



Verdant Capital Hybrid Fund LP

Hybrid Fund Overview

Verdant Capital Hybrid Fund LP ("Fund") provides hybrid capital to Inclusive Financial Institutions ("IFIs") in principally low and lower middle-income countries in Sub-Saharan Africa ("SSA"). This capital is essential for these institutions to expand their financing operations and maintain compliance with relevant banking regulations. The Fund has deployed \$34 million in capital toward developing a diversified portfolio of investments in IFIs, which are financial institutions with a broader developmental impact than traditional banks, such as reaching unbanked individuals and smaller companies. The focus activities for IFIs include: traditional microfinance; lending to Micro, Small and Medium-Sized Enterprises ("MSMEs"); housing finance; leasing; or specific segments such as education finance, health finance or agri-value chain financing. Fintech-oriented institutions can often be considered IFIs, especially if their core technology is used to reduce transaction costs and enable services such as borrowing, savings or payments to be offered at a "micro-size". Since the Fund's inception in 2021, 100% of payments from portfolio companies have been received in full and on time.

Key Offering Terms

Asset Type:	Hybrid capital instruments such as Subordinated Debt and Preferred Equity. Functions like Private Credit.
Geographic Focus:	Sub-Saharan Africa
Industry Focus:	Inclusive Financial Institutions
Fund Manager and GP:	Verdant Capital Limited
Structure:	German Domiciled, Limited Partnership
Offering Size:	\$70mm target, \$36mm raised, DFI anchor ^[1]
Suitability:	Accredited Investors only
Minimum Investment:	\$250,000
Investment Term:	6-year investment period, 6-year harvest period, 12-year total Fund life from First Close ^[2]
Management Fee:	2-2.25% annually of commitments depending on Fund AUM ^[3]
Preferred Return:	6% annually ^[4]
Carried Interest:	20% above Preferred Return, with GP catch-up ^[5]
Target Returns:	17-18% gross IRR
Distributions:	Targeting high-single digits once committed capital is deployed
Organizational Expenses:	Up to \$500k or 0.75% of commitments
Firm Commitment:	First close in 2021, final close in 2025, Capital calls ^[6]
Subscription Format:	\$1mm minimum
Anchor Investor:	KfW, German's state-owned development bank, one of the world's largest and most influential development finance institutions

Fund Characteristics



Compelling Market Opportunity

Sub-Saharan Africa has a population of over 1 billion - 66% of adults in SSA are unbanked.^[7] Low population density, low GDP per capita, and political fragmentation have prevented traditional banking institutions from reaching this market. IFIs are seeking to fill this gap, but there are very limited sources of capital for IFIs in Africa, and virtually no sources of hybrid capital. The estimated credit gap for small and medium-sized businesses in Africa is \$640 billion.



Seasoned Management Team

Verdant Capital was established in 2013 as a leading impact-oriented pan-African investment advisory firm. The team has over 120 years aggregate experience, significant sector specific know-how and offices in Johannesburg, Accra, Kinshasa, Lagos, and Mauritius. The firm has transactional experience in 20+ African countries and is the largest arranger of private debt capital markets for IFIs in Africa.



Intentional Impact Focus

Focused on segments with a high development impact, i.e. providing capital to MSMEs, creating employment, rural and agricultural development, access to more affordable healthcare, education, and housing finance. All Fund investments will be aligned to the UN SDGs of reducing poverty (#1), Inequality (#10) and providing foundations for economic opportunities (#8).^[8]



Crowding-in to Multiply Impact

Hybrid capital enables IFIs to attract more financing from global and local debt investors, multiplying development impact. A \$100 investment in hybrid capital can unlock \$400-\$500 in loans to MSMEs, creating jobs and improving livelihoods. Eight institutional investors, including the U.S. International Development Finance Corporation, AHL Venture Partners, and Norsad Capital, have invested in the Fund's portfolio companies through this catalytic approach.

[1] The Anchor Investor of the Fund is Development Finance Institution KfW. [2] Capital may return to investors starting in Year 5, as capital may not be reinvested by the fund during the harvest period. [3] Management fee of 2.00% at all Fund sizes of \$60mm and above, 2.125% at Fund size of \$50mm, 2.25% at initial Fund size of \$40mm. [4] While the Preferred Return is a term of the offering, there is no guarantee that there will be sufficient funds to pay the Preferred Return. [5] Following the full return of invested capital and the Preferred Return to investors, the GP will be entitled to 20% of any additional return generated by investments, subject to a catch-up provision. [6] Capital calls expected for each investment deployment, with the expectation of 10 portfolio investments at the maximum fund size. [7] WorldBank. [8] United Nations Sustainable Development Goals.



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An investment in this offering involves a high degree of risk and investors could lose part or all of their investment. Before investing, carefully consider all risks factors found in the private placement memorandum for the offering.

VERDANT CAPITAL HYBRID FUND IS ONLY AVAILABLE TO ACCREDITED INVESTORS. THIS SUMMARY IS NEITHER AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY, ANY SECURITIES. SUCH OFFER WOULD BE MADE ONLY THROUGH A PRIVATE PLACEMENT MEMORANDUM FOR THE OFFERING. THIS SUMMARY MUST BE READ IN CONJUNCTION WITH THE PRIVATE PLACEMENT MEMORANDUM IN ITS ENTIRETY PRIOR TO MAKING SUCH INVESTMENT.

Securities offered through CommonGood Securities, LLC Member FINRA/SIPC

Strategy Cornerstones

Country Selection & Diversification

- Strong economic fundamentals
- Stable legal and political frameworks
- Demonstrated capital markets development

Target Companies

- Institutions with high development impact in financial inclusion
- Strong track record of returns on equity
- Size range of \$40-320 million of Total Assets

Risk Mitigation

- Sector specialization and localized team
- Instruments have contractual maturity or defined exit rights
- Senior to portfolio company owners and common equity
- Mostly hedged currency risk

Impact Assessment

- Monitoring, measuring, and reporting outcomes
- Defined targets via Impact Performance Assessment Framework
- Aligned to UN SDGs
- Operational Technical Assistance
- Anchor investor is one of the largest and most influential development banks in the world

Current Portfolio

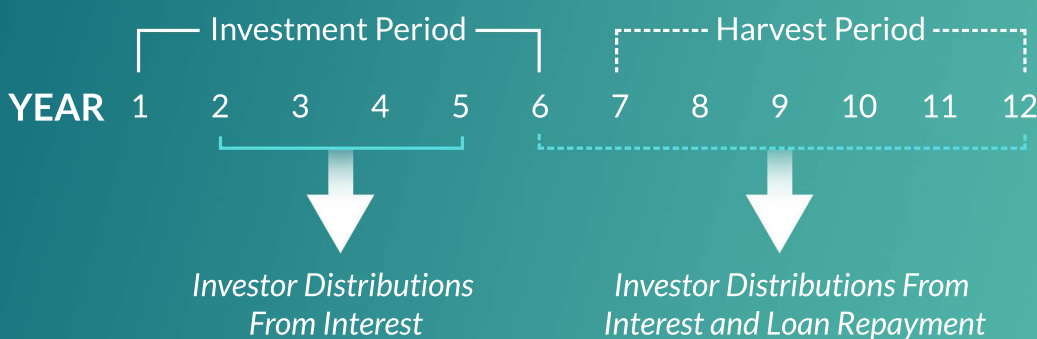
- Wadu Africa - leading boda boda lender focused in Uganda
- LOLC Africa - top quartile leading global microfinance group
- Mogo Kenya - taxi and car financing for entrepreneurs

Since inception, the Fund has received 100% of obligated payments from its portfolio companies.

Exposure Countries



Fund Life Cycle



Risk Factors

The following list of Risk Factors is not all-inclusive. For a listing and description, refer to the Risk Factors section on the PPM.

Nature of Investment

An investment in the Fund requires a long-term commitment, with no guarantee of return. Moreover, since the Fund will make only a limited number of investments and since such Investments may involve a high degree of risk, poor performance by a few of the investments could severely affect the total returns to the Limited Partners. There can be no assurance that the investments of the Fund will be profitable and that cash from its operations will be available for distribution to the Limited Partners.

Restrictions on Transfer and Withdrawal

There is currently no public market for the interest in the Fund, and no public market is expected to develop during the life of the Fund. The interests have not been and will not be registered under the securities laws of any jurisdiction. In addition, the interests are not transferrable except with the written authorization of the Manager.

Accordingly, Limited Partners may not be able to liquidate their investment in the Fund prior to the end of the Fund's life.

Availability of Investment Opportunities

Although the Manager believes that significant investment opportunities currently exist in the Target Region, there can be no guarantee that the Manager will be able to identify and complete a sufficient number of opportunities to allow the Fund to be fully invested.

Target Country Political and Economic Factors

The political, social, and economic stability of the Target Region varies from time to time and from country to country. Investments in the Target region will be exposed to possible changes in the economic or political policies. Such changes would be beyond the control of the Fund and may adversely impact on the investments of the Fund. The target region is less stable politically and economically than other regions of the World which have more mature economies.