

ENEF II

A UNIQUE PROPOSITION



INTRODUCTION

ENEF II is an investment fund, advised by the **European Bank for Reconstruction and Development (EBRD)** and funded by the EBRD, **Cassa Depositi e Prestiti (CDP)**, the **German Development Bank (KfW)** and the **European Union (EU)**. The fund **reached a first closing of EUR 57 million** in March 2023 and targets a second closing by March 2024.

ENEF II specializes in providing tailor-made equity, quasi-equity and debt financing to SMEs and mid-caps **in Albania, Bosnia and Herzegovina, Montenegro, North Macedonia, Kosovo and Serbia (the Western Balkans)**. The fund has a dedicated and experienced team and relies on the infrastructure of the EBRD in the region (at no cost). It has secured grant resources to cover transaction costs and provide technical assistance to investee companies to boost their growth.

ENEF II **builds on the success of ENEF**, which was launched in 2014 and invested **EUR 70 million**, including EBRD co-investments, **in 16 companies from the Western Balkans**. ENEF is a **well-performing fund** with no write-offs or impairments, thus not only preserving capital, but generating return for investors.

ENEF II is **advised by the European Bank for Reconstruction and Development (EBRD)**, an institution that has been present in the Western Balkans for almost 30 years and is **one of the largest investors** in the region.

ENEF II will be a **ESG fund, in compliance with Article 8** of the EU Sustainable Finance Disclosure Regulation. A guarantee to the real ESG approach is the strong commitment and expertise of the EBRD.

In addition, **the EBRD will co-invest in every transaction with a 3.5:1 ratio for investments of more than EUR 2 million, and 1:1 otherwise.**

STRUCTURE OF THE FUND & KEY TERMS

Total fund resources at 2nd closing: **EUR 75 million**

Minimum investment ticket: **EUR 0.5 million**

10 years lifetime with (up to 2 years extension)

5 years investment period (with up to 1 year extension)

Single investment size **from 0.5 million to EUR 10 million** ; average ticket size EUR 4-5 million

15-20 expected investments

Management fee: standard cost for the AIFM, **no other fee during the 5 years investment period**; 1.8% of NAV in the remaining period, payable to the Investment Advisor

Investment limits: maximum 15% in a single company; 40% in a single country; 35% in the same sector or subsector when applicable; 25% in real estate; and 30% senior debt.

Carried interest: **none**, due to the institutional nature and development mandate of the Investment Advisor

Drawdown: paid upon each investment

Expected return: IRR 9-13%

Technical assistance: available grants to cover transaction cost and post investment value creation up to max EUR 400 K per each company

Instruments: all financial instruments, from debt to minority equity with a prevalence of self-liquidating instruments to minimize exit risk

Targeted composition at 2nd closing: EUR 48 million of senior shares (64% of commitments), EUR 27 million of subordinated shares-first loss (36% of commitments). Any potential loss will be covered by subordinated capital before affecting senior investors

EBRD co-investment: **3.5:1 ratio for investments of more than EUR 2 million, and 1:1 otherwise.**

TRACK RECORD

ENEF II is the successor fund of ENEF, which closed its investment period in July 2020 with 16 investments for a total amount of EUR 70 million (including EBRD co-investment).

ENEF has already **exited 7 investments** with a remaining **well performing portfolio**. All projects are on track to be divested in the next 2 years, **no arrears**, overdue payments and **no write-offs and/or restructuring of exposures**.

ENEF, with no first loss capital available, pursued **a prudent investment policy** and should generate a 4-5% IRR in what was a negative, or close to zero, interest rate environment. By offering mainly self-liquidating instruments, ENEF has already **distributed back to shareholders a significant portion of the capital invested in the fund**.

EBRD as a **co-investor** has approved all projects financed by ENEF and will continue to co-invest in ENEF II and approve projects. The double approval process of the ENEF independent Investment Committee and EBRD is **a guarantee of the quality of the projects**.

The EBRD is one of the **largest investors in the 6 countries** of the region, with 20+ years of experience including the public sector also. The **EBRD** has **significant experience in private sector development** with 100+ companies financed directly in the last 6 years, plus many more indirectly through local banks.

() As certified by an independent valuator.*

TRACK RECORD

Revenues of ENEF portfolio companies' average growth since investment.

+35% (*)

EBITDA of ENEF portfolio companies' average growth since investment.

+40% (*)

Number of employees of ENEF portfolio companies' average growth since investment.

+25% (*)

→ Good **country and sector diversification**.

→ All portfolio companies have **overcome the COVID crisis** unscathed with performance in line with initial projections.

→ All portfolio companies have **received support in pre and/or post investment** with dedicated technical assistance.

(*) Source: quarterly report, Investment Advisor.

THE INVESTMENT ADVISOR

EBRD IN THE REGION MEANS:

Offices in all the **capital cities** with Belgrade functioning as a regional hub.

61 bankers working full time and dedicated to the region, with expertise in Agribusiness, Manufacturing and Services, Information Technology, Infrastructure, Energy, Financial Institutions and Equity.

25 professionals working in the **advisory services** with a particular focus on SME.

A **regional director based in Belgrade** and coordinating the work of different teams/departments and the policy dialogue with the local governments and the international community.

Legal, compliance, risk and ESG, procurement and other services available from the HQ and mobilized on a project basis.

A strong **regional and international network of consultants** and local professionals.

CONTACTS

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