**Crop Catalyst Fund**

## Investment Thesis

The Crop Catalyst Fund (CCF) deploys a unique revenue-based redeemable equity instrument to provide flexible, long-term financing to West African agribusinesses to grow their value-added processing capacity. CCF's model blends features of traditional equity and debt capital to enable agribusinesses to capture greater value from their exports, boosting job creation and smallholder farmer livelihoods while offering investors gradual structured exits and attractive risk-adjusted returns in a traditionally neglected sector.

## The Problem: An Unequal Value Chain

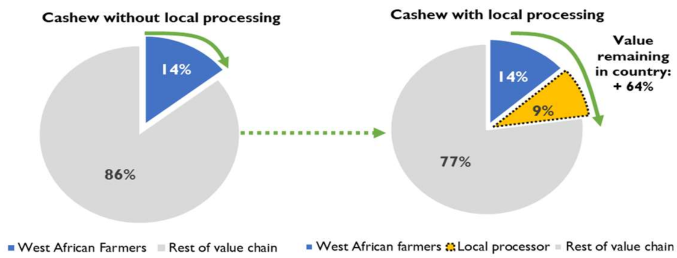
One of the greatest unresolved challenges facing West Africa's agricultural sector is the **lack of local value-added processing**. The region grows 70% of the world's cocoa, 49% of the world's cashew, and produces significant volumes of coffee, cotton, peanuts, tropical fruits, and sesame, employing millions of people. The overwhelming majority of production is exported raw to Europe, Asia, or North America, leaving the lion's share of value to be captured outside the region.

| Cocoa | Cashew | Coffee |
|---|---|---|
| 76% raw beans | 90% raw nuts | 96% green coffee |

This status quo confines West African origins to a raw commodity-exporting role, minimizing the value earned from rapidly growing global demand for their agricultural exports.

## The Opportunity: Local Processing

Local value addition can be a game changer for the sector. The region exports $7.6bn worth of cocoa and over $2.1bn of coffee and other key cash crops annually. In the cashew sector alone - a $9.8bn global market growing at 4.5% annually - West Africa's leading producers (Côte d'Ivoire, Ghana, and Nigeria) have set targets to process half of their production locally by 2025. To do so, an estimated **total CAPEX of $489M** is required to process an additional 900,000 MT of West African cashew.




By adding in-country processing, the local income per ton of product exported can double and up to **quadruple** (if exporting finished products such as chocolate bars or roasted cashew kernels), **retaining a greater share of value locally.**

## Revenue-Based Redeemable Equity

Revenue-based redeemable equity is an alternative structure that provides a **gradual exit** for the Fund based on a share of portfolio company revenue up to a predetermined multiple.

This investment instrument creates flexibility for both the CCF and its portfolio companies by **linking repayments to business performance** rather than a fixed repayment schedule, creating stronger alignment between the Fund and portfolio companies.

The predetermined equity redemption-based exit allows the Fund to realize returns without relying on a subsequent financing round, sale, or IPO. At the same time, control over the portfolio company is maintained by the entrepreneur.

| | |
|---|---|
| **Instrument terms** | ▪ Fund purchases preferred shares<br>▪ A fixed % of revenue is used to bi-annually redeem Fund shares at a predetermined multiple of the original purchase price<br>▪ After 10 years, investees are obligated to redeem any outstanding shares<br>▪ In case of an acquisition, the Fund is repaid the greater of its predetermined multiple or its share of the acquisition price |
| **Fund rationale** | ▪ Self-liquidating structure creates a reliable pathway to exit<br>▪ Cash flow from redemptions can be recycled to new transactions<br>▪ Enhanced returns vs. debt while retaining equity upside in case of acquisition |
| **Portfolio company rationale** | ▪ Non-dilutive form of capital<br>▪ Repayment tied to revenue performance, mitigating cash flow burden in down years<br>▪ Greater alignment between portfolio company and Fund |

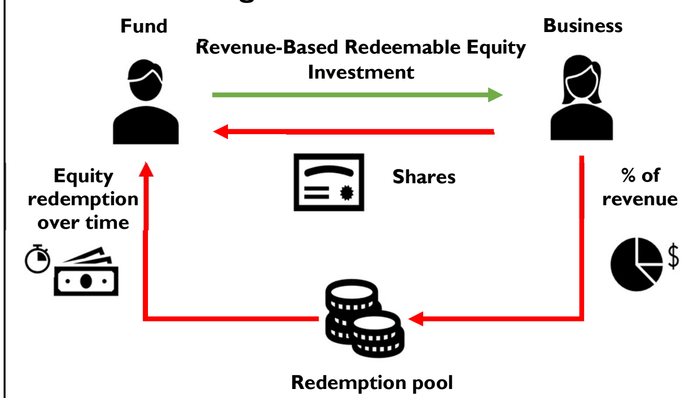
## The Capital Gap

Existing financial markets are not well-suited to provide the capital needed to finance this sector-level transformation. Traditional equity capital for the agricultural sector in West Africa is largely unavailable due to:

1. Low investor risk appetites
2. A lack of exit opportunities
3. Unattractive dilution for entrepreneurs

Long-term debt is similarly scarce and when accessible, is a rigid structure ill-suited to the seasonality of agricultural cycles. Local banks and specialized impact investors generally only finance West African exporters' short-term working capital needs.

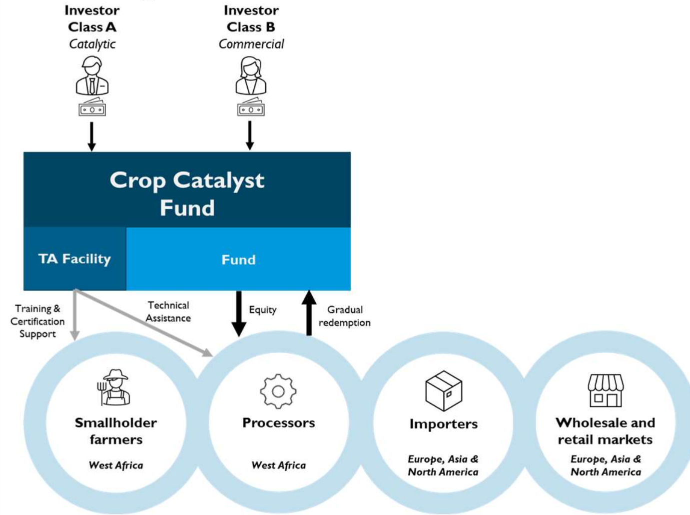
## Instrument Diagram



## Crop Catalyst Fund

| | |
|---|---|
| **Fund type** | Revenue-based redeemable equity |
| **Fund size** | $50M initial close |
| **Ticket size** | $1 - 5M |
| **Fund life** | Evergreen (permanent capital vehicle) |
| **Geography** | West Africa |
| **Revenue share** | 3.5 - 7.5% of revenue paid bi-annually |
| **Returns** | Fixed 3.0x multiple per transaction; 15% – 25% Fund IRR target (varies based on timing of revenue-based redemption cash flows) |
| **Investment criteria** | ▪ Cocoa, cashew, and coffee exporters<br>▪ Min. 70% of revenue in hard currency<br>▪ Min. three-year track record<br>▪ EBITDA positive<br>▪ Referred by one of CCF's origination partners (see Fund Scalability section) |
| **Use of funds** | Long-term investments in value-added processing capacity (machinery, facility construction/expansion, related CAPEX) |
| **Capital structure** | **Dual class structure**<br><br>**Class A:** 30% of initial Fund size reserved for catalytic investors in first-loss tranche<br><br>**Class B:** commercial investors; only Class B shares will be open to new subscriptions following initial close, reducing the size of the first-loss tranche over time |
| **Dividends** | Reinvested; no cash distributions |
| **Redemptions** | 10-year lockup followed by quarterly redemption requests subject to max. 2.5% of Fund NAV; redemptions pro-rated quarterly if redemptions exceed cap |
| **Technical Assistance (TA)** | $5M TA pool for capacity building, certification support, and farmer outreach |

## Fund Diagram




## Fund Scalability

To start, the CCF will partner with major European and North American cocoa, cashew, and coffee importers (e.g., Starbucks, Cargill, Caro-Nut) to originate pipeline from their existing West African suppliers. This strategy aims to source portfolio companies with strong revenue growth prospects and established export relationships.

As an evergreen vehicle, the CCF aims to organically grow and recycle funds to new transactions in the West African agricultural sector. After the 10-year lockup expires (allowing for one complete set of transactions to be fully redeemed), the fund aims to expand its approach to include other key regional export crops such as cotton, peanuts, tropical fruits, and sesame.

## Illustrative Fund Investors

**Class A**

**Class B**

## Illustrative Deal Cash Flow

| Crop Catalyst Fund | Year 0 | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| CCF Investment Outflow | (2,000) | | | | | | | | | | |
| Revenue – Cashew processor | | 4,000 | 5,000 | 7,000 | 8,000 | 10,000 | 12,000 | 14,000 | 15,000 | 16,000 | 18,091 |
| Repayment Inflow @ 5.5% of revenue | - | 220 | 275 | 385 | 440 | 550 | 660 | 770 | 825 | 880 | 995 |
| Cash Flow | (2,000) | 220 | 275 | 385 | 440 | 550 | 660 | 770 | 825 | 880 | 995 |
| **Total Inflow @ 3x multiple** | | | | | | | | | | | **6,000** |
| **IRR** | | | | | | | | | | | **19.9%** |

## Impact Thesis & Measurement

**SDG 2: Zero Hunger** through investment in rural infrastructure, improving smallholder livelihoods and increasing opportunities for value-addition and non-farm employment (indicators 2.3.2 & 2.a.2)

**SDG 8: Decent Work and Economic Growth** through creating decent jobs, developing high value-added sectors, and achieving higher levels of economic productivity (indicators 8.2.1 & 8.5.1 & 8.5.2)

**SDG 9: Industry, Innovation, and Infrastructure** through promoting inclusive and sustainable industrialization (indicators 9.3.1 & 9.3.2)

## DD Process: Key Risks to be Assessed

**Operational**

**Procurement:** loyalty of supply base, geographic diversification
**Production & processes:** quality of processing facilities, certifications, capacity utilization, reliability of infrastructure
**Demand:** buyer default risk, concentration, contract strength
**Price:** volatility, speculation, price risk management
**Management & governance**: strength of team, key person risk, Board quality

**Financial**

**Liquidity:** cash conversion cycle, credit lines, asset/liability match
**Solvency:** leverage, resourcefulness of shareholders
**Path to exit:** seasonality of cash flows, revenue projections
**Internal control:** quality of accounts, transparency, audit