

M.A.R. – FUND 1

KEY	INFORMATION
Country	Nigeria (100%)
Target Fund Size	\$10,000,000
Fund Life	10 Years
Strategy	Existing MSMEs up to \$250,000 growth finance.
Focus	Manufacturing, Agriculture/Agro-allied businesses and Retail businesses.
Products (Expected Allocation)	Mezzanine (30%) and Debt (70%)
Gross Returns	16% p.a. (local currency)

INVESTMENT OPPORTUNITY

Growth finance for MSMEs in Nigeria (Agriculture, Value Chain Supply, Manufacturing/Processing and Retail businesses). The fund targets the missing middle being the gap between Micro finance institutions, collateral based bank lending and larger private equity activities. We will invest in deal sizes between \$15,000 and \$250,000 for stakes of up to 60% in start-ups and 51% in growing Agriculture, manufacturing and retail businesses.

We will employ a value driven approach through; entrepreneurship, access to new markets, business support and advisory services, trainings and capacity development, as well as the introduction of corporate governance structures.

We will also leverage on our local & international partnerships in developing the MSMEs we support. The investment team drives value through entrepreneurship, training, coaching, consulting, leveraging access to new markets and support services from Western entrepreneurs, NGO's and local banks.

With a vibrant local based team, local and international expert consultants, a pool of local investors and quality deals in pipeline, RegCharles Finance and Capital was able to commence operations in July 2012. Private/individual investors were approached and convinced to invest in a pool of funds whilst earning an average return of about 18%p.a. These funds were in turn channeled to various MSMEs at an average cost of about 35%p.a. with flexible payment terms tailored to their respective cash-flows.

As at date, we have invested in over 55 businesses with a portfolio of about \$800,000 in mezzanine and \$2.5m in debt financing while we have an average deal size of about \$60,000 per investee. Out of these 55 businesses, about 10 of them have been exited, most of which were advanced debt facilities.

To further strengthen the effectiveness of the youth and female entrepreneurs we support, as well as building capacity in the MSMEs we financed, the RegCharles Foundation emerged with specialization in Capacity Development and empowerment of Bottom of the Pyramid populations in marginalized communities.

Allocation

The fund will be allocated across portfolios with 30% being mezzanine based while 70% will be debt based.

Deal Flow

Since July 2012, over 300 finance requests have been received and screened from several sectors. 55 of these deals were fully invested in between 2012 and 2013 while about 100 were rejected. The remaining 145 deals have successfully passed the 2nd level screening and are currently on hold. During the first quarter of 2014, 15 out of the 145 deals were presented to the investment committee out of which 10 were fully approved for disbursement while the other 5 have been rejected. By the end of 2014, an additional 60 deals with average deal sizes of \$60,000 should have been presented to the investment committee for ratification.

Developmental Impact

The investments have significant expected developmental impact which includes:

- Agricultural productivity and food security
- Capacity building
- Equality and empowerment (Women and Youth Focus)
- Employment generation (over 10,000 jobs to be created in 5 years)
- Introduction of Corporate Governance
- Reduction in Carbon Emission and promotion of environmentally friendly business practices, especially in manufacturing industries.
- Poverty alleviation
- Financial inclusion to the BOP (Bottom of the Pyramid)

Your investments are subject to investment risks and are not insured or guaranteed by RegCharles Finance and Capital . This informational document does not constitute an offer to sell or buy securities. Only the private placement memorandum provided to selective investors should be relied upon as a basis to consider an investment.

Collaboration with RegCharles Foundation

In order to achieve the afore-mentioned developmental impact, RegCharles Finance and Capital Ltd will collaborate with its sister company, RegCharles Foundation who will be responsible for offering assistance in the areas of capacity development and training programs for the investees short-listed for funding. These training programs will be organized shortly before disbursement of funds and occasionally after disbursement.

Monitoring and Evaluation

A portfolio management team will be put in place to monitor investees in order to ensure that corporate governance structures that have been put in place are strictly adhered to. The team will also be responsible for developing more efficient and up-to-date operational processes in cases where they are non-existent or moribund.

Exit opportunities

In case of debt (70%) the exit is pre defined on term sheets as indicated by full repayment of principal and all interest charges on or before maturity. Regarding mezzanine (30%) strategic trade sales, shareholder buy back and initial public offer on the Nigerian Stock exchange are among the most likely exit routes.

FUND INFORMATION (Fund Deployment Structure to Borrowers):

FUND MANAGERS:	REGCHARLES FINANCE AND CAPITAL LTD
INCEPTION YEAR:	2012
GEOGRAPHIC FOCUS:	NIGERIA
TARGET FUND SIZE:	\$10,000,000.00
FUND TERM/TENOR:	10 YEARS
FUND IMPACT THESIS:	Investment in Agriculture (production, value chain businesses and cooperatives), Manufacturing companies and Retail businesses that provide access to markets for small holder farmers and producers.
IMPACT MEASUREMENT AND ASSESSMENT:	IRIS metrics, (GIIRS in view)
ASSETS UNDER MANAGEMENT:	\$3 million
INVESTMENT INSTRUMENTS:	Debt and Mezzanine
INVESTMENT PERIOD:	6 months - 4 years
COMMITTED CAPITAL BY FUND MANAGER:	\$300,000

INVESTMENT TEAM

The team consists of professionals; the Managing Director, Fund Manager and Investment Analyst while the Audit, Legal and Accounting firms complement the team. Through its size, commitment, background and complementary skill set, the team is well equipped to mobilize investors, attract local talent, generate deal flow quickly, provide support, realize exits and generate value for both investors and MSMEs.

Peter Damian Mbama – Managing Director, brings experience and knowledge of the MSME market where he was involved in setting-up and developing the business for a Private Equity firm in Nigeria.

Jude Nwosu – Fund Manager, brings to the fund vast experience in fund mobilization, fund allocation and fund management as well as relationship management skills.

Oluwatosin Kukoyi – Investment Analyst, brings to the fund broad financial and due diligence experience as well as key relationships.

TECHNICAL PARTNERS

BeHold South Africa – Impact Assessment

Kena Partners – Legal Advisory

RegCharles Foundation – Capacity Development and Training

Ernst and Young – Audit and Financial Advisory

Impact Reporting and Investment Standards – Impact Measurement

JK Randle – Accounting and Tax Advisory

Global Impact Investing Rating System – Impact Evaluation

FUND STRUCTURE AND CORPORATE GOVERNANCE

The fund is managed by a Non – Bank Financial Institution, licensed by the Central Bank of Nigeria, based in Lagos, Nigeria.

FOR FURTHER INFORMATION

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