



Eiffel Investment Group, backed by the European Investment Fund and the InvestEU program, launches Eiffel Impact Direct Lending, the first European impact debt fund dedicated to SMEs

- **The first of its kind in Europe, Eiffel Impact Direct Lending is a unitranche private debt fund that systematically incorporates Impact Covenants® dedicated to SMEs ;**
- **The fund will use the proprietary Territorial Impact Score methodology developed by Eiffel Investment Group to measure the local footprint of the companies financed ;**
- **With a target of €400m, the Eiffel Impact Direct Lending program¹ has just finalized its first closing at €200m with leading institutional investors, including the European Investment Fund.**

Addressing the non-banking financing and impact needs of SMEs

The private debt market has steadily grown in recent years. However, most of capital raised goes to the large companies, leaving the SME funding gap significantly unsolved.

Likewise, impact investing has increased significantly, reaching around \$3,000 billion in sustainable funds in 2023², but it still mainly supports large companies, largely excluding SMEs who need these resources to accelerate their energy transition and contribute to decarbonizing the economy.

To address this dual challenge, Eiffel Investment Group is launching the Eiffel Impact Direct Lending fund, aiming to provide unitranche financing to c. 25 French and European SMEs with an average target EBITDA of between €5 and €15m. Facilities are expected to range from €10 to €30m.

Making an impact on the SMEs' transition process in Europe

Classified as "Article 9" under the SFDR regulation and the LuxFLAG ESG Applicant label, the Eiffel Impact Direct Lending fund incorporates an innovative approach to impact, invented by Eiffel Investment Group: Impact Covenants®. Along with financial covenants, Impact Covenants® will be agreed with each financed company's management, to target predefined, measurable improvements in their ESG strategy (e.g job creation, carbon footprint reduction, education and training, inclusion, etc.). On a yearly basis during the loan life, Impact Covenants® will be tested for each funded company and the interest rate adjusted downwards (if achieved) or upwards (if missed).

¹ The program comprises the Eiffel Impact Direct Lending fund and a fund dedicated to a leading institutional investor.

² Source: *Morningstar Global Sustainable Fund Flows*



"The inclusion of Impact Covenants® has quickly become essential in private debt transactions for large companies. We are convinced that this innovation also perfectly meets the needs of smaller companies and that it will quickly become standard in this market," explains Antoine Maspétol, Head of Private Debt at Eiffel Investment Group

A first transaction emblematic of the fund's strategy

An initial transaction has been signed with SATEP SAS, a key player in the installation and maintenance of HVAC (Heating-Ventilation-Cooling) systems and other energy autonomy equipment (solar, charging stations, storage, home automation). Founded by two entrepreneurs, Louis-Clair François-Poncet and Lucien Roquette, SATEP aims to meet the need for decarbonization in the building sector by acting as an energy advisor to individuals in their renovation projects.

The unitranche financing provided by Eiffel Impact Direct Lending will facilitate the execution of several external growth operations, and features 3 Impact Covenants® covering decarbonization, training and value-sharing objectives for the group's employees.

Louis-Clair François-Poncet and Lucien Roquette, Co-founders of SATEP SAS comment:

"We would like to thank Eiffel Direct Impact Lending for choosing SATEP for its first investment. This partnership reflects a strong alignment of our shared values for the energy transition and the sustainability of the local economic fabric. Eiffel's support will enable us to make six new acquisitions and consolidate our commitment to becoming a benchmark player in the decarbonisation of the building market, while promoting sustainable and responsible practices."

First fund to systematically use the Territorial Impact Score methodology

Given the profile of the companies financed (SMEs), the fund will also incorporate the Impact Territorial Score (TIS), a methodology developed by Eiffel Investment Group in partnership with Guillaume Vuilleme, a professor at HEC. We extended and automated the TIS by working with InEurope, a specialist in measuring territorial impact and ESG data.

This score measures the company's impact on its clients, suppliers, employees and other relevant stakeholder, by comparing their footprint with public indicators that reflect the company's situation in relation to the statistical data (e.g. unemployment rate, isolation rate, share of graduates, medical coverage, etc.).

The main idea of the methodology is that a company has more influence on its territory if it provides services and employment in poorer areas. For instance, a healthcare company will make more of a difference if it operates in areas that lack medical facilities.

This new methodology will allow the fund to raise awareness among portfolio companies and accurately track the evolution of their extra-financial impact on local communities.



A fund backed by a leader in impact debt

Eiffel Impact Direct Lending draws on Eiffel Investment Group's extensive expertise and track-record in impact private debt. The private debt platform, led by Antoine Maspétiol, employs almost 20 professionals managing over €3.2 bn of AUM (including uncalled commitments).

The team is a leader in Europe for its application of Impact Covenants® (having established more than 200 so far), and has a strong experience in SME financing, with over €1bn invested in corporate private debt in 2023, helping more than 40 companies.

Initial closing at €200m with institutional investors, including the European Investment Fund

The fund's unique thesis (impact unitranche for SMEs), combined with the team's solid track-record, enabled it to bring together a panel of leading institutional investors, including the European Investment Fund, for this first closing.

The Eiffel Impact Direct Lending Program has just finalized its first closing at €200m and is targeting a final closing of €400m in 2025.

Marjut Falkstedt, Chief Executive of the EIF remarks:

"The EIF is delighted to support the launch of this new fund, which offers financing tailored to the specific needs of SMEs and is fully in line with the strategy of the EIF and the InvestEU program. The EIF is committed to supporting the growth of SMEs by creating an environment conducive to their development, thereby contributing to the European economy. The fund will also play a key role in helping SMEs take account of environmental and social concerns. By educating and integrating these aspects into the development of European SMEs, we are strengthening their resilience and long-term competitiveness, while promoting a more sustainable and equitable future for all."

Fabrice Dumonteil, President of Eiffel Investment Group remarks:

"As an impact-conscious investor, we are always looking to design strategies capable of generating maximum positive externalities. Eiffel Impact Direct Lending illustrates this approach by providing an innovative solution to the present needs of SMEs. We are delighted with the enthusiastic reception the fund has received from investors, and warmly thank them for their trust and support, which enables us to accelerate our strategy in favor of the decarbonization of European SMEs."

About Eiffel Investment Group

Eiffel Investment Group is an asset manager with €6.4 billion in assets under management (as of 31/03/2024, including uncalled commitments). Its customers are major *institutional investors* (insurers, mutual insurers, pension funds, banks, large family offices, public investors, etc.), as well as retail investors through distribution networks. Backed by entrepreneur Jacques Veyrat's Impala Group, Eiffel Investment Group boasts strong industrial expertise, particularly in the field of energy transition. The Group finances companies and their assets through four main strategies: private debt, *private equity*, energy transition infrastructure and listed equities and credit. Eiffel



Investment Group invests for a sustainable world. Its investment strategies aim to generate not only strong financial performance, but also positive impacts on the environment and society. The Eiffel Investment Group team comprises around 100 talented people in France (Paris), BeNeLux (Amsterdam), the United States (New York), Poland (Warsaw), Italy (Milan) and the United Arab Emirates (Abu Dhabi).

Eiffel Impact Direct Lending S.L.P is an Article 9 fund under SFDR regulations reserved for professional clients.

About the European Investment Fund

The European Investment Fund (EIF) is part of the European Investment Bank Group. Its main mission is to support small and medium-sized European businesses by helping them access financing. It designs and implements venture capital and private equity operations, as well as guarantee and microfinance instruments specifically for SMEs. In this role, the EIF promotes the EU's objectives of supporting innovation, research and development, entrepreneurship, growth and employment.

About InvestEU

The InvestEU program provides the European Union with crucial long-term financing by mobilizing substantial public and private funds for a sustainable recovery. It generates additional investment in line with key European priorities, such as the European Green Pact, the digital transition and SME support. The InvestEU program brings EU financial tools together to support investment by making project financing simpler, more efficient and more flexible. The program comprises three elements: the InvestEU fund, the InvestEU advisory platform and the InvestEU portal. The InvestEU fund is implemented through various financial partners. They will invest in projects using the EU budget guarantee of €26.2 billion, which is intended to mobilize at least €372 billion in additional investment.

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