



# Dutch Good Growth Fund

## **Notice proposed transaction: LoftyInc Alpha Fund, LLC** **Date of Publication: 2<sup>nd</sup> July 2024**

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@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)**

LoftyInc Alpha Fund, LLC

#### **Domicile IF**

LoftyInc Alpha Fund, LLC will be domiciled in Delaware, United States. The Fund is tax transparent.

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

Alpha Inflection Partners, LLC

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

LoftyInc Alpha Fund, LLC is a 10-year closed-end venture capital investment fund targeting startups in Nigeria, Kenya, Egypt and Francophone Africa. The objective of the fund is to invest in seed stage technology and technology enabled businesses across sectors that drive economic growth. Key thematic verticals include Financial Services, Supply Chain, Transportation and Logistics, Retail Enablement, Healthcare, Education and Climate.



### **Size of proposed investment**

USD 8 million. With this investment DGGF is contributing to a total expected fund size of approximately USD 25-50m.

### **Intended transaction date**

The Fund Manager aims to close the agreement with LoftyInc Alpha Fund, LLC in Q3 2024.

### **Expected financial results**

A positive net financial return on the investment is expected.

### **Expected impact**

LoftyInc Alpha Fund, LLC will provide capital to entrepreneurs to contribute to at least one of the six SDGs targeted by the fund (jobs, reduced inequalities, infrastructure, gender, climate and healthcare). The Fund targets investment in between 18-22 companies, predominantly in the form of equity.

DGGF has been one of the first institutional investors to commit to invest at first close and the manager is still attracting investors to reach a first close size of USD 25M. Through backing LoftyInc Alpha Fund, LLC, DGGF is helping lay the foundation for interest from other investors focused on venture capital on the African continent.

### **ESG compliance**

As a condition for DGGF investment, LoftyInc Alpha Fund, LLC will require an updated ESG policy and ESMS to ensure all relevant ESG risks are adequately covered, in line with most recent ESG standards. The ESG policy and ESMS shall be in accordance with the DGGF ESG Policy and shall be implemented within twelve (12) months of the First Closing Date. To assess whether LoftyInc Alpha Fund, LLC has adequately implemented the ESMS, ESG due diligence documentation of two investments are to be shared. Such documentation should include, at a minimum: the ESG risk categorization, the findings of the on-site ESG DD and any resulting ESG action plans that have been agreed with the borrower. These should be shared in due time after the implementation of the ESMS. LoftyInc Alpha Fund, LLC will also be required to implement a proper grievance mechanism, for internal and external stakeholders. The grievance mechanism shall be in line with the DGGF ESG Policy and shall be implemented within three (3) months of the First Closing Date. Finally, LoftyInc Alpha Fund, LLC will ensure that management team receive ESG training, with a special focus on environmental, social and governance issues, within twelve (12) months of the signing date.



### **Tax compliance**

LoftyInc Alpha Fund, LLC will be domiciled in the US, which meets the OECD transparency requirements. LoftyInc Alpha Fund, LLC will be structured as a limited liability company and will be transparent for US tax purposes. The companies the fund invests in will, in principle, be subject to domestic statutory tax rates. LoftyInc Alpha Fund, LLC will not make use of artificial constructions to lower the taxation of SMEs which it funds, and DGGF's investment conditions focus on ascertaining this. LoftyInc Alpha Fund, LLC requires the SMEs that it finances to comply with local laws and regulations, among others, those regarding tax, and LoftyInc Alpha Fund, LLC will monitor if the SMEs meet their tax obligations. DGGF will monitor whether LoftyInc Alpha Fund, LLC acts in accordance with the DGGF Tax Criteria.