JAPAN-AFRICA BUSINESS FORUM
June 2014

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
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

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 Amatheon.
Evaluating target countries and regions: Knowing what to look for is essential

- 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

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<td>Chapter 2: Country profiles</td>
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<th>Macroeconomic Facts</th>
<th>Microeconomic Facts</th>
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<td>I.2.1 Market place “Farming”</td>
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<td>I.1.2 Climate &amp; agricultural potential</td>
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Chapter 3: Potential targets and partnerships

Chapter 4: Implications for Amatheaton
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.

**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
Amatheon Agri is growing the value of agricultural assets in three dimensions

Amatheon’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

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 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

<table>
<thead>
<tr>
<th>Due Diligences &amp; land acquisition</th>
<th>Infrastructure</th>
<th>Land development</th>
<th>Farming operations</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ 30.000 ha contracted</td>
<td>▪ Power lines installed</td>
<td>▪ First farm was established in 2012, expansion ongoing</td>
<td>▪ 200 African workers</td>
</tr>
<tr>
<td>▪ Hydrological surveys have been conducted and groundwater aquifers and dam sites have been identified</td>
<td>▪ Utilization of generators for centre pivot irrigation during first season</td>
<td>▪ First pivots under irrigation</td>
<td>▪ Three successful harvests</td>
</tr>
<tr>
<td>▪ Soil quality has been proven</td>
<td>▪ Upgrade of roads implemented</td>
<td>▪ Boreholes successfully established</td>
<td>▪ 2000 cattle</td>
</tr>
<tr>
<td>▪ Social studies were conducted</td>
<td></td>
<td></td>
<td>▪ Storage activities</td>
</tr>
<tr>
<td>▪ Permissions acquired</td>
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- **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
Amatheon replicated the Zambian model in Uganda and gained considerable speed through applied learnings.

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

**1. Due Diligences & land acquisition**
- 1,800 ha contracted
- Soil quality has been proven
- Social studies were conducted
- Permissions acquired

**2. Infrastructure**
- Upgrade of roads in progress
- Farm infrastructure being planned (farm house, storages, warehouse, fuel tank)

**3. Land development**
- First farm established in 2014, expansion ongoing

**4. Farming operations**
- 40 African workers
- First harvest in July 2014
- Second harvest in November 2014
- Evaluation of further crops and cattle

**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>
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<tr>
<th>Risk Category</th>
<th>Mitigation Strategies</th>
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</table>
| Political instability             | - Careful evaluation of geography and political status/developments  
- Political risk insurance when deemed necessary                                                                                                         |
| Business environment              | - Assessment of governance structures and transparency  
- Strong network to minimise potential negative impacts                                                                                               |
| Infrastructure                    | - Employ leading experts to analyse existing infrastructure  
- Factor infrastructure solutions into business plan                                                                                                   |
| Operations /execution             | - Leverage on best practices and the Amatheon team’s long-standing expertise  
- Due Diligence with designated experts before investment decisions are taken  
- Cooperate with market-leading partners where additional expertise is needed                                                                     |
| Currency /commodity price fluctuations | - Agricultural market prices are forecasted to remain high or even increase further  
- Primarily targeting demand in domestic markets  
- Amatheon’s business plans have taken erosion of domestic prices to world-market levels into account                                                  |
| Third party dependence            | - Company mainly relies on in-house staff  
- Vertical integration across the agricultural value chain and long-term contracts with reputed parties will minimize dependence                                |
| Reputation                         | - Commitment to responsible and sustainable management while engaging dialogues with all its stakeholders  
- Establishment of risk monitoring processes to address any upcoming issues immediately                                                                  |

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.
Amatheon Agri'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 workplace 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
Carl Heinrich Bruhn

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