

US fund plans to plough into African agricultural sector

CAPE TOWN: One Thousand & One Voices (1K1V) - a US-based private capital fund backed by some influential family investors - is on the hunt for opportunities in the sub-Saharan Africa agricultural sector.



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1K1V CEO, Hendrik Jordaan said that although the fund had already made two agribusiness acquisitions in SA, it would cast its net wider to include logistics and distribution, manufacturing and consumer businesses.

Agribusiness investments

Although domestic agriculture had been hobbled by drought conditions over many parts of the country and been the subject of political uncertainty, Jordaan believed there was a compelling long-term story unfolding. "Global food demand is rising, that's undeniable. Africa has 60% of the world's uncultivated arable land."

The fund, which has raised 300m in capital from investors in the US, has already clinched two acquisitions, in North West-based meat distributor Beefmaster and Upton-based RedSun Dried Fruit & Nuts.

These investments have roughly overlapped with another US-based agri-giant Land O'Lakes making its first commercial investment in Africa by taking a 52.5% stake in Villa Crop Protection, a leading farm chemicals company.

Agribusiness investment has become a vibrant hub in the past five years. There already are numerous agri-based funds in SA - including PSG-controlled Zeder Investments, Afgri and Agri-Vie. JSE-listed Zeder, in particular, has made serious inroads into the agricultural sector buying influential stakes into Pioneer Foods, Capespan, Kaap Agri and seed giant Zaad.

Investing in the long-term

Jordaan said the advantage of the 1K1V fund was that the investors were not typical private equity investors but were rather prepared to take long-term views on investments. "Instead of selling out after a few years, we can hold our investments for up to 20 years. We are in the fortunate position of being able to leverage off our investors' intellectual, relational and patient capital."

Jordaan said the fund was capitalised mainly by wealthy US individuals - including beer brewing family, the Coors, as well as department store kingpins, the Belk family.

He said another agribusiness opportunity was currently under investigation. "We can't say anything about this yet."

Jordaan disclosed that 1K1V's investment range was between \$10m and \$14m, targeting firms capable of producing annual earnings before interest, tax, depreciation and amortisation of at least \$2m. "We like family-owned businesses as well as businesses that are cash-positive and looking for a growth partner."

Source: Business Day

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