

PRESS ANNOUNCEMENT

THE AAF SME FUND INVESTS IN CAMEROONIAN COMMERCIAL FARM

5 November 2012

The AAF SME Fund, managed by Databank Agrifund Manager Limited (DAFML), has successfully closed its first transaction with an investment in West End Farms (WEF). This SME venture is one of the leading mixed farming enterprises in Cameroon with farms and a cattle ranch across various locations in the country.

The AAF SME Fund, which first closed in February 2012 at US\$ 30 million and has a final target size of US\$ 80 million, is a private equity fund focused on African food production and processing at the small and medium enterprise (SME) level.

WEF has been in the farming business for over 30 years and has an extremely dedicated management team that has grown the company to be a major supplier to the poultry industry in country. The Ndakoa maize and soya farm is ideally located in a region that has two full rain seasons, allowing for double cropping with no need for irrigation infrastructure.

The AAF SME Fund is providing a mix of equity and mezzanine funding, with a further option of supplying additional investment to assist WEF to potentially develop more land in the Nanga Eboko region. It is also important to note that the aforementioned land is on a long-term lease from the community with support of the Government of Cameroon, to encourage and develop commercial farming in the country.

Cameroon's natural resources are very well suited to agriculture and an estimated 70% of the population is involved in farming. Agriculture comprised an estimated 19.8% of GDP.

"Given the lack of commercial farming expertise, scarcity of local financial institution support and increasing appetite for commercial agriculture projects in Cameroon, the idea of such a significant investment is laudable," adding "When one invests in a venture such as West End Farms; you are financing everybody in the immediate area, creating the capacity not only to develop the SME venture, transferring technical know-how and expertise to the smallholders, but also changing the food picture on the ground", said Julius Manjo, Director West End Farms.

With the support of the AAF Technical Assistance Facility (TAF), West End Farms will receive agronomic TA from leading precision farming consultant, Farmsecure Agri Science (Cape Town, South Africa). West End Farms has also recently recruited animal husbandry professionals from the Philippines.

Central Africa still lags behind Southern Africa in commercial farming and the AAF SME Fund plans to enable WEF to be a commercial farming model in the region to encourage other investors to finance sub-Saharan tropical commercial farming enterprises.

"West End Farms is an ideal candidate for our mandate to increase food security in Africa while partnering with strong committed management teams that are open to the value-add associated with private equity partners," DAFML Senior Managing Partner, Dennis Matangira, said in a statement.

DAFML's investment in West End Farms represents a bold step into Central Africa commercial farming and acts as a springboard for similar private equity, food and agri transactions in the region.

The AAF SME Fund is a sub fund of the Africa Agriculture Fund (AAF), managed by Phatisa.

The AAF TAF is primarily funded by the EU, managed by IFAD and implemented by TechnoServe. The AAF TAF received additional donations from the Alliance for a Green Revolution in Africa (AGRA), Italian Development Cooperation and United Nations Industrial Development Organisation (UNIDO).

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