

PRESS RELEASE

NORTHERN ARC INVESTMENTS ANNOUNCES THE FIRST CLOSE OF NORTHERN ARC INDIA IMPACT FUND

- Anchor investors include Partners Group, Anthos Fund & Asset Management and Calvert Impact Capital
- First close of US\$23 million; with a target fund size of US\$100 million (including US\$50 million green shoe)
- Targets to make 15-20 investments over the next 12-18 months with deal sizes of US\$3-5 million
- Overall, the eighth fund from the Northern Arc platform, and the first fund to onboard international investors

Mumbai | March 9, 2020 - Northern Arc Investments, one of the leading private debt fund managers from India, today announced the first closing of its latest fund, **Northern Arc India Impact Fund**. The fund, which targets an overall corpus of US\$100 million (including a green shoe of US\$50 million), garnered US\$23 million in commitments from a set of high-pedigree investors to mark its first close. Key investors participating in the first close included PG Impact Investments, a leading global impact investment firm backed by global private markets investment manager Partners Group, acting on behalf of its clients; Anthos Fund & Asset Management from the Netherlands; and Calvert Impact Capital, an institutional impact investor based in the United States.

Northern Arc Investments is the alternative investment arm of Northern Arc Capital, one of the most credible names in the financial inclusion space from India. Established in 2014, Northern Arc Investments manages over US\$260 million in investor commitments across key sectors such as Microfinance, Small Business Loans, Vehicle Loans, Affordable Housing, Agri Biz Finance and Corporate Finance. Northern Arc's earlier funds have witnessed participation from a wide and diverse array of investors including development financial institutions, banks, insurance companies, family offices, foundations and HNIs from India. The current fund marks a significant departure from its predecessors as this is the firm's first fund targeting international investors.

Commenting on the first close, **Ravi Vukkadala, CEO – Northern Arc Investments**, said: "Given our significant sectoral expertise and on-the-ground presence, Northern Arc has emerged as the preferred gateway for overseas investors seeking to participate in the financial inclusion space in India. Risk adjusted credit spreads in the financial services space are very attractive and we are aiming to invest well over Rs. 1,000 crore of long term capital to financial institutions over the near term, especially those focusing on the under-served and under-penetrated segments in India. Our quick run-up to the first close is a strong endorsement of our investment strategy and consistent track record, and we are privileged to be the partner of choice of our anchor investors for their India play."

Over its tenure of 5-years, the fund will invest in a number of debt instruments including senior and subordinated debentures, commercial papers, and other permissible market instruments. Over the next 12-18 months, the fund targets to make 15-20 investments with average deal sizes ranging from US\$3-5 million, across its focus sectors of microfinance, small business finance, vehicle finance and agri-business finance. The fund has been rated AA+ (SO) Equivalent by CRISIL on capital protection and offers a strong risk-return value proposition to investors. Reflective of its track record in generating superior risk adjusted returns, all of the firm's past funds has witnessed strong investor participation (including re-ups) and has seen the exercise of green shoe option, a feat that the firm expects to replicate in the current fund.

The fund will draw strong support from parent company Northern Arc Capital's experience in financial inclusion sectors; spanning proprietary lending, investing and structured finance. Northern Arc Capital has already developed stringent underwriting guidelines as well as built significant capital market and credit history for the fund's target sectors.

Sara Scaramella, Member of the Executive Committee, PG Impact Investments remarked: "We are excited about our partnership with Northern Arc Investments. This investment is in line with our overarching strategy of partnering with high-calibre managers with compelling investment themes, demonstrated commitment to social impact and proven track records. Given its long-standing experience and demonstrated underwriting skills across multiple sectors, the Northern Arc team has built significant expertise in the financial inclusion space in India. We look forward to a long and successful association with Northern Arc."

Songbae Lee, Director Investments at Calvert Impact Capital said: "We are excited to participate as an anchor investor in Northern Arc's newly launched debt fund. Northern Arc is a recognized leader in the impact investing private credit space in India with a strong understanding of the market and we value the fund's diversified approach to financial inclusion across multiple sectors. We hope our support will help strengthen Northern Arc's access to capital markets outside of India and enable them to scale their important work."

Dimple Sahni, Managing Director, Anthos Fund & Asset Management said: "We are proud to partner with Northern Arc Investments on their new fund opportunity and positively contribute to the financial inclusion of the economically underserved. The fund provides us with an opportunity to leverage on the decade of experience built by Northern Arc across multiple sectors with the fund structure enabling us to place our capital at work across the spectrum of financial inclusion in India. With an increased necessity by the impact investment community to ensure that investments are truly impactful, the focused and demonstrable outcomes that the fund expects to address in line with the SDGs is a much-needed boost to address some of India's most pressing social and economic challenges."

Northern Arc Investments is also one of the few fund managers from India to have experienced the full lifecycle of funds: fund-raising, investing and successful exit. Earlier this year, the firm announced the successful maturity and full exit of one of its earlier funds delivering attractive and above-target returns for investors.

About Northern Arc Investment Managers Private Limited

Northern Arc Investment Managers Private Limited (formerly known as IFMR Investment Managers Private Limited) is a wholly owned subsidiary and the fund management vertical of Northern Arc Capital. Northern Arc Investment Managers is a specialized asset management company operating in the financial inclusion space, managing in excess of INR 1,800 crore (~\$260 million) across 7 debt alternative investment funds. Northern Arc's funds deliver higher risk-adjusted returns to investors through a combination of superior entity selection ability and subordinate participation in the funds from the Northern Arc group. All of Northern Arc's funds have been rated AA (AIF) by CARE Ratings.

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