



PRESS RELEASE

## THE AAF SME FUND FIRST CLOSES AT US\$ 30 MILLION

13 FEBRUARY 2012

**The AAF SME Fund has achieved a first closing at US\$ 30 million. This is an independently managed sub-fund of the African Agriculture Fund (AAF), Africa's first private equity fund focused solely on food production throughout the continent. The launch of this niche private equity fund represents a milestone for the development of Africa's small and medium sized enterprises (SMEs) linking local enterprise with international sources of finance.**

The AAF agreed an initial commitment of US\$ 30 million for the AAF SME Fund whose target final close is US\$ 100 million.

The Fund is being promoted by the *Agence Française de Développement* (AFD) and PROPARCO, the Spanish Government (AECID), African Development Bank (AfDB); Alliance for a Green Revolution in Africa (AGRA), International Fund for Agricultural Development (IFAD), *Banque Ouest Africaine de Développement* (BOAD), ECOWAS Bank for Investment and Development (EBID) and Phatisa, AAF's Fund Manager. The AAF SME Fund will be managed by Databank Agrifund Manager (Databank), a member of the Databank Group (Accra, Ghana).

Dennis Matangira, Senior Managing Partner of Databank who has gained a wealth of experience in the private equity industry in both Africa and the USA, is leading a team which consists of Brian Frimpong (Managing Partner - Accra); Michael Addo (COO and Fund Manager - Accra); and a number of associates and analysts. Databank will work closely with Phatisa, who operate from offices in Mauritius, Zambia, Ghana, Kenya and South Africa.

The AAF SME Fund's investment policy mirrors that of the AAF, with the key difference being that the AAF SME Fund has an investment limit of US\$ 4 million per transaction. The Fund will also, in line with the World Bank definition of an SME, only invest in companies with gross assets less than US\$ 15 million and fewer than 300 employees. SMEs offer significant growth opportunities and have an important impact on economic development and job creation. These small and medium businesses (formal and informal) represent the real economy and remain the key for the economic development of the continent. Investments will be complemented by a Technical Assistance Facility (TAF) primarily funded by the EU (European Union), managed by IFAD and implemented by Technoserve, with additional contributions from the Italian Development Cooperation, UNIDO (United Nations Industrial Development Organization) and AGRA (Alliance for a Green Revolution in Africa). TAF will support the management teams of the AAF SME Fund portfolio companies with strategic, operational and technical expertise to enhance their growth. With up to US\$ 500,000 of assistance available per business, this provides a significant opportunity to bolster and build the AAF SME investments.

The outlook for the AAF SME Fund is promising. Databank has generated a number of potential portfolio companies and their efforts are complimented by the origination work of the Phatisa team. The AAF SME Fund's initial potential investments cover transactions in West & Central, East and Southern Africa. This includes transactions across various industries: fruit, beef, poultry, contract farming and branded foods.

Ken Ofori-Atta, Chairman of Databank, commented that "the AAF SME Fund has been established to stimulate the scaling-up and commercial growth of African SMEs in the food and agriculture space. We are very excited about our future relationship with Phatisa and the mutual passion and commitment to finally secure long term equity capital for agri and food related SMEs in Africa. We have successfully assembled a world class team for the Fund and are confident that we will create considerable value for our investors, portfolio companies and African economies. Databank is proud of its leadership role in this landmark transaction."

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## Background information about:

**Databank** is one of the first investment banks to emerge from West Africa, and is currently Ghana's leading pureplay investment banking firm. Co-founded in 1990 by Ken Ofori-Atta and Keli Gadzekpo, the firm provides corporate finance advisory, stock brokerage, fund management, private equity and research services to a global client base. Over the past 20 years Databank has been instrumental in the development of Ghanaian capital markets and has built a strong reputation for its pioneering work, including the creation of Ghana's first stock market index. Databank was the first to introduce foreign investors to the Ghanaian stock market, the first to successfully arrange a merger on the Ghana Stock Exchange, and also launched the first licensed equity mutual fund in Ghana (EPACK). As a result of its leadership, commitment to excellence and its social responsibility obligations, Databank has a remarkable relationship with corporates, civil society groups, NGOs and educational institutions. Databank currently consists of Databank Brokerage Ltd, Databank Asset Management Services Ltd, Databank Financial Services Ltd, Databank Private Equity Ltd, Databank Research, and Databank Securities Ltd in The Gambia. The firm is headquartered in Accra, Ghana and has offices in Liberia and The Gambia. [www.databankgroup.com](http://www.databankgroup.com)

**Phatisa** is a private equity fund manager, 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 funds under management are active. This ensures that funds have reliable networks and information in the countries in which they invest. 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](http://www.phatisa.com)