

Old Mutual African Agricultural Fund (Luxembourg) - Société d'Investissement à Capital Variable (SICAV) Annual Report

31 December 2013



OLD MUTUAL
INVESTMENT GROUP

Contents

The Old Mutual African Agricultural Fund (Luxembourg) – SICAV (the “Fund”) holds an investment in the Futuregrowth Agri Fund I (“SA fund”) which invests in South African farmland. The Fund has the ability to invest in the rest of Africa and is also allowed to provide working capital finance to operators. Futuregrowth Asset Management is the Investment manager and UFF Agri Asset Management is the Investment advisor of the Fund.

Setting the Scene.....	4
2013: Looking back and ahead	
How we add value	
The Fund	6
Fund facts and general information	
Fund model	
Integrated investment process	
Fund overview	
Fund performance	
SA Sub-fund performance	
Fund Manager’s report	
Underlying investments.....	14
Deal overview	
Approved operators	
Introduction of Google Earth maps	
Marble Hall	
Northern Cape Grape Farms	
Piketberg	
Our People and Process	28
Fund management	
Glossary of terms used	
Contact details	
Appendix	30
2013 Annual Financial Statements (available on request)	



This annual report provides context and an overview of the Fund's operations and investments. Details of the environmental, social and governance (ESG) aspects of the Fund and its investments are covered in the accompanying 2013 Impact Report.



Setting the Scene

2013: Looking back and ahead

Paul Rackstraw, Futuregrowth's Managing Director

In October 2012, the Fund invested in the SA Fund. 2013 was the final year of the commitment period in the SA Fund with the final farmland acquisition taking place towards the end of the year. The team also identified additional expansion plans for all four investments in the SA Fund that will contribute to further capital growth and enhance the rental yield for the Fund. Three of the SA Fund's investments have run for more than 24 months. This provides an opportunity to reflect on the model adopted in running the Fund and the gains achieved during the initial investment stage.

The model that was implemented is one of high involvement by the Fund Advisor (UFF), partnering with an operator to ensure that the Fund's objectives are met.

In many areas such as education, housing and healthcare, the Fund is breaking new ground and aiming to set a benchmark for strong social practices that support the building of a competitive farming operation.

Given the nature of the farms (past practices, location, history, timing of crops, existing infrastructure) each intervention has to be custom designed to suit the specific requirements of each farm. These challenges require innovative thinking and solutions. I am encouraged to see that the team is always up to the challenge of finding a workable solution.

Moreover, the Fund has been contacted by neighbouring farms to enquire about the programmes being implemented and whether they can run similar programmes on their farms. This is particularly exciting as the Fund can act as an even stronger catalyst for change in the industry.

With respect to the close monitoring of the farming operations, it is pleasing to see that the UFF team has already been able to add value to the farms and operators in terms of requested changes to normal operations and the expansions. The Fund is continuing with expansion on the farms which, although diluting performance initially during the building period, will add significant value over the term of the Fund and enhance performance in the long run. The value that the Fund adds to the operator is affirmed in the strong pipeline of operators wanting to work with the Fund.

Looking further afield, Africa's potential is now starting to be recognised with increasing interest from overseas investors. Africa consists of about 20% of the world's land and has approximately 15% of the world's population. A key advantage is that it has 60% of the world's uncultivated arable land. Our aim, by applying the South African model to the rest of Africa, is to ensure that agricultural expansion and development in Africa is done in a responsible and sustainable way that makes a positive impact in the countries and communities where the Fund invests.



How we add value

Duncan Vink, UFF's Managing Director

The Fund is mandated to deliver solid financial returns together with positive social and environmental impact. The Fund uses capital to invest in upgrading farmland and increasing production in rural areas, thereby creating sustainable employment in these regions. Communities are never displaced and only land that has already been earmarked for agriculture is considered. Futuregrowth is the Fund Manager, with UFF Agri Asset Managers (UFF) the dedicated Fund Advisor.

UFF maintains a close relationship with the operators on its investment farms, providing advice related to strategy and daily operations, working in close cooperation with related third parties and institutions, and identifying value enhancing opportunities. These aspects are essential to the achievement of the Fund's financial and social objectives, and are embedded in its contractual agreements, supported by regular monitoring, farm visits and reportbacks to investors.

Our well developed marketing and distribution networks and our expertise in both local and international agricultural best practice allow our

The Global population is projected to grow by 50% by the year 2050 to 9 billion people. Land will be at a premium and food prices will rise significantly, with a growing demand for more effective and productive farming techniques.

UN report "World Population Prospects"

farms to effectively compete as world-class suppliers, and to sell their produce for optimal returns.

The Fund's state-of-the-art financial and operational management and control system (used to analyse and monitor the performance of the agricultural assets on a continuous basis) makes it possible to detect underperformance at an early stage. In conjunction with the UFF agronomist, who conducts an in-depth examination of the soil, water, plantings, crop care and management information systems used, efficiencies in farming methods are implemented and arable land is put to the most productive use.

Expansion opportunities are carefully planned and financed by the Fund, and closely monitored for the duration of the investment, thereby contributing to job creation and food security, with production on our farms expected to double by the end of the Fund term. In this way, the Fund's involvement considerably enhances the performance and long-term sustainability of the farm, compared to the situation prior to our investment. Without the investment and involvement of the Fund these developments, together with our social initiatives, would not have taken place.



The Fund

Fund facts and general information

Price publications and regular information

Information on the Fund's development is available through selected banks. Additional regular information may be obtained from the Fund's investment advisor, UFF Agri Asset Management (www.uff.co.za), or the Fund manager, Futuregrowth Asset Management.

Fund domicile and type

Luxembourg,
Société d'Investissement à Capital Variable (SICAV)

Inception date

August 1, 2012

Central administration

Credit Suisse Fund Services
(Luxembourg) S.A., Luxembourg

Investment manager

Futuregrowth Asset Management
Cape Town, South Africa

Investment advisor

UFF Agri Asset Management (Mauritius)
Mauritius

Custodian

Credit Suisse (Luxembourg) S.A., Luxembourg

Fund currency

The Fund currency is USD.

Investment currency

Primarily, investments are made in USD. In certain cases, investments can be in ZAR. Local currencies are permitted on a limited basis.

Valuation (NAV calculation)

The Net Asset Valuation is calculated on the last bank working day (banking days) in Luxembourg each month (valuation date).

Value date

The payment of the purchase and the redemption prices is usually made within ten banking days in Luxembourg after the valuation date.

Issue/purchase of shares

Fund shares are issued monthly. Subscription requests must be submitted three banking days before the respective valuation date.

Issuing fee

As per bank fees

Redemption/sale of shares

The redemption of shares is possible at the end of any month subject to 45 calendar days notice.

Valor

USD
USD

ISIN

LU0796025822
LU0852744571

Class

I-1
I-2

Denomination

The initial share price was USD 100. The minimum subscription amount is USD 1,000.

Returns/dividends

No distribution, proceeds are reinvested.

Management fee

A maximum of 1.75% p.a.

Performance fee

20% of the excess return over the hurdle rate of 12% after management fees in nominal terms.

Sales authorization

Luxembourg, The Netherlands

Distribution / paying agents

Credit Suisse (Luxembourg) S.A.,
Luxembourg
Futuregrowth Asset Management,
Cape Town, South Africa
UFF Agri Asset Management,
Cape Town, South Africa

Fund promotor

Old Mutual Investment Group,
South Africa

Social impact

The Fund is a SRI vehicle that facilitates agricultural development, farming infrastructure, social, environmental and economic development in Africa.

The investment model addresses agricultural initiatives that lead to:

- | land development and conservation
- | environmental reform
- | employment
- | healthcare
- | community ownership
- | housing
- | education
- | food security
- | skills transfer

INVESTMENT FEATURES

- | Real asset underpin
- | Long-term investment with current stable return component
- | Low if not negative correlation to traditional asset classes
- | Diversification
- | High correlation with inflationary measures
- | Inflation hedge / attractive risk-return profile
- | Significant direct and indirect societal benefits (food security, employment and empowerment).

Fund model

The Fund's investments are in the actual farmland and infrastructure, which is leased to an approved operator to manage and run the farm. According to a planned expansion programme, the Fund invests capital into farms to develop additional arable land. This may include the acquisition of adjacent farmland.

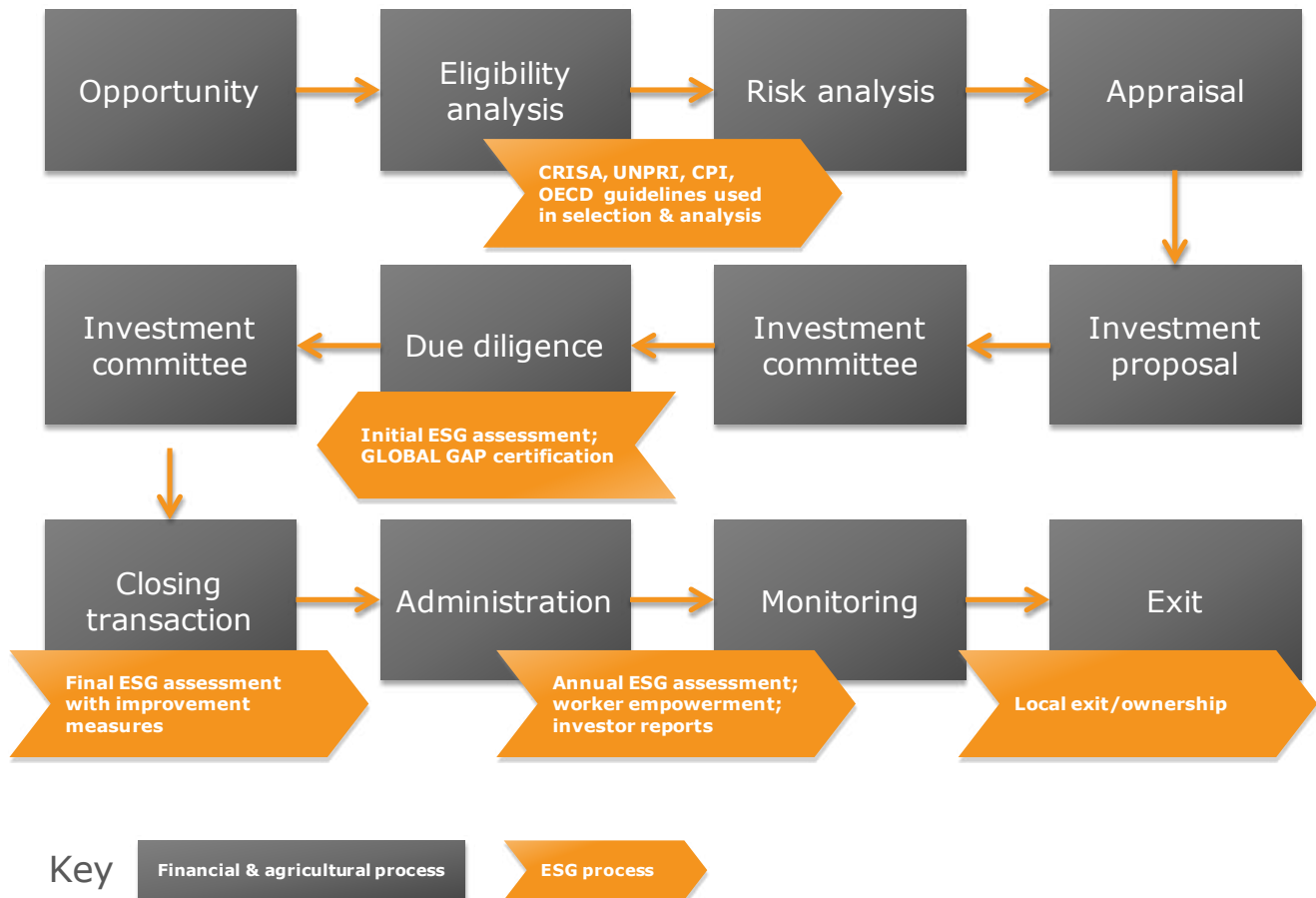
Returns are generated from the lease fee escalated at the local inflation rate p.a., with the capital value increase realised upon final exit with the profit on sale of the farmland.

Aside from the stable returns generated, the social impact is significant. The investment caters for a minimum 0.5% of invested capital spend per annum on healthcare and educational programmes for workers.



Integrated investment process

ESG assessment, monitoring and management forms part of the investment process and life cycle of the Fund's investments, as illustrated below. In-depth detail on the various aspects of the ESG processes is provided in the Fund's 2013 Annual Impact Report.



Fund overview

As at 31 December 2013 the Old Mutual African Agricultural Fund (Luxembourg) SICAV ("The Fund") had committed capital of USD 6m (ZAR 62m) to the SA fund, which is invested in South African farmland. Of this, USD 4.7m (ZAR 42.9m) had been drawn by the end of the year.

The invested capital is spread across the existing three deals: Piketberg, Northern Cape Grape Farms, Marble Hall, as well as a fourth deal: the Eshowe Citrus Farm. The remainder of the undrawn committed capital is budgeted and allocated towards the upgrading and expansion of the four deals in the portfolio.

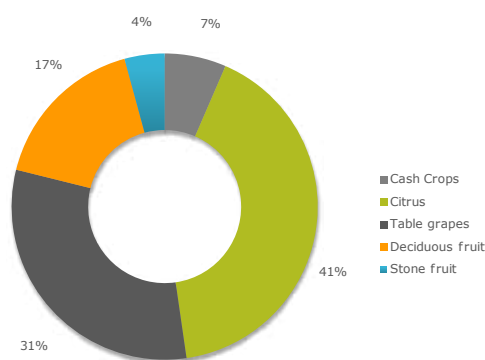
The transaction for the acquisition of the citrus farm in Eshowe, KwaZulu Natal was completed during the quarter and operations on the property are expected to start in January 2014 therefore details on this investment will commence in the report for Q1 2014.

Piketberg is a consolidation of three deciduous and stone fruit farms in the Western Cape Province acquired in November 2011.

Northern Cape Grape Farms is a consolidation of three table grape farms in the Northern Cape Province bought in August 2011.

The Marble Hall investment is similarly a consolidation of three citrus farms in the Limpopo Province, acquired in December 2010.

Crop allocations December 2013



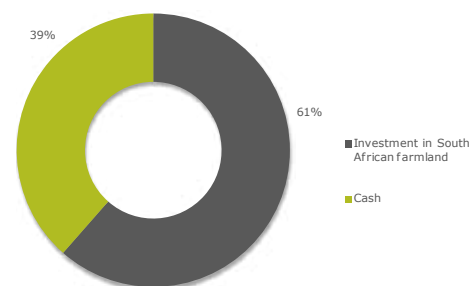
Source: Futuregrowth

Country exposures December 2013



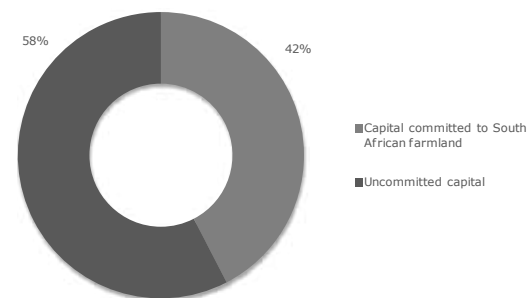
Source: Futuregrowth

Asset allocations December 2013



Source: Futuregrowth

Capital committed December 2013



Source: Futuregrowth

CURRENT PERMANENT CROPS

- | Citrus: Navels, Valencias, Lemons, Soft citrus, Grapefruit
- | Table grapes: White seedless, Black seedless, White seeded, Red seeded grapes

- | Deciduous fruit: Apples, Pears
- | Stone fruit: Peaches, Nectarines

Fund performance

The components that drive returns are as follows:

- 1) Capital appreciation on the underlying investment properties over the long term.
- 2) The CPI-linked lease fee: the lease is a fixed percentage of the purchase price of the land, escalating annually at CPI.
- 3) Expansion potential of the investments: not only gives an increased lease yield once the new developments reach production, but the capital value is also enhanced on revaluation and exit.
- 4) Short term working capital finance to operators will add income returns to the portfolio on excess cash that is available in the short term.
- 5) The investment returns may be affected by exchange rate movements.

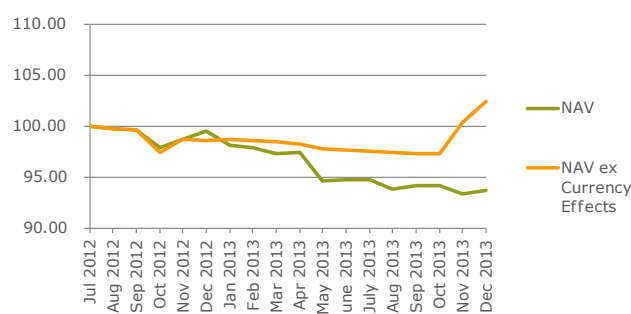
The ZAR currency weakened by 23% during 2013 which had a considerable impact on the NAV as the Fund is based in US Dollars. The currency weakness had a negative impact on the existing investment into the South African farms. The weakening of the ZAR currency will, however, contribute to the profitability of the Fund's exporting farms in the immediate future, and should translate to increased farm values in the medium to longer term when the rolling annual valuations take place.

During the year the lease fee income net of costs as well as the revaluation of one of the farms in the SA fund contributed positively to the performance. The effect of these positive contributions during the year was marred by the ZAR currency weakness. The underlying investment into the SA fund has been performing satisfactorily.

The Fund plans to do further investment into operational (crop) exposure, thereby improving the deployment ratio of the Fund. The Fund sponsor redeemed part of its capital during the last quarter of the year, thereby diminishing the current cash drag in the Fund. Both measures are expected to improve the Fund performance going into 2014.

The acquisition of a citrus farm in Eshowe, KwaZulu Natal by the SA fund was completed during December 2013 and will further enhance the diversification of the portfolio.

Performance (historical NAV) December 2013



SA Sub-fund performance

The SA Fund delivered a total return of 8.18% over the past year and 8.25% pa since inception.

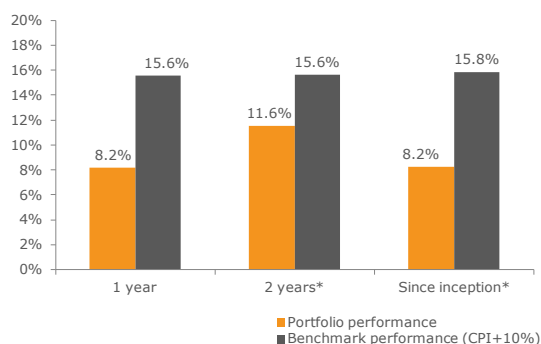
It must be noted that these types of investments tend to be capital intensive in the early years. Therefore return expectations during the first few years tend to be lower, but as time progresses the returns follow a J-curve effect. The J-curve effect is less pronounced than private equity investors are accustomed to, due to the lease income stream generated by the farmland assets after their acquisition. It should also be noted that the valuations of expansions are done at cost and only marked-to-market once the orchards or vineyards come into production.

The 8.18% return consisted of 6.05% lease income, 0.36% cash return and 1.77% capital gains on equity.

The total returns for the year can be further broken down as per the table below:

	LEASE INCOME AND CASH RETURNS	CAPITAL GAINS ON EQUITY	TOTAL
Piketberg	1.41%	2.38%	3.79%
Northern Cape Grape	1.68%	(1.49%)	0.20%
Marble Hall	2.96%	0.93%	3.89%
Eshowe Citrus Farm	-	(0.06%)	(0.06%)
Cash	0.36%	-	0.36%
Total	6.41%	1.77%	8.18%

Fund level returns December 2013



Independent valuations on all the farms were conducted during the 4th quarter, with only the Piketberg farm valuation completed before the end of December 2013. Piketberg contributed 3.79% in the total performance for the year, with 2.38% attributable to the revaluation. The main driver behind the increase in value was the considerable market price increase of apple and pear orchards.

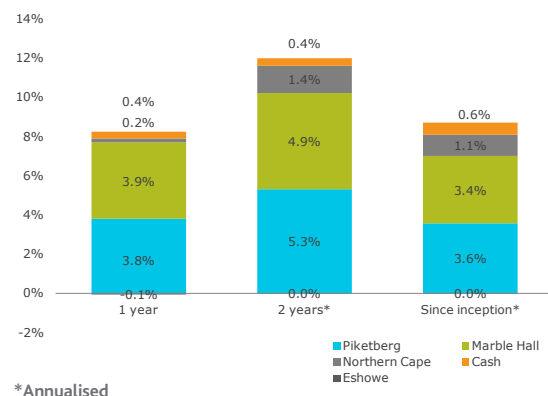
The lease fee income returns are diluted to some effect due to the capital investment into the expansion projects on the farms. It must be noted that lease fees can only be charged on new orchards or vineyards when they come into production and therefore capital invested in new orchards or vineyards will not generate income in the first few years.

The acquisition of the Eshowe citrus farm in KwaZulu Natal was completed during December 2013. Setup costs contributed a slight negative to performance. The lease fee income should reverse this during the first quarter of 2014. We will report in more detail in the next annual review, once the Eshowe farm is fully operational.

The performance calculation is based on a time weighted methodology.

(Note: The information stated relates to the period under review and is not indicative of future returns. Referred to in this section, all returns are ZAR denominated.)

Farm level returns December 2013



THE COMPONENTS THAT DRIVE RETURNS

- Potential capital appreciation on the underlying investment properties.
- The CPI-linked lease fee: the lease is a fixed percentage of the purchase price of the land, escalating annually at CPI.
- Expansion potential of the investments: not only gives an increased lease yield once the new developments reach production, but the capital value is also enhanced on

revaluation and exit. **Note:** expansion hectares are carried at cost and not written up until fully productive. Social returns due to enhanced worker healthcare, housing and sanitation, job creation and skills transfer ensure that farmland quality is maintained and contribute to farm sustainability and community empowerment.

Fund Manager's report

Smital Rambhai, Product Manager

We believe that the components that drive the Fund's returns are capable, over time, of not only meeting but exceeding the target 12% USD benchmark:

| The fundamental basis of the Fund's return is potential capital appreciation on the underlying investment properties. Farmland assets both worldwide and within South Africa historically outperform inflation in the long term through all economic cycles by at least 4.5%, according to Human Sciences Research Council/STATSA figures (1995-2008).

| The second driver of the Fund's return is the CPI-linked lease fee. When deals are concluded, the purchase of farms is indivisibly tied to the appointment of an operator who leases the farm for a period of 10 years. The lease is a fixed percentage of the purchase price of the land, escalating annually at CPI. This component provides an essential and very strong check back to the purchase price. If the purchase price is in any way over true value, the Fund will not find an operator who is willing to commit to the concomitant lease for the required 10 year period.

| Thirdly, and most importantly, the expansion potential of the investments provides a strong

performance return component in itself. Each deal is required to have sufficient growth and capacity/expansion potential. This is driven by the quality of the farm infrastructure which enables the Fund to develop both existing arable land, as well as to purchase additional land, deploying capital to maximise the potential available. This is why the due diligence process prior to purchase necessitates intense work on soil quality, water rights and infrastructure assessment, together with a key understanding of market dynamics. This expansion potential not only gives an increased lease yield as soon as the new land reaches production, but the capital value is also enhanced on revaluation and exit.

| Finally, social returns are an integral component of the Fund's performance. Improvements to worker healthcare, housing and sanitation, job creation (driven by the expansion mentioned above) and skills transfer ensure that the quality of the farmland is maintained. This contributes to the long-term sustainability of the operations and economic empowerment of the surrounding communities. These factors add significant value to the farmland asset over time and are expected to result in positive returns at the end of the Fund term.



38% of
the world's
land is
used for
agriculture

FAO – October 2013
faostat.fao.org



Initially, Fund investments are valued at the cost of acquisition, plus any immediate capital investment. Thereafter revaluations are conducted annually, barring any significant market events that might trigger an earlier revaluation.

Revaluations of investments are conducted by a qualified independent valuator who performs an appropriate market-based valuation to derive the Fair Value of the investment - Fair Value being the amount at which the asset can be bought or sold, in a current market-based transaction, between two willing parties.

The independent valuator utilises a number of valuation methodologies, namely:

- a) The Comparable Sales Approach,
- b) The Depreciated Replacement Valuation Approach,
- c) The Hybrid Valuation Approach, or, where the above methodologies are not deemed appropriate, and
- d) Income Based Valuation or Income Capitalisation Approach.

The stage of development of the investment is taken into account with reference to the capitalisation of biological assets and expansion capex.

Our investments are groundbreaking in the context of the South African asset management industry and there are no established industry standards

for farmland and associated assets. Therefore our valuation policy has required considerable development in response to divergent views amongst independent valutors regarding the value of undeveloped land, biological assets, water rights and improvements.

Africa supplanted Europe as the leading export destination for South Africa's agricultural products for the first time in 2012, according to data released by the Bureau for Food and Agricultural Policy towards the end of 2013. The economic crisis in 2007 saw a drop in disposable income throughout Europe and therefore a lower demand for imports. This is in contrast to the African continent where certain countries are growing at significant rates and there is an increased demand for South Africa's agricultural products. Recent foreign investments into African countries have been significant and many multinational companies have set up businesses in order to take advantage of the growth prospects. South African retailers such as Shoprite have been actively opening stores across the African continent and other food retailers are not far behind. According to the data, Africa represents 31.2% and the EU 29.9% of all agricultural exports. This makes Africa the largest trading partner for agricultural exports and this market is expected to grow consistently, especially for commodities such as fresh fruit and wine.

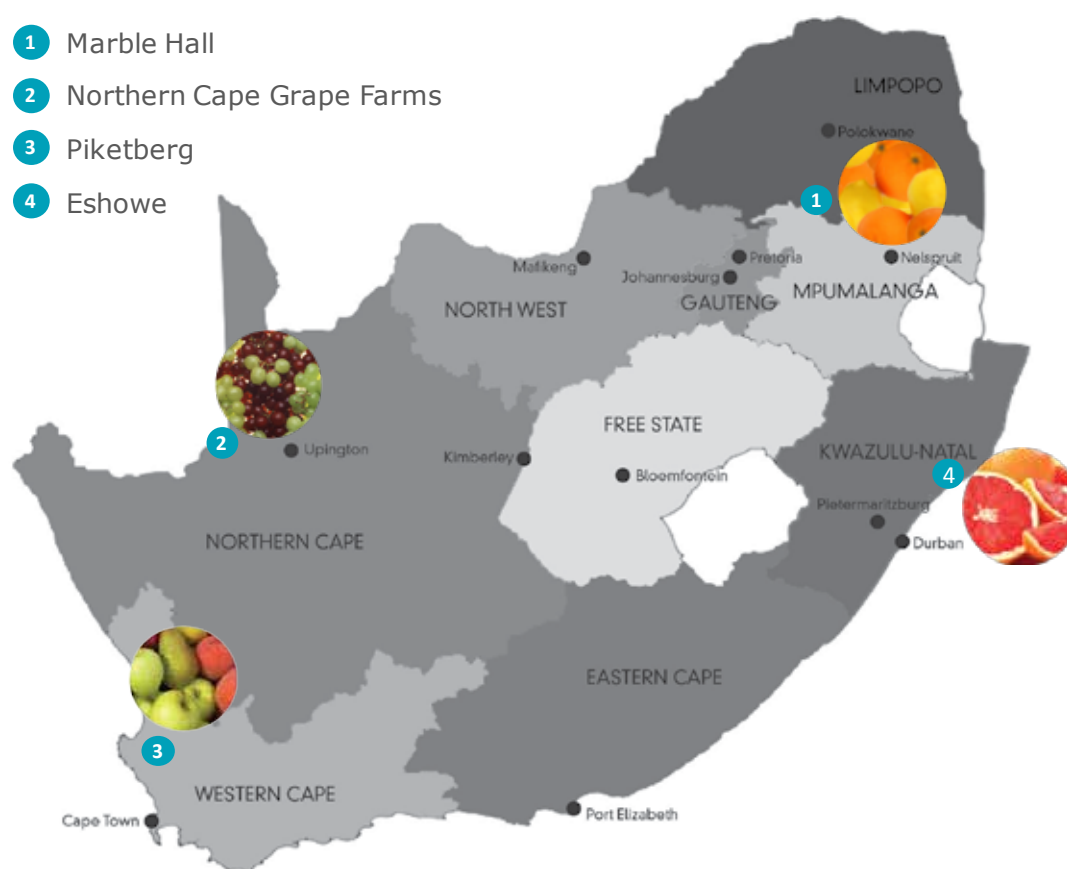
Underlying Investments

Deal overview

The SA Fund continues to hold three investments as shown on the map below: Marble Hall, Northern Cape Grape Farms and Piketberg, comprising a total area of 5 154 hectares (ha). A fourth transaction for the acquisition of a citrus farm in Eshowe, KwaZulu Natal was completed during December 2013 with an amount of R47m spent on the initial transaction. Transfer of the property is expected to take place in January 2014 therefore details on the investment will be provided for in the 2014 annual report.

Deals done in South Africa

- 1 Marble Hall
- 2 Northern Cape Grape Farms
- 3 Piketberg
- 4 Eshowe



Summary of existing deals

FARM	ACQUISITION DATE	REGION	PRIMARY CROP	TOTAL FARM SIZE	OPERATOR
Marble Hall	December 2010	Limpopo	Citrus	936 hectares	JV between farmer Nelus Potgieter and SFV (Safe Farm Ventures)
Northern Cape Grape Farms	August 2011	Northern Cape	Table grapes	3 183 hectares	SFV
Piketberg	November 2011	Western Cape	Deciduous and stone fruit	1 035 hectares	International Fruit Services

Approved operators

Operators appointed by the Fund are required to take over the existing workforce and provide an adequate working environment on the farm. They agree to maintain the asset and its improvements, and keep it in good condition, subject to an annual audit by UFF. They have to comply with World Bank environmental, social and safety standards, and with UFF's administration and IT monitoring system, maintain monthly reporting flows. They agree to enable UFF to comply with required information feedback and also ensure community involvement.

OPERATOR CRITERIA FOR SELECTION

- | Solid financial standing and reputable management;
- | Turnover > USD25m per annum;
- | Proven access to market;
- | Established track record; generally >7 years;
- | A good industry reputation;
- | Commitment to skills transfer & economic empowerment; and
- | The operator must co-invest in working capital requirements (at a risk position).

Two operators have been approved by the Fund to date:

International Fruit Services (IFS)

IFS is a global shipping and logistics facilitator, founded in 1994. The company uses both conventional and containerised shipping to provide the most effective and economic means for moving produce around the world. It enables independent growers, service providers and retail to achieve the direct and sustainable supply of fruit from the farm to supermarkets worldwide.

IFS members are forward thinking farmers whose product meets the requirements of retail for high and consistent standards. They are strategically spread throughout southern Africa's fruit regions and produce a wide range of fruit varieties. Producers focus on good farming practices and adherence to ethical and social standards. The transactions with IFS will result in Greenery and Cobana Fruchtring partnering in the operating of the farms. Both companies are large scale supermarket service providers with a decade long track record.

South African Fruit Exporters (SAFE) | Holding Company

SAFE Farm Ventures (SFV) | Logistics and operational management

SAFE was established in 1997 and has grown into one of the largest exporters of fresh fruit from southern Africa. Originally, it only bought fruit from local farmers and sold this to importers in the Netherlands. However, this has greatly changed over the years. The main activities of the company are now confined to the logistical handling and the export of fresh fruit on behalf of the producers and overseas clients.

Today, SAFE manages its own production, takes care of the packing, cold storage, transport and all other activities related to the export chain. SAFE has a global customer network and plays an important role in the total fruit export from South Africa, Zimbabwe and Namibia.

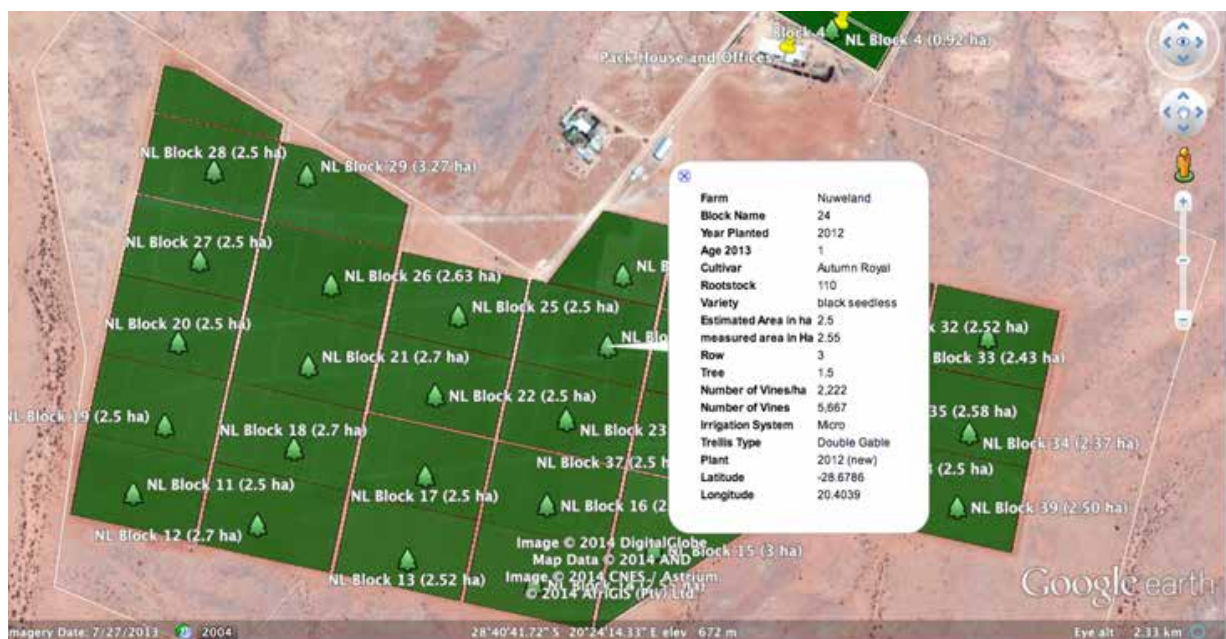


Introduction of Google Earth maps

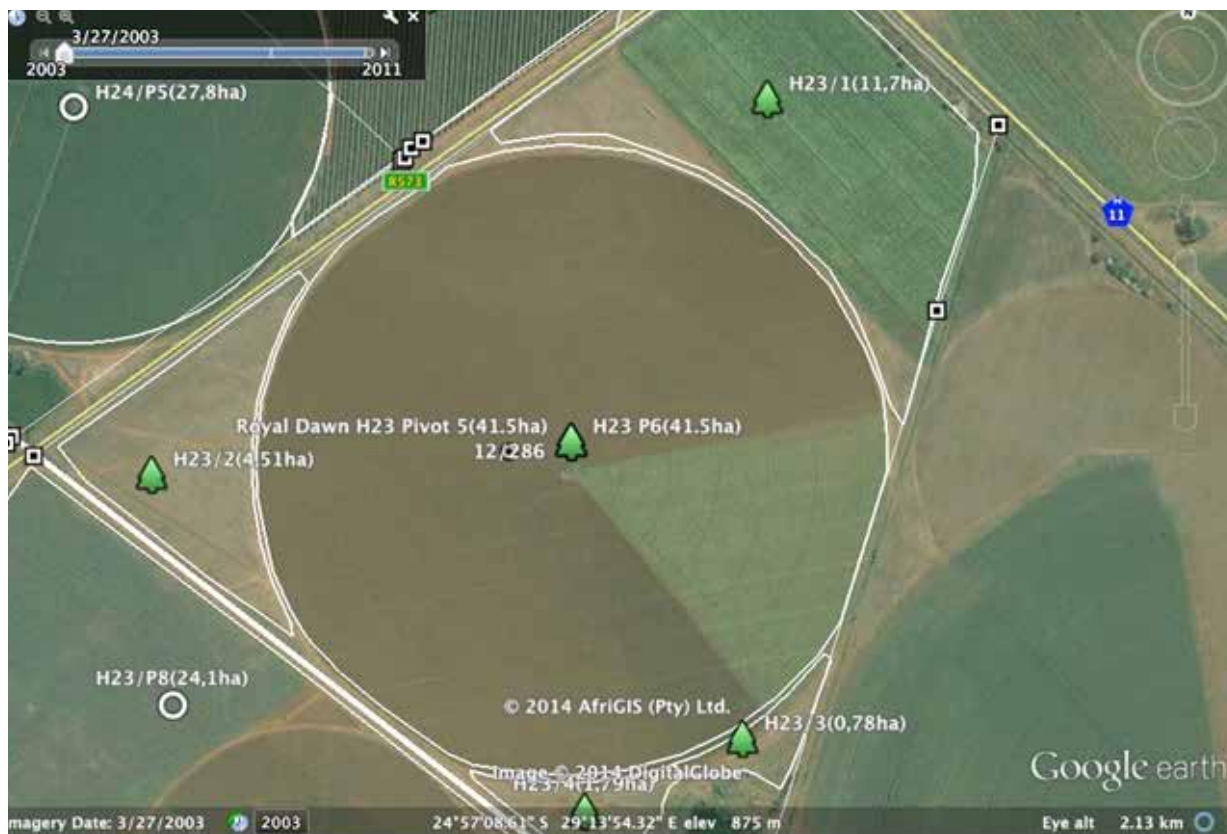
The use of the Google Earth Pro software programme has been added to the due diligence process. Google Earth provides satellite images and is able to zoom in on any place on earth. This benefits the due diligence process by providing detailed data on our farms, such as area and perimeter measurements, taking into account the slope of the land, which is useful for building and monitoring fences, roads and pipelines. The agronomist is able to use the software for soil and area analysis, as well as planning and optimising expansions and irrigation infrastructure. The software also provides historical satellite imagery, which allows the agronomist to assess changes and the quality of the operations over time.



A section taken between the two pump houses on the Nuweland farm in the Northern Cape.



Each field can be highlighted and each tag contains detailed field information.



Field number P6 in Mable Hall in 2003.



The same field in Marble Hall in 2011.

Marble Hall

FAST FACTS

Acquisition date	December 2010	Operator companies	Fanchon (Pty) Ltd / Somerhoek (Pty) Ltd
Investment period	10 years	Property SPV	Royal Dawn Farming (Pty) Ltd
Primary crop	Citrus	Individual farm names	Somerhoek Loskop Elandsdrift
Region	Limpopo, bordering Mpumalanga	Workforce	Permanent: 66 Seasonal: 275 at peak
Total farm size	936 ha (including natural pasture)	Potential job creation	300 new jobs (permanent & seasonal)
Primary production and infrastructure area combined	714 ha (222 ha natural pasture)		
Operator	JV between farmer Nelus Potgieter and SFV		

The Marble Hall investment is a consolidation of three citrus farms in Limpopo, totalling 936 ha in area. At the outset of this acquisition, Marble Hall was identified as having good expansion potential and 190 ha of new orchards have been planted through the SA Fund's expansion programme to date. Newly planted trees start bearing after 3 years and reach their peak in 8 to 9 years.

The impact on the prospective workforce is significant. With 1.6 labourers required per hectare of citrus farming in full season, this means that 300 new jobs may potentially be created.

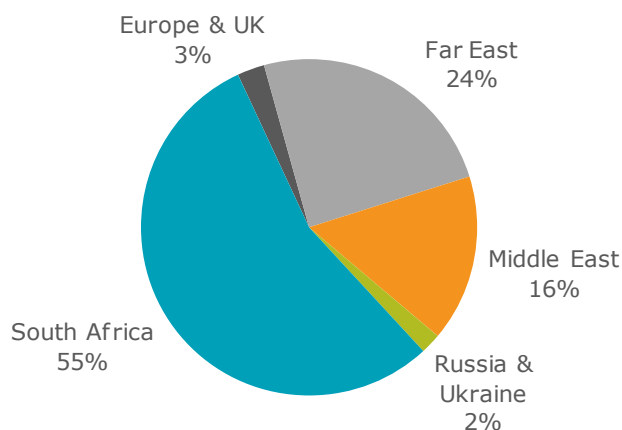
The investment provides a solid footing in citrus farming that supplies both the local and international markets.

**69 million tons of oranges
were harvested worldwide
in 2013**

FAO – October 2013 faostat.fao.org

Markets

In 2013 the bulk of Marble Hall's production went to the local market (55% as opposed to 11% in 2012), with the Far East and Middle East accounting for most of the export market. Notably, the newly planted lemon trees have started producing fruit, which at this early stage is not suitable for export. This, together with some fruit affected by hail damage, was sent for juicing for the local market: hence the increased local market share. During the next two to three years the juicing volumes should decrease, with the export portion rising again as the trees mature.



SELLING TO THE CITRUS MARKETS

Marketing fruit is no longer a case of sending a ship full of oranges to a port and off-loading them. Containerisation, amongst other trends, has led to increasingly sophisticated end-user demands. Buyers of fruit want to know where it comes from, who produced it, how it was grown, and more. Initiatives like GLOBALG.A.P. are a manifestation of this phenomenon.

Growers are now required to send specific types of fruit to select markets in order to achieve the best prices.

In China, for example, oranges are used for ceremonial purposes and also as a status symbol, indicating affluence and abundance. The type of orange required by this market needs to be small, beautiful and smooth-skinned, with a deep orange colour. Here, local Valencia oranges have a market advantage over Californian oranges, which tend to be light yellow in colour. Taste does not matter, as the fruit is generally not eaten. Chinese customers are prepared to pay a premium for this fruit; however, it is important not to flood the market and risk driving prices down.

Customers in the Middle-East, on the other hand, want big, sweet oranges of any shape, colour or texture, as 95% of the fruit is squeezed into juice. Fruits with 'Black Spot' are tolerated by this market.

Marble Hall's sophisticated IT systems mean that it can meet these particular demands from its offshore markets, with fruit accurately tracked from the moment it is picked, to its final destination.

Marble Hall farm performance¹

In 2013 Marble Hall produced the best crop since acquisition, in spite of some teething problems with the new packing line where delays resulted in some culling of the Navel crop due to over maturity. Otherwise, all the requisite production inputs have been carried out and the farm is in very good condition. Early indications, based on the quantity of fruitlets on the trees, are that another good crop can be expected in 2014.

421,160 cartons were exported from Marble Hall during the 2013 season (compared to 328,200 in 2012). The completion of the pack house expansion as well as the new Maf Rhoda packing line contributed to the higher volumes of fruit handled, even though the new packing line had some teething problems at first. Of the total 14,713 tons of fruit harvested during the season, 6,317 were exported and 8,395 were sold to the local juice market.

During the 2013 season almost 400 people were employed in the orchards and pack house. There is existing accommodation on the farm for only 140 workers, which resulted in some challenges during the peak season. The possibility of expanding the labour quarters will be explored, to prepare for the 2014 season.



¹The Fund itself has no exposure to primary agricultural risk as the farms' operating performance is for the account of the operator.

Marble Hall expansion update

Although the construction of the packhouse was completed on schedule, the installation of some of the equipment was delayed and early teething problems caused some holdups. These issues were addressed and performance in the latter part of the season substantiated the value of this investment. In anticipation of a larger crop next season, the operator has started training staff and enhancing packing procedures so as to increase the efficiency of the existing infrastructure.

All the new plantings grew well during the spring and summer growth periods, particularly the lemons with a crop expected in the 2013/2014

production period. Nova and Navel orange plantings will be ready to bear a crop in the 2014/2015 season - at about 30% of their potential.

A 70 ha orchard expansion project will start early in the new year, with the trees already ordered for planting in July 2014. The irrigation system is to be upgraded from a single line drip system to a double line. This, in conjunction with the proposed sealing of some of the dams, will result in more efficient water utilisation. Funding of R500 000 was approved to upgrade the current ablution facilities at the compounds as well as in the orchards. In addition, the ablution facilities at the packhouse are to be upgraded.



Northern Cape Grape Farms

FAST FACTS

Acquisition date	August 2011	Operator company	Onderstepoort (Pty) Ltd
Investment period	10 years	Property SPV	Matlotlo Trading 27 (Pty) Ltd
Primary crop	Table grapes	Individual farm names	Onderstepoort Nuweland Oranjestroom
Region	Northern Cape	Workforce	Permanent: 97 Seasonal: 950 at peak
Total farm size	3 183 ha (including natural pasture)	Potential job creation	465 new jobs (permanent & seasonal)
Primary production and infrastructure area combined	222 ha (2 961 ha natural pasture)		
Operator	SFV		

The Northern Cape Grape Farms investment is a consolidation of three farms in the table grape region of the Northern Cape covering a total area of 3 183 ha, 2 961 ha of which are natural veld. To date 93 ha of new vines have been planted through the SA Fund's expansion programme and the replanting of 44 ha of existing vines has started. The new hectares will almost double the number of grape vines on the farm.

Newly planted vines become fully productive after three years. With five labourers required per hectare in full season, this means that 465 new jobs may potentially be created.

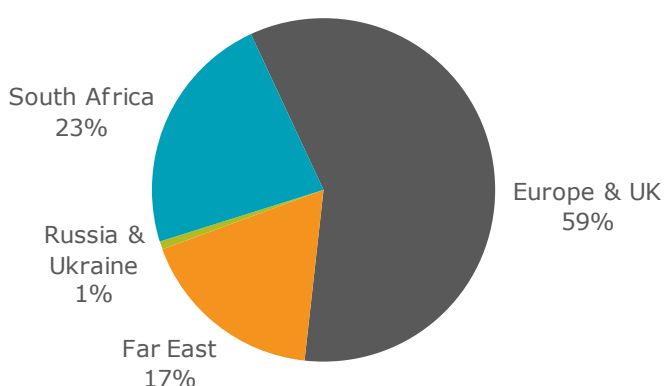
This investment provides a foothold in early season grape crops that are marketed internationally. The area along the Orange River in the Northern Cape is one of the few regions in the world that can produce quality table grapes for the peak pre-Christmas demand in Europe.

Markets

The UK and European markets were the main destination markets for these grapes in 2013, accounting for 59% of the farm's market, with the local market place consuming 23%. Heavy rains during the harvesting period resulted in higher than normal volumes being sent to the local market. This is not the rule and higher exports are expected again in the coming season.

The Orange River region is the 2nd largest producer of table grapes in South Africa with 30% of the country's table grape production area

South African Table Grape Industry (SATI)



SELLING TO THE GRAPE MARKETS

Europe

Over the years, exports to Europe have been declining. The reasons for this are varied, but the biggest is the strong focus on food safety and Maximum Residue Levels (MRL). At the moment, a Fair Trade process is in full swing at the Northern Cape Grape Farms, which is expected to have a positive impact on marketing and sales to the UK and other European countries.

Far East/Asia

SAFE foresaw that this market would grow in importance, and in 2009 established a joint venture with Prestige China Development, based in Hong Kong. The company coordinates exports and sales through-out Asia. As these markets have very specific criteria it helps considerably to have local offices and management in situ.

Middle East

In recognition of its growth potential, SAFE established a JV with Batrouni Global Fruit Trading based in Lebanon, to co-ordinate exports and sales throughout the Middle East. The company also has offices in Egypt and Kuwait.

Eastern Europe

This market is estimated at 80% under the control of importer wholesalers and about 20% in the hands of the supermarkets. The primary destinations are Russia, Romania and Ukraine.

South Africa

The South African market, albeit small, is growing year by year, as are other countries on the African continent. Political, socio-economic and infrastructure influences are not always stable, however, and SAFE is accustomed to fluctuating opportunities and sales.

Northern Cape Grape Farms performance¹

At the Nuweland farm, the 2012 plantings are in good shape and expected to yield a good crop in 2014. The raisin blocks were damaged by frost, significantly reducing the crop.

At the Oranjestroom farm, very low temperatures in September/October and resultant frost damage also had an impact on the harvest. Some blocks were severely damaged and could not be harvested at all. Growth on these blocks has started again, with a full canopy and enough vines for the coming season.

Frost damage was most severe at the Onderstepoort

farm, with almost all the blocks next to the Orange River badly affected. As a result, only 19.26 ha of the 45 ha prepared for harvest were actually harvested. The cold weather also resulted in uneven berry sizes, which caused lower bunch weights than expected and a smaller portion than planned being exported. 67,000 cartons were exported, with the balance going to the lower paying local market. All farms in the region were similarly affected.

The upgrading of the accommodation at Onderstepoort is starting to contribute to positive workforce morale on the farm.



Punnets being packed for the EU markets.

¹The Fund itself has no exposure to primary agricultural risk as the farms' operating performance is for the account of the operator.



Northern Cape Grape Farms expansion update

The Northern Cape Grape Farms expansion programme has three main focal points: 1) vineyard expansion through establishing additional new vineyards as well as replanting some existing sections; 2) covering existing and new vineyards with netting; and 3) investment in additional fixed and moveable assets required to optimise operating activities. The programme is intended to be completed over a three year period.

These farms are spread across a wide area, including areas situated close to the Orange River and parts that are remote and relatively inaccessible. The expansion programme is therefore fairly complex and needs to take specific conditions on each of the original farms into account. As the new vineyards reach full production, expansion of the packhouse and related infrastructure and equipment is required. Worker housing expansion and improvements are also included in the programme.

As at December 2013 60 ha of vines were covered with netting. Netting provides grape farmers with many advantages, especially in the Northern Cape

where spring hail storms and birds tend to damage the crop. Netting has been found to increase the production yield of the vineyards by 25% and the operator income by 40%. Nets have a lifespan of ten years, after which the netting needs to be replaced; however, the infrastructure that supports the netting can remain.

The planting of 10 ha of young vines at Nuweland was completed in August 2013. The installation of the netting started in August and is progressing slowly, with completion estimated in 2014.

Vineyards planted in 2012 at Nuweland have produced a modest crop. The vines are in excellent condition and on their way to becoming a high value vineyard. The new plantings of 2013 are also growing well. The netting is not yet completed and will continue in 2014.

Netting at Oranjestroom was completed in November 2013. Some trellising still needs to be completed and the irrigation control system has been installed.

The replanting of existing vines at Onderstepoort was completed in late October 2013.



FAST FACTS

Acquisition date	November 2011	Operator company	Hochland (Pty) Ltd
Investment period	10 years	Property SPV	Salestalk (Pty) Ltd
Primary crop	Deciduous and stone fruit	Individual farm names	Stawelklip Voorstevlei Hochland
Region	Western Cape	Workforce	Permanent: 124 Seasonal: 520 at peak
Total farm size	1 035 ha (including natural pasture)	Potential job creation	100 new jobs over time
Primary production and infrastructure area combined	147 ha (888 ha natural pasture)		
Operator	JV between farmer Hugo Schreiber and IFS		

The Piketberg investment is a consolidation of three deciduous and stone fruit farms in the Western Cape, totaling 1 035 ha, of which 888 ha are natural veld.

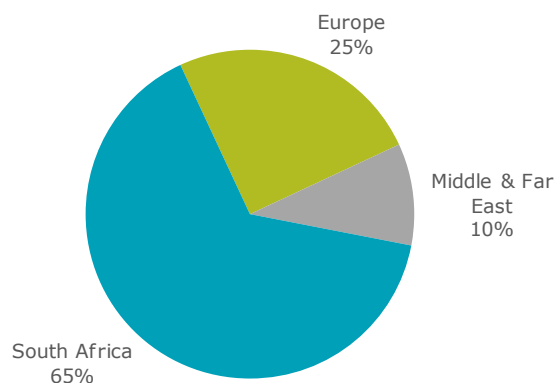
The investment has significant expansion potential, with excess water rights, and it is anticipated that 100 new jobs will be created over time.

This property lies 850 metres above sea level, providing a unique and ideal micro-climate within the fruit industry. This allows the farm to yield prime, early to market, top quality produce, with

the advantage of global peak-price marketing opportunities.

Markets

Piketberg mainly services the local markets at 65% of the farms' output. This is marketed directly to premier retailers such as Pick n Pay, Checkers and Shoprite. The farms are GLOBALG.A.P and Hazard Analysis Critical Control Point (HACCP) certified. The remaining 35% of production is shipped directly to offshore clients in Europe and the Middle and Far East.



Up to **800 000** apples are **packed** daily during the season at our Piketberg farm

Farm Manager

Piketberg farm performance¹

The Piketberg farm completed packing its own fruit for the 2012/2013 season in the second quarter of 2013, and achieved its best season to date in terms of volumes and prices, with apples providing the major part of the increased yield. The bumper crop resulted in some capacity challenges in terms of bins, cold room space, equipment, packhouse capacity and worker availability. The farm managed the situation by using external packhouses for the overflow. Having completed its own pack, the farm continued to pack for other farms for the remainder of the season. Citrus packing for other producers ended in October and volumes were almost doubled compared to 2012.

In general, the 2013/2014 crop at Piketberg looks promising. With the current exchange rates, it

is planned to export more apples and pears than previously. By year end 40% of the 2013 stone fruit crop had been packed.

The farm experienced a very wet late winter and as a result more seasonal workers than usual had to be employed to counter the working days lost due to bad weather. The farm has upgraded some of the existing accommodation, but housing the additional seasonal workers put the available housing under strain. Additional pruning had to be done because of the long wet intervals. Some hail damage occurred on the nectarines and a strategy is in place to cover any potential loss. By year end, dam levels at Piketberg were approximately 75% which is better than normal.

¹The Fund itself has no exposure to primary agricultural risk as the farms' operating performance is for the account of the operator.

A FIRST-HAND EXPERIENCE OF THE SOCIAL AND ECONOMIC REWARDS OF INVESTING IN AGRICULTURE

An invitation to tour our Piketberg farm was extended to delegates visiting Cape Town for the PRI in Person conference in October 2013.



The opportunity was taken up by 17 guests, some from as far afield as Italy, Finland and the Netherlands. After meeting at the conference centre for coffee and an introduction to our Agri-fund team, everyone travelled together by bus via the picturesque Versfeld Pass to the farm, situated in Piket-Bo-Berg. The tour included a presentation on the Fund's background and investment thesis, as well as a walk around the farm orchards, packhouse and worker accommodation.

The visitors were able to engage with the agronomist, beekeeper, ESG specialist, farm manager and workers in the field. Desmond Goliath, recent winner of a Farmworker of the Year Award, explained the natural pest control systems on site. Visitors also viewed the upgraded crèche and met the day carers. A delicious lunch was prepared by one of the farm workers, Aletta Baron. Feedback received afterwards indicated that the day's outing had been an informative and enriching experience for all.





Piketberg expansion update

The expansion programme was delayed by the late rains; however by year end developments were in progress with 55% of the planned 62 ha bulldozed in preparation for planting. Most of the saplings have been ordered for planting in September 2014.

Approximately 35% of the total budgeted building (fixes assets) expenses have been spent to date. The new intake zone and tipping system have been installed in the packhouse, most civil works are complete and the old shed and buildings have been removed.

Two new housing blocks have also been constructed, with one completed in December 2013 and the other to be completed in Jan/Feb 2014.



Apple season at
Piketberg...



Our People and Process

Fund management

The SICAV is managed by Futuregrowth Asset Management. UFF Agri Asset Management (Mauritius) is the Investment Advisor.

SICAV Directors

Paul Rackstraw
Duncan Vink
Andrew Canter

The Futuregrowth team

Smital Rambhai	Product Manager
Sue Hopkins	Administration and reports
Ryan Kieser	Compliance Officer

The UFF team

Duncan Vink	CIO and Joint Managing Director
Erwin Bouland	Joint Managing Director
Miné van Wyk	Chief Financial Officer
Paul Paree	Investment analyst
Tsito Raharison	Investment analyst
Theo van der Veen	Investment Business Development
Andre Botha	Agronomist
Dafne Nienhuys	ESG Specialist
Eveline Schurink	Health Programme Manager

Governance

The Agri-Fund Investment Committee, comprising representatives of the Fund Manager and investors as well as independent members, approves all agricultural assets to be included in the Fund, not only from a commercial perspective, but also from a social and environmental perspective. The Committee is advised by at least two representatives from UFF who present the investment proposal but have no voting rights.

African Fund Investment Committee members

Henk Beets	Chairman
Peter Colesworthy	Independent
Paul Rackstraw	SICAV

Investment process

To qualify as an agricultural asset for the Fund, the asset must successfully pass through an evaluation process and be approved by the Investment Committee.

In brief, the process commences with an eligibility and risk analysis of the proposed investment. This results in an initial investment proposal which is submitted to the Investment Committee for approval. Should the investment be conditionally approved, an in-depth due diligence is performed consisting of a full financial, legal and tax review of the business as well as a full technical and agronomical assessment of the property. The Investment Committee then deliberates and votes for final approval.

Glossary of terms used

TERM	DESCRIPTION
Committed capital	The total amount committed to the capital of the Partnership by each Limited Partner, as set forth in the Partnership Agreement or in the Limited Partner's Deed of Adherence.
Drawn capital	Capital contributed and paid by the Limited Partners of the Partnership to the SPVs.
Expansion	Additional orchards planted or improvements built within the borders of the existing farm; and/or additional farmland or assets purchased, that will increase the total farm size.
Farm size	Total hectares of farmland owned by the SPV in the Partnership.
Fixed assets	Long-term tangible assets that the SPV owns and uses to create income, typically being the farmland and improvements.
GLOBALG.A.P	Global Good Agricultural Practice - a private sector body that sets voluntary standards for the certification of production processes of agricultural products around the globe; the standard primarily designed to reassure consumers about how food is produced on the farm.
HACCP	Hazard Analysis and Critical Control Points – an international principle defining the requirements for effective control of food safety.
IC	Agri-Fund Investment Committee.
Initial investment	Purchase price of the investee farm.
Lease fee	The upfront agreed fees with the selected operators, linked to the valuation of the land purchased. This is in the order of 8% to 10% of the land value and escalates annually with CPI. Other movable assets are leased on a higher, but market related, fee.
Net asset value (NAV)	The value of an entity's assets less the value of its liabilities.
Permanent crops	Crops that are generated from plants and trees that have a productive life over many seasons.
Permanent employees	Workers employed on the farms, with contracts longer than one year.
SPV	Special Purpose Vehicle: used for holding farm assets.
Valuation methodology	1st year: farms valued at cost plus additional capex at cost. Farms are independently revalued after a 12 month period has passed from date of acquisition.

Contact details

UFF Agri Asset Management

30 Hudson Street, Cape Town, 8001, South Africa
www.uff.co.za

Duncan Vink, Managing Director

Tel + 27 21 418 7318
 Fax + 27 21 421 0510
duncan.vink@uff.co.za

Futuregrowth Asset Management

3rd Floor, Great Westerford, 240 Main Road, Rondebosch, 7700, South Africa
www.futuregrowth.co.za

Smital Rambhai, Product Manager

Tel + 27 21 659 5432
 Fax + 27 21 659 5337
srambhai@futuregrowth.co.za

Appendix

The 2013 Annual Financial Statements are available on request.

Old Mutual African Agricultural Fund (Luxembourg) ("the Fund") has been incorporated for an unlimited period under the laws of the Grand Duchy of Luxembourg as a "societe d'investissement a capital variable (SICAV) under the form of a "societe anonyme" on 31 May 2012 organized under Part II of the Law of 2010. Futuregrowth Asset Management (Pty) Ltd ("Futuregrowth"), a licensed financial services provider in the Republic of South Africa, in terms of the Financial Advisory and Intermediary Services Act 37 of 2002, produced the Fund Factsheet in good faith. Although the information in the Fund Factsheet is based on sources considered to be reliable, Futuregrowth makes no representation or warranty, express or implied, as to the accuracy or completeness of the Fund Factsheet, nor does it accept any liability which might arise from making use of this information. The Fund Factsheet is for information purposes only and is not intended as an offer or recommendation to buy or sell or a solicitation of an offer to buy or sell a financial product or security. The recipient is advised to assess the information with the assistance of an advisor if necessary, with regard to its compatibility with his/her own circumstances in view of any legal, regulatory, tax and other implications. The Fund Factsheet is expressly not intended for persons, who due to their nationality or place of residence are not permitted access to such information under applicable law. Neither the Fund Factsheet nor copies thereof may be sent to the United States of America, or any of its territories or possessions or areas subject to its jurisdiction, or to or for the benefit of a U.S. person. Neither the Fund Factsheet nor copies thereof may be sent to the United Kingdom, or any of its territories or possessions or areas subject to its jurisdiction, or to or for the benefit of a citizen of the United Kingdom.

More detailed information on the risks and investment strategy can be found in the Prospectus of the Fund.

P.O. Box 878, Cape Town, 8000
Tel: +27 21 509 5022 Fax: +27 21 509 4663
www.omigsa.com

Mutualpark,
Jan Smuts Drive, Pinelands,
7405 South Africa



OLD MUTUAL
INVESTMENT GROUP