

IGNITE Fund Summary

IGNITE Fund invests in small and growing businesses (SGBs) in fragile and conflict-affected states. Through our rigorous investment process, we identify and invest in market leaders or potential market leaders in their respective industries which are managed by exceptional entrepreneurs. We pay special attention to those businesses operating in agri-processing and light-manufacturing space with strong business fundamentals and secure cash flows. We place high priority on those businesses with great potentials to create jobs and tangible economic benefits to help stabilise their fragile society – which is the ultimate insurance against instability and conflict.

IGNITE Fund utilises innovative equity investment tools to mitigate difficulties typically faced in valuations and investment exits for SGBs in frontier markets. IGNITE Fund taps into the local technical assistance infrastructure, developed by the asset manager, to support each portfolio clients to be operationally and financially successful. By marrying our innovative deal structuring with the tailored technical assistance, IGNITE Fund delivers unparalleled financial and social impact returns to our investors.

The IGNITE Fund is a €25 Million closed-ended investment vehicle. €11 Million has already been committed by Stichting SPARK and FCT Development Fund of Northern Ireland, with the goal of first close at the end of 2015.

Opportunities

IGNITE Fund's target countries represent some of the fastest growing economies in the world. With young population, growing purchasing powers and increasingly affordable access to technology, talented entrepreneurs have underserved markets and double-digit growth at their fingertips.

Stichting SPARK's €40 Million technical assistance programs provided more than 900 businesses with advisory and business incubation services, and over 250 businesses have received a small business loan through SPARK's partial risk guarantee program since 2006. There are a number of exceptional

Fund Details

Headquarters:
Amsterdam, Netherlands

Asset Manager:
Stichting Spark

Fund Launched: 2014

Investment Vehicle:
€25 Million Closed-End FGR (Fonds voor Gemene Rekening) Dutch Mutual Fund Vehicle registered in the Netherlands

Average Deal size: €250K or less (up to €750K possible)

Total Deals: 70-90 over 5 years

Target Countries:
Burundi, Kosovo, Liberia, Mali, OPT (Palestine), Rwanda, Somalia

Sector Focus:
Agribusiness & Food Processing, Light Manufacturing, Distribution and Technology

Social Return:
Improve stability and human security, reduce drivers and effects of conflict.

Investee Profiles:
Innovative, growing, job-creating, socially responsible businesses with healthy profit margins

businesses with strong cash flow ready to rapidly scale-up their operations. But there are limited financing options in the market and few funds, if any, make investments under €400K. Traditional bank financing is not an option for many SGBs as they lack the types of collateral required by the banks.

Investment Strategy

Our team of locally based experienced investment professionals partner with a wide range of local operators to structure and manage the deals throughout the investment process. SPARK's local TA infrastructure in each target country creates an ideal source of deal pipeline. IGNITE Fund also partners with a wide range of local commercial lending institutions to source new deals and at times explore co-investment opportunities. For each of our investments, IGNITE Fund develops a tailored technical assistance package to ensure our portfolio client is equipped with the capacity required to achieve their financial, operational and impact targets. IGNITE Fund takes utmost care in designing an appropriate investment structure to reduce downside risks for the investors; capture upside potential through a revenue share or a royalty agreement; and exit from the investments in a reasonable period of time through the use of incentivised redemption instruments or put options.

Competitive Advantage

Using SPARK's existing infrastructure, our cost of sourcing deals and maintaining a quality pipeline is reduced significantly. Last year alone, SPARK's SGB support services reached over 200 companies globally. Unlike other new funds, IGNITE Fund can also piggyback on the reputation and the partnerships that SPARK has established over twenty years of experience working in fragile and post-conflict states.

Portfolio Gross/Investor Net IRR Projection

IGNITE Fund aims to return between 5%-10% net IRR, under conservative estimation, back to our investors.

Fund Details

Investment Structure:
Equity & Debt

Terms & Timing:
10 years plus two-time one year extension

Investment Period:
3-7 Years

Advisor Fee:
3% over committed and invested amount and 20% carried interest (4% hurdle)

Diversification Strategy:
Maximum 30% in one country at the fund level diversification

Financial Target:
5%-10% IRR net of fees

Investment Team:
Sohaib Al-Zadjali (Amsterdam, the Netherlands), Chidegar Liberty (Monrovia, Liberia), Maria Springer (Monrovia, Liberia), Amir Tusini (Pristina, Kosovo)

Contact us
Sohaib Al-Zadjali
Fund Manager
Email: s.alzadjali@spark-online.org

Stichting SPARK HQ
Van Diemenstraat 70
1013 CN Amsterdam
The Netherlands
Office: +31 20 7530311

www.IGNITE-fund.org