Ghana Infrastructure Investment Fund
Portfolio Management Policy

As approved by Board on 25th July, 2024

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PORTFOLIO MANAGEMENT POLICY

1. Introduction

1.1. Purpose of the Policy

This Portfolio Management Policy is issued by the Board of Directors (the "Board") of the Ghana Infrastructure Investment Fund (the "Fund" or "GIIF") in pursuance of the object of the Fund.

As a body corporate wholly owned by the Republic of Ghana and established pursuant to the Ghana Infrastructure Investment Fund, Act of Parliament, 2014 (ACT 877) & Ghana Infrastructure Investment Fund (Amendment) Act, 2021 (ACT 1063), the Fund's mandate is to mobilize, manage, coordinate and provide financial resources for investment in a diversified portfolio of infrastructure projects in Ghana for national development.

This policy should be read and implemented together with the Investment Guidelines of the Fund.

1.2. Governance and Approval of the Policy

This Policy is given authority by means of Board approval. It is subject to a review and approval cycle consisting of:

- Review and revision of the policy by the Policy Owner on an biennal basis, or more frequently if required by changes in the business, the wider market or regulation.
- Review and recommendation to the Board following any substantive revisions to the policy by the Policy Owner.
- Approval of the policy by the Board following recommendation by the Board committee overseeing the Portfolio Management function.

The Chief Investment Officer (CIO) is the policy owner of the Portfolio Management Policy. The day-to-day implementation of the policy shall be done through the highest-ranked officer (the "Head of Portfolio Management) in the portfolio management team who shall report to the CIO.

2. The Policy

The Fund's Management will assume an active role in its equity portfolio companies through representation on the Board of Directors of Investee companies or other governing structures adopted to manage investments. The Fund is an established and credible source of equity and other capital required for infrastructure investments throughout Ghana. It will also continue to be a value-added player that can have a meaningful impact at the strategic and operational level of its portfolio companies.

2.1. Hand Over Process

As outlined in the investment guidelines, the investment team will start the hand over process of a deal to the Portfolio Management Team after the deal is approved by the Board . However, it remains the Investment Team's responsibility to ensure that all CPs are met prior to first drawdown.

The team-leader of the Investment Team of the deal in question is responsible for the preparation of the handover certificate and signing by the highest-ranked investment officer (the "Head of the Investment Team") and the Head of Portfolio Management.

As part of this process, the Investment Team provides the Portfolio Management Team with all relevant information on the deal and papers used during the investment process. In particular, the team will hand over the Financial Close Model used to evaluate the deal.

2.2. Project Monitoring

The Portfolio Management Team shall review investment-level risk across the portfolio including: financial, operational and reputational risk exposures. The Portfolio Management Team ensures that appropriate action is taken where necessary and notification is made to the Risk and Compliance Committee where appropriate.

The Portfolio Management Team will monitor this via its participation in the Board of equity portfolio companies, through cooperation with external auditors and scheduled quarterly meetings with portfolio company management and stakeholders.

2.2.1. Management of Problem Exposures

The monitoring of identified problem exposures is governed by the Risk Management Policy.

2.2.2. Ongoing Valuation

The Portfolio Management Team shall produce valuations for the Portfolio Management Committee as per the Valuation Policy

The Portfolio Management Team shall report on valuation matters if requested by the investment and finance committee.

2.2.3. Operational Model

The Financial Close Model handed over by the Investment Team will form the basis of the operating model used by the Portfolio Management team to monitor the performance of the project (e.g. the SPV). In particular, the model will be used to monitor compliance with covenants and track where the project may be moving out of line with budgeted performance.

2.3. Operational Value-Added

GIIF will be proactive in its portfolio companies' operations. Although the Fund will not have an active day-to-day role in its investments, it will be involved through participation on various board and operational committees (where applicable). The Fund's targeted sectors require this level of involvement to ensure that operational standards are maintained at acceptable levels. GIIF's Board views this role as critical, and has demonstrated that the interpersonal relationships that principals are able to develop with the managers of portfolio companies has a favourable impact on the success of each investment.

The principal's proficiency in the following areas will ensure that the Fund is able to fill in the projects operational gaps:

- Identification and securing of operating/technical partners;
- Negotiations with governments (e.g. Commercial agreements, license agreements, and regulatory matters);
- Deciding on appropriate capital structure and long-term financing strategies;
- Ensuring proper cash management (controls over budget and expenses);
- Measuring and mitigating environmental impact.

2.4. Strategic Value-Added

The Fund's primary strategic role will be through appointment to membership on the Board of Directors of the portfolio companies (where applicable). As an active member on the Board, the Fund will focus on the long-term enterprise value growth and developmental objectives of the company. The Fund will ensure that the company maintains a favourable position in the market while continuing to explore new opportunities. This strategic function will also help the Fund to ensure liquidity for its investment within the Fund's holding period. The Fund will also leverage its existing relationships, to make introductions to strategic partners or other potential investors. Additionally, the Fund will assume a strategic role by providing the following:

- Assistance to managers in the development of business/feasibility plans;
- Corporate finance advice concerning potential mergers and acquisition transaction;
- Introductions to strategic partners and/or joint-venture partners;
- Assistance in the arrangement of additional sources of financing (e.g., introductions to multilateral agencies for debt or insurance).

3. Exit Guidelines

As per the IPS, the Fund can only invest equity if there is a reasonable expectation of an ability to exit its position in future and earn an investment return.

GIIF expects to use a number of exit strategies to obtain liquidity and realize capital gains. These include:

1. The complete or partial sale of the project to the public securities market, either in the form of an initial public offering or the sale of debt. As the capital markets in Ghana continue to evolve and grow, public offerings as a means to achieving real liquidity becomes more viable.
2. The complete or partial sale of the project to an outside third party or strategic industry investor. Multi-national interest in Ghana has been growing significantly with the political and economic reforms that have taken place in the last decade. In addition to co-investing with private equity firms, GIIF can play an important role in facilitating investments and encouraging multinationals to invest in the country.
3. The complete or partial sale of the projects or businesses to management(. The existing management of a portfolio investment may have been provided an opportunity to build the financial resources necessary to effect a buyout of the Fund's interest. As the Fund targets projects that generate strong cash flows, it becomes viable for managers to commit to such a transaction.
4. The refinancing of the capital structure. As with a sale to management, projects with substantial cash flows may allow the Fund to achieve its liquidity objective through a dividend issue upon a restructuring of the capitalization.

4. Special Provisions

4.1. Problem Exposures

Problem Exposures are governed by the Enhanced Monitoring and Problem Exposure Management which is part of the Risk Management Policy.

4.2. Treatment of Investments with Equity and Debt Positions

Projects and beneficiaries which may benefit from debt as well as equity investments that may overlap in time, require special provisions as the interest of the debt position may not align with the equity position provided by the Fund.

In a scenario where the Fund has positions in equity and debt of an investment, the investment agreements will provide that in an event of default of that investment, the Fund will act as if it was only a debt provider.

5. Policy Control

Authority to approve	Board
Authority to recommend to Board	Board Risk & Compliance Committee
Policy owner	Chief Investment Officer
Prepared By	Risk Manager
Current version	3.0
Created date	20th October, 2020
Approval date	25th July, 2024
Due for review	30th June, 2026

6. Version Control

Version	Revision Date	Author	Description
1.0	1st October, 2022	Risk Manager	Portfolio Management Policy
2.0	22nd April, 2022	Risk Manager	Portfolio Management Policy
3.0	25th July, 2024	Risk Manager	Portfolio Management Policy

Signature

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Chief Investment Officer
(Policy Owner)