

Remgro fund, Carlyle agree to \$210m agriculture deal

SURE KAMHUNGA

AN INFRASTRUCTURE fund established by former MTN CEO Phuthuma Nhleko and investment holding group Remgro has partnered with global alternative asset manager Carlyle Group to invest \$210m in pan-African agricultural commodities group Export Trading Group (ETG).

A statement issued yesterday said the Pembani Remgro Infrastructure

Fund and Carlyle Group would take a strategic minority investment in ETG, which was established as a family business in Kenya in 1967.

This was the first investment by Carlyle's sub-Saharan Africa fund and the Pembani Remgro Infrastructure Fund. Standard Chartered's Africa Private Equity division would also invest in ETG, in which its founders had also subscribed for additional equity. The transaction is expected to close this month.

The deal is the latest move by global private equity groups to establish and eventually consolidate their grip on the agricultural supply chain in Africa, where demand for food is soaring due to a growing affluent consumer market.

The investors also want to invest in an industry dominated by the big four global commodity traders — Archer Daniels Midland, Bunge, Cargill and Louis Dreyfus. ETG, which is represented in

more than 30 countries including SA, owns and manages a vertically integrated agriculture supply chain in Africa with operations spanning procurement, processing, warehousing, transport, distribution and merchandising.

Marlon Chigwende, MD and co-head of the Carlyle sub-Saharan Africa Fund, described the deal as a "remarkable" opportunity to invest in a business that had delivered strong financial performance and

affected African economies. "Carlyle has a strong track record of helping companies in emerging markets become highly competitive, global companies. We look forward to accelerating ETG's growth."

Here van Wyk, CEO of Pembani Remgro Infrastructure Managers, said ETG offered a unique combination of strong management and access to both the agriculture supply chain in Africa as well as markets in China and India.