

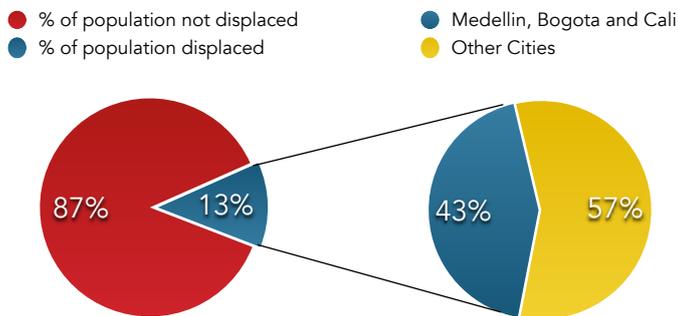
## CampoColombia Fund

CampoColombia is a for-profit real estate fund that aims to empower the Internal Displaced Population (IDP) in Colombia by building a productive and sustainable agricultural business model while providing our investors with secured, risk-adjusted financial returns.

### THE CHALLENGE: Internal Conflict and Displacement

The Colombian Conflict is an internal armed war that has lasted for more than six decades, disrupting the lives of millions of civilians, continuing to affect thousands more. The war has resulted in the displacement of approximately 5.8 million rural citizens, who have instead crowded into city regions. They have been forced to leave behind close to 6 million hectares of rural land, which represents not only their livelihood, but also their security. This group encompasses one of the world's largest group of Internally Displaced Population (IDP). In its aftermath, the war has resulted in most of the IDP living below poverty standards, with a lack of proper housing or a means of living. Economically, this situation has caused a loss of assets, capital, and labour, resulting in this group joining the cities' poverty belt while stretching governmental and social services support and resources.

**Figure 1:** Proportion of Displaced Colombians in Major Cities  
Population of Colombia (2014): 48.32 million



There has been very little success in aiding these people; a disorganised governing system with a lack of access to disciplined implementation, coupled with ongoing violence has meant that any initiative taken place to help the IDP has not seen significant progress. The reality is thousands of countrymen, with no scope of employment, unable to adjust to urban life, crowding the streets of urban areas, begging for money and food for their mere survival.

### THE SOLUTION: Rehabilitation of Rural Workers

CampoColombia will attempt to help empower displaced farmers utilise their prior skills in farming and assist them in harvesting capital intensive crops such as cocoa, coffee and rubber. The aim is to create a sustainable model involving the IDP by bringing them back to agricultural land, while allowing them to constructively contribute towards the economic strength of

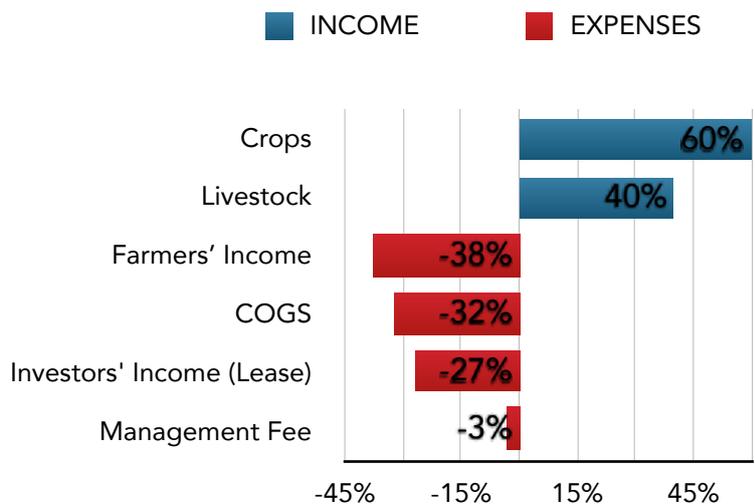
Colombia. CampoColombia is based on a PE-Real Estate model that will:

1. Buy productive land around Bogota, Medellin and Cali
2. Parcel the land into productive units of 1 hectare, and build housing units
3. Provide value-added consulting services to our producers so that they can meet market demands and ensure that all crops are sold at market prices
4. Collect semi-annual lease payments from farmers to be entitled to the benefits that CampoColombia provides

CampoColombia, therefore, provides the IDP with capital assets, such as farmland, real estate and our expertise<sup>1</sup>. This in turn will create a sustainable livelihood by facilitating self-reliance, and allowing them to exercise their skills by working on land near their urban environment. The key features of the fund are:

1. **Common Net Lease Purchasing**  
CampoColombia understands that farmers are not financially savvy, and are largely untrusting of any help offered because they have been manipulated in the past. Focusing on simple and easy to understand financing agreements with the farmers will foster confidence and commitment to the project. Quarterly payment plans will provide cash flows for

**Figure 2:** Typical Profit and Loss of a Productive Unit\*  
1 Productive Unit = 1 Hectare = 1 IDP Family



\*The financial model and projections are based on Colombian market prices for land, agriculture inputs, crops and livestock produce for early 2015

<sup>1</sup> CampoColombia's team has access to government agencies, financial institutions and corporations that will make this a viable, working business model.

investors, and a purchasing option at the end of the lease term will work as an exit strategy for investors.

## 2. *Asset-backed Investment*

The land and housing will remain entitled to the fund until the purchasing option is exercised. If the payment defaults, the fund reserves the right to terminate the lease. However, CampoColombia will strive to work with the farmers to ensure that they make their payments.

## 3. *Institutional and Brand Recognition*

Connecting markets to link the IDP with buyers will ensure consistent cash flows. Partnering with established Colombian multi-national corporations that need the farmers' products and would want to be a part of our project will foster a long-term business relationship.

## THE OPPORTUNITY: Post-Conflict Regulation

### 1. Limitations in the Government's Victim's Law.

Enacted by President Juan Manuel Santos in 2011 to help restore millions of hectares of stolen and abandoned land for displaced people, the Victim's Law has faced several limitations in assisting the IDP in the reclamation of their rural lands due to bureaucracy and corruption. Unfortunately, not everyone reaps the benefits of this law. Most recent data suggests that 23% of IDP are not eligible<sup>2</sup> (estimated to be 600,000 IDP in our regional focus areas); many do not meet the deadline nor the legal definition of a victim, and so these 'missing middle' are left on their own. This is our target group. Additionally, the government has limited productive land to hand out to victims, as well as sparse resources to manage the influx of people. CampoColombia provides an alternative proposal through our investment strategy; it will be able to fill this gap and leverage on governmental support.

### 2. Ready source of labour by the IDP.

Since the IDP were displaced from agricultural land and were previously, by occupation, farmers, they already possess the required skills to work the land. This will help us reduce expenses and time that would otherwise be required for training.

### 3. Reinvestment in superior cash crops.

Prior to displacement, the IDP produced cash crops like cocoa, coffee and rubber, that were capital intensive. Currently, the trend has been towards crops like corn, which are cheaper and less intensive to produce. Our fund will help these farmers return to longer-cycle, labour intensive crops. Through profits generated, CampoColombia can aid them in the lease of equipment required to work the land, and invest in labour. When these products enter the market, they will be marketed and labelled as goods 'Produced by CampoColombia'; we believe that with accessible information, locals will purchase these goods to contribute towards the betterment of the IDP and to support the rehabilitation of their fellow country people.

## THE IMPACT: Rebuilding communities

### Economic

- Increasing agricultural production and economic activity by leveraging on under-utilised IDP workforce and skills
- Contribute to rural development while alleviating overcrowded poverty belts in urban dwellings
- Alleviating governmental resources and assistance programmes by providing alternative and directed funding avenues (for example, in 2012, the Colombian government exhausted approximately US\$1 billion funding IDP related programmes<sup>3</sup>)

### Social

- Increasing visibility of the international humanitarian efforts dedicated to resolve social and political conflict
- Creating a supportive environment for the IDP community by enabling the Colombian population and companies to buy their products and directly participate in their empowerment and development

### Humanitarian

- Providing displaced workers with a sense of worth and belonging by active contribution towards society
- Potential partnerships with global organisations, such as the International Committee of the Red Cross, which has spent US\$183.5 million since 2006

### Environmental

- Reduction of unhealthy and unsanitary living conditions due to influx of the IDP into city areas

## Fund Profile

- **Target Fund Size:** \$40,000,000
- **Minimum Investment:** \$500,000
- **Target Portfolio Size:** 3,000 Hectares or Families
- **Term:** 15 years
- **Regional Focus:** Colombia, South America; rural areas of Bogota, Medellin, and Cali
- **Target Impact Investors:** Institutional investors looking for a sustainable and social impact investment opportunity in emerging markets
- **Target Gross Return:** 12-16% IRR
- **Management Fees:** 3% of revenues

*All terms subject to change*

<sup>2</sup>Stirk, Chloe. *Colombia: Resources for Humanitarian Response and Poverty Reduction*. Global Humanitarian Assistance. April 2013.

<sup>3</sup> Ibid.