LGT Venture Philanthropy

Best Practices in Grantmaking: Due Diligence
15 People work in 4 continents with local organizations and networks

The Team

The Board

Dr. Alexander Leeb, Elliott Donnelley, Walter Fust, S.D. Prinz Max von und zu Liechtenstein,
Dr. Erik Müller
Main characteristics of Venture Philanthropy

- Focus on few organizations
- Intense local Due Diligence to build knowledge and relationship
- Continuous Controlling
- Long-term engagement
- Financial, intellectual and social capital
- Young, rapidly growing organizations
- Equity, loans and grants
- Optimization of long-term social & environmental return
Our Philosophy: The higher the analysis and monitoring, the higher the positive impact

- Number of possible engagements
- Mentoring/ Monitoring/ Controlling
- Probability of long-term positive impact
- Intensity of Due Diligence
- Risk
The investment process of LGT Venture Philanthropy

Timing

- Continuous
- Up to 2 months
- Up to 3 months
- 3 – 7 years
- 1 week – 3 months

Process

- Deal sourcing
- Screening
- Preliminary review
- Deal execution
- Portfolio controlling & reporting
- Exit

Main activities

- Deal sourcing
  - Sourcing of potential deals
  - No unsolicited proposals
  - Information exchange with cooperation partner / reference calls
  - Stop-go decision

- Screening
  - Screening of organizational information
  - Telco’s with mgmt. team, face to face meeting if feasible
  - Information exchange with coop. partner / reference calls
  - Internal discussions
  - Discuss with local partner or regional representative
  - Stop-go decision

- Preliminary review
  - Evaluation of business plan / proposal
  - Field visit (0.5-1 day)
  - Reference calls
  - Intensive internal discussions
  - Unanimous approval of partners
  - Board feedback & approval

- Deal execution
  - Intensive due diligence and site visit (team, finance, services, competition, marketing, legal situation, …)
  - Full impact potential analysis
  - Reference calls
  - KPI determination
  - Negotiate terms & KPI’s
  - Board feedback
  - Unanimous approval of partners & majority of board

- Portfolio controlling & reporting
  - Permanent support / meeting (intellectual and social capital)
  - Regular KPI (Key Performance Indicator) evaluation

- Exit
  - Evaluation of different options
  - Negotiations with relevant partners

Tools / Documents

- Tracking database
- Quick-screen checklist
- Factsheet (2 pgs)
- Capabilities Assessment (light)
- Questionnaire
- Capabilities assessment
- Risk assessment
- DD Checklist
- Preliminary Review (5 pgs)
- Letter of Intent (LOI)
- Term sheet
- Capabilities and risk assessment
- Investment Memo (25 pgs)
- Board decision (1pg)
- Contract(s)
- Monthly reports
- Quarterly KPI
- Annual report
- Post investment monitoring
- Contract(s)

Before final contracts are signed every deal can be stopped at any moment
Due diligence process of LGT Venture Philanthropy

Example: Rags2Riches, Manila, Philippines
Key points

See DD as a means of adding value in itself

Develop and follow a standardized DD process

Be on the ground; interview stakeholders

Listen humbly; observe
For more information please contact:

<table>
<thead>
<tr>
<th>Joan Yao</th>
<th>Mobile</th>
<th>+63 917 811 5831</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment Manager – Southeast Asia</td>
<td>E-Mail</td>
<td><a href="mailto:joan.yao@lgtvp.com">joan.yao@lgtvp.com</a></td>
</tr>
</tbody>
</table>

Support
LGT Venture Philanthropy is funded through substantial contributions from each of the following LGT Group companies:
LGT Bank in Liechtenstein Ltd., LGT Bank (Switzerland) Ltd., LGT Bank in Liechtenstein & Co. OHG, LGT Bank (Österreich) AG, LGT Bank (Singapore) Ltd., LGT Capital Management Ltd. and LGT Capital Partners Ltd.
This document is intended solely for the recipient and may not be duplicated, distributed or published either in electronic or any other form without the prior written consent of LGT Group Foundation.

This publication is for your information only and is not intended as an offer, solicitation of an offer, public advertisement or recommendation to buy or sell any investment or other specific product. Its content has been prepared by our staff and is based on sources of information we consider to be reliable. However, we cannot provide any undertaking or guarantee as to it being correct, complete and up to date. The circumstances and principles to which the information contained in this publication relates may change at any time. Once published, therefore, information shall not be understood as implying that no change has taken place since its publication or that it is still up to date. The information in this publication does not constitute an aid for decision-making in relation to financial, legal, tax or other consulting matters, nor should any investment or other decisions be made on the basis of this information alone. It is recommended that advice be obtained from a qualified expert. Investors should be aware that the value of investments can fall as well as rise. Positive performance in the past is therefore no guarantee of positive performance in the future. Forecasts are not a reliable indicator of future value developments. The risk of price and foreign currency losses and of fluctuations in return as a result of unfavorable exchange rate movements cannot be ruled out. There is a possibility that investors will not recover the full amount they initially invested. We disclaim without qualification all liability for any loss or damage of any kind, whether direct, indirect or consequential, which may be incurred through the use of this publication. This publication is not intended for persons subject to legislation that prohibits its distribution or makes its distribution contingent upon an approval. Any person coming into possession of this publication shall therefore be obliged to find out about any restrictions that may apply and to comply with them.

It is up to potential investors to obtain comprehensive information and appropriate advice in their home country, country of residence or country of domicile about the applicable legal requirements and any tax consequences, foreign currency restrictions or foreign exchange controls and any other aspects that are of relevance prior to any decision to subscribe to, purchase, own, exchange or redeem such investments, or enter into any other transaction in relation to same.

The securities and rights mentioned in this document may not be purchased or held by investors or for investors domiciled in the USA and/or with US citizenship, nor may such securities and rights be transferred to them.
"Berry-Picker in Mountain Landscape", 1844

FRANZ EYBL
1806–1880

In this picture Eybl depicts a country girl set against an imposing backdrop of mountains. The artist conveys the subtlest nuances in the portrait, his skill particularly evident in the rendering of the textiles and the qualities of the different materials. The patterns on the red neckerchief, the colourful bodice beneath it, the blue apron and the white of the blouse, along with the headscarf, are a picture in themselves with their interplay of subtly differentiated textures. The girl does not look directly at the viewer - she seems dreamy, lost in thought. Her reflective pose infuses the picture with an almost meditative calm.

© Collections of the Prince of Liechtenstein, Vaduz – Vienna
LIECHTENSTEIN MUSEUM, Vienna. www.liechtensteinmuseum.at