



# Dutch Good Growth Fund

## Notice proposed transaction 2021 10 25 FS Capital

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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](mailto: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 Financial Institution (FI)

Funding Societies (FS Capital Pvt. Ltd.)

#### Domicile FI

FS Capital Pvt. Ltd. is domiciled in Singapore

#### Nature of the activities of the FI

Funding Societies (FS) is a digital Non-Bank Financial Institution, established in 2015, that leverages technology to provide credit products to SMEs in 4 countries in South-East Asia who otherwise lack access to financial products. Currently 80% of all loans are disbursed in Indonesia, where DGGF's funds will be earmarked. The institution will lend DGGF funds exclusively to SMEs located in Indonesia. FS provides two main products for SMEs in Indonesia including an innovative trade finance product and a traditional working capital loan product.

#### Size of proposed investment

DGGF will provide a loan to FS Capital of EUR 3 million.

#### Intended transaction date

The Fund Manager aims to close the agreement with FS Capital in the fourth quarter of 2021.



### **Expected financial results**

A positive financial return on the investment is expected.

### **Expected impact**

Indonesia has a fractured financial services market which has also impacted the availability of credit products for SMEs, especially young and early-stage entrepreneurs. Indonesia also presents immense opportunity due to the large population size and opportunity for financial inclusion and economic development through SMEs. In order to reach rural MSMEs and provide small ticket size loans and tailored products, new models are needed which leverage technological efficiency to make the economics of reaching these clients possible. FS represents an opportunity for DGGF to support SMEs in Indonesia which for the first time require access to credit. Through DGGF's support, the loan facility is expected to support 60 SMEs and may include targeted outreach for youth entrepreneurs.

### **ESG compliance**

While FS does not have an existing ESG policy or ESMS, they are committed to developing and implementing these within one year with the support of technical assistance from DGGF.

### **Tax compliance**

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