



# BIX2

## Factsheet

January 2023



**BIX is an initiative of the Shell Foundation, Cardano Development and FOUNT**

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BIX FM B.V. is or will be registered with the Dutch Authority for the Financial Markets (*Autoriteit financiële markten* ("AFM")) under the so-called "small managers registration regime" of section 2:66a sub 1 and 3 of the Act on Financial Supervision ("**AFS**") implementing Article 3 (2) of Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers. Neither BIX FM B.V. nor the Fund is required to obtain a license pursuant to section 2:65 of the AFS. Neither BIX FM B.V. nor the Fund is subject to supervision pursuant to Part 3, Prudential Supervision Financial Undertakings, and Part 4, Conduct of Business Supervision Financial Undertakings, of the AFS.

No approved prospectus is required pursuant to article 1(4) sub (a) and (d) of Regulation (EU) 2017/1129 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, as amended from time to time (the "**Prospectus Regulation**"), as in the Netherlands, the interests in the Fund can solely be acquired, directly or indirectly, (i) by qualified investors as defined in the Prospectus Regulation, or (ii) for an equivalent value of at least EUR 100,000 per investor per offer.

This Information Memorandum will be governed by and construed in accordance with the laws of the Netherlands. This Information Memorandum will be published in the English language only. Translations of Dutch legal terms used in this Information Memorandum are for convenience only and shall not influence the interpretation thereof.

## *The United States of America (1)*

Neither the United States Securities and Exchange Commission nor any US state securities commission has approved or disapproved of the Participations or determined if this Information Memorandum is truthful or complete. Any representation to the contrary is a criminal offense. The Participations described herein have not been and will not be registered under the US Securities Act, or the securities laws of any US state. The Participations will be offered in the form of a facility but the qualification whether the facility is to be qualified as a security is to be determined by the Participants. However, when to be qualified as a security for the purpose of the Securities Act, the participations are deemed to be offered pursuant to an exemption provided by Section 4(a)(2) of the US Securities Act and the safe harbor Regulation D promulgated thereunder and similar exemptions under the securities laws of the US states. BIX Capital will not be registered as an investment company under the US Investment Company Act, in reliance on one or more exclusions or exemptions therefrom.

(1) As this is a preliminary draft of the IM, note that this entire section is still subject to review of US counsel for the benefit of US Participants..



CLEAN AIR



CLEAN WATER



CLEAN ENERGY

#### Managed By

Fund Manager: BIX FM B.V. i.o. a wholly owned subsidiary of FOUNT  
Fund Director: Jeroen Blüm  
Sub Advisor: Cardano Development

#### Founding Partners

Cardano Development  
FOUNT  
Shell Foundation

#### TA and Market Development Facility Advisor

FOUNT

#### Investors BIX Capital (total capital USD 18m)

Shell Foundation (Pref. Share Capital)  
FMO (Mezzanine & Senior Loans)  
IFC (Senior Loans)  
DFC (Senior Loans)

# Summary

## *Mission, vision and BIX approach*

### Introduction

The BIX Capital investment Strategy has been implemented successfully since 2016 as a solution to the billion of people in (Peri)urban and rural setting in Sub-Saharan Africa, South-East Asia and other parts of the Global South struggling to achieve a Sustainable Living.

At the point BIX Capital is fully invested, the need for further impactful investment in *Sustainable Livelihoods for the un(der)served - particularly women and children* paired with our proven track record to contribute to *Climate Change* mitigation and adaptation has been identified.

Based on this, We are now launching BIX2 , a scale up of BIX Capital that provides an innovative form of finance to address Gender and Climate Change challenges.

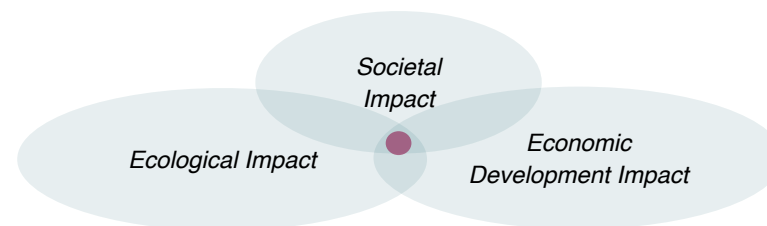
*Vision:* BIX2 is building towards a future in which the underserved can benefit from modern technology products, services and solutions which leads to a sustainable living for them whilst contributing to global challenges in Climate Change mitigation and adaptation

*Mission:* Our mission is to overcome barriers to scale for social SME enterprises that target those underserved populations by providing impact linked investment capital for growth

### The BIX2 approach: Impact Receivables Finance

BIX approach is geared towards building portfolio companies that are financially viable and have demonstrated ability to scale their markets for High Impact Products, services and solutions for underserved populations.

This approach – proven succesful in BIX Capital – is nested in a proprietary developed and elaborate Theory of Change for BIX2. Our investment approach is at the intersect of three important investment lenses:



Based on lessons learned and potential for scale the BIX approach the Theory of Change foresees in two separate manadates to be managed in parallel, in order to maximise Impact potential and reduce risk for investors:

- *BIX2 Investment Vehicle:* SDG Impact Receivables Finance with a blended pool of capital. USD 80 million and a 50 million first close in Q1-2023.
- *Technical Assistance and Market Development Facility:* grant based facility in support of BIX2 portfolio companies, potential pipeline and wider promotion of Impact Receivables finance as a solution for Impact@Scale

# Summary

## *From BIX Capital to BIX2*

### Track Record BIX Capital

Since inception in 2016 BIX Capital has fully deployed its available capital and supported 10 social enterprises with a unique in-house developed Impact Receivable Finance instrument. The resulting investor returns, both in terms of impact and financial values, are confirming the envisioned risk return profile and are still accumulating. BIX Capital has reached over 14 million un(der)served people in Sub-Sahara Africa and avoided over 2.5 million tonnes of CO2 emissions (as per 30 June 2022).

Currently, BIX2 is being launched with the support of current investors, fostering the successful track record and the expert team with in-depth knowledge of the market of tradable SDG impact credits and outcomes.

This provides an opportunity for institutional and impact investors to further scale social and environmental (SDG) impact particularly for underserved population.

### BIX2 Vehicle

BIX2 is looking for Impact investors with appetite for investments in Global South and strong Climate and/or Sustainability focus (Health and Gender included) for USD 80m (and a first close of USD 50m by Q1-2023)

In order to accommodate existing and new professional investors, BIX2 will be set up as a widely recognized vehicle

under Dutch law, an *Open Fonds voor Gemene Rekening* (Open-FGR) which is similar to a Mutual Fund. The choice for this type of vehicle is based on fiscal, operational and regulatory considerations. Our structuring advisor is JonesDay in the Netherlands.

### BIX2 Capital Structure

BIX2 has a blended pool of capital with 20% first loss (mezzanine lenders + preferred share capital) and a single tranche of senior loans. All loan tranches will attract coupon interest & upside share.

Total tenor of the investment vehicle will be 10 year with a 7 year investment period and a 3-year harvest period (possible extension 2x1 year). The management fee and vehicle cost will be market based and the expected IRR (for senior investors) will be 7-9%

### BIX Capacity and track record

- Strong founding partners (FOUNT, Cardano Development and Shell Foundation) and reputable initial investors (IFC, FMO and DFC)
- Successfully managed USD18m fund with proven investment strategy and seasoned Investment Team
- Tangible Impact: 0.5m products prefinanced, >14m people reached in SSA and > 2.5mtCO<sub>2</sub>e emissions avoided
- Portfolio performance: Strong portfolio performance, limited defaults, return to investors according to plan + upside

# Summary

## BIX2 Impact Lenses

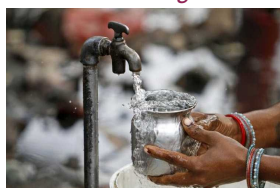
### High Impact products:

BIX2 pre-finance products, services and solutions for the un(der)served that contribute (significantly) to improved and sustainable livelihoods

#### Modern Cooking



#### Reliable Drinking Water



#### Clean Household Energy



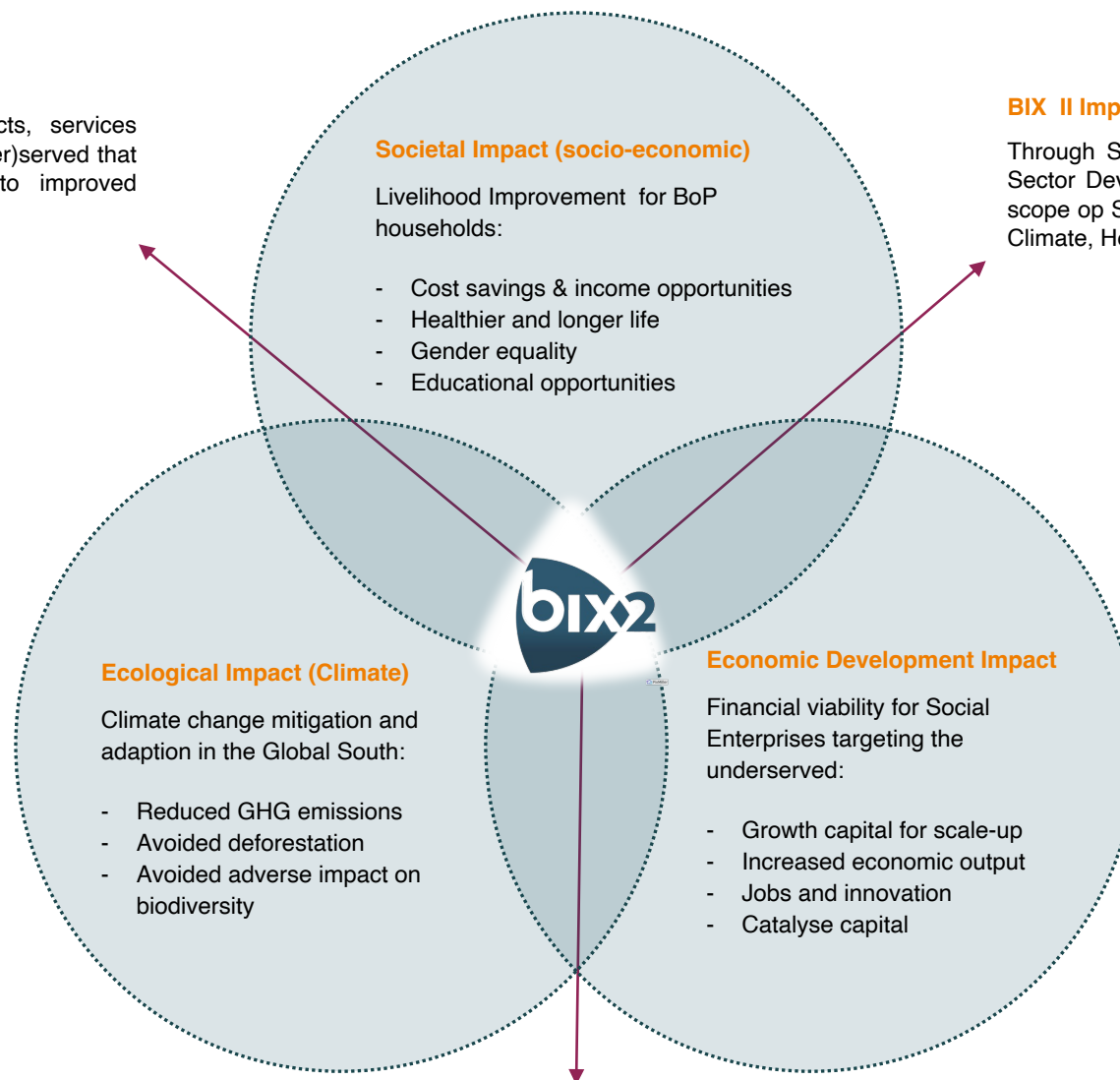
### Societal Impact (socio-economic)

Livelihood Improvement for BoP households:

- Cost savings & income opportunities
- Healthier and longer life
- Gender equality
- Educational opportunities

### BIX II Impact Thesis:

Through SDG Impact receivable Finance and Sector Development funds we realise a broad scope of SDG Impacts with a specific focus on Climate, Health and Gender



### Ecological Impact (Climate)

Climate change mitigation and adaption in the Global South:

- Reduced GHG emissions
- Avoided deforestation
- Avoided adverse impact on biodiversity

### Economic Development Impact

Financial viability for Social Enterprises targeting the underserved:

- Growth capital for scale-up
- Increased economic output
- Jobs and innovation
- Catalyse capital

### BIX2 Finance instrument:

SDG Impact receivable finance (a debt instrument which will be repaid from monetized - carbon - impact) for SMEs targeting the un(der)served at offering High Impact products, services and solutions

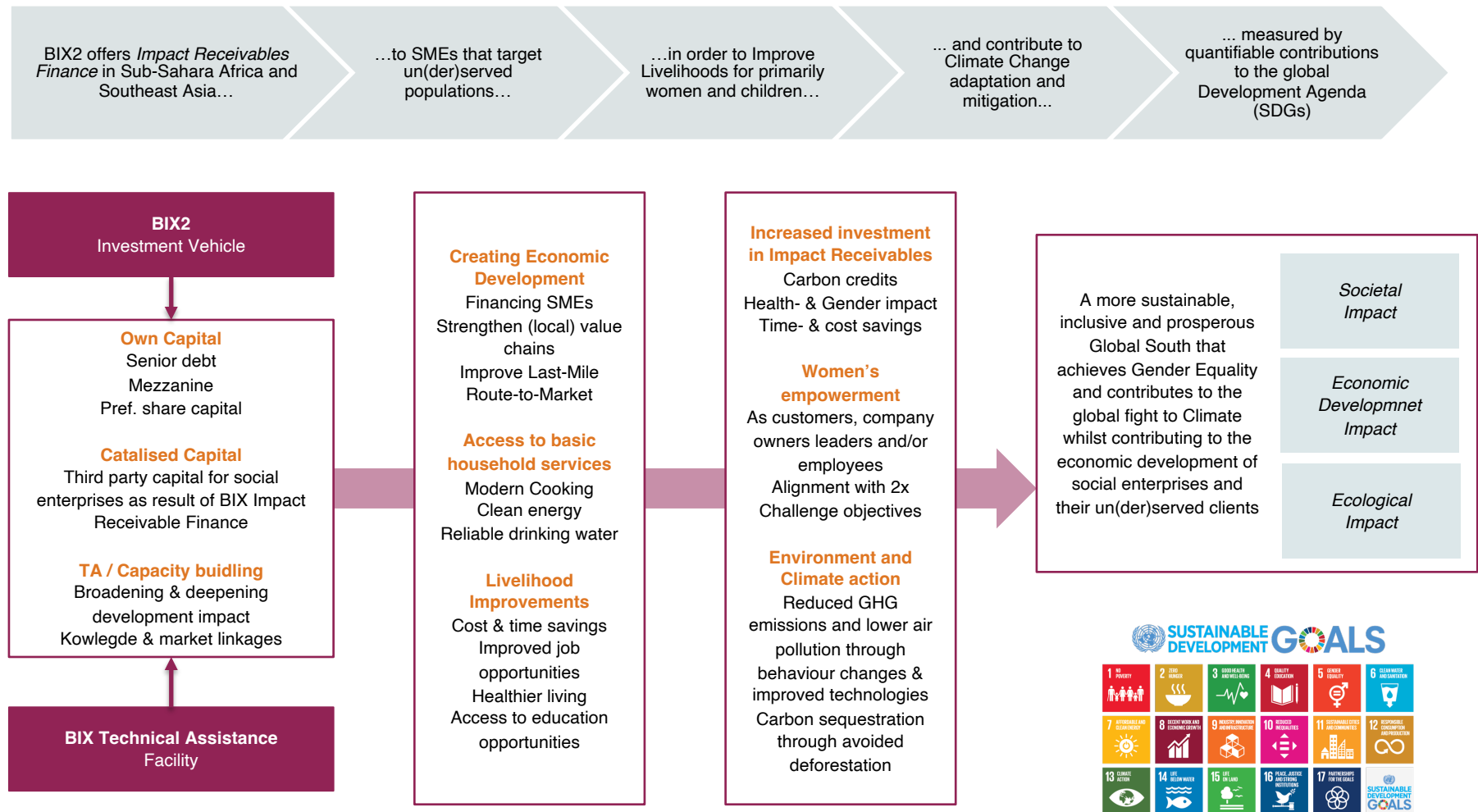




# Summary

## BIX2 Theory of change

**Situation:** Billions of un(der)served in the Global South lack access to modern products, services and solutions that could improve their livelihood, such as clean energy, modern cooking and safe drinking water. Social enterprises addressing these markets struggle with lack of access to working capital. At the same time, these social enterprises and their customers realize significant impact when such products and services are scaled. Several types of donors and corporates are willing to pay for such impact when realized (outcome-based-finance) and investors do not take into account the future value of these externalities when financing SMEs



# Summary

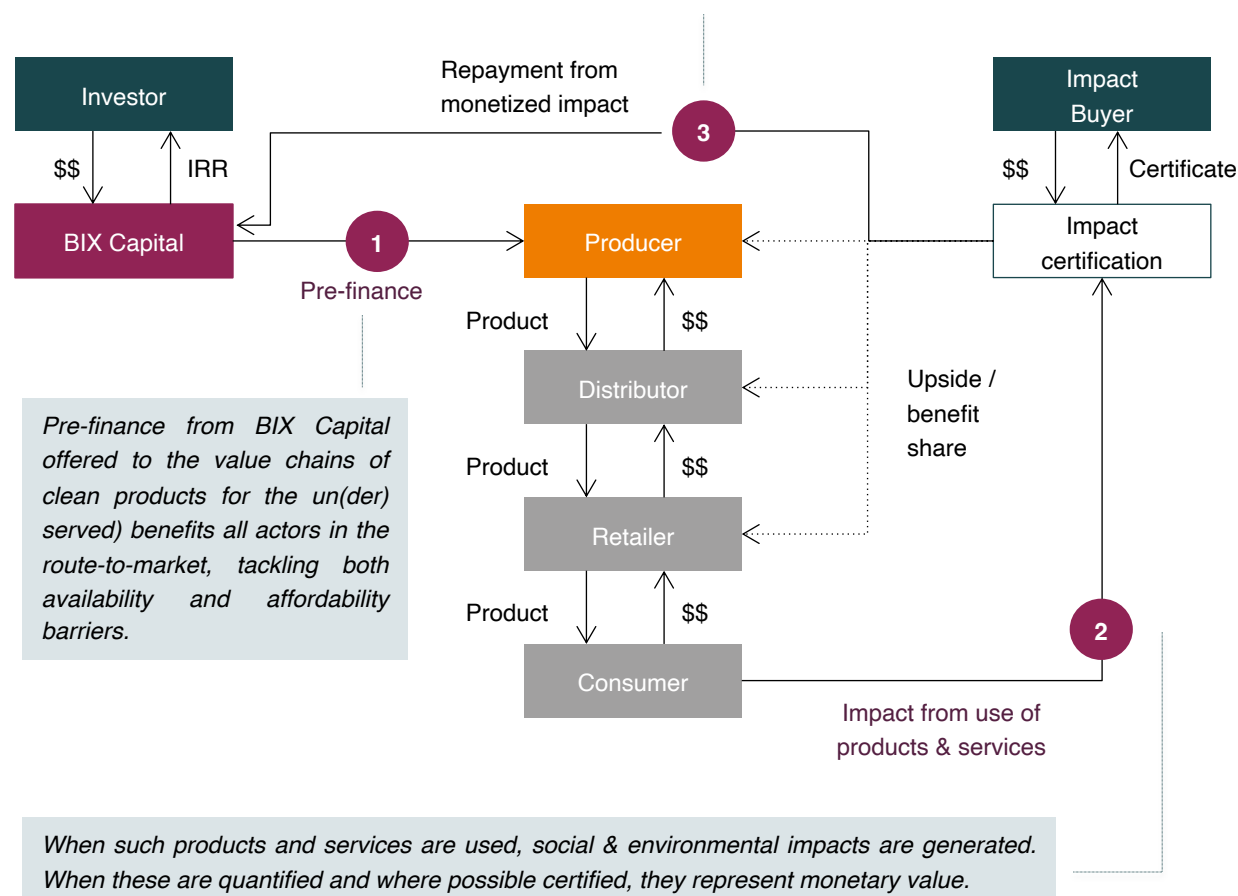
## Investment Instrument: Impact Receivables Finance

The adjacent diagram describes the investment instrument deployed by BIX: *Impact Receivables Finance*.

The principal flows in this model of BIX2 (investments, repayments) are shown in relation to the value chains and Social SMEs it pre-finances, as well as the offtake buyers (ERPAs):

- It closes the loop between monetizing impacts from products and services deployed in Africa and Asia for un(der)served populations and pre-financing the value chains of such products reaching markets;
- Pre-finance offers the opportunity to the entire value chain to be more cost-effective and –efficient;
- When successfully repaid from Monetized Impact revenues, upside will be shared with the value chain, aligning stake-holders to scale up (*benefit share*).

*When sold (pre-agreed offtake by willing buyers such as donors, corporates or other Impact Buyers), monetized impacts serve as the repayment of BIX funding, which results in financial return to BIX investors and upside share within a value chain of BIX portfolio companies.*



# Summary

## Portfolio track record and SDG Impact realised

### Portfolio track record & direct outcomes

BIX Capital has build an investment portfolio of 12 investments in 10 portfolio companies (next page) in Sub-Saharan Africa, and continues to invest in identified pipeline opportunities until YE 2022. A total of 5 investments have already been repaid in full or part, these funds will be used for new investments in 2022.

The cummulative impact of investments in portfolio companies by Q2-2022 (total invested amount of USD 13m) is measured in terms of:



34,000 schools – 13.9 million children and their families – provided with access to clean drinking water



440,000 households – 2.2 million people at the Base of the Pyramid gained access to modern cooking solutions



2.8 million tonnes of CO2 equivalents (carbon credits) issued by BIX funded projects as result of such investment in the project

Detailed Impact data included on the following slides. In addition to the direct attributable impact above, BIX can demonstrate significant contribution to other key SDGs as a result of the investments in portfolio companies to date.

### SDG Impact

BIX contributed significantly to socio-economic impact by investing in “Base of the Pyramid” focused social enterprises:



Families with access to modern energy solutions (cooking and electricity) can save substantially on fuel costs and collecting



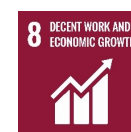
By avoiding exposure to harmful smoke and drinking purified water, the disease burden and mortality level of BoP families (mainly women and children) drop



Women can free up time from collecting firewood and cooking to invest in community services, productive time and education

There will be an additonal focus on Educational impact (SDG4) and Biodiversity as result of avoided deforestation (SDG 15) in BIX2.

Furthermore, BIX contributes to strengthening ecosystems for sustainable investment in social enterprises. This can be viewed in light of the following SDGs 8, 9, 11 and 12



# Summary

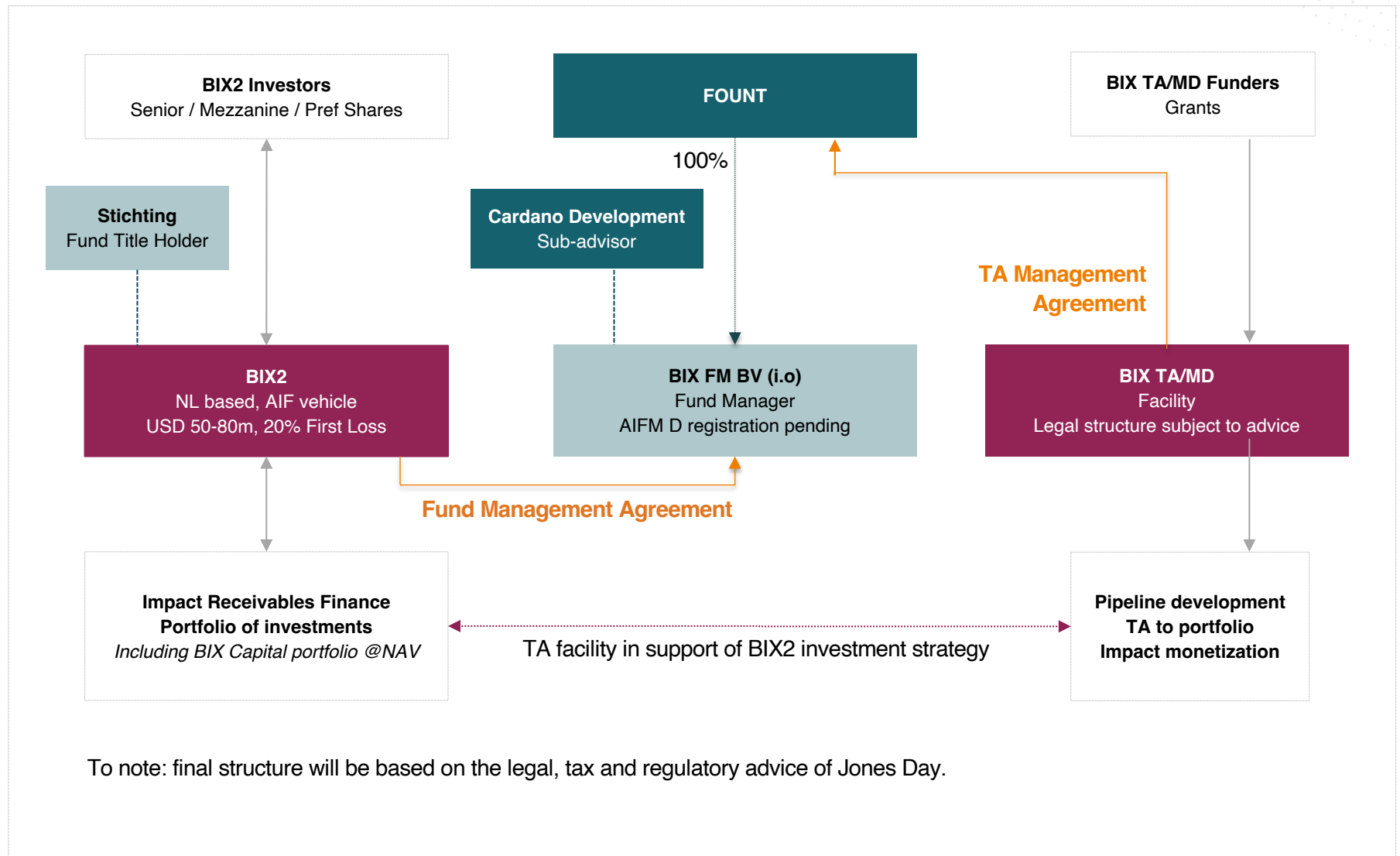
## Indicative Terms

Type and vehicle	BIX2 is an investment vehicle as opposed to a fund. BIX Capital to date has operated as a self-managed vehicle which has come to the end of its life. For BIX2 the choice has been made to set up a market-based investment vehicle in the Netherlands. The preliminary advise from JonesDay (annex G) is to establish on Open FGR (Fonds voor Gemene Rekening)
Manager	BIX FM B.V. i.o., a wholly owned subsidiary of FOUNT BV
Founding Partners	<ul style="list-style-type: none"> <li>• Shell Foundation</li> <li>• Cardano Development</li> <li>• FOUNT</li> </ul>
Target size	BIX Capital currently has USD 18m in committed and drawn capital. For BIX2 the target capital is USD 80m
BIX Capital portfolio	The invested portfolio of BIX Capital will become part of the investment portfolio of BIX2 by means of an asset sale at NAV. The NAV of the portfolio will be externally validated.
Closings	Initial close: USD 50m (Q1 2023) Final close: up to USD 80m (Q1 2024)
Tickets	Commitments shall be at least USD 2 million. The Manager may allow for lower commitments at its sole discretion
Capital Structure (tranches)	<p>The Vehicle shall attract the following tranches of capital:</p> <ul style="list-style-type: none"> <li>• Preferred Share Capital (in BIX Capital currently USD 4.5m from Initial Investors)</li> <li>• Mezzanine loans (in BIX Capital currently USD 1.5m from Initial Investors)</li> <li>• Senior loans (in BIX Capital currently USD 12m from Initial Investors)</li> </ul> <p>In BIX2: Pref share capital + mezz loans will represent first loss to senior loans and amount to 20% of total capital</p>
Tenor	10 year tenor: 7 year investment period (recycling of proceeds) and 3 year repayment period. Possible extension (1+1) for the harvest period
Pricing	BIX2 will pay a coupon to investors (for reference BIX Capital: 4.00% and 5.50% for sr. and mezz. Respectively) and offer upside share on these tranches. Coupon pricing for BIX2 to be determined.
Upside share	Upside share will be payable towards the end of the investment period and is structured to both enhance investor return and provide performance incentive for the investment manager. The upside share represents the total value after full redemption of all loans, pref share capital and related interest at the time of Final Repayment date. 70% of this value will be available for revenue split amongst investors, whereby mezz investors will receive higher allotment per USD invested than senior (1.5-2.0x versus 1.0x for senior)
Liquidity options	Several options for liquidity and/or interest/tenor structuring are available from internal and external sources. Such options can be structured for individual investors outside the core investment vehicle structure
Cost	The manager will charge a management fee to BIX2 of 2.75% over up to USD 30m, 2.5% from USD 30 to 60 m and 2.25% for capital above 60 million, as percentage of committed capital). In addition, BIX2 will incur cost for accounting etc. These costs are estimated at 50 bp per annum.



# Summary

## BIX2 Structure



# Summary

## Disambiguation of terminology

concept	Wording used
BIX	BIX refers to the activities of <i>BIX Capital B.V.</i> , a closed end investment vehicle domiciled in the Netherlands with a blended pool of investment capital. BIX also refers to the follow-on activities for which this Information Memorandum is intended ( <i>BIX2</i> ).
BIX direct beneficiaries	BIX has an investment mandate, and builds a portfolio of investments with <b>Social Enterprises</b> or –SMEs. These companies are referred to as <i>Portfolio companies</i> or <i>Investees</i> .
Un(der)served populations	BIX2 strives to maximise Societal-, Environmental- and Economic Development Impact and a risk weighted financial return for investors. The ultimate beneficiaries of the impact made by BIX2 are those people and households living in rural and (peri-) urban parts of Sub-Saharan Africa and South-East Asia. Traditionnaly referered to by C.K. Pralahad as <i>Base of the Pyramid</i> (“BoP”) and by generally adressed as <i>Low Income Households</i> . Our portfolio companies target the <i>vulnerable communities</i> and those with high potential of improving their livelihoods, part of the BIX2 strategy also focuses on “Leave no-one behind”.
Societal Impact	<p>One of the key Impact Lenses of BIX2 is to <i>Improve Livelihoods</i> for the un(der)served, particularly for the women &amp; children. Providing a <i>Sustainable Living</i>, promoting <i>gender equality</i> and <i>access to education</i> opportunities are reflected in the BIX2 Theory of Change, as well as the direct <i>impact of time- and cost savings</i>.</p> <p><b>BIX2 Gender Lens</b> on <i>Women’s empowerment</i> primary focus is on improved access to basic products, services &amp; solutions (<i>women as customer</i>) and secondary focus is on promoting and investing in <i>women lead &amp; owned</i> business and Social SMEs with <i>equitable workforce</i> ambition. BIX2 adapts the <i>2X Challenge principles</i> for Financing for Women (G7 DFIs)</p>
Ecological Impact	Another BIX2 impact lens is to limit adverse impact of <b>Climate Change</b> and offer solutions of mitigation & adaptation. Reducing <i>GreenHouse Gas-</i> (CO <sub>2</sub> and equivalent) and <i>PM emissions</i> (Household Air – and Ambient Air Pollution) are key drivers for this. In addition, BIX aims to <i>avoid deforestation</i> due to lower wood consupction and <i>improved local biodiversity</i> as a result
Economic Development Impact	The third Impact Lens for BIX focuses on <b>scale-up of Social Enterprises</b> , with specific aim to contribute to <i>sustainable job creation</i> , enancement of <i>Innovation</i> (business models & technology) and an overall focus on strengthening local <i>Value Chains</i> and creating <i>sustainable local business environment</i> for our portfolio companies
BIX TA Facility	To supplement the BIX2 investment strategy, BIX will raise funds for a TA and Market Development facility. This facility is referred to as <i>BIX TA Facility</i> and/or <i>BIX TA&amp;MD Facility</i> . Annex C includes a short description of the BIX TA plans and a more elaborate document is separately available.