Impact Report: Six Years of Pioneering Impact Investing in Mexico
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Established in November 2012, Adobe Capital is an impact investing fund that invests in innovative social and environmental companies in Latin America.

OUR MOTIVATION
WE ASPIRE TO CREATE LONG-LASTING POSITIVE CHANGES IN THE LIVES OF THOUSANDS OF PEOPLE ACROSS LATIN AMERICA AND HELP SOLVE SOCIAL AND IMPORTANT ENVIRONMENTAL ISSUES.

At Adobe Capital, we firmly believe that solutions to the most pressing social and environmental challenges can be found through innovative, for-profit business models, which are able to create a linkage between market-based solutions and the current philanthropic efforts carried out to address such problems. For this reason, we aim to increase the long-term success of impact driven companies that are addressing the unmet needs of underserved populations in Latin America. In order to achieve this, we help mobilize traditional capital into impact focused enterprises that are able to generate triple bottom line (i.e., financial, social and environmental) returns.
WE SUPPORT EXCEPTIONAL IMPACT DRIVEN ENTREPRENEURS WHO ARE ABLE TO CREATE INNOVATIVE, PROFITABLE AND SCALABLE BUSINESS MODELS TO ADDRESS THE MOST PRESSING SOCIAL AND ENVIRONMENTAL CHALLENGES.

To this effect, we provide flexible financing structures to help catalyze innovative social and environmental solutions by fostering success stories that convey that impact investing is a viable and profitable alternative that can transform society in a long-lasting and positive manner.

We believe that for-profit business models can represent a solution to provide underserved communities with basic services and help solve pressing environmental issues. Companies developing these innovative approaches are frequently more flexible than larger companies. As a result, they can act as agents of change by developing sustainable, market-based solutions, as well as acting as local engines of economic growth.

WE BELIEVE AND HAVE PROVEN THAT INVESTORS DO NOT HAVE TO CHOOSE BETWEEN IMPACT AND PROFIT.

INVESTMENT THESIS

Through the use of tailored financing alternatives in the form of quasi-equity or mezzanine investments, we aim to boost the growth of promising impact focused businesses throughout Latin America.
ADOBE CAPITAL IN NUMBERS

2 Impact Investing Funds

10 Investments

6 Mezzanine Investments

4 Equity Investments

1 Exit to Date

7 Sectors
  Education, Sustainable Consumer Products, Healthcare, Affordable Housing, SME Financing, Urban Mobility and Alternative Energy
PORTFOLIO OVERVIEW

In 2013, we made our first impact investment in FINAE, the leading provider of post-secondary student loans in Mexico. Since then, we have fully invested our flagship fund by supporting a total of eight companies in Mexico.

OUR FIRST FUND MADE INVESTMENTS RANGING FROM US$300,000 TO US$3.5 MILLION, WITH AN AVERAGE TICKET OF US$1.6 MILLION.

As the first fund’s investment period ended, we launched efforts to raise a second impact fund with a target size of US$40 million. The early success of our first fund, along with the rapid global growth of the Impact Investment sector in general, led to a first close for fund two of US$20 million in October 2017.

Our second fund made its first investment in early 2018 in the form of a mezzanine investment in IPETH, the only post-secondary educational institution in Mexico and Guatemala exclusively focused on offering affordable Bachelor’s Degrees in Physical Therapy to lower-middle-income students.

IN 2017, WE HAD OUR FIRST EXIT FROM NATGAS, THE LEADING PLAYER IN THE FAST-GROWING MEXICAN VEHICULAR NATURAL GAS MARKET, GENERATING AN ABOVE-MARKET RETURN IN US DOLLARS, ALONGSIDE AN IMPORTANT SOCIAL AND ENVIRONMENTAL IMPACT.
PORTFOLIO SNAPSHOT

FINAE
Financing the dreams of future leaders

SALAVNO
Healing unnecessary blindness in Mexico

PROVIVE
Rebuilding communities one house at a time

HABVITA
Building opportunities for inclusive housing

VELIFIN
Empowering productive business owners through financial inclusion

ECONDUCE
Sustainable mobility for the city

IPETH
Educating physiotherapists to serve the community

HEG
Scaling clean energy generation through community networks

NATGAS
Alternative energy behind the wheel
The leading provider of post-secondary student loans to low- and middle-income students in Mexico

The Story Behind – Why
After quitting his job as Executive Director of Institutional Banking at a large local bank, Francisco Vizcaya envisioned and worked on a business plan to establish a student lender that would be able to help provide access to higher education in Mexico by supporting disadvantaged students. To this effect, he created FINAE as a way of helping local students pay for private college as public universities in Mexico are already operating at full capacity and deny entry to an estimate of 70% of students per year.

The Business Model – How
FINAE provides flexible payment plans to promising students who could otherwise not access a quality private education. By partnering with local universities, FINAE has developed an innovative business model that has helped increase the number of students in Mexico with a Bachelor’s Degree.

Fostering a deep commitment among Mexican students, parents and universities to invest in each student’s future.

Impact Generated – What and How Much
FINAE has improved access to post-secondary education in Mexico by enabling students to complete a Bachelor’s Degree, while reducing the economic burden to their families. Now, many more students can access better-paid jobs and improve their overall quality of life.

+13,000 college degrees financed to date
51% women
84% previously unbanked individuals
THANKS TO FINAE’S SUPPORT I WAS ABLE TO MAJOR IN PSYCHOLOGY. NOW I’M PURSUING OPPORTUNITIES WITHIN THE ORGANIZATIONAL PSYCHOLOGY SPACE.”

FINAE client

“IN LARGE PART DUE TO FINAE, I WILL BE ABLE TO ACCOMPLISH MY DREAM OF BECOMING AN ARCHITECT FROM A PRIVATE UNIVERSITY.”

FINAE client
The sole provider of 100% biodegradable and non-toxic home cleaning products in Mexico

The Story Behind – Why
Alejandro Sanroman left his job as a Sales Manager at Microsoft to join his brother’s company Biorganimex, which had been founded two years earlier in 2008. Biorganimex was created to produce and distribute home cleaning products without chlorine or phosphate, which generate a harmful impact on human health, air quality, and water conservation.

The Business Model – How
Through its “Greenland” brand, Biorganimex offers home cleaning products that are safe for communities, living organisms, and the environment. By using certified natural ingredients, Biorganimex has positioned itself as the leader in a steadily-growing market segment among Mexico’s larger retailers, despite the common misconception regarding the overall effectiveness of chlorine-free products.

THE COMPANY´S PRODUCTS ARE TOXIC FREE AND 100% BIODEGRADABLE IN LESS THAN 30 DAYS, REDUCING EACH CLIENT´S OVERALL ENVIRONMENTAL IMPACT.

Impact Generated – What and How Much
Following a thorough selection process that favors natural origin sanitizers, Biorganimex has increased the availability of 100% biodegradable and non-toxic home cleaning products, while positively contributing to the general awareness around sustainable consumer products in Mexico.

Ø 700 stores carrying its products nationwide

Ø Avoids the pollution of 7,500 liters of water for every 5 liters of Greenland products used (versus traditional detergents)

Ø 450 tons of chemical ingredients have been substituted with biodegradable materials to date
I HAVE BEEN USING GREENLAND PRODUCTS FOR SIX MONTHS. I AM SATISFIED WITH THEIR EFFECTIVENESS AND PLEASANT SMELLS. THEY DON’T IRRITATE MY FINGERS AND THEY POSITIVELY CONTRIBUTE TO THE ENVIRONMENT.”

Greenland user
**The Story Behind – Why**
SalaUno was founded in 2011 by two aspiring entrepreneurs who were motivated to do well by doing good. Their mission focused on eliminating needless blindness in Mexico. Actually, several types of eye ailments represent the second leading cause of disability in the country, with 50% of nationwide blindness caused by cataracts, a relatively simple illness to treat if affordable access is available. Due to wide reaching poverty levels, limited health infrastructure, and an uneven distribution of health workers, this disease has historically been difficult to treat throughout Mexico.

**The Business Model – How**
SalaUno operates a high-volume, hub-and-spoke patient referral network of affordable eye-care clinics throughout Mexico City. It also focuses on reducing geographic, economic and informational barriers that prevent patients from recovering their eyesight. To this effect, it offers a unique value proposition centered on superior quality, affordability, accessibility, and service excellence.

**OFFERS THE LOWEST COST CATARACT EYE SURGERY IN MEXICO.**

**Impact Generated – What and How Much**
Through its innovative healthcare model, SalaUno has been able to improve access to eye-care services in Mexico. By regaining their eyesight, SalaUno’s patients are able to re-enter the working population, contribute to their average household income, and improve their quality of life.

- **37,900** surgeries performed
- **270,000** patients diagnosed
- **35%** subsidized surgeries through local foundations
"I CAN SEE WITH ONE EYE NOW. I’M EXTREMELY GRAFTEFUL WITH SALAUNO AND THE DOCTORS WHO HELPED ME RECOVER MY EYESIGHT. I CAN’T WAIT TO COME BACK AND GET SURGERY ON MY OTHER EYE."

SalaUno Patient

"I PREVIOUSLY LOST PARTIAL EYESIGHT IN ONE EYE. I HAD SURGERY AT SALAUNO AND NOW I CAN SEE PERFECTLY."

SalaUno Patient
The Story Behind – Why
While working at Shell Gas & Power, Josué Hernández realized that natural gas could bring incredible benefits to the environment as well as significant savings to public transport drivers. In order to convince potential clients, he converted test vehicles to measure the exact benefits associated with the use of natural gas. He also began promoting his dream and used this opportunity to improve public transportation with cleaner fuel. He began operations in 2013, and in less than 10 months he converted 449 taxis to be able to run on natural gas in the city of Querétaro.

The Business Model – How
Natgas converts vehicles to hybrid gasoline/natural gas engines and operates compressed natural gas fueling stations in central Mexico mainly servicing private taxicabs and public transport drivers from a lower income bracket.

Impact Generated – What and How Much
Natgas has increased natural gas use in vehicular transportation, which has translated into reduced CO2 emissions, increased awareness of environmental effects and lower demand for more harmful fossil fuel substitutes. Additionally, the company has driven major cost cuttings for its low-income targeted customers due to the reduced price of natural gas to that of gasoline, resulting in an average savings rate of more than 50% for end users.

The company offers financing plans to cover the up-front costs of making their engines compatible.
NATURAL GAS REPRESENTS CONSIDERABLE SAVINGS IN BOTH MY WORK AND IN MY DAY TO DAY ACTIVITIES.”

Natgas client

NATGAS PROVIDES AN EXCELLENT ALTERNATIVE TO POLLUTING FUELS, AND IT ALSO HELPS THE ENVIRONMENT.”

Natgas client
Recover previously abandoned low-income homes and helps regenerate the social fabric of communities in Northern Mexico

**The Story Behind – Why**

In 2008, Antonio Diaz and Clemente Villegas recognized the enormous problem surrounding abandoned homes in low-income urban areas of Tijuana. Together, they thought of a way to provide low-income homebuyers with affordable homes, while renovating these crime-ridden and deteriorated communities. As a result, they devised an innovative urban regeneration program that promoted community participation and increased each residents’ overall standard of living.

**The Business Model – How**

ProVive purchases and refurbishes previously abandoned homes and works with the local community through its Tu+Yo Foundation to catalyze comprehensive community development solutions.

**Impact Generated – What and How Much**

ProVive has increased the possibility for thousands of Mexican families to access a decent, affordable home in a healthy community and a desirable urban location no more than 20 km away from formal job sources and ready access to public transportation.

- 8,300 homes refurbished
- 36,500 individuals housed
- 5 community centers built
- +100,000 volunteers
- +470,000 volunteering hours
“

I HAVE LEARNT ABOUT THE POWER OF TEAMWORK: WHEN WE WORK TOGETHER WITH OUR NEIGHBORS, WE CAN ACHIEVE GREAT THINGS.”

Resident of Cañadas del Florido, Tijuana
HABVITA
Builds quality rural homes on land already owned by its clients.

The Story Behind – Why
Approximately 7 million families in Mexico currently lack adequate housing. Additionally, only a handful of local housing companies focus on rural communities, where a grand majority of this deficit is located. Thus, families in those communities are forced to build their own homes in a haphazard and unsafe manner, while incurring in high construction costs. Faced with this situation, Alfonso Serrano teamed up with his brother Santiago to found Habvita in 2009 and help Mexican families access an affordable, yet high-quality home within their own community.

The Business Model – How
Habvita builds, finances and sells affordable rural homes in Mexico. Based on a community organization model, the Company can build several homes simultaneously, lowering material costs and generating economies of scale. Habvita also helps customers secure government subsidies and obtain mortgages, allowing them to pay off their homes within a reasonable amount of time.

Impact Generated – What and How Much
Through its work, Habvita has increased the possibility for rural families in 9 Mexican States and US migrants to own a decent and safe home, while improving access to credit for the rural population.

+6,900 rural homes built
USD$27.8 million invested in local homes
32,000 individuals supported
"IT’S CHANGED OUR LIVES. WHEN I SEE MY NEW HOME, ALL I CAN THINK OF IS: THE EFFORT HAS BEEN WORTH IT."

Habvita Client

"THEY HAVE TRICKED ME BEFORE, SO I DID NOT KNOW WHAT TO BELIEVE. MY SON ENCOURAGED ME. NOW HE IS SENDING REMITTANCES FROM THE U.S. AND BUILDING HIS OWN HOUSE IN MEXICO AND WILL RETURN SOON."

Habvita Client
VELIFIN
A leading provider of much needed liquidity to the SME lending market in Mexico

The Story Behind – Why
Velifin was founded in 2009 by a group of Mexican and American investors focused on supporting Mexican SMEs by attracting additional funding to boost the sector’s development and consequently contribute to Mexico’s economic growth. The Company was thus created to address a generalized lack of credit available to Mexican SMEs by acting as a second-tier lender.

The Business Model – How
As a second-tier lender, Velifin seeks to fill the growing SME funding gap in Mexico. With a deep understanding of this growing and underserved market, a strong origination platform, and a unique structured lending approach, Velifin has positioned itself as one of only four players in the country and the only one that primarily focuses on this market.

Velifin has played a key role in reducing the financing gap for SMEs located within the “missing-middle” in terms of financing options. This has triggered the growth of its clients by helping them to secure additional funding after Velifin’s loans.

Impact Generated – What and How Much
+122,200 individuals supported
+2,400 productive companies financed

VELIFIN HAS ASSUMED A KEY ROLE IN PROVIDING LIQUIDITY FOR LOCAL PRODUCTIVE BUSINESSES THAT IN TURN REPRESENT THE MAIN DRIVERS OF EMPLOYMENT IN MEXICO.
"WE HAD BEEN STRUGGLING TO MAINTAIN OUR BUSINESS RUNNING, BUT NOW, THE LOAN GRANTED TO US HAS HELPED RETAIN OUR CLIENT BASE, WHILE LEAVING SPACE FOR BUSINESS GROWTH."

Velifin Client
ECONDUCE
A global pioneer in shared electric mopeds that improve urban mobility and reduce air pollution levels

The Story Behind – Why
After pursuing a Master’s Degree in Sustainable Development in England, Alejandro Morales and Eduardo Porta returned to Mexico City and quickly realized that commuting times and pollution levels in the city center had become significantly worse. Seeking to address the issue of urban mobility through an innovative business model, they founded Econduce in 2013, the first and only shared electric moped platform in Mexico.

The Business Model – How
Econduce seeks to improve urban mobility through an affordable, safe and sustainable transportation alternative. Built on proprietary information technologies and acting as a shared economy pioneer, the Company offers end users with an affordable, sustainable and easy to use transportation model.

ECONDUCE’S INNOVATIVE “FREE FLOAT MODEL” ALLOWS USERS TO ACCESS AND PARK ITS ELECTRIC VEHICLES THROUGHOUT CENTRAL MEXICO CITY

Impact Generated – What and How Much
Econduce has helped increase access to sustainable transportation within a highly congested urban city. To this effect, the use of electric mopeds displaces CO2 emissions previously generated by automobiles. Moreover, the Company has helped reduce overall commute times for its users.

+800,000 trips

+500 tons of CO2 emissions displaced
ECONDUCE PROMOTES A SHARED ECONOMY AND PROVIDES EASY ACCESS TO CLEAN TRANSPORTATION ALTERNATIVES.
The Story Behind – Why
Only 3% of an estimated 8 million Mexicans currently requiring physical therapy have adequate access. Moreover, there is an existing lack of specialists in the country to meet current and expected demand as the general population continues to age. To address this gap, Alejandro Cuervo founded IPETH in 2006, a network of universities offering four-year, non-residential full-time Bachelor’s Degrees in Physical Therapy.

The Business Model – How
IPETH is a post-secondary educational institution operating in Mexico and Guatemala focused on providing affordable degrees in Physical Therapy for lower middle-income students. Additionally, it offers on-campus, subsidized rehabilitation services for patients who would otherwise not be able to afford treatment.

Impact Generated – What and How Much
IPETH has increased access to higher education in a highly demanded and well-paid field, offering lower middle-income students the opportunity to develop professional skills that impact directly on society’s most vulnerable sectors.

Students Develop Highly Sought After Skills While Providing Rehabilitation Services To Low Income Patients.

- 5,200 students now have access to higher education
- 20,000 patients have been treated by graduates throughout their career
- +100,000 rehabilitation services subsidized for low-income individuals
- 80% of graduates have an active job
WHEN I AM 70 YEARS OLD, I WANT TO SIT BACK AND FEEL PROUD OF HAVING HAD THE OPPORTUNITY TO HELP SO MANY PEOPLE WITH MY JOB.”

IPETH graduate

I WANT TO SHOW MY PARENTS THAT I CAN WALK NOW.”

Patient of IPETH’s rehabilitation center
HEG
Helping catalyze the growth of the Mexican renewable energy sector

The Story Behind – Why
While serving as an investment banker, Alonso Alvarez detected the significant market opportunity that the renewable energy generation sector represented given an updated legal framework in Mexico. As a result, he founded HEG in 2013, when an international power producer showed interest in developing a project in the Mexican State of Hidalgo, but did not have enough expertise to execute it. Alonso considered that, with the right team in place, he could negotiate with local land owners more efficiently and work with the neighboring communities to successfully develop and build solar energy plants that would increase the generation of renewable energy in Mexico.

The Business Model – How
HEG develops solar energy projects in geographic areas with excess demand for energy. By engaging and working with local communities, HEG facilitates the often-complicated land acquisition or leasing process, which is then followed by topographic studies needed to secure permits and develop ready-to-build renewable energy generation projects.

More than 90% of Mexico’s electricity is generated from non-renewable sources. This represents a significant opportunity to develop renewable energy projects.

Impact Generated – What and How Much
HEG’s solar energy projects have helped Mexico displace detrimental emissions from fossil fuels and other non-renewable sources. Moreover, by boosting the economic growth of the rural areas surrounding its projects, HEG has generated positive social impacts.

215 MW of installed solar energy capacity

+66 Tons of CO2 emissions displaced
ALONSO ALVAREZ HAS DEVELOPED A SUCCESSFUL BUSINESS MODEL TO DEVELOP SOLAR ENERGY PLANTS THAT WOULD INCREASE THE RENEWABLE ENERGY RESOURCES IN MEXICO.