



PRESS ANNOUNCEMENT

THE AFRICAN AGRICULTURE FUND INVESTS IN SIERRA LEONEAN PALM OIL

The African Agriculture Fund (AAF), managed by Phatisa, has concluded an agreement and commenced drawdown 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, representing a total investment of US\$ 20 million.

Oil palm is indigenous to tropical West Africa and consequently part of the local diet. Globally approximately 90% of palm oil produced is used in food products, with industrial consumption accounting for the balance. Palm oil is a key ingredient in a wide variety of foods, primarily margarine and vegetable cooking/frying oil. Palm oil can be a replacement for butter fat and as an ingredient in ice cream, biscuits and mayonnaise. In Sierra Leone it is consumed daily and whilst per capita consumption is below the average for West Africa, demand is growing.

The AAF, with the support of its development finance institutional investors, will fund the construction of a new mill on the site of a previous factory that was destroyed during the civil war in 1991. Currently, the 'in country' processing method is on a traditional/informal basis, which is inefficient and unsafe in terms of the oil extraction process, produces a low quality consumer product and results in unwarranted water pollution. The Goldtree mill will be the first commercial crude palm oil mill to operate in Sierra Leone since the war.

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 over 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.

The Fund aims to use part of its Technical Assistance Facility, funded by the European Commission, managed IFAD and implemented by TechnoServe - to upgrade feeder roads and initiate a replanting programme.

"The Government (led by President Ernest Bai Komora) has articulated its vision for Sierra Leone, prioritising four key areas of which enhancing agricultural productivity is one and in our view, the most important," Valentine Chitalu, Chairman, Phatisa commented. *"You can argue that here in Africa, agriculture and economy are synonymous, you cannot ignite the economy of a country without investing in its agriculture."*

Phatisa's strategic investment in Goldtree represents a pioneering step into West Africa and acts as a springboard for similar private equity, food and agri transactions in the region. The ability to execute innovative deals affirms Phatisa's standing as the African agri/food equity partner for growth, giving the African Agriculture Fund a solid foundation to further expand its portfolio of African food businesses.

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