

THE TONY ELUMELU FOUNDATION ANNOUNCES INAUGURAL IMPACT INVESTMENT DEAL WITH MTANGA FARMS IN TANZANIA

Pioneering Move in African “Impact Investing” Is an Attempt to Drive Economic Transformation In Key Development Sectors While Changing the Lexicon of African Philanthropy

LAGOS, Nigeria, April 8, 2011 – Setting a new precedent for impact investing in Africa, the Tony Elumelu Foundation (TEF) with Heirs Holdings Limited (HH) today announced the completion of their inaugural deal, an impact investment in Mtanga Farms, a farming operation at the heart of Tanzania’s national initiative to combat food insecurity.

Mtanga Farms Limited is a mixed arable farming business operating in the Southern Tanzanian Highlands. MFL owns approximately 2,200 hectares under long-term lease and is currently planting wheat, barley, maize and certain oil crops. It has further established a livestock operation consisting of local cattle for fattening and a herd to cross breed higher quality cattle for premium meat. The Southern Tanzanian Highlands are the focus of Tanzania's effort to promote agriculture, are a cornerstone to Tanzania's 'Kilimo Kwanza' (agriculture first) initiative and have significant potential to improve Tanzania's food security. All of MFL's crops, including livestock, are for domestic consumption and will substitute imports, thereby contributing to Tanzania's emergence as a major food commodity producer.

The deal marks the first time an African philanthropic organization and investment firm have engaged together in impact investing, an approach that, unlike traditional grant-making, uses for-profit methods to solve intractable social and environmental problems – in this case agriculture development.

“With this deal, we hope to set a new standard for both philanthropy and investing within Africa,” said Founder and Chairman Tony O. Elumelu. “Through impact investing, we seek to drive African economic growth from within by investing in businesses that generate social, environmental, and financial returns. This can also change the paradigm of how development takes place on the continent.”

The deal was made jointly by two partner institutions: TEF, a newly established “catalytic foundation,” and Heirs Holdings, a principal investing company with a long term investment horizon. Both TEF and Heirs Holdings, promoted by the former CEO of United Bank for Africa ; one of Africa’s largest financial services institutions, are based in Nigeria, where some of the continent’s most innovative financial deals have been struck in the last decade. London-based Lion’s Head Global Partners acted as financial adviser to Mtanga Farms. The deal was the first outside of Nigeria for Heirs Holdings.

Aside from the broader, continent-wide implications of the investment, the Mtanga deal will touch the everyday lives of hundreds of thousands of low income people in rural Tanzania, improving farmers’ access to inputs and technology, creating infrastructure for farmers to bring their products to markets and contributing to the development of the Southern Tanzanian Highlands, one of the most promising untapped areas of agriculture production in East Africa.

Specifically, this deal will help Mtanga establish a seed potato industry, which will significantly benefit more than 125,000 local smallholder farmers who have proven able to increase yields threefold when provided with clean seed potatoes. The effort is remarkable in that it unblocks a market that has been neglected for the past 30 years, with no new potato varieties registered in Tanzania and no clean seed available for farmers for decades.

Integral to this effort is Mtanga's partnership with TransFarm Africa, a non-profit initiative established to enhance the link between commercial farmers and smallholders, to promote agricultural growth corridors and to unblock barriers where they arise for the farming sector.

What makes the deal so crucial as an impact investment is this that its operations are focused on delivering commercial returns while also delivering development benefits to local farmers and communities. Further, the farm is operated at the highest standards of environmental sustainability for soil and water management. Mtanga interacts closely with local farmers by sharing equipment, collaborating with the government to grow seeds and providing access to markets for local cattle herders.

"Mtanga Farms is an example of how responsible foreign investment in agriculture can be commercially viable, environmentally sustainable, and also create substantial social impact through the benefits to small holder farmers and the contribution to food security. These are the kinds of sector specific criteria TEF considers when making impact investing funding decisions," said Dr. Wiebe Boer, the Foundation's chief executive. "This is a great example of why impact investing is such a powerful concept – in this case because the financial return potential was attractive, we were able to catalyze private funds into an effort that has a substantial development impact."

Impact investing is TEF's primary tool for supporting Africa's small and growing businesses. Unlike most philanthropies, TEF sees grants as a last resort, and believes impact investing is a much more sustainable means of capitalization because of the entrepreneurial rigour that comes with requiring a financial return. When impact investments also attract traditional private capital, the impact goes even further. Any proceeds from an eventual exit from the investment on the part of TEF will be put back into the endowment of the Foundation for additional impact investments and other Foundation activities.

Dr. Boer noted that the Mtanga investment is a prime example of African investors reaching across borders to inject capital into other economies, facilitate trade, and deliver new or improved products and services.

TEF's strategy mirrors Heirs Holdings, which is based on a conviction that Africa's economic prowess rests not only on much-needed infrastructure development but also on a vibrant private sector operating in key development sectors, represented in Tanzania by the Mtanga deal.

Mtanga Farms was set up in 2008 by local entrepreneurs Rick Ghau, Alan Mayers and Richard Reynolds, and has since received investments from Lion's Head Global Partners, a UK merchant bank focused on Africa, and the Calvert Foundation.

About The Tony Elumelu Foundation

The Tony Elumelu Foundation seeks to contribute to the economic transformation of the African continent through fostering Africa's business and entrepreneurial leadership. It is focused on building and engaging the African private sector to take the lead in driving Africa's equitable economic transformation. Prior to establishing the Foundation, Tony O. Elumelu led United Bank for Africa, one of Africa's leading financial services groups, through its transformation from a single-country focused bank to a diversified business, operating across Africa and the world.

About Heirs Holdings

Heirs Holdings Limited is a principal investment company with a diversified portfolio, including interests in the financial services, real estate, infrastructure, resources and other key sectors critical to Africa's economic development.

Nigerian firm enters deal to develop Mtanga farms in Iringa



Investors of Mtanga multi-crop farm in Iringa Region pose for a picture during the signing of purchase deal in which Heir Holdings will inject capital for the operations of the farm. They from (L) Tony Elumelu Foundation CEO Dr Wiebe Boer, Mtanga Farms Chairman Bim Hundal, Heirs Holdings chairman Tony Elumelu and Mtanga Farms director Clemens Calice after signing the purchase deal at the weekend. (Photo: Guardian Correspondent)

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