

# AGRITECH INVESTING

At the intersection of agriculture and infrastructure

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# Agritech investing

Can it become an asset class in the infrastructure space?

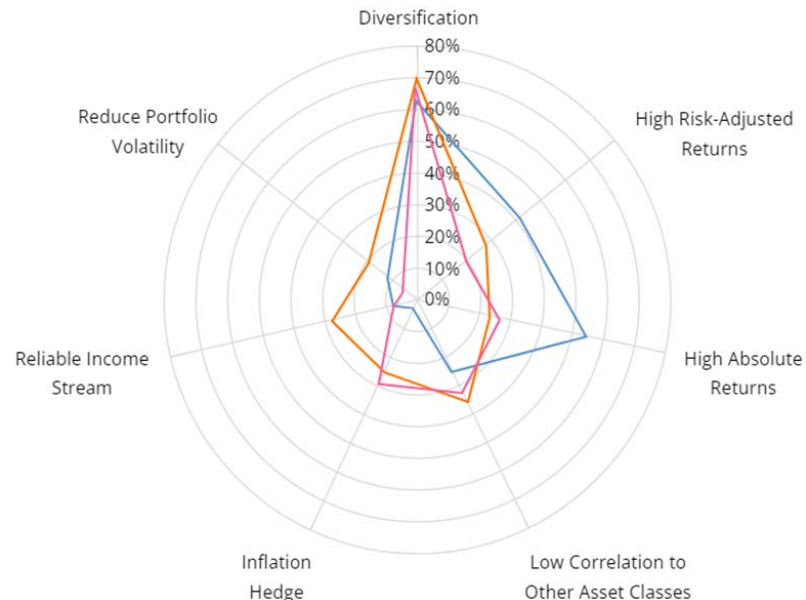
## Motivation

1. **Infrastructure investors are increasingly concerned about finding good deals at reasonable prices**

Among investors' top-3 concerns for H2 2022 are excessive prices/asset valuations (39%) and competition for good assets (36%) (source: Preqin)

2. **From the investors' point of view, boundaries between alternative asset classes are blurring**

Agriculture has traditionally been viewed as an offshoot of the natural resources asset class (pink line), which is itself considered a blend of private equity (blue line) and infrastructure (orange line) (source: Preqin)



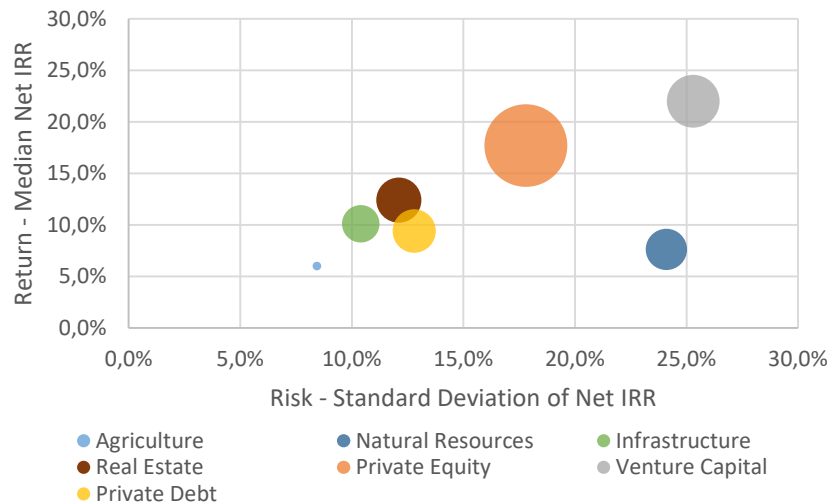
# Agritech investing

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## Motivation (cont'd):

### 3. Different risk/return profiles, but comparable performances on a risk-adjusted basis

AUM (bubble size) and risk/return profile of private capital by asset class: vintages 2009-2018 (source: Preqin)



# Agritech investing

Can it become an asset class in the infrastructure space?

## Our analysis:

1. **Key agritech players**

A taxonomy of agritech-focused investors and asset managers

2. **The agritech investment opportunity set**

A mapping of recent transactions and investment targets



# 1.0

## KEY AGRITECH PLAYERS



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# Investors and asset managers

## Focus: Agritech funds

### Agri Investor Database (covers more that 1,000 funds)

#### 1. Focused on agritech (293 funds)

We only include in the sample funds classified has agritech based on strategy

#### 2. Mid- and large-size funds only (62)

We only include in the sample funds that raised capital in excess of \$200 million (top 30%, versus \$500m - \$1bn on average for infrastructure funds)

### Quick facts on the 62 funds in our sample

#### 1. Oldest vintage is 2004

Two-thirds have been launched between 2014 and 2020

#### 2. 56 have already reached the final close of fundraising

50 are still currently investing

#### 3. Preferred geographic focus: North America (46.8%) and Asia-Pacific region (32.3%)

Middle East and Africa (27.4%), Western Europe (25.8%), Central/Eastern Europe (24.2%), Latin America (14.5%)



# Asset managers

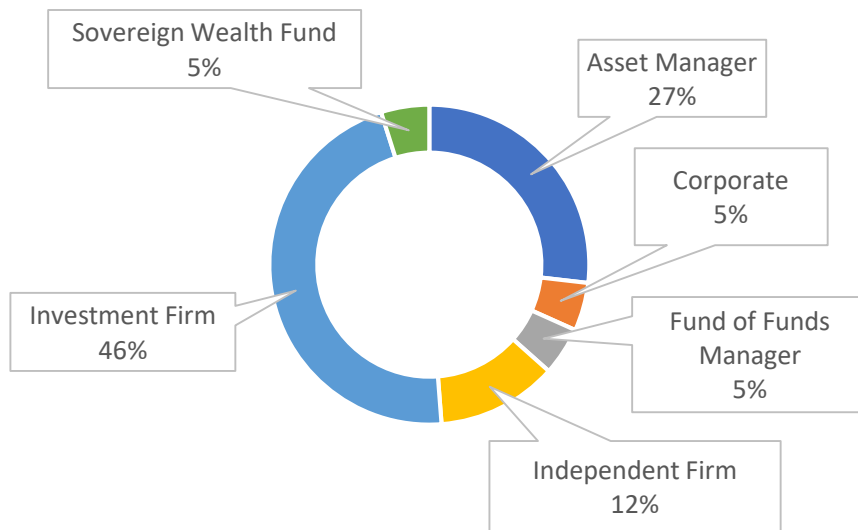
41 general partners

## Descriptive statistics

### 1. Mapping

North America (14), Western Europe (12), Asia-Pacific (6), Middle East and Africa (6), Latin America (2) and Central and Eastern Europe (1)

### 2. Taxonomy



# Asset managers

## 41 general partners

### Quick facts

#### 1. Mid-sized asset managers

3 funds on average for more than \$11bn of AUM

#### 2. Experienced asset managers

8 funds closed on average for about \$5bn of funds raised in the last 10 years.

67 active investments on average

	Obs.	Mean	St. Dev.	Min	Median	Max
Number of funds managed	41	2.76	2.65	1	2	16
AUM (\$ million)	20	11,227	29,294	297	2,406	130,000
Total raised (Last 10 years)	22	4,984	15,681	2	602	73,512
Dry powder (\$ million)	22	1,349	4,853	0	157	22,891
Funds in the market	28	0.61	1.10	0	0	4
Funds closed	28	7.89	16.36	0	3	84
Total active investments	24	67.33	179.38	1	19	875





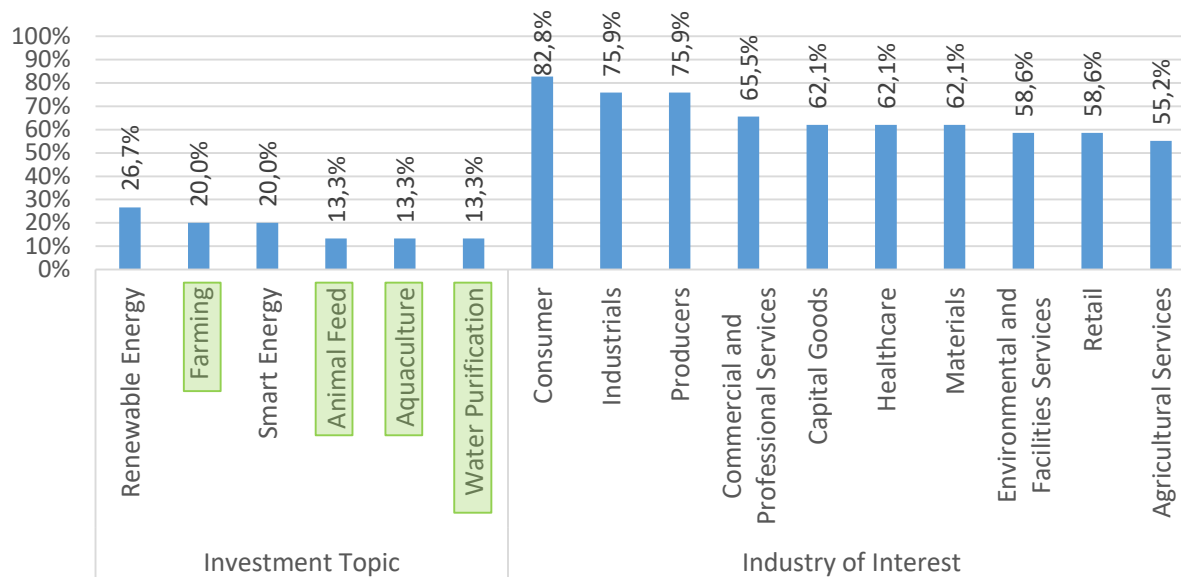
# Asset managers

41 general partners

## Investment preferences

### 1. Top-10 most recurrent investment topics and industries of interest

Based on non-mutually exclusive categories (source: Capital IQ Pro)



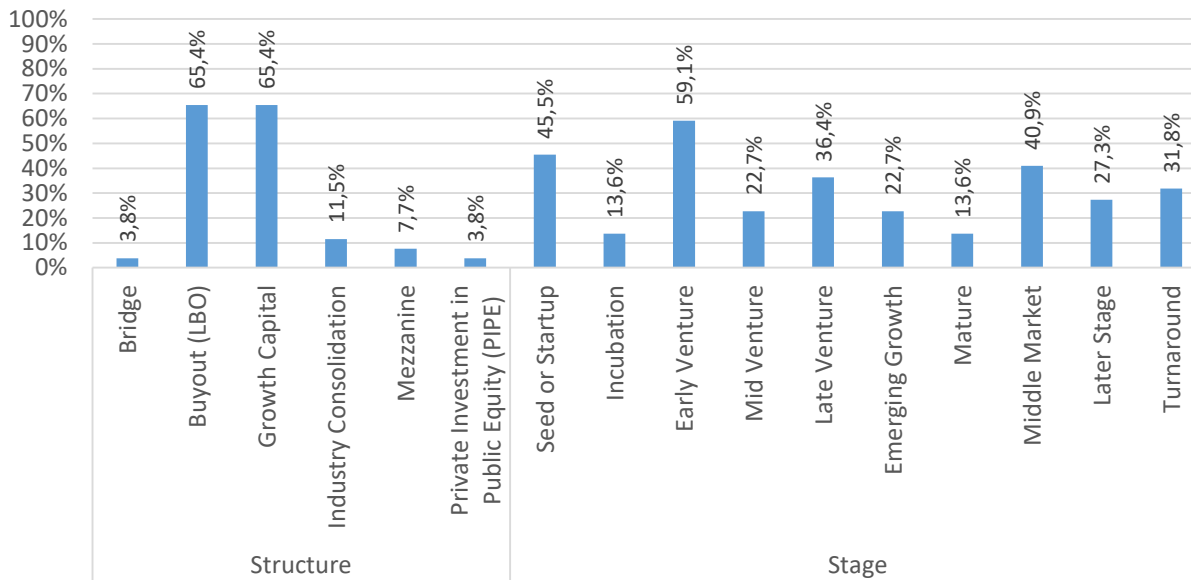
# Asset managers

41 general partners

## Investment preferences

### 2. Preferred structures and development stages

Based on non-mutually exclusive categories (source: Capital IQ Pro)



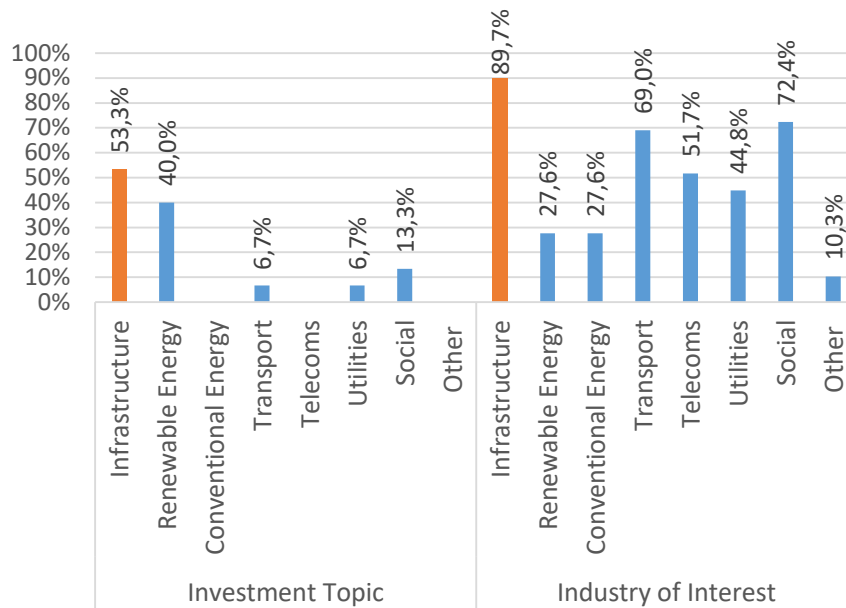
# Asset managers

41 general partners

## Overlap with the infrastructure asset management space

### 1. Percentage of GPs with an interest for infrastructure-related investment topics or industries

Based on EDHECinfra Infrastructure Company Classification Standards (TICCS)



# Investors

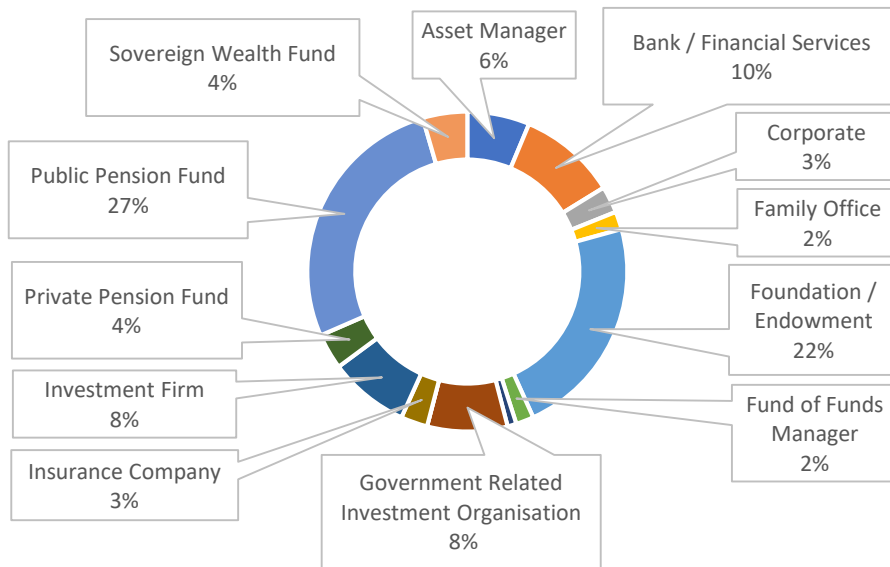
111 limited partners

## Descriptive statistics

### 1. Mapping

North America (58), Western Europe (30), Asia-Pacific (8), Middle East and Africa (10), and Latin America (1)

### 2. Taxonomy



# Investors

111 limited partners

## Quick facts

### 1. Mid- and large-size investors with considerable track record

Capital committed to more than 3 funds on average. 96 active investments on average

### 2. Considerable investment appetite for alternative asset classes

26% of their capital is allocated on average to alternative asset classes, including infrastructure and agriculture

### 3. Small average bite size

Ranging between a minimum of \$9m and a maximum of \$220m

	Obs.	Mean	St. Dev.	Min	Median	Max
Number of fund commitments	111	3.75	4.58	1	2	29
Allocation to alternatives (%)	66	26.54	14.03	0.02	26.2	56.5
AUM (\$ million)	22	86,173	194,046	171	23,220	912,987
Total active investments	15	96.00	125.33	1	55	488
Min bite size (\$ million)	12	9	19	0	1	67
Max bite size (\$ million)	14	320	484	1	80	1,685



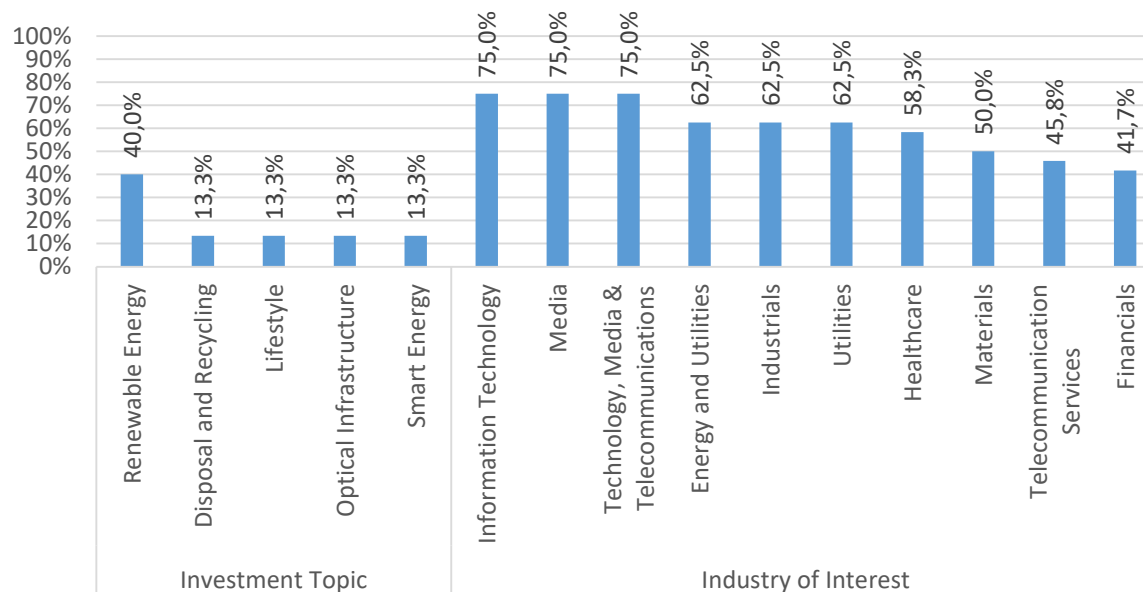
# Investors

111 limited partners

## Investment preferences

### 1. Top-10 most recurrent investment topics and industries of interest

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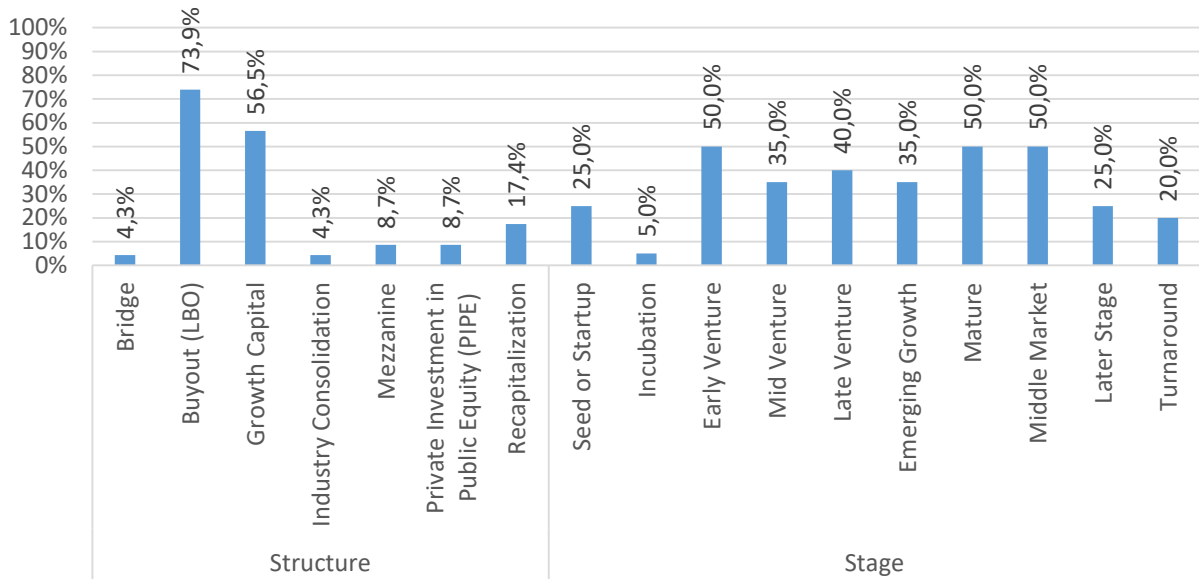
# Investors

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## Investment preferences

### 2. Preferred structures and development stages

Based on non-mutually exclusive categories (source: Capital IQ Pro)



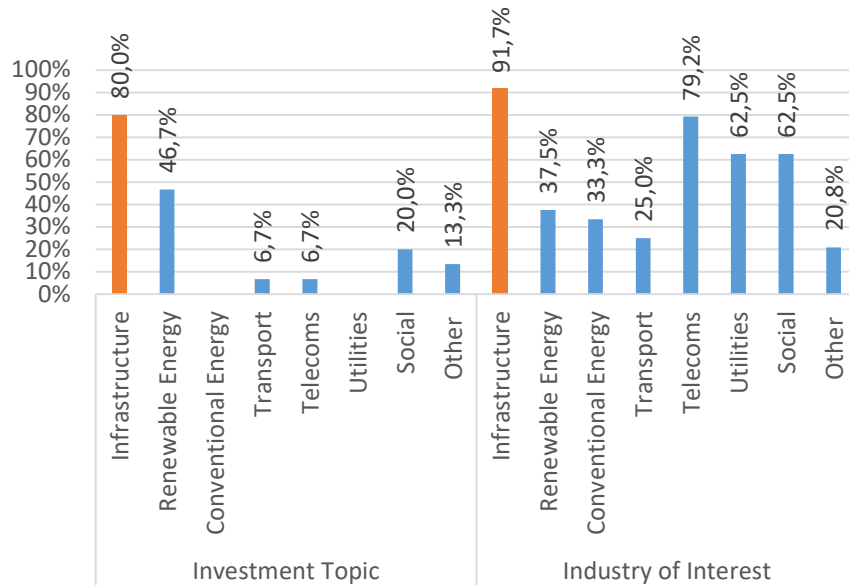
# Investors

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## Overlap with the infrastructure investor base

### 1. Percentage of LPs with an interest for infrastructure-related investment topics or industries

Based on EDHECinfra Infrastructure Company Classification Standards (TICCS)



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# 2.0

## THE AGRITECH INVESTMENT OPPORTUNITY SET



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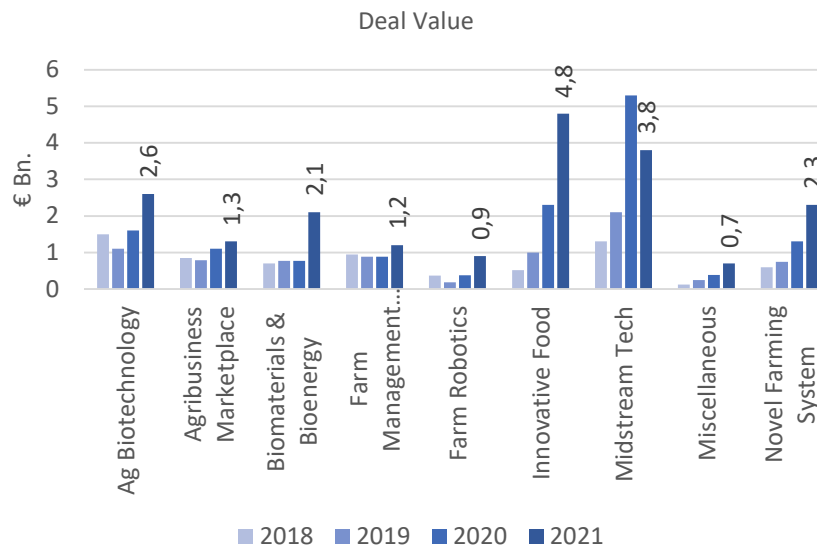
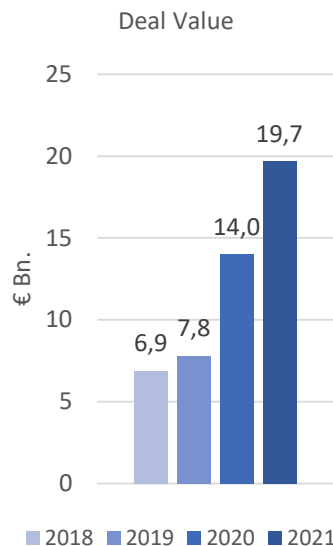
# Recent transactions

## 2018-2021

### Deal Values

#### 1. On the rise: +286% in four years (or 130% CAGR)

Especially for in innovative foods, midstream technologies, novel farming systems, biomaterials and bioener

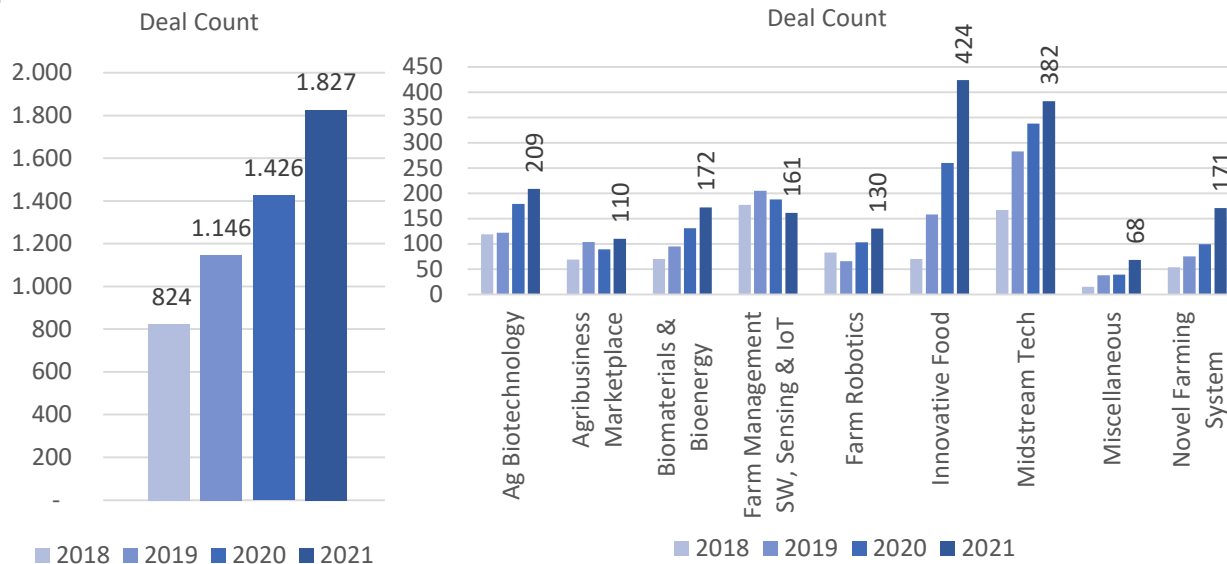


# Recent transactions

## 2018-2021

### Deal Count

- Also on the rise: +222% in four years; average deal size up by 38% (from \$8m to \$11m)  
Especially for in innovative foods, midstream technologies, novel farming systems, biomaterials and bioene



# The investment opportunity set

323 target companies

## AgFunder annual agrifoodtech investment reports 2018-2021

### 1. Focus on upstream applications only (9 categories)

We only consider deals with the following target applications: biotechnology, agribusiness marketplace, biomaterials and bioenergy, innovative food, farm management software, sensing and IoT, farm robotics, midstream technologies, novel farming systems, and miscellaneous

### 2. Largest deals only (474 transactions)

We only include in the sample the 15 largest deals in each year

## Sample: 323 target companies

### 1. Summary statistics

Based on information collected by running individual searches on Capital IQ Pro

	Obs.	Mean	St. Dev.	Min	Median	Max
Latest round number	279	4.65	3.02	1	4	18
Latest round size (\$ million)	243	63.86	86.14	0	32	575
Total raised (\$ million)	275	135.27	237.81	0	59	2,896
Age	240	8.94	6.80	2	7	55



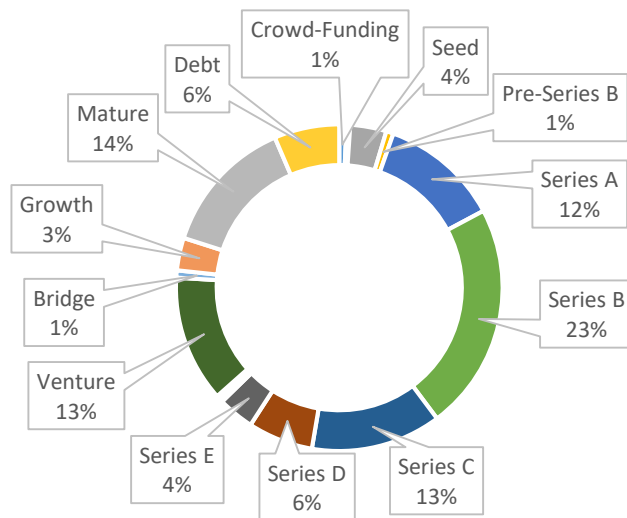
# The investment opportunity set

323 target companies

## Descriptive statistics

### 1. Stage of development

Based on the last round of financing according as reported on Capital IQ Pro



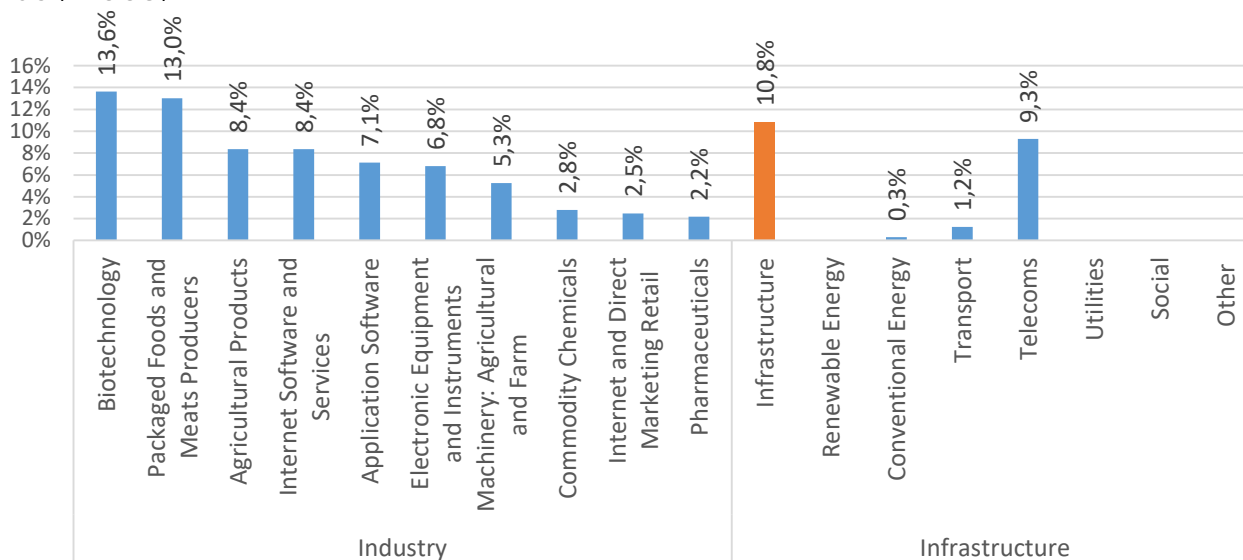
# The investment opportunity set

323 target companies

## Descriptive statistics

### 1. Top-10 industries and percentage of targets related to infrastructure

Based on information in Capital IQ Pro and on EDHECinfra Infrastructure Company Classification Standards (TICCS)



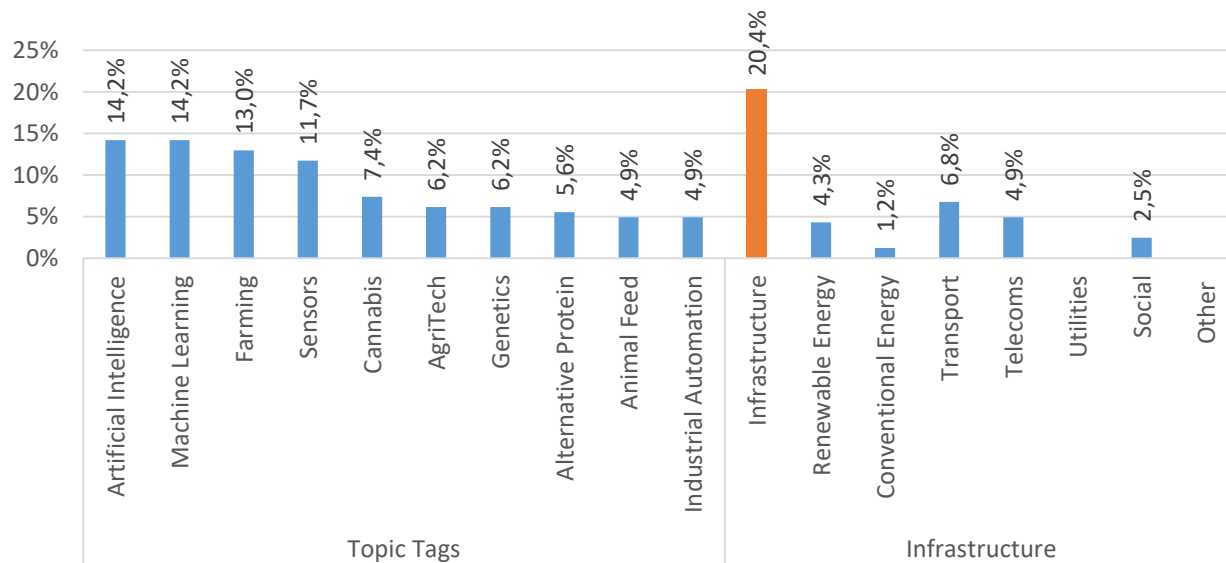
# The investment opportunity set

323 target companies

## Descriptive statistics

### 1. Top-10 topic tags and percentage of targets related to infrastructure

Based on information in Capital IQ Pro and on EDHECinfra Infrastructure Company Classification Standards (TICCS)



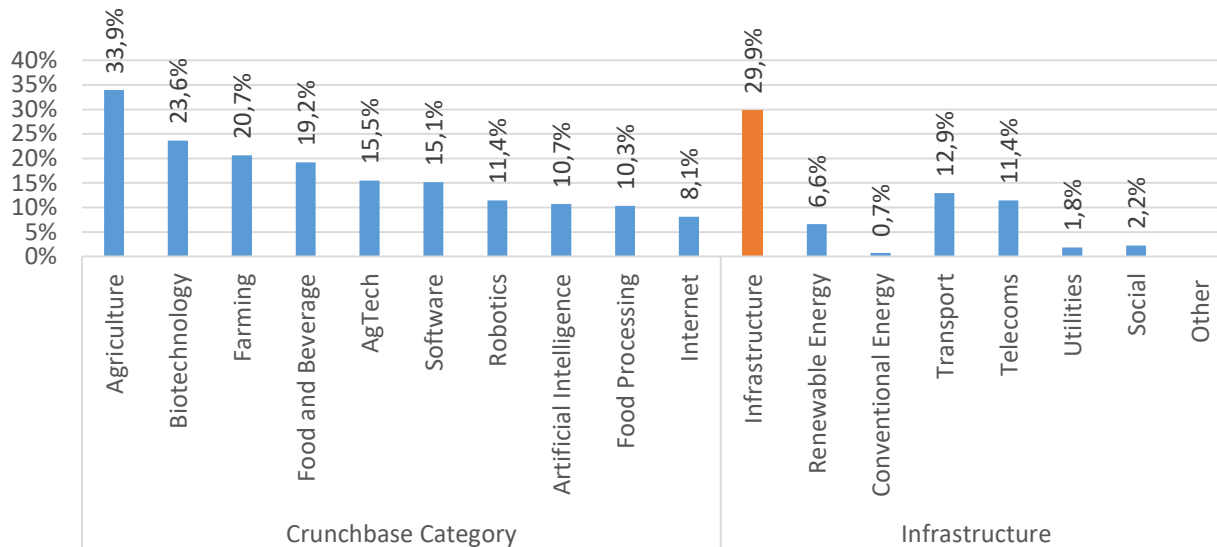
# The investment opportunity set

323 target companies

## Descriptive statistics

### 1. Top-10 Crunchbase categories and percentage of targets related to infrastructure

Based on information in Capital IQ Pro and on EDHECinfra Infrastructure Company Classification Standards (TICCS)





# 3.0

## CONCLUSIONS



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# Agritech investing

## Can it become an asset class in the infrastructure space?

### Our key findings:

1. **The agritech investor base is largely overlapping with the infrastructure one**

A vast majority of the LPs in our sample is ready to commit funds across multiple segments within the alternatives asset class.

2. **Most asset managers have a generalist approach**

This facilitates the mobility of investors across the boundaries between different segments of alternative investment, allowing them to embrace a more flexible investment approach

3. **The agritech investment opportunity set partly intersects with the infrastructure one**

Infrastructure investors can find interesting investment opportunities in agritech applications related to transport, telecoms and renewable energy.

Their focus will be only on the larger companies in their late stages of development and on more mature and socially accepted technologies (e.g., smart traceability, food delivery, bioenergy production)



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