



PRESS STATEMENT

AAF STATEMENT REGARDING LAND IN AFRICA

Phatisa recognises that sub-Saharan Africa offers “hundreds of millions” of hectares of unused arable land at attractive pricing with the potential for considerable upside once land is made productive. The total area of sub-Saharan Africa is 24 million km², 18% of the world’s landmass - with only 2.3 million km² (estimated) or less than 10% cultivated. A significant number of Africans derive their livelihoods from land and any investment aimed at optimal use of the land, as well as the drawing of more people into a well structured commercialised agri economy is bound to have a positive impact on their lives.

The African Agriculture Fund (AAF), managed by Phatisa – an African resident fund manager, acknowledges that land ownership is a sensitive issue, from an economic, social and a political point of view. Security of land tenure for smallholders and outgrowers is a key objective of the Fund and it’s multi national investors.

The AAF is a socially responsible, private equity initiative whose approach to business is sustainable, environmentally friendly and closely aligned with the interests of the people and communities impacted by its investments.

A Socially Responsible Investment Manual has been compiled in order to provide guidelines, and incorporates an environmental and social risk management system. This manual also includes an Environmental and Social Risk Management System and, a breakthrough for agri business private equity, a Code of Conduct for Land Acquisition and Land Use in agricultural and agri business projects.

Added to this, an Anti Money Laundering Policy and a Tax and Transparency Policy are in place and have been formulated in strict compliance with global and Mauritian legislation pertaining to anti-money laundering, financing of terrorism and corporate governance.

The Technical Assistance Facility (TAF) will support capacity building for small and medium sized enterprises (SMEs) invested in by the AAF through its AAF SME Fund, improve linkages between smallholder outgrowers and the companies invested in by the AAF and enhance rural financing opportunities in areas where AAF invests.

TAF is a grant based facility, funded primarily by the European Commission, managed by the International Fund for Agricultural Development (IFAD) and implemented by TechnoServe. TAF aims to fund projects such as:

- designing outgrower schemes;
- organising and building the capacity of smallholder farmers;
- facilitating third party input finance for outgrowers;
- training farm service providers;
- quality certifications;
- improving accounting standards and procedures;
- conducting market research and improving market linkages;
- developing growth strategies; and
- improving human resource systems.

> Private Equity Fund Managers

> African Agriculture Fund

> Pan African Housing Fund

In August 2011, Phatisa concluded its first transaction to invest US\$ 10 million alongside the Finnish Fund for Industrial Cooperation Limited (FINNFUND) and the Company's Sponsors, in Goldtree a palm oil plantation and milling company in Sierra Leone, representing a total investment of US\$ 20 million.

This investment has the full support of the Sierra Leone Government.

Goldtree management has a close and cohesive relationship with the community. The Company leases, rather than owns, its nucleus palm oil plantation land from the village council at two sites, with the input and guidance from the Government of Sierra Leone. There are some 30,000 hectares of outgrower palms owned by 8,000 growers within a 40 km radius of the mill in Daru, which will be the major source of fresh fruit bunches to Goldtree and provide a more stable source of income to the villagers, as well as an opportunity for other businesses such as banks, insurance companies, etc, to provide services to the community which might not have been introduced without the Goldtree transaction.

"We aim to invest in a whole range of agri and food related companies, including outgrower and smallholder schemes, primary production, processing and FMCG, emphasising producing food for local consumption, with a view of optimising land use for commercial production", Duncan Owen, Managing Partner, Phatisa confirmed. But added that the AAF's returns will be based on project cash flows, rather than enhanced asset values. "We do not assume any increase in land values, when considering potential investments. The AAF is not a hedge fund, rather it is a socially responsible, private equity fund focused on sustainable investment."

The African continent has huge potential in terms of its own food security and exports. This is attracting institutional and private players eager to participate. **The only and most important consideration for any business venture must be sustainable investment - building long term value for all stakeholders.**

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About Phatisa: Phatisa is a private equity fund management company, operating across sub-Saharan Africa, with offices in Mauritius, South Africa, Zambia, Kenya and Ghana. Phatisa comprises a team with a significant track record of managing private equity funds and agricultural businesses throughout the continent. The entire Phatisa team is located in Africa and spends a considerable amount of time developing relationships with strategic partners in all countries where the Fund is active. This ensures that the Fund has reliable networks and information in the countries in which it invests. Team members have a reputation built up over the last decade, which can be seen in their track records, on-the-ground network and access to agricultural players and facilities on the continent. Phatisa provides the experience necessary to invest, manage and successfully exit what will be one of Africa's most pioneering agricultural private equity funds. www.phatisa.com