

European Investment Fund

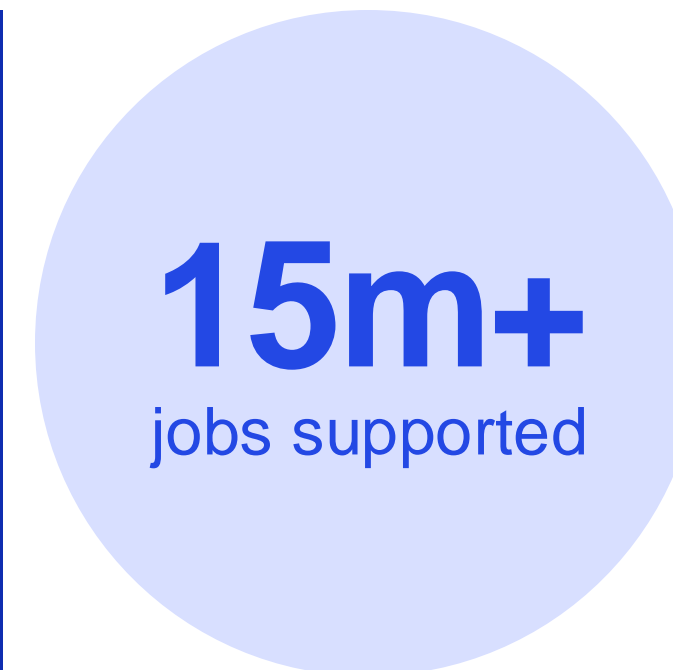
Supporting access to
finance for defence - the
Defence Equity Facility

Luxembourg, 27 March 2025

About EIF & our role

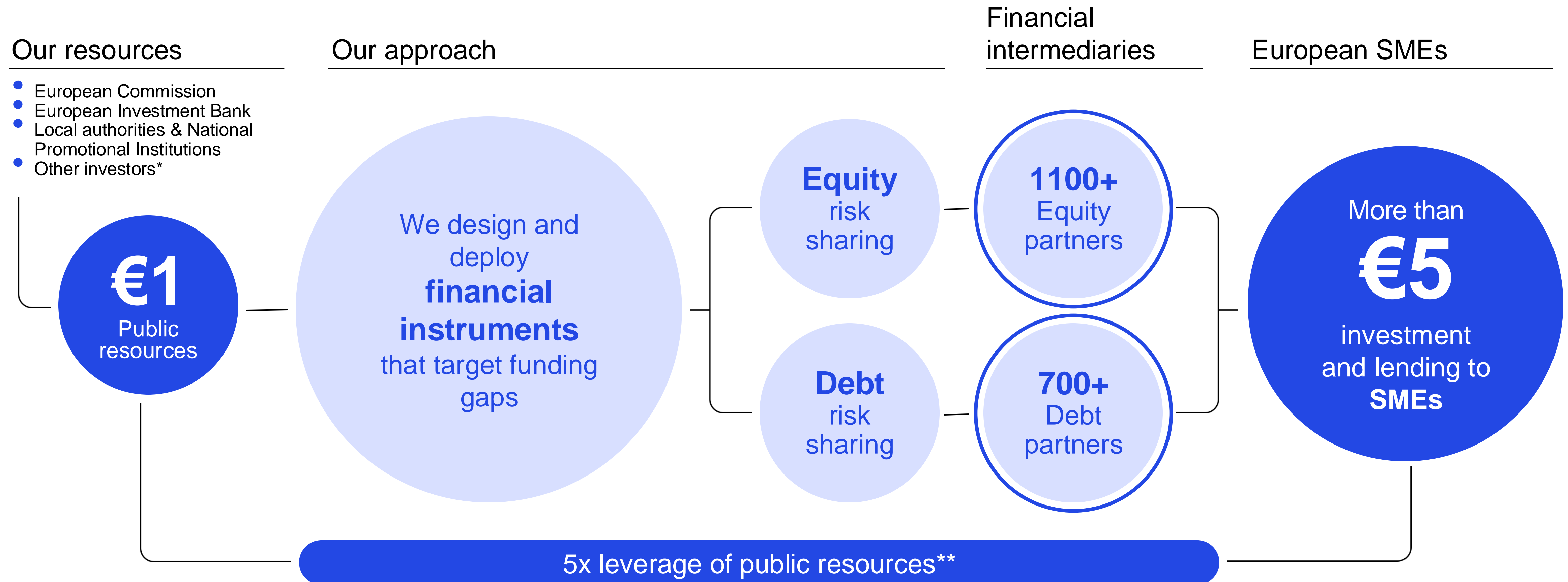
We support EU priorities by improving access to
finance for SMEs and infrastructure projects

When SMEs thrive, Europe thrives



Our unique approach

Our solutions share risks with market players creating a 5x leverage of public resources



*Includes EIF's own resources and other external resources including private institutional investors.

**On average over the last 5 years. Depending on the instrument and the transaction, the instrument-level leverage can range widely. December 2024 data.

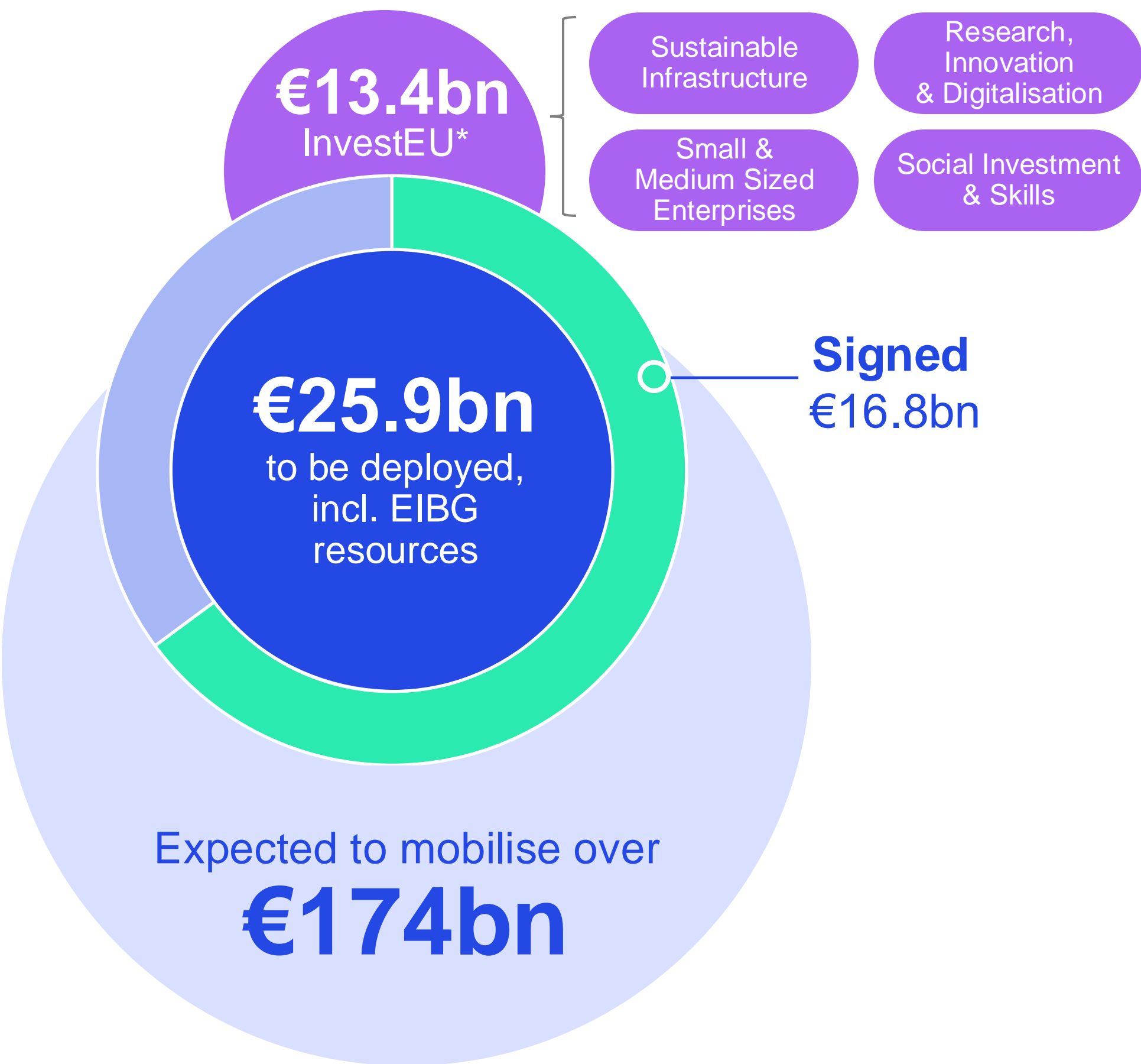
InvestEU and the EIF

The EIF is the largest implementing partner under InvestEU, delivering support to SMEs, mid-caps and individuals across the EU

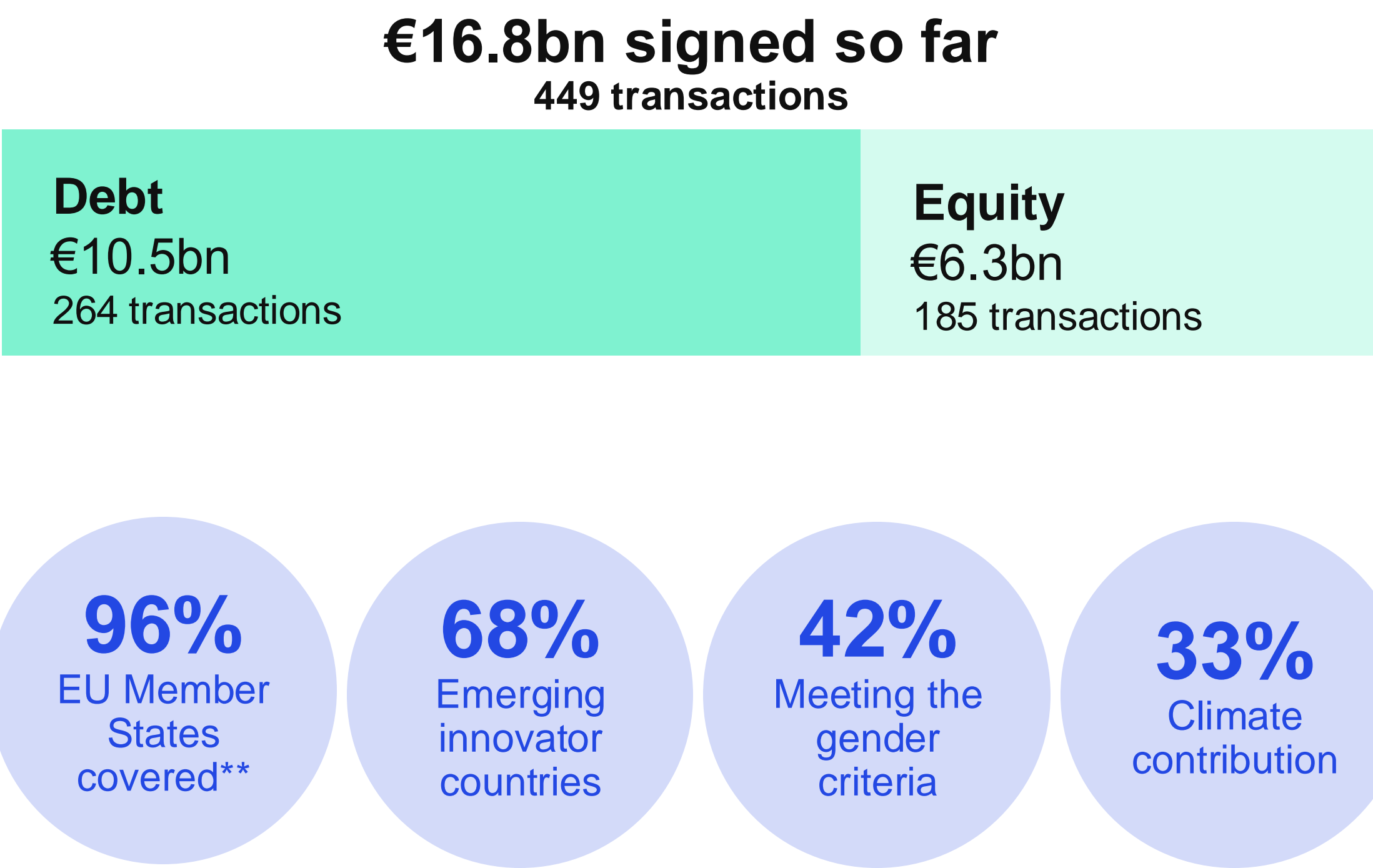
InvestEU mandate

A partnership with the European Commission

Resources & deployment



Signatures to date



InvestEU Equity Product

€6.5bn to commit as a Limited Partner across Private Equity and Venture Capital funds supporting investments for the EU's green, digital and social transitions as well as its strategic autonomy

Capital Markets Union

Promote the European capital market, provide diversification of sources of financing & strengthen solvency of enterprises

- Debt funds & hybrid debt-equity funds
- Growth and expansion funds

Enabling sectors

Support crucial sectors which can sustain the EU as a independent and autonomous economy

- Life science & health
- Space
- **Defence**
- Industrial technologies
- Semiconductor technologies & chips

Climate & environmental solutions

Boost support for R&D, upscaling & commercialisation of solutions that contribute to the EU Green Deal

- Mobility & transport
- Energy & built environment
- Industrial decarbonisation & environmental sustainability
- Agriculture & natural resources
- Blue Economy

Digital & CCS

Strengthen the EU's competitiveness, digital independence and strategic autonomy

- Artificial Intelligence
- Block chain and DLT
- Cybersecurity
- Quantum computing
- Creative & cultural sector (new tech & digital transition)
- Education tech

Social Impact

Further develop a conducive environment for risk capital investment in social impact

- Social entrepreneurship
- Social impact investing & social innovation
- Skills & Education

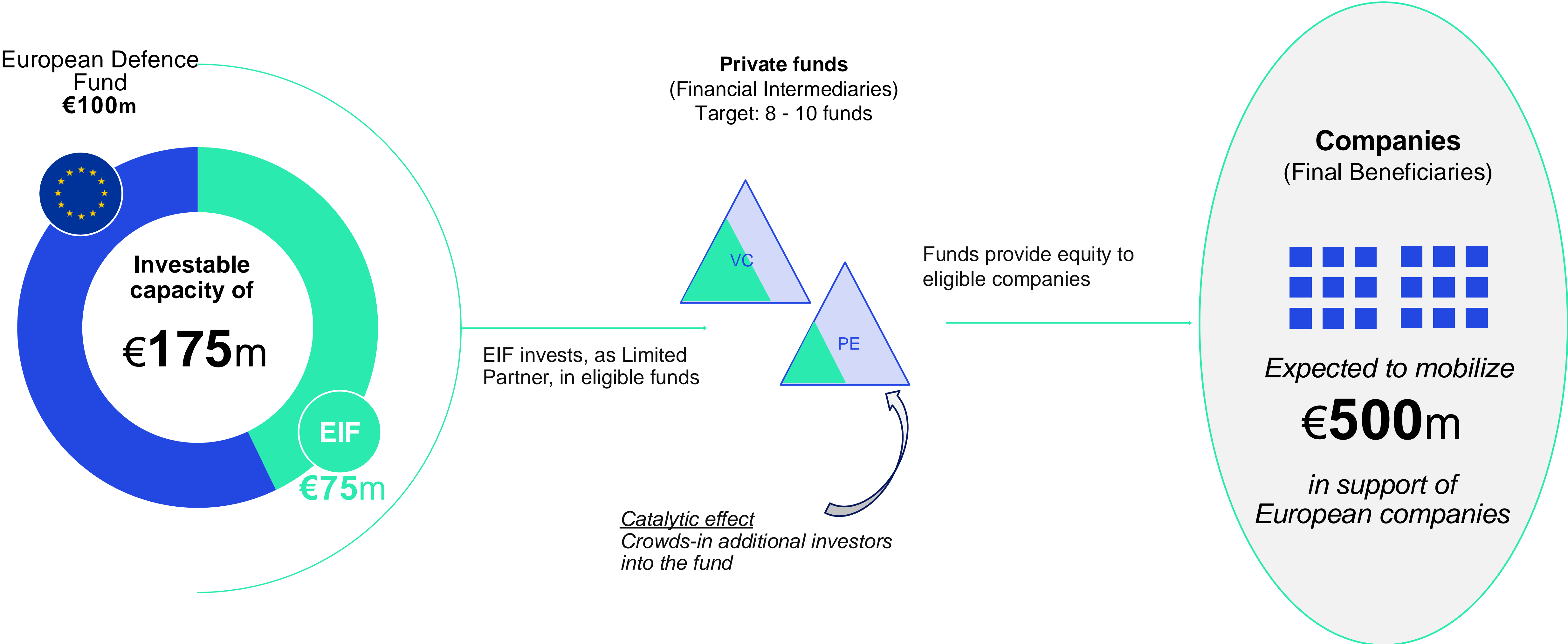
Capacity building & advisory services complement the offer to enhance ecosystem/market building, share market/technology trends among stakeholders and providing ad-hoc support to funds, incl. business cases & matchmaking

Defence Equity Facility

Dedicated funding under InvestEU to
support the development of an ecosystem of
private funds investing in defence innovation

InvestEU: Defence Equity Facility

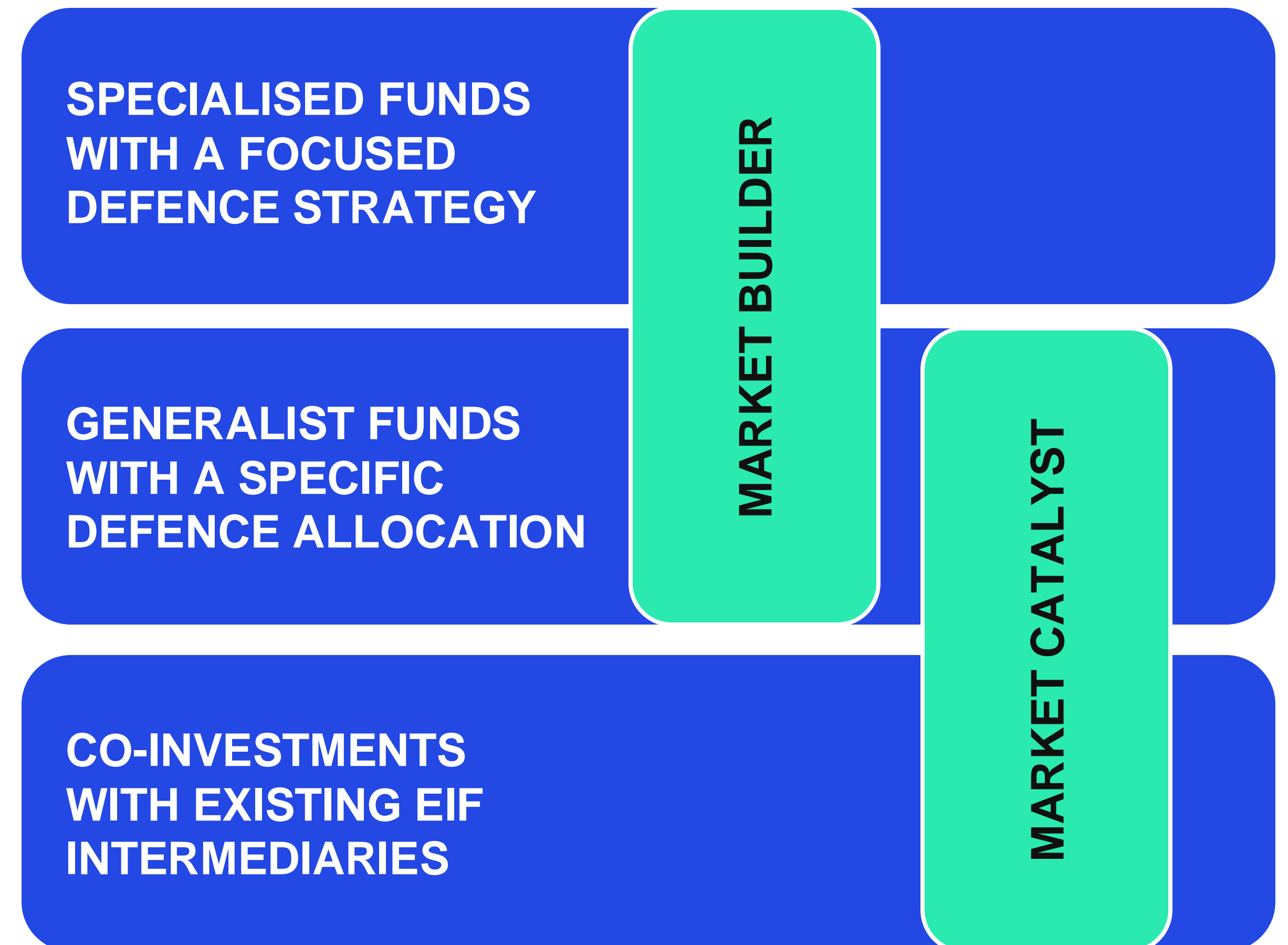
Investing EUR 175 million between 2024 and 2027, the DEF will stimulate the development of an ecosystem of private funds supporting defence innovation.



Investment Strategy

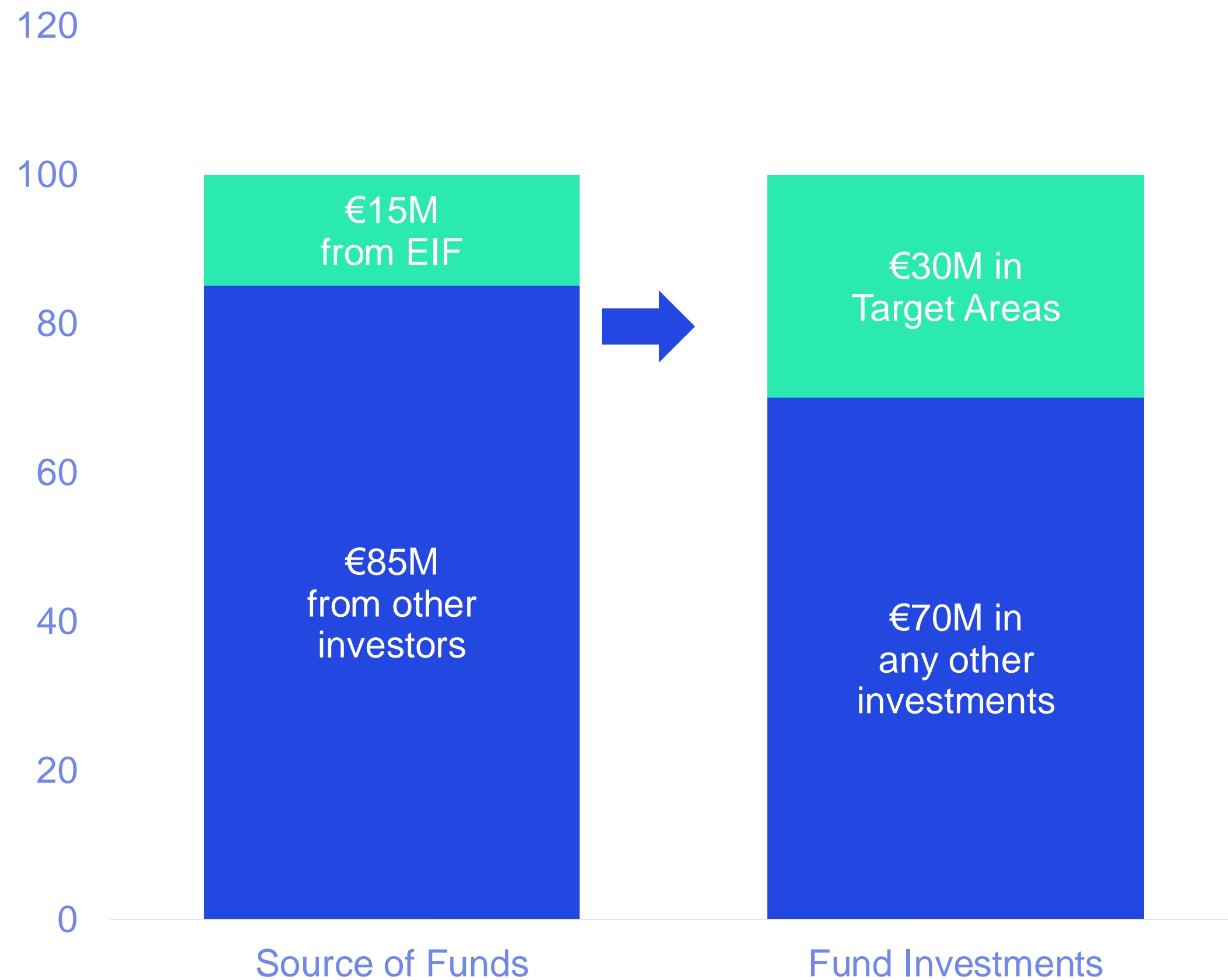
Supporting venture capital and private equity funds that meet the programme criteria

- **Private and independently-managed** closed-end funds, including first-time management teams
- Funds, and the entity managing the fund, established in the **EU or Norway**
- Strategies with a primary focus on investments in **SMEs based in the EU**
- Specialised funds **focused on defence and security**, as well as generalist funds with a **partial defence allocation**



Investment Guidelines

Key principles for EIF commitments to eligible investment funds under the facility



- **EIF ticket is limited to 25%** of total fund size, and can be increased to **50%** where **certain conditions** are met
- A minimum of **30% of commitments** in the fund must come from **private investors**
- At least **2x the amount drawn down from the EIF** must be invested in eligible portfolio companies in the **Defence Target Area**, in the EU or Norway

Eligibility: Defence Target Area

Eligible companies for the DEF are those that meet the definition of Defence

Defence Target Area

Solutions and technologies for the defence sector that **accelerate the evolution of the European defence technological and industrial base**.

Such activities include but are not limited to:

- Research and development,
- Manufacturing and/or
- Maintenance

of **defence products** and **critical future/emerging defence technologies** with a **dual-use potential**, such as:

Sub-sectors

Cyber, space, air, ground (*including force protection and mobility*), naval and underwater systems

Advanced passive and active sensors

Materials and components

Defence medical response, chemical biological radiological nuclear (CBRN), biotech and human factors

Digital transformation

Simulation and Training

Information superiority (C4ISR)

Energy resilience and environmental transition

Strategic technology foresight

The EIF's investment process

Applications will go through four steps

1

Sourcing

Submit your application

EIF will market the opportunity to access funding in various forums (events, webinars, workshops)

Funds may apply for funding directly on EIF website.

2

Screening

Understanding your concept

Desk review and physical meeting; chance to articulate your investment opportunity and understand more about the EIF.

3

Due Diligence

Stress testing and verification

An EIF team conducts a physical due diligence visit (usually 2 days) to assess all aspects of the proposal and meet the investment team in person.

4

Legal negotiation/Signature

Legal documentation

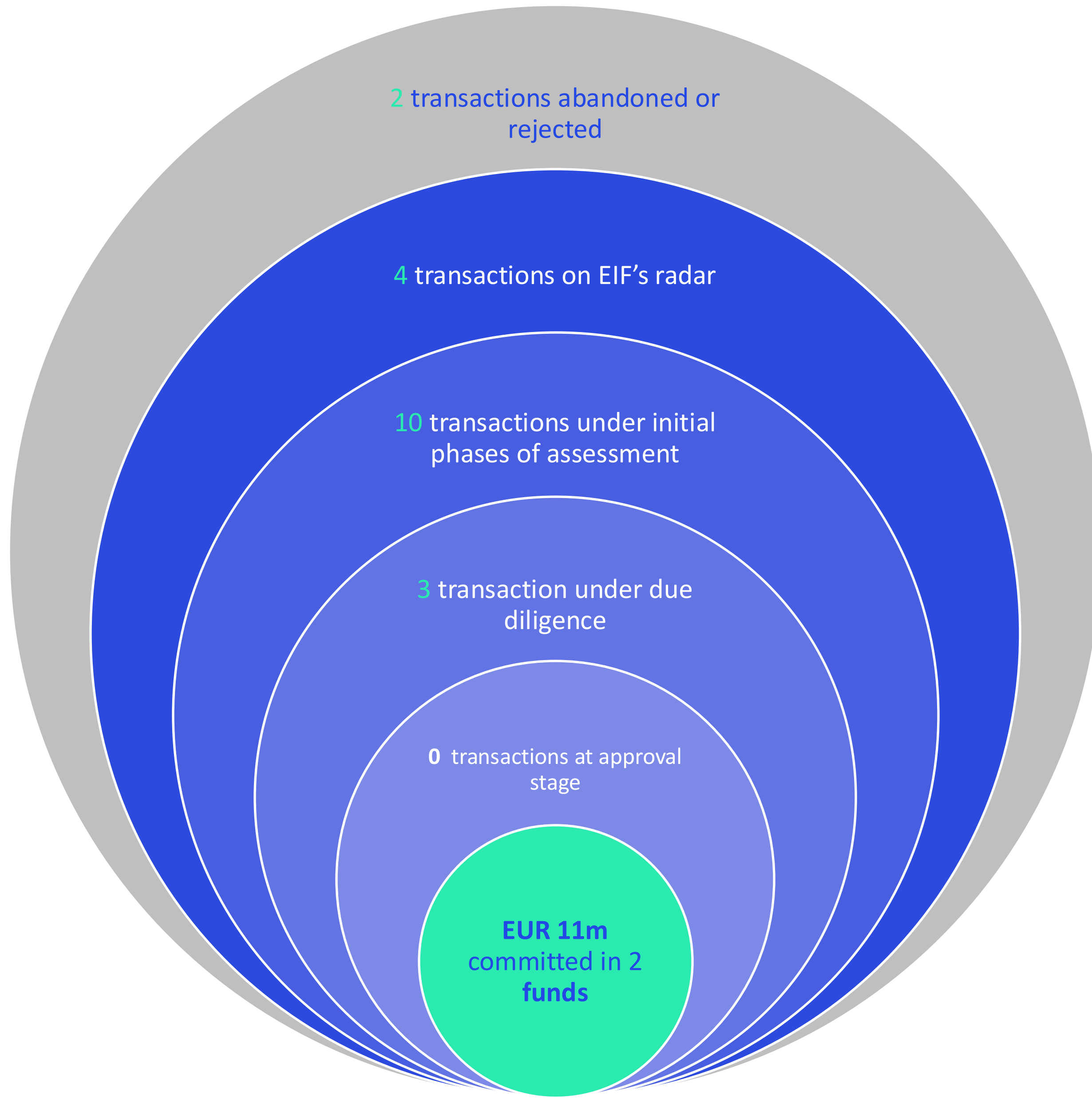
After final approval, legal negotiation.

Aim is to align the terms and conditions to best market practice.

Applications open until **30/06/2027** - EIF will commit **until 31/12/2028***

** The facility operates on a first come first assessed basis; EIF Commitments are subject to budget availability.*

Successful deployment ramp-up



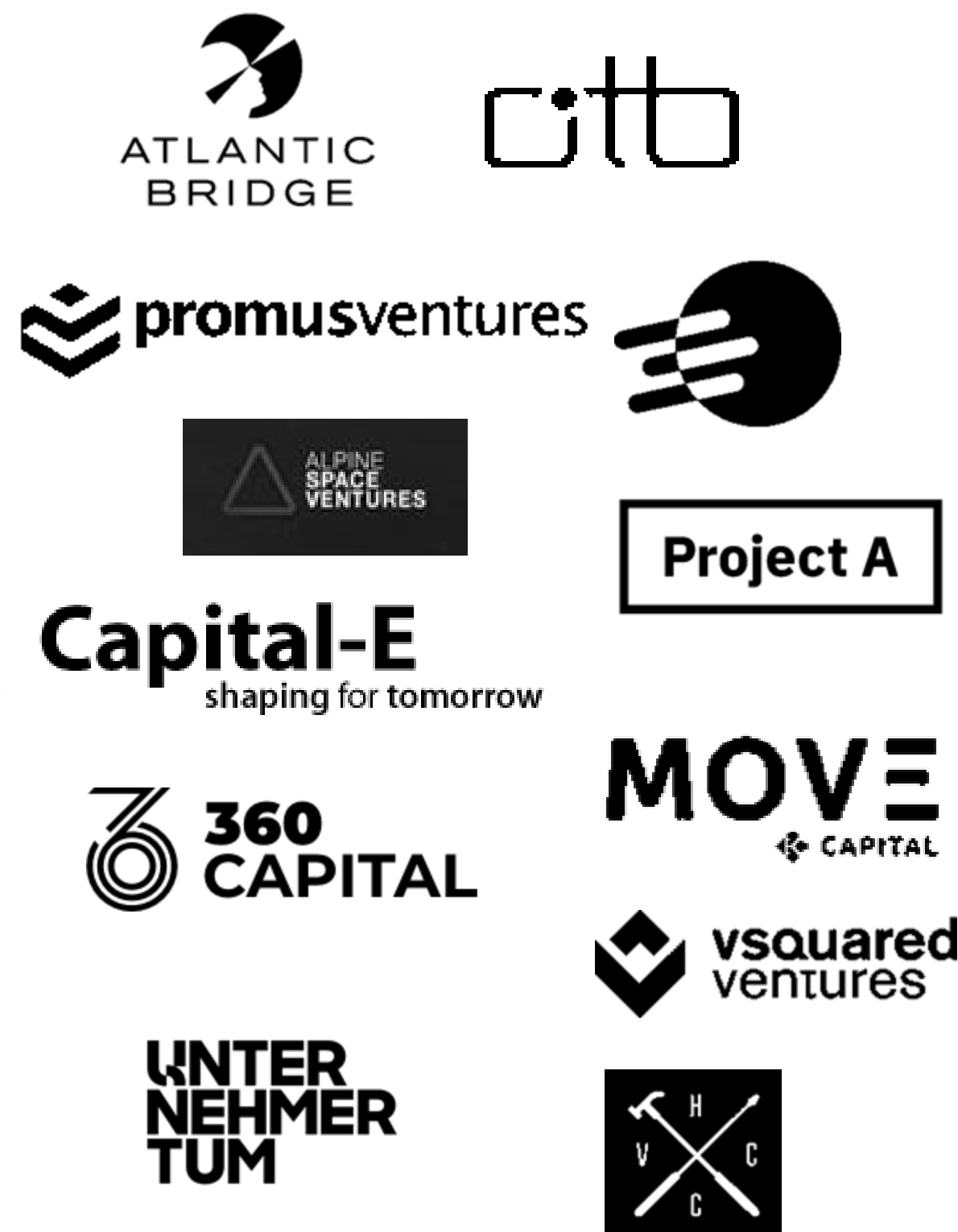
- **2 funds signed**, both deep-tech with partial allocations to defence
- **3 funds in due diligence**, of which one awaiting imminent board approval
- The next fund to be signed will be a focused defence fund with a total EIF commitment of EUR 40 million
- **EUR 127M of DEF is expected to be signed by end of 2025 / early 2026**, with potential for more

Snapshot of EIF's reach in deep-tech / dual-use

Funds

VCs with a (partially) dedicated strategy

To invest in Cybersecurity, AI, space, semiconductors & other adjacent sectors



Generalist / Deep-tech VCs

investing in relevant sectors



Later Stage

(Private Equity, Private Debt)

Examples of EU investee companies



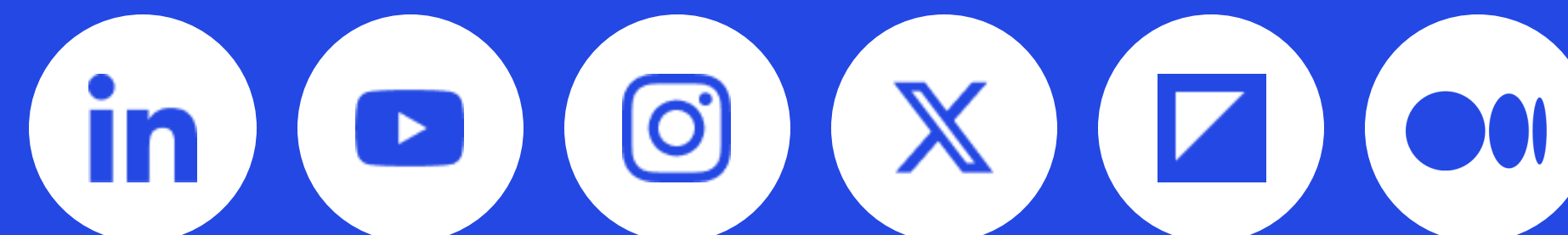
Thank you

For further information please contact

Nicolas de La Vallée Poussin

Mandate Origination & Relationship Manager

n.delavallepoussin@eif.org

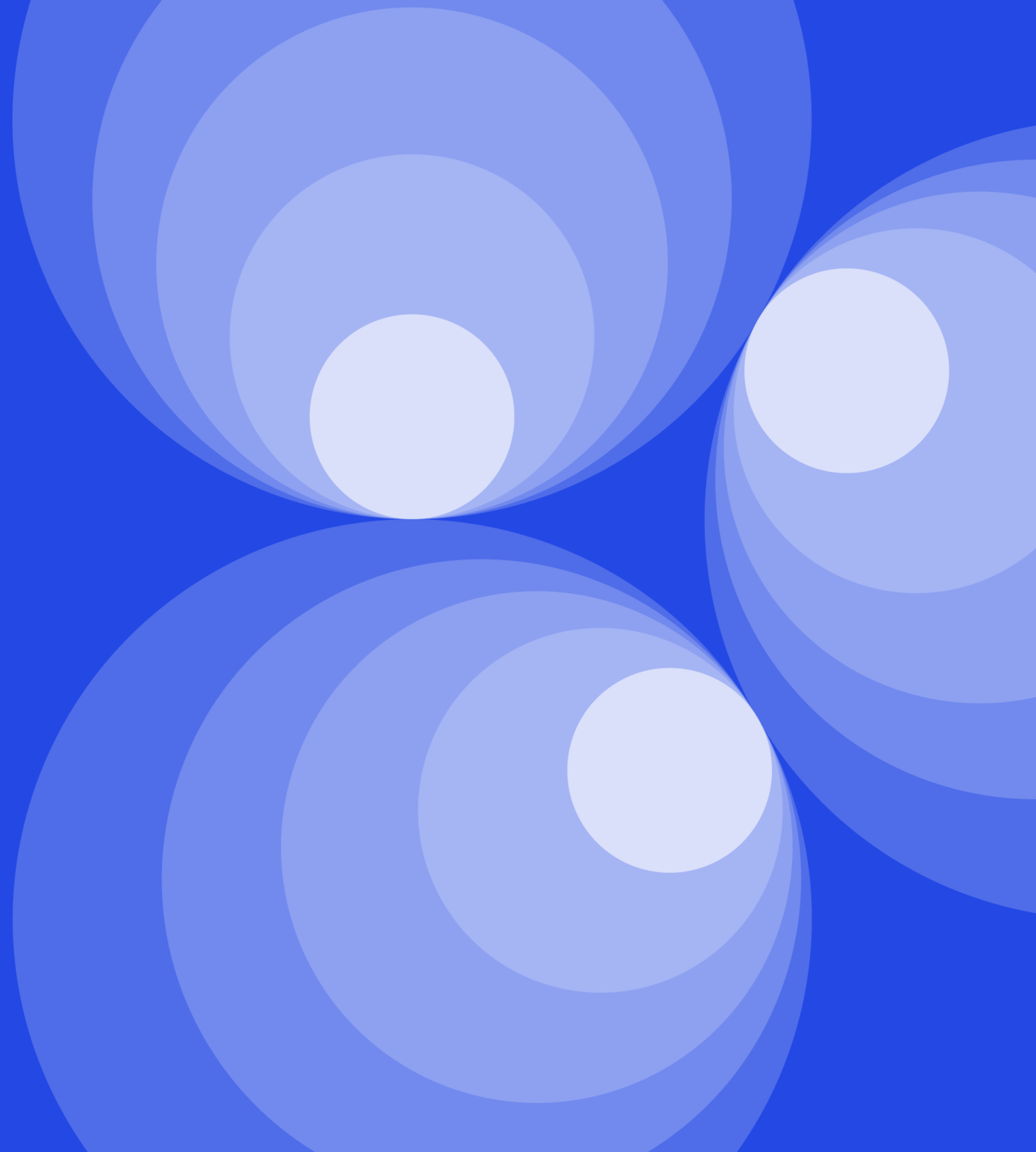


To find out more
please visit us at:
www.eif.org

**European
Investment Fund**
37B avenue J.F.
Kennedy

L-2968 Luxembourg
Phone: +352 24851

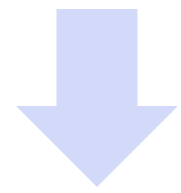
Annex



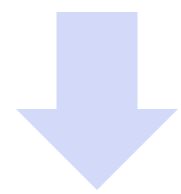
EIF Policy on Restrictions and Exclusions

Funds must comply with the EIF's policy on Exclusions and Restrictions

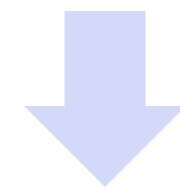
Research, development, production and/or commercialization of **equipment or infrastructure**:



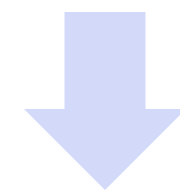
With dual-use potential



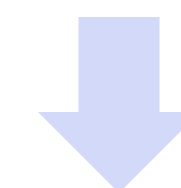
Eligible



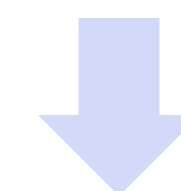
**Dedicated to military
and/or police use**



Restricted



Weapons and ammunition



Excluded