

# BK GROUP PLC

## CIRCULAR TO SHAREHOLDERS

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Proposed establishment of a new BK Group subsidiary to manage our Private Equity business

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Date of Issue : 29/04/2025

ADVISORS

LEGAL ADVISORS	MRB ATTORNEYS
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MRM Attorneys  
Kigali City Rwanda

KG 622 St · 0783 419 980

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THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you require any assistance in respect of this Circular, you are advised to seek independent professional advice from your stockbroker, investment adviser, accountant, bank manager, lawyer or other professional adviser

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This circular (The Circular) is issued by BK Group PLC ("the Company") and has been prepared in compliance with the requirements of the Rwanda Capital Markets Act.

If you have disposed of all your shares in the Company, please forward this document to the purchaser or transferee, or to the stockbroker, banker or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee.

## CIRCULAR TO SHAREHOLDERS

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## 1 GENERAL

### TERMS AND DEFINITIONS

In this Circular, unless otherwise stated and as the context allows, the words in the first column have the meaning stated opposite them in the second column. Words in the singular include the plural and vice versa, words signifying one gender.

BKG	BK Group PLC
CIRCULAR	This circular dated 29th April 2025
CMA	Capital Markets Authority
RWF	Rwandese Francs
RSE	Rwanda Stock Exchange
AFIG	Advanced Finance and Investment Group LLC

### CORPORATE INFORMATION ON THE COMPANY

Name BK Group PLC is a company in Rwanda and which is publicly listed on the RSE and cross listed on the NSE

Registered Office KN4 Avenue  
P.O Box 175  
Kigali,Rwanda  
Telephone

Issued Share Capital FRW10,504,600,000

Core business Non-operating holding company with banking and non banking subsidiaries engaged in providing investment banking, Fintech, stock broking and insurance services

#### Directors

Name	Address	Directorship Type
Jean Philippe Prosper (Chairperson of the Board)	P.O Box 175,Kigali	Independent
Darren K. Smith	P.O Box 175,Kigali	Non-Independent
Ulrich Kayinamura	P.O Box 175,Kigali	Non-Independent
Sonia M. Kubwimana (Vice Chairperson)	P.O Box 175,Kigali	Independent
Roselyne Uwamahoro	P.O Box 175,Kigali	Independent
Francis Gatare Kabera	P.O Box 175,Kigali	Non-Independent
Achumile Majija	P.O Box 175,Kigali	Independent

## 2 LETTER FROM THE CHAIRMAN

To All Shareholders of BK Group PLC

Dear Shareholder,

On behalf of the Board, I am pleased to share with you at this stage, pending approval of shareholders, an exciting new chapter for BK Group. With the Board's recent approval of a joint venture with Advanced Finance & Investment Group LLC (AFIG Funds), we are proposing to establish a dedicated subsidiary to manage our private equity business. This strategic initiative strengthens our ecosystem and positions BK Group as a key driver of Rwanda's economic growth.

Our decision to form this joint venture aligns with our commitment to diversifying revenue streams alongside our banking, insurance, and capital markets operations. By attracting foreign direct investment, this partnership directly supports Rwanda's Vision 2050 and NST2 targets, enhancing our competitiveness in an evolving marketplace.

Beyond financial growth, this venture is set to create significant job opportunities, supporting the government's goal of generating 1.25 million new decent jobs. Additionally, it will boost Rwanda's manufacturing sector, contributing to the national target of USD 7.3 billion in exports by 2029. Our focus on ICT, renewable energy, and climate-smart agriculture reinforces our commitment to sustainable development and innovation.

Leveraging our strong corporate-banking relationships, we will ensure effective deal flow and seamless integration of investee companies into our portfolio of products and services. Through world-class private equity and investment banking capabilities, BK Group remains dedicated to creating lasting value for all stakeholders.

### **Recommendation**

Your Board considers that this is in the best interest of BK Group PLC and all its stakeholders as well as the banking industry in the region.

Accordingly, we unanimously recommend to you, our dear shareholders, to vote in favour of the resolutions contained in the published AGM notice to give effect to the transaction. Together, we can position BK Group and Rwanda as a private equity center of excellence in the East African Community.

If you are in any doubt as to what action to take, please seek independent professional advice from your investment adviser, stockbroker, or other professional adviser.

Yours Faithfully,

Jean Philippe Prosper  
Group Chairman

## 3 INFORMATION ON AFIG

### 3.1 About AFIG

Advanced Finance and Investment Group LLC is a fund management company registered in Mauritius, with offices in Dakar and Washington. Their investment philosophy is anchored on supporting local entrepreneurs and turning them into regional and global leaders.

Currently, they manage the Atlantic Coast Regional Fund (“ACRF”, vintage 2008) which was recapitalized in 2013, AFIG Fund II (“Fund II”, vintage 2016), and AFIG Co-Invest (a Fund II co-investment vehicle) for a total Assets Under Management(AUM) of about USD 267 million.

### 3.2 Investment Strategy

AFIG currently has 16 portfolio companies across 15 countries in Africa. They have managed 7 full exits in their vintage 2008 fund (ACRF) and exited partially from 2 companies in Fund II. They have undertaken the exits through strategic sale, financial sale, put option, and self-liquidation.

### 3.3 Value-Add & Priority Sectors

AFIG’s relationships within and outside Africa provide access and guidance as well as sector expertise require to maximize value in transactions.

AFIG Funds portfolio companies benefit from extensive value-add services:

- Refining business plans/strategies
- Best Practise corporate governance
- Capital structure optimization

AFIG Funds has implemented a six value add framework for all its portfolio companies:

- HR
- Financial and Internal Controls
- IT/MIS
- Communications
- ESG
- Corporate Development

## 4 THE FUND

### 4.1 Information on the Fund

Item	Detail
Parties	AFIG Funds & BK Group Plc
Fund Name	Rwanda Rise Fund (“the Fund”)
Vehicle	ABP (AFIG BK Partners), a Rwanda-registered GP jointly owned by AFIG (45%) and BK (55%)
Target Fund Size	USD 30–40 million
Fund Currency	USD
Fund Life	10 years (extendable by 2 years)
Commitment Period	5 years
Portfolio	15 growth-stage SMEs by final close
Ticket Size	USD 0.5 million–3 million; max 20% of Fund per investment
Geography	Rwanda (≥70%); East African Community
Sector Focus	Agriculture; Manufacturing; Tourism; ICT; Renewable Energy; Financial Services
Impact Goals	Job creation, export growth, climate resilience, inclusion (women & youth)

### 4.2 Respective Obligations

The obligations of both parties in the joint venture between BK Group Plc and Advanced Finance & Investment Group LLC (AFIG Funds) are clearly defined to ensure the successful establishment and management of the Rwanda Rise Fund. Here’s a detailed explanation of each party’s responsibilities:

AFIG Funds:

- AFIG Funds will take the lead on the creation of the fund, which includes drafting essential legal documents such as the Private Placement Memorandum (PPM) and the Limited Partnership Agreement (LPA).
- AFIG will build and oversee the General Partner’s (GP) investment team, which is crucial for identifying, evaluating, and managing investments. They will also chair the Investment Committee, guiding investment decisions and strategies.
- AFIG will spearhead efforts to attract international Limited Partners (LPs) for fundraising. This involves conducting due diligence, presenting the fund’s value proposition, and ensuring that potential investors understand the fund’s objectives and expected returns.
- AFIG will be responsible for sourcing investment opportunities, conducting thorough due diligence, structuring deals, and monitoring the performance of portfolio companies. This hands-on management is vital for maximizing returns and ensuring alignment with the fund’s goals.
- AFIG will oversee the administrative functions of the fund, ensuring that all operational aspects run smoothly, from compliance to reporting.

## BK Group Plc:

- BK Group will take the lead in incorporating and registering the General Partner and the fund with the Rwanda Development Board (RDB) and the Capital Markets Authority (CMA). This step is critical for legal compliance and operational readiness.
- BK Group will focus on raising funds from local investors and sourcing investment opportunities within Rwanda.
- BK Group will provide personnel to support the General Partner. This may involve seconding staff with relevant expertise to enhance the GP's capacity to operate effectively.
- BK Group will support on Deal sourcing and pipeline through its Corporate Banking segment and the BK Capital Investment banking.
- BK Group will provide and offer ongoing support for compliance and reporting requirements. This ensures that the fund operates within the legal framework and adheres to best practices in governance.

### 4.3 Governance And Economics

- Board of the General Partner (GP): The GP will consist of five directors, with a composition of three representatives from BK Group and two from AFIG Funds.
- Investment Committee: The Investment Committee will comprise six members: three from AFIG Funds (including a non-voting chair), two from BK Group, and one independent member.
- Management Fees: Management fees will be paid quarterly and will be aligned with market norms. The fees will be split pro-rata based on the ownership structure (55% to BK Group and 45% to AFIG Funds).
- GP Set-up expenses: The Parties will agree on set-up (fund formation) costs, which will be covered by AFIG Funds and BK on a pro-rated basis. Set-up costs will be reimbursed by the Fund's limited partners or from management fees, should the Fund reach first close.
- GP Operating Expenses: Operating expenses of the Fund will be shared on a pro-rata basis based on the GP Shareholding
- Carry Structure: The fund will operate with a carry of 20% over an 8% preferred return. This means that after achieving a minimum return of 8% for investors, 20% of any additional profits will be distributed to the GP.
- Co-Investment Rights: Limited Partners (LPs) and the GP will be offered co-investment rights.

### 4.4 Benefits of the Private Equity Fund

- i. Strengthening the Group Ecosystem
  - Diversification: By entering the private equity space, BK Group aims to create new revenue streams that complement our existing banking, insurance, and capital markets operations.
  - FDI Attraction: The joint venture is designed to attract foreign direct investment into Rwanda. This aligns with the country's Vision 2050 and National Strategy for Transformation (NST2), which aim to elevate Rwanda's economic status and foster sustainable growth.



- Ecosystem Synergies: Leveraging our established corporate-banking relationships will facilitate deal flow for the private equity fund. This integration will allow us to provide comprehensive services to investee companies, enhancing their growth and our competitive positioning.
  - Talent Development: Establishing this private equity capability will foster a culture of innovation and expertise within BK Group. We aim to develop world-class skills in private equity and investment banking, which will be instrumental in driving our growth strategy.
- ii. National Development Impact
- Job Creation: By supporting small and medium-sized enterprises (SMEs) through investment, we contribute to Rwanda's goal of creating 1.25 million new decent jobs. This aligns with our commitment to national development and social responsibility.
  - Export & Industrialization: The fund will focus on backing "Made in Rwanda" manufacturers, thereby promoting local industries and helping to achieve the ambitious target of USD 7.3 billion in exports by 2029.
  - Digital & Climate Transformation: Investments in sectors like ICT, renewable energy, and climate-smart agriculture will support Rwanda's transition to a green economy. This aligns with global sustainability goals and positions BK Group as a leader in responsible investment.
- iii. Regional Financial Hub Ambition
- Position BK Group and Rwanda as a private-equity center of excellence in the East African Community (EAC), enhancing cross-border trade and integration. This initiative is not only a growth opportunity for our organization but also a means to create lasting positive impacts in the communities we serve.

#### 4.5 Potential Risks

- i. Industrial volatility: The sectors targeted by the fund, such as agriculture, manufacturing, and ICT, may experience specific risks related to demand fluctuations, technological changes, or regulatory challenges.
- ii. Realizing returns on investments often relies on successful exits through sales or public offerings. Market conditions may not be favorable for exits when the time comes.
- iii. Changes in economic conditions, such as recession, can adversely affect the performance of portfolio companies and the overall fund.
- iv. Investing primarily in small and medium-sized enterprises (SMEs) can be riskier due to their generally higher failure rates compared to larger, established companies.

#### 4.6 Effects of the investment on existing BK shareholders

The Transaction will not result in any change in the shareholding of BK Group PLC. Accordingly, shareholders of BK Group PLC will continue to hold the same number and type of shares they owned prior to completion of the Transaction subject to any sale or purchase instructions made by them on the securities exchange in the ordinary manner. The rights of shareholders will be as provided in the articles of association of BK Group PLC and in law.

At completion AFIG BK Partners will become a subsidiary of BK Group PLC and its financial statements will be consolidated with that of the Group as the shareholding will be more than 50%.

## 5 STATUTORY AND GENERAL INFORMATION

### 5.1 RESPONSIBILITY STATEMENT

The Directors whose names appear on page 4 of this Circular accept responsibility for the information contained in this Circular. The Directors declare that all the information contained in this Circular is correct, and neither the Board of Directors' minutes, audit reports or any other internal documents contain information which could distort the interpretation of this Circular. The Directors are the persons responsible for the content of this Circular pursuant to Regulation.

### DIRECTORS' INTERESTS

At the date of this Circular, the following Directors had direct and indirect beneficial interests in the ordinary shares of the Company as follow:

Name	No.of Shares	% shareholding
Jean Philippe Prosper (Chairperson of the Board)	N/a	
Darren K. Smith	105,506,959 (indirect)	11.34%
Ulrich Kayinamura	199,159,400 (indirect)	21.40%
Sonia M. Kubwimana (Vice Chairperson)	N/a	
Roselyne Uwamahoro	N/a	
Francis Gatara Kabera	N/a	
Achumile Majija	N/a	

### 5.2 GOVERNING LAW

This circular is governed and constructed in accordance with Rwandan laws.

### 5.3 SUBSIDIARIES AND ASSOCIATES

Name	Country of Incorporation	Beneficial Ownership(%)
Bank of Kigali PLC	Rwanda	100%
BK General Insurance	Rwanda	70%
BK TechHouse	Rwanda	100%
BK Capital	Rwanda	100%
BK Foundation	Rwanda	100%

### 5.4 GENERAL INFORMATION

The Board hereby declares that the annual financial statements of the Company for the year ended 31 December 2024 have been audited and received an unqualified opinion.

Financial Year: Year end 31 December 2024

Auditors	Ernst&Young Rwanda Ltd EY M-Peace Plaza, Executive Wing 6th Floor, Avenue de la Pai Kigali,Rwanda
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5th Floor, Absa Plaza  
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