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The information contained herein is not complete, is subject to material changes and, if any offering of securities is made, will be superseded by preliminary and final offering memoranda with respect to any notes as such offered. Such offering memoranda will describe in greater detail the Issuer of the securities described herein, the business and financial condition of such Issuer, a description of the securities described herein and the risks related to investing in such securities. You will not be permitted to make an investment decision with respect to the securities described in this preliminary transactional summary until you have received a printed copy of a preliminary offering memorandum with respect to such securities. Any decision to invest in the securities described herein should be made after reviewing the offering memoranda, conducting such investigations as the investor deems necessary or appropriate and consulting the investor’s own legal, accounting, tax and other advisors in order to make an independent determination of the suitability, merits and consequences of investment in the securities described herein. This preliminary transactional summary is not an offer to sell any of the securities described herein and it is not soliciting an offer to buy these securities.

Neither the Issuer nor the securities referred to in this material may have been or will be registered under the securities laws of any jurisdiction. No application has been made for the listing of the Issuer on any stock exchange.

An investment in the Issuer represents a speculative and highly illiquid investment and involves a high degree of risk. There is no secondary market for the securities referred to herein and no such market is expected to develop. These securities will be subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and any applicable state or other securities laws, pursuant to registration or an exemption therefrom and, further, under the organizational documents of the Issuer.
We view social goals as a business opportunity.

We believe in transparency.

We are employee-owned.

SIMA’s main line of business is social investment fund management.

We are the longest serving fund managers in the social space.

Managed over $1.5 billion in impact investments in 50+ countries with less than 0.5% losses.

The SIMA Fund offers short-term debt investment opportunities with different risk/return profiles.

SIMA commits 10% of Managing Partner’s profit to high risk, young social enterprises to grow the sector.
The **opportunity to improve lives** at the Bottom of the Pyramid (BoP) by **increasing access to off-grid solar energy and financial services** while earning commercial returns.
1 in 5 people - or 1.2 billion - lack adequate access to electricity. 95% of those without access to electricity live in Sub-Saharan Africa and Asia.
BOTTOM OF THE PYRAMID

REALITY

Photo: Simpa Networks
REALITY

BoP consumers are forced to turn to unhealthy, costly, and dangerous carbon-based sources

Health

Kerosene lamps contribute to household air pollution which causes fatal respiratory problems and is associated with 4.3 million deaths a year, higher than the number of deaths resulting from malaria, AIDS, or sanitation issues combined.

BoP consumers are forced to turn to unhealthy, costly, and dangerous carbon-based sources.

Social

In darkness, social interactions are limited and safety is reduced, especially for women.

Photo: Simpa Networks
BoP consumers are forced to turn to unhealthy, costly, and dangerous carbon-based sources.

**Economic**

BoP households spend **10-15% of their monthly income** on inefficient energy sources, diverting money away from basic nutritional and educational needs. After the sun goes down, there is also **less economic activity**.

Source: Investment and Finance Study for Off-Grid Lighting (A.T. Kearney and GOGLA, 2014)
REALITY

BoP consumers are forced to turn to unhealthy, costly, and dangerous carbon-based sources.

Environmental

90 million tons of CO2 are emitted annually from burning fossil fuels for lighting.

Off-grid **solar solutions** address the health, economic, social, and environmental issues that the BoP faces.

On top of that, it presents **the most cost-effective way of providing electricity** without large infrastructure investment due to the following trends:

- **Solar equipment prices** have fallen by more than 80% since 2008 and are expected to keep dropping (International Renewable Energy Agency)

- Off-grid solar companies have developed **innovative business models** to deliver solar products with affordable financing

- These new models use **digital innovations** and **flexible financing** to affordably serve the electrification needs of BoP households
INVESTABLE OFF-GRID ENERGY MARKET ESTIMATED TO BE ~$3.1BN ANNUALLY BY 2020

Source: Bloomberg New Energy Finance, 2016
RANGE OF OFF-GRID SOLAR ENERGY PRODUCTS CATER TO BOP NEEDS

PORTABLE SOLAR LIGHTS

$5 – 60

0.5 – 3 Watt Solar Panel lithium-ion battery

Single LED lantern, mobile charging on some models

Top: Greenlight Planet, Bottom (left to right): Greenlight Planet, Niwa, Bright Products
MODULAR & LARGER HOME SYSTEMS

$100 – 1,000

4 – 200 Watt Solar System: lithium-ion battery, typically

Plug-and-play system, 2–6 LED lights, radio, mobile charging

Technician installed multi-room energy system: 4–10 LED lights, mobile charging, radio, fans, TV, refrigerator

Top: Azuri Technology
Bottom (left to right): Mobisol, Mindtech
Community ownership, acts as small utility. May cover small village.

$2,500 – 15,000
1,000 – 10,000 Watt Solar Systems

Photo: www.africansolardesigns.com
Off-grid solar companies are developing high-efficiency products and flexible financing to make products available to BoP customers and businesses:

**Pay-as-you-go (PAYG) solutions:** convenient small (often digital) payments which lead to customer ownership

**Utility model:** customer pays a small monthly fee based on usage and the off-grid solar company maintains the equipment

Financial Access companies are embracing financial technology (FinTech) as a way to bank BoP consumers and businesses who would otherwise not have access to a formal financial institution

**Together** these financial and off-grid solar energy options **hold the potential to disrupt markets at the Bottom of the Pyramid** in the same ways that mobile phones fueled the growth of mobile communication in the developing world.
POSITIVE IMPACT OF OFF-GRID SOLAR LIGHTING

HEALTH
- Reduction of home air pollution
- Reduction of hazards associated with candles and fuels

SOCIAL
- Longer study hours
- Increased community activity (night classes, meetings, etc.)
- Safety and reduced vulnerability for households, particularly for women

ENVIRONMENTAL
- 90 million tons of CO2 emissions prevented
- 25 billion liters of kerosene reduced consumption
- 270,000 tons of black carbon prevented

ECONOMIC
- $27 billion purchasing power created
- 10-15% household income savings
- Stimulation of small business

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Investment and Finance Study for Off-Grid Lighting, A.T. Kearney, GOGLA 2014

Photo: Greenlight Planet
VALUE

PROPOSITION

Photo: Affordable Village Solar
The SIMA Fund introduces commercial investors to profitable investments with clear social benefits on the health, wealth, and security of BoP households.

Commercial capital is essential to scale the off-grid solar energy sector in developing markets.

Creative fund structure allows investors to participate in the off-grid solar and financial access sector through five different tranches, various risk/return profiles, and durations as short as 33 months.
We provide working capital debt finance to growing, innovative companies serving BoP customers with off-grid solar energy and financial products that benefit their lives.

In the off-grid solar energy sector, portfolio companies are committed to providing high-quality, long-lasting, cost-saving products and good customer service.

In the financial access sector, portfolio companies deploy financial innovations and FinTech to expand their customer base with affordable products designed to meet BoP financial needs.

These complementary sectors are building the infrastructure of the future for services to the BoP, based on digital technologies.

Photo: Simpa Networks
**OFF-GRID SOLAR COMPANY**

**PROFILE:**

- **Revenue:** $1 - 10mm
- **Number of employees:** 100 - 500
- **Number of customers:** 5,000 - 50,000
- **Customer service:** Warranties, code of conduct, after-sales service
- **Technology:** Many companies use digital monitoring and payment
- **Business model:**
  - Distributors
  - Manufacturers
  - Distributors and manufacturers
- **Distribution model:**
  - Cash and carry
  - Lease to own
  - Pay-as-you-go (flexible payment based on usage)
  - Off-grid "utility" (customer never owns system)
- **How company interacts with customers and collects payments:**
  - Smart solar energy as a service. Remotely monitored battery.
  - Smart retail kiosks and technicians
  - Mobile money enable repayment over 3 years

*Photo: GREALTEC*
**Typical Financial Access Company**

**Revenue:** > $5mm

**Number of employees:** 150+

**Business model:**
- Microfinance
- FinTech

**Number of customers:** 10,000+

**Customer service:** code of conduct, signatory to SMART Campaign

**Technology:** innovation and technology is a key strategy component for greater outreach

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**Example of an MFI using FinTech to increase outreach:**

**2012:** AMK Cambodia without digital finance (113 offices)

**2014:** AMK Cambodia with digital finance (139 offices and 1,600 agents)
SIMA’s INVESTMENT PROCESS

Pipeline

Loan Application and Review

Due Diligence and Compliance

Credit Write-Up and Investment Committee

Legal

Reporting and Monitoring

Closing and Fund Disbursal

Reporting and Monitoring

Investment screens
Skype calls
Term sheets
Sample Covenants

Application
Financial model
Document review
Preliminary commitment letter

Questionnaire
Site visit
Social scorecard
KYC/AML checklist
Social and environmental diligence

INCLUDES SOCIAL AND ENVIRONMENTAL FACTORS

Risk rating
Financial model
Qualitative information
Identify and agree on social goals

Quarterly/monthly reporting and covenant tracking of financial, environmental, and social goals
Interest payment
Re-rating
External audit

Local legal opinion
Loan agreement
Covenants

Signing of documents
Wire money

Local legal opinion
Loan agreement
Covenants

Signing of documents
Wire money
**INDEPENDENT, EXPERT INVESTMENT COMMITTEE**

**Deepak Kamra (Chair),**
General Partner of Canaan Partners

**Asad Mahmood,**
SIMA CEO

**Joe Fernandez,**
Founder and Director of Solageo

**Tor Gul,**
Former CEO of Oikocredit

**Donn Tice,** Former CEO of d.light
TERMS AND CONDITIONS

Fixed income product with defined tenors from 2.5 to 3 years

Management fee: 1.75%

Minimum investment: $250K (smaller amounts at the discretion of the manager)

Five risk/return categories: Highest IRR of 20% and greatest credit protection of 47%

At investor’s discretion, option to extend maturity by 3 years
<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
<th>Coupon</th>
</tr>
</thead>
<tbody>
<tr>
<td>Super Senior</td>
<td>$46.0M</td>
<td>3%</td>
</tr>
<tr>
<td>Senior</td>
<td>$14.0M</td>
<td>5%</td>
</tr>
<tr>
<td>Junior</td>
<td>$11.25M</td>
<td>8%</td>
</tr>
<tr>
<td>Mezzanine</td>
<td>$2.25M</td>
<td>12%</td>
</tr>
<tr>
<td>Catalytic**</td>
<td>$1.50M</td>
<td>15% - 20%</td>
</tr>
</tbody>
</table>

** Catalytic tranche split into a commercial (traditional) portion with a 5% dividend and a target return of 20%, and a philanthropic portion with no dividend and a return capped at 15%.

A 3-year*, $75 Million Senior Debt Fund

* with the option to extend for 3 more years

FUND STRUCTURE

SIMA OFF-GRID SOLAR & FINANCIAL ACCESS SENIOR DEBT FUND I STRUCTURE

<table>
<thead>
<tr>
<th>Fund Size</th>
<th>Time (years)</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>$75M</td>
<td>1</td>
<td>$29M</td>
</tr>
<tr>
<td>$29M</td>
<td>2</td>
<td>$15M</td>
</tr>
<tr>
<td>$15M</td>
<td>3</td>
<td></td>
</tr>
</tbody>
</table>
## Capital Structure

<table>
<thead>
<tr>
<th>Level of Credit Protection</th>
<th>Subordination After 3rd Closing</th>
<th>Credit Protection Principal Only</th>
<th>Credit Protection Principal &amp; Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>Super Senior</td>
<td>$46.0 M</td>
<td>39%</td>
<td>47%</td>
</tr>
<tr>
<td>Senior</td>
<td>$14.0 M</td>
<td>20%</td>
<td>26%</td>
</tr>
<tr>
<td>Junior</td>
<td>$11.25 M</td>
<td>5%</td>
<td>12%</td>
</tr>
<tr>
<td>Philanthropic Mezzanine</td>
<td>$2.25 M</td>
<td>2%</td>
<td>6%</td>
</tr>
<tr>
<td>Commercial Mezzanine</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Philanthropic Catalytic</td>
<td>$1.5 M</td>
<td>After loss of 3.5% investors begin to take a loss</td>
<td>Projected returns assume 1.7% credit loss</td>
</tr>
<tr>
<td>Commercial Catalytic</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

NB: Figures provided for illustrative purposes and are not a promise for a specified financial return.
Organizational Structure of SIMA Fund I

- **Board of Directors of Fund I (BV)**
- **Social Investment Foundation**
- **Fund I (BV)**
- **Investment Committee**
- **General Partner**
  Social Investment Managers & Advisors, LLC
- **Service providers:**
  - **Fund Servicer**
    US Bancorp
  - **Accountant**
    Grant Thornton
  - **FX Hedging**
    MFX Solutions
  - **Legal Counsel**
    O’Melveny & Myers LLP
- **LPs/Noteholders**
Photo: Mobisol
ASAD MAHMOOD
CEO & MANAGING PARTNER

One of the longest serving social investment fund managers; created 10 innovative social funds and convened industry leaders to further the sector

Created Social Asset Management business for Deutsche Bank
• Managing Director of social investment portfolio of $800+ mm
• Oversaw the disbursement of $1.5+ bn with less than 0.5% loan losses and established 200+ relationships in 50 countries in the developing world

Created Social Asset Management business for Deutsche Bank

Responsible for development of FINCA International’s social enterprise sector engagement, focused on solar energy and innovative financing structures

Leadership & Membership:
• Founding Board member, Microfinance Information Exchange (MIX)
• Advisory Council, Social Investments for the World Economic Forum
• Steering committee member for the Smart Campaign
• Global Off-Grid Lighting Association (GOGLA) working committee to establish financial definitions for the solar industry
• Advisory Board member, Enterprise Community Partners

MICHAEL RAUENHORST, MANAGING PARTNER
Long-time social investor in financial access and energy access firms

Developed and launched Moody’s Corporation's first social rating product for financial institutions

Senior Consultant, Deutsche Bank, Global Social Investments, co-developed 4 microfinance funds

Led local and international investor group to launch Jamaica’s 1st independent microfinance institution

Managed 4 foundations, serves on the board of a family office

Leadership & Membership:
• Advisor to Fonkoze (Haiti), ACCION International and Catholic Relief Services’ Impact Investment Committee
• Member, Social Performance Task Force Indicators Committee
• Board member, Global Commercial Microfinance Consortium and Deutsche Bank Microfinance Development Fund
• Board member, FADICA (association of 52 family foundations)
• Board member, Deutsche Bank Stichting Social Investment

XAVIER PIERLUCA, MANAGING PARTNER
Investment professional with 20 years’ experience, 12 of which in the field of impact investing managing both private equity and debt funds.

Chief Investment Officer of Financial Services, Bamboo Finance
• Designed the strategy of the Bamboo Financial Inclusion Fund II, targeting microfinance / SME banks and Fintech companies including mobile payments/remittances, correspondent banking and peer-to-peer lending.
• Monitored and divested fund leading a team of 11 investment professionals based in Bogota, Nairobi, Singapore and Geneva.

Deutsche Bank, Microfinance Investment Funds
• He played a central role in arranging senior and subordinated/mezzanine financings in several countries, and structured several funds in targeting microfinance and eye care companies.

Management Consultant, Deloitte Consulting and Ernst and Young Corporate Finance.
Specialized in mergers & acquisitions and access to financing facilitation for mid-cap companies.

Previous board member for CONFIE, Banco FIE, Mibanco, Apoyo Integral Inversiones and Apoyo Integral SAC, Africap, Accion Investments, Asmitha
**BRIAN MCCONNELL, VICE PRESIDENT**

Brian is based in Nairobi, Kenya and is an expert in evaluating financial institutions serving low income clients including leading microfinance institutions (MFIs), banks, payroll lenders, and fintech companies.

**Regional Manager – Africa at Micro-Credit Ratings International Limited (M-CRIL),**

- Brian led regional efforts to expand work in Africa (15 missions spanning 13 countries).
- Conducted 28 financial ratings, 11 social ratings, 7 client protection certifications, and other specialized evaluations globally. Led business development efforts and developed relationships across SSA.

**Senior Analyst – Representative for Eastern and Southern Africa at Planet Rating**

- Led financial and social ratings of top MFIs in Africa and Asia including PML Uganda and HKL Cambodia.

Has worked at the World Bank where he analyzed and published research on access to finance and MicroVest developing, managing and reporting on investments in MFIs.

**Peace Corp Volunteer** in Ivory Coast, West Africa and is conversant in French.

**MBA (Finance)**, American University, Kogod School of Business

**BA (Economics)**, Kenyon College.

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**ERIN DAVIS, VICE PRESIDENT**

Former Investment Officer, FINCA International

- Led the process of identifying funders and investors to increase the capital available for FINCA’s investments in social enterprises
- Helped develop more efficient financing and delivery mechanisms for life enhancing products and services in conjunction with the microfinance business
- Developed expertise and professional relationships in the social enterprise sectors including Energy and Sanitation

**Fellow, South Pacific Business Development (SPBD) Tonga**

- Prepared institute for SMART Campaign certification; developed an annual social performance tool to measure impact and improve reporting metrics

**Senior Research Associate, Dana Farber Cancer Institute**

- Screened pharmaceutical compounds for efficacy against Stage IV brain cancer

**BA Spanish**, Wheaton College (MA)

**MBA**, American University

**MA International Development**, American University

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**SAMMY MALAKI, VICE PRESIDENT**

Based in Nairobi, Africa

**Finance and Administration Director, Nuru Energy**

- Oversaw financial activities for the group’s six business units in five countries.

**Access Afya Kenya Limited** (A healthcare social enterprise), **Consultant**, Nairobi, Kenya

- Advised on local tax and labour regulations, Accounting Procedure and internal controls
- Built the organization’s accounting data and implemented proper information backup procedures and online & offsite backups.
- Conducted internal audits

**Retriever Limited, Accountant**, Nairobi, Kenya

- Set up of the finance unit and established all financial internal controls procedures.
- Prepared periodic financial forecasts and budgets.

**Access Kenya Group Limited**, **Credit Control Officer**, Nairobi, Kenya

- Managed a pool of residential clients’ Accounts

**CPA, Kenya**

**MBA, University of Derby**, City of Derby, East Midlands, United Kingdom

Speaks five languages
SIMA’S TEAM

FAIQ KAHN, VICE PRESIDENT
Based in Pakistan

Habib Bank Limited (Islamic Banking), Karachi, Business Planning Manager
• Engaged in product development and established a growth strategy
• Managed end-to-end launch of HBL-Car Ijarah product and helped design long term strategic framework for HBL-IB

JCR-VIS Credit Rating Company Limited, Karachi, Credit Analyst
• Conducted financial statement analysis, sector research, internal control systems evaluation, management quality assessment and credit risk scoring.
• Reviewed, analyzed and evaluated credit, market, liquidity, business and other entity related risks in the context of the regulatory & macroeconomic environment for forming a prospective opinion on the probability of default.

B. Sc. In Textile Engineering, National Textile University
MBA in Finance, Institute of Business Administration, Karachi

Native Urdu speaker and has proficiency in Chinese.

CONFIDENTIAL, INVESTMENT OFFICER
• Based in Pakistan
CONSULTANTS

JULIE HARRIS
IMPACT INVESTMENT CONSULTANT

Innovative, socially motivated, senior executive with over 30 years experience working in finance and has been consulting in impact investing for the last 10 years.

Deutsche Bank Securities, Director, Structured Finance/Asset Securitization: Originated, structured and managed a portfolio of **over 60 transactions totaling over $6 billion** across the credit spectrum. Built client opportunities in structured finance and asset securitization. Focused on non-investment grade corporations, new asset classes, international/cross border and emerging markets.

Minlam Asset Management, Managing Director and Senior Investment Officer: Created and implemented the protocol for Minlam’s investment strategy for microfinance investments including the underwriting and deal origination process, overseeing investment analysis, leading in-country due diligence and completing documentation.

Deutsche Bank Microcredit Development Fund, Senior Consultant: Originated and structured financial transactions for start-up, intermediate and mature microfinance institutions worldwide. Evaluated mission, strategy, governance, business plans, internal controls and sustainability of socially motivated organizations. Coordinated with global banking team to identify and assess grant and loan candidates.

Blue Orchard, Geneva, Switzerland: Member of the credit committee; review and opine on credit offerings presented for investment.

Consultative Group To Assist The Poor, Washington, DC: Created disclosure guidelines and benchmark performance metrics (financial and social) for microfinance investment vehicles to improve transparency and promote international investment.

LOUISE MORETTO
IMPACT INVESTMENT CONSULTANT

Over 25 years of experience in banking, international development, and social investing including working with program related investments and promoting clean energy

**Independent consultant of impact investing and financial inclusion** for private, public and non-profit organizations. **Projects include:** strategy for developing impact investing and microinsurance capabilities at mainstream financial institutions, research on market building investments for financial inclusion, analysis of investment trends and barriers in Sub Sahara Africa, transition management of a CDFI, and designing and managing an impact investment conference.

Women’s World Banking, Served as Head of Capital Markets Group, Sr. Director and Member of CEO Leadership Team. Advised over 30 partners on debt, equity, and capital markets transactions

Grassroots Capital Management, Served as Managing Director Investments at an impact investment firm specialized in global microfinance, small-medium enterprise, affordable housing and sustainable agriculture investments.

Deutsche Bank Global Social Investment Funds, Served as a deputy manager structuring and managing funds, overseeing portfolio management, originating social investments, and strengthening operations.

JP Morgan Chase and National Westminster Bank, banker in global exposure management and specialty lending groups with responsibilities covering: credit management, deal originations, structured financing and managing syndicated bank facilities.

Adjunct Professor at Columbia University’s School of International Public Affairs

Board member of Vitas Holding, which manages financial institutions in the Middle East.
TROY BERENS
GENERAL ELECTRIC SOLAR BUSINESS,
TECHNICAL SOLAR CONSULTANT/ADVISOR

Engineering Manager with 18 years overall experience in R&D and manufacturing of semiconductor and solar products

4 patents, 7 patents pending, 10 contributions to literature

Worked for General Electric on $500+ million project to commercialize GE's first thin film solar product

Worked for multiple start-up companies from ground level to pilot demonstration to factory expansion

Expert at building and developing technical teams and resources, managing programs, managing projects, managing engineering operations, developing products and processes

Skilled in product reliability, product testing, regulatory compliance, supplier development, reducing cost, manufacturing process control, increasing yield

Directed global cross-functional teams located within the US, Germany, China, and Taiwan

JOE FERNANDEZ
FOUNDER/DIRECTOR SOLAGEO,
TECHNICAL SOLAR ADVISOR/CONSULTANT

~20 years of international business experience working with clients on China manufacturing projects; 5 years in the solar sector on a global level

Developed all Quality Assurance procedures and documentation, and served as Lead Auditor and Quality Control Specialist serving major clients overseas, including leading importers and retailers in North America and Europe such as Tesco, Home Depot and Carrefour, as well as major importers and retailers in the Asia-Pacific region such as the Dairy Farm Group and Bajaj Electricals in India

Strong technical competencies to quickly grasp design, engineering and product development issues and converting this knowledge into technically complex documents that can be easily understood

Expert advisor to a graduate Energy & Environment team at Columbia University
TROY BERENS
Engineering Manager with 18 years experience in R&D and manufacturing of semiconductor and solar products

GEORGE ECONOMY
Senior Investment Banker & Seasoned Entrepreneur and Investor

HANS MICHAEL HOELZ
Former Global Head of CSR, Deutsche Bank

MIRA INBAR
Director of Strategic Solutions at NRG Energy

FREDERIC OTTESEN
Senior Executive, Storebrand

JOE POLIZZOTTO
Former General Counsel, Deutsche Bank, Americas

RICHENDA VAN LEEUWEN
Former Executive Director, Energy and Climate, Energy Access, United Nations Foundation

RICHARD WILCOX
Former CEO of Unitrust Bank, London
INVESTMENT COMMITTEE

Business analysis:
- Country Overview
- Analysis of Strengths and Weaknesses
- Strategy and Business Planning
- Market Risk
- Reference Check

Financial & Credit Analysis:
- Financial Analysis
- Loan Product Profile
- Credit Analysis
- Capital Structure

Operational:
- Internal Control Environment
- Credit Risk Management
- Productivity and Efficiency

Management & Governance:
- Governance
- Human Resources
- Management Information Systems (MIS)

Social & Environmental:
- Social Performance Scorecard
- Environmental Performance Indicators

Photo: Simpa Networks
SOCIAL SCORECARD CATEGORIES

#1 Defining Social Goals And Commitment To Mission
#2 Customer Orientation
#3 Monitoring And Reporting Social Goals
#4 Responsible Treatment Of Employees
#5 Environmental Impact

Photo: Simpa Networks

Adapted from Deutsche Bank Social Scorecard and Moody’s Social Performance Assessment
**ASSET QUALITY RISK**

Microfinance is an established, seasoned industry with excellent asset quality that will diversify and mitigate our portfolio risk.

Leading solar companies are experiencing excellent asset quality similar to microfinance.

Experienced fund managers with on ground experience.

Quality-assurance of equipment financing.

---

**MARKET RISK**

Structured to naturally match assets and liabilities.

Assets and liabilities will be fixed rate instruments to avoid basis risk.

Fund and its loans are of relatively short duration, which further limits the exposure to interest rate risk.

Local monitoring.

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**CURRENCY RISK**

Loans to be made in USD or employ FX swaps; exceptions approved by the investment committee on a case-by-case basis.

Country and repatriation risk assessed on an ongoing basis during the screening and due diligence phases.
## Off-Grid Solar Sector RISKS/MITIGANTS

<table>
<thead>
<tr>
<th>RISK</th>
<th>MITIGATING FACTOR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Limited Performance History</td>
<td>Companies in our portfolio have a proven track record of 2-3 years.</td>
</tr>
<tr>
<td>Insufficient Access to Capital</td>
<td>Solar companies continue to gain momentum as a viable solution in the development industry.</td>
</tr>
<tr>
<td>Question of Commercial Viability</td>
<td>Solar solutions make good basic business sense: affordability of products is good, demand continues to increase, and customer delinquency is minimal.</td>
</tr>
<tr>
<td>Growing Market Competition</td>
<td>Demand strongly outweighs supply as the solar market continues to grow.</td>
</tr>
<tr>
<td>Technology Becoming Obsolete</td>
<td>R&amp;D is incorporated into the business models of our portfolio companies.</td>
</tr>
<tr>
<td>Little Product Diversification</td>
<td>Solar products continue to diversify.</td>
</tr>
</tbody>
</table>

- **Limited Performance History**: Major solar companies have demonstrated at least 2-3 years of successful performance history, and the basic demand-supply dynamics suggest that they will experience significant growth in coming years.
- **Insufficient Access to Capital**: Increasingly, well-known venture capitalist, private equity, and impact investment firms are making significant investment in solar companies.
- **Question of Commercial Viability**: Demonstrated less than 1% loan write-offs in portfolios. Solar products are priced such that they save the user money compared to traditional lighting methods of fuel or candles and offer added functionality such as phone charging.
- **Growing Market Competition**: In Africa alone, 85% of the population does not have access to grid electricity or experiences frequent outages leading to demand for other solutions.
- **Technology Becoming Obsolete**: Solar companies continue to develop new products based on customer needs and industry trends while incorporating new technology and ensuring for quality.
- **Little Product Diversification**: Most companies in our portfolio offer several products geared for different household and business needs ranging from single lanterns to complete home systems while also catering to different income brackets.
### Financial Access Risks/Mitigants

<table>
<thead>
<tr>
<th>RISK</th>
<th>MITIGATING FACTOR</th>
<th>BOTTOM LINE/EVIDENCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance History</td>
<td>The Financial Access companies we target are <strong>well established with internal risk management systems but also are innovating</strong> by using financial technology to streamline their operations.</td>
<td>Major microfinance and financial access companies have demonstrated <strong>ability to manage risk with at least 5 years of successful performance history</strong>, and the added efficiencies of financial technology suggest that they will experience significant growth in coming years. In addition, we require these companies to agree to codes of conduct and the SMART Campaign customer protection principles.</td>
</tr>
<tr>
<td>Access to Capital</td>
<td>Financial access companies are not banks but have <strong>solid capital structures</strong>.</td>
<td>Microfinance and financial access companies continue to <strong>attract investment capital</strong>.</td>
</tr>
<tr>
<td>Question of Commercial Viability</td>
<td>Microfinance and financial access companies continue to <strong>diversify their products and make them more affordable</strong>, demand continues to increase, and customer delinquency is minimal.</td>
<td>Demonstrated <strong>less than 1% loan write-offs in portfolios</strong>. Microfinance and financial access companies continue to <strong>improve efficiencies with high levels of customer satisfaction</strong>.</td>
</tr>
<tr>
<td>Growing Market Competition</td>
<td>Microfinance and financial access companies, particularly those with digital finance, continue to experience strong demand, <strong>even in regions where commercial banks compete</strong>.</td>
<td>Commercial banks <strong>often do not have the same customer orientation and reach as financial access companies</strong>.</td>
</tr>
<tr>
<td>Technology Becoming Obsolete</td>
<td>The Financial Access companies we target use financial technology to offer new products, <strong>become more efficient and improve customer level data</strong>.</td>
<td>Financial Access companies we target are developing <strong>efficient new products based on customer needs and ensuring for quality</strong>.</td>
</tr>
<tr>
<td>Little Product Diversification</td>
<td>Financial Access companies we target use financial technology <strong>to offer new products</strong>.</td>
<td>Most companies are able to offer more differentiated products geared for different customer needs. These innovative new products are based upon a long history of working with the specific customer base.</td>
</tr>
</tbody>
</table>
BBOXX
United Kingdom, 2010

**$9M** of Capital Raised to Date

Revenue (2014): ~$4.4M

Employees: **40 total** (38 in the UK and 102 worldwide)

Business Operations:
Small to medium-sized company selling solar systems to the low-income African mass market on a pay-to-own monthly payment plan. It leads and manages all aspects of its business operations through an engineering lab in London, manufacturing plant in China, and a franchise distribution network in 35 countries and 30 local shops in Kenya, Rwanda and Uganda.

**Products:**
15 - 50 watt solar panels, batteries, and other accessories

**Competitive Advantages:**
Proprietary hardware and cloud based-software dashboard: monitors and collects customer usage and their repayment history and can remotely shut down the service due to severe delinquencies and redeploy the product

In-house customer financing: to assist customers with payment plans (12-36 months) and work with them to lower the risk of defaults

**Investors:**
Khosla Impact, Synergy Energy, Bamboo Finance, Stichting Doen Foundation, AECF, SunFunder, Ceniarth
GREENLIGHT PLANET
USA, 2007

$14M of Capital Raised to Date

Revenue (2014): ~$5-7M

Employees:
630 Full-time employees across the US, Sub-Saharan Africa, India, and China. 6,000 Sun King micro-entrepreneurs

Business Operations:
11 offices in 4 countries
Leverages 6,000 micro-entrepreneurs, earning a steady income by selling in their own communities
 Experienced 100% growth in each of the past 3 years; aims to be in 16 million households by 2016

Products:
Smallest: wide-angle beam for general illumination and spotlight mode for tasks; sold 3 million lanterns since 2009 launch and serves over 8 million users. In a 5-year period, 1 million were sold in only the last 8 months
Largest: smart solar-powered lamp system designed to provide light in more than one place at a time; three solar hanging lamps with individual switches to control the intensity of light with 2-year warrantee

Competitive Advantages:
Intelligent, durable, affordable products: run for 30 hours straight and offer a breakthrough five-year lithium Ferro-phosphate battery
Direct To Village (DTV) channel: penetrate hard to reach regions, offer its agents, ‘micro entrepreneurs’ both an income stream and a sense of personal worth
Global Partnerships: distribution efficiencies; One Acre Fund (Rwanda, Kenya, Tanzania, Burundi), Fullerton India, Total (Haiti, Cambodia, Nigeria, Tanzania, Zambia), SunnyMoney (Kenya, Malawi, Zambia, Tanzania), Wilkins Engineering (Ghana), ZamSolar (Zambia), Global Cycle Solutions (Tanzania), Great Lakes Energy

Investors:
Fidelity Growth Partners India, Bamboo Finance, Deutsche Bank, Prabhakant Sinha

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Photo: Simpa Networks
MOBISOL
Germany, 2010

$20M in capital, $6.7M in grants of Capital Raised to Date

Revenue (2014): ~$10M

Employees:
Berlin: ~60 employees, Tanzania: over 100 permanent employees and 150 freelance operators, Rwanda: 90 employees and 50 freelancers

Business Operations:
Combines solar energy with an affordable payment plan via mobile phone, comprehensive customer service and innovative remote monitoring technology. Offices in Tanzania and Rwanda (15,000 solar home systems installed so far)

Products:
Systems come in five different sizes ranging from 30, 80, 100, 120 to 200 Watt-peak (Wp).
Smallest: lights two rooms and charges four mobile phones per day
Largest: powers multiple lights, consumer appliances such as a laptop/TV or a refrigerator and can charge up to ten mobile phones simultaneously

Competitive Advantages:
Innovative payment scheme: pay-as-you-go 36-month installment method circumvents initial investment hurdles for customers who could previously not afford a high quality solar home system
Comprehensive after-sales services: three-year warranty on the battery and a twenty-year guarantee on the solar panel
Remote monitoring: GSM modem included in the solar controller tracks and stores technical data from the panel and battery in a web-based database; potential maintenance problems can be addressed swiftly; tracks payment patterns and enables the systems to be locked remotely in case of overdue accounts – thus decreasing the risk of payment default
The Mobisol Akademie: training institution for local entrepreneurs, contractors and Mobisol staff

Investors:

Photo: Simpa Networks
OFF-GRID SOLAR
COMPANY PROFILE EXAMPLES

SOLARNOW
Netherlands, 2011

Revenue (2014):
~$4M

Employees:
70 employees

Business Operations:
SolarNow sells high-quality modular solar home systems with 18 months credit through a network of 43 branches across Uganda. With 4,200 sales to date, the company is providing energy access to a significant number of rural communities. The company plans to expand to Tanzania and Kenya over the next 2 years.

Products:
Modular, expandable Solar Home System product range (40-500Wp)

Competitive Advantages:
End-user credit facility: adapted to the needs and spending habits of its target market
Franchise Model: Well-developed distribution network, quality equipment and customer service

Investors:
AECF, Acumen, Novastar Ventures, Ashden, Arc Finance, Centenary Bank, Challenges, Invested Development, SunFunder, DOEN, NL Agency

Photo: Simpa Networks
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