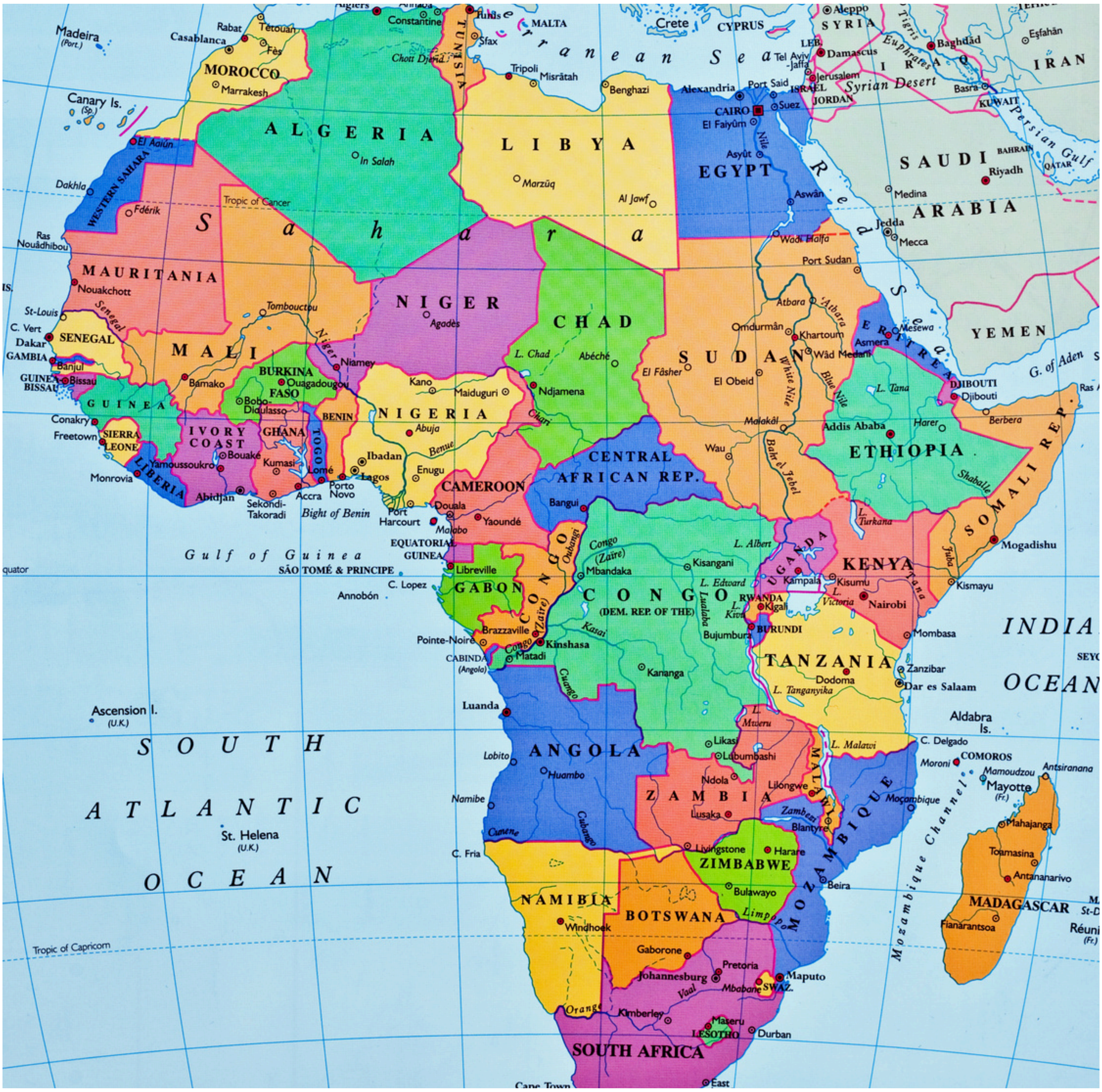
consonance®

October, 2025

A Case for Special Opportunities Strategy in Africa



Our Value

Venture capital as an asset class is entering a phase of "dissonance," where traditional models are misaligned with the realities of technology disruption and macroeconomic cycles. Closed-end fund structures (10-year + 2 extension) were designed for steady exit markets, yet we find ourselves in an era where capital inflows remain locked in rigid timelines even as technology evolves at warp speed and exit windows are whipsawed by global forces. This mismatch has prompted a global re-think of venture's role: no longer a niche asset class, but **"strategic infrastructure for the 21st century"** requiring a reinvention across the entire value chain. Nowhere is this re-alignment more urgent than in Africa, where the limitations of Western-style VC and PE are magnified by local market conditions. Africa captures less than 1% of global venture capital flows, and many high-impact entrepreneurs cannot access the right mix of capital and support to scale sustainably. The result is a funding ecosystem that often chases Silicon Valley-style "hot" ideas rather than solving fundamental market gaps. Venture's dissonance is acute here: tech innovation surges ahead, macro volatility (currency swings, political risk) impedes exits, and **broken value chains** stifle scaling despite huge unmet needs.

This white paper argues that Africa's context demands a **Special Opportunities Strategy**, a hybrid approach combining venture capital, private equity and infrastructure investing, as a missing piece of the capital stack. By integrating equity with revenue-based financing, and targeting "full-stack" businesses that build critical market infrastructure, such a strategy can better align with Africa's tech cycles and liquidity realities. We present Consonance's Special Opportunities blueprint as a case in point, diagnosing the failings of traditional models and demonstrating how a new approach can unlock both **commercial returns and structural transformation.**

The discussion will:

01 Diagnose structural dysfunctions in conventional VC/PE in Africa

02 Introduce Consonance's Special Opportunities Strategy as the bridge to venture-scale infrastructure investments

03 Explain why Africa needs value-chain integrators and orchestrators rather than copycat SaaS startups

04 Incorporate insights from The Big Book of VC: Rethinking Venture Capital (2025) regarding Venture 3.0, fund structures, and liquidity innovations

05 Ground the thesis in case studies from Consonance Fund I (Medallion, VerifyMe, Student Accommod8, OnePort 365, MDaaS, SeamlessHR, AFEX, Semicolon, Knabu and OmniRetail), drawing on a wider portfolio that includes Intelligra, Releaf, EMTECH, NG Clearing and Pezesha

06 Make a forward-looking argument that Special Opportunities are essential to harness Africa's ~$10 trillion future GDP potential via venture-scale infrastructure and institutional capital

Structural Dysfunctions in Traditional VC/PE Models in Africa

Power-law Dependence vs. Shallow Exits: Classical venture capital relies on a few outlier successes (unicorns) to deliver returns, an equation strained in Africa. While global VC can ride billion-dollar IPOs or acquisitions, African startups face a narrower exit pipeline: few IPOs, modest M&A activity, and often protracted timelines. A decade-long fund may simply not coincide with a viable liquidity event. Even globally, top VCs are recognizing this mismatch (Sequoia Capital notably moved away from the standard 10-year fund cycle in favor of a more flexible, "enduring" structure), underscoring how the old model struggles in volatile environments. In Africa, this challenge is amplified: promising ventures might need 12–15 years to mature amidst frontier-market hurdles, colliding with investors' 10+2 year fund clocks. The result has been premature pressures to exit or to mark up valuations without fundamental progress, a recipe for underperformance when the music stops.

Macro Volatility and Illiquidity: Venture's three "legs" (capital inflows, technology, and capital outflows) are out of sync. Funds raise capital on fixed terms and deployment schedules, yet the **exit environment is "at the mercy of volatile, unpredictable macro forces"**. Africa's macro risks (currency devaluations, commodity price swings, political shifts) can abruptly shut IPO windows or deter acquirers, stranding investors. Private equity in Africa has similarly struggled: traditional PE funds, which typically seek control positions and steady cash flows, often find few large, stable companies to buy and later sell. When they do invest, they face the same macro headwinds and sometimes shallow exit markets (e.g. a thin local stock exchange with low liquidity). The combination of long holding periods and unpredictable exits leads to **low DPI (Distributed-to-Paid-In)** for LPs well into a fund's life. Illiquidity is so pronounced that many African fund LPs have seen paper gains (TVPI) but scant cash returns. Moreover, secondary markets for private equity/VC stakes are underdeveloped, though this is starting to change, as we'll discuss.

Misalignment with Tech Cycles: The pace of technology adoption in Africa, while rapid in pockets (e.g. mobile money, fintech), still must contend with infrastructure gaps and policy inertia. Traditional VC bets often assume exponential user growth and network effects similar to developed markets. But in Africa, a startup's growth can stall due to external bottlenecks: unreliable power, low internet coverage, fragmented regulations across 50+ countries. The **"warp speed" of technology evolution collides with structural realities**. A clear example is the recent AI and fintech booms: African startups can technically build advanced solutions, but scaling them requires on-ground enablers (data centers, digital ID systems, cross-border payment rails) that may not exist yet. This leads to what Consonance calls venture's dissonance in Africa: a disconnect between startup innovation and the ecosystem's ability to absorb and monetize it. The conventional VC model doesn't have a mechanism to address this; it simply pours money into the front-runners and hopes the environment matures in time. When that fails to happen quickly, we see high burn rates and eventual write-offs.

Copy-Paste Ventures and Shallow Localization: During the 2015–2021 funding boom, many African startups and their investors emulated U.S. or Asian business models, often encouraged by foreign VCs looking for "the Uber of X" or "the AWS of Africa." This led to proliferation of apps and services that **neglected the fundamentals of African markets and unit economics.** For instance, a pure-play consumer app requiring ubiquitous smartphone usage and digital payments might find its addressable market severely limited (given ~45% internet penetration and even lower credit card adoption in many countries). Traditional VC, geared toward asset-light software plays, proved ill-suited when success hinged on solving offline problems like logistics, warehousing, or agent networks. Likewise, classic PE firms often shunned tech-forward startups as too risky or asset-light, leaving a missing middle of capital. The result is a structural funding gap for businesses that needed both technology and physical assets to succeed: they were too "brick-and-mortar" for VCs and too nascent or tech-driven for PEs. These integrator businesses fell through the cracks of rigid investor mandates.

Liquidity and "Secondaries" Gap: In mature markets, venture investors increasingly use secondary sales (selling stakes in later-stage rounds or on secondary exchanges) to get partial liquidity before final exits. In Africa, until recently, such options were scarce. Employees and early investors often end up **holding equity for 7–10 years with "no way to monetize it," amid fragmented pools of liquidity and inconsistent pricing in secondary markets**. This further depresses realized returns and deters institutional LPs who need distributions, not just NAV marks. Traditional funds also typically avoid instruments like **revenue-based financing (RBF)** or structured loans, which could provide interim cashflows, because they fall outside the standard VC toolbox. In summary, the old VC/PE models in Africa exhibit a rigidity in time horizon, instrument, and thesis that is ill-suited for an environment where flexibility and patience are at a premium.

The Missing Capital Stack: Consonance's Special Opportunities Strategy

To address these dysfunctions, Consonance Investment Managers has developed a **Special Opportunities Strategy**, essentially a hybrid venture-private-equity approach tailored to Sub-Saharan Africa. This strategy is positioned as the "missing capital stack" bridging the gap between venture capital's growth focus and private equity's emphasis on fundamentals. It introduces a liquidity-aware and infrastructure-oriented investment style designed for the African context. The key elements of this Special Opportunities Strategy are:

- **Infrastructure-Backed Ventures with High Margins:** The fund targets "Scalar Opportunities", companies with potential for rapid, sustainable growth and **gross margins of 50–60% or higher. Crucially, these ventures often build hard infrastructure alongside software**, creating new markets rather than just optimizing existing ones. By backing businesses with real assets (e.g. physical distribution networks, production facilities, or platforms that anchor an entire supply chain), the strategy ensures investments have tangible moats and revenue streams. However, unlike typical infrastructure projects, these ventures still exhibit tech-like scalability and high margins: for example, a digital commodities exchange that invests in warehouses but earns marketplace fees at software-level margins. Maintaining ≥60% gross margins means the companies can generate strong cash flows even as they scale, providing a buffer against macro downturns and an ability to reinvest in growth. This contrasts with low-margin infrastructure or pure volume plays that traditional PE/infrastructure funds might do, which often can't achieve venture-level returns. By setting a high gross margin bar, the strategy filters for businesses that combine the best of both worlds: **the defensibility of infrastructure and the profitability of tech.**
- **"Full-Stack" or Scalar Business Models (VC Upside + PE Rigor):** Consonance looks for what it terms foundational companies, those solving fundamental problems by integrating value chains. Rather than one feature apps or niche SaaS products, these are **"business models that create or fix markets and value chains,"** often involving coordination of multiple layers (e.g. logistics + fintech + marketplace all in one). Such companies typically have real-economy moats: they control critical distribution channels or supply chains, have an installed base of equipment or users, and meet essential needs that give them staying power. The Special Opportunities approach applies **private-equity rigor** in evaluating these ventures (diligence on unit economics, path to profitability, asset quality) to avoid the growth-at-all-costs trap. Yet it retains **VC-style upside** through minority equity positions that can appreciate dramatically if the company succeeds in dominating a large market.

In essence, these "scalar" businesses are the **integrators and orchestrators** that stitch together fragmented markets (more on that in the next section). Consonance's thesis is explicitly **thesis-driven and Africa-focused:** the team concentrates on sectors like food systems, capital market infrastructure, digital infrastructure, energy, and "culture/creative/urban infrastructure", areas where building enabling platforms can unlock outsized value. By investing in both **soft and hard infrastructure,** the fund embraces a *systems-thinking approach:* recognizing that every tech business in Africa operates within a broader physical and economic system. This approach reduces blind spots and yields models that are scalable and resilient, since the business has solved for dependencies that might hinder competitors. It's an antidote to the narrow focus of traditional VC, which might ignore, say, a lack of cold-chain logistics and simply fund an e-grocery app. Special Opportunities would instead back the player who builds the cold chain and the app together.

- **Hybrid Equity and Revenue-Based Financing (RBF):** Perhaps the most distinctive element is **blending equity investments with revenue-based financing instruments** to shorten the liquidity cycle for investors and boost portfolio durability. Not every growth company in Africa fits the VC mold of "pour in equity, wait 8-10 years for big exit." Many high-potential businesses can generate steady revenues and would be ideal candidates for structured credit or revenue-share loans to fuel expansion without diluting founders. Consonance's strategy acknowledges that **"many businesses do not fit the typical VC or PE model. High-potential businesses often lack the structure or risk profile traditional investors seek"**, and that founders may prefer funding that **preserves ownership and avoids heavy dilution.** By deploying RBF or venture debt alongside equity, the fund can provide growth capital with flexible repayment terms tied to performance, which offers multiple advantages:

(a) **Earlier cash returns** : interest or revenue-share payments can start flowing back to the fund well before an exit, improving DPI and allowing reinvestment. Consonance targets at least **2x capital recycling** through such instruments, effectively reusing the same capital in multiple deals within the fund's life.
(b) **Downside protection** : debt claims or revenue royalties have seniority, providing some return even if equity upside doesn't fully materialize.
(c) **Founder alignment and resilience** : offering debt/RBF to a company that can support it means the business is likely already generating revenues and has a clearer path to breakeven. It disciplines the portfolio to focus on monetization.

Importantly, Consonance structures these facilities to be startup-friendly: no personal guarantees, flexible payment schedules, and the option for early payoff if growth accelerates. This flexibility is critical in volatile markets; it means companies can avoid the overhang of debt if, say, a big equity round comes in, or conversely stretch out payments in a tight quarter. Historically, venture debt/RBF in similar contexts has shown <5% default rates, indicating that when structured prudently (with collateral or strong revenue streams), this capital can be relatively secure. By combining equity and RBF in the same strategy, Special Opportunities functions as a liquidity-aware venture fund: it isn't purely waiting for end-of-life exits. It can deliver periodic distributions to LPs from the RBF yields, even as it pursues multiX equity multiples in the longer term. This blend caters well to institutional investors (DFIs, pension funds, endowments, etc.) who might be cautious of classic VC's long illiquidity and binary outcomes. Here, they get a more **"institutional-grade"** profile, with some cash yield and downside mitigation, without sacrificing upside. In effect, the strategy's return profile is a combination of a stable yield component and a venture equity kicker. Target net returns are consequently ambitious yet grounded: for instance, one could target a base-case net IRR in the mid-20% range with a higher portion of that coming from actual cash distributions (not just NAV). A simplified illustration: an investment might deploy \$5M as equity and \$5M as an RBF facility; the RBF could return 1.5x (\$7.5M) over 4 years, while the equity, if successful, might 3x to \$15M over 7-8 years. The combined outcome (\$22.5M on \$10M) would be a 2.25x gross

MOIC, but importantly, over half of the $22.5M came back by year 4–5, significantly de-risking the position and boosting interim DPI.

- **Active Portfolio Support and Secondaries:** Alongside capital, the Special Opportunities approach provides **"comprehensive portfolio support"** (operational and strategic help) to help companies navigate the execution challenges in African markets. This is not unique to Consonance, since many VC/PE firms claim hands-on support, but it is particularly critical here given the full-stack nature of businesses (which may require expertise in supply chain, government relations, etc., beyond pure tech mentorship).

Additionally, the strategy is **not shy about using secondary transactions** to manage liquidity. As ventures mature, Consonance can facilitate secondary sales of its stakes to incoming growth investors or use structured exits (e.g. selling a portion of equity to a DFI or strategic partner) to return capital to LPs earlier than a formal exit. Embracing secondaries is part of being "liquidity-aware". In the global context, venture is becoming more institutionalized, what the Big Book of VC calls **"Venture 3.0", with increased sophistication and broader accessibility.** An institutionalized venture fund behaves more like a professional asset manager: proactively managing positions for liquidity and risk, rather than the old "hold to IPO or bust" mentality. Special Opportunities embodies this 3.0 ethos by engineering a capital stack within the fund that can weather cycle swings. In a downturn, for example, the fund could even purchase secondary stakes in promising companies at a discount (providing an opportunistic upside) or extend structured credit to a cash-strapped star performer (preventing a down-round and earning equity kickers for the fund). These adaptive tactics are typically outside the scope of classic VC or PE funds, bound by their single-strategy mandates. Here, flexibility is the strategy.

In summary, the Special Opportunities Strategy is a **holistic investment playbook to tackle venture's dissonance.** It recognizes that Africa's entrepreneurs need more than just cash: they need the right kind of capital at the right time, and investors who can underwrite both **tech innovation and infrastructure development.** By combining venture and private equity techniques, and embedding liquidity mechanisms, this approach seeks to deliver superior risk-adjusted returns while building the foundational companies Africa truly needs.

From an LP's perspective, this strategy offers a compelling proposition: exposure to high-growth African ventures with a safety net. Development Finance Institutions (DFIs) may appreciate that it directs capital into businesses that drive development outcomes (financial inclusion, supply chain formalization, etc.) while still aiming for commercial returns. Local pension funds and sovereign wealth funds, which often find traditional VC too risky or illiquid, could find comfort in the strategy's cash-yield component and focus on real assets. It is essentially venture investing with training wheels, not to imply lower ambition, but smarter risk management. In volatile environments, that can make the difference between capital loss and capital preservation for reinvestment.

Why Africa Needs Value-Chain Integrators, Not Just SaaS Clones

A central thesis behind the Special Opportunities approach is that Africa's next wave of transformative companies will be value-chain integrators and market orchestrators. These are companies that don't just build one app or product, but rather solve end-to-end frictions in an industry, often by creating infrastructure where none existed. This contrasts with the wave of startups that simply attempted to transplant a proven Western business model into Africa without accounting for context. Why are integrators so crucial in Africa?

Bridging Infrastructure Gaps: In developed markets, startups can afford to specialize because they assume other parts of the system work. A fintech app in the US can rely on nearly universal bank account usage, reliable credit bureaus, and seamless identity verification APIs. In Africa, those underlying pieces may be missing or unreliable. Thus, a fintech aiming to provide, say, digital lending must often build its own credit scoring data pipeline (because bureaus are thin), integrate an identity verification service (because KYC is nontrivial) or even help customers open bank accounts. A classic example: ride-hailing companies in Africa had to invest in training drivers, helping them get smartphones, sometimes even facilitating vehicle financing, tasks Uber didn't need to worry about in San Francisco. The integrator companies embrace this reality: they build multiple layers of the stack so the solution actually works in the local context. While this demands more capital and operational complexity, it yields a far more defensible and impactful business. These integrators effectively become the "rails" on which entire sectors can run. And because they solve fundamental bottlenecks, they can capture a portion of all the value flowing through the system (think of how an exchange platform can take fees on every trade once it has created the market).

Real-Economy Moats and Hard-to-Replicate Models: Value-chain integrators tend to have moats that are deeper than a piece of software code. By controlling physical assets, distribution networks, licenses, or critical mass of supply/demand, they are not easily displaced by the next app with a better UI. For instance, a company that has built out an agribusiness supply chain, with collection centers across rural areas, relationships with thousands of farmers, storage facilities, and a commodity exchange, has a moat that a pure software competitor cannot undermine without equivalent on-the-ground investment. These kinds of moats are exactly what Consonance looks for: "control of distribution and/or supply chain" and an installed base of equipment or software that locks in clients. Such companies create new barriers to entry in markets that were previously informal or fragmented. This is especially relevant in Africa where many industries are informal: the first player to formalize a value chain gains a potentially unassailable lead (provided they execute well). In contrast, a cloned SaaS product that only addresses a minor pain point can be easily copied or bypassed if larger infrastructural problems remain unsolved. Integrators set the rules of the game; clones play on someone else's field.

Sustainable Competitive Advantage vs. Blitzscaling: Western-style venture emphasizes blitzscaling, growing as fast as possible, often with high cash burn, to capture market share. But blitzscaling in Africa without solving for unit economics and system constraints is a path to failure. The continent's markets are too fragmented and consumer spending power too limited to support winner-takes-all losses for long. Instead, patiently building a multi-pronged business that can generate cash while it grows leads to sustainable growth. For example, a company that provides solar home systems might integrate consumer financing (to make units affordable) and a distribution network. It can earn hardware margins, interest on financing, and eventually data or add-on services revenue, a balanced model that can reach profitability sooner. This is more resilient than a single-revenue model reliant on endless user growth. Additionally, such integrators often benefit from alignment with government and society's goals. They are building what are essentially public goods (energy access, formal markets, ID systems), so they can gain government support, favorable regulation, or DFI funding, advantages not available to a copycat consumer app. Africa's development needs (electricity, food security, financial inclusion, etc.) are massive opportunities for those who can build viable businesses to meet them. The Special Opportunities thesis explicitly prioritizes "businesses that meet a critical and fundamental need of society", as these needs guarantee inherent demand and relevance.

Avoiding the Pitfalls of Pure-Tech in Emerging Markets: It's worth noting that Africa has seen some pure-tech successes (e.g. SaaS companies like Flutterwave in payments or Andela in talent, etc.), but even those had to adapt their models heavily to local realities. Flutterwave built significant integrations into banking infrastructure and Andela created an entire talent pipeline model.

The takeaway is that contextual innovation beats copying. Many early African tech startups that were essentially lightweight apps struggled because they were tackling symptoms, not root causes. Investors learned the hard way that high user metrics don't equal viability if each user brings tiny revenue and high service costs due to offline workarounds. The orchestrator companies, on the other hand, often have multiple revenue streams and can cross-subsidize to achieve profitability. They act as value chain "conductors," ensuring every part of the process from producer to end-user is linked and monetizable.

Example: From SaaS to Infrastructure: Consider cloud software (SaaS) in Africa. Selling pure software to enterprises can be slow because underlying data systems or even power and connectivity at client sites may be inadequate. A value-chain approach might be "SaaS+": for instance, an HR software provider (like SeamlessHR, discussed later) not only delivers a cloud HR platform, but also helps clients with implementation and maybe offers an embedded payroll financing product (turning HR data into credit scoring for salary advances). This makes the solution far stickier and more useful in a context where employees often need loans and companies might struggle with cashflow. It's a full-stack solution around a SaaS core. Western

VC might question why an HR software company is dipping into fintech, but in Africa that integrated model addresses the real needs of customers and creates a competitive moat.

In summary, Africa's ecosystem doesn't need dozens of narrow apps each solving one tiny problem. It needs ecosystem builders. These integrators create platforms upon which other innovations can later thrive (often even enabling the more specialized startups once the groundwork is laid). They play the role that perhaps government or large corporates should have played in more developed markets: investing in foundational infrastructure. Backing such companies requires investors who are comfortable with hybrid business models and who can wait for complex execution to play out. The Special Opportunities Strategy is designed for this, whereas a conventional VC fund might be unwilling to fund a company that, say, owns warehouses or runs a fleet of trucks. But those assets, if managed well, become the spine of a scalable business in Africa, and importantly, they confer pricing power and margin when demand rises. This is why Consonance insists on high gross margins even for infrastructure-ish businesses: it means the company has built a proprietary platform or solution that can charge accordingly, not just resell commodities.

Evidence from Consonance Fund I: Case Studies

Consonance's first fund (Fund I) provides real-world evidence of the viability of this integrated approach.

Fund I Validation

Consonance's first fund demonstrates that Africa's infrastructure gaps can be investable, and profitable, when approached through a thesis-led, integrator lens. Below are ten case studies that showcase the full-stack, value-chain-oriented approach of Fund I. They are presented in order of proof: realised exits first, then the platforms that have compounded into category infrastructure, then the newer positions extending the thesis into trade, talent, clearing and distribution. These companies are not just category leaders; they are category creators: platforms that built the infrastructure others now rely on.

MEDALLION
A Digital Realty and Pembani Remgro JV

Medallion (Carrier-Neutral Data Center Platform)

PARTIAL EXIT • DIGITAL REALTY (NYSE: DLR)

Sector: Digital Infrastructure
Model: Colocation + interconnection + real asset base
Status: Partial exit realised by Consonance in 2022, acquired by Digital Realty (NYSE: DLR)

Overview:

Medallion was Nigeria's leading neutral data center operator, offering colocation and interconnection hubs in Lagos and Abuja. It served telecoms, ISPs, and enterprises as the invisible backbone of the internet economy.

Why It Mattered:

Nigeria's digital boom (fintech, streaming, cloud) needed reliable, neutral interconnection. Medallion enabled cross-network traffic flow in Tier III+ environments, creating the infrastructure behind nearly every internet transaction in the country.

Return Profile:

- High-margin recurring revenue (colocation + interconnect fees)
- Real asset backing + network effect moat
- Acquired by Digital Realty (NYSE: DLR), a Fortune 500 and S&P 500 data centre REIT, through its joint venture with Pembani Remgro
- Partial exit realised by Consonance in 2022, returning cash to the fund while retaining exposure to the platform

---

VerifyMe (Digital Identity & KYC Infrastructure)

SCALING

Sector: Digital Infrastructure
Model: API platform + B2B services + data rails
Status: Scaling, active portfolio company

Overview:

VerifyMe powers Nigeria's digital trust layer. It integrates with national ID databases to offer real-time KYC, address verification, and background checks to fintechs, banks, telcos, and employers, making it a mission-critical backend for the digital economy.

Why It Mattered:

Every fintech, lender, or digital service needs identity verification, but without infrastructure, each was building it from scratch. VerifyMe's plug-and-play KYC solved this trust bottleneck, creating a shared utility with network effects.

Return Profile:

- Deep integration moat with government ID systems
- SaaS-like B2B revenue; high gross margins
- Strategic M&A potential from banks, credit bureaus, or pan-African platforms

Student Accommod8 (Purpose-Built Student Housing)

EXITED

Sector: Education & Urban Infrastructure
Model: OpCo-PropCo hybrid, asset-backed + rental income
Status: Exited, acquired by an infrastructure fund

Overview:

Student Accommod8 develops and operates student housing near Nigerian universities. Its units are WiFi-connected, serviced, and secure, a radical upgrade from informal housing options used by 90%+ of students.

Why It Mattered:

Nigeria has over 2 million tertiary students and an extreme shortage of decent accommodation. Student Accommod8 professionalized this segment, offering a scalable and stable real estate-backed cash flow play.

Return Profile:

- ~90% occupancy in year 1
- Rental yields above Nigerian real estate benchmarks
- Exited to a leading infrastructure fund

OnePort 365 (Digital Freight & Trade Infrastructure)

SCALING

Sector: Trade & Logistics Infrastructure
Model: Freight platform + managed operations + trade data rails
Status: Scaling, active portfolio company

Overview:

OnePort 365 digitises cross-border freight management across Africa, allowing traders to book, document, pay for and track ocean, air and inland shipments from a single platform. It pairs the software layer with on-the-ground operational capacity across Nigeria and Ghana, rather than acting as a passive marketplace.

Why It Mattered:

African trade moves through fragmented chains of agents, brokers and terminals. Bookings that took 10–14 days now take minutes, and cargo that was largely untracked becomes visible end to end. In the process OnePort 365 generates a structured record of trade flows that did not previously exist: the precondition for trade finance, insurance and every downstream financial product built on shipment data.

Return Profile:

- Revenue growth in excess of 420% year-on-year, with TEU volumes up ~140%
- Software-layer margins earned on top of managed freight volume
- Strategic investors already on the register (Mobility 54, backed by Toyota Tsusho and CFAO, and Flexport), creating embedded acquisition paths

---

MDaaS (Medical Diagnostics as a Service) SCALING

Sector: Healthcare Infrastructure
Model: Clinical labs + software + B2B/B2C revenue
Status: Scaling, active portfolio company

Overview:

MDaaS is building a pan-African network of affordable diagnostic clinics, offering radiology, pathology, and cardiology in underserved areas. It combines modular clinics with cloud-based software and centralized procurement.

Why It Mattered:

70% of patients in Africa never get proper diagnostics before treatment. MDaaS fixes the "first mile" of healthcare, making accurate diagnosis accessible. Clinics are designed for capital efficiency and break even within 12–18 months.

Return Profile:

- Gross margins exceed 60%
- Recurring cash flows from B2C walk-ins and B2B partnerships
- Expansion via equity + revenue-based finance (RBF)

SeamlessHR (Cloud HR & Payroll Software Platform) SCALING

Sector: Enterprise SaaS
Model: Core HR + embedded financial services
Status: Scaling, active portfolio company

Overview:

SeamlessHR is Africa's leading B2B HR and payroll platform, enabling businesses to digitize employee records, payroll, compliance, and performance. It's now embedding lending and insurance based on payroll data.

Why It Mattered:

Africa's businesses are growing, but HR systems are stuck in spreadsheets. SeamlessHR solved this by localizing for regulatory complexity across countries, and in doing so, built a trove of employment data that unlocks downstream services like salary-backed loans.

Return Profile:

- SaaS margins >70%
- Clients across 20+ countries, serving 300k+ employees
- $20M raised to fuel expansion; unicorn potential in B2B enterprise tech

---

AFEX

AFEX (Commodities Exchange & Agri-Market Infrastructure) SCALING

Sector: Food Systems Infrastructure
Model: Platform + warehousing + asset-backed notes
Status: Scaling, active portfolio company

Overview:

AFEX is Nigeria's first private commodities exchange, building physical and digital infrastructure to enable efficient grain markets. It combines trading platforms, certified warehouses, and financial products like commodity-backed notes to modernize the agri-trade ecosystem.

Why It Mattered:

Smallholder farmers historically lacked access to storage, fair prices, or working capital. AFEX solved this by aggregating, grading, storing, and digitizing grain, while creating a new asset class for financiers. It formalized an entire market segment that had been informal, inefficient, and exploitative.

Return Profile:

- #1 fastest-growing company in Africa (FT, 2022), at 505% revenue CAGR
- Recurring fees from trading, storage, and finance
- Potential exit via IPO or sale to an exchange or agri-finance player

---

semicolon

Semicolon (Technical Talent & Venture-Building Infrastructure) SCALING

Sector: Human Capital Infrastructure
Model: Training + placement + enterprise delivery + venture building
Status: Scaling, active portfolio company

Overview:

Semicolon runs an intensive one-year programme in software engineering, data and product design, and monetises across four linked lines: employer placement, enterprise upskilling, project delivery and digital advisory, and venture building with its own alumni. Its Enum platform consolidates skill acquisition, employer matching and training management into a single digital layer.

Why It Mattered:

Every thesis in this paper depends on engineering talent the continent does not yet produce at the required scale. Semicolon manufactures the input that every other company in this portfolio consumes. Rather than selling a course, it integrates the whole chain from training through placement into equity in what its graduates go on to build: the human-capital analogue of a value-chain integrator.

Return Profile:

- Multiple revenue lines: deferred income-linked tuition, enterprise contracts, placement fees, and venture equity
- Enterprise and platform contracts provide recurring, SaaS-like revenue independent of cohort cycles
- Venture-building arm creates an equity portfolio at near-zero acquisition cost

---

Knabu (Clearing & Settlement Infrastructure) ACTIVE

Sector: Financial Market Infrastructure
Model: Clearing rails + DLT-enabled compliance tooling
Status: Early stage, active portfolio company

Overview:

Knabu is building clearing infrastructure for payment institutions and electronic money institutions, spanning fiat and digital assets between the UK and emerging markets. It pairs settlement rails with distributed-ledger-enabled KYC/KYB and AML tooling, so compliance is a property of the rail rather than a layer bolted on afterwards.

Why It Mattered:

African payment and e-money institutions face a chokepoint that has nothing to do with their product: access to correspondent banking and clearing. As global banks have de-risked, entire corridors have narrowed or closed. Knabu addresses the plumbing rather than the front end: the single dependency that determines whether the rest of the continent's fintech sector can move money across borders at all.

Return Profile:

- Regulated-infrastructure moat with high barriers to entry and long switching cycles
- Per-transaction and per-member economics that compound with corridor volume
- Strategic value to banks, PSPs and exchanges needing compliant corridor access: the highest-optionality position in the set, and correspondingly the earliest in maturity

OmniRetail (B2B Commerce & Embedded Finance)

SCALING

Sector: Commerce & Distribution Infrastructure
Model: B2B marketplace + embedded credit + asset-light logistics
Status: Scaling, active portfolio company

Overview:

OmniRetail digitises FMCG distribution across Nigeria, Ghana and Côte d'Ivoire, connecting manufacturers and distributors to informal retailers through a mobile ordering and payments app. It operates a "network of networks" model: rather than owning warehouses and fleets, it coordinates local partners, and layers an embedded inventory-credit product on top of the transaction data this generates.

Why It Mattered:

The overwhelming majority of African consumer goods still reach households through informal retail, on paper records and cash. That informality is precisely why retailers cannot access credit: there is no transaction history to underwrite. By digitising the order first and lending second, OmniRetail earned the right to extend credit rather than assuming it, and formalised a value chain that had resisted every asset-heavy attempt before it.

Return Profile:

- EBITDA positive in 2023 and net profitable in 2024, achieved while still expanding
- Approximately $810M in transaction value processed, with net merchandise volume up ~35% and revenue up ~40%
- Embedded credit disbursing roughly $12M monthly with near-zero default rates
- $20M Series A co-led by Norfund and Timon Capital, institutional validation of the model

Thematic Takeaways

- Market Infrastructure Builders: These aren't apps: they're foundational. From identity to interconnection to agri-trade to housing to freight, these platforms built the rails for their sectors.
- Integrators, Not Silo Players: They solve ecosystem problems by coordinating stakeholders: manufacturers + distributors + retailers + lenders, or employers + employees + insurers, or shippers + terminals + financiers.
- Revenue + Impact: These aren't vanity metrics companies. They generate real income while advancing critical outcomes: food security, health access, employment formalization, trade facilitation.

- De-Risked Pathways to Liquidity: Whether via partial exit (Medallion), full exit (Student Accommod8), or cashflow-led secondary options (VerifyMe, SeamlessHR, OmniRetail), these companies offer multiple exit paths.
- Proof Across the Maturity Curve: The set spans realised exits, compounding category leaders, and earlier positions extending the thesis into clearing, talent and trade, evidence that the model is repeatable, not a single fortunate vintage.

Conclusion

Fund I proved the model. These companies show that with the right thesis and structure, African infrastructure plays can yield top-tier returns. They generate cash, enable ecosystem growth, and uplift the base of the pyramid. This is the blueprint Fund II will scale, across sectors, across geographies, and across the capital stack. Fund I's case studies, in summary, validate that a thesis-led, full-stack investment approach in Africa can produce both high-growth companies and significant risk mitigation through real assets and cash flows.

The Road Ahead: Unlocking Africa's $10T Potential with Venture-Scale Infrastructure

Africa's economy is at an inflection point. With a young and rapidly growing population (median age ~19) and accelerating urbanization, the continent is poised to be one of the largest sources of global growth in coming decades. Some forecasts imagine Africa's GDP could increase from about $2.5 trillion today to as high as $29 trillion by 2050, effectively becoming a major share of world output. Realizing this potential, however, hinges on solving the structural gaps that have historically stifled growth. It requires investment not just in isolated startups, but in productivity-boosting, market-making infrastructure that can unlock efficiencies across the economy.

This is exactly where Special Opportunities strategies come in. They represent a new paradigm of venture capital, one that treats venture not as a hit-driven gamble, but as a strategic, institution-friendly asset class that can build nations while delivering profits.

The Special Opportunities Strategy championed by Consonance is a blueprint for deploying institutional-grade capital into opportunities that traditional funds miss. By combining the agility of venture investing with the diligence of private equity and the patient horizon of infrastructure finance, such strategies can attract large pools of capital (pension funds, sovereign wealth funds, insurance assets) into African innovation. These investors have long wanted exposure to Africa's growth story but have been held back by concerns over volatility, exit risk, and misalignment with their liabilities. A hybrid fund that offers cash yields (via RBF), tangible assets, and alignment with developmental outcomes provides the reassurance and mandate fit they need, with a clearly commercial bias (i.e. targeting market-rate or above returns). In effect, Special Opportunities funds can serve as the vehicle through which

Africa's own institutional capital (like Nigeria's pension funds, which control billions in assets) can safely invest in the continent's tech-enabled future, alongside global capital. This is crucial, because sustainable development cannot rely indefinitely on foreign VC money or donor grants: it must be driven by large-scale domestic and institutional investment seeking profit in the right places.

From a macro standpoint, the timing is ideal. Major tailwinds are aligning: the African Continental Free Trade Agreement (AfCFTA) has created a pan-African market of 1.3 billion people, which greatly benefits companies that build cross-border platforms (like many Special Opp investments, from freight corridors to clearing rails to multi-country distribution networks). Digital adoption is soaring: Africa had ~500 million internet users in 2022 and is adding tens of millions each year as smartphones and data become more affordable. Governments are increasingly supportive of homegrown innovation, realizing that private companies are delivering public goods (e.g. Nigeria and Kenya have regulatory sandboxes to foster fintech, acknowledging identity providers like VerifyMe as critical infrastructure). Sectors like clean energy, agriculture, and logistics are receiving policy attention and blended finance support, meaning integrator companies in these fields can tap subsidies or partnerships that further de-risk their business.

Additionally, global investors are seeking diversification: as returns in developed markets normalize, frontier markets offer uncorrelated growth. However, they will only commit if there's a credible strategy to manage risks, which is exactly what Special Opportunities provides.

Consider the impact if a dozen Special Opportunities-style funds, backed by African and international institutions, deploy \$5–10 billion into ventures over the next decade: We would likely see the emergence of robust African corporates that dominate key value chains (food, healthcare, finance, logistics) and possibly go public on local exchanges, deepening those markets. The knock-on effect on GDP could be significant: formalizing industries, creating jobs (each integrator can create thousands of direct and indirect jobs), and improving productivity (e.g. reducing post-harvest losses via better agri logistics, or improving workforce output via HR tech and finance). This is how you unlock a step-change in economic output. To put it plainly, Africa's \$10T GDP vision will be achieved on the backs of companies that build new infrastructure and platforms, not by 1000th copycat consumer apps. We need the "AWS of Africa" not in the sense of a cloud server product, but in the sense of a foundational service that thousands of other businesses can leverage. Each Special Opportunities investment aims to be that kind of cornerstone in its sector.

Importantly, pursuing this strategy is not charity or impact at the expense of returns; it marries impact with returns. The case studies have shown IRRs can be very attractive. The inclusion of revenue-yielding instruments means that even if the equity exits take longer, the funds can achieve, for example, 2-3x DPI in a reasonable timeframe through interim distributions, which is competitive with, if not superior to, the traditional 10-year VC fund outcome (many of which in emerging markets struggle to return even 1.5x to investors in practice). Special

Opportunities funds can target, for instance, a 25%+ net IRR with moderate assumptions, given the combination of yields and capital gains. If executed well, they could demonstrate that investing in African infrastructure ventures is not only high-impact but also financially prudent and rewarding. This track record would then attract even more institutional capital, creating a virtuous cycle.

In conclusion, Rethinking Venture Capital in Africa means shedding the orthodoxies of Silicon Valley and embracing a new investment model tailored to the continent's realities and possibilities. It means recognizing that venture capital can be "institutionalized" and scaled, moving beyond a cottage industry of high-risk startups into a strategic asset class that builds the economy's backbone. Consonance's Special Opportunities Strategy offers a compelling template: focus on the fundamentals (broken value chains and unmet needs), invest with flexibility (equity + debt) and patience, and insist on both profit and purpose. This is a call to action for investors and stakeholders: the venture model must evolve if it is to truly catalyze Africa's rise. The dissonance phase, where old models produced suboptimal results, is a sign not of venture's failure, but of its coming transformation. By deploying hybrid, liquidity-aware capital stacks and backing venture-scale infrastructure, we can harmonize the interests of entrepreneurs, investors, and society. The payoff is not just a lucrative portfolio, but the unlocking of Africa's multitrillion-dollar future, a future where thriving businesses form the bedrock of a prosperous, innovation-driven economy. It's time for venture capital to grow up and go big in Africa, and Special Opportunities might just be the strategic lens we need to get there.