

Southern African Private Equity Roundtable – Gaborone
Vantage Mezzanine Fund II

October 2010



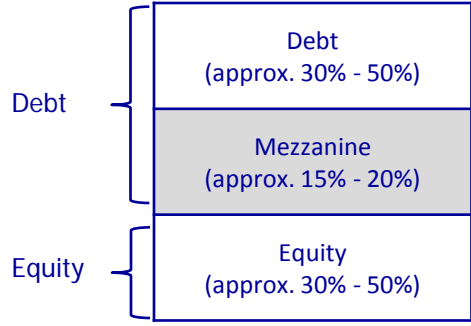
Highlights

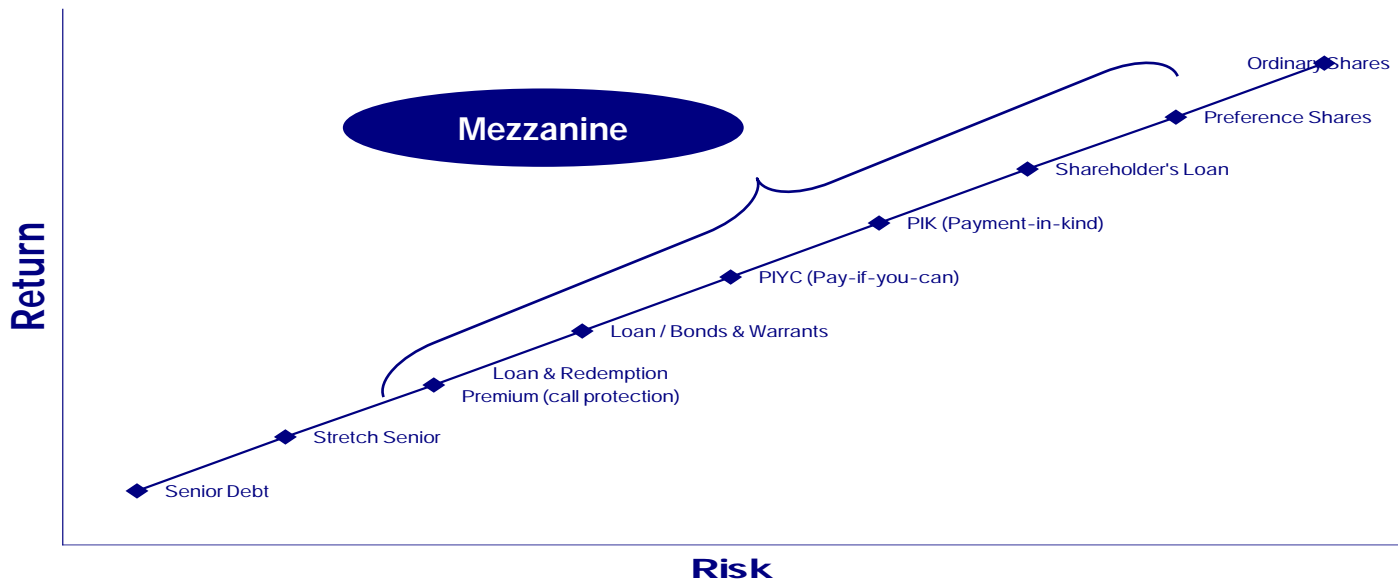
SALIENT FEATURES OF VANTAGE MEZZANINE FUND II

Fund I	<ul style="list-style-type: none">• Largest independent mezzanine fund in South Africa• \$125m raised and invested• 20%+ expected IRR with significant upside potential
Fund II	<ul style="list-style-type: none">• Target Fund II size of \$400m• Office in Cairo supported by other Vantage offices in Johannesburg and Gaborone
Why Mezzanine?	<ul style="list-style-type: none">• Attractive risk return (“half the risk, 80%+ of the return”)• +/-50% equity cushion with well-capitalised sponsors (able to recap deals)• Quarterly distributions• +70% contractual returns & not dependent on enterprise values• Self liquidating exits• Lower fee drag and reduced J-curve
Why Vantage?	<ul style="list-style-type: none">• Strong track record both in South Africa and in North Africa• Most experienced mezzanine team in Africa• Diversified team with private equity, mezzanine and business experience• Strong due diligence process, thorough downside sensitivity analysis

Vantage provides a compelling risk/return profile for informed investors

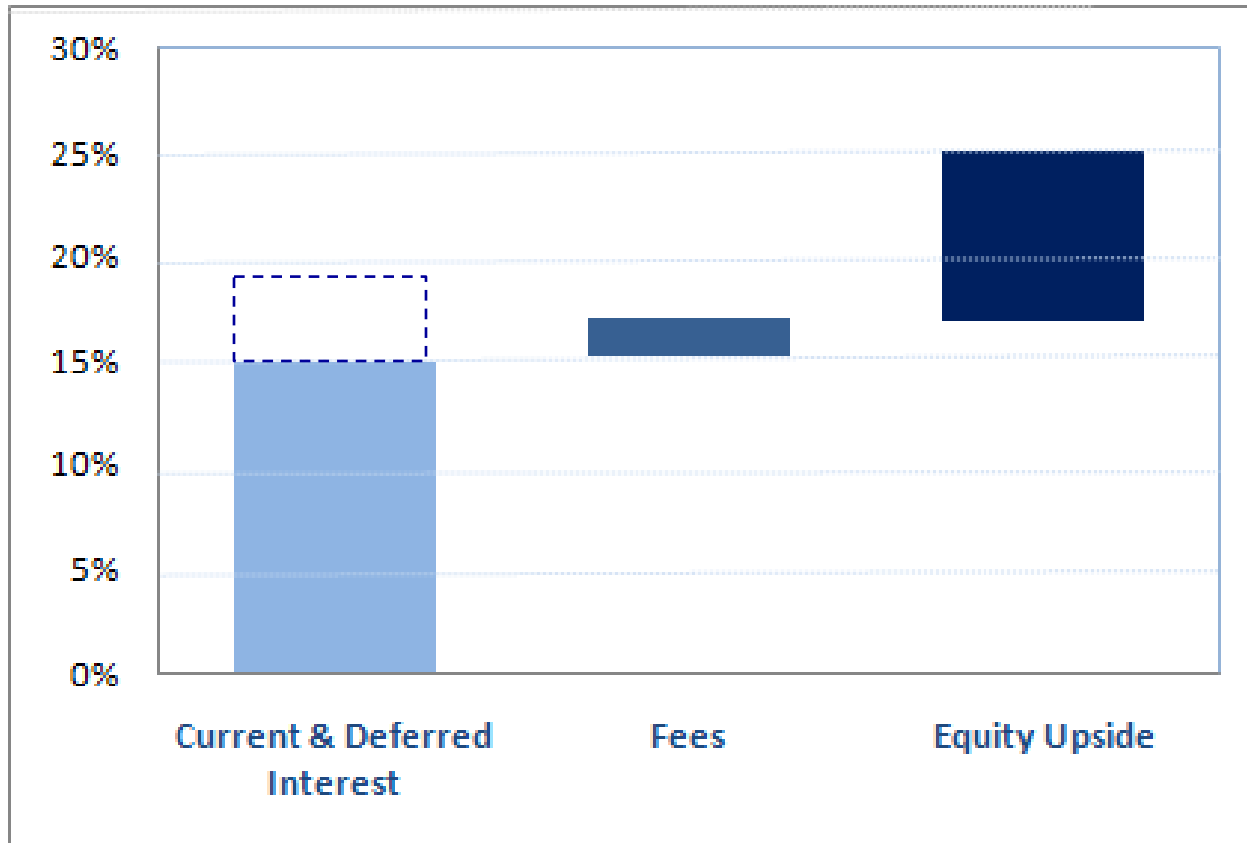
What is Mezzanine?

Definition	Financing Structure	Characteristics
<p>The term "Mezzanine" stems from the Italian language and denotes the ground floor and the first floor in a building.</p> <p>Applied to the capital markets Mezzanine means a financial instrument positioned between debt and equity</p>		<ul style="list-style-type: none"> Debt with equity related return Senior to equity Junior to senior debt Often secured by 2nd lien on assets



Drivers of Mezzanine Return

MEZZANINE RETURN PROFILE (ANNUAL GROSS IRR %)



- Up to 30% of return contingent on success
- 70%+ contractual return in the form of interest and fees

Unlike private equity, cash distributions are largely secured by contractual payments leading to a quick redemption of capital deployed and a favorable risk/return ratio



US and European historic mezzanine returns

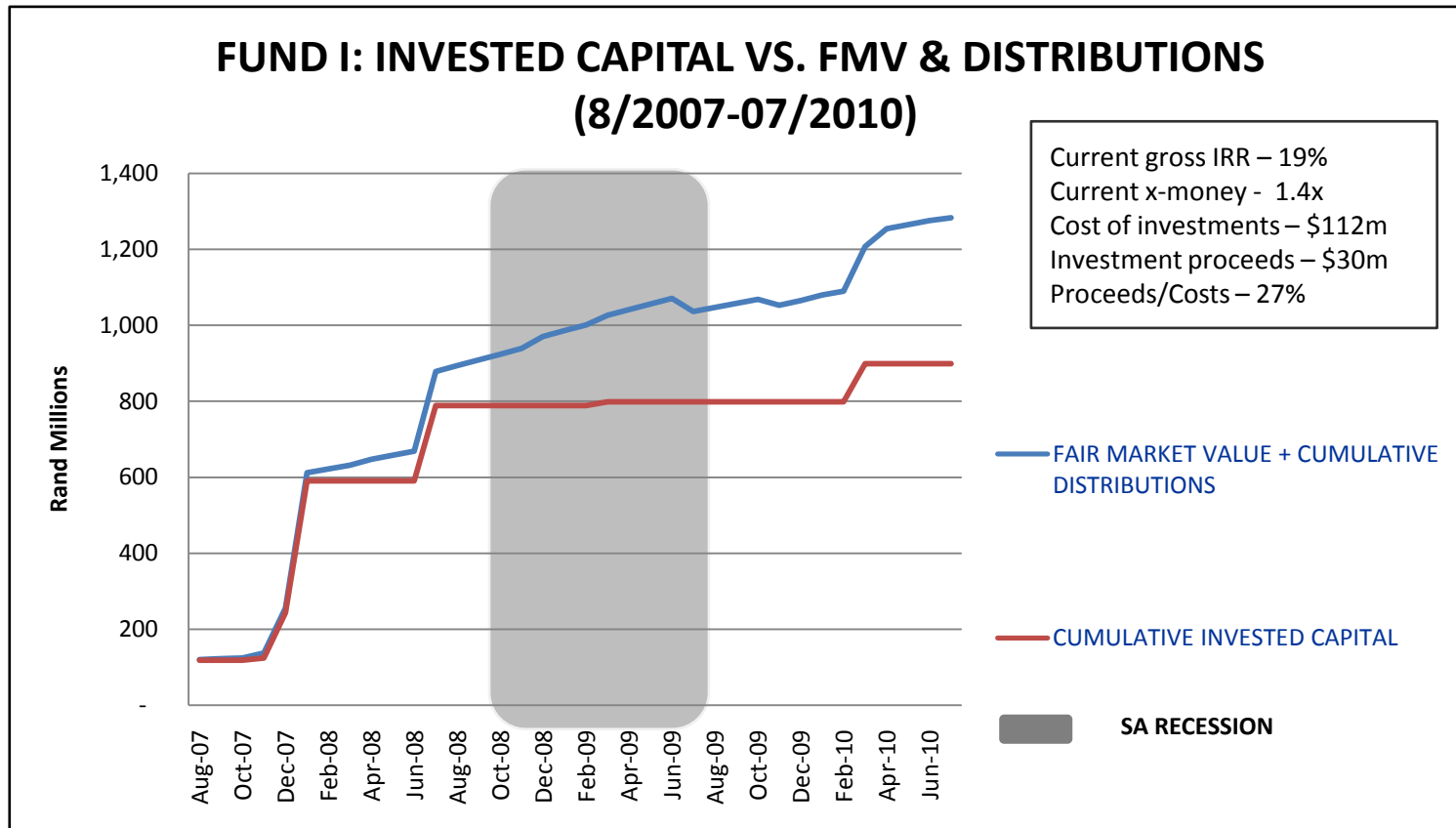
1995 – 2009 GROSS IRRs ON MEZZANINE INVESTMENTS
IN US & EUROPE



Source: Centre of Private Equity Research (Cepres) Q4 2009 report, sample size \$60bn

Mezzanine has proven to generate attractive and sustainable returns over the long term in developed markets which compare favourably with median private equity returns

Fund I's Track Record



With an expected gross return of 20%+ (2.0x to 2.5x money), Vantage has been able to deliver high, income-generating returns which have proved resilient in the downturn. This compares favourably to a 4.5% return on the JSE over this period.

The Diversity of Uses for Mezzanine

- Expansion Capital for Portfolio Companies
- Acquisition Capital (e.g. consolidation strategies)
- Funding of Management's Equity (new & existing executives)
- Co-investment with PE funds on an asymmetrical basis
- Secondary Buyouts and Recapitalisations
- Replacement Capital (e.g. facilitating succession)
- Re-leveraging (e.g. repaying shareholder loans)



Over time, mezzanine's role in facilitating corporate finance transactions in North Africa should grow due to the versatility of this form of capital

End of Presentation

Thank You!