



Dutch Good Growth Fund

Notice proposed transaction 210430 IBTIKAR FUND II.

Date of Publication: 30 April 2021

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):

Ibtikar Fund II

Domicile IF:

Ibtikar Fund II will be domiciled in the Netherlands.

Name of manager of the IF

Ibtikar Fund II GP B.V., to be incorporated in the Netherlands, acts as the General Partner.

Nature of the activities of the IF

IF II will provide pre-seed and seed stage investments to start-ups primarily in the Palestinian Territories. The Fund targets start-ups that offers digital solutions such as Software-as-a-service (SaaS) to small, medium or large enterprises. The Fund will invest equity and convertible debt securities, typically between USD 0.2M up to USD 2M including follow-on investments.



Size of proposed investment

USD 6-7 million /Approx. EUR 4-6 million

With this investment DGGF is contributing to a total expected fund size of approximately USD 15M at first close, with a targeted final close of USD 25m.

Intended transaction date

The Fund Manager aims to close the agreement with IF II in Q2 2021.

Expected financial results

A positive net financial return on the investment is expected.

Expected impact

With this investment, DGGF will anchor the successor fund of the only institutional venture capital firm in the Palestinian Territories. IF II is expected to reach a significant number of young and female entrepreneurs, and generate jobs for youth. By complementing financing with strategic support and access to its network, the Fund will transfer knowledge to the start-ups in several areas, including business development, financial management, human resource management and fundraising.

ESG compliance

IF II will revise their ESG policy and Environmental and Social Management System to be in compliance with the DGGF ESG Policy, including the adoption of the DGGF Exclusion List and setting up of a complaints mechanism. In line with the revised ESG Policy and ESMS, IF II will share the ESG documentation for the first two investments made.

In addition, the Manager will receive training specialised on ESG adapted to their sector and country focus.

Tax compliance

IF II will be incorporated under the laws of the Netherlands, which meets the OECD transparency requirements. It will invest in SMEs active in the Palestinian Territories that are established in the Palestinian Territories and the U.S. and are in principle subject to the statutory tax rates. IF II 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. IF II requires SMEs that it finances to comply with local laws and regulations, among others those in respect of tax and IF II will monitor if the SMEs meet their tax obligations. DGGF will monitor whether IF II meets its ongoing tax obligations and acts in accordance with the DGGF tax criteria.