



PHATISA TARGETS US\$300M FOR PHATISA FOOD FUND II

March 22, 2017

Phatisa, a sector-focused African private equity firm with the mission of feeding and housing the continent, announced it is [targeting US\\$300 million](http://www.phatisa.com/wp-content/uploads/2017/03/Phatisa-targets-300mln-for-new-agricultural-fund_-Africa-Capital-Digest.pdf) (http://www.phatisa.com/wp-content/uploads/2017/03/Phatisa-targets-300mln-for-new-agricultural-fund_-Africa-Capital-Digest.pdf) for Phatisa Food Fund II (PFF)– a successor to the firm’s African Agriculture Fund (AAF) which closed in 2013 at US\$246 million.

The new 10-year PFF, which will focus on investment opportunities along the food and consumer goods value chain in sub-Saharan Africa, is aiming for a first close by the mid-point of 2017, and has already secured a commitment of US\$75 million from the Overseas Private Investment Corporation (OPIC) – the development finance institution of the U.S. government.

PFF’s predecessor, the [African Agriculture Fund \(AAF\)](http://www.phatisa.com/funds/aaf/) (<http://www.phatisa.com/funds/aaf/>), was launched in 2009 as a coordinated effort by a consortium of European and African financial institutions to develop a fund that would have a positive impact on agriculture and food production in Africa through a pan-African approach. After gaining investments from a wide field of multinational limited partners, the fund saw a final close in 2013 at US\$246 million.

From this capital pool, AAF pursued management buy-outs and buy-ins, acquisitions, early stage minority and majority stake investments, expansions, and outgrower and smallholder scheme development investments of between US\$5 million and US\$24 million within three subsectors of the agriculture and food sectors:

Primary agriculture – including greenfield projects, dairy and livestock production, aquaculture, ranching, fruit and vegetable production, and edible oils.

Secondary agriculture – including wheat, corn and sugar milling and refining, soybean processing, production of animal feeds, branded foods and beverages, and packing.

Tertiary agriculture – including logistics, storage, seeds, subcontracting, inputs, crop protection, fertilizers, and finance.



(<http://www.globalaginvesting.com/events/>)



(/advertise)

You might also enjoy:

Harvest Returns is Launching New Ag Investment Platform
(<http://www.globalaginvesting.com>)

To date, the AAF is 80 percent invested, having built a portfolio of nine companies active along the ag and food supply chain across West and East Africa – Feronia, Goldtree, Goldnelay, Continental Beverage Company, Farming and Engineering Services, Meridian Group, General Plastics, Kanu Equipment, and the AAF SME Fund.

“Our deal pipeline looks healthy and we are planning a seamless rollover from AAF into PFF 2,” Stuart Bradley, founding partner of Phatisa told [AsokoInsight](https://asokoinsight.com/news/phatisas-new-food-fund-aims-to-raise-300-million-south-africa). (<https://asokoinsight.com/news/phatisas-new-food-fund-aims-to-raise-300-million-south-africa>)

Moving forward, Phatisa’s strategy for PFF will differ from AFF in that PFF will not be investing in primary agriculture.

“PFF 2 will be a food fund, agriculture is an under capitalised [sic] market segment, but the change is that the investment cycle of traditional PE does not suite primary agriculture, which requires a longer period of investment and more patient capital,” Bradley told Africa Global Funds.

Tapping In

A combination of macro factors are aligning in the sub-Saharan region indicating positive opportunities for investment along the agriculture and food value chains in the region and on the African continent.

Africa is positioned to play a key role in increasing global agricultural output, according to the [Africa Agribusiness Insights Survey 2016](http://www.pwc.co.za/en/assets/pdf/agri-businesses-insights-survey-may-2016.pdf) (<http://www.pwc.co.za/en/assets/pdf/agri-businesses-insights-survey-may-2016.pdf>) released by Price Waterhouse Coopers (PwC). Agribusiness currently accounts for nearly half of sub-Saharan Africa’s GDP and is set to grow to a value of US\$1 trillion by 2030, according to the World Bank.

Underlying this is a working age population between 15 and 64 that is on pace to outnumber the same age group for the rest of the world combined by 2035, according to [the IMF](https://www.imf.org/external/pubs/ft/reo/2015/afr/eng/pdf/chap2.pdf).

(<https://www.imf.org/external/pubs/ft/reo/2015/afr/eng/pdf/chap2.pdf>) Furthermore, income per capita within the sub-Saharan region is on pace to increase by 25 percent by 2050, and by 55 percent by 2100.

Additionally, as oil and commodity prices decline, oil-rich African nations, once dependent on capital resulting from high oil prices in recent years, are now looking for ways to diversify their economies, and are turning to agriculture as a reliable inflation hedge with a low correlation to traditional asset classes.

Evident trends such as these are attracting private equity into the region’s agriculture and food spaces in recent years.

A consortium of European investors including Rabobank, Norway’s Norfund, and FMO partnered in August 2016 through the pooling of currently held stakes in several financial service providers (FSPs) in sub-Saharan Africa to create a [new investment company](http://www.globalaginvesting.com/rabobank-norfund-fmo-partner-launch-660m-african-investment-firm/) (<http://www.globalaginvesting.com/rabobank-norfund-fmo-partner-launch-660m-african-investment-firm/>) called Arise.

London-based, sub-Saharan focused private equity firm 8 Mile continues to invest across the region, recently participating in an [\\$80 million investment](http://www.globalaginvesting.com/8-miles-leads-investment-nigerian-snack/) (<http://www.globalaginvesting.com/8-miles-leads-investment-nigerian-snack/>) in Nigerian biscuit manufacturer, Biloxi Industries, in August 2016.

[returns-launching-new-ag-investment-platform/](http://www.globalaginvesting.com/returns-launching-new-ag-investment-platform/))

[U.S. Frozen Food Giant Makes Significant Investment in Shrimp Farming](http://www.globalaginvesting.com/s-frozen-food-giant-makes-significant-investment-shrimp-farming/) (<http://www.globalaginvesting.com/s-frozen-food-giant-makes-significant-investment-shrimp-farming/>)

[Dupont Acquires Farm Management Software Company Granular](http://www.globalaginvesting.com/acquires-farm-management-software-granular-300m/) (<http://www.globalaginvesting.com/acquires-farm-management-software-granular-300m/>)

[The Next Step in Controlled-Environment Agriculture Automation](http://www.globalaginvesting.com/step-controlled-environment-agriculture-automation/) (<http://www.globalaginvesting.com/step-controlled-environment-agriculture-automation/>)

[Ukraine Turns to Internet to Boost Agribusiness](http://www.globalaginvesting.com/turns-internet-boost-agribusiness/) (<http://www.globalaginvesting.com/turns-internet-boost-agribusiness/>)

Indian impact investment firm, Aavishkaar Venture Management Services (AVMS) announced earlier this year that it is planning [to launch a US\\$150 million fund](http://www.globalaginvesting.com/aavishkaar-launching-150m-africa-fund/) (<http://www.globalaginvesting.com/aavishkaar-launching-150m-africa-fund/>) dedicated to investing in agriculture, fintech, energy, healthcare and education in Africa. Earlier this month, South Africa-based Pole Star Management Ltd. – the top-rated hedge fund in Africa/the Middle East over the past five years – announced it is launching a [food-focused private equity fund](http://www.globalaginvesting.com/top-hedge-fund-africa-launching-food-focused-pe-fund/) (<http://www.globalaginvesting.com/top-hedge-fund-africa-launching-food-focused-pe-fund/>) that will capitalize on food demand through investments in agriculture on the African continent.

-Lynda Kiernan

Lynda Kiernan is Editor with GAI Media and daily contributor to GAI News. If you would like to submit a contribution for consideration please contact Ms. Kiernan at lkiernan@globalaginvesting.com (<mailto:lkiernan@globalaginvesting.com>).

ADVERTISE WITH US > (/ADVERTISE//)

Join the Global AgInvesting Community

Share your email to be notified about upcoming events, receive leading industry news and more.

[JOIN NOW \(HTTP://WWW.GLOBALAGINVESTING.COM/JOIN/\)](http://www.globalaginvesting.com/join/)



EVENTS • CONSULTING • MEDIA

300 ROSEWOOD DRIVE | SUITE 260 | DANVERS, MA 01923 USA | ☎ 978-887-8800 |

([HTTP://WWW.GLOBALAGINVESTING.COM/TERMS-OF-USE/](http://www.globalaginvesting.com/terms-of-use/))

TERMS
(/TERMS
OF-
USE)

© 2016, HIGHQUEST GROUP. ALL RIGHTS RESERVED.

Subscribe Now



Let GAI News inform your engagement in the agriculture sector.

Receive weekly emails with the ag investing and agtech news and insight. Click below to check out our subscription options.

[SUBSCRIBE HERE \(/plan-pricing/\)](#)