



Dutch Good Growth Fund

Notice proposed transaction 20180404 Dolma Impact Fund Date of Publication: 4-4-2018

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 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):

Dolma Impact Fund I (Dolma).

Domicile IF:

Dolma is domiciled in Mauritius.

Name of manager of the IF:

Dolma Fund Management (LLC, based on Mauritius) is the General Partner and Fund Manager, while Dolma Advisors Private Limited (Private Limited Company based in Nepal) will be advisor to the Fund Manager.

Nature of the activities of the IF:

Dolma is the first international private equity fund focused purely on SMEs in Nepal, providing capital and expertise to local growth companies. Nepal has a shortage of risk capital between grants and finance for micro businesses, and larger firms that already have access to capital markets. Dolma serves this missing middle and builds positive social and environmental impact into the core of investee company strategies. Each investment is targeted to be between USD 0.5 MN and USD 5 MN of mostly equity, preferred equity, convertible debt or other hybrid structures. The fund will be investing in key sectors including



agriculture, renewables, education, financial inclusion, healthcare and sustainable tourism.

Size of proposed investment:

Approximately USD 3 million / EUR 2.4m¹

With this investment DGGF is contributing to a final close of Dolma at approximately USD 35-37 million. DGGF supported the first close of Dolma with a commitment of USD 5 million in 2015.

Intended transaction date:

The Fund Manager has closed the agreement on the initial USD 5 million with Dolma in June 2015 and plans to close the agreement for the additional USD 3 million in Q2 2018.

Expected financial results:

A positive net financial return on the investment is expected.

Expected social impact:

As the first private equity impact fund in Nepal, Dolma has a significant impact on the development of the investment environment in the country. The fund is expected to finance and transfer knowledge to around 10 high impact investees. The proposed investment is in-line with DGGF's objective of reaching out to fragile states.

ESG compliance:

Dolma targets investments in very diverse sectors and is therefore exposed to a wide range of ESG risks. For example, investments have been made or are being considered in: hydropower (environmental risks; land-related risks; governance risks) and the healthcare and hospitality sectors (social risks). The ESG policy and processes are designed to adequately address these risks, for example by running regular ESG training for staff and by hiring external specialists to ensure that specific ESG risks are properly identified and addressed.

Tax compliance:

The Fund manager has assessed the risks of tax avoidance by the IF and monitors this annually. The outcome from the assessment confirms that the IF is not making use of artificial constructions to lower tax in the developing countries and the Fund manager posed conditions to the IF to ascertain this. The country of domicile of the IF (Mauritius) meets the OECD transparency requirements and there are no artificial structures in place. The IF requires SMEs that request financing to comply with local laws and regulations, among

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



others those in respect of tax, and will monitor whether these SMEs meet their tax obligations.