

FOCO

€ 2bn CO-INVESTMENT FUND



1. EXECUTIVE SUMMARY

VALUE PROPOSITION

- The main objective of FOCO is to mobilize resources from foreign investors, both public and private, to boost productive investments by private firms in Spain
- FOCO aims to encourage foreign investments in Spain's economy, improve access to finance for strategic sectors, and contribute to the development of capital markets in these sectors
- Spanish sovereign strategic Fund to attract foreign direct investment by aligning the state's interests with those of foreign investors

FUND OVERVIEW

- Two different investment strategies:
 - ✓ Direct Investments in companies and projects
 - ✓ Investments in Funds (private equity, debt and infrastructure funds)
- The contribution from foreign co-investors for each operation shall be at least equivalent to FOCO's contribution

KEY STRENGTHS

- COFIDES track record investing in sustainable economy in FOCO target industries
- Strong relationships with foreign investors and Sovereign Wealth Funds
- Capacity to build a strong pipeline in Spain and access to the largest companies and stakeholders ensures portfolio scale efficiency
- Possibility to invest in Spain, reducing regulatory and technological risks
- COFIDES' experience in financing companies entering new markets in LAC and the EU

2. COFIDES



COFIDES specializes in managing public funds that offer medium and long-term financing for private investments

Since its foundation, COFIDES has managed over 1,000 transactions in more than 90 countries
The Spanish State holds 53% of the equity, and the remaining 47% is held by private shareholders
COFIDES manages and advises **€ 5.5 bn** of assets linked to different public policy mandates:



INTERNATIONALIZATION

Assets under management

€ 1.7 bn

- FIEX
- FONPYME
- COFIDES (own resources)



SUSTAINABLE DEVELOPMENT

Support and management

+ € 1.2 bn

- Advisory: **FONPRODE** + EUR 1bn
- Indirect Management **EU Budget** (blended finance): € 200 M



SOLVENCY

Assets under management

€ 0.7 bn

- **FONREC**
Recapitalisation of firms affected by COVID-19



FOREIGN INVESTMENT ATTRACTION

Funding

€ 2 bn

- **FOCO**
Co-Investment Fund



SOCIAL IMPACT

Funding

€ 0.4 bn

- **FIS**
Social Impact Fund



3. KEY TERMS



3.1. TARGET SECTORS

Particularly (but not exclusively) those tied to the **green and digital transitions**, including:

- Renewable energy
- Clean technologies
- Information technology

Spain's strategic economic sectors, including:

- Sustainable mobility
- Sustainable infrastructure
- Sustainable agriculture
- Biotechnology and life sciences
- Deep technologies

Exclusion List for Do Not Significant Harm (DNSH) activities





3.2. ELIGIBLE CO-INVESTORS

Third-party co-investors may include, among others:

- Foreign public institutions (SWF's, public pension funds, etc)
- Foreign private long term institutional investors
- Domestic private investment vehicles and entities are eligible, provided they attract foreign investors
- Foreign equity companies participating in company figures in Spain to carry out eligible investment projects and productive activities



3.3. CO-INVESTMENT CONDITIONS

- The contribution from foreign co-investors for each operation shall be at least equivalent to FOCO's contribution
- The contribution by foreign co-investors shall be on *Pari-passu* terms

4. INVESTMENT STRATEGY



INVESTMENT STRATEGY

4.1. DIRECT INVESTMENTS

4.2. INVESTMENTS IN FUNDS

(PRIVATE EQUITY, DEBT AND INFRASTRUCTURE FUNDS)

4.1. DIRECT INVESTMENTS

DIRECT FINANCING



Financial instruments

Priority is given to equity or quasi-equity, although loans could also be considered to ensure alignment with foreign investors



Investment conditions

- No specific IRR requirement
- FOCO will align its target return with that of the co-investors
- FOCO will exclusively hold a minority position in the project



Eligible projects

New projects or ongoing projects may be eligible, with the latter subject to a case-by-case analysis based on factors such as size, start date, and impact



4.2. INVESTMENT IN FUNDS



INVESTMENT THESIS

- FOCO will invest in Spanish or other European Private Equity and Infrastructure Funds, with a focus on, or including, Spain as a destination for investments
- GPs with a solid track record in FOCO's strategic industries
- GPs and investment teams with an established track record and the ability to attract global private and public investors for investments in Spain
- Co-investment agreements with foreign investors to support productive investments in Spain or with foreign EU companies interested in entering or expanding their activities in the Spanish Market

4.2. INVESTMENT IN FUNDS

KEY ELIGIBILITY CRITERIA FOR FUNDS

- Have a target size of at least 100 M euros
- Funds whose investments consists of equity, and/or quasy equity (mezzanine) or debt
- Private Equity Funds, Infrastructure Funds, Venture Capital, Private Debt and Venture Debt
- Generalist Funds must allocate an amount twice as large as FOCO's co-investment in the priority target industries
- For equity funds, funds managed by Management Companies or investment vehicles investing in venture capital, growth capital and buyout strategies
- Funds that are or will be incorporated in an EU member state or in the UK and are authorized/registered with the corresponding regulatory authority
- The GP will have to contribute at least a 1% commitment
- No minimum IRR and expected market returns
- Maximum 25% of the selected Fund could be invested in a single investee
- FOCO's and other Spanish public investors' participation in the selected fund should not exceed 49% of the total target fund size
- FOCO will require GPs to invest a multiple of FOCO's participation in the fund in Spanish territory or in economic activities in Spain

CO-INVESTMENT AGREEMENTS WITH GENERAL PARTNERS (GPs)

- Tickets between 10 M and 150 M EUR
- The contribution from foreign co-investors shall be on a pari-passu terms
- Eligible investees must be incorporated in the EU and have work centers in Spain, irrespective of their shareholding structure, size, and ownership of capital
- FOCO LP commitments to GPs are independent of those made through direct co-investments with the same GP



APPLICATION PROCESS/ INFORMATION REQUEST

Interested undertakings shall make available to COFIDES an investment proposal.

Pre-selected investments will progress to the due diligence process, which will be carried out in accordance with COFIDES internal rules and procedures.

- ❖ For further information and investment guidelines, please visit:
<https://cofides.es/financiacion/instrumentos-financieros/fondo-coinversion-foco>
- ❖ Proposals may be submitted to foco@cofides.es

COFIDES, S.A., S.M.E.

CO-INVESTMENT FUND

COFIDES 

Investment and development



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