



VENTURE CAPITAL  
AND PRIVATE EQUITY  
ASSOCIATION

In collaboration with:



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# SAUDI VENTURES

A quarterly newsletter

Quarter 1, 2020

# Saudi Ventures

A quarterly newsletter highlighting the Saudi VCPE Association's activities, sharing industry's updates and delivering insight on the VCPE scene in Saudi Arabia.

Delivered in collaboration with Jawlah.

## Note from the Association's Board

We are pleased to introduce the association's first quarterly newsletter. The association was established last year through a resolution made by the Saudi Council of Ministers with the objective of stimulating the venture capital and private equity ecosystem in Saudi Arabia. Since its inception, the association has worked with stakeholders and started rolling out several key activities that cover three main focus areas: raising, managing, and exiting funds. Some of these activities include organizing the first VCPE Forum to connect stakeholders, conducting a policy advocacy roundtable and delivering recommendations to policy makers on fund raising and management topics, engaging members in developing a thought leadership report on stimulating exits, supporting international VCs investing in the market, and establishing partnerships with key local and international players.

This quarterly newsletter highlights some of these activities, shares industry updates and delivers insights on the VC PE industries in Saudi Arabia. The newsletter will also keep members updated on upcoming events and training programs. I would also like to take this opportunity to invite the wider Venture Capital and Private Equity community to join our association to further scale up the ongoing efforts. We hope you will find this newsletter informative, insightful and productive to read.

On behalf of the board

**Abdulrahman Tarabzouni, Chairman**

**Q1, 2020**

**Volume 1, Issue 1**

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## HIGHLIGHTS FROM THE FIRST VCPE FORUM

The association has recently published a summary report of the first Saudi VCPE Forum, which brought together key stakeholders from across the Venture Capital and Private Equity Industry. The report presents the forum's main discussion points and key takeaways, laying the foundation for actionable insights.

### Read full report:

<http://vcpea.org.sa/wp-content/uploads/2019/02/Highlights-From-The-First-VCPE-Forum.pdf>

The forum was organized in partnership with the association's success partners: Invest Saudi, Monsha'at, and the Ministry of Investment. We also would like to extend our thanks to Pure Consulting for their support on developing the report. The association is truly thankful to its members and participants for their invaluable interactions and engagement.

### About Saudi VC/PE Forum

The forum brought together a sheer number of participants from the local and international VC and PE communities, who had the opportunity to engage in practical and meaningful discussions around central topics in the industry and the emerging opportunities. The main topics included: the massive potential markets for Venture Capital and Private Equity in Saudi, the process of setting up and operating a VC fund in Saudi, followed by key regulatory updates. The forum also covered a valuable discussion on women investors in Saudi and concluded with a session that elaborated on the dynamic relationship between Saudi Venture Capital Company (SVC) and Jada (Fund of Funds under the Public Investment Fund of Saudi Arabia)



## WHAT MEMBERS SAY:

### 01

"The association has exceeded expectation by its first gathering. It was very informative to the members."

Khalid Suleimani,  
Chairman of Wadi  
Makkah Ventures

### 02

"We are making history and having this association is much needed as it is the first walk of the talk. The attendees included people from regulatory entities, and form professionals from all over the ecosystem locally and internationally."

Abdullah Albrahim,  
Portfolio Manager at  
Saudi Aramco  
Entrepreneurship Ventures  
(Wa'ed Ventures)

### 03

"I was delighted to finally see a formal association that gathered the ecosystems' players under one roof for one united purpose."

Ali Abulsaud, Founder and  
Managing Partner at Hala  
Ventures





**“We are developing stronger links with leading figures in Saudi Arabia. The transformative nature of venture capital is recognized across the world. So it matters that we create and sustain the appropriate ecosystem and share best practice internationally.”**

Michael Moore, Director General of the British Private Equity and Venture Capital Association (BVCA)

## SAUDI ARABIA-UK VENTURE CAPITAL EXCHANGE

The Saudi VCPE Association in collaboration with the British VCPE Association (BVCA) organized a morning event that provided a dedicated opportunity that brought Saudi Arabia's local venture capital community including policy makers with members of the international venture capital community. The event also provided a unique opportunity to exchange knowledge, discuss new trends, and industry developments overall between members of both the Saudi and the UK VC communities. The event was generously hosted by Invest Saudi.

During the event, an MoU was also signed between the SVCPEA and BVCA to extend the ties between both associations in terms of: (1) exchanging expertise; (2) sharing research; and (3) providing training programs. Such collaboration areas will bring benefits to both associations' members and stakeholders.



## MISA's VENTURE Initiative to Attract Cross-Border VC



The VENTURE by Invest Saudi, is an initiative by MISA that aims to attract global venture capital firms and their portfolio companies to the Kingdom. Through the VENTURE initiative, VC firms would be able to set up an office in Saudi and their portfolio companies would be able to scale into the Saudi market by obtaining MISA's Entrepreneurship License. The license offers 100% foreign ownership, no minimum capital, and only costs \$500.

Since the launch of VENTURE Initiative, 50 local, regional, and international venture capital firms have joined the initiative representing the USA, UK, China, France, Mexico and MENA. We have witnessed many success stories for startups, where more than 80 startups by entering the Saudi market were able to raise a new round of investment and grow their business in Saudi.

Nabil A. Borhanu, founder and managing partner of the Silicon Valley-based Graphene Ventures, commented: "Today, Saudi Arabia is open for business with Startups from all over the world. What a lot of people don't know is that Saudis are power users when it comes to technology. Look at gaming, social media, and e-commerce and the numbers will tell you that Saudi Arabia is always on the top 10 either in terms of number of users, spending and early adoption. This is the magic recipe that startups look for in any country when they plan their expansion. In Graphene Ventures, we're proud to be one of the first VCs to obtain the license from MISA as we plan to pave the way for our portfolio companies into the Saudi Market."

Andrew Zalasyn, Managing General Partner, Valve VC, which has come onboard the VENTURE by Invest Saudi platform, commented: "Valve VC is pleased to partner with MISA and the INVEST Saudi initiative. Together we will supercharge the venture ecosystem and empower entrepreneurs who possess a burning desire to build transformational technologies to attack and solve huge problems in MENA and the world".

Mazin Alzaidi, Director of Entrepreneurship at MISA stated that: "MISA's VENTURE by Invest Saudi initiative has attracted a great number of venture capital firms to the Kingdom, enabling cross-border venture capital investments. In addition, MISA through the Entrepreneurship License allowed venture capital firms, angel groups, and startup accelerators to support their foreign founders to launch and scale their startups in the Kingdom. All these activities are boosting the entrepreneurship ecosystem in the Kingdom, and enabling the exchange of know-how."



## Highlights of Q1, 2020 VC Investments

(Data Provided by Jawlah)



Investments in Saudi-Led Ventures:

Venture	Investor	Amount (USD)	Stage	Industry
Saryah	Wadi Makkah Venturs		N/A	
Saeed	BIAC Tasheel Holding Abu Nayyan Holding (ABN Ventures)	2,400,000	Series A	Logistics
Raqamyah	Impact 46		Seed	Fintech
The Chefz	Vision Ventures Impact 46 Ocean X		N/A	Food
Aanaab	Wamda Capital Noor Nouf	1,500,000	Seed	EduTech
Monaqasat		800,000	Seed	Marketplace
Speero	500 Startups Impact 46 Derayah Ventures		Pre-series A	e-commerce
Quant	Venture Souq BIAC	1,200,000	N/A	Data
Nana	STV Midle East Venture Partners Watar partners Saudi Venture Capital Company	18,000,000	Series B	e-commerce

Some deals include additional  
undisclosed investors

## Highlights of Q1, 2020 VC Investments

(Data Provided b Jawlah)

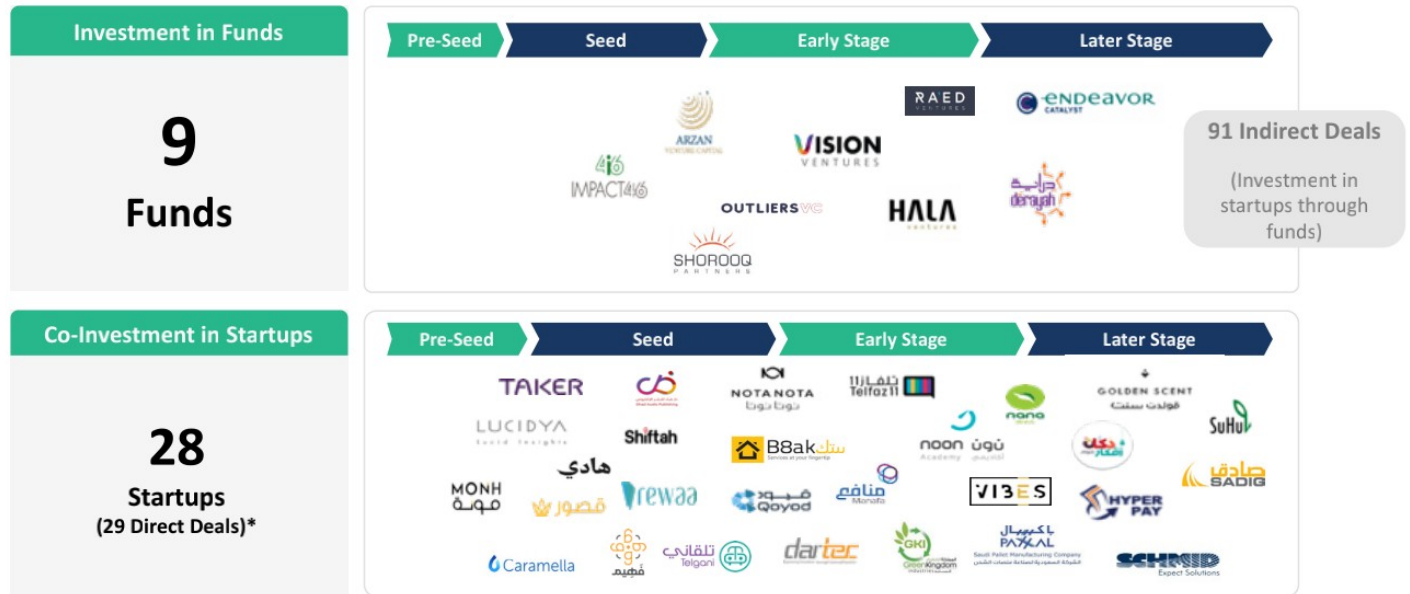


Regional and Global Venture Investments with the Participation of Saudi-Led VC funds:

Venture	Investor	Amount (USD)	Stage	Industry
Sarwa (UAE-based)	KIPCO Dubai Int. Financial District Abu Dhabi Investment Office Vision Ventures Hala Ventures Hambro Perks	8,400,000	Series A	Fintech
Eat App (Bahrain-based)	Derayah Ventures 500 Startups MEVP	5,000,000	Series B	Food & Beverage
Vezeeta (Egypt-based)	Gulf Capital) STV	40,000,000	Series D	MedTech
Sellanycar.com (UAE-based)	Sanabil Investment Gulf Investment Corp Olayan Financing Co.	35,000,000	Series C	e-commerce
Eureka AI (Belgium-based)	Riyadh Taqnia Fund Gobi Partners Apis Partners MEC Ventures	20,000,0000	Series B	AI
Rise (UAE-based)	Middle East Venture Partners Dubai Int. Financial District Khwarizmi Ventures Phoenician Funds	Not Disclosed	N/A	Fintech
Cartlow	Vision Ventures Arzan Venture Capital	Not Disclosed	Seed	e-commerce
Modus	KAUST Innovation Fund	1,000,000	Seed	Petroleum
Red Sea Farms	KAUST Innovation Fund	0.380 M	Seed Follow - on	Farms-Food & Water
Edam	KAUST Innovation Fund	0.780 M	Seed	Food & Water

 Saudi-Led VC Funds

## Updates on Government Support Funds:



\*Follow-on investment in Nana (Direct Co-Investment)  
 (Data shown since SVC inception up to Q1 2020)



### About Saudi Venture Capital Company

Saudi Venture Capital Company (SVC) is a Government Venture Capital established in 2018, part of the Private Sector Stimulus Plan (PSSP). This is to minimize current equity funding gaps for Startups by investing SAR 2.8 Billion (\$ 750 Million).



# Views on Covid-19 Impact

## Potential Covid-19 Challenges That May Trigger Capital Calls or Draw Downs on Existing Facilities to Support Portfolio Companies.

A number of funds own portfolio companies that may be challenged by the uncertainty spread by Covid-19. A number of such funds may consider utilizing uncalled capital if their fund has a capital commitment structure or drawing down on existing lines of credit from banking facilities as alternative sources for short term liquidity. In this environment, however, fund managers and their boards should consider the following:

- Look to the terms & conditions of the concerned fund for debt allowance and any debt incurrence restrictions, including pay down timeframes and leverage ratios.
- We note any pledge of units will normally require the active participation of the concerned unitholders. Such needs to also look at borrowing mechanics and minimum draw down amounts.
- Also, specifically look to credit agreements for restrictions on use of proceeds.
- Ensure your portfolio companies understand and consider the myriad of support being provided by governmental bodies.
- Review cost cutting measures being undertaken by portfolio companies and ensure such actions are legal (e.g., extent employees can be put on paid or unpaid leave, requirement to pay rent, etc).

Fund managers may wish to also consider calling capital proactively to repay any outstanding borrowings ahead of maturity, preventing any possible non-payment event of default in the future. Overall, fund managers and investors should continue to think proactively at the time of this current market.

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By Nabil A. Issa, a partner with King & Spalding LLP (operating in cooperation with the Law Office of Mohammed Al-Ammar in Riyadh, Saudi Arabia). He can be reached at [nissa@kslaw.com](mailto:nissa@kslaw.com)

"During these uncertain times, good investors, whether individuals or companies, tend to be very cautious when it comes to investing or expanding.

This is due to the fact that there are many companies thriving these days in sectors like healthcare, telecommunications, and technology.

These segments are experiencing a surge in demand due to market vacuums created from the coronavirus circumstances. This is why thorough due diligence is very important to distinguish whether these opportunities are fundamentally good even prior to the new situation. Aspects including strict cash management and proper corporate governance are thus crucial areas of the assessment."

**Omar Almajdouie, Founding Partner at Raed Ventures, and Vice-Chairman of the Saudi VCPE Association**

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"It is truly remarkable how our entrepreneurial communities and ecosystems are adapting and coming together in the face of adversity. The abundance of courage and determination during these uncertain times speaks volumes of our ability to strive. Startups help inspire us all with their agility and grit, and it is incumbent on us as venture investors and enablers to support them with patience and prudence. I am confident we will emerge from these challenges – together, stronger and prosperous."

**Salman T. Jaffrey, Chief Investment Officer, Saudi Aramco Entrepreneurship Ventures (Wa'ed Ventures).**

**The government of Saudi Arabia has introduced a number of measures to alleviate the economic impact of COVID-19 global pandemic crisis on the private sector. A 120 billion SR package was announced that includes a set of key initiatives to support the private sector:**

Enabling business owners, for a period of three months, to postpone the payment of value-added tax, excise tax, income tax, and the submission of Zakat declarations and the payment of obligations due therefrom.

- Postponing the collection of customs duties on imports for a period of thirty days against the submission of a bank guarantee, for the next three months.
- Postponing the payment of some government services fees and municipal fees due on the private sector, for a period of three months.
- Enabling employers to refund the fees of issued work visas that were not used during the ban on entry and exit.
- Extending exemption from expat levy for those whose Iqama has expired from now until 30 June 2020, by extending their Iqama for a period of three months without charge.
- Enabling employers to extend exit and re-entry visas that were not used during the ban on entry and exit from the Kingdom for a period of three months without charge.
- Depositing SAR 30 billion in banks and financial institution to defer loan payments due by SMEs for six months.
- Providing concessional finance for SMEs by granting loans from banks and financial institutions to the SME sector to support business continuity and sector growth.
- Depositing an amount of SAR 6 billion in banks and financial institutions to enable relieve SMEs from the cost of loan guarantee program (KAFALA).
- Supporting fees of POS and E-Commerce: the Saudi Arabian Monetary Agency (SAMA) will bear the payment fees of all stores and entities in the private sector for a period of 3 months.

An additional 9 billion riyal package was also announced that will cover 60% of employee salaries in private sector industries affected by the Covid-19 pandemic

#### Sources and further information:

<http://www.sama.gov.sa/en-US/News/Pages/news-514.aspx>

[https://www.mof.gov.sa/en/MediaCenter/news/Pages/News\\_03042020.aspx](https://www.mof.gov.sa/en/MediaCenter/news/Pages/News_03042020.aspx)

[https://www.mof.gov.sa/en/MediaCenter/news/Pages/News\\_20032020.aspx](https://www.mof.gov.sa/en/MediaCenter/news/Pages/News_20032020.aspx)



## CMA REGULATORY UPDATES

The CMA has published draft amendments that aim to develop the securities business activities, support the development of securities business carried on by the Authorized Persons, and enhance investors' protection in line with the international best practices and standards.

The main elements of the Draft Amendments are:

### 01

Amending the term of "Authorized Persons" to be "Capital Market Institutions".

### 02

Developing the scope of arranging activity, and the types of authorization for dealing and managing activities.

### 03

Developing the requirements for authorization to carry on securities business, commencement of business, registerable functions, conduct of business, system and controls, and client money and assets.

### 04

Developing client classification and the requirements for Know Your Customer, client understanding of risk, and client suitability.

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[https://cma.org.sa/en/Market/NEWS/Pages/CMA\\_N\\_2678.aspx#](https://cma.org.sa/en/Market/NEWS/Pages/CMA_N_2678.aspx#)



## UPCOMING TRAINING PROGRAMS

The association is building a partnership with Financial Academy to provide specialized training and development programs in the areas of Venture Capital and Private Equity.

### Advanced Workshop in Private Equity – Date: 18-10-2020

The foundation course gives an overview of the private equity cycle from valuation, screening to exit, and touches upon aspects of funds management. The advanced course focuses on the management of the portfolio and exits with respect to the investments; and then goes into an in-depth review of the aspects of a private equity operation, covering aspects including fund structuring and management, the distribution waterfall and fund modelling, fund reporting, relations with LPs and fundraising.

<https://eservices.fa.org.sa/Training/Details?programId=6c56383e-a569-ea11-80d6-005056981173>

### Private Equity delivered by IE Business School – Date: 28-09-2020

The Private Equity program is aimed at both investors and business owners who wish to enhance understanding of the various stages of the investment process. Leading professors and industry specialists guide participants from opportunity selection to harvesting returns. With a focus on growth equity and buyouts, participants learn how private equity is the driving force behind company acquisition in the current market. Open to participants from both sides of the investment process, investors and business owners will network while sharing in a unique and sophisticated learning program.

<https://eservices.fa.org.sa/Training/Details?programId=65baafb5-a569-ea11-80d6-005056981173>

## ASSOCIATION'S KEY ACTIVITIES AND OFFERINGS:

**01**

Professional Development

**02**

Policy Advocacy

**03**

Forum and Networking

**04**

Strategic Alliances

**05**

Research and Development

**06**

Raising Awareness

**Join us:**

<https://vcpea.org.sa/membership-benefits/>

## MEMBER SPOTLIGHT: KAUST INNOVATION FUND



INNOVATION  
AND ECONOMIC  
DEVELOPMENT

**The KAUST Innovation Fund aims to grow an innovation and technology investment community and to attract international investors and VCs to the emerging Saudi technology ecosystem.**

KAUST makes venture capital investments in high-tech startups from seed (less than \$200,000) to early-stage (up to \$2 million) and becomes a long-term strategic partner of these ventures.

### **Investment approach**

The Innovation Fund makes equity investments in startups and early-stage companies and allows KAUST to become a shareholder with a clear stake in the company's success, providing ongoing operational support. Where possible, we complement internal funds with co-investments by key local partners. We follow standard VC terms, including investment protection and board representation, for all companies we support.

While seed funding models may be appropriate in some cases, we believe that equity investments are the best fit for the Kingdom's relatively young innovation ecosystem. In time, we hope to transition to an independent VC funding model, in which we become a permanent actor in the technology financing ecosystem in the region.

### **Investment criteria**

The most important factors in determining whether the KAUST Innovation Fund will invest in a startup includes a large potential market, a superior product/technology, a strong team and a clear business plan. The Fund also assesses the extent to which the startup's technology is aligned with KAUST's main research areas and its potential impact on the region in terms of job creation and solutions to specific local problems.

### **The Fund's main investments focus on:**

**KAUST internal startup projects:** Teams working on entrepreneurial projects related to KAUST areas of excellence.

**KAUST early-stage companies:** KAUST startup projects that have gone through the incorporation process and need additional funding.

**Spin-ins:** International early-stage high-tech companies interested in establishing R&D activities at KAUST.

<https://innovation.kaust.edu.sa/kif/>



## MEMBER SPOTLIGHT: WA'ED VENTURE CAPITAL



Saudi Aramco Entrepreneurship Ventures (also known as Wa'ed Ventures) is a \$200 million venture capital investment fund. The fund invests in innovative and impactful, early stage startups with high growth potential, with the aim of promoting economic development in Saudi Arabia and enhancing the entrepreneurship and innovation ecosystem in the Kingdom.

Wa'ed Ventures is a subsidiary of Saudi Aramco Entrepreneurship Center (Wa'ed), the flagship entrepreneurship company established by Saudi Aramco for SME loan financing, incubation, training and enterprise support for entrepreneurs.

### Fund strategy and what defines WA'ED's portfolio companies

Wa'ed Ventures invests in startups that are Kingdom-based, and encourages and facilitates inbound ventures to incorporate and establish operations in Saudi Arabia. The fund is largely sector and stage neutral, with a focus on early and growth-stage technology or tech-enabled ventures. Portfolio companies engage across a diverse range of sectors and technologies including fintech, ecommerce, internet of things, robotics, artificial intelligence, cloud and super-computing, energy, health, digital transformation and IR4.0 related technologies.

The fund invests up to \$5 million into startups over several rounds of investment, and targets minority equity shareholding. The fund has been the lead investor for most of its investment rounds, and also seeks syndication with reputable and value-added partners. Individual investments are targeted to have an average holding period of 6 to 8 years, though this varies based on company size, sector, and stage of development. The fund actively seeks a director or observer seat on the board of portfolio companies, and provides strategic guidance and support on venture growth, market access, corporate governance, and ecosystem engagement to accelerate promising opportunities.

### Highlights on the Fund's Progress

Wa'ed Ventures was launched in 2013 and the organization had a cautious start during the initial period of fund formation in a nascent entrepreneurial environment. Over the last two years, the fund's investment activity has more than doubled in half the period, with 30+ new and follow-on investments executed since inception. The fund's economic impact has also been promising, with portfolio companies contributing towards technological advancements, knowledge transfer, job creation, economic diversification and growth. Most notably, Wa'ed Ventures was highlighted as the most active corporate venture capital firm by number of deals in 2019. The fund has been active in engaging startups and stakeholders, and is well recognized in the investor community in Saudi Arabia and the region as an innovative and impactful, entrepreneurial venture capital investment fund.

<https://waed.net/en/venture-capital.html>

SAUDI VENTURES



## MEMBER SPOTLIGHT: IMPACT46



Impact46 is a CMA authorized assets management and advisory focused on alternative investment opportunities in Saudi Arabia. We invest in theme-specific private equity opportunities across different stages of development from early stages (startups) to mature profitable businesses

Based in Riyadh, longitude line 46 represented in our name, we aim to impact venture capital investments starting from Riyadh, Saudi Arabia with the goal of making a ripple effect impact on the region as a whole.

### Impact Seed

The Seed Fund seeks to play the role of a catalyst to prepare founders for the next stage

#### Fund Criteria

- Complementary Team
- Disruptive Technology
- Post MVP Stage
- IP Protection

**Fund Focus:** Technology/sector-agnostic with a higher focus on:

- Fintech
- Marketplace
- On-Demand

### Impact Growth

Focusing on capitalizing the sweeping force of disruptive technologies across multiple sectors

#### Fund Criteria:

- Coherent Team
- Quick to scale
- Robust Tech.ogy
- Past validation

**Fund Focus:** Technology/sector-agnostic with a higher focus on:

- Fintech
- Marketplace
- On-Demand

<http://impact46.sa>

## About:



Saudi Venture Capital and Private Equity Association is an industry body representing the Kingdom's private equity and venture capital sector. SAVCPEA was created through a resolution made by the Saudi Council of Ministers, and is mandated to develop Saudi Arabia's private equity and venture capital sector, ensuring the highest professional and ethical standards are adhered to. SVCPEA plays a major role in promoting interests and investment in the Saudi private equity and venture capital sector, while also providing key industry data, research and periodic publications. In addition, it organizes industry-related conferences, workshops and trainings, seminars and consultancy services.



Jawlah is the first Arabic website specialized in Venture Capital and Entrepreneurship. Established in Riyadh in mid-2019, the platform was built to help first-time fundraisers and new investors learn about venture capital space by providing a quality content created by the market experts. Its mission includes making venture capital investment easier for entrepreneurs, nudging individual to explore investing in tech startups, and increasing the awareness about VC activities in the region.

## Strategic Partners





[www.vcpea.org.sa](http://www.vcpea.org.sa)  
@SAVCPEA