

### ***Our mission is ...***

*To establish financially sustainable solutions to pressing social and environmental problems in South Africa.*

### ***Our goal is...***

*To lift our nation's poorest people out of poverty through entrepreneurship*

### ***Our purpose is...***

*To provide impact investors with unique, rare and exclusive opportunities to make a real, tangible difference and get their money back at some future point.*



## **FoodPods Micro-Hydroponic-Franchises for the Bottom of the Pyramid**

# **Investment Profile**

*In pursuit of sustainable solutions to the world's escalating social and environmental challenges investors are rethinking the way they allocate their philanthropic capital.*

*By investing through Heart Capital, impact investors have the rare chance to blend their philanthropic passion with profit seeking investment strategies to create lasting change with their capital.*

## BRIEF INTRODUCTION

The pressing need for new and innovative solutions to the social, environmental and economic problems in South Africa is made evident by the continuing struggle that millions of very poor people face every day. The continuing escalation of these problems, however, demonstrates that giving away billions of Rands to charity each year does not produce sustainable solutions. At the bottom of the pyramid hand-outs have proven to create dependency and distortion. Projects usually fail when funding runs out. Of great concern is that the entire amount of capital available for grants and donations is only a small drop in a rising ocean of need facing the African continent.

**Heart Capital's** answer is to invest into social enterprises that generate income by trading essential, wholesome goods or services at the base of the pyramid. These social enterprises bind the social goals of a conventional charity with the commercial rigour of a successful profit-making firm. By generating income, these social enterprises are able to break through the restrictive capital barrier that exists when relying on grants and donations, thus allowing them to access commercially orientated investment capital available through traditional financial markets. In addition to the positive social impact created by these social enterprises, they also possess the ability to simultaneously provide investors with a financial return in the form of loan repayments, royalty shares and dividends. This combination of social and financial returns offers impact investors a **blended value return**.

*“Heart Capital endeavours to combine the value-creating capacity of entrepreneurship with the humanitarian mindset of philanthropy in order to drive significant social change in financially sustainable ways.”*





# Unique, rare & exclusive

## INVESTMENT OPPORTUNITY

- Lift one deserving individual out of poverty permanently by purchasing a Micro-Hydroponic Franchise from Foodpods.
- Foodpods will recruit and train an “Operator” to run the franchise for you in a local township, earning you a fixed monthly revenue share.
- The Franchise License can be “flipped” (at a premium) to a 2<sup>nd</sup> tier grant-maker once the franchise is up and running, thus giving you your money back, plus a modest return on your impact investment.
- The grant-maker will most likely donate the License to the Operator once he or she meets the required performance standards – creating a self-sustaining entrepreneur who impacts on food security.





## SUMMARY INVESTMENT PROFILE

### SITUATION:

The lack of consistent and affordable access to proper nutrition is a harsh reality for the vast majority of people living in disadvantaged communities in South Africa. They currently purchase most of their vegetables from commercial supermarkets, and are therefore subject to escalating food prices and hefty travel costs relative to the small amount of money spent on each shopping trip.

### PROBLEM

The ideal scenario would be for people living at the bottom of the pyramid to grow their own food to consume and sell. Unfortunately, the quality of soil in many disadvantaged areas is not very good and the skill of subsistence farming has been lost over time as a result of rapid urbanization.

### SOLUTION

Foodpods is a social enterprise that effectively tackles the challenge of food security in disadvantaged communities by establishing grassroots entrepreneurs who are trained to start and run small scale agri-franchises that supply their families and neighborhoods with fresh, produce in a financially sustainable way.

## INVESTMENT OBJECTIVES

Foodpods wishes to establish a Micro-Hydroponic Franchise that will supply vegetables to an under-privileged community. The cost of a franchise is R65,000, which includes infrastructure, training and support. A first tier investor is required to establish the franchise by acquiring the Franchise License from Foodpods. The Franchise License is a tradable asset. A deserving individual will be identified to “operate” the franchise on behalf of the investor, until he or she qualifies to become the owner. A second tier investor will then be sought to purchase the Franchise License from the Investor, and most likely gift it to the Operator, thereby promoting Black Economic Empowerment.

Required Investment:	R65,000
Type of Investment:	Purchase
Financial Instrument::	Franchise License
Returns:	Sale & Revenue share
Investor's ROI:	20%
Second tier sales price:	R91,000
Revenue Share:	R1 per bunch sold

## IMPACT

**POVERTY ALLEVIATION:** 1 individual will be lifted out of poverty by running a Micro-Hydroponic Franchise.

**FOOD SECURITY:** Each franchise will produce 1000 bunches of fresh vegetables each month which will be distributed within poor communities.

## RETURN ON INVESTMENT

Franchise License holders are entitled to receive R1 per bunch sold as an ongoing revenue share. Investors can also recoup their capital in the short term by selling the Franchise License to a 2nd tier grant-maker.

## SUSTAINABILITY:

The Operator / Owner can sustain their livelihood by growing and selling vegetables to their local community, shops, spazas and restaurants.



Foodpods employs a Social Franchise model which expedites and simplifies the process of setting up a new business, enabling inexperienced, unqualified people to become entrepreneurs



### WHAT'S SOCIAL FRANCHISING?

In its simplest definition, social franchising is the application of commercial franchising methods for social benefit.

Franchising is designed for scale and replication.

Through social franchising, Foodpods is able to expand its operations and impact without establishing traditional hierarchical management structures that create distance from the frontline.

This approach promotes local ownership and creates genuine partnerships for mutual benefit under a common identity.

### FRANCHISOR ADVANTAGES

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**Foodpods** - the franchisor company - is able to increase its number of outlets and gain additional income with very little capital or labour because the Franchisee or sponsor provides both, thereby allowing the organisation to expand quickly without incurring debt or selling equity.

Foodpods is also able to fulfil its mission to address food security and lift people out of poverty through entrepreneurship.



### FRANCHISEE ADVANTAGES

Our **Franchisees** have access to a proven organisational model, business systems, products, brand, marketing, training and management assistance, thus enabling people with limited entrepreneurial capacity to earn a sustainable livelihood quickly.

Our Franchisees also enjoy the benefits of the economies of scale created by the franchisor company, such as joint purchasing power, fund raising, monitoring, evaluation and reporting, as well as advocacy.



*“Operating a franchise is much easier than starting a business from scratch!”*

# Foodpods improves life quality through better nutrition and increases economic activity and capital retention within townships.

Our direct beneficiaries are the Franchise operators and owners, and the indirect beneficiaries are their network of family and friends. The impact is felt not just in terms of food security and disposable income but also in the widespread influence of proud, productive, accomplished individuals serving as icons to others in similar circumstances.

## 1 FoodPod has the following impact:

- ✓ Provides **1** disadvantaged family with **100%** of their vegetable needs (in accordance with World Health Organization daily rations)
- ✓ Gives **1** grassroots entrepreneur the opportunity to build a sustainable agri-business, generating income of **R6,000 to R10,000** each month.
- ✓ Supplies **1000 bunches** of veggies to poor communities each month, creating accessible food security.

*Foodpods facilitates a rare opportunity for poor people to feed their families, and earn a sustainable livelihood by supplying fresh vegetables to their community*

**ENVIRONMENTAL:** The hydroponic system is housed in a micro-industrial tunnel that protects the crops from extreme weather conditions, accelerates growth, reduces water consumption, improves produce quality, minimizes risk of failure, and makes it much easier for Growers to maintain their crops. Growers produce a variety of vegetables, such as lettuce, spinach, tomato, butternut, beans, beetroot, turnip, onion and potato.



## JOIN OUR MISSION FOR SOCIAL CHANGE

By investing through **Heart Capital**, you have the rare opportunity to be part of a pioneering force for social entrepreneurship in South Africa. Join our growing client base. This is your chance to build innovative social businesses that can bring about social transformation in a financially sustainable way. Your investment will be employed to drive real social change through social enterprises that will impact on their target beneficiaries in the long-term. By developing social enterprises that represent financially viable models for social and environmental development, Heart Capital plays a key role in establishing market-driven solutions for South Africa's most pressing problems, whilst producing unique blended value investment opportunities for impact investors. This advancement of market-driven solutions for South Africa's social, environmental and economic problems combined with impact investing will unlock a new frontier of social and environmental change which would otherwise be impossible through traditional charitable funding structures. By supporting our work, you can and will make a huge difference to the lives of people living at the grassroots level in disadvantaged communities, receive a return on your investment, and help us to usher in a new era of Social Entrepreneurship in South Africa.

We invite you to engage with us to further explore the powerful stories and opportunities of the social enterprises in our portfolio. Please visit our website for more details, or call us to arrange a site visit. We'd love to show you our portfolio ventures and introduce you to our team.

*Thank you for considering this unique, rare and exclusive  
micro impact investment opportunity*

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