

## **XSML UNLOCKS THE CONGO RIVER**

**Kinshasa, DRC, October 2, 2012.** XSML announced today its investment in SOGETRA SPRL, through its Central Africa SME Fund. The investment in SOGETRA, involved in river and road transport in Congo, will be used for the construction of new tug boats and barges for transport on the river Congo. This investment enables SOGETRA to meet the increased demand for transporting mainly cement into the interior of DR Congo and to ship agricultural produce and other products back to its capital Kinshasa.

Given the fact that the transport infrastructure in DRC is highly underdeveloped, there is a significant demand for capable transportation companies. The country's rail infrastructure is dilapidated and rarely operates. This puts additional pressure on road and river transportation companies. While the road infrastructure is good in some areas (such as between Matadi and Kinshasa, DRC) it is extremely poor in others. As a result, contracts for trucking can be very lucrative in margin terms as companies understand that there is premium that needs to be paid to offset the risk associated with operating in areas with poor infrastructure. River transporters largely run between Kinshasa and Brazzaville and between Kinshasa and the interior of the country as they carry goods to Illevo, Lubumbashi and Mbuji-Mayi. The river Congo plays a vital role in Congo's life as it is often the only connection from the vast interior of Congo to the main capital Kinshasa.

The funding from the Central Africa SME Fund will be used to completely rehabilitate tug boats and barges to significantly augment SOGETRA's river transportation capacity. This increased capacity will be used to assist SOGETRA's partner CILU (Cimenterie de Lukala), Congo's primary domestic cement producer, as the latter seeks to reach customers in Brazzaville and the interior of Congo where access to essential construction material inputs are more scarce. Omar Barcat, general manager of SOGETRA, said: "The support of The Central Africa SME Fund is essential in our expansion for the river transport. By increasing our capacity we can offer a more frequent and reliable transport service on the Congo river."

Marcel Posthuma, Managing Partner at XSML, said, "*This investment gives the remote and rural areas of the Democratic Republic of Congo and Republic of Congo access to cement and other products. Moreover, it also helps the people in rural areas to create a market for their agricultural products as they are able to transport their products back to Kinshasa, which generates income to many rural households.*"

In addition to transporting cement and other goods to the Republic of Congo and into the interior of the DR Congo, SOGETRA also transports agricultural products from the interior of the country to markets in Kinshasa, providing greater access to higher value markets for smallholder farmers.

CASF is an investment fund investing in small and medium-sized enterprises in the Democratic Republic of Congo and the Central African Republic. The fund believes in achieving sustainable economic development by encouraging entrepreneurship in the fast growing markets of DRC and CAR. Currently, many opportunities in these countries remain unexploited due to the lack of risk capital and support. CASF is a USD 25m fund (target) with 80% allocation to DRC and 20% in CAR funded by a.o. the IFC. CASF will provide risk capital with an investment size ranging from USD 100,000 to a maximum of USD 500,000.

### **About XSML**

XSML is an independent private equity fund manager with a strategic focus on emerging markets. As an architect building new funds and local fund managers in frontier markets, XSML, eXtra Small Medium Large, aims to grow small businesses into medium and large enterprises.

XSML was founded in 2008. The managing partners have an extensive background in emerging markets in the areas of asset management, corporate and development banking and corporate restructuring. Our experience have shown that demand for finance from small and medium sized enterprises (SMEs) remains largely untapped despite increased interest in emerging markets from international investors. XSML bridges this gap between the international investors and the SMEs in emerging markets.

### **About Sogetra**

Sogetra is a small, growing transport company, providing mainly transport on the Congo river. Besides barges and tugboats Sogetra has its proprietary loading and off-loading equipment as well as trucks providing seamless transport services by road and river.

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