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MEDIA STATEMENT

PAPE FUND 3 ACQUIRES 45% EQUITY IN THE DDS GROUP OF COMPANIES

PAPE Fund 3, the mid-cap South African private equity fund has announced the successful acquisition of 45% of the equity in the DDS Group of companies, a leading African beverage dispensing and refrigeration services provider. The DDS Group of companies provide beverage dispensing and refrigeration services on behalf of the multinational distributors, as illustrated by the servicing of draught beer installations and coffee machines found in bars and restaurants. DDS also specialises in the sale, installation and servicing of refrigeration systems, ventilation systems, cold rooms and air conditioning units, as well as the sale and distribution of spare parts. PAPE Fund 3 has also provided loans to key members of the management team to increase their equity stakes in the business.

DDS Group of Companies

DDS is an owner-managed business with an established track record as a leading operator in the ancillary services segment associated with the beverage, dispensing and refrigeration industries. The business was founded in 1995 and operates in South Africa and in 11 countries in Africa, namely Mozambique, Nigeria, Botswana, Namibia, Malawi, Ghana, Lesotho, Uganda, eSwatini, Zambia and Ethiopia. The group employs more than 400 personnel across the continent and manages approximately 130,000 assets on behalf of its customers.

DDS Group CEO, Travers Shaw said: "Our group has a conservative, focussed and assertive view on growing operations across countries in Africa and we are confident that the emerging middle class in countries such as Ethiopia and Nigeria will create a really buoyant market for the beverages industry that it supports. Additionally, the growth in the FMCG sectors in these countries creates a significant opportunity for DDS to provide and maintain refrigeration, ventilation, cold room and air conditioning systems into cities and towns located across these countries."

PAPE Fund 3

PAPE Fund 3 is a South African BBBEE Level 1 private equity fund in which nine investor institutions and groups have provided ZAR1.03bn in capital commitments. These investors include the Public Investment Corporation, Eskom Pension & Provident Fund, The SA SME Fund, FMO, 27four Investment Managers, Alexander Forbes Investments, the Transport Sector Retirement Fund, the Impala Workers Provident Fund and the Rosebank Wealth Group. PAPE Fund 3 achieved first closing in July 2018 and final closing in January 2020.

To date, the fund has invested into a national logistics company, a software development business and an automotive conversion enterprise. DDS Group is the fund's fourth investment, taking total capital drawn down to approximately 50% in the first two years of the fund's 10-year timeline.

PAPE Fund Managers focusses on investing PAPE Fund 3's capital into mid-cap, unlisted and cash generative South African businesses in which the portfolio company management teams are aligned and incentivized through own shareholding in the companies that they run. The PAPE Fund Managers team has been active as managers of private equity capital since 2006 and in that time has raised and deployed five funds and permanent capital vehicles representing some ZAR3bn in commitments. PAPE Fund Managers is a licensed Financial Services Provider.

PAPE Fund Managers CEO and Principal, Dr Zuko Kubukeli said: "We are looking forward to working with the DDS management team to scale the group and to identify and capitalise on new opportunities linked to economic growth in selected countries across Africa. With its longstanding track record of delivering high-quality services to pedigreed beverage companies like AB InBEv, Unilever and others, DDS is ideally positioned to take full advantage of the burgeoning middle class consumer markets in countries like Mozambique, Botswana, Nigeria and Ethiopia. PAPE Fund 3's mandate is to identify young, experienced and highly-motivated management teams and to back them with capital to realise greater levels of their potential. In the DDS Group we have found a credible team of young managers who have been in this business for years, have demonstrated their ability to grow the group's revenue and bottom line and to successfully penetrate new African markets."

ENDS

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