



PRESS ANNOUNCEMENT

THE AFRICAN AGRICULTURE FUND CONCLUDES AN INVESTMENT OF US\$ 24 MILLION IN ZAMBIA

9 May 2012

The African Agriculture Fund (AAF), managed by Phatisa, has concluded an agreement to make a total investment of US\$ 24 million in Golden Lay Limited, a company involved in the production, distribution and sale of chicken table eggs - located in the Copperbelt Province of Zambia. The deal team structured and negotiated a leveraged management buyout transaction that will result in the exit of Aureos. AAF will invest alongside the management in a combination of mezzanine and equity funding.

Eggs are an affordable source of high quality protein, but most African countries are net importers of poultry products. This might be unexpected, as for a high number of African communities chicken is an essential part of their daily diet and chickens are bred in almost every homestead. However demand outstrips local supply. There may be many chicken farmers in Africa, but most of them are not at a commercial scale, which creates huge potential for more investment in production in this industry.

Golden Lay is the foremost producer of table eggs in Zambia, supplying its products to the Copperbelt, as well as to the Democratic Republic of Congo. The business also sells ancillary products associated with the production of table eggs, which includes spent hens (hens that have ceased to be productive layers), raw crude soya oil for human consumption, and *hen pen* used in fertiliser.

Golden Lay is managed by a highly successful management team, which has developed a profitable and efficient operation with the assistance of five years of private equity co-investment. The managers are well respected in the industry and the business is poised for its next stage of growth.

AAF aims to work with its Technical Assistance Facility - primarily funded by the European Commission, managed by IFAD and implemented by TechnoServe, to explore ways to increase the volume and quality of the supply of smallholder maize and soya for chicken feed.

Mohamed Bushary, Managing Director of Golden Lay reflects that, *"we are very excited by the AAF investment and are looking forward to working with Phatisa. They have demonstrated a true understanding of the business' potential, as well as the ability to add significant value as we move forward."*

This strategic investment in Golden Lay represents a first step into Southern Africa for the AAF and acts as a springboard for building an investment platform in the region. Phatisa has maintained open dialogue and a pragmatic and solution-driven approach throughout the transaction and this, the third AAF investment, affirms Phatisa's standing as the premier African agri/food equity partner for growth.

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