



*EIF's venture capital &
infrastructure funds investments*

Reykjavik, 10 January 2024

Our fund investment solutions

We make catalytic investments crowding in private investors and increasing long term sustainability

	Technology, Innovation	Lower mid-market & hybrid debt equity	Private credit	Infrastructure & climate funds
Risk sharing mechanism	Investment in funds often sending a positive signalling effect to private investors	Investment in funds often sending a positive signalling effect to private investors	Crowding in additional investors via cornerstone investments in direct lending funds	Investments in funds focusing on asset creation in the targeted sectors through greenfield and expansion capex
Benefit for final beneficiaries	Funding for Europe's most disruptive founders in digital, life sciences, green tech and social impact	Funding to unlock the growth potential and boost internationalization of SMEs and small mid-caps	Bespoke debt packages, speedy deployment and flexible approach	More equity funding in renewable energy, EE, sustainable transport, digital and social infra
Net commitments	€19.3bn	€13.5bn	€6.8bn	€2bn*

Notes: Transaction level data based on net commitments (signatures), excludes selective debt.

Source: data as at 31/12/2022, *) new asset class under EIF management since 2021, data as at 31/12/2023

Opportunities across entire risk-return spectrum

We have built deep long standing investment relationships having backed many managers since inception.

Building the ecosystem and diversifying the investor base

The EIF's aim:

The EIF's role:

Investing in:

Benefits:

Market developer

New teams, markets, segments

- Investments in untapped opportunities
- First mover in emerging markets and sectors
- Structuring input and best practice
- Providing a quality seal

Market catalyst

Funds with unrealized track records

Market access

Funds with proven track-records

- Long-standing relationships with managers
- Extensive deal visibility
- Envious access to oversubscribed funds

InvestEU Equity

Infrastructure Funds programme



PE, VC and private credit programme



- Debt funds & hybrid debt-equity funds
- Growth and expansion funds



- Life science & health
- Space
- Defence
- Industrial technologies
- Semiconductor technologies & chips



- Mobility & transport
- Energy & built environment
- Industrial decarbonisation & environmental sustainability
- Agriculture & natural resources
- Blue Economy



- Artificial Intelligence
- Block chain and DLT
- Cybersecurity
- Quantum computing
- Creative & cultural sector
- Education tech

InvestEU Equity programme – main considerations

EIF will commit

€10bn+

To venture capital, private equity & infrastructure funds

- EIF can select funds under InvestEU **until 2027**
- Under InvestEU EIF provides **fund investments** and **co-investments** from **pre-seed** to **pre-IPO/IPO stage**
- EIF can provide commitments **pari passu** or in **asymmetric way** via **ESCALAR mechanism**

Thematically focused

- Much more **thematically focused** than prior EC programmes
- Overarching twin ambitions of promoting investments in **digital and climate**
- Captures sectors and themes critical for the **EU's strategic autonomy**
- Other **horizontal policy priorities**

Primary focus on

Investment in policy areas

- Contractual requirements to **ensure minimum investment** in the **InvestEU participating countries** and **InvestEU target areas**.
- **Focus on primary investments**
- **Emphasis on market building**, with significant exposure to **new and emerging teams**

EIF Investment tickets under InvestEU

EIF maximum commitment is €100m in case of VC, PE, PC fund investments and €150m in the infrastructure funds

Typical EIF
commitment \leq 25%
of fund size



Up to 50% of fund size

- First-time teams
- Modest and moderate innovator countries
- Funds receiving investments through the ESCALAR mechanism.
- Where >75% of investments in expected in InvestEU target area(s)
- Meeting the InvestEU gender criteria
- Systematic collaboration with foundations / philanthropic organisations
- Business angel funds

Up to 75% of fund size

- Technology transfer
- Social impact
- Social infrastructure
- Certain green or digital investments where EIF investing alongside other InvestEU implementing partners

Remaining portion must come from other investors (typically 30% of total fund commitments from private investors is required*)

InvestEU Equity transversal goals

Certain cross-product policy goals are being pursued

Scale-up

To boost financing options specifically for enterprises in their scale-up phase – via the ESCALAR mechanism*

IPO

To improve the fund-level support to companies pre-IPO and post-IPO stages

Female representation

To actively encourage female participation and representation at fund level



*European Scale-up Action for Risk capital

The InvestEU IPO Initiative

Investing in funds that support SMEs in their transition to the public equity market



IPO focus

*The EIF provides support to funds that **assist their portfolio companies as they prepare and execute an IPO**, and for a certain period **after** they list on a European market.*

- Funds that anticipate exiting investments through IPO
- Crossover funds that target investments in companies with the intent to accompany them as they list



InvestEU

*EIF investments under the IPO initiative must respect **all requirements** applicable under InvestEU*

- The EIF invests in closed-end funds with fixed investment periods. Open-ended funds are not considered eligible.



Investments

*In addition, the fund will be required to invest at least the **same amount (1X)** received from the EIF into IPO Eligible Final Recipients*

The InvestEU IPO Initiative

Support for enterprises at every stage of the IPO journey.

1.

Pre-IPO

- Funds that support portfolio companies **in the process of preparing an IPO**, providing guidance on internal processes and the route to market.*

2.

At-IPO

- Funds that support final recipients **as they list on an EU venue**, including subscribing to their IPO shares and contributing to a healthy start on the market.

3.

Post-IPO

- Funds that continue to support portfolio companies **after they have listed**, purchasing shares in later raisings and holding shares after a company has listed.

**Under the pre-IPO definition, we consider eligible an SME that, at the time of its investment, has the intention, as part of its strategy, to list on a stock exchange. Companies that fail, after trying, to list on a stock exchange, will not be retroactively labelled as ineligible.*

InvestEU – ESCALAR mechanism

Supporting scale-up financing across the European Union

Investment firepower

For existing and new
funds

- Support **larger fund sizes**
- Enable managers to follow **“winners” for longer**
- **Reduced reliance on syndication** of investment rounds

Tickets up to

€100m

Tickets for late stage
venture and growth funds

An ESCALAR investment has:

1. **Preferential rights** on fund distributions under **predefined downside scenarios**
2. **Lower returns** versus “normal” LP share class

Potential for enhanced

Investor returns

through unique equity
structuring

- An ESCALAR investment can be implemented either through the **main fund or side fund structure**
- ESCALAR participation **can enhance returns for other investors** where a fund has positive performance.

ESCALAR Payments Waterfall

ESCALAR Limited Partners invest in a separate class of shares, with a modified payments waterfall.

Where the fund performs positively

- ESCALAR shareholders and other LPs receive reflows pro-rata to their invested amounts until the *preferred return* has been paid.
- The remaining proceeds are distributed, with non-ESCALAR limited partners receiving a greater share, reducing the ESCALAR share of the upside.

Where the fund performs poorly

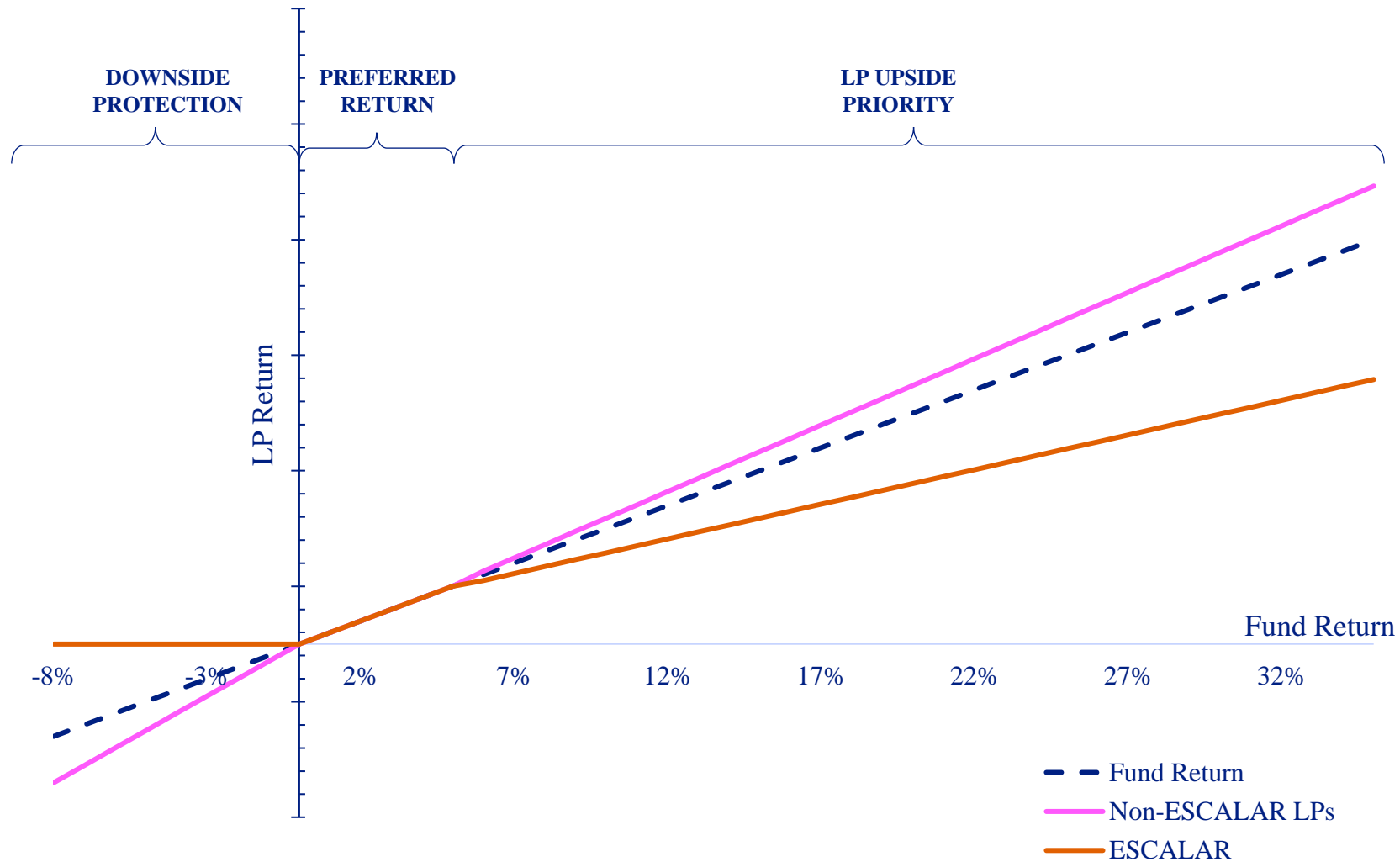
- Defined as a situation in which the ratio of NAV to ESCALAR Shares Net paid-in drops below 1.5x.
- ESCALAR shareholders receive reflows until their capital has been reimbursed (or trigger event is remediated), followed by other limited partners

ESCALAR
financial model
INVESTEU
ADVISORY HUB

EIF will provide to applying Fund Managers a financial model, developed with the support of the EIF Advisory Services under InvestEU Advisory Hub, to project the impact of an ESCALAR investment into the Fund.

Returns under ESCALAR

(illustrative)



Investing in female representation

- Gender smart investment criteria applied in the VC/PE context

- **Criteria:** focus on leadership aspects captured at different levels:

Management team composed of at least one third of female partners

Senior investment team provides for at least 40% of female representation

At least 40 % of female representation is provided in the investment committee

- **Entrepreneurship:** there is evidence that investment firms with women in decision making roles are more likely to invest in women-led companies
- **Objective:** invest in a number of selected funds, which focus on the thematic and policies relevant for InvestEU, that, at the same time, would comply with the gender smart criteria
- **Investors support:** tailored initiatives envisaged, particularly to support women accessing networking opportunities
- **Communication:** branded campaigns, focused webinars for female investors

**Empowering
Equity**



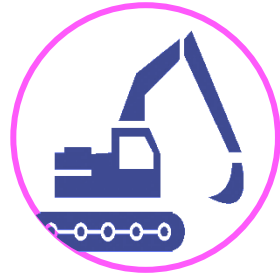
Investing in female representation

EIF infrastructure investments: focus on key policy priorities



Target sectors

- Renewable Energy generation and enabling infrastructure
- Energy Efficiency
- Sustainable Transport
- Digital Connectivity
- Social Infrastructure
- Urban Development
- Circular Economy and Natural Resources



Asset creation

We invest in funds that deploy the majority of their investments in Capital Expenditure, such as:

- Greenfield investments
- Renovation/refurbishment/retrofit
- Growth of platforms

EIF does not invest in buy-out M&A strategies



Climate focus

Full alignment with EIB Group Climate Roadmap, including:

- All investments to be fully Paris-aligned
- Alignment with EU Taxonomy

EIF does not invest in funds that provide financing to fossil-fuel based assets



Additionality

We focus on areas with recognized market gaps, such as:

- Early project phases: development, construction and ramp-up risks
- Innovative technologies
- New financing models
- Emerging fund managers

EIF infrastructure eligibility criteria

Our investment activity stringently focusses on asset creation in the targeted sectors through investment in greenfield or expansion capex projects. Investee Funds will therefore need to commit to the eligibility criteria below.

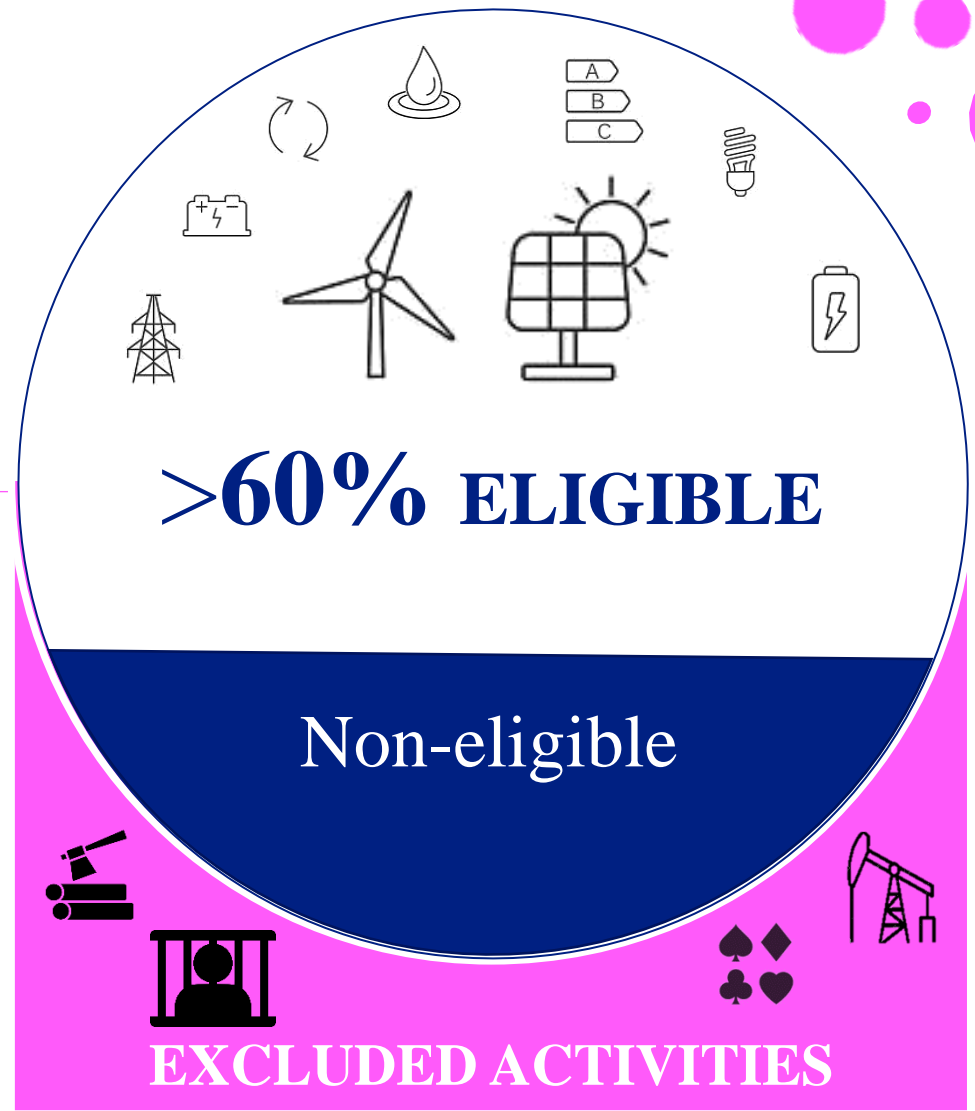
1

At least **60% of an investee fund's capital** to be invested in **greenfield, expansion or retrofit/ refurbishment** in the **targeted sectors, and consistent with our sector- and technology specific eligibility criteria.**

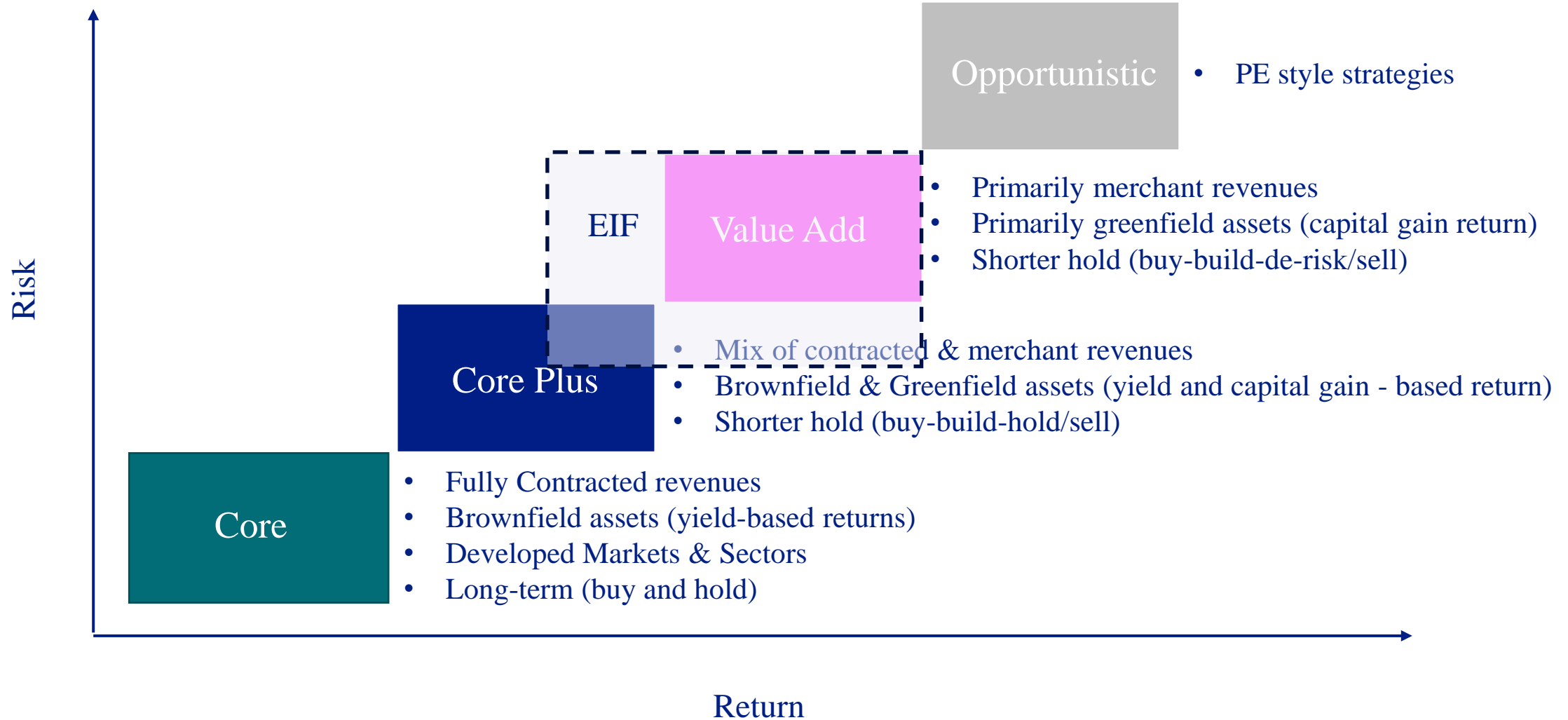
Excluded Activities conflict with EIF and InvestEU's mission and must be fully excluded from the fund's investment strategy.

2

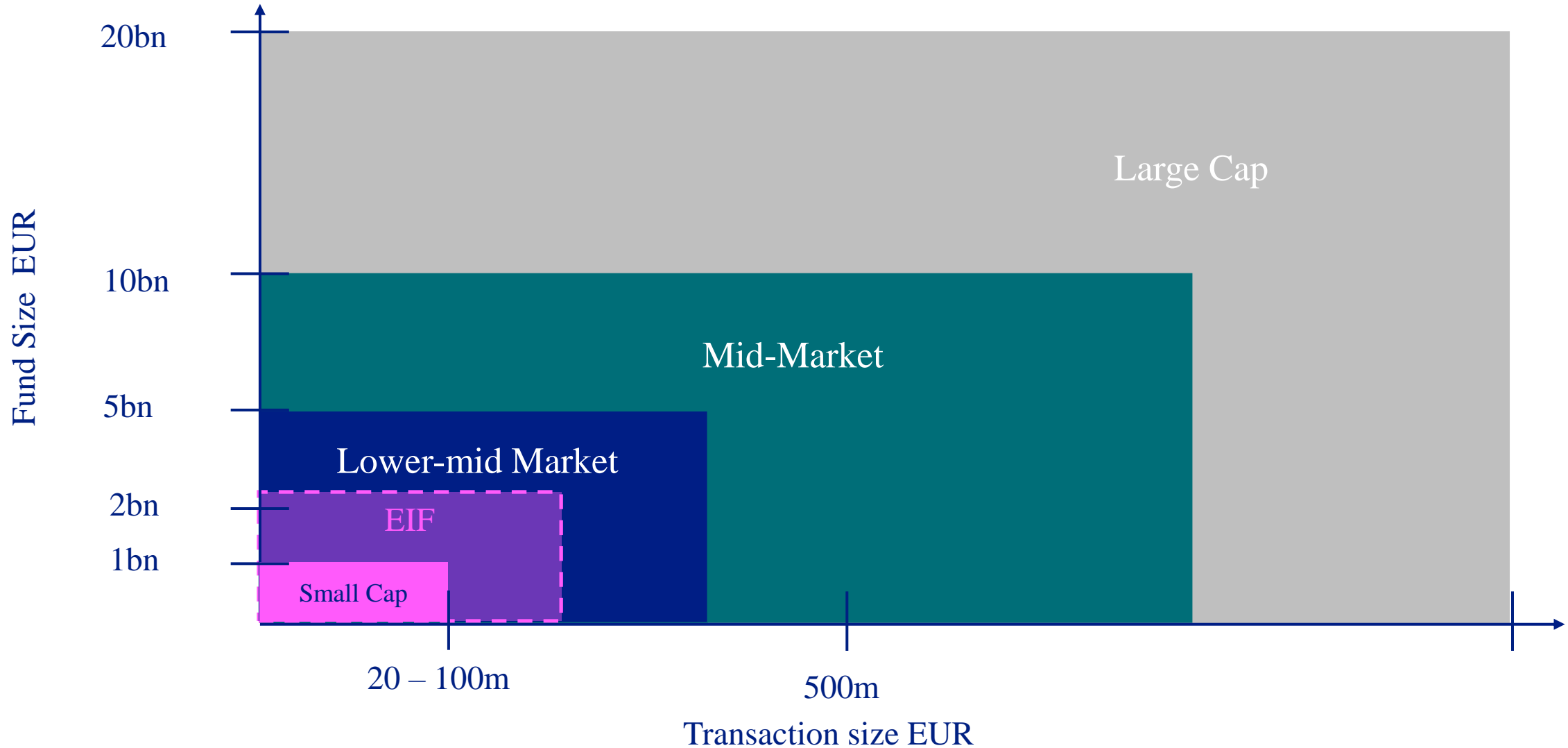
Investments in **brownfield**, such as the acquisition of operating assets, as well as non **priority sectors and technologies**, are non-eligible but permitted beyond the minimum eligibility threshold as long as the EIB Group standards with regards to ESG, procurement and others are fully respected.



EIF target market – strategy types

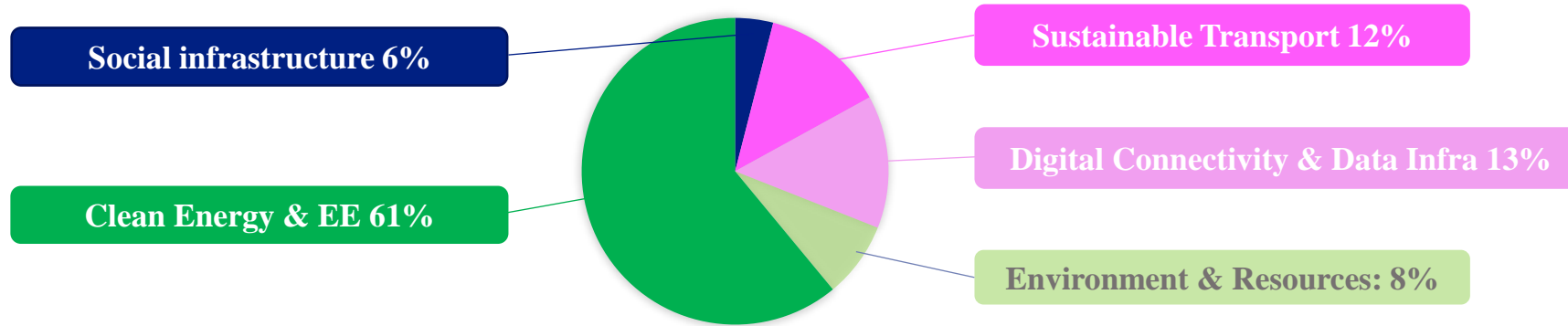


EIF target market – fund and deal size



Current EIF portfolio - snapshot

Investments focused on Green transition, portfolio geographically diversified across Europe

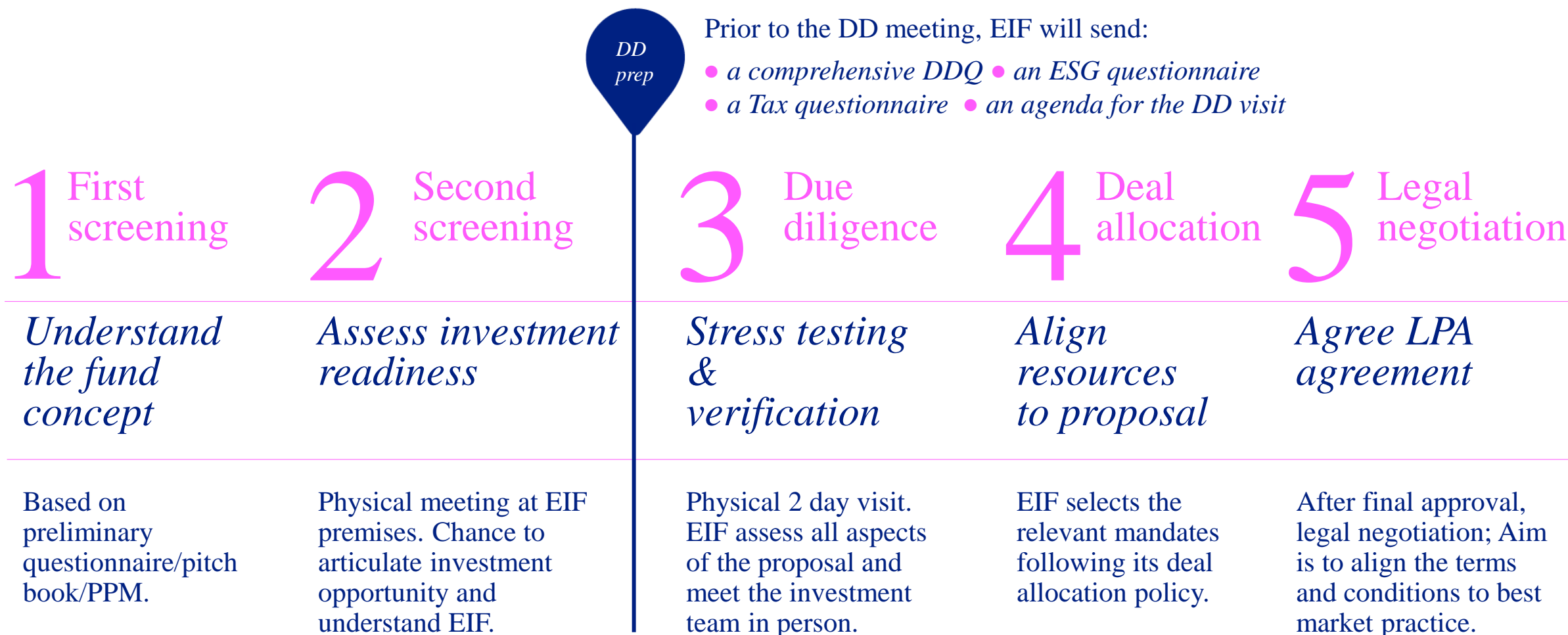


25 funds
~ € 2bn
invested



The EIF's investment process

Structured & rigorous 5 step process with many touch points with GPs and active feedback loop



Our impact investing

Achieving true positive impact with a proven methodology.

Our requirements

Intentionality — The enterprise must have a *clear purpose* to provide positive impact. Stated transparently in its *business strategy*.

Profitability — The enterprise must seek impact in a *commercially profitable manner*. Must be a clear correlation between impact and profit.

Scalability — The enterprise must display a clear *commercial drive to grow* whilst holding true its impact business model.

Our methodology

- 1 1 to 5 impact indicators defined per portfolio company.
- 2 A quantifiable target is set on each impact indicator at the moment of investment. Indicators and targets are overseen by an Advisory Committee.
- 3 Impact is monitored and results shared with investors.
- 4 Carried interest is always linked to the achievement of impact.



Energy savings achieved
(kWh/year)



Reduction of methane emissions
(tCH₂ per year)



Reduction of GHG emissions (tCO₂eq per year)



Reduction in food waste along the supply chain (tons of waste per year)



Water saving (m³/)

For more information please contact:

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and work on social media:



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To find out more please visit us at:
www.eif.org

Additional information about EIF

*We specialise in a
number of investment
strategies including:*

- *Venture Capital*
- *Private Equity (small
mid cap investing)*
- *Private Credit*
- *Infrastructure Funds*
- *Secondaries*

Our venture capital strategies

Specialising in all sectors of the diverse VC market.

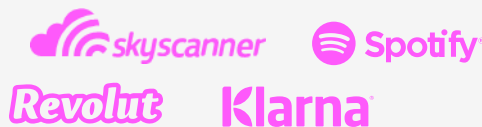
Our advantage

- Europe's largest VC investor
- Coverage of >99% of the market
- Constant VC investor since 1997
- A large investment team specialised in each sector
- Deep and long-standing relationships with leading GPs
- Pioneer in climate & environment and social impact investing

Technology



Leading innovators across multiple sectors including fintech, deep tech (AI, space), software, travel and mobility.



Green



A maturing market developing breakthrough technologies required in the fight against climate change.



Investing in Europe's most promising SMEs

Life Sciences



Investing in the next generation of life saving therapeutics, diagnostics, med-tech and digital health innovations.



Social

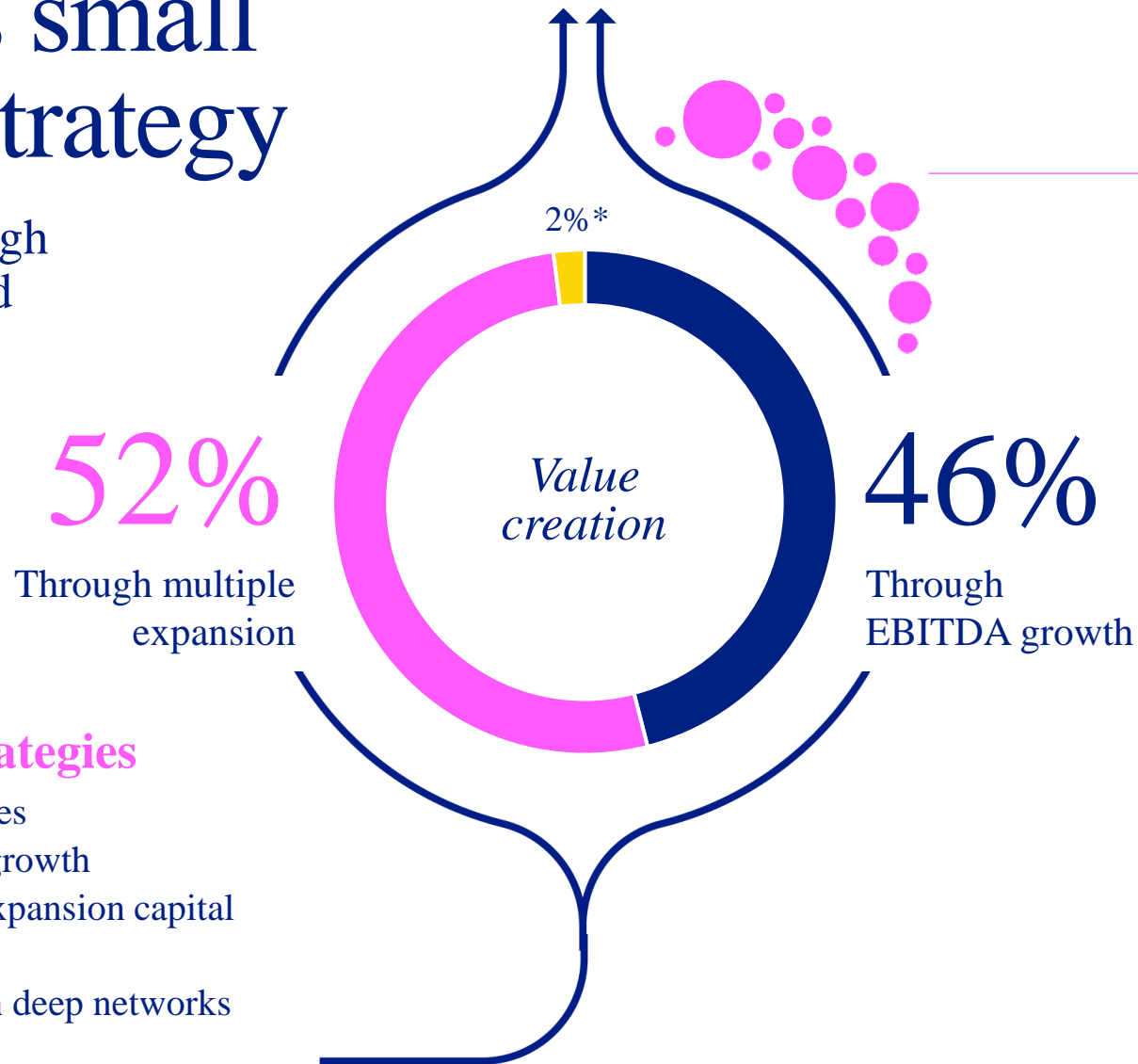


Backing companies that translate social impact into financial return, for the benefit of society and investors alike.



The EIF's small mid-cap strategy

Value creation through EBITDA growth and multiple expansion



Investing in companies with high growth potential

Family businesses, entrepreneurs or corporates with enterprise values of € 10-250m

- Proven business models
- Focus on defensive industries
- Significant EBITDA uplift potential
- Leading market positioning
- Growing domestic markets
- Internationalization opportunity
- Add-on acquisitions
- Global niche leader potential

Fund manager strategies

- Buy and build strategies
- Buy-outs for organic growth
- Minority equity and expansion capital
- Hybrid debt-equity
- Often local teams with deep networks

*Deleverage

EIF experience in the Lower end of the Private Credit Market

Private credit

Target companies' EBITDA
€20m

Upper Mid-Market

Sponsored transactions

Relatively crowded market with high competitive pressure

*Leverage tends to be **higher** / covenant package **lighter***

Lower Mid-Market

Sponsor-less and sponsored transactions

Moderate competition

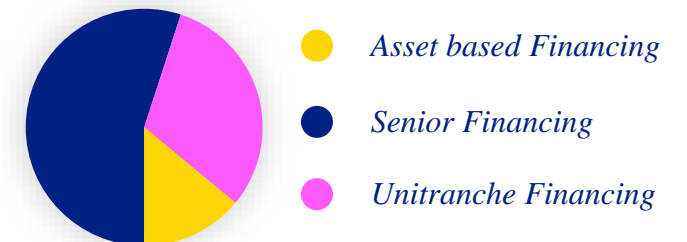
Stronger contractual terms

EIF's portfolio key statistics

>40 Funds invested

3,000 Target invested companies

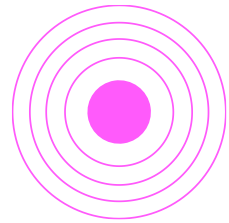
0.61% Average annualised loss provisioning rate*



*of active funds as of Dec 20; Indicative Moody's equivalent 1-year EL rating of Ba1

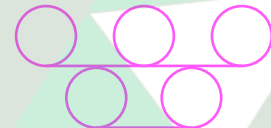
Our *new* climate & infrastructure funds business line

Pioneering climate policy and investments



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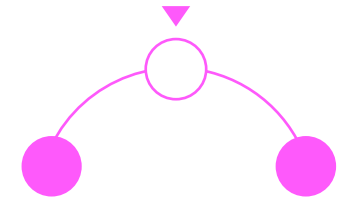


Climate focus

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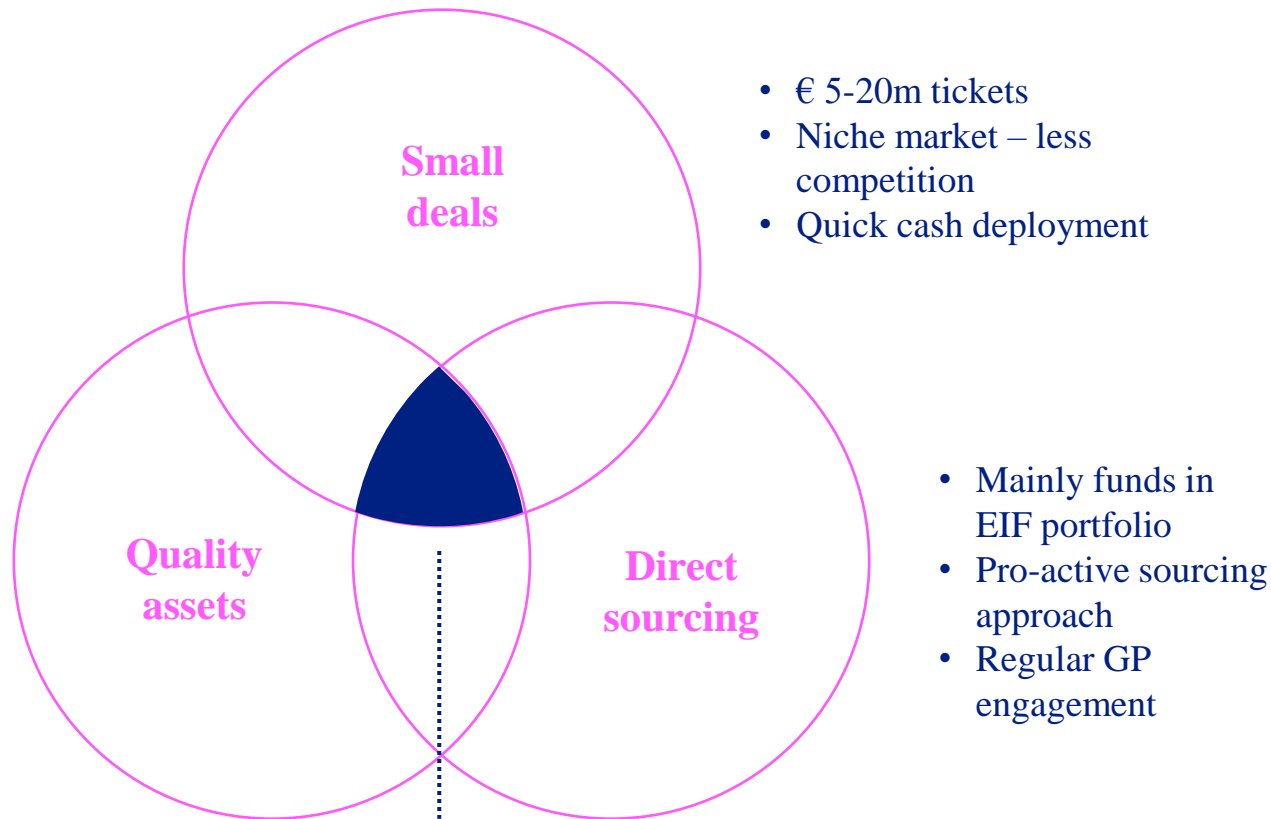
Additionality

We focus on areas with recognized market gaps, such as:

- Early project phases: development, construction and ramp-up risks
- Underserved geographies within the EU
- Innovative technologies
- New financing models
- Emerging fund managers

Our secondaries strategy

Building on our large primary portfolio & market coverage.



- € 5-20m tickets
- Niche market – less competition
- Quick cash deployment

- Bottom-up assessment of portfolio companies
- GPs / funds well known to EIF
- Buyout, Growth and Hybrid in the small-cap segment

- Mainly funds in EIF portfolio
- Pro-active sourcing approach
- Regular GP engagement

Our advantage

We focus on what we know best:

- 1) our portfolio of 1,500+ funds
- 2) 550+ GP relationships

Deal types

- GP-led solutions
- LP-led acquisitions
- co-investments (selectively)

Selective niche approach

- avoid ‘busy’ auctions
- avoid large transactions
- lower mid-market focused

Entry point

- with room for value creation
- look for inflexion assets
- growth vs pure discount play