

PRESS ANNOUNCEMENT

A WIN FOR PHATISA AND IMPACTFUL INVESTING

11 November 2019

Phatisa has won the prestigious Chairman's Award at the Southern African Venture Capital and Private Equity Association (SAVCA) 2019 Industry Awards for its investment in agricultural inputs business, Meridian. The Award, received on 7 November 2019, recognises investments that have achieved exceptional financial and social returns.

Phatisa, through its first food fund (African Agriculture Fund), invested in Meridian in 2014 and exited in 2019. During this investment period, Meridian's annual volume of fertiliser sold grew from 190,500 to 490,043 tonnes, employees increased from about 1,900 to 2,470 and EBITDA tripled through operating efficiency enhancements across six business units.

By partnering with Meridian – which operates in Malawi, Mozambique, Zambia and Zimbabwe – Phatisa saw an opportunity to transform an existing fertiliser manufacturing, blending and distribution business into a one-stop shop for commercial and smallholder farmers. Meridian now offers access to a wide variety of inputs and implements, including fertiliser, crop protection products, seeds, basic household and FMCG items.

Central to Phatisa's investment was a technical assistance facility (TAF) which had a significant development impact by improving the yields of small-scale farmers. A TAF project was designed and implemented to develop tailor-made fertilisers suitable for the Malawian market. Before this project, smallholder farmers relied on generic fertiliser formulations that were sub-optimal for soil type and crops in Malawi. The tailor-made solutions support soil rehabilitation, enhance fertiliser impact and efficacy and ultimately boost the incomes of smallholder farmers as a result of improved yields, which increased from between 23% to 37%. The TAF initiative further provided smallholders with training on best agricultural practices; over 13,000 farmers, of which 69% were women, benefited from this advice and support.

Rinolan Moodley, Deal Partner at Phatisa, said: 'This Award speaks to Phatisa's ability to combine successful private equity dealmaking with creating a meaningful and sustainable impact through our investments. Our capital and strategic insights coupled with management's ability resulted not only in healthy financial returns but also delivered on Phatisa's impact objectives through job creation, improved food production and overall economic growth. We want to thank Meridian's management team for a fruitful partnership.'

Eugene Stals, Chief Investment Officer at Phatisa, commented: 'We are extremely honoured to have received this recognition for our investment in and successful exit from Meridian, which operates in challenging markets and jurisdictions. It is testimony to the robustness of the Phatisa model, i.e. invest in excellent and passionate management teams, use our in-house sector-specific expertise to add value and develop and implement focussed strategic impact initiatives. We are extremely proud of the fact that Meridian is actively supporting thousands of local smallholder farmers with advice, training, products and ultimately additional income.'

Tanya van Lill, Chief Executive Officer, SAVCA, said: 'The SAVCA Industry Awards again recognised the remarkable impact and contribution from companies that have thrived from receiving venture capital and private equity funding. One such company was Meridian that received the inaugural Chairman's Award, which is only awarded when there is special merit. The judges evaluated Meridian against the judging criteria and the other shortlisted candidates across all categories, and agreed Meridian's exceptional performance and impact in tough markets deserve to be specifically recognised.'

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About Phatisa

Phatisa is a sector-specific African private equity fund manager located in and operating across sub-Saharan Africa. The firm currently has three funds under management, totalling more than US\$ 400 million, focused on food and affordable housing. Phatisa comprises a team of over 37 dedicated staff and a solid track record of managing private equity funds and commercial businesses throughout the continent. We speak 29 languages and represent 12 nationalities. Phatisa's vision is to be the leading sector-focused development equity (DevEq) fund manager in Africa. This philosophy finds expression in the unique formula of DevEq = PAT* $x + i^2$ ™; a balanced blend of private equity and development finance, striving to build sustainable assets and communities, while ensuring the best possible returns for investors. www.phatisa.com

With US\$ 246 million in capital commitments, AAF was the continent's first private equity fund focused solely on the agriculture and food value chain and commenced operations in 2011. It is now fully invested. The portfolio consists of eight companies and one subsidiary fund investment, amounting to a footprint of 22 countries. Phatisa's impact objectives for AAF are directly aligned with eight SDGs, highlights to 30 June 2019 include:

- **SDG 1: No poverty** – raised and invested US\$ 246 million in Africa.
- **SDG 2: Zero hunger** – produced > 3.3 million tonnes of food and food-related products in Africa.
- **SDG 5: Gender inequality** – impacted > 17,500 female employees and beneficiaries directly.
- **SDG 8: Decent work and economic growth** – impacted > 109,500 smallholder farmers and micro, small and medium enterprises linked to Phatisa food and food-related investment portfolio and associated technical assistance projects.
- **SDG 12: Sustainable development** – 100% of portfolio companies have environmental and waste management policies and 63% have implemented recycling initiatives.

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