

PRESS ANNOUNCEMENT

**PHATISA LEADS DFI CONSORTIUM INVESTMENT INTO SOUTH AFRICAN INTEGRATED FOOD BUSINESS – LONA GROUP**

- Consortium of global development finance institutions back Phatisa-led investment
- Expansion capital to drive growth and investment into cutting-edge, sustainable food production

(Monday 23<sup>rd</sup> May 2022, Mauritius) – Phatisa, together with a consortium of leading development finance institutions (“DFIs”), has acquired a significant minority stake in South African-based citrus and fresh-produce exporter, Lona Group (“Lona”), for an undisclosed sum. The investment will be used as expansion capital.

The DFI co-investors are British International Investment (“BII” - formerly known as CDC Group), Norfund, and Finnfund – all of whom are also investors in Phatisa Food Fund 2, raised last year.

As one of the largest integrated fruit businesses in South Africa, the Lona Group is involved in activities across the food value chain, from: farming, aggregating and packing fruit (citrus, mango, grape, olives, and stonefruit), to: cold storage and logistics, marketing fruit for export and domestic consumption, plus fruit and vegetable processing. With line of sight across the entire value chain, Lona has tight controls, traceability, and reknowned reliability amongst customers.

Beyond its own fruit production, Lona also provides an integrated platform for other producers. Plus, the business has expanded to value-add products, such as dried fruit through its two M-Pak facilities, Veggie Crisps, and the local leader in table olives - Cape Olive. More recently, it acquired a majority stake in the Unlimited Group – an integrated producer, packer, processor, exporter and importer of fresh fruit, vegetables and nuts.

Established by CEO, Spencer Johnson, in 1996 from his father’s garage, Lona now exports c. 5 million cartons of citrus, in addition to a significant volume of other fresh produce each year – predominantly to the UK and Europe, North America, the Middle East, Asia, and increasingly to the rest of the African continent. Beyond its farming and packhouse operations in the Western and Eastern Cape, Mpumalanga, Limpopo and Zimbabwe, Lona has developed some of the most advanced automated cold storage facilities on the continent. These provide Lona and their third-party customers with a state-of-the-art and efficient cold chain, thus ensuring fruit has a longer shelf life, and reducing food waste.

It is envisaged that the consortium’s expansion capital will be used to further improve Lona’s facilities, particularly the building of new packhouses, orchard netting to protect crops from adverse weather, the development of new innovative fruit and value-add products, as well as making the business more climate resilient whilst reducing its carbon footprint.

The investment – led by Phatisa’s US\$143 million Food Fund 2 – comes a week after Phatisa announced its successful exit from Côte d’Ivoire bottler Continental Beverage Company, and its investment into animal vaccine manufacturer, Deltamune, early this year.

Martin Kromat, Senior Partner at Phatisa, commented:

“Growing from humble roots, Spencer and his team have built an impressive business, which Phatisa has been attracted to for some time. Integral to our negotiations with them has been our partnership philosophy, and shared belief that we can achieve commercial outcomes while safeguarding the environment and communities which Lona touches. Together with our co-investment partners, we are genuinely excited to play our part in the business’ continued growth and domestic as well as export expansion.”

“From ‘seed to shelf’ is Lona’s philosophy. Their integration from producers to buyers is remarkable and means that fruit is carefully handled within the strictest standards, resulting in superior quality and reduced wastage,” added Phatisa Senior Associate, Ryan Burns.

Spencer Johnson, Lona CEO, replied:

“While the decision to seek expansion capital to grow Lona was relatively easy, finding the right business partner, who shared our passion and values, was more challenging. Over the course of the past year, I’ve come to know and admire the Phatisa team, plus – more recently – our other co-investors. We are proud to be partnering with such experienced, principled investors and know that we have much to share and learn from each other as we realise our vision for Lona.”

Sarah Mathies, Head of PE Sector Funds, British International Investment, said:

“BII is thrilled to be collaborating with Lona Group management in this co-investment led by Phatisa, a long standing and trusted partner. We are confident that Lona Group’s deep market knowledge and strong growth track record, will help to strengthen the food value chain, and increase productive and inclusive economic opportunities for low-income workers, particularly women. Moreover, we are excited to support Lona Group in increasing climate adaptation initiatives that will boost business resilience and enhance sustainability within South Africa’s agriculture sector.”

Andreas Davidsen, Vice President and head of Agribusiness and Manufacturing of Norfund, added:

“We are impressed with the sophisticated supply chain Lona has developed, covering producers, logistics, and cold stores. By investing in their world-class facilities, processes and expertise, we believe we can contribute to providing food security, while creating much needed jobs, in line with Norfund’s strategy of investing in agricultural value chains”

Markus Pentikäinen, Investment Manager of Finnfund, concluded:

“We are delighted to participate in this investment, which strengthens food supply, production and distribution on the African continent and further afield, all of which enhance food security – a core tenet of Finnfund’s mission. Likewise, we are excited by Lona’s commitment to institute a net zero carbon plan within the next decade, an undertaking which reinforces the integrity and sustainability of the business.”

The transaction has received all regulatory approvals. Lead advisors to Phatisa included: Bowmans, Deloitte Financial Advisory, and Ibis. Lona were advised by Stadia Capital.

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## About Phatisa

Phatisa is a leading African private equity fund manager. Established in 2005, the firm focuses on investments across the African food value chain, plus affordable housing.

Phatisa believes that financial performance & impact are mutually inclusive. And persistently seeks to achieve the *best of both worlds* by driving impact & returns – concurrently – across its investment processes.

By balancing commercial returns with impact objectives, Phatisa positively affects the lives & livelihoods of African people, whilst attracting institutional & development investors to the continent.

In short, Phatisa provides *more than capital*.

Phatisa is currently investing Phatisa Food Fund 2, with US\$143 million in committed capital. The Fund seeks majority and significant minority investments into companies across the African food chain where it can create sustainable impact, and long-term returns.

Phatisa Food Fund 2 investments include:

- Deltamune, a South African based biotechnology company that develops and manufactures vaccines used in production animals for the food market – particularly poultry,
- Rolfes, an agrochemicals and food ingredients business based in South Africa,
- FES, a leading equipment and integrated contracting services provider to the agricultural sector, largely in Malawi and Zambia.

[www.phatisa.com](http://www.phatisa.com)

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### **About British International Investment**

British International Investment is the UK's development finance institution and impact investor. British International Investment is a trusted investment partner to businesses in Africa, Asia and the Caribbean.

It invests between £1.5 and £2 billion every year to support the UK Government's Clean Green Initiative and to create productive, sustainable and inclusive economies in our markets. British International Investment plays a key role in the UK Government's wider plans to mobilise up to £8 billion a year of public and private sector investment in international projects by 2025.

Over the next five years, at least 30 per cent of BII's total new commitments by value will be in climate finance. This will make it one of the world's largest climate investors in Africa. BII is also a founding member of the 2X Challenge which has raised \$10 billion to empower women's economic development.

For more information, visit: [www.bii.co.uk](http://www.bii.co.uk)

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### **About Finnfund**

Finnfund is a Finnish development financier and impact investor. We build a sustainable future and generate lasting impact by investing in businesses that solve global development challenges. We invest 200–250 million euros in 20–30 companies in developing countries each year. Our focus sectors include renewable energy, sustainable forestry, sustainable agriculture, financial institutions, and digital infrastructure and solutions.

Today, Finnfund's investments, commitments, and investment decisions total about 1.12 billion euros, half of them in Africa. The company has 90 employees.

For more information, please visit [www.finnfund.fi](http://www.finnfund.fi)

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### **About Norfund**

Norfund is the Norwegian Investment Fund for developing countries. Our mission is to create jobs and to improve lives by investing in businesses that drive sustainable development. Norfund is owned and funded by the Norwegian

Government and is the Government's most important tool for strengthening the private sector in developing countries, and for reducing poverty.

Norfund's committed portfolio totals 3.1 billion USD in Sub-Saharan Africa, South-East Asia, and Central America. Norfund has four investment areas: Clean Energy, Financial Institutions, Scalable Enterprises and Green Infrastructure.

For more information, please visit: [www.norfund.no](http://www.norfund.no)