Danish Farmers Abroad - Konference den 19. Juni 2014 på Pejsegården i Brædstrup

NY STATSFOND TIL KICKSTART AF DANSKE LANDSBRUGS- OG FØDEVAREPROJEKTER I UDVIKLINGSLANDE

TOMMY THOMSEN, CEO IFU
WHAT IS IFU?

Independent government-owned fund, operating on commercial terms

Advice and risk capital for globalisation of Danish companies

1,200 investments in 99 developing countries

47 years of experience

16 bn DKK invested in share capital and loans

145 bn DKK

Total contracted investments of more than
IFU AS A FUND MANAGER

INVESTMENT FUND FOR DEVELOPING COUNTRIES

THE ARAB INVESTMENT FUND
IFU INVESTMENT PARTNERS
DANISH CLIMATE INVESTMENT FUND
A NUMBER OF IFU’S DANISH PARTNERS
IFU STRATEGY: GROWTH INITIATIVES

Growth initiative framework

Market development

(iii) Broader mandate

Diversification

(v) Thematic funds

(iv) Climate Fund

MARKETS

New

Existing

New/modifed

PRODUCTS/SERVICES

Penetration

Business optimisation

Promotion & Brand strengthening

Product development

(i) Developer role

(ii) Small project facility

Source: Team analysis
Network & local presence
- Experience from 1,200 investments in 99 countries
- Eight regional offices in Africa, Asia and Latin America
- 44 local and regional advisers
- Experienced investment teams

Advice
- Evaluation of business plan
- Financial structure
- Legal set-up
- Partner negotiations
- Governance/CSR
- Access to local authorities
- Finding premises

Financing
- Risk sharing and long-term
- Investment horizon
- Share capital
- Loans
- Guarantees
- Investment period 6-8 years
- Agreed exit

Strategic partner
- Political insurance
- Board work
- Strategic advice
- Additional financing
- CSR reporting

FOUR ELEMENTS IN IFU’S VALUE CREATION
Over the last 5 years, IFU has launched several initiatives to strengthen its development impact and attractiveness to Danish commercial partners.

- 2008: Johannesburg office
- 2009: Accra office
- 2010: Cairo office
- 2012: Danish Agribusiness Fund
- 2013: Danish Microfinance Partners
- 2014: IFU Investment Partners
- 2015: Danish Agribusiness Fund

Gross return:
- 2008: 7.9%
- 2009: 8.5%
- 2010: 7.3%
- 2011: 7.3%
- 2012: 7.7%
- 2013: 10.3%
- 2014: 7.7%
DANISH AGRIBUSINESS FUND (DAF) WILL OPERATE IN ALL EMERGING MARKETS EXCEPT FOR RUSSIA

INVESTMENT STRATEGY:

- Equity and loans, with emphasis on equity holdings.

- Investment size EUR 1m to EUR 15m.

- 5% to 49% ownership.

- Risk mitigation by diversified investment portfolio across geographical regions and sectors.

- Involvement of Danish investors or suppliers ("Danish interest")

- Total Fund size DKK 800m.
FOOD AND AGRICULTURE IN GLOBAL PERSPECTIVE

<table>
<thead>
<tr>
<th>Challenges</th>
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<tbody>
<tr>
<td>• Today 1 billion people suffer from chronic hunger.</td>
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<tr>
<td>• World population is expected to increase by more than 2.5 billion to 9.6 billion people in 2050.</td>
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<tr>
<td>• To contribute its full fair share in reducing green gas emissions agriculture would need to cut its current emissions by 2/3, even while boosting food production.</td>
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<tr>
<td>• Nearly 25% of food is wasted &quot;From Farm to Fork&quot;.</td>
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<tr>
<td>• Global food supply must increase 70% and at least double in developing countries.</td>
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<tr>
<td>• To double food production in developing countries annual investments of USD 83 billion are required – an increase of 50%.</td>
</tr>
<tr>
<td>• &quot;From Farm to Fork&quot; the agricultural sector accounts for 25% of world's total greenhouse gas emission and 70% of freshwater consumption.</td>
</tr>
</tbody>
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<thead>
<tr>
<th>Opportunities</th>
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<tbody>
<tr>
<td>• Danish agribusiness is leading in efficient and sustainable exploitation of resources.</td>
</tr>
<tr>
<td>• Danish agribusiness can gain an essential role in creating sustainable growth in global food production.</td>
</tr>
<tr>
<td>• Public and private funds are paramount to provide the necessary investments to ensure future global food production and supply.</td>
</tr>
<tr>
<td>• Public and private funds are essential to create jobs, especially in rural areas and ensure livelihood for the poorest, including women and the young and hereby reduce poverty and civil conflict.</td>
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</tbody>
</table>
WHAT MAY BE PART OF A PROJECT IN THE AGRICULTURAL VALUE CHAIN? “FROM FARM TO FORK”

**Projects in the early stages of the Agricultural Value Chain**
- Farm projects (crop farming, animal husbandry)
- Aqua culture (fish farming)

**Projects in the later stages of the Agricultural Value Chain**
- Cleaning, drying and storage of farm produce
- Food processing
- Food packaging and logistics
- Whole sale and distribution of food
- Processing of offal and by-products from farms and food industries

**Projects in the supporting industries**
- Manufacturing of farm machinery and equipment
- Manufacturing of machinery and equipment for food processing industries
- Production of animal feed, vitamins and other feed ingredients
IFU/IØ’s ACTIVITIES WITHIN THE AGRICULTURAL VALUE CHAIN

<table>
<thead>
<tr>
<th>As of 31/12/2013 (investment year 1994-2013)</th>
<th>IFU</th>
<th>IØ</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share capital</td>
<td>Project loan</td>
<td>Total</td>
<td>Share capital</td>
</tr>
<tr>
<td>Disbursed (DKKm)</td>
<td>555</td>
<td>336</td>
<td>891</td>
</tr>
<tr>
<td>Reimbursed (DKKm)</td>
<td>776</td>
<td>370</td>
<td>1,146</td>
</tr>
<tr>
<td>Book value (DKKm)</td>
<td>218</td>
<td>-</td>
<td>218</td>
</tr>
<tr>
<td>Investment (number)</td>
<td>27</td>
<td>22</td>
<td>34</td>
</tr>
<tr>
<td>Realised (number)</td>
<td>14</td>
<td>12</td>
<td>19</td>
</tr>
<tr>
<td>Money multiple (gross)</td>
<td>1.8x</td>
<td>1.1x</td>
<td>1.5x</td>
</tr>
<tr>
<td>IRR (gross)</td>
<td>11.1%</td>
<td>4.1%</td>
<td>9.9%</td>
</tr>
</tbody>
</table>

- The table includes projects in which the total investment from IFU or IØ amounts to DKK 10m or more
THE SCOPE OF DANISH AGRIBUSINESS FUND

- Danish Agribusiness Fund can participate in projects based on the presence of Danish economic interest.

<table>
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<tr>
<th>Definition of Danish economic interest:</th>
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<tr>
<td>• Goods and utilities produced in Denmark</td>
</tr>
<tr>
<td>• Goods and utilities produced by Danish subsidiaries</td>
</tr>
<tr>
<td>• Reduced costs for Danish companies</td>
</tr>
<tr>
<td>• Projects with the purpose of ensuring the continuously operation of international competitive Danish companies</td>
</tr>
<tr>
<td>• Participation of Danish funds, financial institutions etc.</td>
</tr>
<tr>
<td>• Positive effects for Danish society, i.e. increased employment in Denmark</td>
</tr>
<tr>
<td>• Interests of the Danish development strategy</td>
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</tbody>
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- The geographical scope of the Danish Agribusiness Fund will include all countries on OECD’s DAC List of ODA recipients.