Amatheon Agri Holding N.V.

Japan-Africa Business Forum
Tokyo, Japan
June 2014
Presented by Yukiko Omura

Amatheon Zambia, 2013
AGENDA

1. Background
2. Executive Summary
3. Vision & Strategy
4. Corporate Social Responsibility
BACKGROUND
Global Trends – Food demand increasing, food supply struggles: Why invest in Africa now

Food demand and supply

Growing food demand, rising prices

- Increasing population
  - 9bn by 2050 globally, 2bn in Africa
- Higher demand and shifting diet patterns due to rising income

Limited food supply

- Scarcity of quality arable land
- Scarcity of irrigated land
- Capped productivity in mature markets and low productivity in e.g. Africa
- Urbanisation

Development of prices

Food commodity prices reaching peak levels since 2005

Sources: FAO Statistical Yearbook, FAO How to feed the world in 2050, Atlas des Futures du Monde (2010); IMF

Worldwide population increase and growing food demand are coupled with low productivity in developing countries. Food prices are rising.
Global Trends – Undermanaged markets: Why invest in Africa now

Availability of arable and cultivated land

Year 2010, in millions of ha

- The FAO expects global food production to increase by 70 percent between 2005/2007 and 2050
- Africa is a food importer, e.g. 50m tons of grain per annum - local food security therefore on top of political agenda
- Sub-Saharan Africa poised to grow by 5-6% (global economy only to grow 2-3%). Some countries - including Zambia and Mozambique - forecasted to grow by 7-10%.
- Domestic consumer spending is rising driven by population growth, significant decrease in poverty and rapid urbanisation.
- Rising income levels and a growing middle class lead to changes in dietary habits.
- Demand for protein from meat expected to rise by 43% until 2030 in SSA compared to 13% in industrialised countries

Undermanaged agricultural markets in Africa provide a promising business opportunity for Amathreon.
Evaluating target countries and regions: Knowing what to look for is essential

Sub-Saharan Africa

- Sub-Saharan Africa is still the main repository of large areas of undeveloped arable watered land and valuation levels are still reasonable
- Double cropping is possible in most SSA countries

Country assessment and selection

- Various focus countries were analyzed by a set of macro- and micro-economic dimensions, target countries were identified

<table>
<thead>
<tr>
<th>Amatheon Africa Factcheck</th>
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<tbody>
<tr>
<td>Chapter 1: Management summary</td>
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<tr>
<td>Chapter 2: Country profiles</td>
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### Macroeconomic Facts

<table>
<thead>
<tr>
<th>I.1.1</th>
<th>Economy, politics &amp; legal system</th>
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<tbody>
<tr>
<td>I.1.2</td>
<td>Socio-demographics &amp; culture</td>
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<tr>
<td>I.1.3</td>
<td>Infrastructure and technology</td>
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<tr>
<td>I.1.4</td>
<td>Climate &amp; agricultural potential</td>
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</table>

### Microeconomic Facts

<table>
<thead>
<tr>
<th>I.2.1</th>
<th>Market place “Farming”</th>
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<tbody>
<tr>
<td>I.2.2</td>
<td>Market place “Agribusiness”</td>
</tr>
<tr>
<td>I.2.3</td>
<td>Customers</td>
</tr>
<tr>
<td>I.2.4</td>
<td>Competitors</td>
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</tbody>
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Chapter 3: Potential targets and partnerships

Chapter 4: Implications for Amatheon
Amatheon Agri Holding at a glance

Amatheon Agri in a nutshell

- Amatheon Agri Holding N.V. is a German based agribusiness and farming company developing sustainable projects in Sub-Saharan Africa.

- Amatheon’s three business pillars consist of farming, trading and food & consumer goods.

- Since inception in 2011, Amatheon developed its first subsidiary in Zambia.

- The company develops its land in Zambia step by step for farming as well as cattle ranching.

- Third harvest in Zambia took place in April 2014 (maize and soy).

- In Due Diligence with various projects in farming, trading and consumer goods.

- Amatheon Agri Uganda was incorporated in December 2013.
Amatheon Agri is steered from Germany but operates locally in Sub-Saharan Africa.

Amatheon management and operational structure

Focus of Amatheon Agri Holding:
- Global Management
- Strategy & Business Development
- Corporate Social Responsibility
- Project Development
- Controlling

Focus of Amatheon Agri in Africa
- Local Business Operations
- Project Execution
- Strategy Implementation

Close to 200 African workers are employed in Zambia as farm operators, arable supervisors, security officers, etc.
Amatheon Agri would like to partner with Japanese investors

**Vision:** Contribute to the world’s food supply and reduce poverty in SSA by being the leading agribusiness and food creator

**Goal:** Develop and operate sustainable agri and food projects in Sub-Saharan Africa

**How?** Secure success through the development of new, large scale irrigated agriculture operations, apply state-of-the-art farming techniques and vertical integration across the agricultural value chain

**Benefits to Japanese Investors by Partnering With Us**
- We can operate on your behalf with your equity/finance contribution
- No headache of learning how to operate locally
- We manage, operate and manage the risks and challenges for you
- Partnering on site is of course an option
- Good returns on investment
Amathec Agri is growing the value of agricultural assets in three dimensions

Amathec’s „Wheel of Growth“

1. Grow each individual project
   - Harness reasonably valued and under-managed agricultural assets through:
     - State-of-the-art agricultural know how and technology
     - Commercial and sustainable approach
     - Learning curve effects

2. Develop adjacent businesses
   - Better access to markets
   - Added value from vertical integration across the agricultural value chain
     - Farming
     - Trading, Storage, Milling
     - Food & Consumer Goods

3. Replicate business model and grow in size
   - Replicate businesses in other geographies
     - Zambia
     - Uganda
     - Angola
     - Ghana
     - Congo Brazzaville
     - Tanzania
     - Mozambique
     - Rwanda
   - Synergies from economies of scale
In summary: Amatheon’s business model

- Acquiring and developing land for farming
- Farming
- Trading
- Processing

Key activities:
- Land acquisition
- Farming concepts
- Physical land development
- Cropping
- Livestock
- Storage
- Trading
- Milling
- Food & Consumer Goods

Key value driver:
- Land transformation and development
- Stable cash flows
- Market access and price optimization
- Value added from refinement of products

- Land transformation
  - Land development
    - Cash flow generation from running operations
    - Added value from vertical integration

= Significant value creation
Amatheon successfully proved the concept of large-scale commercial and sustainable farming in Zambia

ZAMBIAN PROJECT STATUS: November 2011 – May 2014

| 1 | Due Diligences & land acquisition |
|----------------------------------|
| ▪ 30,000 ha contracted          |
| ▪ Hydrological surveys have been conducted and groundwater aquifers and dam sites have been identified |
| ▪ Soil quality has been proven |
| ▪ Social studies were conducted |
| ▪ Permissions acquired          |

| 2 | Infrastructure |
|---------------------------------|
| ▪ Power lines installed         |
| ▪ Utilization of generators for centre pivot irrigation during first season |
| ▪ Upgrade of roads implemented  |

| 3 | Land development |
|---------------------------------|
| ▪ First farm was established in 2012, expansion ongoing |
| ▪ First pivots under irrigation |
| ▪ Boreholes successfully established |

| 4 | Farming operations |
|---------------------------------|
| ▪ 200 African workers           |
| ▪ Three successful harvests    |
| ▪ 2000 cattle                   |
| ▪ Storage activities           |

**Relationships with local communities**

- Full support from the Zambian government
- Well connected with the local authorities and community
- Established network on the ground

**Large international network**

- Global and local network with strong connections to investment opportunities in Africa
- Identified and screened more than 100 potential agribusiness investment projects in Sub-Saharan Africa

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Due Diligences & land acquisition

1-4

Infrastructure

1-4

Land development

1-4

Farming operations

1-4

Japan Africa Business Forum | June 2014
Amatheon replicated the Zambian model in Uganda and gained considerable speed through applied learnings.

**UGANDAN PROJECT STATUS: October 2013 – May 2014**

<table>
<thead>
<tr>
<th>1</th>
<th>Due Diligences &amp; land acquisition</th>
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<tbody>
<tr>
<td>1,800 ha contracted</td>
<td></td>
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<tr>
<td>Soil quality has been proven</td>
<td></td>
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<tr>
<td>Social studies were conducted</td>
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<tr>
<td>Permissions acquired</td>
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<table>
<thead>
<tr>
<th>2</th>
<th>Infrastructure</th>
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<tbody>
<tr>
<td>Upgrade of roads in progress</td>
<td></td>
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<tr>
<td>Farm infrastructure being planned (farm house, storages, warehouse, fuel tank)</td>
<td></td>
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<tr>
<th>3</th>
<th>Land development</th>
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<tr>
<td>First farm established in 2014, expansion ongoing</td>
<td></td>
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<table>
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<tr>
<th>4</th>
<th>Farming operations</th>
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<tr>
<td>40 African workers</td>
<td></td>
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<tr>
<td>First harvest in July 2014</td>
<td></td>
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<tr>
<td>Second harvest in November 2014</td>
<td></td>
</tr>
<tr>
<td>Evaluation of further crops and cattle</td>
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</tbody>
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- **Relationships with local communities**
  - Full support from the local Ugandan communities and local government
  - Established network on the ground
### Key risk assessment and mitigation strategies

<table>
<thead>
<tr>
<th>Category</th>
<th>Strategies</th>
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<tbody>
<tr>
<td>Political instability</td>
<td>- Careful <strong>evaluation of geography</strong> and political status/developments</td>
</tr>
<tr>
<td></td>
<td>- <strong>Political risk insurance</strong> when deemed necessary</td>
</tr>
<tr>
<td>Business environment</td>
<td>- Assessment of <strong>governance structures</strong> and <strong>transparency</strong></td>
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<td></td>
<td>- Strong network to <strong>minimise potential negative impacts</strong></td>
</tr>
<tr>
<td>Infrastructure</td>
<td>- Employ leading <strong>experts</strong> to <strong>analyse existing infrastructure</strong></td>
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<tr>
<td></td>
<td>- Factor <strong>infrastructure solutions</strong> into business plan</td>
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<tr>
<td>Operations /execution</td>
<td>- Leverage on <strong>best practices</strong> and the Amatheon team’s <strong>long-standing expertise</strong></td>
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<tr>
<td></td>
<td>- <strong>Due Dilligence</strong> with <strong>designated experts</strong> before investement decisions are taken</td>
</tr>
<tr>
<td></td>
<td>- Cooperate with <strong>market-leading partners</strong> where additional expertise is needed</td>
</tr>
<tr>
<td>Currency /commodity price fluctuations</td>
<td>- <strong>Agricultural market prices are forecasted to remain high</strong> or even increase further</td>
</tr>
<tr>
<td></td>
<td>- <strong>Primarily targeting demand in domestic markets</strong></td>
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<td></td>
<td>- Amatheon’s <strong>business plans have taken erosion of domestic prices</strong> to world-market levels into account</td>
</tr>
<tr>
<td>Third party dependence</td>
<td>- Company <strong>mainly relies on in-house staff</strong></td>
</tr>
<tr>
<td></td>
<td>- <strong>Vertical integration</strong> across the agricultural value chain and <strong>long-term contracts with reputed parties will minimize dependence</strong></td>
</tr>
<tr>
<td>Reputation</td>
<td>- Commitment to <strong>responsible and sustainable management</strong> while <strong>engaging dialogues</strong> with all its stakeholders</td>
</tr>
<tr>
<td></td>
<td>- <strong>Establishment of risk monitoring processes</strong> to address any upcoming issues immediately</td>
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We are aware of the environment in which we operate. Frontier markets bring about more than average risks with more than average returns. The risk/return profile for the agricultural sector in SSA makes it a highly attractive investment, consistently outperforming asset classes.
CORPORATE SOCIAL RESPONSIBILITY
Amatheon Agri's values at a glance

Amatheon's ethical values are based on the **OECD Guidelines for Multinational Enterprises (2011)** as well as several other internationally recognized conventions. Please see an overview of our values below:

**BUSINESS**

- Integrity and accountability
- Constant improvement of social and environmental performance
- Socially responsible decision making
- Sustainability Reporting

**OUR EMPLOYEES**

- Protection of human rights
- Respect of International Labour and Employment laws
- Commitment to safety
- Value employee’s opinions highly

**ENVIRONMENT**

- Sustainable development
- Monitor environmental impact to improve performance
- Raise awareness on environmentally responsible work
- Minimize waste and energy consumption

**COMMUNITIES**

- Stakeholder engagement
- Community Development
- Development of human capital
- Improve livelihoods
Amatheon’s value creation is based on a socially and environmentally responsible conduct of business

### Social & ethical responsibility

- **Stakeholder management and integration**
  - Early communication with local communities
  - Recommendations are being integrated into decision-making processes
  - Mechanisms for stakeholders to raise concerns at any time are provided for

- **Transparent land leasing practices**
  - Transparent land lease from private lessors and standard market prices paid
  - Often only parts of farms leased so that farmers can reinvest in their remaining portion

- **Health**
  - HIV/AIDS at the work place combated through corporate programmes
  - Company plans to expand the programme to some of the surrounding communities

- **Gender Policy**
  - Equal employment opportunities to both women and men ensured

- **Labour Policy**
  - Commitment to employ local staff whenever possible and to adhere to international labour policies

### Environmental responsibility

- **Environmental Impact Assessment**
  - EIAs/EPBs conducted according to International IFC Performance Standards
  - Potential negative impacts on the environment and community are identified early and mitigated accordingly

- **Sustainable soil management**
  - Erosion of soils prevented through holistic approach
  - Crop rotation and low tillage where it benefits the soil

- **Water quality monitoring**
  - Water quality is monitored and documented
  - Water baseline analysis taken at beginning of projects

Meeting with parents of school nearby Amatheon farm in Zambia
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