

## Phatisa wraps up fundraising for second food fund

*(Published in Africa Capital Digest on February 8th, 2021)*

Online link: <https://www.africacapitaldigest.com/phatisa-wraps-up-fundraising-for-second-food-fund/>



With commitments from five development finance institutions, **Phatisa** has closed the fundraising for Phatisa Food Fund 2 (PFF2), its second food fund, which has now garnered a total of \$143 million from these institutions and other commercial investors. Between them, the five DFIs – CDC Group, Norfund, Finnfund, FinDev Canada and BIO – are investing \$82 million in the fund which will invest in opportunities that help alleviate food insecurity in the continent.

“Phatisa has shown what it can do to benefit small-holder farmers and the firms working with them while promoting rural livelihoods,” said FinDev Canada’s Chief Investment Officer, Paolo Martelli. “We expect our investment in Phatisa Food Fund 2 to create sustainable benefits for many more people in Africa, as well as the companies where they work, shop, and do business with.”

Phatisa Food Fund 2 will target opportunities across the African food value chain including businesses involved in integrated food production, processing, services and inputs (seed, fertilizer & chemicals), mechanization, food aggregation and catering, as well as logistics and infrastructure. In addition, distribution and specialist retail businesses and fast-moving consumer goods firms including branded foods, beverages, and food service will also be evaluated for potential investments.

The fund will look to buy majority and significant minority interests in its portfolio companies and have board representation and/or other meaningful shareholder rights in each of its investments. PFF 2 will target management buy-outs, partial exits, and businesses requiring expansion capital, with an investment size of between \$15 million and \$25 million. Ultimately, Phatisa is aiming to deliver the fund’s LPs a gross IRR in the high twenties.

Reflecting the difficult fundraising environment, particularly in the last 12 months, the fund missed its original final close goal. Given the desperate need for financing in the sector caused by the pandemic-induced economic slowdown, the private equity firm made the decision to wrap up the fund raise. A third food fund in the future is potentially on the cards.

Broken down, CDC, Norfund, Finfund, FinDev Canada, and BIO committed \$30m, \$20m, \$15m, \$10m, and \$7m, respectively to the final close. Apart from FinDev Canada, all had backed Phatisa's previous funds.

A team from Bowmans, led by John Bellew, acted as the fund's counsel.

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