

ANNEX 3 – Business Angels' Co-Investment Equity Instrument Term Sheet

Financial Instrument	Business Angels Co-Investment Equity Instrument (the " Fund")
Envisaged state-aid regime	Envisaged to be State aid free under section 2.1 of the Community guidelines on State aid to promote risk finance investments (2014/C 19/04) ¹ .
Investment Focus	The Fund's investment strategy shall be restricted to co-investments with Business Angels (as defined below) and other non-institutional investors. However, it shall not exclude investments where institutional investors participate as syndicating investors at the level of investee companies, in follow-on rounds. It shall be flexible in terms of sector focus of investments and will primarily target entities in Early Stages of development ² .
Business Angel	Means a private individual or a non-institutional investor undertaking equity or quasi-equity investments in enterprises, primarily with its own money.
Investment Range	In principle investments are anticipated to amount to up to EUR 1m range including follow on rounds, with the aim to build a diversified portfolio. Typically up to 15% of the total fund size in any single investee at any point in time (possible fund Advisory Board approval in case that limit needs to be exceeded). No regulatory cap for state aid "free" funds under Community guidelines on State aid to promote risk finance investments.
Investment Period	In line with market practice typically no longer than 5 + 1 years
Type of financing	Equity and / or quasi-equity
Fund duration	Typically 10 + 1 + 1 years (with extensions being subject to investor or Advisory Board approval).
Fund manager	Financial Intermediary selected by EIF to manage the Fund. The fund manager must be independent i.e. must be able to take management and investment decisions independently, in particular without the influence of investors, sponsors or any other third party which is not integrated in the structure. The fund manager will typically comprise a team of experienced professionals, acting with the diligence of a professional manager and in good faith, operating according to best industry practices, complying with professional standards issued by the Invest Europe, ILPA or other equivalent organisation. The Financial Intermediary shall comply with applicable European Union law and agreed international and European Union standards and, therefore, not support

¹ <https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX%3A52014XC0122%2804%29>

² "Early Stage" means the early phase of development of an enterprise and includes Proof of Concept Stage, (Pre-) Seed-Stage, Start-Up Stage and Other Early Stage.

	<p>actions that contribute to tax evasion or finance artificial arrangements aimed at tax avoidance.</p> <p>The Financial Intermediary shall undertake (and shall cause) the Fund and its related entities not to be established and/or invest in entities incorporated in Non-Compliant Jurisdictions, unless the operation is physically implemented in the relevant Non-Compliant Jurisdiction and it does not present any indication that it supports actions that contribute to (i) criminal activities such as money laundering, financing of terrorism, tax crimes (i.e. tax fraud and tax evasion) and (ii) artificial arrangements aimed at tax avoidance.</p> <p>The Intermediary shall incorporate the above requirements regarding compliance with laws and Non-Compliant Jurisdictions in the contractual documentation of each SME in which the Fund invests.</p>
Fund manager's commitment	<p>Fund manager is typically expected to contribute at least 2% of the total commitments as a limited partner of the fund. Required commitment size will be assessed against and aligned with the objectives of the instrument and economic wealth of the team.</p>
Management fees and costs cap	<p>Typically paid on the total commitments during the investment period and on the invested capital (acquisition cost of the active portfolio of the fund reduced by the acquisition cost of the fund's investments that have been sold, written-off or written-down) thereafter. Alternatively, fixed-fee for the post investment period could be considered.</p> <p>Management fees to be paid shall not exceed 20% of the total commitments for the lifetime of the fund; establishment costs shall not exceed 1% of the committed capital for the lifetime of the fund.</p>
Distribution Cascade	<p>Pari-Passu Distribution to investors at Fund level:</p> <ol style="list-style-type: none"> 1. 100% total commitments attributable to Fund's investor(s) (Limited Partners) pro-rata to their underlying interest, 2. 100% to investors until they have received sums equal to a 6% hurdle rate on the basis of drawn commitments, 3. Full catch-up for the fund manager, 4. 80/20 split between the Fund's investor(s) and the fund manager
Compliance	<p>Clear procedures for KYC/AML and integrity checks on the sourced private investors and management of conflicts of interest shall be implemented by the fund manager in line with requirements of national legislation.</p>
Additional features of the fund manager	<p>The fund manager will manage the Fund based on commercial principles.</p> <p>EIF representatives shall be appointed on appropriate advisory committee structures to review inter alia conflicts of interest.</p> <p>In the management of the fund, the fund manager shall apply best practices, inter alia considering guidelines developed by Invest Europe and ILPA, and shall perform additional controls as required by the public nature of the Fund's investment and further communicated to the fund manager.</p>
Eligible Investees	<p>The Fund shall invest in entities that, at the time of first investment, are SMEs, meaning a micro (including individual entrepreneurs and self-employed persons),</p>

	<p>small or medium-sized enterprise as defined in the Commission Recommendation 2003/361/EC of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises, as amended from time to time.</p>
Prohibited types of investees and activities	<p>Investments in following types of investees and activities shall not be supported:</p> <ol style="list-style-type: none"> a. undertakings in difficulty, as defined by the Community guidelines on State aid for rescuing and restructuring firms in difficulty, as amended or replaced; however, SMEs within 7 years from their first commercial sale that qualify for risk finance investments following due diligence by the selected financial intermediary will not be considered as undertakings in difficulty, unless they are subject to insolvency proceedings or fulfil the criteria under their domestic law for being placed in collective insolvency proceedings at the request of their creditors; b. undertakings that have received illegal State aid which has not been fully recovered. c. undertakings listed on the official list of a stock exchange or a regulated market. <p>The eligible investees shall not have a substantial focus on one or more Restricted Sectors, such Restricted Sectors are as set out in the "Guidelines on the EIF Restricted Sectors" published on the EIF website.</p>
Place of business of Eligible Investees	<p>The Fund shall only invest into Eligible Investees that are established or operate in Greece at the time of investment.</p> <p>For the avoidance of doubt, in case that, at the time of investment, the investee is not yet established as a legal entity, documentation that the official registration of the legal entity in relevant Greek authorities has been initiated needs to be provided.</p>
Non-Compliant Jurisdiction	<p>means a jurisdiction:</p> <ol style="list-style-type: none"> a. listed in the Annex I of the European Council conclusions on the revised EU list of non-cooperative jurisdictions for tax purposes; b. included in the OECD/G20 list of jurisdictions that have not satisfactorily implemented the tax transparency standards; c. listed in the Annex of the Commission Delegated Regulation (EU) 2016/1675 of 14 July 2016 supplementing Directive (EU) 2015/849 of the European Parliament and of the Council by identifying high-risk third countries with strategic deficiencies; d. rated as "partially compliant" or "non-compliant", including corresponding provisional ratings, by the Organisation for Economic Cooperation and Development and its Global Forum on Transparency and Exchange of Information for Tax Purposes against the international standard on exchange of information on request; e. included in the Financial Action Task Force statement "High risk Jurisdictions subject to a Call for Action"; or f. in the Financial Action Task Force statement "Jurisdictions under Increased Monitoring", <p>in each case as such statement, list, directive or annex may be amended and/or supplemented from time to time.</p>
Fund's due diligence before investments	<p>The fund manager will make investment decisions based on each investment's business plan, which should contain product description, turnover and profitability</p>

	calculations and forecasts, previous assessment of project viability, as well as each investment's clear and real exit strategy.
Replacement capital ³	The Fund cannot provide replacement capital.
Private investor contribution	<p>No private investors are envisaged on the Fund level besides the fund manager's commitment. Private investors will be sourced on a case-by-case basis at the level of each underlying investment. Transactions are envisaged to meet the market economy operator test¹, being considered state aid free.</p> <p>Minimum 50% investment by private investors (primarily Business Angels and non-institutional investors) on a pari passu basis at the level of each investment. An investment is considered pari passu when it is made under the same terms and conditions by the Fund and private investors, where both categories of operators intervene simultaneously and where the intervention of the co- investors is of real economic significance.</p>
Reporting	<p>The fund manager shall provide EIF with quarterly information in a standardised form and scope as per Invest Europe (formerly known as EVCA) guidelines for reporting to be specified in the Operational Agreement.</p> <p>More detailed reporting requirements may be set out in the Fund documentation.</p>
Monitoring and Audit	The fund manager and the investee companies shall agree to keep records and to allow and provide access to documents related to the Financial Instrument for the representatives of the EIF, the Government of Greece and any other authorised bodies duly empowered by applicable law to carry out audit and/or control activities. The fund manager and the investee companies shall enable these bodies to discharge their duties with respect to monitoring, control and auditing of the correct use of the Investments. These controls may include on-the-spot controls of the Financial Intermediaries and the Final Recipients. To that effect, the fund manager shall include appropriate provisions in each investment agreement.
Additional requirements	<p>The fund manager shall ensure compliance with applicable law, including all relevant national law and regulations, GDPR, state aid and money laundering, the fight against terrorism and tax fraud. The fund manager, shall, in line with its internal rules and procedures and particularly in the cases where fraudulent behaviour is suspected, be entitled to perform monitoring checks at the level of the investee companies.</p> <p>The fund manager shall undertake (and shall cause) the Fund not to be established and not to maintain business relations with entities incorporated in territories, whose jurisdictions do not cooperate with European Union in relation to the application of the internationally agreed tax standards and shall transpose such requirements in its contracts with final beneficiaries.</p> <p>The fund manager shall undertake, and shall cause the Fund to comply with relevant standards and applicable legislation on the prevention of money laundering, the fight against terrorism and tax fraud to which they may be subject. Funds (and sub-intermediaries) shall not be incorporated in territories whose jurisdictions does not co-operate with the EU in relation to the application of internationally agreed tax</p>

³ The purchase of a minority stake of existing shares in a company from another private equity firm or from another shareholder or shareholders.

	<p>standards. Each applying Financial Intermediary may inquire about the status of a particular jurisdiction with EIF.</p> <p>The fund manager shall refer to EIF Policies, in particular:</p> <ul style="list-style-type: none"> - Anti-Fraud Policy; - EIF restricted sectors; - Policy on Offshore Financial Centres & Governance Transparency; <p>published on the EIF website.</p> <p>The fund manager shall undertake, and shall cause the Fund to return amounts invested in SMEs which do not meet the eligibility criteria and/or which are found to be in an exclusion situation not duly disclosed or supervened (in the event that cannot be cured). In these cases, the fund manager and/or the Fund will be required to apply all applicable contractual and legal measures with due diligence for the purpose of recovering the relevant amounts. Non eligible amounts and undertakings shall be recorded in the Reporting.</p> <p>The fund manager is obliged to use any available means to inform the undertakings and the general public of the public contribution made by the Greek State to the Fund and to the investments, accordingly, in the way set in the visibility rules of the Call described below. Special mention shall be made to the fact that resources come from the reuse of reflows resulting from the JEREMIE Holding Fund initial NSRF resources.</p>
<p>Transfer</p>	<p>Under the Funding Agreement, EIF may be substituted in its role as JEREMIE HF manager. In the event of such substitution, the Government of Greece, or the entity appointed by the Government of Greece as new JHF, will assume the full discretion and responsibility to perform the tasks of the JHF and to implement the JHF operations in Greece, and may take over the Financial Instrument(s). The Operational Agreement will provide for the possible substitution of EIF, in order to allow the transfer of the Operational Agreements to the successor entity.</p>
<p>Visibility</p>	<p>Each Financial Intermediary shall:</p> <ul style="list-style-type: none"> i. explicitly inform the portfolio companies that financing is made possible through the support of the Fund with the financial backing of the Greek State. Such information needs to be prominently included either in the contractual documentation and/or in an accompanying cover letter; ii. include in any press release or other marketing action that the Financial Intermediary may choose to make with regard to the operation, that the Financial Intermediary's investments are financed by the Greek State. <p>More detailed visibility requirements may be set out in the Fund documentation.</p>