

## Chayton sells 81% of fund, changes to holding company



Chayton Capital has sold 81% of its agriculture private equity vehicle, Chayton Atlas Agricultural Company, to South Africa-based investment company Zeder for \$46.7million, in a deal that sees the fund transformed into a holding company.

Chayton will receive \$9.7million in cash while the remaining \$37million is to be released in stages, to fund acquisitions across sub-Saharan Africa. Zeder will own 81% of the new holding company, Chayton Africa, and holds a subscription agreement to raise this to 95.5%. The balance of the subscription shares will be transacted in tranches, as and when Chayton identifies additional acquisition opportunities that need funding.

The funding provides the long-term capital Chayton needs to further grow agriculture production at its farms in Zambia, where it is presently focused. Chayton Africa will be led by the existing team, with Neil Crowder, Chayton's co-founder, taking on the leading role of managing director.

"Because agriculture is a long-term investment that requires a certain degree of patience, the fund faced challenges in operating within a private equity investor's typical five-year investment cycle, and meet return expectations within that timeframe," explained Crowder. "Raising financing in the past two years has been difficult."

Chayton bought its first Africa-based holding in 2010, and currently has six farms covering 4,000 hectares, with 1,250 hectares being farmed and 430 hectares under irrigation. Chayton plans to extend its farming operation in Zambia up to approximately 10,000 hectares over the next two years.

The capital injection will afford Chayton the opportunity to establish businesses across its value chain, and acquire or establish service businesses that connect with its primary production sites. In the long-term, this is expected to create economies of scale and facilitate the establishment of a vertically-integrated regional agribusiness portfolio. The company is also looking to expand into other countries across Africa.

The investment in Chayton boosts Zeder's plans to expand its footprint into the sub-Saharan Africa region. Zeder backed the deal because it was impressed by Chayton's management team and the company's proven track record in developing and managing large scale commercial farms. Zeder was also impressed by Chayton's risk mitigating strategy, which incorporates a combination of farming expertise, local government support and World Bank Multilateral Investment Guarantees

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