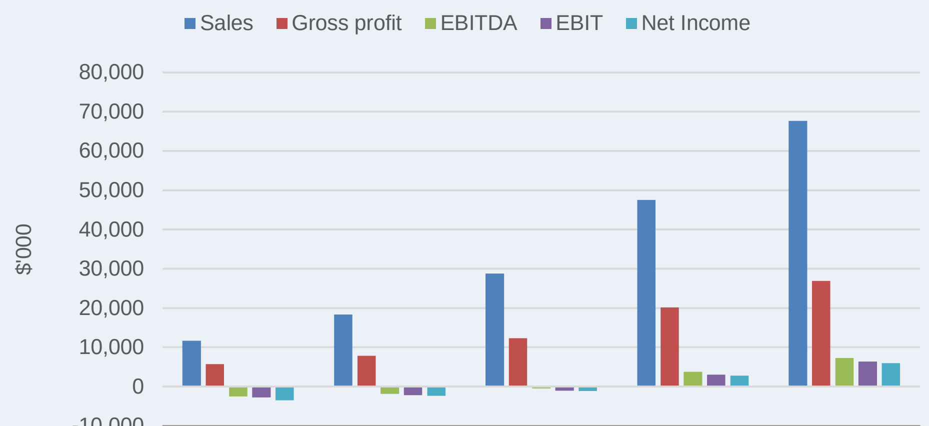
Combining both investments together, we are forecasting group revenues of $11.64m in FY14, rising to $18.37m in FY15 and then $28.78m in FY16. Similarly, we are forecasting group gross profits of $5.69m in FY14, rising to $7.83m in FY15 and then $12.28m in FY16.

Central costs have been reduced by 54% in FY13, to $4.0m (FY12: $8.6m). Going forward, we expect to see a further reduction in these costs and are forecasting central costs to reach $2.0m by FY15, at which point we have assumed that they stay at this level going forward. Accordingly, we are forecasting group EBITDA of negative $2.54m in FY14, falling to negative $1.88m in FY15 and then to $502k in FY16.

Similarly, we are forecasting group earnings of negative $3.47m in FY14, falling to negative $2.38m in FY15 and negative $1.12m in FY16. We are forecasting Cambria to breakeven in FY17, with earnings of $2.81m.

Cambria has announced that it requires funding for the expansion of Millchem and Payserv as well as for the group's working capital, and we expect that this additional funding should come from the sale of its non-core assets, including the Leopard Resort Hotel, and the raising of additional equity and/or debt capital. Its net cash position was last reported as $4.81m (year ending 31st August 2013), but it since raised $4.00m (on 19th February 2014).

Figure: Revenue, Gross Profit, EBITDA, EBIT and Net Income forecast profile



	2014	2015	2016	2017	2018
Sales	11,640	18,375	28,785	47,556	67,619
Gross profit	5,693	7,827	12,278	20,162	26,919
EBITDA	-2,543	-1,882	-502	3,737	7,239
EBIT	-2,728	-2,199	-1,058	3,041	6,397
Net Income	-3,470	-2,378	-1,118	2,810	5,983

Source: Company and GECR.

4.0) Cambria Africa Valuation

Given that the company's changing capital structure and negative Free Cash Flow to Equity (FCFE), we have chosen to value the company using Free Cash Flow to Firm (FCFF). In calculating the Weighted Average Cost of Capital (WACC), we have assumed that the cost of debt remains the same at 15% and an equity to debt ratio of 80:20. Given the level of company risk, we feel that a more than conservative cost of equity is 25% which combined with the cost of debt, equates to a WACC of 22%.

The group has recorded consistently strong top-line growth figures over the years. As it continues to increase market share of both Payserv and Millchem, and as it looks to expand geographically, we expect to see this growth figure increase even further. Our forecasted maximum revenue growth rate over the next 10 years for both Payserv and Millchem combined is 75%. While Cambria's EBITDA margin is currently negative (with the group reinvesting in geographical expansion), we expect it to turn EBITDA positive by 2016 and EBITDA margins to remain at around 15%.

However, we expect to see revenue growth decline in the long-term (10-15 years), with fewer opportunities for expansion of market size and marker share. Consequently, in our model, we have assumed a terminal growth rate in-line with that of the operating regions' expected 6-year CAGR GDP growth, which, using IMF forecasts, we have calculated to be around 6%.

Accordingly, plugging all these figures together for its current investments (Payserv and Millchem), we have derived a discounted cash flow value of $24.31m. Add net cash and this leads to our target price of $23.78m (£14.50m) or 14.63p per share, which suggests upside to the current share price of 172%. We have assumed an exchange rate of £0.61/$1.

We feel that these assumptions are conservative, particularly given that we have associated no value for the Jet claims settlement - which has been estimated to exceed $10m - its Southerton properties, which have been valued at $1m, and the high cost of equity and low market share assumptions that we have used in our model.

Another way of looking at Cambria's valuation would be the following sum-of-the-parts analysis: the funds from the recent fundraising ($4m), the Leopard Hotel ($11m) and the Jet Claims Settlement ($5m when applying a 50% discount), minus net debt, alone equates to in excess of $16m, which is double its current market capitalisation of £4.84m or $7.93m. And this is even before considering its two primary investments Payserv and Millchem.

When considering the uniqueness of the company's investments, as well as the current and potential market for its offerings, we see its investments as potential acquisition targets. Accordingly, we initiate coverage with a recommendation of buy.

5.0) Cambria Africa General Investment Risks

The principal risk and uncertainties affecting the business are as below:

Risks relating to investing in Sub-Saharan Africa

The company's investment strategy is contingent on an improvement in the Sub-Saharan Africa (SSA) region and it is therefore possible that a significant period of time may elapse before an investment by the company will produce any returns. In addition, Foreign companies wishing to invest in a number of regions within SSA must obtain prior clearance and approvals to do so from the region's authority, and failure to obtain this clearance will significantly impair the company's ability to achieve its investment objectives.

Risks relating to the Company and its Investment Strategy

There are no restrictions on the investments the company may make, and as a result an investment in the company may entail greater risk than is typical of other investments. Furthermore, competition for investment opportunities in SSA may increase generally over time.

Risks Relating to Investment Personnel

The performance of the company will depend on the ability and services of the company's Directors and advisers.

Risks relating to Investing in Emerging Markets

The Company's investments in emerging markets, specifically in SSA, are subject to greater risks than investments in developed countries.

Risks relating to Investments

The company's business is concentrated in SSA and is therefore sensitive to national and regional economic developments.

Risks relating to the Ordinary Shares

The company may issue additional securities that dilute existing shareholders' holdings. Furthermore, investors may experience difficulties in selling the Ordinary Shares due to the relatively limited liquidity of shares traded on AIM and there is no guarantee that the company will maintain its listing on AIM.

Risks relating to Taxation

The company may be subject to withholding tax at the source of dividends.

6.0) Appendix – Major Shareholdings

Major shareholders

As can be seen below, Cambia Africa has a strong institutional backing.

Table: Notifiable shareholders

	No. of shares	% Holding
Consilium Frontier Equity Fund LP	14,560,798	14.68%
Russell Investments	14,252,663	14.37%
Jutland Capital Management Ltd	10,102,352	10.19%
Contrarian Capital Management	4,860,000	4.90%

Sources: Company

The company's issued share capital consists of 99,155,162 ordinary shares, with voting rights.

Important Information

Please read the following information carefully as it contains important legal and regulatory notices.

If you are in any doubt about the action you should take in regard to this website and the information provided therein you should contact an independent financial adviser or other professional adviser authorised under the Financial Services and Markets act 2000. Reliance on this information for the purpose of engaging in any investment activity may expose an individual to a significant risk of losing all of the assets invested. Nothing in this document constitutes investment, tax, financial or other advice.

This document and its contents are confidential and are being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published in whole or in part, for any purpose.

The information contained herein is not directed at or intended to be acted upon by anyone in any jurisdiction where it would be unlawful to do so. This document is for information purposes only and does not constitute or form any part of, and should not be construed as, an offer or invitation or other solicitation or recommendation to purchase, subscribe for or otherwise deal in any securities or other interests. No reliance may be placed for any purpose whatsoever on the information contained in this document, and no liability is accepted for such information. This document does not constitute either advice or a recommendation regarding any securities or other interests. Any person who is in any doubt about the subject matter of this document should consult a duly authorised person.

Neither Burnbrae Media Limited, Sapia Partners LLP nor or any other person makes any guarantee, representation or warranty, express or implied as to the accuracy, completeness or fairness of the information contained in this document, and neither Burnbrae Media Limited nor any other person accepts any responsibility or liability whatsoever for any loss howsoever arising from any use of this document or its contents or otherwise arising in connection therewith. The information herein is subject to change and no representation, express or implied, is made that any changes to the information will be provided to you.

The distribution of this document may be restricted by law and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of the laws of the relevant jurisdiction.

By accepting this document you will be taken to have represented, warranted and undertaken that: (i) you are a person lawfully entitled to receive it; (ii) you have read and agree to comply with the contents of this notice; and (iii) you will treat and safeguard as strictly private and confidential all the information contained herein and take all reasonable steps to preserve such confidentiality.

Burnbrae Media Limited is an appointed representative of Sapia Partners LLP, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority.