

***Successful first close for African private equity fund, Metier Capital Growth Fund II***

*First investment for Metier Capital Growth Fund II is in a consumer retailing chain*

The Metier Capital Growth Fund II completed its first close in mid-February 2015 and has already signed a binding sale agreement with its first portfolio company, a consumer retail chain with a presence in South Africa and the rest of the continent.

The fund's investment theme is premised on obtaining significant exposure to South, Southern and Sub-Saharan Africa. It concentrates on mid-cap entrepreneurial businesses requiring growth capital, in sectors which demonstrate emerging market growth potential.

Metier Capital Growth Fund II is targeting exposure of 50% to Sub-Saharan Africa, excluding South Africa. This will be achieved by a 'look through' approach, investing into South African-based companies which are well positioned to expand into the continent, leveraging experienced, talented South African skills to access markets and dealflow.

Investments are targeted in sectors including transport and logistics; retail; health; tourism; Fast Moving Consumer Goods; agri-processing; infrastructure services and education. These are sectors set to benefit from demographic trends such as population growth and increased urbanisation, and the accompanying consumer spend from the emerging middle class. Fund investments are also in sectors which are advantageously exposed to the multiplier effects of rising capital spend on infrastructure and increasing intra-regional and international trade.

The first closing is with investors that Metier has had prior relationships with. They include South African institutional investors and international investors Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (FMO, the Dutch development bank) and Germany's DEG (DEG - Deutsche Investitions und Entwicklungsgesellschaft mbH).

"The Metier team has also made its own material financial commitments to the fund" says Paul Botha, Metier CEO, "and we continue to engage with several further potential investors in anticipation of a fully committed final close in approximately 12 months. At that stage the fund will have the capacity to enter into deal transactions where the equity investment requirement is in the range of R100 million to R600 million with expected co-investment support."

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Many economies in Sub-Saharan Africa are expecting GDP growth rates of around 5% per annum for the foreseeable future, and the annual African urban population growth rate up to 2030 is expected to be greater than 7%. Utilising South African businesses as a conduit to the rest of the continent, the fund will invest in companies that are well positioned to participate in the broader region's growth prospects. "With the assistance of private equity investment, these businesses should be able to deploy their operational skills, industry expertise, customer relationships, systems, products and services, as well as governance standards, into opportunities in the broader region" says Botha.

Metier Capital Growth Fund II is targeting 8 to 12 investments, with controlling or significant minority private equity holdings. It has a ten year intended term, and makes moderate use of financial leverage. After conclusion of its retail transaction, the fund is pursuing deals in health care services, and hardware and building supplies.

The Metier Capital Growth Fund II is the ninth capital pool for the Metier team, which has worked together for over three decades and collectively has a track record of over 100 strong performance deals. Metier's successful predecessor Capital Growth Fund of 2006/7 invested in eight portfolio companies, two of which have been successfully realised achieving outstanding returns.

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#### **ABOUT METIER**

Metier is a proven leader in the area of private equity and alternative assets. The company was founded in 2003 and raised South Africa's largest private equity fund in terms of third party local commitments. It has an established team which ranks amongst the largest and most experienced in the industry. Metier has a strong track record in private equity investing and selective M&A advice that confirms its leadership status. [www.metier.co.za](http://www.metier.co.za)

#### **ABOUT FMO**

FMO (the Netherlands Development Finance Company) is the Dutch development bank. FMO supports sustainable private sector growth in developing and emerging markets by investing in ambitious entrepreneurs. FMO believes a strong private sector leads to economic and social development, empowering people to employ their skills and improve their quality of life. FMO focuses on three sectors that have high development impact: financial institutions, energy, and agribusiness, food and water. With an investment portfolio of EUR 6.6 billion, FMO is one of the largest European bilateral private sector development banks. [www.fmo.nl](http://www.fmo.nl)

#### **ABOUT DEG**

DEG (Deutsche Investitions und Entwicklungsgesellschaft mbH), a subsidiary of KfW, finances investments of private companies in developing and transition countries. As one of Europe's largest development finance institutions, it promotes private business structures to contribute to sustainable economic growth and improved living conditions. [www.deginvest.de](http://www.deginvest.de)