



Dutch Good Growth Fund

Notice proposed transaction 171121 Sawari Ventures Fund I

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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):

Sawari Ventures Fund I ("SVF")

Domicile IF:

SVF will be domiciled in the Netherlands.

Name of manager of the IF

Sawari Ventures Netherlands B.V. will be set up to be the manager of SVF and will be a full subsidiary of Sawari Ventures for Financial Advisory S.A.E. based in Egypt. Sawari Ventures will likely also open an office in Tunisia.

Nature of the activities of the IF

SVF will provide seed and early stage venture and growth capital to innovation based and knowledge driven SMEs in Egypt and Tunisia. On average, investments will be between USD 500k and USD 3M and the fund will target sectors like fintech, healthcare and education technologies, alternative and green energy, consumer internet and hardware. Sawari sees a clear need for seed and early stage venture capital, particularly in Egypt which has a growing base of young and technology savvy entrepreneurs with potentially good business ideas, who



are generally overlooked by traditional investors. Sawari aims to cater the needs of entrepreneurs from seed to growth, whilst simultaneously deepening the investment pool and entrepreneurial eco-system in the MENA region. The Sawari team has been active in the seed and accelerator space since its inception through setting up its accelerator Flat6Labs in 2011. Part of SVF's investments will go into start-ups in Tunisia and Egypt via its Flat6Labs operations there.

Size of proposed investment

Approximately USD 8 million / EUR 6,8 million¹

With this investment DGGF is contributing to an expected fund size of approximately USD 40-50M.

Part of the DGGF investment capital is provided to be invested in young African entrepreneurs and employees in African countries in the context of the issue of irregular migration. The investment in SVF will be provided within this budget.

Intended transaction date

The Fund Manager aims to close the agreement with SVF in Q1 2018.

Expected financial results

A positive net financial return on the investment is expected.

Expected impact

The proposed transaction is an opportunity for DGGF to support the launch of one of the very few private equity funds that provides financing for start-ups and early stage SMEs in Egypt. In addition, DGGF will support the expansion of Sawari's operations to Tunisia. It is expected that SVF will reach a significant number of young entrepreneurs in a country where SME financing in the lower segment is particularly lacking. Sawari is expected to create above average numbers of jobs for a young workforce in a country with mass unemployment in this segment of the population. Knowledge transfer is also expected to be high. Sawari will use a hands-on approach in adding value to portfolio companies, covering several areas including strategy, corporate governance, marketing and business development, fund raising, recruiting talents to grow the company, and patent registration. DGGF is playing a strong cornerstone role to bring SVF towards market standards and a minimum sustainable size.

¹ Based on the exchange rate on the date of publication.



ESG compliance

Through the use of guidance documents from international Development Finance Institutions (DFI's) , ESG is sufficiently included in SVF's investment process and ESG knowledge of the Sawari management team is deemed sufficient. The Sawari team has agreed to adopt the DGGF exclusion list and set up a complaints mechanism. DGGF will further require SVF to disclose all relevant ESG documents for its first two investments in order to verify the implementation and monitoring process of the policy.

Tax compliance

SVF will be incorporated under the laws of the Netherlands, which meets the OECD transparency requirements. It invests in SMEs in Egypt and Tunisia, which are in principle subject to the statutory tax rates. SVF is not making use of artificial constructions to lower its taxation or the taxation of the SMEs which it funds and DGGF's investment conditions focus on ascertaining this. SVF requires SMEs that it finances to comply with local laws and regulations, among others those in respect of tax and SVF will monitor if the SMEs meet their tax obligations. DGGF will monitor whether SVF meets their ongoing tax obligations and acts in accordance with the DGGF tax criteria.