

D.A.R.E.O.F by



**AJ CAPITAL**



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DISTRESSED AFRICAN REAL-ESTATE OPPORTUNISTIC FUND

# Distressed African Real-Estate Opportunistic Fund

## → **Innovating Vehicle :**

- Lack of intermediary vehicles between investment funds and UCITS, providing both sufficient management flexibility (limited constraints with broad spectrum of different financial instruments) and an acceptable return-to-risk couple for sophisticated investors wishing to outsource all or part of their investments

## → **Vocation to bring solutions...**

- ...regarding balance sheet management for banks which are highly exposed to the Real-Estate sector
- ...to seize opportunities of direct investments in various projects in Africa, with a particular appetite for impact investments

# General presentation

## Fund manager

→ *AJ Capital*, to be located in Mauritius, is fund manager of DAREOF. Strong capacity of deals origination through dense networks of partners in the financial industry (banks, insurances, PE Funds, family offices...).

## Investment opportunities

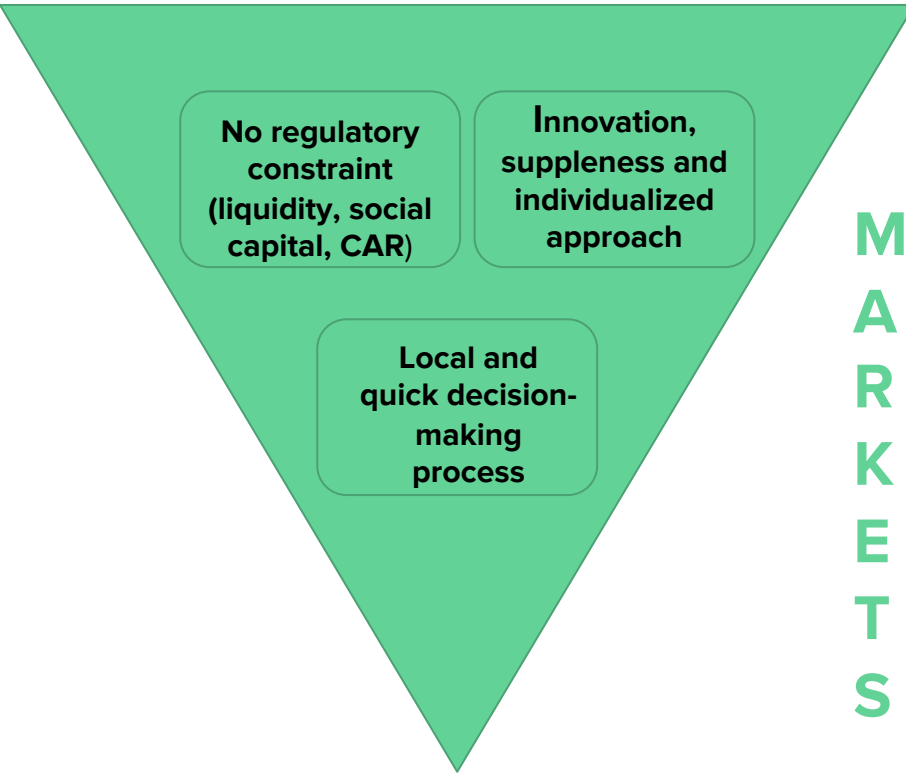
- To accompany States in supporting the burgeoning of National Champions
- To address the issue of balance sheet management for the banking sector in the context of upcoming regulations regarding prudential ratios and challenges linked to systematic concentrations.
- To seize the opportunities of providing financial facilities, linked to the contraction of monetary policies and the tightening of banking regulations (purchase of discounted government bonds, acquisition of debt securities from banks that must comply with Basel III rules...)

## Portfolio construction

→ 1. First test-countries will be MOROCCO and SENEGAL. Next stage will be UEMOA zone, with a primary focus on Ivory Coast, Ghana and Cameroun; followed by Kenya and South Africa / 2. Opportunistic investments (quasi-equity in SMEs or purchasing of UCITS parts, over short-term periods)

# Relevance and target markets

# ASSETS



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**Unique Value Proposition for investors**

<b>Opportunities linked to tightening of banking regulations</b>	<ul style="list-style-type: none"><li>→ Access to Balance sheet of banks to enable them to comply with prudential ratios</li><li>→ First tranche of Common Debt Securitisation Funds (CCTF) issued by banks</li></ul>
<b>Financing Structured Credit</b>	<ul style="list-style-type: none"><li>→ S&amp;M Term Credit or Trade Finance facilities granted to SMEs/IMPs on the basis of purchase orders or “Investment Grade” contracts</li><li>→ Participation in SMEs / High Potential Projects in need of bridge financing</li></ul>
<b>Investments via the BRVM</b>	<ul style="list-style-type: none"><li>→ Shares in existing REITs</li><li>→ Potential shareholdings in real-estate companies during stock market introductions</li></ul>

# Key terms and conditions

<b>Name, Fund manager</b>	→ DISTRESSED AFRICAN REAL ESTATE OPPORTUNISTIC FUND (DAREOF), AJ capital
<b>Size</b>	→ 150 to 200 million EURO, first closing at 25 million EURO (Q1-2020)
<b>Yield Objective (per annum)</b>	→ Annual revenues of 7-10% (net dividends paid to Investors) → Minimum Internal Performance Rate (IRR) or “Hurdle Rate” of 7% → Forecast TRI at the closing of the fund estimated to 13%
<b>F.Manager’s remuneration</b>	→ 2% annual management fee → 25% performance bonus over Hurdle Rate
<b>Use of principal and realized value-added</b>	→ Systematic reinvestment of principal received from investments up to 24 months prior to Fund maturity date. Reinvestment of capital gains above 8% of distributed annual income.
<b>Governance of the Fund</b>	→ <b>Board of Directors</b> : Consisting of investors with more than 10% of the Fund. Ensures that the strategy is carried out by the F.manager and that constraints are respected. Approves the audited financial statements and decides on the dividends distribution. Meeting scheduled once a quarter. → <b>Investment Committee</b> : Consisting of 5 members, including 3 from F.Manager, 1 from the Investors group and 1 independent to be appointed by the Investors group.
<b>Final maturity and Period of investment</b>	→ Final maturity of 5 years from the forming date of the Fund, with possible extension for maximum 1 year. Investment period of 36 months or up to 24 months before the final maturity date of the Fund
<b>Legal structure</b>	→ Investment company or financial holding

# Fund Promoters



**AMINE BERRAOUI**

Banking & Investment seasoned professional, whose deep knowledge of the Middle East, North Africa and Central and Eastern Europe financial industry derives from 17 years of senior leadership in each of these regions for top flight Investment Banks (Deutsche Bank, Citi and RBS / ABN Amro). Successfully launched a London-based fintech specialized in FX trading and, recently, one Morocco-based AgroBusiness investment fund.



**JOEL NZALI**

Seasoned professional with 15 years of diverse cross-border experience in corporate finance (M&A, Structured Finance, Private Equity), strategy, business performance improvement and corporate development. Former executive from PwC and EY Luxembourg. Successfully piloted multi-industry projects in Western & Eastern Europe, Central & West Africa and Middle East. Licensed Financial Investments Advisor & Broker-dealer for banking operations and payment services (ORIAS & AMF).

Thank you for your attention!  
Further questions ? Please contact us

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