

HELENOS

STRENGTHENING INCLUSIVE FINANCE AND ENTREPRENEURSHIP IN EUROPE

AN INTEGRATED APPROACH : INVESTMENT FUND AND TECHNICAL ASSISTANCE

MARCH 2019

PRIVATE & CONFIDENTIAL

NOT FOR DISTRIBUTION

Investment Strategy

Rationale

Context

22,4% of EU population **at risk of poverty** or social exclusion*

More than 9 out of 10 enterprises in EU-28 are microenterprises (92,7%)*

1/3 of **employment** of EU-28 come from **microenterprises** (<10 employees)*

Those microentrepreneurs often have difficulties to access to adapted financial services (a.o. lack of collateral, income,...)+

Financial intermediaries (such as MFIs) play a crucial role to support those microentrepreneurs

But, smaller and emerging MFIs lack adequate source of capital and professional technical assistance

Mission

Through **reinforcing the capital base** of Financial Intermediaries (microfinance institutions, small financial intermediaries financing social enterprises,...), Helenos will promote social inclusion, **fight unemployment**, strengthen microcredit's structuring role in the economy, boost the entrepreneurial sector at the **base of the pyramid**, develop the social entrepreneurship ecosystem and contribute to local and/or regional development in Europe.

| Country | % of population at risk of poverty or social exclusion* |
|------------|---|
| Luxembourg | 19% |
| Belgium | 21,2% |
| France | 18,5% |
| Spain | 28,6% |
| Denmark | 17,7% |
| Poland | 24,7% |
| Romania | 39,5% |
| EU 28 | 22,4% |

*Source: Eurostat

+ Impact study of ADIE, 2013

Investment Strategy

Four axes



Capital Strengthening

Helenos will provide tailor-made answers to microfinance institutions and institutions financing social enterprises that are in need of capital strengthening.



Focus on Europe

Helenos is the first private fund for FIs active in the microfinance and social enterprises sector in Europe, covering both Western and Eastern Europe.



Integrated approach

Helenos combines adapted financing with technical assistance solutions. Our assessment is that FIs targeting social enterprises and microentrepreneurs need a.o. adapted TA solutions to foster their growth.

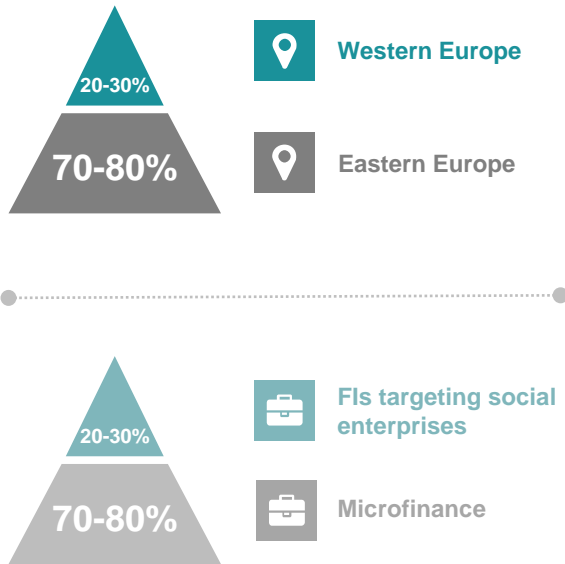


(M)FIs

Helenos will focus on start-up, small and developing MFIs and/or FIs targeting social enterprises (Tier 2 and 3). Both types of institutions are targeted in order to reach a well-balanced portfolio between risk, social mission and financial return.

Investment Strategy

Key exposure ratios & Geographical breakdown



Start-up represents ~10% of investments (in number). Fintech are eligible

Specific end clientele targets are migrants, in particular in Western Europe

Limits:

- Max. 25% of total assets per country
- Up to 10% of total assets per investment
- For equity: up to 10% of Fund size per investment

Helenos will target the following European countries:

Eligible countries:

European Union, Turkey, Iceland, Albania, Republic of North Macedonia, Montenegro, Serbia

Other eligible countries:

Up to 15% of total Fund size in: Kosovo, Norway, Switzerland, Moldova

Investment Strategy

Technical Assistance Fund

SPECIFIC VEHICLE

Helenos TA will be managed by Inpulse, based on its experience with other funds' TA.

INTERVENTIONS

Broad range of non-financial services to the (potential) investees of Helenos fund

KEY CHARACTERISTICS

Demand-drive approach
Ownership by the MFI
Large experience and network (Crédit Coopératif, ADIE and Inpulse)



INVESTMENT FUND
Tier 2/3 MFIs
Small FIs financing social enterprises
Tools
Equity, Subordinated debt
(Senior loan possible)



TECHNICAL ASSISTANCE
Support creation, development and growth of (M)FIs
Tools
Capacity building, financial engineering, impact study,...



Start-up MFIs
Developing MFIs
FIs targeting social enterprises

Portfolio Building

| Approval level | Sector | Country | Indicative Amount | Type of Investment |
|--|--------------------|---------|--------------------|--|
| Final approval obtained | Microfinance | Romania | 800.000 € | Equity |
| Final approval obtained | Microfinance | Romania | 400.000 € | Equity |
| Approved | | | 1.200.000 € | |
| Pre-approval obtained | Social enterprises | Denmark | 1.000.000 € | Equity / Sub. Loan |
| Pre-approval obtained | Social enterprises | Sweden | 500.000 € | Equity / Sub. Loan |
| Pre-approval obtained | Microfinance | Albania | 500.000 € | Subordinated Loan |
| Pre-approval obtained | Microfinance | Kosovo | 800.000 € | Subordinated Loan |
| Pre-approval obtained | Microfinance | Moldova | 150.000 € | Equity |
| Pre-approval obtained | Social enterprises | Greece | 500.000 € | Equity / Sub. Loan |
| Pre-approval obtained | Microfinance | Romania | 150.000 € | Senior Loan with convertibility option |
| Pre-approval obtained | | | 3.600.000 € | |
| TOTAL Final and Pre-approval obtained | | | 4.800.000 € | |

Current investors



Social Performance Policy

Throughout the entire process in 4 steps

The methodology we use to measure and monitor social performances of managed funds is aligned with the best practices of the microfinance sector, namely the Universal Standards of the Social Performance Task Force (SPTF) and the IRIS guidelines set up by the Global Investing Network (GIIN). Our methodology is structured around 4 key steps.

01

Investees smart selection

- Social Scorecard developed ad hoc to take decision
- Verify the coherence between social mission & operations
- Integrated in the due diligence process

02

Target fair objectives

- Both qualitative and quantitative
- Tailored and agreed with each investee
- Reflected in the loan agreement (*fléchage*)

03

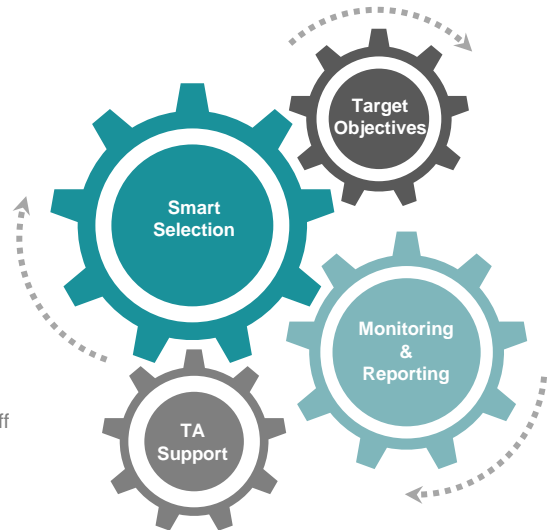
Monitoring & Reporting

- Genuine social performance assessment tool (SPA Matrix)
- 4 key areas: Social goals, Products & Services, Outreach, Staff
- 30 social and impact indicators (quantitative and qualitative)

04

Evaluation and improvement (TA Facility)

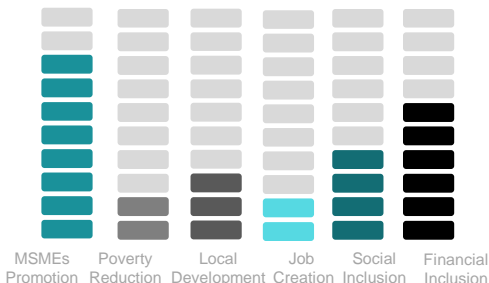
- Use results to strengthen social mission
- Improve SPM practices
- Implement punctual impact studies



Social Performance

Consolidated results of Inpulse Funds under Management, 2017

Social mission



70% Endorsement of Smart Campaign

74,614 Jobs supported/maintained

5,394 New business created

Staff treatment

Access and outreach

Urban/rural portfolio

59%

41%

Portfolio by gender

46%

54%

79% Loans with individual amounts below GNI p.c.

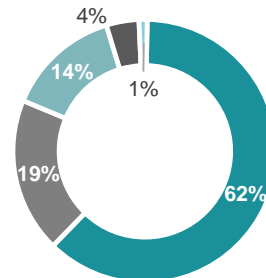
284,782 Final beneficiaries

1,438 Avg Outstanding Loan

19% Avg Outstanding loan as % of GNI p.c.

50% Women Employed **3,099** Total employees

Products and services



- Business
- Personal
- Green
- Agriculture
- Housing

66% Loans for financing income generating activities

88% Clients retention

1% Client complaints

13% Staff Turnover

Romania is the seventh most populous member state of the European Union and ninth largest per geographical area. Romania has the highest GDP growth rate of the EU (6% in 2017) and an unemployment rate below the EU average (4% vs 6,7%). With a population of 20M, Romania stays the second poorest EU country (GDP per capital of 8.300 €).

Romania

Country

FAER

Institution



FAER Foundation has been created in the 1990's in the framework of the «Romanian Village Operation» in reaction of the «systematization of the territory» of president Ceaucescu, who, in an objective of controlling the population, decided to displace farmers in populous suburban areas of largest cities. This movement of protest led to a sponsorship programme of thousands of Romanian farmers by Western European Communes, and then became a large movement of humanitarian support.

FAER Foundation started its activities thanks to grants coming from Western Europe. FAER progressively got organized, and launched a microfinance institution, subsidiary of the Foundation.

FAER is today active in rural areas of Transylvania. Its head office is located in Reghin, small city famous for its violin making industry and wood furniture manufacturing. Keeping its original objective of supporting rural areas, the majority of its portfolio is financing agricultural activities. FAER supports as of today 800 clients. Each client receives an average loan of 6.700 EUR.



Reghin

Transylvania,
Altitude 350m

Alin Cioarc
Farmer



Nicolas Blondeau
Analyst Helenos



Activity

Breeding of 56 dairy cows
on 10ha & sale of milk to
a cheese dairy



Microcredit

45,000 LEI (10,000€)



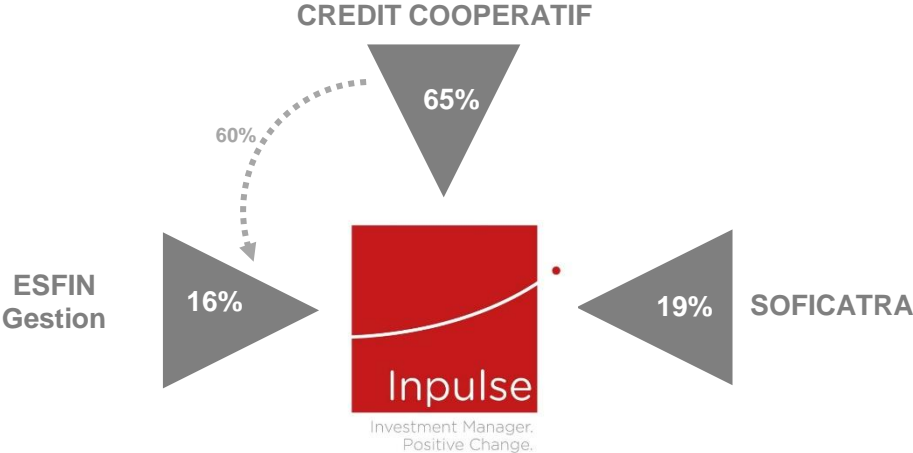
Project

Invest in a milk tank to
store the milk



Structure of the Management Company

Shareholders, AUM, Main investors



| CoopEst | CoopMed | Soficatra | Helenos |
|--|--|----------------------------------|---|
| 28 M EUR | 17 M EUR | 4 M EUR | 10 M EUR |
| Credit Coopératif EIF IFC ECOFI | Credit Coopératif EIB AFD ECOFI | CFI ESFIN Gestion GLS Bank | EIF Crédit Coopératif Mirova BNP Paribas |



UN Sustainable Development Goals

How our investments (really) match with the SDGs

The SDGs provide us the framework to fit the strategies and objectives of our managed funds into broader **sustainable development efforts**. All our investors seek a double bottom line approach to achieving both social impact and fair financial returns. All our funds invest into Financial Institutions pushing forward the SDGs. All our clients display strong social missions and do their best to positively impact the life of final beneficiaries: **here's the proof...**



75% loans below GNI per capita
2,692 new business created
75% loans financing income generating activities



238,814 final beneficiaries
7,818 migrants beneficiaries
54 Roma clients in 2 countries



49% clients women
52% women staff (MFIs portfolio)
78% women staff (Banks portfolio)



7 MFIs with environmental procedures
> 2,000 clients with a green product
3,1 Tons of CO² saved by Impulse employees in 1 year



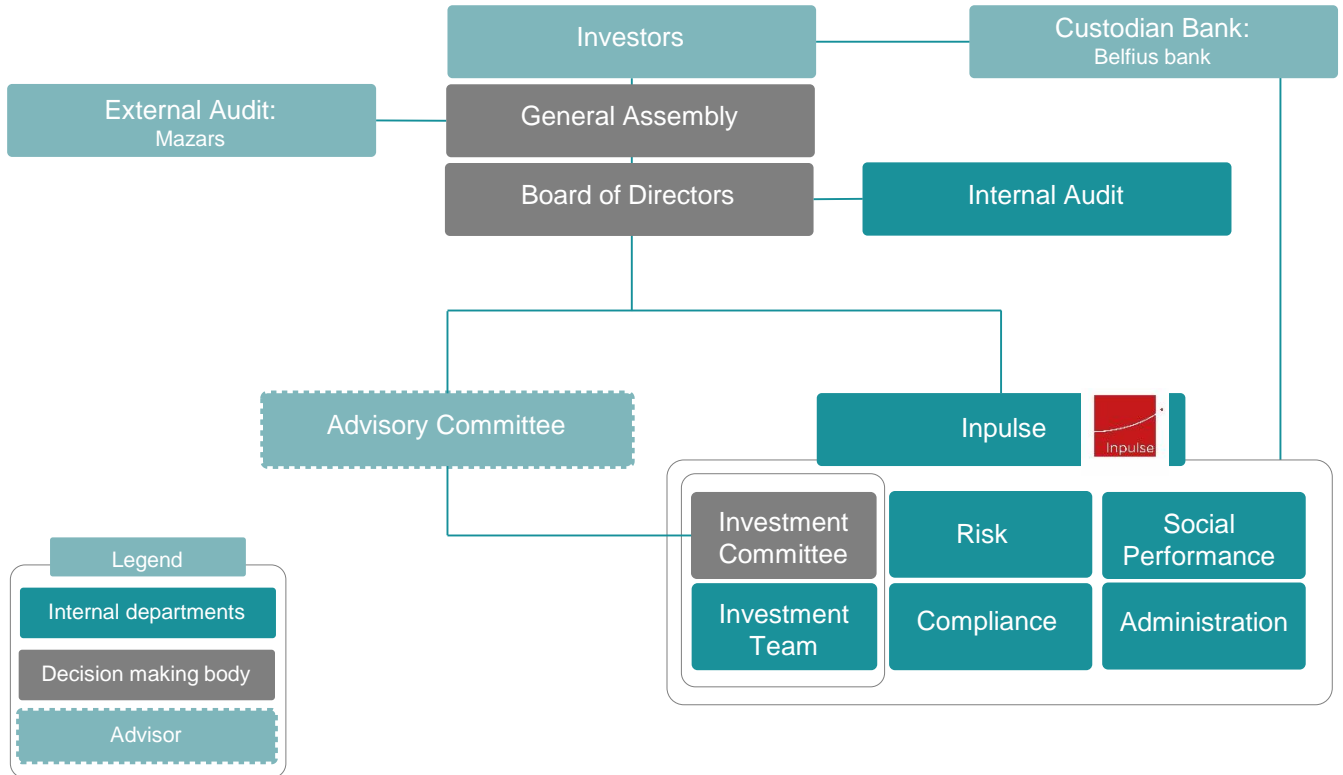
60,146 jobs supported/maintained
91% employees receiving training
67% microenterprises supported



Inclusive partnership based on shared goals
26% public investors
74% private investors

Helenos

Governance (1)



Helenos

Governance (2)

General Assembly

Elects the board of directors

Approves the annual accounts and annual reports

Board of Directors

Appoints the fund manager

Approves the yearly budget

Min. 3 members, up to 7 members

Advisory Committee

Advises in all in/divestments

EIF has a veto right on several matters

Decides on conflict of interest matters

Monitors the social impact measurement on a yearly basis

Investment Committee

Approves all investment decision

Inpulse risk manager has a permanent seat (non-voting)

5 members

Nadia Voisin (chairwoman – independent); **Marc Bécquart** (Crédit Coopératif); **Edouard Grütering** (independent); **Marie Degrand-Guilland** (observer – ADIE); **Ann Branch** (observer – European Commission)

Samuel Clause (EIF); **Alexandre Nayme** (BNP Paribas); **Sylvie Bournazel** (Crédit Coopératif); **Laura Santotide** (France Active Investissement); **Marc Baumann** (independent – large experience in asset management and impact investment)

Laurence May (Inpulse); **Nicolas Blondeau** (Inpulse); **Izabela Norek** (Inpulse); **Rosalind Copisarow** (independent – Former JP Morgan, Acción International and Oikocredit. Currently UN consultant on migration & refugees thematic. MBA from Wharton); **Damien Guernonprez** (independent – private equity and financial services expert. CEO of Lemon Way. MBA at Harvard)

Helenos

Key characteristics & Underlying assets

Fund Profile



| | |
|---------------------|---|
| Target fund size | € 25 M |
| Max. fund size | € 35 M |
| Legal form | Belgian pricaf privée S.A. |
| Fund lifetime | Closed end (10 years) , with a possible extension of 2 x 1 year |
| Subscription period | Up to 21 May 2019 |
| Structure | A-Shares - up to € 5 million – junior (fully subscribed by EIF) B-Shares - up to € 17 million – capital shares Target Internal Rate of Return: ~5% net of management fees Loans – € 3 million (up to 20% of Fund size) |

Fund Investments



| | |
|-----------------|--|
| Type investment | Equity (~50%), quasi-equity (~30%), Sr loans (~20%) |
| End clients | Microentrepreneurs, MSMEs, disadvantaged groups, social enterprises,... |
| Avg investment | € 900k – 1.100k |
| Portfolio | Target: 20 to 25 Financial Intermediaries ~16 equity participation (minority stakes) ~11 quasi-equity investments ~6 senior loans |

Management team

Contacts




Izabela Norek
INVESTMENT MANAGER

 +48 22 636 07 40

 izabela.norek@inpulse.coop



Nicolas Blondeau
MANAGER

 + 32 2 773 27 23

 nicolas.blondeau@inpulse.coop





THANK YOU !
