



PRESS ANNOUNCEMENT

PHATISA'S AFRICAN AGRICULTURE FUND ACQUIRES A MAJORITY STAKE IN FES, MALAWI

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The African Agriculture Fund (AAF), managed by Phatisa, has acquired a majority stake in the Malawi-based agricultural engineering and equipment distribution company, Farming and Engineering Services Limited (FES). FES's operations comprise equipment and input sales and product support of agricultural and irrigation equipment, representing a number of premium agricultural allied franchises. The Company operates from three branches, Blantyre, Lilongwe and Nchalo, with a depot in Karonga, and various consignment parts stocks across the country.

One of Malawi's principal assets is its abundance of fresh water – an invaluable resource in growing the country's agricultural potential. As the Government's National Export Strategy is supported by the World Bank and the EU, there has been significant interest in sustainable sugarcane farming. Also, one of the most pressing needs within the country is developing infrastructure to support the development of food security.

Since its formation by Lonrho in 1967, FES has primarily been known for its successful representation and distribution of Massey Ferguson products throughout Malawi. After being sold in 2001 FES diversified, in line with changing markets, to include lease rental hiring, construction machinery and materials handling. FES also provides turnkey irrigation projects and management services throughout the country. Through its highly skilled and experienced technical support staff, the Company has built a strong reputation for after-sales service and back-up. Today, FES offers a one-stop-shop for agricultural equipment sales, service, leasing and contract services and is the market leader in the mechanised agricultural equipment sector. There are various opportunities that can fuel expansion of the business going forward, and FES is well positioned to service expansion in the agri sector in Malawi.

AAF is a private equity fund devoted to investing in the food value chain in Africa. By acquiring a majority stake in FES, the Fund is investing into an established, reputable and well-managed local business, assisting the Government and people of Malawi to achieve their development goals. It also presents the AAF Technical Assistance Facility with the opportunity to deploy much-needed technical assistance in developing Malawi's agricultural sector. Phatisa is committed to executing innovative transactions throughout the value chain of Africa's agri business and food sectors – driving development equity in sub-Saharan Africa.

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Phatisa is an African private equity fund manager, operating across sub-Saharan Africa, with offices in Mauritius, South Africa, Zambia, Kenya, Ghana, as well as London. The firm has two sector-specific funds under management, totalling US\$ 284 million. Phatisa comprises a team with a significant track record of managing private equity funds and businesses throughout the continent. Phatisa's flagship fund, the African Agriculture Fund, has committed investments in excess of US\$ 95 million, from Sierra Leone in West Africa to Madagascar, East Africa and seven other countries in between, accounting for just shy of 50% of the AAF's investors' equity. This reflects a total of 11 investments across diverse sectors: primary farming, palm oil, processing, inputs, mechanisation, fertiliser, protein production and FMCG beverages. At the heart of Phatisa is development equity; a balanced blend of private equity and development finance – striving to build sustainable assets on the ground; insuring best possible returns for investors, including the community in which these operate.

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