

PRESS ANNOUNCEMENT

PHATISA FOOD FUND 2 FIRST CLOSES AT US\$ 121.5 MILLION

3 OCTOBER 2018

Phatisa is pleased to announce the first close of its successor fund to the African Agriculture Fund (AAF) – Phatisa Food Fund 2 (PFF 2), which has received capital commitments in excess of US\$ 120 million. Given the strong interest, and with subsequent investors in different stages of their processes, Phatisa will continue with rolling closings and expects to reach a final close target of US\$ 300 million by mid-2019.

For PFF 2, Phatisa will continue its focus on the team's core skill set – the African food value chain – considering investments in mechanisation, inputs, poultry and meat production, food processing and manufacturing, logistics, aggregation and distribution across sub-Saharan Africa. Targeting buy-out and expansion transactions with an investment size of between US\$ 15 million and US\$ 25 million, building and exiting regional platforms.

As with AAF, by raising international capital to be invested into Africa's food value chain, PFF 2 is aligning itself with the United Nations' Sustainable Development Goals (SDGs), addressing in particular SDG 1: No poverty and SDG 2: Zero hunger, through its material contribution to food security. With its investment into African businesses, Phatisa has already accounted for the production of over 2.6 million tonnes of food and food-related products and will continue to mark its progress by measuring its impacts against the SDGs.

Together with TechnoServe, Phatisa is aiming to raise a second technical assistance facility (TAF) to work alongside PFF 2, building on the lessons learnt and TAF's success in AAF. The use of blended finance will enable the firm to increase the development impact as well as to enhance financial returns.

The first close was timed to facilitate the completion of the Fund's first transactions, setting the anticipated investment pace.

Stuart Bradley, Joint Managing Partner: 'We are delighted to achieve this milestone. Re-investments from our first Fund account for 88% of commitments, demonstrating strong support from AAF investors. We continue to attract the private sector, with a 70:30 split between commercial investors and development finance institutions at first close. With this round, we have now raised more than US\$ 400 million for the African food and housing sectors.'

Duncan Owen, Joint Managing Partner: 'Phatisa is preparing to exit a number of AAF investments. We are tracking solid returns, which we plan to replicate in PFF 2 – especially around inputs, mechanisation, logistics and FMCG. This is where our team of industry specialists from Unilever, Afgri, P&G, SAB Miller, Diageo and Imperial, feel at home.'

Valentine Chitalu, Phatisa Chairman: 'We have built a great team that has been recognised through the support of our investor base. The team has demonstrated its ability to source and execute proprietary transactions and use our in-house industry skills to drive real value in our portfolio companies. I am very proud of what we have achieved and excited by the opportunity ahead.'

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About Phatisa

Phatisa is a sector-specific African private equity fund manager located in and operating across sub-Saharan Africa. The firm currently has three funds under management, totalling more than US\$ 400 million, focused on food and affordable housing. Phatisa comprises a team of over 40 dedicated staff and a solid track record of managing private equity funds and commercial businesses throughout the continent. We speak 29 languages and represent 12 nationalities. Phatisa's vision is to be the leading sector-focused development equity fund manager in Africa. This philosophy finds expression in the unique formula of DevEq = PAT^x + i²™; a balanced blend of private equity and development finance, striving to build sustainable assets and communities, while ensuring the best possible returns for investors. www.phatisa.com

AAF, the continent's first private equity fund focused solely on the agriculture and food value chain, commenced operations in 2011 and reached a final close of US\$ 246 million in mid-2013, and is now fully invested. The portfolio consists of eight companies and one subsidiary fund investment, amounting to a footprint of 21 countries. Phatisa's impact objectives for AAF are directly aligned with eight SDGs. Some highlights to date:

- **SDG 1: No poverty** – invested US\$ 246 million in Africa.
- **SDG 2: Zero hunger** – produced >2.6 million tonnes of food and food-related products in Africa.
- **SDG 5: Gender inequality** – impacted >16,000 female employees and beneficiaries.
- **SDG 8: Decent work and economic growth** – impacted >78,000 smallholders and micro-enterprises.
- **SDG 12: Sustainable development** – 100% of portfolio companies have environmental and waste management policies and 63% have implemented recycling initiatives.

About TechnoServe

TechnoServe is a non-profit organisation operating in 29 countries; a leader in harnessing the power of the private sector to help people lift themselves out of poverty. TechnoServe links people to information, capital and markets to create lasting prosperity for their families and communities. www.technoserve.org