

## Angel Investor: Due Diligence

### 1. Management Team

- i. How many years of Venture Capital Financing experience does the management have? **The company has two full time directors. The MD has seven years experience in banking and training commences in November 2009 mainly based in the UK and South Africa.**
- ii. How much skin does the management team have in the fund? **The company shall invest in KShs. 200 million this includes the minimum capital requirement of KShs. 100 million as per the legal framework in Kenya.**
- iii. Is there a claw back option on the returns that is for every investment that doesn't meet the hurdle rate, the limited partners must be made whole from the next proceeds before management's team carried out interest is paid out? **Yes there is. The Limited Partners are treated as preferential share holders.**

### 2. The Fund

- i. What is the minimum investment in the fund per limited partner (LPs)? **The minimum investment for the next one year is KShs. 1 million. This shall be revised when we establish the modalities of raising the minimum fund requirements.**
- ii. Is the fund closed end that is with fixed capital for a finite period or open end, that is, with continuous investments by limited partners? **The investment is open but with incremental amounts of KShs. 0.5 million. The maximum number of investors is restricted to 15 investors in the next financial year.**
- iii. What sectors will the fund invest in? **We invest in SMEs whose turnover is KShs. 50 million and fall under the following sectors Energy, IT, Light Weight Manufacturing and Real Estate.**
- iv. What is the minimum Internal Rate of Return or Return before management is paid its carried interest? **It is between 34-35%; however, it varies because of the Quasi Equity.**
- v. What is AVL's current pipeline of investments that it has vetted and ready to invest in? **Current business is worth KShs. 13 million and 40% secured by shares.**

- vi. Does the fund have an investment committee to vet its investments?  
Yes.
  - a. Who are its committee members? What are their transaction experiences and backgrounds? We have a council of advisors drawn from various financial institutions with over 10 years experience.
- vii. Who are AVL'S referrals? Our bankers, previous and current Angel Investors and our clientele for the last 1.5 years.
- viii. What is AVL's competitive edge? AVL is not just about money, it's an all round partnership where we focus solely on our client and his satisfaction. We treat our clients as individuals because they are. We respond rapidly to market changes by adjusting our services and provide our clients with enhanced benefits through frequent product improvements that have the reliability and consistency to satisfy their business needs. We have developed job descriptions providing for cross-functional responsibilities which require everyone to be responsible for customer service. Our staff is creative and entrepreneurial we have a corporate culture that encourages them to share their new, fresh ideas. At AVL we focus on a Win-Win relationship.

### 3. AVL Capital Business Operation

- i. What is your core capital? Currently 6 million.
- ii. What are you KYC practices? The KYC and due diligence is very thorough as the CAMPARI model is always applied.
- iii. What are the default rates like? FY 2008 is 2.65%
- iv. What is the exit strategy? An Investor can only exit only when one have invested for one year. However, there is the provision to renew one's contract. What about an early termination? The consequences of this is as stated in the contract.