

PRESS ANNOUNCEMENT

PHATISA - 10 YEARS OF IMPACT

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From the very start, the vision of private equity fund manager Phatisa has been to positively impact Africa. Ten years later its African Agriculture and Pan African Housing funds are doing just that, feeding and housing the continent. Investments range across sub-Saharan Africa, from the production of palm oil, eggs and fertilisers, to affordable housing.

Founding partner Duncan Owen recalls the huge challenge of initial fundraising. 'We spent over two years travelling the world, passionately convincing investors to participate in this new form of private equity investment that we call development equity. It was challenging and we endured intense scrutiny from foreign funders. Some potential investors had never even invested in traditional private equity before, let alone something as unique as sector-focused development equity that changes daily lives and creates on-the-ground wealth and employment. We were also bringing together American, European and African development finance institutions, something which was ground breaking in such a fund.'

With key investors finally signed up, in late 2010 Phatisa could announce the first close of its food fund. It was open for investments, and its first transaction was an abandoned palm oil business in post-conflict Sierra Leone. Phatisa's second fund, closing in late 2012 is the Pan African Housing Fund, which partners with local developers to build affordable homes for middle-income earners. The need to improve the supply of affordable housing in Africa is long overdue.

The company certainly walks its own talk. While Phatisa promotes responsible environmental practices in its underlying portfolio companies, the fund manager itself is carbon neutral. It is funding the regeneration of more than 10 hectares of degraded miombo woodlands in central Zambia to offset the firm's emissions.

Down to earth, innovative and freethinking, Phatisa has developed a gratis private equity mobile app that carries the latest African private equity news and also calculates internal rate of return on investments.

Co-founder Stuart Bradley – who also heads fundraising – describes just how critical personal dynamics are in this business. 'Private equity teams are very much about close and trusted partnerships. The industry can be exceptionally demanding and this requires working together as a team to tackle the challenges. At the core of Phatisa is a group of like-minded individuals who have been friends for two decades and there is tremendous respect and trust. This then permeates throughout the team. Truly successful private equity businesses are built upon solid personal relationships that have spanned decades.'

Also important are diverse but complementary talents. 'Phatisa has a diverse team from various countries and nationalities across Africa and globally, which is what makes our business unique' says Stuart. 'This specialised skill set adds enormous value to our investors and investments across the company.'

Duncan emphasises that Phatisa's funds are transparent investment vehicles that undoubtedly make a social difference, while providing rewarding financial returns. 'Unlike aid, which with the best of intentions does not always have a permanent positive impact, our focused funding goes into responsibly growing businesses that create sustainable wealth and employment for many stakeholders. As a portfolio, we have experienced good financial returns as well as development impacts that have been beyond expectations. This demonstrates that it is possible to optimise shareholder returns while making a notable impact on development.'

Investors in the current funds are encouraged, and talking about signing up to successor funds. Moving into its second decade, Phatisa remains focussed on the African continent and may start to look at other sector-specific funds in healthcare, education and renewables.