



## ARQ Capital



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### Mezzanine finance in the Philippines

DGGF's Seed Capital & Business Development (SC&BD) facility invests in ARQ Capital (ARQ), a Philippines-based investment company offering mezzanine finance to local SMEs with high growth potential.

ARQ bridges the funding gap for SMEs that need growth capital but are too risky for banks or too small for private equity funds. ARQ offers debt with royalty components and equity with self-liquidating features. Unique to the local market, these instruments allows ARQ to generate returns commensurate with the risk. In addition to being a financier, ARQ operates like a partner to the entrepreneurs, offering strategic advisory and business support to help them reach full potential.

ARQ invests between USD 250K up to USD 2M in a variety of sectors such as food processing, affordable housing, financial services and health. These investments are expected to generate meaningful developmental impact through fast growth of the SMEs, which leads to increased productivity and employment.

As the first institutional investor, SC&BD is supporting ARQ in its early stages, to build a track-record on a USD 5M fund size before launching a larger fund. Alongside investment, SC&BD will also provide technical assistance in the areas of fund structuring and portfolio management to build ARQ's capacity as a fund manager.

**Website:** <http://www.arqcapital.com/>

# Dutch Good Growth Fund