



Polish International Development Fund

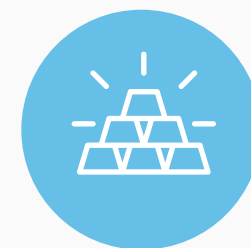
Providing co-financing for foreign investments from Polish companies

Warsaw, September 2024

Polish International Development Fund - PFR TFI



PFR TFI manages two specialized funds supporting international expansion - the Polish International Development Fund CEF and the Polish International Development Fund 2 CEF. The funds co-finance international investments from Polish companies by providing **equity and debt** funding.



The first fund was launched in 2016 and has completed its investment period. The latter started in 2023. In total, both funds have already invested or committed to invest **more than €200 million** in foreign projects conducted by Polish companies. To date, 20 investments have already been made.



Foreign direct investments from Polish companies support development and help integrate best practices.

Investment strategy



The Polish International Development Fund 2 CEF **co-invests with a Polish company** directly into a foreign subsidiary and **shares the risk** of a foreign project



The fund supports international greenfield and brownfield projects including:

- acquisition of a competitor or a distributor
- brand acquisition
- construction of a plant, warehouse



Typical fund ticket:
€3 million – €20 million



The fund provides:

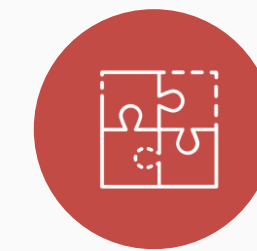
- **loans**
- **equity**



Typically, the investment agreement is concluded for a period of **5 to 10 years**



The fund is a **minority investor**



Operational management remains in the hands of **a Polish partner**



The fund is both sector and geography agnostic in its investments

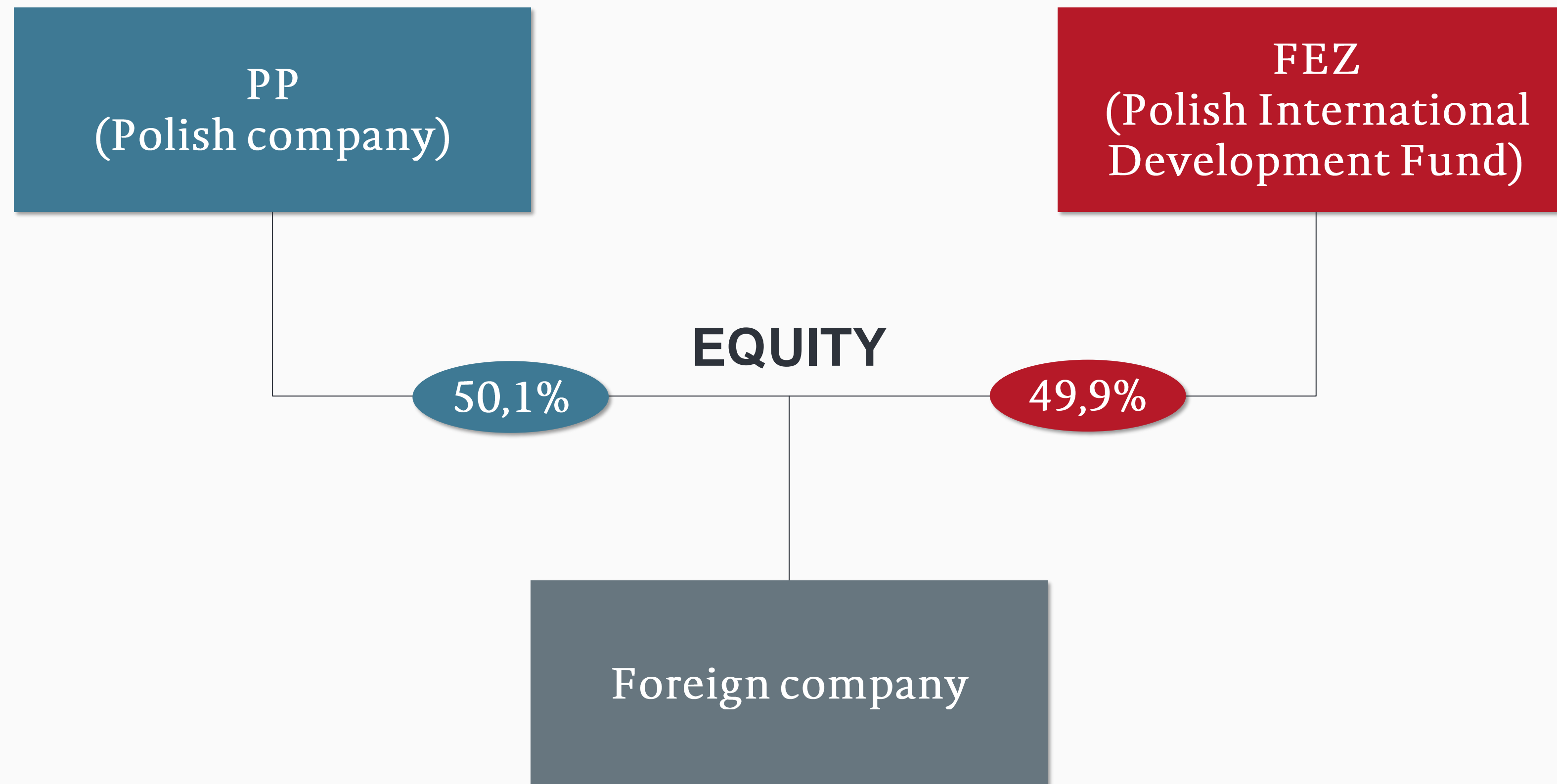


The expected **rate of return** depends on the risk of the project, country, and selected financial instrument

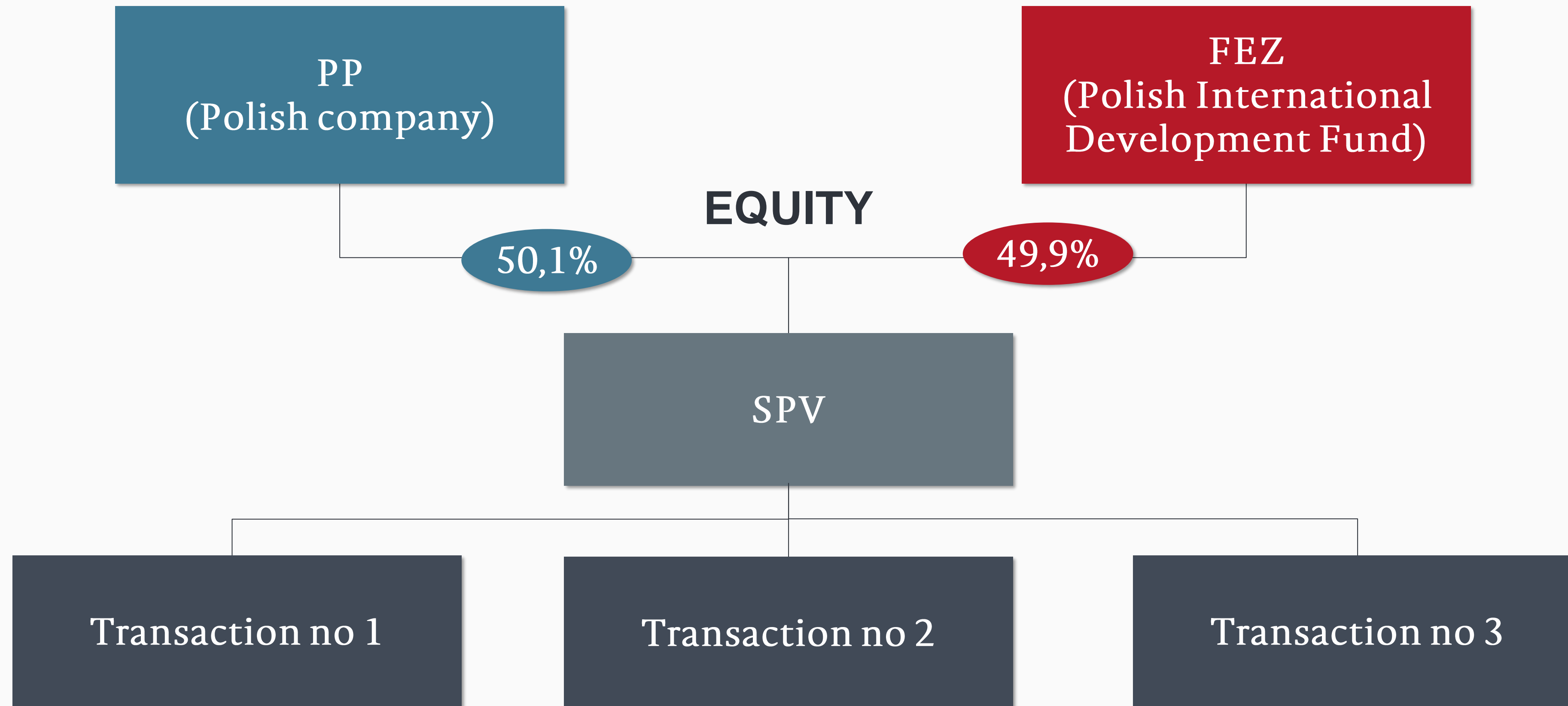
Investment process



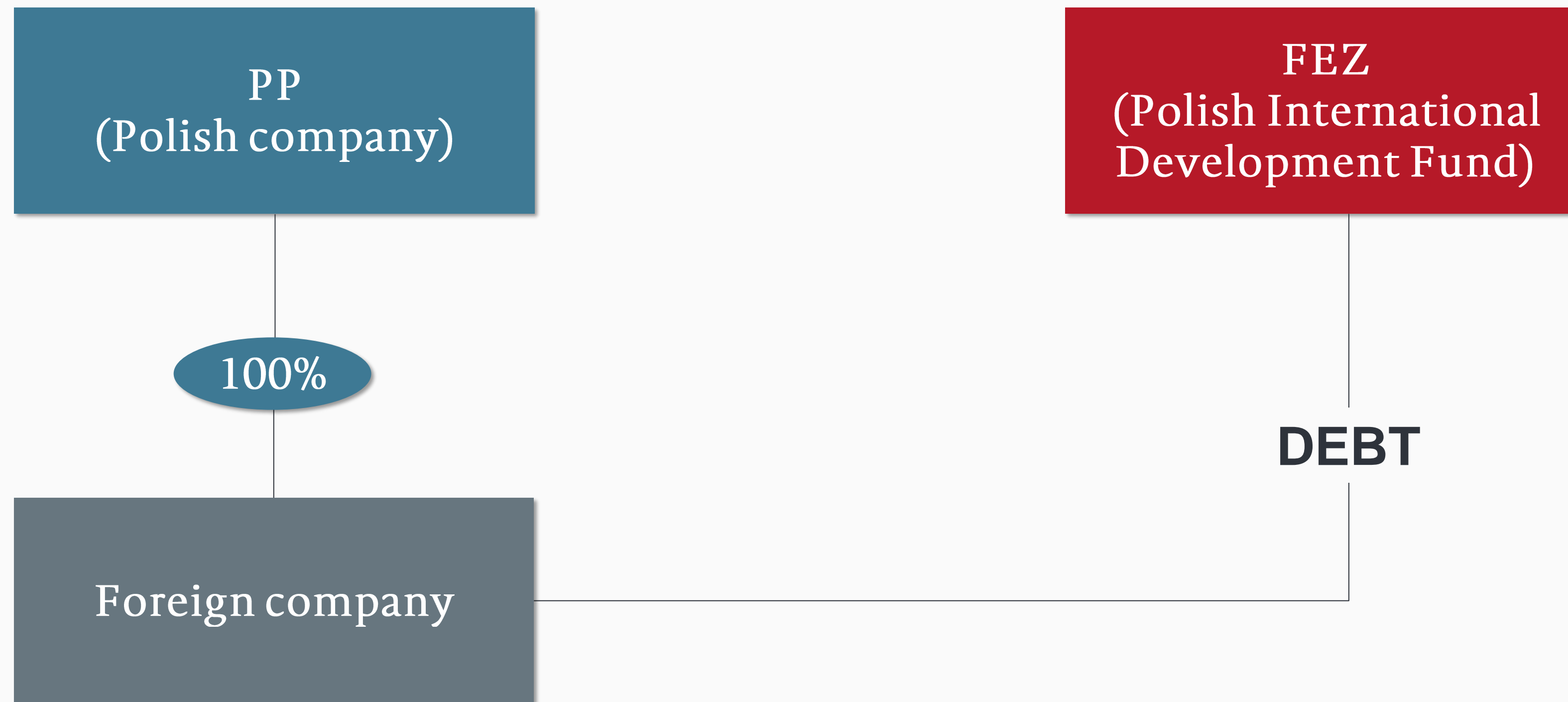
Typical structures of transaction



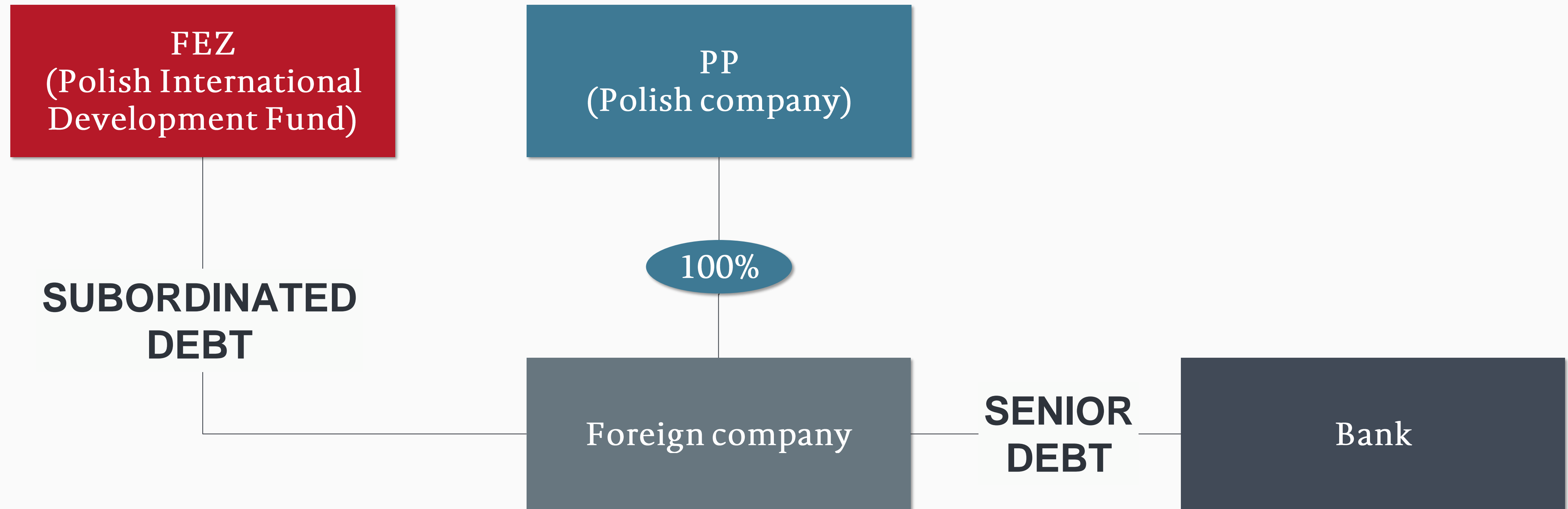
Typical structures of transaction



Typical structures of transaction

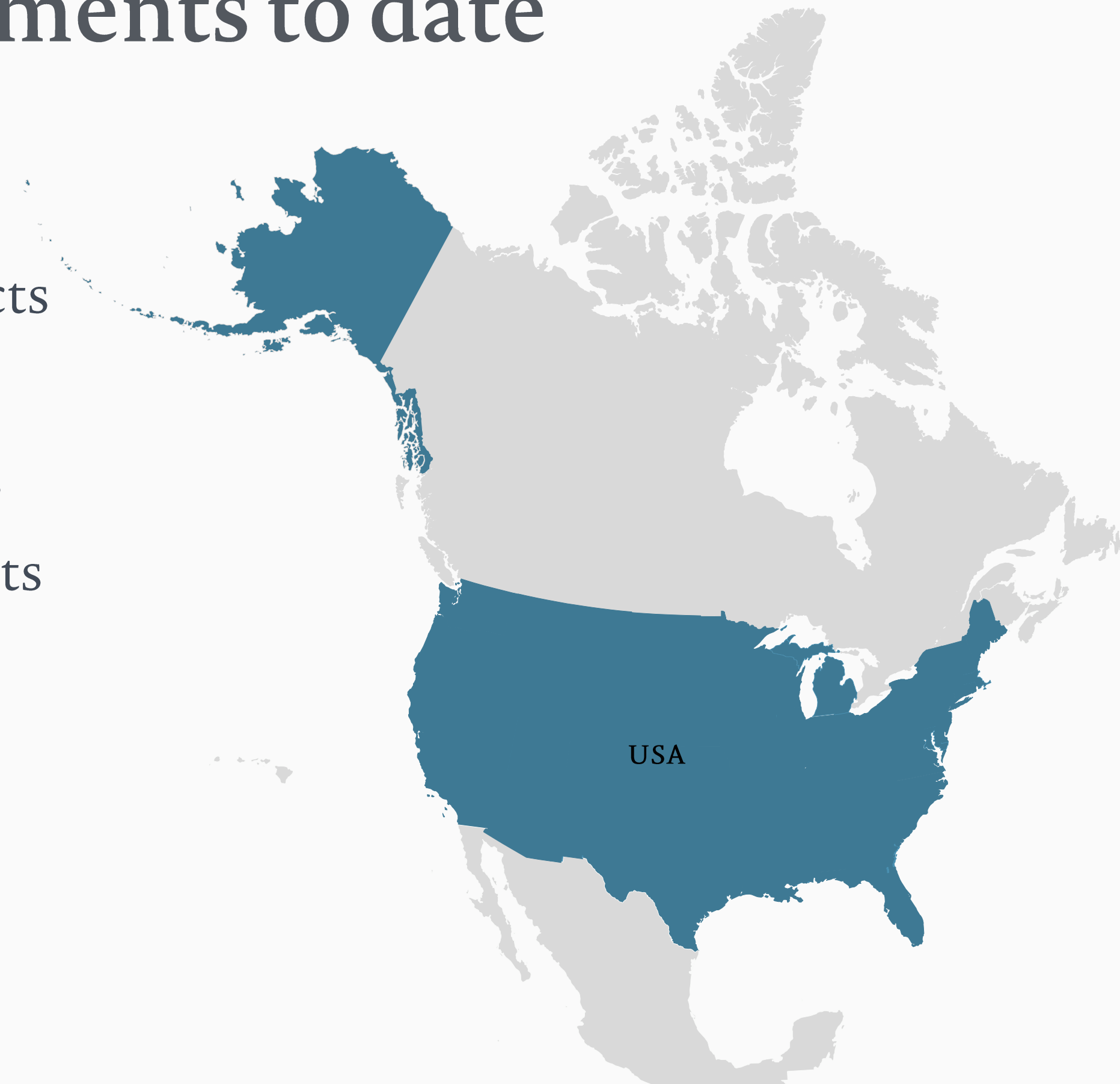


Typical structures of transaction



Fund investments to date

- Germany – 6 projects
- USA – 6 projects
- Croatia – 2 projects
- Romania – 2 projects
- Czech Republic
- Greece
- Lithuania
- Luxembourg




















Number of investment projects: 19

Fund's total investment: €110+ million

Total investments from all parties: €310+ million

Projects in 8 countries

Polish International Development Fund CEF – selected transactions

 <p>Czech Republic</p> <p>€4.3 m Loan</p> <p>2022</p>	 <p>Romania</p> <p>€6.5 m Loan</p> <p>2022</p>	 <p>IT USA</p> <p>Equity + Loan</p> <p>2022</p>	 <p>Residential developer Germany</p> <p>€3.0 m Loan</p> <p>2022</p>	 <p>Intermodal transport Germany</p> <p>€10.0 m Equity</p> <p>2021</p>	 <p>Recycling, urban mining USA</p> <p>\$6.0 m* Equity</p> <p>Investment: 2021 Exit: 2023</p>
 <p>Recycling, urban mining USA</p> <p>\$1.3 m* Equity</p> <p>Investment: 2021 Exit: 2023</p>	 <p>Residential developer Germany</p> <p>€7.0 m Loan</p> <p>2021</p>	 <p>Construction (prefabrication) Germany</p> <p>€2.9 m Equity</p> <p>2020</p>	 <p>Recycling, urban mining USA</p> <p>€2.8 m Equity</p> <p>Investment: 2019 Exit: 2023</p>	 <p>Agricultural machinery USA</p> <p>€1.8 m Loan</p> <p>2019</p>	 <p>IT Croatia</p> <p>€0.9 m Loan</p> <p>Investment: 2019 Exit: 2022</p>
 <p>Hotels, tourism Greece</p> <p>€9.0 m Equity</p> <p>2019</p>	 <p>Recycling, urban mining Germany</p> <p>€2.3 m Equity</p> <p>Investment: 2019 Exit: 2023</p>	 <p>IT Romania</p> <p>€2.1 m Loan</p> <p>Investment: 2018 Exit: 2022</p>	 <p>Recycling, urban mining Lithuania</p> <p>€5.3 m Equity</p> <p>2017</p>	 <p>Logistics Croatia</p> <p>€7.8 m Equity</p> <p>Investment: 2016 Exit: 2023</p>	

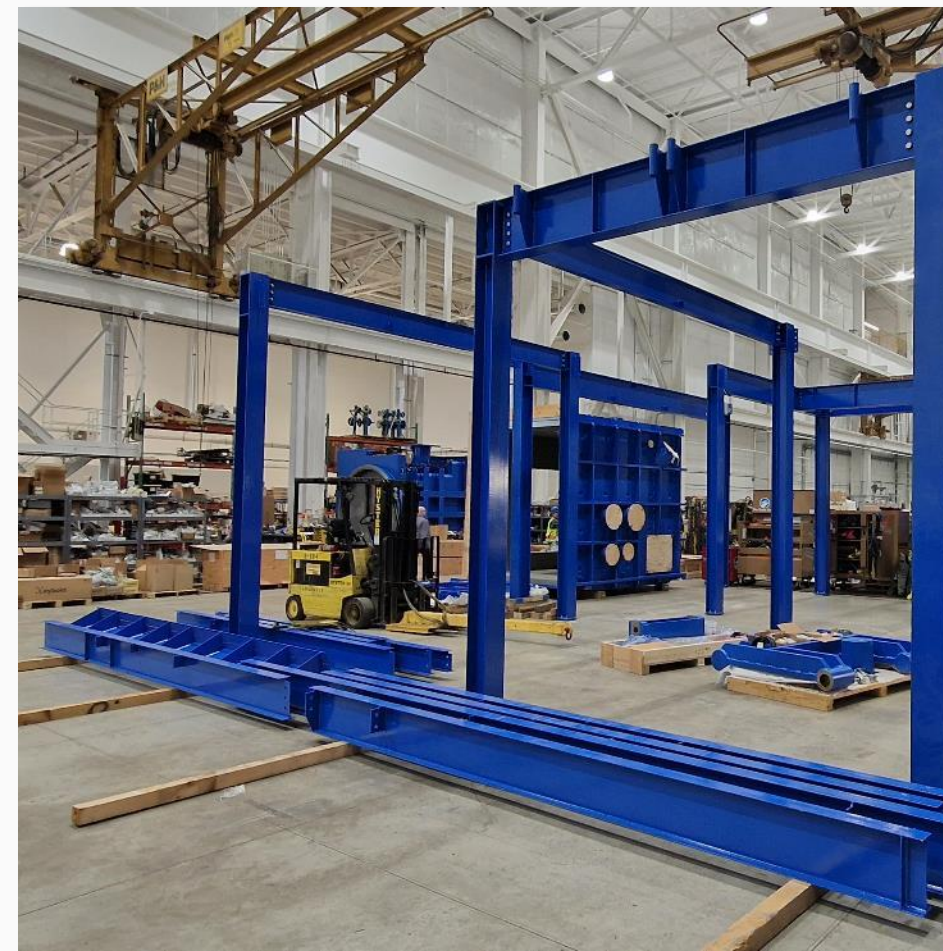
Polish International Development Fund 2 CEF transactions

SECO/WARWICK

USA

\$10.0 m.
Loan

2023




ENPROM®

Germany

€ 3.1 m.
Loan

2023



Investing responsibly

Social responsibility policy of the Polish International Development Fund



The fund's social responsibility policy is based on the principles of sustainable development as defined by the United Nations (UN Global Compact - The 10 Principles)



Areas of particular concern to the fund are:

- respect for human rights
- respect for employee rights
- countering corruption
- countering climate change



When embarking on an investment project, the fund cooperates with a Polish partner to identify and characterize socially sensitive areas, as well as identify key stakeholder groups. A corporate social responsibility strategy is developed and implemented for each project company

Team



Marek Buczak Fund Manager, Investment Manager

In the fund since 2023. He has 20+ years of experience in capital markets. He started his career at DWS Investment GmbH in Frankfurt. Long-time fund manager at DWS Polska TFI and Quercus TFI. He has extensive knowledge of equity and bond markets, the characteristics of foreign investments, and corporate finance.



Marcin Ciesielski, ACMA, CGMA, CIIA Fund Manager, Investment Manager

At PFR TFI since 2020. Working in capital market since 2018. He has been responsible for overseeing portfolios of closed-end investment funds, including private equity/venture capital and managing the funds' own investments in public companies. Licensed investment advisor and CIMA member.



Wojciech Jabłoński Investment Manager

In the fund since 2019. He is responsible for the entire investment process - from sourcing deals, negotiating, preparing transaction documentation to overseeing projects. Seasoned manager with 16 years experience in the financial market and expertise in managing investment funds. Cooperated in the creation and management of dozens of funds.



Michał Sikorski, CFA Funds Manager in PFR TFI

Member of the fund investment committee since 2022. At PFR TFI since 2018, he manages the public part of PFR TFI closed-end funds portfolio. He co-created and implemented the first private equity investments of PFR Fund of Funds and managed the equity part of PFR PPK SFIO fund. He has 17 years of capital market experience in Europe, CIS and Turkey. Previously he has worked for EY, Santander Asset Management and BPH TFI.



Katarzyna Kutrzepa Legal Advisor

In the fund since 2018. She has more than 15 years of experience in transaction advisory gained at KPMG in Poland and abroad. She has worked on all aspects of the structured investment process, including due diligence and preparation of transaction documentation. She has advised recognized companies and investors on corporate matters and in investment processes. Member of the Warsaw Regional Bar Association.



Joanna Groszfeld Investment Analyst

In the fund since 2023. Mainly responsible for preparing financial and qualitative analysis, drafting investment applications and supporting investment managers in the transaction process. She gained experience at Big Four consulting firms in the audit and transaction advisory departments and at an international bank in the structured finance department.



Joanna Glinicka Senior Specialist

At the fund since 2020. At PFR TFI since 2016, where she has been responsible for administrative and backoffice processes. She has more than 20 years of experience in transactional documentation, cooperation with management bodies, coordination of transactional, and administrative processes. Previously, she has worked in financial institutions, including Millennium Leasing.



Examples of investment projects
in the Polish International Development Fund CEF and
the Polish International Development Fund 2 CEF portfolios

Enprom in Germany



Company strategy and operations



Enprom provides comprehensive solutions for the design, construction and modernisation of medium-, high- and extra-high-voltage electricity networks, switchgear and transformer substations. In addition to preparing and carrying out construction work related to electricity networks, Enprom also provides inspection and geospatial services using drones.

Motivation for foreign expansion



The company's strategic objective is to increase revenues and diversify the risks associated with concentrating its activities on the Polish market. Since 2017, the company has been active in Germany, where it has acquired significant contracts from transmission network operators. In addition to the market's size and investment prospects alone, the key advantages of this market are favourable contract execution conditions.

Co-investment with the fund



The Polish International Development Fund 2 CEF has provided Enprom's German subsidiary with debt financing of €3.1 million in 2023. The funds from the fund will enable the company to accelerate the execution of already contracted work and to win new contracts, ultimately maintaining its double-digit growth rate in Germany.



SECO/WARWICK Group in the USA

SECO/WARWICK

Company strategy and operations



The group specialises in the design, manufacture and supply of advanced solutions for the heat treatment of metals and vacuum metallurgy. It is a market leader in the production of industrial furnaces and end-to-end solutions for 5 categories: vacuum and protective atmosphere heat treatment, aluminium processing, heat exchanger brazing and vacuum metallurgy. The group has 8 companies on 3 continents and exports to more than 70 countries worldwide.

Motivation for foreign expansion



The group operates globally. Its strategy involves, among other things, strengthening the position of its current and developing new technologies, and focusing on the operational independence of its subsidiaries. Powder metallurgy technology, which plays a key role in many fields and sectors, shows particularly great potential. It is being developed by Retech, the group's US company.

Co-investment with the fund



In 2023, the Polish International Development Fund 2 CEF concluded an investment agreement with SECO/WARWICK for the provision of \$10 million in financing to its US subsidiary Retech. The funds are earmarked for the development of metal powder production technology and the expansion and equipping of a production and assembly facility in Buffalo, New York.



Rainbow Tours in Greece



Company strategy and operations



Rainbow Tours was established in 1990 and is the second-largest tour operator in Poland. Since 2007, the company has been listed on the Warsaw Stock Exchange. The company has a well-developed sales network through which it offers customers trips to Greece, Italy, Spain, Portugal, Croatia, Turkey, as well as more exotic destinations.

Motivation for foreign expansion



The company has been developing its operations in Greece since 2015 and expanding its own hotel chain under the White Olive brand. The chain includes 5 hotels in Zakynthos, Rhodes, and Crete - with 1,480 beds operating on an All Inclusive basis. The expansion of the hotel business is a natural step in the development. Vertical integration allows for better hotel occupancy rates as well as longer operating periods, which has a positive impact on the results.

Co-investment with the fund



In 2021, the Polish International Development Fund CEF became a minority shareholder in White Olive A.E. The fund recapitalized the company with €9 million, taking a 34% stake. The capital raised is earmarked for further business development, including the acquisition and refurbishment of new hotel properties.



Victoria Dom in Germany



Company strategy and operations



Victoria Dom has 21 years of experience. Traditionally focused on the Warsaw market, it has been developing its activities on the German market since 2016. Victoria has successfully completed its first residential developments there. It concentrates on large cities, mainly Berlin and Leipzig.

Motivation for foreign expansion



The expansion is part of a company's long-term strategy to diversify revenues. The strategy envisages concentrating projects in agglomerations that are facing a structural housing shortage and are growing rapidly. Berlin, for example, is a promising market due to population growth, increasing life expectancy, and rising number of single-person households.

Co-investment with the fund



Victoria Dom obtained a loan from the Polish International Development Fund CEF in 2021 to further develop the company's business. The aim of the investment is to increase the scale of operations on the German market. The funds raised were mainly used to purchase land in attractive locations in Berlin and Leipzig for further residential developments, which will allow the company to build a strong position on the German market.



SaMASZ in the USA and Canada



Company strategy and operations



SaMASZ has been operating since 1984, manufacturing agricultural and municipal machinery. It offers more than 300 types of machinery (e.g., mowers, rakes, tedders). Since 1994, SaMASZ has been developing its export sales. Currently, approximately 65% of production goes to 50 countries worldwide.

Motivation for foreign expansion



The agricultural machinery sales are characterized by high seasonality. The scale of the business necessitated further investment. In the case of distant markets such as the USA and Canada, a traditional form of export would not have stood a chance. The subsidiary provides fast customer service, maintenance, and full access to spare parts.

Co-investment with the fund



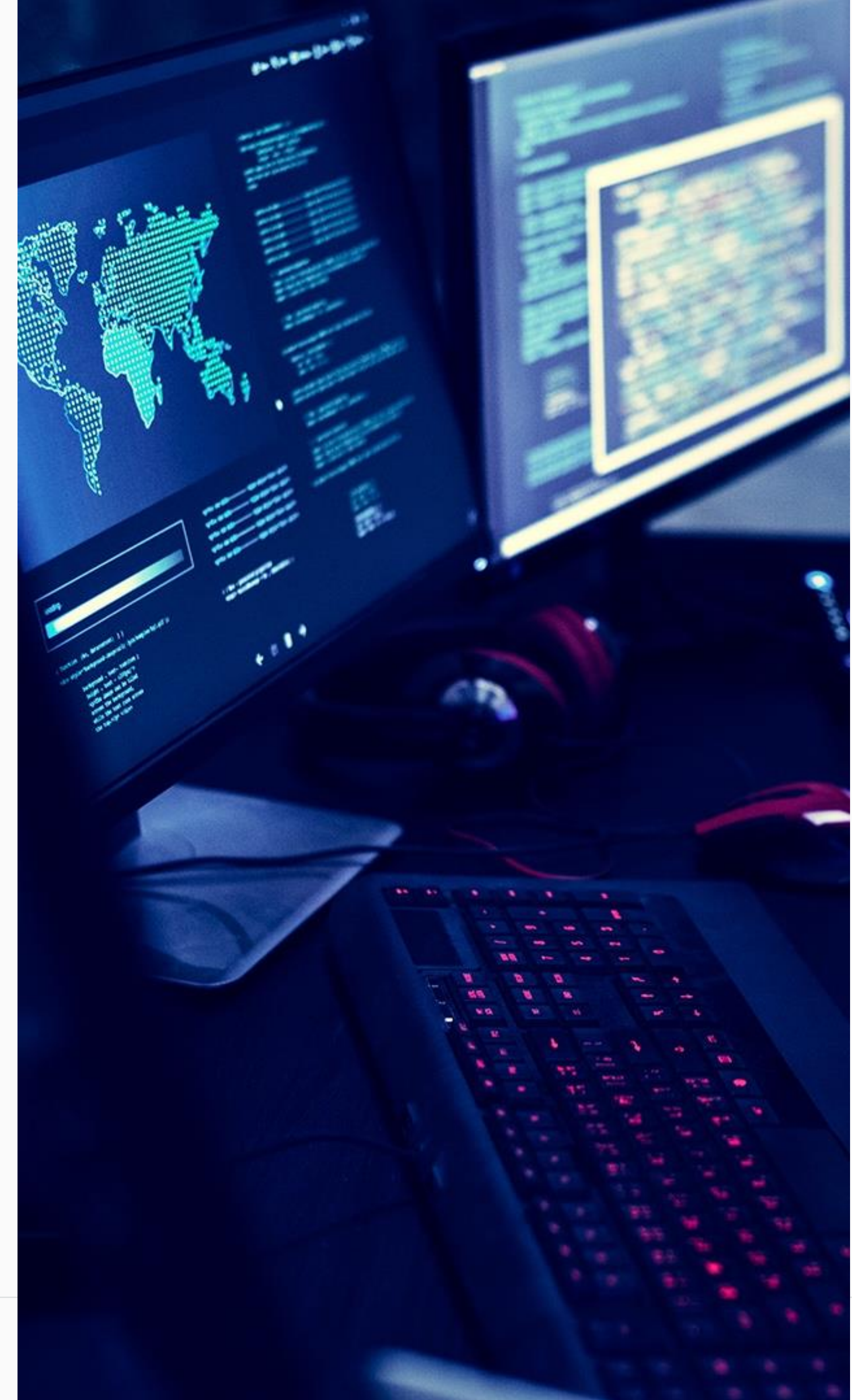
SaMASZ received a loan from the the Polish International Development Fund CEF in 2019 to further develop the business of SaMASZ North America LLC in Canada and the United States. The aim of the investment was to increase the availability of machinery on these markets. The company developed distribution channels, expanded warehouses, increased employment. As a result, the sales dynamics of SaMASZ products increased and the company built a strong position outside continental Europe.



Cyberfolks (R22) in Romania and Croatia

cyber_Folks™

R22



Company strategy and operations

The Cyberfolks Group focuses on hosting, web domain sales, e-commerce tools, communications, marketing automation, and software for the hospitality industry and telecommunications services.



Motivation for foreign expansion

For the Cyberfolks Group, the Polish domestic market is too small. The strategic objective behind further investments is to acquire and consolidate companies operating in CEE countries in order to become a leader in the region.



Co-investment with the fund

In 2018, Cyberfolks - together with the Polish International Development Fund CEF - financed the acquisition of 3 Romanian companies. This step allowed the company to become a market leader and gain a 25% market share. A year later, Cyberfolks obtained a loan from the fund for the acquisition of a Croatian company and, with this acquisition, gained around a 30% market share.



Exit

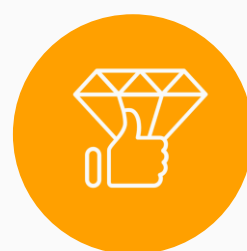
In October 2022, the loans provided by the fund to finance the acquisitions in Romania and Croatia were repaid. The cooperation with the fund enabled the Cyberfolks Group to grow from a local player to a CEE market leader and start global expansion.

Elemental Holding in Lithuania, Germany and the USA



Company strategy and operations

Elemental Holding operates in the recycling and trading of secondary raw materials. The group's strategy is to invest in urban mining and recycling companies.



Motivation for foreign expansion

Recovery of valuable and rare metals is not possible without access to a purchasing market, materials, and raw materials. The markets for purchasing materials for recycling and selling products are global in scope. The company's expansion directions have evolved with its situation and changes in the business environment. Group companies are based in EU countries, Turkey, the United Arab Emirates, Singapore, Malaysia, and the USA.



Co-investment with the fund

Elemental Holding have made 5 investments in cooperation with the Polish International Development Fund CEF. In 2017, the fund purchased a 49% stake in the group's subsidiary in Lithuania. In 2018, Elemental acquired an 85% stake in the German company Recat. The fund bought back 32% of the shares in this company in 2019. In the same year, Elemental acquired 66% of the shares of the American company PGM of Texas LLC. Further investments completed in 2021 included 2 US-based companies.



Exit from the German and American investment

In 2023 Elemental repurchased 32% shares in Recat GmbH and 49% shares in Elemental USA Inc. thus finalising joint investment projects in Germany and the USA.

Pekabex in Germany



Company strategy and operations



Pekabex operates in the modern prefabricated construction sector. The company provides solutions for the design, manufacture, and assembly of building structures based on prefabrication technology for reinforced concrete elements. The company has been operating for 50 years and has 5 factories in Poland.

Motivation for foreign expansion



Pekabex carries out construction projects in Poland and abroad, mainly in Scandinavia and Germany. The company aims to strengthen its position on the German market by bringing production closer to the sales market and increasing production capacity. To achieve these goals, the company has completed acquisition in Germany.

Co-investment with the fund



The agreement between Pekabex and the Polish International Development Fund CEF was signed in December 2020. The aim of the cooperation was the acquisition of 100% of the shares in the German company FTO Fertigteilwerk Obermain GmbH that specializes in the production of precast concrete elements. The total value of the transaction was €12.25 million. The fund's investment amounts to €2.94 million, and the fund took a 24% stake in the German company.



Laude Smart Intermodal in Germany

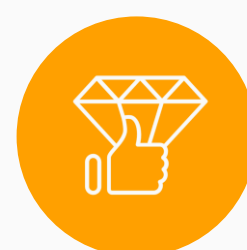


Company strategy and operations



Laude Smart Intermodal operates in the transport, forwarding, and logistics sector. The group's main source of revenue is the sale of containerized intermodal transport. Intermodal transport is defined as involving a minimum of two different means of transport in the same load unit along the entire route - from shipper to consignee.

Motivation for foreign expansion



The investment in Germany is part of the company's long-term strategy to launch new connections in Western European countries. The group is prioritizing expansion on the German market. Ultimately, the company intends to create an intermodal service chain linking Western Europe with countries in Eastern Europe and Asia.

Co-investment with the fund



The agreement between Laude Smart Intermodal and the Polish International Development Fund CEF was signed in December 2021. The aim of the cooperation was to establish the German company Laude Assets GmbH. The company holds assets and provides intermodal services in Germany and Western Europe. The total value of the transaction is €20 million. The investment of the fund is €10 million, and the fund took a 49% stake in the German company.



Netguru in the USA



Company strategy and operations



Netguru is a Polish company that specializes in consulting, software development, and digital product design. It is one of the fastest-growing technology companies in Europe, awarded, among others, by the Financial Times, Deloitte, and Forbes. Netguru was founded in 2008 and has already completed more than 1,000 projects. The team consists of more than 900 people from various countries around the world.

Motivation for foreign expansion



Netguru works for clients in Europe, North America, and Asia. The company's strategic goal is to build a complete range of consulting and digital services for customers around the world, which will translate into higher margins. The company is focusing on growth on promising markets, particularly the US, and expanding the range of services offered.

Co-investment with the fund



In 2022, the Polish International Development Fund CEF provided financing to Netguru to acquire a stake in San Francisco-based company Pilot 44, which provides innovative IT consulting services - a complementary activity to the company's current business.



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