

Venezuela Impact Fund

Amount: USD \$300,000,000

(DRAFT FOR DISCUSSION)

For:
Impact Investment for ESG Investors

By:
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1.- The Problem

- The Public Sector Economic Apparatus used to be the major driver of the Venezuelan Economy generating hundreds of thousands of jobs and focusing on key industries for the development of the economy. Wrong economic policies (2000-2019), mismanagement and corruption led to state-owned companies failure, deepening a long economic crisis.
- More than 400 key state-owned companies are not operating or are underperforming due to lack of capital and/or management. GDP today is only USD 60 billions (or 1/5) of the GDP in 2012.
- Market oriented policies have been applied by the government since 2019.
- The recovery has been slow since Venezuela has no financing from local capital markets, which is no more than 1 % of the GDP.
- The US Government has sanctions on the Venezuelan Government Sector also stops financing from abroad, and overcompliance also hinders credit and trade
- Political Conflicts between official party and opposition parties do not make it easy for the US government to lift sanctions.

2.- Target market and opportunity

- 400 + State-Owned companies and their subsidiaries that are not operating today and are open to ESG investments in the Mining, Agriculture and Fishing, Food, Energy, Tourism and Technology, Telecom and Education sectors.
- Government is currently actively seeking foreign private investment to revamp and restructure Public Sector Companies and to boost the economy.
- Government officially announced they will issue equity (5% to 10%) of public companies through the Caracas Stock Exchange in an effort to capitalize and democratize the public sector. (<http://www.mppef.gob.ve/empresas-publicas-ofertaran-acciones-para-la-inversion-nacional-e-internacional/>).
- There are more than 100 expropriated companies that the government wants to return to original owners who don't have the capital to revamp them.
- The US Government is evaluating to lift some sanctions on Venezuela after the war on Ukraine in exchange for oil exports from Venezuela to the us and Europe.
- An ESG or Impact Investment approach focused on Social Inclusiveness is the right approach of the private sector to revamp State-Owned Companies. This ESG angle should provide the leverage to lift sanctions on target investments.
- No other underdeveloped economy has the enormous potential for growth that Venezuela if impact investments ESG model is applied properly.
- Undervalued assets.
- CrecePymes is "First Mover".

3.-Market Size

- There are more than 400 + state-owned companies that are not operating today and are open or eligible for ESG investments in Oil and Gas, Renewable Energies, Mining, Agriculture and Fishing, Food, Energy, Tourism and Technology, Telecom and Education sectors.
- Venezuela has USD 10 trillion in marketable natural resources to be developed and excellent opportunities in the agricultural, food tourism, infrastructure, construction, manufacturing, health services, and financial sectors. Venezuela among the top 10 nations in the world in availability of natural resources.
- Commodities prices are going up in 2022.
- The Venezuelan Government announced May 11 2022 that all state –owned companies will do IPOs in the Caracas Stock Exchange of 5-10 % of the shares.

4.-The Solution – A Venezuela Impact Fund

Launch: The Venezuela Impact (ESG) Fund. Venezuela will provide the highest ROI for Investors.

Inversiones CrecePymes (ICP) is raising **\$300 million** to invest in impact (ESG) opportunities in Venezuela.

ICP is a listed Investment Fund in the Caracas Stock Exchange and active member of the Global Impact Investment Network (GIIN).

We envision that CrecePymes Fund including high caliber world class anchor Impact Investors from the GIIN community will signal a New Beginning and trigger a great deal flow of ESG impact investment opportunities in Venezuela. The Fund will be in itself a catalyst of change and stability. As opportunities rise, we will raise more funds needed to tackle the huge Impact Investment Opportunities in Venezuela.

5.- Market Validation

- Government officially announced they will issue equity (5% to 10%) of public companies through the Caracas Stock Exchange meaning there is real willingness from the government to capitalize and democratize the public sector through the private sector. (<http://www.mppef.gob.ve/empresas-publicas-ofertaran-acciones-para-la-inversion-nacional-e-internacional/>).
- We think the state-owned companies are not ready for IPOs. They don't have working capital, proper management, capex/opex budgets, updated financial information audited. Our fund can provide this pre-IPO capital as a great opportunity.
- ICP management team has already a deal flow developed in 2021 and access to decision makers to execute joint venture agreements.
- ICP has the list of state-owned companies to evaluate investments.
- In March 2022, the government returned to original owners The Sambil Mall in La Candelaria, Caracas; the largest real estate expropriation done in 2008.
- The government is discretely returning properties to their original owners.
- According to the Encuesta Multisectorial Empresarial de Escenarios Datanalisis, completed on March 27th, 2022, in all mayor sectors of economic activity, it was found that 17% of expropriated enterprises were being or had been returned to their original owners. With respect to State Owned Enterprises, 18% of them were being or had been partially or wholly privatized.

6.- Target industries

Oil

Largest proven oil reserves at 303.3 billion barrels.

- 25% of OPEC oil reserves
- 20% of world's oil reserves

Gas

Eight country in the world in Gas reserves and the First in Latin America and the Caribbean

Mining

Vast Reserves of mineral resources, key for the development and growth of the world economy: Iron , Aluminum, Gold, Diamonds, Coltan, Copper, Nickel among many others.

Agriculture

Venezuela is an ideal region for agricultural production with favorable climate year round. Vast agricultural land to be revamped and developed owned by the public sector to supply domestic and foreign economies.

Manufacturing

the public sector owns a significant variety of high class manufacturing plants that supply domestic economy variety of different goods and products. From aluminum, steel, glass, cement, and petrochemicals to food processing.

Infrastructure

Once the best infrastructure in Latin America and competitive across the globe, undercapitalized and outdated infrastructure systems can be an excellent impact investment opportunity

7.-Fund Size and Strategy

- ICP is launching a Fund to trigger Impact (ESG) Investments Opportunities in Venezuela.
- Amount : USD\$ 300 million.
- Focus : State-Owned and Expropriated companies that the government is offering for private investors and meet ESG and financial Criteria.
- IRR = Aiming @ IRR of 20 % +
- Industries to invest: most competitive export sectors with undervalued assets. Sectors include natural resources, agriculture, food, health, renewable energies and exportable goods and commodities.
- Invest CAPEX/OPEX pre-IPO Prepare state-owned companies for the stock market with auditing and all necessary financial and legal due diligence.
- Create Special Purpose Acquisition Vehicles (SPACs) per target company to invest and revamp state-owned or expropriated companies in need of equity financing.
- The Fund will invest in selected State-Owned companies in Pre-IPO stage to provide CEO, management and CAPEX/OPEX investments and also in those that go directly to the stock market. Strategic alliances with state-owned companies not listed in the stock market is also part of the strategy of the fund.
- The SPACs will provide 3 % of the EBITDA to a selection of citizens as a Social Inclusiveness Profit Sharing Approach.
- Listing the SPACs to increase market Capitalization as a % of GDP. Venezuelan citizens, will have financing to purchase securities of the SPACs listed in the IPO period, thus promoting capital democratization.
- Because of our Social Inclusiveness Approach and ESG criteria when investing in State-Owned, we expect to get approval of US Treasury (OFAC) to wave in target companies if needed.
- Companies expropriated : The Fund will seek agreements with the original owners to provide funds to recover them.
- Government is open to Debt to Equity Swaps for some Assets. Sovereign Debt is about 10 % of face value today.

8.- ESG Fund Strategy and Metrics

We will aim to bring the State-Owned Companies in Venezuela that need financing into the ESG framework for sustainability. There are more than 400 state-owned companies that are open to ESG investments in the Mining, Agriculture and Fishing, Food, Energy, Tourism and Technology, Telecom and Education sectors. Our Fund Investment Criteria will follow **the IDB Invest Impact Management Framework** and the **IRIS+ Impact Measurement & Management (IMM) parameters established by GIIN community**.

The 3 Ps: a Framework for Measuring Sustainability Goals The Cambridge University Model

People Social Metrics

- Unemployment rate
- Gender Equality
- Income
- Poverty
- Education
- Avg. Commute time
- Crime
- Life expectancy
- Profit Sharing
- Citizen financing to participate in SPACs IPOs and promote Democratization of Equity
- Increase Market cap/ GDP
- Lower Fiscal deficit, inflation and devaluation.
- Lower interest rates and long-term lending increase.
- Private sector share of GDP growth.

Planet Environmental Metrics

- Air and water quality
- Energy Consumption
- Natural Resources
- Solid and toxic waste
- Land use and land cover

Profit Economic and Financial Metrics

- Revenue and costs
- Productivity
- Organization Size and value
- Company growth
- Employment distribution by sector
- Revenue by Sector
- Profit Margin
- ROI > than 20% to investors

9.- Business Model

ICP Venezuela Impact fund will change traditional formulas for state-owned companies and instead of foreign debt financing, we will do equity investments directly to target companies.

Our Model

1.

Private and direct
investments into
state-owned
companies

2.

Hands On
Management

3.

Equity
democratization by
listing companies

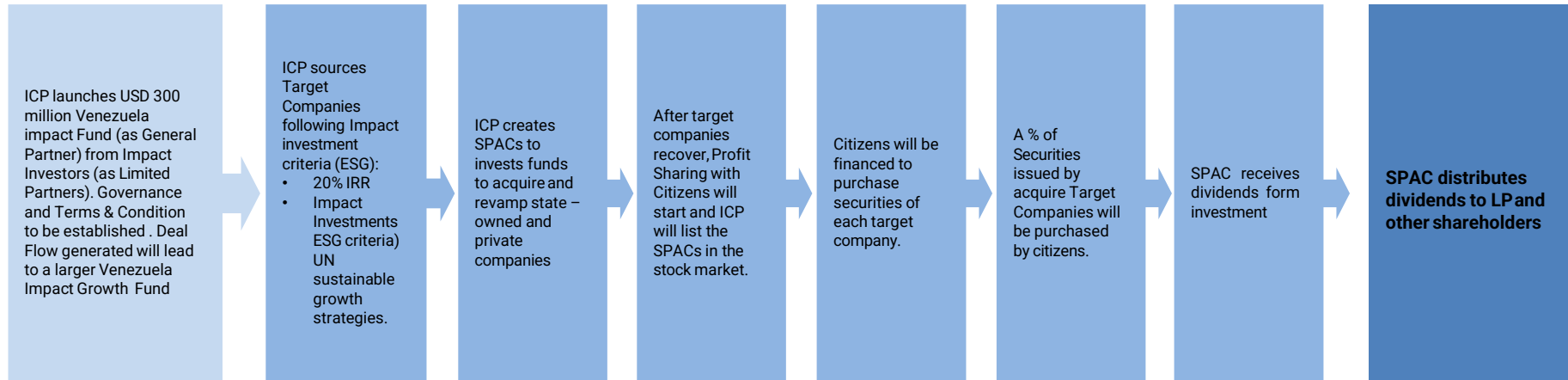
4.

Citizen profit sharing
Participation &
Employee Stock
Compensation

5.

ESG Criteria

10.- Business Model - Roadmap



11.- Why Now

Intrinsic Wealth

Government created an office to handle investments in the state-owned companies “The International Center for Productive Investments” Venezuela has USD 10 trillion in marketable natural resources to be developed.

Key industries

State-Owned Companies are focused on key industries for both domestic and foreign economies are natural resources, agriculture, food, health, renewable energies and exportable goods and commodities.

Structural Economical Change

Existing crisis and current economical structural changes being undertaken has generated an unprecedent window of opportunities for impact investors to tackle and seize.

- Change in public policy to more free market economic policies supported by all political fractions.
- Continues trend of greater participation of private sector in the economy.
- Removal of sale price controls for products and services
- Removal of Currency Exchange control
- Dollarization of the economy
- Expropriations have stopped and assets are being returned to previous owners of the private sector .

Undercapitalized Financial system

Complete erosion of capital in the domestic financial system due to contraction of the economy and hyper-inflation. Bank Debt is only 1 % of GDP in 2021. To increase Venezuela's GDP from USD 80,000 million to USD 1 trillion the economy requires influx of approximately USD 2 trillion in direct investments in the next ten years.

Shift in Geopolitical Structure

Shifts in Geopolitical status due to Russian-Ukrainian conflict, and the USA re-evaluation of the Venezuelan sanctions could mean that our Fund Initiative could be in perfect timing and well positioned to bring back Venezuela and its many natural resources and raw materials to the global economy again.

12.-Risk Management

Risk Management + Shifts in Trend

Economic Stagnation

- GDP has fallen 70% between 2012 and 2019 (*IMF*)
- However, Venezuelan economy started to grow in 2021 (6% GDP increase)(*OVF*) as a product of economical structural change.
- February 2022 had the lowest monthly inflation since 2014 at 2.4%. Since 2015 Venezuela had not registered 5 consecutive months of single digit inflation rate since 2015.(*OVF*)

International Sanctions

- Apparent shift in Geopolitical structure due con Russian-Ukrainian conflict may favor sanction struck Venezuela as U.S. and Europe seek replacement for Russian vast supply of natural resources and raw material. A Venezuelan Impact Fund can trigger the US to lift sanctions on target investments if they are not lifted before the Fund is launched. Also, The USA Government will realize that sanctions weaken the people more than the political leaders, and that democracy has to be defended locally on the ground by local leaders. Sanctions should apply to individuals.

Expropriations

- Expropriations have stopped and assets are being returned to previous owners of the private sector. 1.- All political parties learned the lesson of the devastating effects from expropriations and price controls, and the media has not articulated it properly.

Opaque Judicial System

- Public and private sectors are willing to channel legal disputes through international arbitration. Arbitration for out of court settlement of disputes is a real alternative. ESG approach will help gain citizens support from all levels.

Political Instability

- All political parties deeply believe in the importance of capital markets to bring about social inclusiveness and GDP growth. We believe that despite political dysfunctionality, for the first time in the history of Venezuela, all the political leaders support market oriented economic policies.

Infrastructure Failure

- Since Venezuela had one of the most solid infrastructure in Latin America, infrastructure bottlenecks could be an investment opportunity. Small investments and repairs can major impact in the well being of the economy.

13.- Competition

Despite the opportunities in many sectors, new private equity funds have focused on the oil and gas sectors. **No ESG Fund has been raised.**

- Sucre Energy Group sees natural gas pricing reforms, Reuters Sep 10, 2021.
- Oct 21, 2019 — **Amos Global Energy LLC**, an oil and gas firm started by former Chevron executive Ali Moshiri, begins a road show to raise **funding** next month, Reuters. LatinFinance . **Amos Global Energy** had "absolutely no problem" raising \$400 million in New York to **invest in the Venezuelan** oil sector.

14.- The Team

Inversiones CrecePymes (listed in the Caracas Stock Exchange under ICP.B, founded in 2010)

ICP is specially designed and positioned to become the Venezuelan Restructuring Fund

- Independent from any political affiliation.
- First publicly listed company that operates as a Fund in Venezuela's Caracas Stock Exchange
- Founder's of ICP had this vision to bring private equity, Impact Investments and citizen inclusion to Venezuela since the late 1990s. To prepare for this endeavor, the founder has built a strong track record of over 20 companies recovered, \$500 millions in assets under management and an IRR of +20%.
- Exclusively dedicated to turnaround investments in Venezuela since 1990.
- Active Member of Global Impact Investors Network (GIIN.ORG).
- Active CONAPRI Member.
- Designed to capitalize and purchase companies that operate in Venezuela since 2010.
- Supporting their capital's democratization through the stock market.
- In 2020 Q4 and 2021 Q1 ICP developed a strong deal flow, with valuations generating an IRR in the vicinity of 25%
- Preparing to launch a Fund or an Impact Fund and become a magnet for the best buyout opportunities in Venezuela today and in the near future.
- ICP and its promoters are the fund managers with the most track record experience in restructuring companies in Venezuela. Our local and international credentials attract investors from various countries like China, Russia, Canada, Spain, Germany, Italy, and others to list international exchanges' securities. This will help Venezuela to be an investment hub for multiple countries and private investors. (see investment prospectus on the website).
- Alejandro Sucre's Resume, founder of ICP, is attached to this presentation.

14.- The Team – Corporate Restructuring Experience

Our Experience in Corporate Restructuring

Industry	Assets Restructured (USD Million)	Initial Net Worth (USD Millions)	Restructuring Time (months)	End Net Worth (USD Millions)
Pharmaceutical / OTC Manufacturing	21,5	15,05	10	20,425
Manufacture of mattresses / textiles	17,2	-10,75	8	-10,75
Manufacture of Tannery / Leather	7,31	-5,16	5	1,505
White Lines Manufacturing	10,75	-7,5	4	-7,525
Manufacture of Stainless Steel Kitchen Items	10,75	7,09	5	9,675
Protective Equipment for Electrical Appliances	8,6	-4,73	5	1,72
Manufacture of Refractory Glass Type Pyrex	4,73	-6,88	20	2,15
Advertising agency	4,3	2,15	3	2,15
Television	21,5	-32,25	3	-32,25
Manufacture of Concentrated Animal Feed	25,8	-8,6	6	4,3
Poultry and Swine Farms	51,6	-13,76	4	7,74
Real Estate Marketing	25,8	15,05	48	45,15
Plastic Injection	2,58	-1,075	4	0,43
Conglomerate Paintings, Graphic Arts, Petrochemicals, etc.	516	-43	12	25,8
Paper Production	430	21,5	6	64,5
Production of Cast Iron Kitchen Items	8,6	-4,3	12	1,075
Real Estate (conversion)	7	7	84	32
Organic Vegetable Production (Canada)	1,5	0,7	48	6
Specialized Pharmacy	0,1	-0,1	96	1,5
Totals	1.174,12	-70,27		175,595

ICP offers an innovative and unique investment opportunity to World Class Impact Investors to become leaders in the turning around of the Venezuelan economy. We believe we can trigger the revamping of the Venezuelan economy, bringing prosperity to the wonderful people buried in endless infights between political leaders. In the process we will bring above market financial returns to Impact Investors.

Contact

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