



CRITERIA FOR NASSIT EQUITY
PARTICIPATION IN
CORPORATE INVESTMENTS

NATIONAL SOCIAL SECURITY AND INSURANCE TRUST

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1.0 INTRODUCTION

This document describes the criteria for NASSIT equity participation in corporate investments. It is designed to be used as a guide to corporate investors who may wish to submit proposals to NASSIT for equity participation in investment ventures.

2.0 TYPES / FORMS OF INVESTMENT

2.1 NASSIT shall invest in private equity by financing proven and potentially viable projects in the form of venture capital.

2.2 Equity participation in the form of direct venture capital will target investments that require substantial capital inputs; where the promoters of the business are knowledgeable in its operations and where the expected financial returns from the investment are significantly high. Direct venture capital investment decisions will also be guided by (i) the potential ease of exit and (ii) free cash flows from the operations of the company.

2.3 On the other hand, indirect venture capital will be done through financing a Fund or Company established specifically for providing venture capital to Small and Medium Scale Enterprises (SMEs).

2.4 Investments in equity will either be made in existing or in new companies.

3.0 AREAS OF INVESTMENT

NASSIT shall target its private equity investment interventions in the following sectors:

- **Housing and Real Estate**
- **Financial/Corporate Investments**
- **Value-added Industrial Production / Manufacturing**
- **Tourism**
- **Health**

4.0 INVESTMENT LIMITS

NASSIT shall be guided by the following limitations in investing in equity through direct or indirect venture capital, or in operating or new companies:

- 4.1 Equity investment in any venture company shall not exceed 10% of NASSIT's total assets
- 4.2 NASSIT may not obtain more than 60% of a company's equity capital stock

5.0 EQUITY IN OPERATING COMPANIES

Equity participation in an operating company can either be through initial public offering or private placement of shares or through secondary trading of shares and shall be on the following criteria:-

- 5.1 Where the company has been making profits and that dividends have been declared and paid for the past three years
- 5.2 When the company's financial statements show a healthy financial position
- 5.3 Where there have not been any major changes in the management and structure of the company for the past three years, to the effect of lowering profits
- 5.4 Where the company's future prospects are encouraging
- 5.5 Highly geared companies shall be avoided.

6.0 EQUITY IN NEW COMPANIES

NASSIT may form a company either on its own or jointly with other investors for the purpose of carrying out a specific business venture, based on the criteria of technical, commercial and economic viability.

The extent of NASSIT participation in a new company will depend on the viability of the company and the degree of risk involved, but shall not exceed 60% of the paid up share capital and capitalized services.

6.1 CONDITIONS

Companies shall be required to submit the following documents:

- Certificate of incorporation
- Memorandum and articles of association of the company
- Profile of shareholders
- Project Business Plan or feasibility study report for the project showing financial projections of the company

7.0 SUBSIDIARY COMPANIES

NASSIT may form a subsidiary company whenever it deems appropriate, for the purpose of carrying out specific business. The subsidiary company may be wholly owned, or, at least 51% of the shares shall be owned by NASSIT.

8.0 STOCK MARKETS

As part of its equity investment, NASSIT will invest in companies that will be listed in the Stock Exchange (SE) market in the event of its establishment in Sierra Leone.

The companies that will be listed in the SE will then be required to issue a prospectus, which NASSIT shall use as a basis for making an investment decision.

9.0 EARNINGS RELATED TO EQUITY

- ❖ NASSIT equity in unlisted companies shall as much as possible be in cumulative redeemable and preference shares.
- ❖ Earnings related to ordinary shares will be in the form of dividends to be paid by the company.

- ❖ Dividends in companies in which NASSIT has equity will be declared and paid within prescribed ratios.