



Dutch Good Growth Fund

Notice proposed transaction Financial Inclusion Resilience Fund (FIRF)

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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 of the Fund

Triple Jump Financial Inclusion Resilience Fund B.V. ("FIRF")

Domicile of the Fund

Triple Jump Financial Inclusion Resilience Fund B.V. is domiciled in the Netherlands

Nature of the activities of the Fund

FIRF is an Alternative Investment Fund (AIF) domiciled in the Netherlands and managed by the Dutch Impact Investment Manager Triple Jump. The fund is a dedicated post-Covid-19 solution, providing subordinated debt to financial intermediaries serving MSMEs and low-income borrowers in emerging markets.

The Fund seeks to serve as a catalyst to improve the solvency position of these Financial Intermediaries, allowing them to continue and increase their lending activity to MSMEs and low-income borrowers. Due to the unavailability of suitable capital solutions in the market, FIRF is set up and managed by Triple Jump, one of DGGF's consortium partners. The structure allows to leverage capital from other investors to increase overall impact.



Size of proposed investment

DGGF will act as a cornerstone investor by investing EUR 15 million into the equity tranche of the fund.

Intended transaction date

The Fund Manager aims to close the agreement with FIRF in the fourth quarter of 2022.

Expected financial results

The expected return of the equity tranche is 6%-8% on USD.

Expected impact

Financial Intermediaries, and their borrowers, were negatively impacted by the Covid-19 crisis. Providing sub-ordinated debt (Tier-II Capital) to these Financial Intermediaries, strengthens their capital position and improves their resilience. Providing sub-ordinated debt allows Financial Intermediaries to leverage on FIRF's funding, attract additional debt funding and thereby increase on-lending to MSMEs and low income borrowers. Many of these Financial Intermediaries have a strong focus on women.

DGGF was crucial as a cornerstone investor allowing the fund to reach a minimum fund size of USD 63 million with a target size of USD 100 million. The Fund is expected to provide subordinated funding to 15-20 Financial Intermediaries thereby catalysing between USD 250 million and 400 million in debt which will be on-lend to small entrepreneurs.

ESG compliance

The DGGF ESG team is currently working with the Fund Manager to develop a strong ESG policy to be added to the Fund Manager's well developed impact measurement standards. The Fund Manager will conduct ESG due diligence on all its investments to ensure that the Financial Intermediaries financed by the Fund have the appropriate ESG policies and procedures in place. The investment in FIRF, and the subsequent investments of the fund are in line with the DGGF ESG criteria.

Tax compliance

The Fund is domiciled in the Netherlands and is subject to the statutory tax rates applicable to it. FIRF is not making use of artificial constructions to lower its taxation or the taxation of the Financial Intermediaries which it finances and DGGF's investment conditions focus on ascertaining this. FIRF requires Financial Intermediaries that it finances to comply with local laws and regulations, among others those in respect of tax. DGGF will monitor whether FIRF meets its ongoing tax obligations and act in accordance with the DGGF tax criteria.