



# Dutch Good Growth Fund

## **Notice proposed transaction 171115 Levant SME Fund Date of Publication: 15 November 2017**

Taking into account the provisions for governing bodies that apply under the 'Freedom of Information Act' ('Wet openbaarheid van bestuur') and the 'Data Protection Act' ('Wet bescherming persoonsgegevens'), the Fund Manager of the DGGF part 'Financing local SMEs' will publish its anticipated transactions.

### **Views**

Parties can express their views on the proposed transaction to the Fund Manager by contacting **dggf@nl.pwc.com** within 30 days after the publication date of the notice. After the transaction has been closed, or after it has become clear that the transaction will not take place, the Fund Manager will respond as soon as possible to these Parties concluding on the expressed views by these Parties.

### **Description (English)**

#### **Part of DGGF**

Financing Local SMEs

#### **Name Intermediary Fund (IF):**

Levant SME Fund ("Levant")

#### **Domicile IF:**

Levant will be domiciled in Malta.

#### **Name of manager of the IF**

EIP Levant Management Company

#### **Nature of the activities of the IF**

The Levant SME Fund is a first time fund with a predominant focus on Lebanon and potential smaller exposures to Jordan, Iraq or other MENA countries. The Fund's strategy is to provide financing via equity and mezzanine structures in established companies in more traditional industries which (i) have an operational track record, (ii) are mostly profitable and (iii) have a strong potential for scale.



### **Size of proposed investment**

Approximately USD 8 million / EUR 6,8 million<sup>1</sup>

With this investment DGGF is contributing to a total target fund size of approximately USD 50M and with expected first close at USD 30m.

### **Intended transaction date**

The Fund Manager aims to close the agreement with Levant in Q4 2017.

### **Expected financial results**

A positive net financial return on the investment is expected.

### **Expected impact**

While the banking sector is relatively well developed in Lebanon, SMEs find it difficult to access suitable risk capital for realising their growth ambitions. Levant will be one of the very few institutional private equity funds catering this specific market and is expected to finance approximately 8 SMEs, creating approximately 250 new jobs over its lifetime. By supporting entrepreneurship in a fragile state at the centre of Middle-Eastern conflicts, the Fund can play a positive role and be a much needed lever for economic development, stability and the fight against unemployment. With its investment DGGF will help the Fund to a viable fund size and catalyse local private investors.

### **ESG compliance**

The Manager has designed a robust ESG policy and management system which is based on the IFC Performance Standards, and is currently being supported by IFC to refine its ESG risk management processes. Furthermore, the Manager will adopt the DGGF exclusion list and set up a complaints mechanism in line with the DGGF ICSR Policy. Measures will be taken to allow ESG knowledge to be transferred internally from management to the team.

### **Tax compliance**

The Fund will be incorporated as a tax transparent entity in Malta which is in line with the DGGF tax criteria. Due to its tax transparent character the Fund will not be considered a tax resident in Malta and will not apply tax treaties. As such, the investors in the Fund will not benefit from a better tax treatment than if they were directly investing into the target countries. Levant will take all necessary steps to be and remain compliant with tax legislation and implement a tax policy and transfer pricing documentation at the latest one year after closing date. DGGF will monitor on an annual basis whether Levant is complying with the DGGF tax criteria.

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<sup>1</sup> Based on the exchange rate on the date of publication.