THE IMPACT ANGEL NETWORK™

IMPACT REPORT

2016

GROW A COMPANY

BUILD A NATION

LEAVE A LEGACY
Special thanks to members of the Impact Angel Network for believing in the vision and investing with us; our entrepreneurs and their staff for their hard work and perseverance; our development partners for their support to make this investment model possible; and the RENEW team for their hard work on the ground and around the world.

RENEW’s work in Ethiopia was piloted with USAID and is currently undertaken with financial support from the Government of Canada provided through Global Affairs Canada. The project, Accelerating Business Growth, aims at sustainable job creation for low-skilled workers, including women and young adults, through a dynamic and growing small and medium business sector in Ethiopia.
About the Impact Report

In the following pages, we provide insights into the Impact Angel Network’s (IAN) portfolio in Ethiopia, and in doing so, we will take you back to the source of some of Ethiopia’s greatest resources. The current portfolio includes companies from the energy, coffee, teff, sesame, juice, textile and emergency care industries.

About the Impact Angel Network

The Impact Angel Network is a global angel network for Africa, and currently one of the most active private equity investors in Ethiopia. The IAN is made up of compassionate capitalists who look beyond the current problems and see the potential. They realize we cannot stop giving, but also know we must invest in the private sector to bring about long-term prosperity.

About RENEW

RENEW is an investment firm that manages and serves the Impact Angel Network.

Mission: to generate superior financial returns and positive social impact for our investors.

Vision: to be the most successful SME investment firm on the continent of Africa.

Values statement: We value loyalty and welcome the challenge of being trailblazers.

What we believe:

• That economic growth eventually solves many of the problems in developing countries including providing better access to clean water, education and healthcare for those who are employed.

• That the best way to empower developing countries is through private enterprise and job creation, not charity.

• That businesses are the engines of economic development, and that investing in them will create long-term, sustainable impact.

• That many of these businesses are attractive investments and if investors had a simple and clear path that allowed them to invest in them, they would.

• That you can and should do well by doing good. And with this incentive both investors and entrepreneurs can ignite the growth that developing countries need.
### Impact Angel Network in numbers

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value as of Dec. 31, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of families</td>
<td>84</td>
</tr>
<tr>
<td>Percent of members who have attended an</td>
<td>37%</td>
</tr>
<tr>
<td>Econ-Tourism Trip to Ethiopia</td>
<td></td>
</tr>
<tr>
<td>Regions with the largest membership</td>
<td></td>
</tr>
<tr>
<td>Southeast = 19</td>
<td></td>
</tr>
<tr>
<td>Mid-Atlantic = 15</td>
<td></td>
</tr>
<tr>
<td>Rocky Mountain = 13</td>
<td></td>
</tr>
<tr>
<td>Pacific = 13</td>
<td></td>
</tr>
<tr>
<td>Northeast = 10</td>
<td></td>
</tr>
<tr>
<td>Regions with the most active angels</td>
<td></td>
</tr>
<tr>
<td>Mid-Atlantic = 8</td>
<td></td>
</tr>
<tr>
<td>Southeast = 8</td>
<td></td>
</tr>
<tr>
<td>Rocky Mountain = 5</td>
<td></td>
</tr>
</tbody>
</table>

### The Portfolio in numbers

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value as of Dec. 31, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>First close</td>
<td>July, 2013</td>
</tr>
<tr>
<td>Total investments under management</td>
<td>7</td>
</tr>
<tr>
<td>Average investment size</td>
<td>~$500,000</td>
</tr>
<tr>
<td>Sectors</td>
<td>Fast-Moving Consumer Goods (4), Textiles (1), Healthcare (1), Technology (1)</td>
</tr>
<tr>
<td>Market focus</td>
<td>Domestic only (2), Export “also” (5)</td>
</tr>
<tr>
<td>Total jobs supported by the portfolio</td>
<td>1,490</td>
</tr>
<tr>
<td>Total jobs created post-investment</td>
<td>812</td>
</tr>
<tr>
<td>Smallholder farmers supported</td>
<td>4,300</td>
</tr>
<tr>
<td>Total annual sales for 2016</td>
<td>7 M USD</td>
</tr>
<tr>
<td>2016 sales growth*</td>
<td>- 8%</td>
</tr>
<tr>
<td>2016 profit growth (excluding pre-revenue companies)</td>
<td>191%</td>
</tr>
</tbody>
</table>

*The Government of Ethiopia declared a state of emergency in October 2016 which temporarily disrupted domestic and international sales.
In December 2015, members of the Impact Angel Network closed an investment in a family-owned textile and apparel manufacturing facility, Desta PLC, a company continuing Ethiopia’s 80 year tradition in the cotton-textile apparel value chain. Established in 1992, Desta PLC is a multi-faceted company that oversees several production lines, including embroidery, knitting, cut-and-sew, fabric and garment manufacturing.

While the first textile mill in Ethiopia was established in Dire Dawa nearly 80 years ago, the entire cotton-textile-apparel (CTA) value-chain has been one of the country’s least developed industries, only marginally contributing to the country’s GDP. The reasons for this are many, but two of the more significant causes are: lower cotton cultivation rates, and a lack of vertical integration across the value-chain according to a 2014 study by USAID.

Simultaneously, global sourcing for apparel is undergoing a significant realignment. As labor wages rise in China, the world’s largest textile exporter, buyers are now looking elsewhere to source apparel. So, where might these buyers be looking? You guessed it - Ethiopia. And with a government investing heavily and determined for Ethiopia to play a significant role in the cotton-textile-apparel value chain, Ethiopia is rapidly becoming a top destination for textile manufacturing on account of competitive labor costs, government incentives and low energy costs. Companies such as H&M, Tesco, Gap, Belk, and Walmart, among others, are now sourcing textile products from the country according to a study by Sourcing Journal called “Will Ethiopia Flourish or Super Fast Fashion Decline.” Many are opening their own facilities to take advantage of cheap labor and energy. But shouldn’t Ethiopian entrepreneurs play a role in this story?

Enter Desta: The company’s dedication to quality and timely service has garnered trust and confidence from domestic and international customers such as Superior Uniform Group, which sources uniforms for stores like CVS Pharmacy, Advance Auto Parts and Kroger. And the dedication is not only applied to Desta’s customers, but its employees as well. At any given time, Desta employs more than 550 individuals, mostly young men and women, and ensures that each day they are provided a subsidized meal, a fair wage, team trainings and opportunities for advancement. Desta is committed to the fair treatment of its employees and adherence to guiding principles of sustainability, setting it apart from the trajectory this industry has taken in many other low and middle-income countries.

Desta is accredited by international standard and compliance organizations including BSCI (Business Social Compliance Initiative), SGS and Worldwide Response Accredited Production. The company is recognized for creating suitable working conditions and protection of labor. The company’s commitment to sustainability and corporate responsibility is assisting Desta in becoming a market leader in an industry that is just now starting to take hold in Ethiopia and the East Africa region.

The IAN is proud to be a part of the cotton-textile-apparel value chain in Ethiopia and in particular to be invested in Desta PLC.
Members of the Impact Angel Network closed an investment in the food and beverage industry in Ethiopia in October 2015 with Sadura Food Processing Plant PLC. The investment, which is in partnership with a leading producer of paper products in Ethiopia, is expected to create 125 new jobs, increase purchases of produce from more than 900 small holder farmers, and be a part of the story to reduce foreign currency expenditures as a result of import substitution.

With this investment, we will provide the local market with a product that is still widely imported from outside the country: bottled juice. To get to the source of this product, we look towards the farmers in the Upper Awash region and other parts of Ethiopia who are growing mangoes. In Ethiopia, mango is one of the most highly produced and exported fruits in the country. According to the journal article, “Review of Mango Value Chain in Ethiopia” published in the Journal of Biology, Agriculture and Healthcare, this sector of the economy is constantly growing due to high demands for this stone fruit. Mangoes were originally native to Asia until worldwide distribution occurred. It is now one of the most harvested and traded tropical/subtropical fruits in the world.

The journal article also pointed out that in Africa, mango production was at 13.6 million tons in 2009. Many small-scale farmers currently grow this crop due to its health and economic benefits. In Ethiopia alone, mango farms took up approximately 12.61% of the land that is allocated to fruit cultivation.

Numerous fruit farmers are currently growing mangoes, and the varieties continue to improve which will enable Sadura to eventually source local fruit pulp as it becomes available in the market. Currently the capacity for pulping is lower within the country.

The IAN is proud to be part of the juice value chain, bringing the production of juice into the local economy and cutting down on external imports from other countries.
Sesame

The Impact Angel Network and another U.S. investment group invested in a sesame company based in Ethiopia in September 2015. The investors anticipate that over the next five years, the company will support more than 10,000 small holder farmers, strengthen the sesame industry in Ethiopia, generate $32 million in export sales and create more than 60 jobs in the manufacturing sector. The investment, like others the IAN has made into small and medium enterprises in East Africa, is anticipated to have a significant impact in the local economy.

Why did we decide to enter the sesame sector? In less than a decade, Ethiopia jumped from being a minor producer of sesame to one of the top five sesame producers in the world. According to the Agricultural Growth Program’s article on sesame, Ethiopia is the 4th largest exporter of sesame globally. This export vies with gold and coffee for the largest export revenue for Ethiopia. The country currently supplies 14% of the global market for raw seeds.

In Humera, a small town in the Tigray region of Ethiopia, sesame seeds are the main crop. The Humera sesame seeds are one of the most sought after sesame seed in the world due to the white color and favorable aroma of the seeds according to the Agricultural Growth Program. Humera, which is close to the border of Sudan, provides the perfect conditions for growing the tiny seed which is high in oil content, and contains an appetizing flavor. The secondary sesame seed produced within the country is known as the Welega sesame, primarily harvested for its high oil content.

Sesame seeds are a labor intensive crop to grow. According to the “Alternative Field Crops Manual”, they are a tall, lanky plant that can grow between 20 and 60 inches in height. Once ripe, the capsules split open, revealing the seeds. This process coined the phrase “open sesame”. The plant is extremely sensitive due to its weight, and it requires significant manual labor in order to harvest it.

Most of the sesame seeds grown in Ethiopia are exported, and processed outside of the country. Because of this, Ethiopia is missing an opportunity to increase sesame revenues. Our new manufacturing plant will bring the value and process back into the country.

The IAN is proud to be part of the sesame value chain, creating high-value sesame products for export.
Members of the Impact Angel Network closed an investment in East Africa Emergency Services, Ltd (EAES) in May 2015. EAES serves providers of emergency medical services and training in East Africa—Ethiopia in particular—in order to ensure that international and domestic clients have access to reliable, high-quality emergency care. EAES works in partnership with local firms, such as Tebita Ambulance and Pre-Hospital Emergency Care (Tebita), by offering business development, procurement and administrative support.

EAES and Tebita, together, aim to improve the quality of and access to emergency healthcare services across Ethiopia and beyond. Tebita was founded in 2008 as the first private sector ambulance and emergency medical services company in Ethiopia. Tebita provides 24-hour ambulance service in Addis Ababa, remote medical assistance to multinational companies (MNCs) operating in Ethiopia, and ground evacuation services throughout the country.

In places like Ethiopia, very few patients are transported to hospitals via ambulance, while the majority travel by public transportation, taxis, or by walking. In fact, one study highlighted in “Patterns and Predictors of Early Mortality Among Emergency Department Patients in Addis Ababa, Ethiopia”, found that during 2012 to 2013, 78.1% of the 9,956 patients that came into the emergency department arrived by means other than emergency transport. In these instances, minimal to no emergency or pre-hospital treatment was provided to the victims either at the scene or during transit. From June 2012 to May 2013, one WHO report took a closer look at a major highway connecting two of the country’s largest cities: Addis Ababa and Hawassa. The “Global Status Report on Road Safety 2015: Ethiopia”, found that an estimated 224 deaths and 1,046 injuries/billion vehicle kilometers occurred on this one road alone over the course of a year. The same article reports a total of 3,362 recorded traffic fatalities for the country of Ethiopia, but estimates that real figures may actually be anywhere from 18,528 to 29,146 deaths. And with a population of more than 90 million people that is increasingly urbanizing and becoming more motorized, this number is likely rise. Some believe that many of these victims could have been saved if given proper emergency, pre-hospital care by trained health professionals. This critical need to improve patient transportation and pre-hospital care provides daily motivation to the Tebita team.

To date, Tebita has provided ambulance services to more than 40,000 clients and emergency training to more than 25,000 trainees. They remain the only licensed, private, for-profit company providing pre-hospital, emergency care in Ethiopia. Tebita has grown its fleet to eleven ambulances and employs 57 full time staff members. “Tebita” is Amharic for “drop,” a message for every citizen to think about his or her drop of contribution to humanity. Recently, the Ethiopian government named Kibret Abebe, Tebita’s founder, as an Ambassador of Health and Social Service and honored the company with the “Extraordinary Award For Dedication and Exceptional Contribution On Health And Social Service in Ethiopia”.

Together with EAES, Kibret has a vision to grow Tebita into the premier first response provider and training company in Ethiopia. He also envisions eventually building an air ambulance evacuation service.

The IAN is proud to be a part of EAES and Tebita’s story of saving lives.
In January 2014, members of the Impact Angel Network closed an investment in Mama Fresh Injera, a family-owned company that has been in operation since 2003. Mama Fresh is a commercial manufacturer and exporter of fresh-baked injera, spices and other Ethiopian food products. Mama Fresh works with more than 300 smallholder farmers who grow the teff and spices that the company’s chefs and bakers use in its high-quality products. The company also employs more than 90 hardworking men and women in the kitchens and bakeries of Mama Fresh, the main output being its famous injera.

Injera is traditionally made from teff; a gluten-free grain that can be traced back thousands of years to the ancient civilizations of Abyssinia in the highlands of Ethiopia. The grain is similar in size to that of a poppy seed and comes in a variety of colors, from white and red to dark brown. It has a very mild, nutty flavor, and it packs a nutrient-rich punch -- high in iron, calcium and protein, with an excellent balance of essential amino acids.

Teff, though small in size, plays a large role in both the country’s economy and diet. The agriculture sector is the largest employer of Ethiopia’s 90 million plus population, with grain production constituting the primary share. In fact, cereals (teff, wheat, maize, sorghum, etc.) account for roughly 80% of the total cultivated land and 60% of rural employment. And, it is smallholder farmers who produce around 98% of the country’s cereals, with only 2% produced by commercial farms according to a report by USDA in 2014.

Teff is a versatile grain that can be processed in a variety of ways and is eaten at almost every Ethiopian meal, in the form of injera. Due to its nutritious nature and cultural significance, teff is considered to be one of the country’s most important crops for economic and food security. It is because of this that the country enacted a ban of all teff grain exports in 2006. Teff grain is almost exclusively consumed at the domestic level, and the rest of the world can only legally consume Ethiopian grown teff if it’s a finished product like Mama Fresh’s world-renowned injera.

Injera is traditionally baked in an oven called a “mitad,” which is a flat circular hot plate with a cover. After preparing the hot mitad’s surface for baking, the Mama Fresh baker then pours the dough in a circular motion, ensuring that it is evenly distributed across the oven’s surface. Each baker has their own technique that they have perfected from years of practice. Injera usually bakes for 3 to 5 minutes and is then taken out by the baker for cooling.

On average, a Mama Fresh baker can bake up to 600 pieces of injera during a shift. Once the injera finishes cooling, it is then packed into airtight plastic for shipment to the many countries across the world where Mama Fresh sells its products, including the United States. This unique, spongy, sourdough-like flatbread can be enjoyed at room temperature with meats, sauces and spices, including Mama Fresh’s delicious berbere.

In 2016, Mama Fresh became the first injera company in the world to be ISO 22000 certified.

So, the next time you’re at a specialty foods store and spot a package of Mama Fresh injera, you’ll now understand the transformative journey this small grain has taken from the highlands of Ethiopia to the shelf of your supermarket and the lives it has positively impacted along the way.

The IAN is proud to be partnered with the dedicated bakers and entrepreneurs of Mama Fresh to bring high quality Ethiopian cuisine to the world.
Kaffa, Ethiopia, from which the term “coffee” is derived, is the birthplace of coffee, according to many experts including The National Coffee Association. To this day, the Kaffa region in the southwestern part of Ethiopia remains one of the strongest coffee-producing regions in the country. The legend goes that Kaldi, an Ethiopian goat herder, first discovered coffee after he noticed his goats became energetic upon eating cherries from a certain tree. Kaldi shared this knowledge with the monks of a local monastery, who made a drink with the berries and enjoyed its invigorating properties. Soon, the findings of coffee spread from Ethiopia to the Arabian Peninsula and then on to Europe. As it has been since the 16th century, Ethiopia remains one of the largest producers of Arabica coffee beans in the world.

The Impact Angel Network closed an investment in METAD Agricultural Development PLC, an Ethiopian specialty coffee company in October 2013. With a vision for seed-to-cup coffee, METAD is strengthening Ethiopia’s coffee reputation amongst sophisticated consumers in the international market, and also helping local farmers improve the quality and value of their harvested crop. METAD is now a leading exporter of specialty coffee and offers global and domestic consumers with the highest quality, 100% Ethiopian Arabica coffee. METAD’s coffee cultivation, harvesting and primary processing occurs at two sites 75 kilometers beyond Yirgachefe, deep in the heart of some of Ethiopia’s best coffee country. METAD’s 200-hectare Hambela and Gedeb farm and processing sites include washing stations, a dry mill, a huller, beds for sun drying and warehouses for storage to handle all of the pre- and post-harvesting coffee activities.

It’s no wonder that with Ethiopia being the epicenter of Arabica coffee, and it ranking among some of the fastest-growing economies in the world, the country is quickly becoming a target for foreign investors seeking attractive returns in the coffee value-chain, as well as domestic and export market opportunities. In fact, coffee is one of Ethiopia’s largest export commodities, with over 55% of the coffee produced in the country sent outside its borders according to USAID analysis. In addition to providing significant FOREX to the country, the Ethiopian coffee value-chain provides livelihoods for 15 million Ethiopian smallholder farmers and employs several hundred thousand workers in processing coffee cherries across hundreds of washing stations and hulling mills around the country.

Altogether, METAD employs 37 permanent staff and 650 seasonal staff, 70% or more of which are women. Additionally, they have purchased from, partnered with and/or supported more than 4,000 outgrowers to provide best practices on growing, harvesting and selling coffee. METAD also creates further social impact in the community surrounding the farm sites by sponsoring a school with more than 600 children, constructing new community facilities (such as a school and community center) and working with development partners to build and install new wells.

Ethiopia truly has the potential to increase coffee production and productivity as it has all the necessary ingredients including suitable elevation, temperature, soil fertility and sufficient rainfall in coffee growing regions of the country. With the right financial support and guidance, the country could become the number one coffee producer in the world. And METAD, with its clear vision and passionate entrepreneur, is uniquely positioned to become a market leader in Ethiopia’s specialty coffee industry.

The IAN is proud to be a part of METAD’s story of producing tasty Ethiopian specialty coffee.
In July 2013, members from the Impact Angel Network closed an investment in dVentus Technologies, an ISO 9001: 2008 certified high technology company incorporated in Addis Ababa, Ethiopia in 2010. The investment helped dVentus to design, develop and manufacture a smart meter for the African and Middle East context. dVentus is strategically situated to respond to the needs of the domestic and international markets with solutions specifically targeted for the clean energy, energy efficiency and smart grid technology sectors.

Anticipated social impact from this investment includes millions of Ethiopians with access to more reliable, efficient electricity and the increased employment of highly skilled engineers. In fact, the company currently employs more than 85 hardworking, intelligent and extremely talented men and women to work on product concept design, R&D, development and manufacturing in its state-of-the-art facility.

The fostering of these bright minds is critical if Ethiopia hopes to achieve its goal to become a middle-income country by 2025 according to the United States Agency for International Development’s article on the “Power of Africa in Ethiopia”. A reliable power grid providing adequate sources of electricity to its residents and industries is something that Ethiopia needs to improve in a hurry.

Assisting Ethiopia in achieving its goals is the Power Africa initiative, a multi-partner program launched by President Obama in 2013. Power Africa’s goals are to increase electricity access in sub-Saharan Africa by adding more than 30,000 megawatts of cleaner, more efficient electricity generation capacity and 60 million new home and business connections. Power Africa is supporting Ethiopia’s energy goals through wide-ranging technical assistance in cooperation with the government of Sweden and Norway, the World Bank, the International Finance Corporation, European Commission, the UN, and DFID. However, Ethiopia is not only looking to the public sector for assistance in developing its energy sector, but also to private investors who are seeking attractive financial and social returns, like the Impact Angel Network.

According to EEP, the opportunities in the power sector represent about US $3 to 4 billion per year. Of this, 65% is in generation, with the rest spread across transmission, universal access and engineering services. The long-term goal is to maximize the country’s energy power potential, one that dVentus fully supports through its products and service offerings.

dVentus’ portfolio of products includes smart electric meters, smart water meters, system solutions, generators and converters. Their service offerings range from electric power and water analysis to system design and smart grid upgrades, all in the effort to assist Ethiopia and the world beyond in sustainable energy and economic development.

The IAN is proud to be a part of dVentus’ story of adding incredible economic and environmental value to Africa’s power grid.
The Team

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Partner & CEO

Laura Davis
Partner & Investor Relations

Tom Scriven, CFA
Partner & General Counsel

Tristan Pelham Webb
Associate General Counsel

Prasoon Raghuwanshi
Senior Investment Manager

Sandy Hung, CFA
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Biruk Abayneh
Portfolio & Ethiopia Operations Manager

Lulit Negash
Portfolio Manager

Justin Reesor
Operations Manager

Teshager Demissie
Portfolio Analyst

Erin O’Connor
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Andrew Umhau, M.D., Chevy Chase, Maryland
Alan Gardner, Charlotte, North Carolina
Among the thousands of entrepreneurs there are hundreds of future Rockefellers, Carnegies, Jobses and Gateses working away in their mid-size companies on the continent of Africa. They are overlooked by the world and underserved by the local capital market. There is virtually no medium-term, risk capital available for them. There within lies the problem and the opportunity. The Impact Angel Network seeks to find and invest in these future business legends, and unlock the massive economic force inside each nation. In doing so, we create jobs, and provide better access to healthcare, education and clean water for the thousands we employ and eventually the millions living in the communities where these legends build their companies.

This is the story and the vision of the Impact Angel Network.

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RENEW™
Navigating emerging economies