



BOOST INVESTMENTS IN FRENCH SMES

PRIVATE EQUITY GUARANTEE

GARANTIE DE FONDS PROPRES RELANCE
French State financial support managed by Bpifrance



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01

**What are the
criteria to benefit
from the
guarantee ?**

02

How to benefit
from the
guarantee ?

03

How does the
guarantee work ?

01. What are the criteria to benefit from the guarantee ?



Targets

- ✓ **SME** (according to european definition) registered in France*.
- ✗ Companies in difficulty (according to european regulation) are not eligible.

Investment purposes

- ✓ Venture and development capital.
- ✗ Buyout is not eligible.

Kinds of investment

- ✓ Equity and Quasi equity (shares, bonds, equity loans)

* The category of micro, small and medium-sized enterprises (SMEs) is made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding EUR 50 million, and/or an annual balance sheet total not exceeding EUR 43 million (Extract of Article 2 of the annex to Recommendation 2003/361/EC). A couple of activity fields are also excluded. According to french activities classification : les entreprises agricoles (codes NAF : sections A 01 et A 02) réalisant moins de 750.000 € de chiffre d'affaires, à l'exception des entreprises forestières (NAF : A 02.20 Z et A 02.40 Z), les sociétés d'intermédiation financière et gestion de fonds (notamment code NAF : K 66.3 et section K 64 sauf K 64.2 pour les financements destinés à des sociétés d'exploitation), de construction navale (code NAF : section C 30.1), de l'industrie houillère (code NAF : section B 05.1), de la sidérurgie (code NAF : section C 24.1), de promotion et de location immobilière (codes NAF : sections L 68.1, L 68.2 et F 41.1).

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02. How to benefit from the guarantee ?



A

Fund accreditation

Accreditation certifies that the investment fund nature and organisation respect French State and Bpifrance intervention policies and therefore can benefit from French State financial support through Bpifrance partnership.

B

Annual agreement

The annual agreement recalls eligibility criteria, guarantee conditions and maximum investment capacity covered by the guarantee. The fund remains fully sovereign of its investments decisions.

C

Guarantee request

Fund selects which investments among its portfolio he wants to cover and requests Bpifrance validation. Requests are made through a secured dedicated digital platform. Bpifrance only checks eligibility criteria.

- ✓ Private equity companies and/or funds must be mostly owned by private shareholders and do not benefit from other tax incentives at subscription stage.

Accreditation request : informations required



- ✓ Private equity company and fund presentation and policy
- ✓ Investors team and track record
- ✓ Investments purposes and strategy
- ✓ Decision process
- ✓ Shareholders
- ✓ European accreditation

Accreditations are delivered by Bpifrance management board.

The annual agreement provides a framework to the fund.

For each fund, the private equity company signs an annual agreement which recalls coverage conditions (eligibility criteria, compensation conditions, cost...) and maximum investments capacity covered by the guarantee. The agreement covers full or part of the investment portfolio.

The fund keeps full sovereignty upon its investments and which ones he wants to cover.

The fund decides which investments he wants to cover. These investments must respect eligibility criteria.

- Bpifrance checks the eligibility criteria respect.
- Bpifrance does not assess or interfere with the investments itself (SMEs, project, risk, others investors...)

1

The fund closes its investment and decides to request the guarantee for this specific investment : the fund selects which investments he wants to cover. He does not have to submit all investments of its portfolio.

2

The fund submits its request with following documentation :

- ✓ Eligibility form
- ✓ Investment note
- ✓ Capitalization table (before and after investment)
- ✓ Latest financial/accounting documentation of the SME
- ✓ Certificate of incorporation (K Bis)

3

Based on complete documentation, Bpifrance :
 confirms the guarantee and sends a notification with coverage modalities to the fund.

Reject the request if it does not respect any of the eligibility criteria.

No derogation

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**How does the
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03. How does the guarantee work ?



Coverage and cost

A

Triggers for compensation

B

Determination of the maximum compensation limit

C

Consolidation of annual compensation limits

D

03.A Coverage and cost



Duration : 10 ans



Percentage of cover :

SME < 3 years old : 70%

SME ≥ 3 years old : 50%

Cost :



Equity : 0,45% per year

Quasi equity : 0,60% per year

Fee on capital gain : 12% (due in the limit of compensations paid to the fund)

Compensation :



3M€ per investment

6M€ on targeted SME (in case on multi investors)

Stop Loss (SL) : 30% of total potential compensation

03.B Triggers for compensation



Compensation is paid in advance when one of the following event occurs :

Judicial liquidation

Judicial reorganization

Voluntary liquidation*

Transfer or sale with capital loss*

** Must be agreed by Bpifrance before the compensation is claimed.*

** If the SME has lost more than half of its equity since the investment.
Transfer to another fund is excluded.*

03.C Determination of the maximum compensation limit



Portofolio 2021	Investment amount to cover (€)	Percentage of coverage	Covered risk (€)
Investment 1	500 000	70%	350 000
Investment 2	1 000 000	70%	700 000
Investment 3	1 000 000	50%	500 000
Investment 4	1 200 000	Not covered	0
Investment 5	2 000 000	Not covered	0
Investment 6	1 700 000	50%	850 000
Total coverage			2 400 000
Stop Loss (SL)			30%
Compensation limit = Stop-loss * Total coverage			720 000 (30% * 2 400 000)

* Bpifrance will compensate losses up to 720 000 €.

03.D Consolidation of annual compensation limits



	2021	2022	2023	2024	Total
Compensation limit	720 k€	980 k€	1 200 k€	1 100 k€	4 000 k€

From 2021 to 2024, the compensation limits can be consolidated.

Compensations will be paid in due course as long as their total amount does not reached the sum of compensation limits, 4 000 k€ in the example above.

MAIN BENEFITS OF THE GUARANTEE



Boost investments in french SMEs

**Secure
shareholders**

**Preserve funds
sovereignty**

WE SHARE



YOUR RISKS

**Mitigate J-curve
effect**

**Allow
investments in
riskier projects**

A DEDICATED TEAM



Head of department



Santie ADELBERT

Front office (accreditations, annual agreements and guarantee requests)



Grégoire MONGIN



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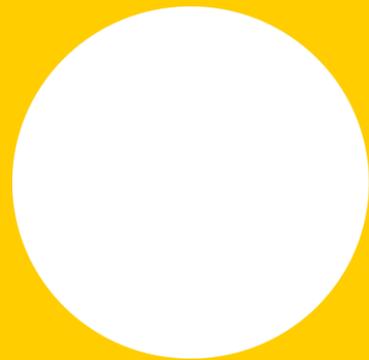


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