

AGRI-VIE INVESTS \$5 MILLION INTO KARIKI GROUP

Agri-Vie, the private equity fund focused on food and agribusiness investments in Sub-Saharan Africa, has announced a \$5 million investment into Kariki Group, a specialist Kenyan flower exporting business.

According to Dave Douglas, Investment Advisor at Agri-Vie, the fund was attracted to making this investment in Kariki by its reputation as a high quality supplier, its world class operational facilities, and because it is an efficient and well managed business.

Douglas says “the horticultural industry in Kenya is a significant contributor to the national GDP. Kenya now has a 38% market share of the massive flower supply in Europe. Being on the Equator, there is no real change of season and with a high percentage of sunlight hours a year, Kenya has capitalised on these climatic and geographic advantages. Conversely, growers in Europe have to utilise artificial lighting and heating to extend their growing period, thereby adding substantially to their costs.

The flower industry in Kenya has grown progressively from modest beginnings in the mid-1980s. Within 20 years it emerged as one of the world’s leading flower exporting nations. Recognising the potential, the Kariki Group was founded in 2002 by brothers Richard and Andrew Fernandes, at a stage when the European floriculture sector became less cost competitive and began shrinking.

The cut flower industry operates to highly sophisticated and effective standards. Within two days of cut flowers being harvested in Kenya, they are available to be sold to the consumer in Europe having been trimmed, packaged, and airfreighted overnight from Nairobi to Holland. From there, approximately two thirds of the flowers are sold through the massive Dutch flower auction at Aalsmeer after which they are invariably re-shipped to the final destination in countries as diverse as Sweden, Russia, USA and Japan.

Kariki is one of the fastest growing cut flower businesses in Kenya, operating from four different sites within Kenya all at different altitudes in the highlands, allowing optimum growth of different varieties. For example, roses grown at higher altitude produce bigger heads and deeper rich colours. Kenya is able to meet the high quality criteria demanded in the world markets. Kariki’s focus on the production of niche categories of flowers under proprietary rights sets it further apart from its competition.

Agri-Vie’s investment will assist the company in further expansion, as growth opportunities are significant. While the European market is extensive, demand is also growing in the Japanese, Middle-Eastern and Australasian markets.

Additionally, there is much potential to widening the product range in order to satisfy market needs.

The Kariki founders and their fellow shareholders welcome Agri-Vie into their company as a long term equity partner that is knowledgeable about doing business in the East Africa region and in the horticultural sector, according to Richard Fernandes, co-founder of the business.

Kariki's environmental impact is positive with all Kariki's operational sites holding both GlobalGap and KFC Silver accreditations. Flower waste in the packing process is composted and utilised to re-enrich the soil, while rain water is harvested and utilised to supplement irrigation needs. In addition, each of Kariki's 1200 employees actively participate in improving efficiencies and quality standards under the skilled leadership of the respective management teams with support from the Fernandes brothers. All these factors have contributed to Kariki being a world class operation, and a most attractive investment for AgriVie" he concludes.

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About Agri-Vie

Agri-Vie is a private equity investment fund focused on agribusiness in Sub-Saharan Africa with a mission to generate an above average investment return, as well as demonstrable socio-economic development impacts through its equity investments. The fund was initiated by Agri-Vie Investment Advisors with the cooperation of South African and international investors. The fund's vision is to be a catalyst for sustainable growth through investing in one of the foundation sectors of Africa's economies. Agri-Vie seeks to realise this vision through deploying development capital and management know-how according to sound investment and business principles. Agri-Vie Investment Advisors is a financial services provider authorized by the Financial Services Board, Registration number 33826. In December 2012, Agri-Vie won the *Agribusiness Investment Initiative of the Year* award at the African Investor Agribusiness Investment Awards 2012 and 2013. Visit www.agrivie.com for more information.