



USAID
FROM THE AMERICAN PEOPLE

COOPERATION FOR GROWTH PROJECT (CFG)

RESEARCH INTO SUPPLY OF EQUITY FINANCING FOR SMES IN SERBIA, AND SELECTED COUNTRIES

Approved Date: TBD

Contract Number: 72016918C00001

Project Start Date and End Date: January 18, 2018 to January 17, 2022

Implemented by: Cardno Emerging Markets USA, Ltd.

COOPERATION FOR GROWTH PROJECT

SUBCONTRACT # 4743-001-LOCAL FFP-003

SUBMITTED

August 07, 2018

Cooperation for Growth Project

Contract Number: 72016918C00001

DISCLAIMER

The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

TABLE OF CONTENTS

Table of Contents.....	i
Acronyms	ii
I. Executive Summary	3
II. Europe trends in PE and VC industry.....	6
Fundraising	6
Investments	6
Divestments.....	7
III. Central and Eastern Europe trends in PE and VC industry.....	8
Fundraising	8
Investments	8
Divestments.....	8
IV. Serbia.....	10
V. Bulgaria.....	15
VI. Estonia	22
VII. Hungary	31
VIII. Slovenia	40

ACRONYMS

The following abbreviations and acronyms are used extensively in the following report and in order to avoid any confusion their definitions are given below:

AUM	<i>Asset under management</i>	p.a.	<i>Per annum (annually)</i>
Cca	<i>Approximately</i>	PE	<i>Private equity</i>
EU	<i>European union</i>	SME	<i>Small and medium enterprises (less than 250 employees, less than 35 million EUR of annual revenues, less than 17 million EUR of business assets value)</i>
EUR	<i>European union currency (Euro)</i>	USD	<i>USA currency (US Dollar)</i>
GDP	<i>Gross domestic product</i>	VC	<i>Venture capital</i>
n/a	<i>Not available or not applicable</i>	YOY	<i>Year over year</i>

In this report comma sign “,” is used as a decimal separator.

I. EXECUTIVE SUMMARY

This report was prepared in order to present a fundamental trends and comparisons regarding the available supply of SME related equity based financing in Serbia and other CEE selected countries (Bulgaria, Estonia, Hungary and Slovenia).

Research was prepared using a top down approach starting from macro trends in SME equity based financing in Europe and Central Eastern Europe, followed by detail analysis of individual selected markets.

Total PE and VC fundraising in Europe in 2017 reached its 10-year high with almost EUR 92 billion (12% YOY) with total PE and VC investments in European companies reaching almost EUR 72 billion (28% YOY). From total amount of realized PE and VC investments, almost 36% (EUR 26 billion) was for SMEs. PE and VC funds made an exit from around 3.800 European companies in 2017 with a total value of almost EUR 43 billion. The most prominent exit routes by amount were sale to industrial investors (35%), sale to another private equity firm (28%) and public offering (14%).

During the same year total fundraising in Central and Eastern Europe reached EUR 1,26 billion (46% YOY), which is around 1,4% of EU total. This amount of fundraising activity is strong but still below the peak, which was realized in 2007 with EUR 4 billion. Private equity investment in CEE reached EUR 3,5 billion in 2017 (200% YOY), the highest since 2003. Poland had the biggest annual investment value in CEE reaching EUR 2,5 billion, followed with Romania (EUR 496 million), Hungary (EUR 200 million) and Latvia (EUR 174 million). Serbia had only EUR 2 million of recorder PE and VC transactions in 2017 with decreasing trend throughout the years (EUR 329 million in 2014 and EUR 229 million in 2015).

Based on the presented desk and on field research total estimated supply of equity-based financing for SMEs in Serbia was estimated at around EUR 6 million annually¹. This amount represents only 0,01% of Serbian GDP. Compared to other selected and analyzed countries this is extremely low as these figures are ranging between 0,06% and 0,21%, as presented in the graph on the next page. Serbia is currently not only characterized by a small amount of equity based financing for SMEs but also by a undiversified supply of different equity based financing providers (PE and VC funds) covering all SME developing stages.

Serbia has almost 6 times lower participation of equity financing comparing to her peers, which means that significant efforts have to be made in order to provide local SMEs with adequate support for their competitive growth.

Ovaj izveštaj je pripremljen kako bi se predstavili osnovni trendovi i poređenja u pogledu raspoloživog finansiranja malih i srednjih preduzeća putem dodatnog vlasničkog kapitala u Srbiji i drugim odabranim zemljama iz regiona centralne i istočne Evrope (Bugarska, Estonija, Mađarska i Slovenija).

Istraživanje je pripremljeno korišćenjem „top-down“ pristupa, počev od makro trendova u finansiranju malih i srednjih preduzeća u Evropi i regiona centralne i istočne Evrope, praćene detaljnom analizom pojedinačnih odabranih tržišta.

Ukupno prikupljena sredstva za potrebe finansiranja PE i VC fondova u Evropi tokom 2017. godine je su dostigla svoj desetogodišnji maksimum sa iznosom od čak EUR 92 milijarde (12% YOY). Ukupna vrednost investicija PE i VC fondova u evropske kompanije tokom iste godine dostiglo je iznos od EUR

¹ It is important to underline that these figures took into consideration the activity of foreign PE and VC funds that were investing in Serbian SMEs.

72 milijarde (28% YOY). Od ukupnog iznosa realizovanih investicija od strane PE i VC fondova u evropske kompanije oko 36% (26 milijardi EUR) je bilo za MSP. PE i VC fondovi su napravili izlaz iz oko 3.800 evropskih kompanija u 2017. godini, u ukupnoj vrednosti od skoro EUR 43 milijardi. Najznačajnije izlazne strategije su realizovane prodajom portfolio kompanija industrijskim investitorima (35%), kroz prodaju drugom fondu (28%) i kroz javnu ponudu akcija (14%).

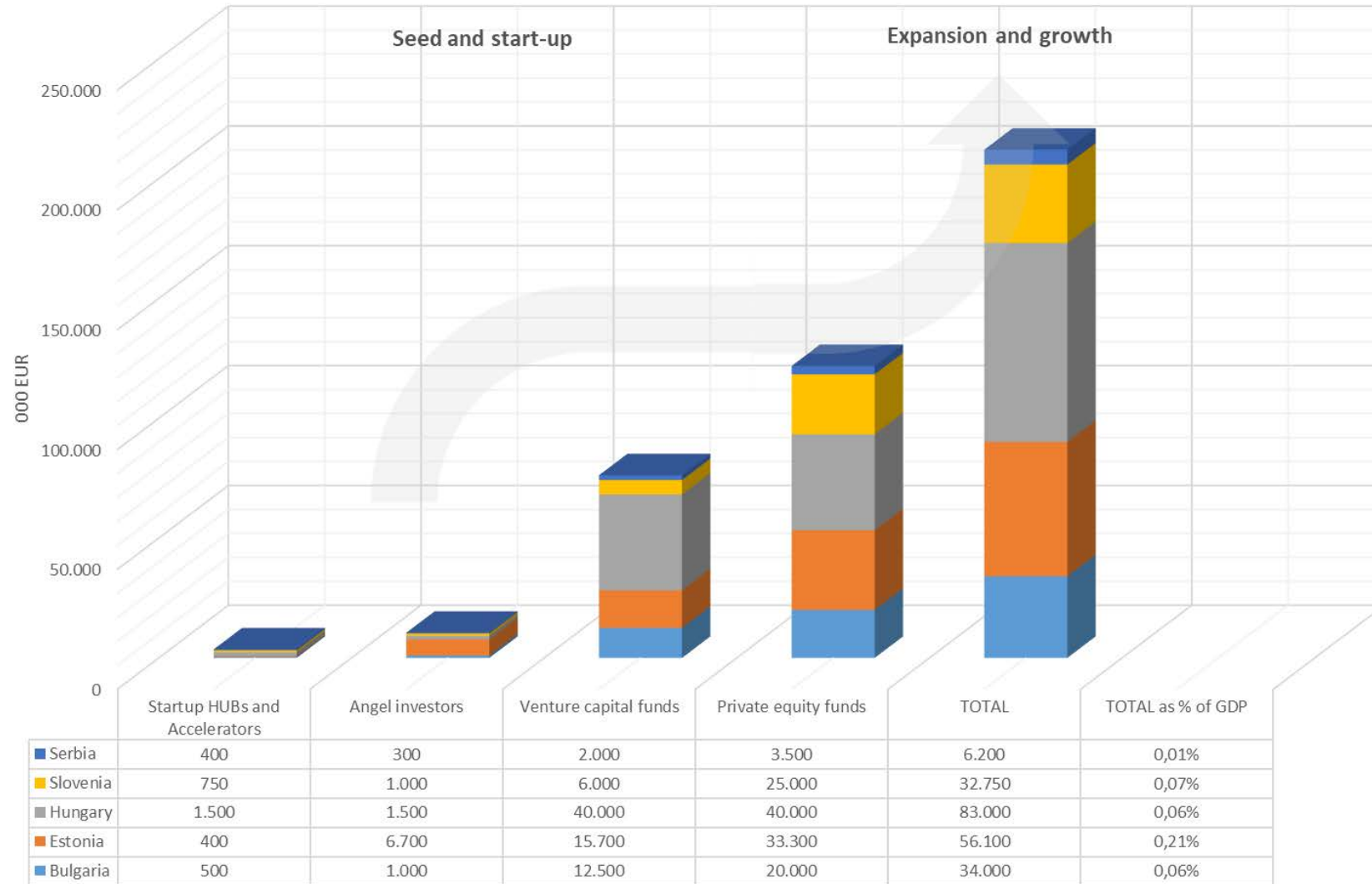
Tokom iste godine ukupna prikupljanja sredstava u centralnoj i istočnoj Evropi dostigla su nivo od EUR 1,26 milijardi (46% YOY), što iznosi oko 1,4% ukupno prikupljenih sredstava u EU. Ovaj iznos prikupljenih sredstava je visok, ali i dalje ispod maksimuma koji je realizovan 2007. godine u iznosu od EUR 4 milijarde. Nivo ulaganja u ovom regionu je dostigao nivo od EUR 3,5 milijardi (200% YOY), što je najviše od 2003. godine. Poljska je imala najveću godišnju investicionu vrednost u centralnoj i istočnoj Evropi u iznosu od EUR 2,5 milijardi, a zatim Rumunija (EUR 496 miliona), Mađarska (EUR 200 miliona) i Letonija (EUR 174 miliona). Na teritoriji Srbije ostvarena vrednost transakcija je iznosila samo EUR 2 miliona u 2017. godini sa padajućim trendom tokom godina.

Na osnovu predstavljenog istraživanja, ukupna procena dostupnog godišnjeg finansiranja malih i srednjih kompanija u Srbiji u formi dodatnog vlasničkog kapitala je procenjena na iznos od EUR 6 miliona². Ovaj iznos predstavlja samo 0,01% srpskog BDP-a. U poređenju sa drugim odabranim zemljama, ovo je izuzetno nisko, jer se ove brojke kreću u vrednosti od 0,06% do 0,21%, kao što je prikazano na grafikonu na sledećoj stranici. Srbija trenutno nije samo okarakterisana malom količinom dostupnog finansiranja za mala i srednja preduzeća, već i nediversifikovanom ponudom različitih davaoca dodatnog vlasničkog kapitala kao izvora finansiranja (PE i VC fondova) koji pokrivaju sve faze razvoja malih i srednjih preduzeća.

Srbija ima skoro šest puta manje učešće dostupnog vlasničkog kapitala za finansiranje u poređenju sa drugim regionalnim zemljama koje su analizirane, što znači da se moraju učiniti značajni naponi da se lokalnim malim i srednjim preduzećima pruži adekvatna podrška za njihov konkurentni rast.

² Važno je napomenuti da je u ovu procenu uzeta u obzir i aktivnost inostranih fondova koji svoje ulaganje vrše u domaće kompanije.

Estimated annually available SME equity based financing



II. EUROPE TRENDS IN PE AND VC INDUSTRY³

FUNDRAISING

Total fundraising in Europe in 2017 reached EUR 91,9 billion which represents Europe's highest level since 2006 (EUR 112 billion) and a 12% increase year-on-year. Since 2015 fundraising trend was constantly growing and almost doubled in three years. In 2017 total fundraising was primarily for buyout funds⁴, reaching EUR 65,1 billion, venture capital funds⁵ with EUR 7,7 billion and growth capital funds⁶ with the amount of EUR 6,8 billion. The investors from outside Europe provided more than 40% of all capital raised. Investors from Asia contributed with 15% and North America with 25,8%. The number of PE and VC funds which raised new capital in 2017 reached 542 (15% increase compared to 2016) with the biggest part in venture capital funds segment (163). Pension funds are still the largest investor with 29% in total fundraising. Other important investors are funds of funds (15%), family offices & private individuals (15%), sovereign wealth funds (9%) and insurance companies (8%). Considering fundraising for venture capital in 2016 and 2017 it was higher on average comparing with the previous four years. Growth capital had the highest level since 2011. If we look at the countries in Europe, we notice that UK & Ireland raised traditionally the biggest amount of PE and VC money in 2017 (EUR 46,8 billion).

INVESTMENTS

Total investments by PE and VC funds in European companies in 2017 reached EUR 71,7 billion (of which cca 36% - EUR 25,8 billion in SMEs⁷) what is just 4% below Europe's highest level reached in 2007. The total number of companies receiving investments were 6,999 of which 87% were SMEs. The structure of the total amount of investments realized in 2017 is the following: buyout investments were the largest with EUR 51,2 billion, then growth capital with EUR 11,5 billion and venture capital with the amount of EUR 6,4 billion. Mega buyouts⁸ represented nearly 40% of the buyout market. Consumer goods and services received the most investment (24% by amount; 18% by number of companies), followed by business products and services (24%; 17%) and ICT (17%; 32%). Seed and startup investments grew almost 50% in 2017. Geographical investment flows in 2017 looks like this: Non-European private equity firms invested in portfolio companies in Europe EUR 4,0 billion while European private equity firms invested in portfolio companies outside Europe EUR 5,7 billion. During this year, Cross-border investments within Europe were at EUR 18,2 billion and domestic investments in European countries⁹ were at EUR 49,6 billion.

³ Invest Europe, European Private Equity Activity Report 2017.

⁴ Funds acquiring companies by purchasing majority or controlling stakes, financing the transaction through a mix of equity and debt. Mostly targeting companies in later business development stage.

⁵ Funds, which are focusing early business development stages.

⁶ Funds that make private equity investments (often minority investments) in relatively mature companies that are looking for primary capital to expand and improve operations or enter new markets to accelerate the growth of business.

⁷ Cca 0,13% of total EU GDP.

⁸ Transactions over EUR 300 million in value.

⁹ Same EU country of the fund and the funded company.

DIVESTMENTS

PE and VC funds made an exit from around 3.800 European companies in 2017 what is in line with the 2016 trend. The total value was EUR 42,7 billion. The most prominent exit routes by amount were trade sale (35%)¹⁰, sale to another private equity firm (28%) and public offering (14%).

¹⁰ The sale of a company's shares to industrial investor.

III. CENTRAL AND EASTERN EUROPE TRENDS IN PE AND VC INDUSTRY¹¹

FUNDRAISING

In 2017, total private equity fundraising in Central and Eastern Europe reached EUR 1,26 billion (1,4% of EU total). Comparing to the previous years, this amount represents a strong result and a 46% year-on-year increase, but still below the peak, which was realized in 2007 with EUR 4,03 billion. In regard to whole Europe, CEE's had an increase from 1,0% in 2016 up to 1,4% in 2017 of the total European fundraising. The structure of sources of capital raised for CEE private equity in 2017 is the following: fund of funds were the largest source of capital (reached 31% of total and constantly growing since 2014), then government agencies (26%), academic institutions & endowments and foundations (8%) and insurance companies (7%). Analysis of geographic sources of funds raised shows that European investors from outside the CEE region still are the leading source of funds. Their share is 38% of the total capital raised in 2017, with falling trend compared to 2016, when they reached 64% of the total funding. The second biggest source of funds comes from outside Europe (26% of the total) with the most significant share of US investors. Investors within the CEE region gave 24% of the total fundraising in 2017. Their share was higher than in 2016 but still less than in 2015. CEE buyout funds raised EUR 811 million in 2017 and it's 45% more than in 2016. CEE venture capital funds raised 121% more than in 2016, reaching EUR 360 million.

INVESTMENTS

Private equity investment in CEE reached EUR 3,5 billion in 2017¹². This amount of annual investment is the highest since 2003. Poland had the biggest annual investment value in CEE reaching EUR 2,5 billion in 2017. Poland was followed with Romania (EUR 496 million), Hungary (EUR 200 million) and Latvia (EUR 174 million). Serbia had only EUR 2 million of recorder PE and VC transactions in 2017 with decreasing trend throughout the years (EUR 329 million in 2014 and EUR 229 million in 2015). Hungary had a largest amount of companies receiving this kind of investments reaching 104 companies, while Serbia had only 4 in 2017. Buyout investments in CEE reached EUR 2,8 billion in 2017. The consumer goods and services sector was the most wanted by CEE private equity investments in 2017, receiving EUR 2,6 billion (75% of total). This sector was followed with investments in the ICT sector reaching EUR 396 million (11% of total) and business products and services sector (EUR 304 million or 9% of total).

DIVESTMENTS

Divestment value in CEE in 2017 reached EUR 1,3 billion what represents the third highest annual divestment level since 2003. Divestments value by CEE country was the following: Poland was the region's largest market for exits in 2017 with EUR 590 million (47% of total), followed by Hungary with EUR 249 million (20% of total), Romania with EUR 133 million and Lithuania with EUR 113 million. Serbia did not record this kind of transaction in 2017 (the same situation was in 2016). Consumer

¹¹ Invest Europe, CEE Private Equity Activity Report 2017.

¹² It is estimated that cca EUR 1,1 billion was for the SMEs, which is cca 0,07% of total CEE GDP (in EU this was estimated at 0,13%).

USAID/Serbia Cooperation for Growth (CFG) Project

goods and services was the most important sector for exits in value terms in 2017 with EUR 457 million, then information and communication technology (ICT) with EUR 367 million and business products and services with EUR 161 million.

IV. SERBIA

Summary estimation of annually available equity-based financing for SMEs in Serbia, divided by financing providers and business development stages. Estimation is based on funds annually available/retrieved during the past three to five years and expectation about available funds in the following period.

Source of financing/Business stage	EUR, thousands
Startup HUBs and Accelerators	400
Angel investors	300
Venture capital funds	2.000
Private equity funds	2.000* – 5.000**
Total	4.700 – 7.700
Seed and startup	2.700
Growth and expansion	2.000 – 5.000
Total	4.700 – 7.700

*estimation based on annual investing realized during 2017.

**estimation based on expected potential of local funds.

Currently available equity based financing sources are very limited in Serbia. Although each type of equity financing exist, it is available in very limited amount. The ecosystem for SME financing is still underdeveloped without appropriate government support (tax and other incentives) and private sector initiatives.

According to USAID BEP project's 2017 Business Survey of 1.000 companies, almost 85% of financing is from own sources of companies and its owners, 12% is bank financing and remaining 3% if from all other sources. According to same survey, only 8% of owners would consider to include the (equity) partner in its company, which is the clear indicator that there is a misunderstanding of equity financing in Serbia.

On the other hand, Serbian SMEs are interesting for foreign investors and equity based platforms, and some SMEs are using this opportunity. However, development of domestic ecosystem is essential for further support of SMEs development and job creation.

Angel investors' community emerged within last 10 years and there are several platforms for identification of pipeline investments.

First platform that has been established is **Serbian Business Angels Network (SBAN)**¹³ in 2009. In 2012, SBAN became a member of European Business Angels Network (EBAN). This platform is organizing

¹³ [HTTP://MENTORSANDFFOUNDERS.COM/ABOUT/](http://mentorsandfounders.com/about/)

matching events for the start-ups and angel investors. Unfortunately, SBAN is not mentioned in recent EBAN reports.

Another platform is **Belgrade Venture Forum**¹⁴ that is organizing three-day conference each year, usually in last quarter of the year (6 events have been organized so far). This event gathers more than 30 start-up companies and more than 50 potential (angel) investors each year. The size of realized investment is not published.

Parallel to this, there is on-line platform for angel investors that are covering also Serbia¹⁵ on which there is 11 registered angel investors from Serbia and almost 3.000 angel investors that are interested in equity investments in Serbia. These 11 investors from Serbia reported 22 investments in the past period.

Impact Hub is also developing Angel investor network in Serbia.

Based on experience in this early stage investing, total invested amount in Serbia from the angel investors is estimated between 1 million and 2 million EUR. Additionally, amount of equity-based financing available per year is estimated on up to 300k EUR.

SME development hubs have been established in Serbia within the last 5 years. They provide initial funding to startup companies and accept minority equity stakes. Parallel to funding, SME development hubs provide shared office space with stimulating environment to work from, proper mentoring and international networking.

The most successful SME development hubs are:

- **Impact Hub**¹⁶ – the Serbian office has been established in 2013 and it is a part of global network that has more than 100 offices. It provides funding to SMEs in amount up to 50k EUR combined with mentoring and other supporting services. Impact Hub provided investments to 7 startups in Serbia.
- **ICT Hub** – established in 2013 by the several local partners with the aim to provide supporting services for ICT startups in Serbia. In 2017, ICT Ventures has been established with the aim to finance the growth of SMEs by providing up to 50k EUR in exchange for 5 – 15% equity stake with a possibility for follow-on investment in the second round. By the end of 2017, ICT Ventures had 6 investments and total assets of 250k EUR¹⁷.
- **StartLabs** – established in 2013 by two local founders. It has two offices, in Belgrade and San Francisco. They have 11 portfolio investments in Serbia and the region (Croatia, Slovenia, Montenegro) of up to 50k EUR in exchange for 10 – 15% equity stake.
- **Nova Iskra** – established as design incubator in 2013 is supporting SMEs on the revenue share basis. No equity investments are made by this SME development hub.
- **SEE ICT**¹⁸ – established in 2010, with the mission to provide meaningful, deep support to Serbian technology and startup scene. No official data about investments.

¹⁴ [HTTPS://WWW.BELGRADEVENTUREFORUM.ORG/](https://www.belgradeventureforum.org/)

¹⁵ [HTTPS://ANGEL.CO/SERBIA/INVESTORS](https://angel.co/serbia/investors)

¹⁶ [HTTPS://BELGRADE.IMPACTHUB.NET/](https://belgrade.impacthub.net/)

¹⁷ Based on official balance sheet for 2017

¹⁸ [HTTPS://STARTIT.RS/](https://startit.rs/)

Based on experience in this early stage investing, total invested amount in Serbia from the SME development hubs is estimated between 1 and 2 million EUR. Additionally, amount of annual equity-based financing available is estimated on up to 400k EUR.

Crowd-funding platforms does not exist in Serbia. However, Belgrade Stock Exchange has an initiative to establish cooperation in this field with experience provider. Serbian SMEs have access to foreign crowd-funding platforms and during 2018 SME **Playerhunter raised 500k British Pounds** on CrowdCube¹⁹.

Initial Coin Offerings (ICO) were not organized in Serbia for financing of SMEs. However, local SMEs are using international platforms in this area. Serbia is within top 30 countries measured by percentage of total funded projects²⁰. Estimated size of annual funding is around 0,5 million EUR.

Venture capital funds

There are no officially registered **venture capital** funds in Serbia. However, several regional VC funds have Serbia on their investment horizon. It is important to mention that these VC funds are usually registered in the jurisdictions with preferential tax status, but they have offices in Serbia in order to support the capacity development of portfolio companies.

The most important VC fund that is present in Serbia is definitely **Enterprise Innovation Fund (ENIF)**, managed by SC Ventures. This fund is **active since 2016** focusing on an investment portfolio consisting of innovative SMEs at various stages of business development, from the seed to expansion phase, in the Western Balkans. ENIF aims at reinforcing the financial structure of innovative SMEs resulting in a strong and bankable balance sheet. Target fund size is 40 million EUR that will be invested through equity and quasi equity financing where SMEs can obtain investments from EUR 100 000 up to EUR 1,5 million.

According to the official investment policy, the total amount of capital dedicated to the SEED investment phase is 1,5 million EUR (about 4% of the total value of the asset under management), with the maximum investment amount per company up to 100 thousand EUR, which implies direct investments in at least 25 different companies.

The remaining funds are expected to be allocated to companies in the START-UP phase, with the goal to support 40-60 innovative SMEs in the region²¹.

Currently, more than 10 million EUR has been invested in 16 companies²².

In Serbia, there have been investments in **Drytools/Alchemy (100k eur in 2016)**, a business as a software & project management tools for specialty chemicals industry; **City Expert (560k eur in 2017 and 140k eur in 2018)**, a platform for publishing real estate opportunities; **Work Puls (registered outside Serbia)**, a productivity monitoring software for companies; **CUBE (300k eur in 2017)**, a business information and credit risk service company, **Hunch Insight (100k eur in 2017 and 100k eur in 2018)**, an Ad-tech SaaS technology company that helps businesses deliver automated, optimized, and personalized ads to users on leading digital advertising platforms, **Virtus Vita (200k eur in 2017)**, a global dialysis & travel organization, **Tradecore (1 million eur in 2017)**, a company providing large enterprises and new companies come to for ways to keep up with changes and optimize their businesses, to keep

¹⁹ [HTTPS://WWW.CROWDCUBE.COM/COMPANIES/PLAYERHUNTER/PITCHES/QRRBKQ#PROVIDERS](https://www.crowdcube.com/companies/playerhunter/pitches/qrrbkq#providers)

²⁰ [HTTPS://ICOWATCHLIST.COM/STATISTICS/GEO](https://icowatchlist.com/statistics/geo)

²¹ [HTTP://WWW.WBEDIF.EU/FOR-ENTREPRENEURS/ENTERPRISE-INNOVATION-FUND-ENIF/](http://www.wbedif.eu/for-entrepreneurs/enterprise-innovation-fund-enif/)

²² [HTTP://SC-VENTURES.COM/PORTFOLIO/](http://sc-ventures.com/portfolio/)

up with innovation, lower costs, increase revenue, and stay in compliance with changing rules and regulations²³.

Based on available data, total invested amount in Serbia during the last two years from the ENIF is estimated on 2,5 million EUR. Additionally, amount of annual equity financing available for Serbian SMEs is estimated on up to 2 million EUR.

Private equity funds

There are currently 5 investment fund management companies in Serbia, which currently have around 231,5 million EUR assets under management²⁴. The existing Law on Investment Funds regulates investment funds that are suitable for professional investors (private equity funds – under AIFM Directive in EU), as well as funds that are suitable for the general population (under UCITS Directive in EU).

There are two private funds registered in Serbia, but with insignificant assets under management.

On the other hand, in order to have the clear picture of open-ended and closed-ended investment funds in Serbia, it is important to note that most of the assets under management belongs to the funds investing in the money market (93% of total assets under management), in state securities and bank deposits. Balanced funds, that are investing part of the assets in shares of companies and part of government securities have 7% of total assets under management, while equity funds have 2% of assets under management. In nominal terms, only 1,3 million EUR has been invested into equity market in Serbia from the funds that are incorporated in Serbia.

In addition to the funds that are incorporated in Serbia, foreign funds are also investing in Serbian companies. These funds are registered mainly in EU Member States with preferential tax status. This market segment started to expand within the **last 10 years**.

The following private equity funds are most active in investing in Serbian **SMEs**:

- **Enterprise Expansion Fund (ENEF)** – the largest private equity fund for the Western Balkan, with assets under management up to 100 million euros, invest in companies that are in the expansion stage. From its inception in 2014, ENEF made several investments in Serbian SMEs - **Delmax**, a manufacturing and services company for car parts distribution'; **Gomma line**, also operating in the same industry and **BG Reklam**, a company designing, developing and manufacturing permanent point-of-sale materials²⁵. There are no public available data about size of the investments in these companies²⁶.

- **SEAF Balkan Fund** – launched in 2005 with assets under management of 13 million euros, a fund that is in the liquidation phase and returning funds to investors. The preferred investments are between 300k EUR and 1,5 million EUR. The major investments of the fund were Adore Chocolate, Finera Factoring, A2B Express, Logo Holding, PC Centar and Gomex.

- **SEAF Impact Fund** - assets under management up to 2.5 million euros, invest in companies in the expansion phase. The SEAF Impact Serbia Fund has been established in 2014 and it will invest in growth stage small and medium enterprises (SMEs) in collaboration with local entrepreneurs. Recent investments were in Bio Špajz (May 2018, 400k EUR) a retailer and wholesaler of premium health and

²³ [HTTP://WWW.WBEDIF.EU/WBEDIF-IN-YOUR-COUNTRY/SERBIA/](http://www.wbedif.eu/wbedif-in-your-country/serbia/)

²⁴ [HTTP://WWW.MOJNOVAC.RS/FONDOVI.1.HTML](http://www.mojnovac.rs/fondovi.1.html)

²⁵ [HTTP://WWW.WBEDIF.EU/WBEDIF-IN-YOUR-COUNTRY/SERBIA/](http://www.wbedif.eu/wbedif-in-your-country/serbia/)

²⁶ Increase of capital has not been registered within Serbian Business Registry

organic food products and EMU (March 2018, 400k EUR) a value-added distributor in the office furniture sector²⁷.

- **Blue Sea Capital** – focused on the countries of former Yugoslavia, investing in businesses with regional growth potential. The fund is targeting investments with an equity ticket size ranging from EUR 5m – EUR 15m, with majority equity stake. In Serbia, this private equity fund did the consolidation of private health care providers (MediGroup, Jedro, DR Ristic, Milos Klinika, Jevremova) and co-invested with other private equity fund Mid Europa Partners in acquisition of Danube Foods Group (Knjaz Milos, Bambi and Imlek).

Serbian Private Equity Association (SPEA) was founded in 2010 with the goal to raise awareness about private equity and venture capital industry in Serbia²⁸. It has more than 20 corporate members - private equity funds, law offices, advisory companies, etc.

Based on our estimation, total invested amount in Serbian SMEs from the private equity funds is estimated between 15 and 20 million EUR within last 10 years. Additionally, amount of annual equity financing available for Serbian SMEs is estimated on 2 - 5 million EUR.

Initial Public Offering (IPO) was not utilized as a way of SMEs financing. In 2017, EBRD and Belgrade Stock Exchange initiated **IPO Go Project** where the first company was introduced in this process. Fintel Energija is issuing 6,5 million of shares at market value of 27,5 million EUR for 20% equity stake. MV Investment is underwriter for 1,5 million of shares (6,4 million EUR) that has to be purchased in this process that lasts until October 2018.

Real Estate Investment Trusts (REITs)

At the moment, there are **no real estate investment funds registered in Serbia** according to the domestic regulatory framework (Law on Investment Funds).

On the other hand, a large number of companies are present in Serbia that represent private or institutional investors in real estate. Few of them are foreign investment funds and most are companies that are engaged in investments and real estate development.

Among the biggest investors are Zepter Real Estate, Globe Trade Center SA (GTC house, GTC square, Avenija 19, GTC 41, Ada Mall), Atterbury investment group with investment in the shopping center Ušće in Belgrade and a portfolio small business centers in Serbia, AFI Europe (Airport city Belgrade, Central Garden etc.), Hyprop Investments (South African REIT Fund, investor in the Delta City Mall), CA Immo (Belgrade office park, Sava Business Centre), Plaza center, BIG CEE and others.

These companies manage objects with a total useful area of over one million square meters of the best business and commercial space in Serbia in the category of office and retail space, mostly in Belgrade, which is worth billions of euros. In addition to these investors, investors in other areas of the real estate market (hotel industry, logistics, industry) are also present, but their number is relatively small and in majority cases the user of such real estate is also the owner, which is a characteristic of the insufficiently developed market.

Exceptional growth of investments, primarily in the areas of office and retail space, supports the fact that development of this market segment will be beneficiary for SMEs as the users of this real estates, but also for retail and domestic institutional investors.

²⁷ [HTTP://SEAF.COM/MEDIA-ROOM/](http://seaf.com/media-room/)

²⁸ [HTTP://SPEA.RS/ABOUT-US/](http://spea.rs/about-us/)

V. BULGARIA

Summary estimation of annually available equity-based financing for SMEs in Bulgaria, divided by financing providers and business development stages. Estimation is based on funds annually available/retrieved during the past three to five years and expectation about available funds in the following period.

Source of financing/Business stage	EUR, thousands
Startup HUBs and Accelerators	500
Angel investors	1.000
Venture capital funds	10.000* – 15.000**
Private equity funds	15.000* – 25.000**
Total	26.500 – 41.500
Seed and startup	11.500 – 16.500
Growth and expansion	15.000 – 25.000
Total	26.500 – 41.500

*estimation based on annual investing realized during 2016 and 2017.

**estimation based on expected potential of new fundraising activities of local funds who already made their largest investments as many of them were incorporated before 2015, now realizing their exit strategy and new fundraising activity.

SMEs in Bulgaria have a diversified source of equity-based financing - especially in the early stage of business development. This is primarily based on a well-developed network of Venture capital funds who are covering all early business development stages, starting from seed up to the growth phase. These venture funds are usually collaborating with start-up hubs and accelerators making a continuous business support and financing link between these early stage development key players.

HUB's and Startup accelerators

Sofia Tech Park²⁹

Sofia Tech Park is a state-owned company and project established in order to support innovative tech startups and provide environment, offices, labs and a wide range of business and tech services. The Park was founded in early June 2012 and it is owned by the Ministry of Economy and the State Consolidation Company, co-financed by the European Union through the European Regional Development Fund and the national budget of Republic of Bulgaria.

²⁹ <http://sofiatech.bg/en/>

Between 2012 and 2015 approximately 40.000 m2 of new and renovated building space was built in order to accommodate applied research laboratories, a general incubator, innovative lecture, education, discussion forums, places to demonstrate new technology office space, car-parking garage and pedestrian green spaces.

Sofia Tech Park has partnered with leading universities, Bulgarian Academy of Science (BAS), business clusters, large international companies, Sofia Municipality, Ministry of Education, NGOs and others institutions.

Sofia Tech Park has developed a business Incubator which includes approximately 6.200 m2 of office space designed for startup companies that develop innovative products within the three major focal areas of the Science and Technology Park: Information and Communication Technologies, Life Sciences and Green Energy. Part of the office space of the Incubator is also intended for mature companies, from which younger startups can draw valuable knowledge and experience. Twenty-four high-tech companies, including nineteen startups presently work and develop their innovative business ideas within the Sofia Tech Park office space. At the moment, Incubator members are companies that offer IT services, software innovations in livestock, security, companies that create new products, develop new materials etc. Well-established organizations such as Cleantech Clean Technology Network, Microsoft Innovation Center, Tech Tour Network and Junior Achievement Bulgaria are just some examples of the companies housed there. UniCredit Bulbank also has its office situated in the Incubator.

Access to development support services is available to the startup companies, including legal, accounting, marketing, administrative and advertising services, as well as assistance with applying for funding from various institutions and organizations.

Start it smart³⁰

Start It Smart is an entrepreneurship organization and incubator founded in 2009 by five fellow students at the Sofia University with the goal to spread and develop the entrepreneurship mindset in Bulgaria while supporting young people in starting and developing their own business. Start It Smart is the founder of the first pre-accelerator educational program in Bulgaria. Since its incorporation Start it smart supported over 300 startups, gathered over 150 partners³¹ and organized over 500 events.

Their pre acceleration program is based on several phases including business training, mentorship sessions, co-working space, providing startups with a different products and services on the value of between EUR 50 thousand up to EUR 100 thousand.

DigiMark Ventures³²

DigiMark Ventures is an Eastern Europe Tech VC created providing expertise in consulting, mentoring, design, architecture and development of companies in the startup phase. DigiMark Ventures provides early stage financing ranging up to EUR 100 thousand per company and currently there are four companies in their portfolio.

Startup Factory³³

Startup Factory is a NGO that develops the entrepreneurial ecosystem and the IT community in in Bulgaria. The mission of the organization is supporting early stage startups. Startup Factory carries out

³⁰ <http://www.startitsmart.com/en/>

³¹ Partnering with later stage venture capital funds – Eleven, LaunchHub etc.

³² <http://www.digimarkventures.com/>

³³ <https://startupfactory.bg/en/>

many start-up supporting activities including available co-working space, relevant events and conferences, courses and trainings, individual mentorship and consulting etc.

Except for the mentioned companies and institutions there are many other initiatives supporting SME development in Bulgaria, including coworking spaces (Betahouse³⁴, SOHO³⁵, COSMOS³⁶ etc.), providers of startup education (SOFTUNI³⁷, TELERIK³⁸ etc.) and startup meetups and events (DIGITALK³⁹, Silicon Drink About Sofia⁴⁰ etc.).

Other important HUBs and accelerators are also: CampusX⁴¹, Aeternity Ventures⁴², Cleantech Bulgaria⁴³ and ICT Cluster Bulgaria⁴⁴.

Angel investors

Organized angel investor community is not very well developed in Bulgaria, with only one notably active organization, and recently founded a second one, BBF Angels Club⁴⁵, gathering angel investors. There are no precise data on angel investor activity in Bulgaria although several individuals are market as major local angel investors, these are mostly wealthy individuals - leading managers and owners of tech companies.

CEO Angels Club⁴⁶

CEO Angels Club is a group of senior executives and entrepreneurs related to Bulgaria investing their own money in early stage startups in return for equity.

CEO Angels Club looks for early stage, normally post-accelerator startups that are highly scalable and that can show us how the company will get to break-even or to a clear meaningful milestone (e.g. Seed or Series A Funding). This typically means smallish teams (2 to 5 people), with serious domain expertise and a product that is either currently in the market or already in beta.

CEO Angels Club invest between EUR 10.000 and EUR 200.000 and are looking for companies that have an established proof of concept and are poised for growth.

CEO Angels Club currently has 16 active investments/projects.

Crowdfunding, Initial Public Offering (IPO) and Initial Coin Offerings (ICO)

Online alternative finance market volumes⁴⁷ indicate that over the period between 2013 and 2015 the whole CEE region underwent an average annual growth rate of 179%. Online alternative finance has gone from strength to strength with EUR 11 million raised in 2013 and EUR 33 million raised in 2014,

³⁴ <http://www.betahaus.bg/>

³⁵ <http://soho.bg/>

³⁶ <http://cosmos.camp/>

³⁷ <https://softuni.bg/>

³⁸ <http://telerikacademy.com/digital-marketing-course>

³⁹ <https://www.digitalk.bg/>

⁴⁰ <https://www.facebook.com/groups/SiliconDrinkaboutSofia/>

⁴¹ <https://www.campusx.company/>

⁴² <https://www.aeternity-ventures.com/>

⁴³ <https://cleantech.bg/>

⁴⁴ <http://www.ictcluster.bg/en/>

⁴⁵ <http://angelsclub.bbforums.bg/angels/>

⁴⁶ <https://ceoclub.bg/angels/>

⁴⁷ Sustaining momentum, the 2nd European alternative finance industry report, 2017

representing a year-on-year growth rate of 191%. From 2014 to 2015 the pace of growth in the region accelerated by 167%, from EUR 33 million to EUR 89 million.

By the available data for 2017⁴⁸, companies registered in Bulgaria initiated 240 projects on different crowdfunding platforms, raising on average USD 21 thousand, in total USD 455 thousand.

Regarding the IPO financing opportunities, there were no SME companies initiating this kind of equity financing in Bulgaria in the selected period, although one equity IPOs were successfully realized since 2016. This IPO was related to the large company from the food processing industry – GRADUS, raising over EUR 41 million by the end of June 2018.

Worldwide ICO is estimated at USD 5,95 billion in 2017, with 3.06 billion coming in the fourth quarter alone⁴⁹. Estimated amount raised from companies registered in Bulgaria, during the same period, is estimated at 0,93% i.e. USD 55 million (cca EUR 47 million)⁵⁰.

Venture capital (VC) and Private Equity (PE) funds

As previously presented, total PE and VC fundraising in Central Eastern Europe reached more than EUR 1,26 billion in 2017, which is a strong result and a 46% increase compared with 2016 and over 300% compared to 2015⁵¹.

Total investments reached EUR 3,5 billion in 2017, which is more than double compared to 2016 and 2015. In respect to Bulgarian market, total PE and VC investments reached EUR 18,7 million in 2017 (supporting 20 companies – on average EUR 1 million per company), compared to EUR 24,4 million in 2016 (supporting 16 companies – on average EUR 1,5 million per company). Most of the investments were realized in the growth market segment, followed by the seed and start-up. PE and VC investment activity in 2017 reached approximately 0,037% of Bulgarian GDP, which is still below the CEE average of 0,239%⁵².

Following table presents details regarding the PE and VC investment activity (in EUR thousands).

Business stage	2017	2016	2017/2016
Seed	4.006	1.050	3,81
Start-up	834	4.550	0,18
Later stage venture			
Total venture	4.840	5.600	0,86
Growth	13.580	18.775	0,72
Turnaround			
Replacement capital			
Buyout	250		

⁴⁸ <http://www.thecrowdfundingcenter.com/data/places?location=BG>

⁴⁹ Token Reports

⁵⁰ <https://icowatchlist.com/statistics/geo>

⁵¹ <https://www.investeurope.eu/media/727455/Invest-Europe-CEE-Activity-Report-2017-05072018.pdf>

⁵² Ibid

Business stage	2017	2016	2017/2016
TOTAL	18.670	24.347	0,77

Source: Invest Europe CEE Activity Report 2017

Venture capital and Private Equity fund industry in Bulgaria was intensively developed during the past 5 to 7 years. The most important initiator of that growth was the incorporation of the JEREMIE Holding Fund, which was financed by the European Regional Development Fund and co-financed by 15% by the State Budget within the framework of the Operational Programme “Development of the Competitiveness of the Bulgarian Economy 2007 – 2013”. National budget made a contribution, equal to EUR 349 million for the implementation of the JEREMIE Initiative aiming to improve the access to finance for Small and Medium-sized Enterprises through various financial engineering instruments. Reaching a multiplication effect of 2,57 from other investors this initiative successfully mobilized EUR 875 million which was directed towards supporting Bulgarian SMEs in the form of equity investments and loans, thus providing Bulgarian SMEs with EUR 2,45 for each EUR 1 of public funding available.

Some of the most influential PE and VC funds registered and operating in Bulgaria mostly developed under the JEREMIE initiative are presented in the following text.

Eleven Ventures⁵³ (pre-seed and seed)

Eleven Ventures is an early stage investment fund based in Sofia. They started in 2012 as an acceleration and seed program and invested EUR 12 million in 117 start-ups over three years. Initially they invested in many very early stage, pre-product start-ups, but gradually they started supporting more mature companies that have already built a product and are looking to scale.

Their focus is currently on technology companies that have early traction and proof of concept, looking for partners and resources to help them scale, but also open to all sectors and industries, with some affinity towards B2B software, SaaS and hardware products. They are interested in tech startups from South-East Europe with global potential.

Eleven Ventures investment portfolio is quite broad, currently covering over 30 companies, with a targeted investment ticket between EUR 100 thousand and EUR 500 thousand.

LAUNCHub Ventures⁵⁴ (early to growth)

LAUNCHub Ventures is an early stage VC Fund, based in Sofia and investing in digital seed space in the wider Southeastern Europe region. The fund’s portfolio companies are in the fields of SaaS, Enterprise Software, Health-tech, E-commerce, Mobile, but its investments are not limited only in these verticals.

With almost EUR 30 million under total management LAUNCHub Ventures focuses on the seed space with investment ticket size in the range of EUR 300 thousand up to EUR 700 thousand, expandable up to EUR 1,5 million per company. Since 2012 LAUNCHub invested over EUR 14 million, supporting 20 companies in their early business development stage.

Empower Capital⁵⁵ (early to growth)

⁵³ <https://www.11.me/>

⁵⁴ <https://www.launchub.vc/>

⁵⁵ <http://empowercapital.net/>

USAID/Serbia Cooperation for Growth (CFG) Project

Empower Capital is a private equity fund financed by the European Investment Fund – JEREMIE Initiative Bulgaria with the mandate to provide unique access to equity and quasi-equity funding to growing Bulgarian. Empower Capital invest in companies in early stage and growth stage of development.

The Fund invests in companies with competitive business model and experienced team, and seeks opportunities for vertical and/or horizontal integration, and regional expansion.

Empower Capital's ideal target company has a profitable track record, with an annual turnover in the range EUR 3 – 25 million, strong ownership profile with undisputed personal and business integrity. It has potential for leadership position, revenue growth and competitively advantaged business model alongside solid financial reporting.

Targeted industries include retail, light industry, transportation and logistics, food processing, technology, healthcare, and hospitality sectors.

Empower Capital usually negotiate direct equity stakes of 10-40% and equity stakes related to quasi-equity instruments (such as warrants or options) of up to 25%, depending on the valuation of the target company and on the size of the agreed investment.

The Empower Capital investment portfolio currently covers 7 individual investments and projects. Estimated asset under management is EUR 21 million, with a targeted investment ticket between EUR 0,25 million and EUR 3 million.

As a co-investment fund, Empower Capital has the capability, by partnering with other investors, to structure transactions requiring equity capital up to EUR 10 million, always on a pari-passu basis.

NEVEQ Capital Partners⁵⁶ (early to growth)

Neveq Capital Partners is the oldest VC fund manager in Bulgaria and one of few in CEE to manage more than one VC fund. In their decade of joint investment experience, they have made investments in enterprise applications software, infrastructure software and industry vertical applications, as well as in web and mobile businesses. With their second fund launched in 2014, NEVEQ II, they are also considering opportunities in other emerging technologies where they can help exceptional entrepreneurs deliver growth and performance, such as health, education and energy efficiency

The Neveq investment portfolio is quite broad, currently covering 13 companies. Estimated asset under management of Neveq is around EUR 25 million, with a targeted investment ticket around EUR 2 million.

PostScriptum Ventures⁵⁷ (early to growth)

PostScriptum is a venture capital group, which holds a broad portfolio of investments in start-up and niche situations, primarily but not exclusively in the energy sector with the biggest focus is the field of renewable energy.

Fund prefer to invest in early stage ventures where risks are potentially highest but where returns are most attractive, primarily focusing markets outside of Western Europe and the United States.

⁵⁶ <http://www.neveq.com/>

⁵⁷ <http://www.postscriptum.com/>

The Postscriptum investment portfolio is quite broad, currently covering 10 companies, with a targeted investment ticket of over EUR 1 million.

BlackPeak Capital⁵⁸ (growth and expansion)

BlackPeak Capital is a co-investment growth equity fund focused on investing in high-growth South-east European small and medium enterprises.

BlackPeak Capital is funded by the European Investment Fund, part of the European Investment Bank, through the JEREMIE initiative for support of the SME enterprises in Bulgaria.

BlackPeak Capital invests in equity, mezzanine, and other forms of hybrid capital to support the investment plans of dynamic regional companies. As a co-investment fund, Black Peak Capital invests alongside other private institutional or individual investors on pari-passu terms.

The BlackPeak Capital investment portfolio is quite broad, currently covering 11 companies, with a targeted investment ticket between EUR 1 million and EUR 8 million. Since 2015 BlackPeak invested cca EUR 17 million supporting 11 companies primarily in the expansion stage.

Rosslyn⁵⁹ (growth and expansion)

Rosslyn Capital Partners is a leading private equity and investment management firm based in Sofia established in 2002. Rosslyn invests in various industries and sectors including manufacturing, food and beverage, telecommunications, information technologies, renewable energy, agriculture, and real estate development.

The Rosslyn investment portfolio is quite broad, currently covering over 15 individual investments and projects. Estimated asset under management of Rosslyn is over EUR 150 million, with a targeted investment ticket over EUR 5 million.

There are also several funds with offices in Bulgaria but without main deal activity in the country, including GED Capital and VTB Capital. There are also fund managers who have had investments in the past including Karoll Finance.

Real-estate investment trusts (REITS)

The Real Estate Investment Companies in Bulgaria are regulated by the Special Purpose Investment Companies Act, which was published on 20 May 2003 and has been amended several times since. REITS in Bulgaria are usually incorporated as public joint-stock companies, which can carry out their activities lawfully only if licensed by the Bulgarian Financial Supervision Commission. They are exempt from corporate income taxation.

Currently on the Bulgarian Stock Exchange market, there are 56 listed REITS, out of which 8 on the main market⁶⁰ and 48 on alternative market⁶¹. By the beginning of 2018, total market capitalization of these funds is approximated at slightly over EUR 550 million⁶² (of which cca EUR 330 million on regulated market) and it is stable compared to the previous year data.

⁵⁸ <http://www.blackpeak-capital.com/#>

⁵⁹ <http://www.rosslynpc.com/>

⁶⁰ <http://www.bse-sofia.bg/?page=TradedSecurities&segnum=103>

⁶¹ <http://www.basemarket.bg/?page=ListedSecurities#>

⁶² <http://www.sipca.bg/bg/articles/category6.html>

VI. ESTONIA

Summary estimation of annually available equity-based financing for SMEs in Estonia, divided by financing providers and business development stages. Estimation is based on funds annually available/retrieved during the past three to five years and expectation about available funds in the following period.

Source of financing/Business stage	EUR, thousands
Startup HUBs and Accelerators*	400
Angel investors	6.700
Venture capital funds	15.700
Private equity funds	33.300
Total	56.100
Seed and startup	22.800
Growth and expansion	33.300
Total	56.100

*existing potential of EUR 4,2 million of funding from the government owned SmartCap fund in the following years.

Financing opportunities for SMEs registered in Estonia are quite diverse and sizable. Except for financing supply, whole ecosystem for SME growth is highly developed, both on the side of government interventions and private sector initiatives.

Whether directly or indirectly, Estonian government has made large progress in supporting the SME ecosystem and helped it gain and contain positive momentum over the years. Initiatives such as e-government, the digitization of public agency processes, and e-Residency, offering foreigners a government-issued digital identity and the opportunity to run a trusted company online, have been well-received, especially by the innovative startup community. Accordingly, an impressive 66% of Estonian startup founders expressed satisfaction with regards to the national government whereas the global average lies at only 25%⁶³.

Figures show how this startup community is important for the whole economic system in Estonia. Estimation is that currently there are around 500 tech startups in Estonia, employing around 3.000 people locally and over 4.000 internationally. It is estimated that these startups are generating over EUR 270 million of revenues, annually, and paying approximately 37 million EUR of employment taxes to the Estonian government budget⁶⁴.

⁶³ <https://investinestonia.com>

⁶⁴ <http://www.startupestonia.ee>

By the end of 2017 it is estimated that tech startups in Estonia raised over EUR 270 million of funding (only Transferwise⁶⁵ raised EUR 240 million) and by the end of Jun 2018 reaching EUR 250 million (Taxify⁶⁶ – EUR 150 million). Annually, on average over EUR 5 million of this tech startup funding is coming from Estonia⁶⁷ and the remaining is sourced worldwide.

HUB's and Startup accelerators

In respect to the Estonian government proactive actions toward the development of the startup community the private sector has been very active as well.

The establishment of many accelerator programs and co-working spaces as well as the development of a growing investor community have been crucial in fueling the ecosystem with know-how and capital. The contribution of Skype alumni is notable⁶⁸, with several early employees becoming angel investors and the co-founders starting an active venture investment group.

Currently there are several most notable startup event series, hubs and accelerators in Estonia. These startup accelerators are providing annually around EUR 400.000 of financing⁶⁹ to local innovative startups, mostly tech related, through their different acceleration programs.

Except for pure financing, this development stage is much more benefiting from training, networking and general support these accelerators are providing.

Startup wise guys⁷⁰

As indicated by many relevant sources, this accelerator is noted as one of the Europe's most experienced B2B startup accelerators. It is operating since 2012 and currently it is offering two acceleration programs.

Wise guys Fintech II program⁷¹, which is being run from Latvia, is supported by the Swedbank, targeting early stage Fintech (technology related to financial services), PropTech (real estate and property technology), RegTech (regulatory), cybersecurity, blockchain and InsurTech (insurance) startups.

Swedbank is hosting this accelerator program in a specially furnished co-working space, offers access to internal resources – employees and top executives – as mentors, provides startups with a premium access to Swedbank's APIs, as well as potential access to 7 million clients across 4 markets through their Open Banking initiative. Swedbank will seek potential piloting opportunities to build and scale applications together with the startup founders.

Fintech II program is a hands-on 3-month intense mentoring program with focus on idea shaping and validation, business development, sales and fundraising, topped up with a Tech Week for CTOs and developers, as well as exposure to investors during regional Tech events and special matchmaking opportunities. This program offers an up to 30.000 EUR investment per company.

⁶⁵ <https://transferwise.com>

⁶⁶ <https://taxify.eu>

⁶⁷ <http://www.startupestonia.ee>

⁶⁸ Skype – communication platform, was created in cooperation with three Estonians, which was sold to eBay in 2005 for USD 2,6 billion, later the Skype was sold to Microsoft for USD 8,5 billion. Most of the Skype development team is still situated in Estonia.

⁶⁹ <http://www.startupestonia.ee>

⁷⁰ <https://startupwiseguys.com/>

⁷¹ Fintech I program supported 10 startups.

USAID/Serbia Cooperation for Growth (CFG) Project

B2B SaaS – Batch 12 is an acceleration program organized every year since 2012, providing a hands-on 3-month intense mentoring program for selected start-ups. Offering investments of up to 30.000 EUR per company, access to above 100 investors and 150 mentors, providing all participants with a free modern co-working space. Program annually supports around 10 different startups. Total investment attracted by these portfolio startups is above 16 million EUR since 2012.

Garage 48⁷²

Garage48 is an event series, which started in Estonia in April 2010 and have expanded to other countries in Northern Europe and Africa since then.

All Garage48 events are held in English and have approximately 100 international participants. Participants have different skills, ranging from software development to design, marketing, sales and entrepreneurship. Their events usually start at 5pm on a Friday evening. All participants gather in a big room and pitch about 30 to 40 ideas on stage. Each idea is put on the wall and everyone can choose his or her favorite idea and team. Usually about 12-15 ideas will be selected and teams start working. Garage 48 provides facilities, mentors, food and drinks over the weekend, while teams are working on their projects. Sunday night 5pm is the deadline to step on the stage again and give a live-demo of project or prototype. Jury and audience vote for their favorites and choose the winners. Garage48 events provide a lot of media coverage.

Lift99⁷³

This tech community is well known for its Wall of Fame - a wall of the most successful Estonian tech companies. There are currently 17 Estonian tech companies represented on the Wall of Fame with the inclusion criteria based on annual growth (80% - 100%), annual revenue (+3 million EUR) and significant taxes paid to Estonian government.

Their members are profiting on several main benefits. They can reach out to 100 highly skilled professionals and mentors in their coworking space, they have access to community's advisory network from Silicon Valley to Europe with extensive experience in fundraising across Europe and U.S.

Start-up Hub⁷⁴

Start-up hub is a business and community center with two coworking spaces for teams, startups and freelancers. It is operating since 2015 and since then the hub hosted more than 200 events with over 10.000 attendees. Hub is gathering more than 50 companies and over 500 team members.

One of the current projects of the hub is the SpaceTEM project, which aims to initiate the development in the field of space technology in Estonia and Latvia through a series of mutual activities. It ends on 31st of December 2019 with a total budget is 583.350 EUR. This program is for Estonian and Latvian students, entrepreneurs, universities and even policy makers operating in the field of space technology.

Angel investors

The most representative Angel investor network in Estonia is the Estonian Business Angels Network⁷⁵. This angel investor group was established in late 2012 as an umbrella organization for business angels

⁷² <http://garage48.org>

⁷³ <https://www.lift99.co>

⁷⁴ <https://startuphub.ee>

⁷⁵ <http://www.estban.ee/en>

and business angel groups seeking investment opportunities in Estonia and its neighboring regions with an aim to grow the quantity and quality of local seed stage investments.

The Group represent its self as a group of entrepreneurs, CEO's, venture capitalists and business leading deals ranging from EUR 20.000 – EUR 500.000. Individual bets start from EUR 5.000 per company.

One of the most current projects of the Group is the Nordic Angel Program (NAP), funded by the European Union's Horizon 2020 research and innovative programme. The Programme provides a full business angel training and investment program led by experienced startup investors. The program links with the leading startup events in the New Nordics, primarily supporting angel investments by syndicating, increasing cross-border investing, building more diversified knowledge base, network and investment portfolio.

The Group is also preparing its annual review of Estonian Business Angels Network's activities⁷⁶ which is used as the most referent data source for tracking angel investor activity in Estonia. By the end of 2017 Estonian Business Angels Network has increased its network up to 125 members (from 25 in 2013). Member investors have invested over EUR 36 million since 2013, supporting 421 different startup companies.

In 2017 total amount of investment by the Group members reached EUR 11,3 million, realizing 225 individual investments (cca EUR 50 thousand average per individual investment) in 108 different companies (cca EUR 105 thousand average per individual company).

Trend is extremely positive as in 2013 total investments were at the level of EUR 4,6 million, in 2014 EUR 4,8 million, in 2015 EUR 6,7 million and in 2016 EUR 8,8 million.

Largest amount of investments were realized for the early stage and startup followed by the expansion stage, in total 70% of all investments realized in 2017. 61% of all investments were equity investments, 33% using convertible bonds and 6% using both investing instruments. 59% of companies who received investing are registered in Estonia, 26% in other EU countries and 15% outside the EU.

87% of total investments were realized by the syndicate⁷⁷ of angel investors and only 13% by individual angel investors.

ICT remained the most interesting segment for investing (39%), followed by finance and business services (12%) and creative industries (11%).

In 2017 15 exits were made, with over 70% making return on investment bellow x5.

Angel investor community is extremely well developed in Estonia, with very transparent track record of operations. The most dominant group is the Estonian Business Angels Network, gathering 125 members and providing a total annual investments ranging between EUR 4,6 million and EUR 11,2 million, of which over 60% in a form of equity. Supporting between 66 and 108 companies annually. One of the most important aspects of their operations is a transparent database of angel investors, with detail biographies, expertise and investment goals. Another important principle is also a massive usage of syndication of angel investors. By syndication, more benefits are created to the portfolio companies while investors are conducting due diligence faster and in a less expensive manner, as a group they can lower their personal investment risk and diversify their portfolio, but also use standardized process and term sheet, making the process much more easier for both the investor and entrepreneur.

⁷⁶ <http://www.estban.ee/about/annual-reviews/2017>

⁷⁷ Concept of syndication is noticeably very incorporated into the work of this angel investor group.

Crowdfunding, Initial Public Offering (IPO) and Initial Coin Offerings (ICO)

In respect to crowdfunding, during 2016 it is estimated that there were 17 Estonia related projects and companies initiating their fundraising by using primarily Funderbeam⁷⁸ platform, successfully raising over EUR 1,7 million. In 2017 there were 5 projects raising just over EUR 1 million and by the end of Jun 2018, 2 project raised almost EUR 1,3 million⁷⁹ making Estonia based SMEs being very active in this form of seeking new funds for financing their projects and ventures.

Regarding the IPO funding procedure, there were no SME companies initiating this kind of fundraising in Estonia, although several IPOs were successfully realized during the last three years. All these IPOs were related to large local companies, including the government owned port company AS Tallinna Sadam (2018), a closed-end alternative investment fund EftEN Real Estate Fund III AS (2017) and AS LHV Group - Estonian banking and financial services company (2016).

ICO fundraising trends are much more overwhelming indicating that 18 different Estonia related projects and companies raised over USD 195 million in 2017 and over USD 107 million by mid-2018⁸⁰ for funding different start-up ideas and projects, making Estonia by some sources as a top 15 countries in the world on the basis of amounts of ICOs launched. Different projects are ranging from artificial intelligence projects (Neuromotion⁸¹ - USD 50 million in 2018) up to private banking (Polybius⁸² - USD 31 million) and energy (Wepower⁸³ - USD 40 million in 2017).

Venture capital (VC) and Private Equity (PE) funds

Estonia venture capital and private equity industry is dominantly gathered around the Estonian Private Equity and Venture Capital Association⁸⁴, which is also a member of the Invest Europe Association⁸⁵.

Estonian Private Equity and Venture Capital Association was established in 2009, currently gathering 38 members (15 different funds and 23 consultant companies, lawyer offices etc.).

By the end of 2016 the association members have stakes in 93 active portfolio companies, having EUR 880 million of asset under management (expected to grow up to EUR 1 billion by the end of 2020), of which EUR 636 million dedicated exclusively to the PE (70%), VC (20%) and mezzanine investments (10%). Remaining EUR 244 million was in real estate and other types of investments.

The Association records indicate that total annual PE and VC investments reached EUR 74 million by the end of 2016, of which 68% in PE, 9% in VC and 23% in mezzanine. In 2014 total amount of realized investments were at EUR 23 million and in 2015 that level was at EUR 21 million.

⁷⁸ <https://www.funderbeam.com>

⁷⁹ <http://www.startupestonia.ee>

⁸⁰ <http://www.startupestonia.ee>

⁸¹ <https://neuromotion.io>

⁸² <https://polybius.io>

⁸³ <https://wepower.network/#>

⁸⁴ Representatives of the Association are projecting that members of the Association represent at least 85% of the whole industry related to Estonia, measured by the asset under management and the amount of annual PE and VC investments.

⁸⁵ Invest Europe is the association representing Europe's private equity, venture capital and infrastructure sectors, as well as their investors.

Total investments in 2017 supported 35 companies, of which 16 new and 19 existing portfolio companies. Companies registered in Estonia received EUR 49 million of these investments, while remaining reached Latvia, Lithuania, Finland, UK and USA.

Regarding the industry and business development stage, most investments were realized in business and industrial services, primarily supporting growth and expansion.

PE and VC funds, focused on Estonia reached EUR 636 million of asset under management making a record high amount of investments (EUR 74 million) by the end of 2016, primarily as a PE investments in growth and expansion phases. During the same year Poland (EUR 758 million), Romania (EUR 148 million), Hungary (EUR 97 million), Czech Republic (EUR 168 million) and Lithuania (EUR 156 million) were the CEE countries with annual investments higher than Estonia⁸⁶.

Beside the activity on the PE and VC fund level it is also important to consider several international cooperation projects created at the level of the EU, Estonian and other regional governments aiming to support development of local PE and VC industry.

Baltic innovation fund

The Baltic Innovation Fund (BIF)⁸⁷ is a Fund-of-Fund initiative launched by the European Investment Fund (EIF) in close co-operation with the Governments of Lithuania, Latvia and Estonia in 2012 to boost equity investments made into Baltic Small and Medium sized enterprises with high growth potential.

BIF represents a EUR 52 million investment by EIF with each Baltic Government committing EUR 26 million through their respective national agencies (INVEGA in Lithuania, KredEx in Estonia and Altum in Latvia - previously LGA). Significant part of the resources committed by national agencies are returned resources from earlier Structural Fund financed financial instruments under JEREMIE framework, now being reused.

BIF will invest EUR 130 million into private equity and venture capital funds focusing on the Baltic States during 2013-2017 through a 'fund of funds' process to attract additional private finance and implement the best market standards for equity investing in businesses.

BIF is intended to build a balanced portfolio of venture capital and private equity investments with an investment focus on the Baltic States. The balance will cover the aspects of instrument focus, vintage and an appropriately diversified number of underlying transactions.

EIF, as manager of the BIF, openly considers the following investment opportunities:

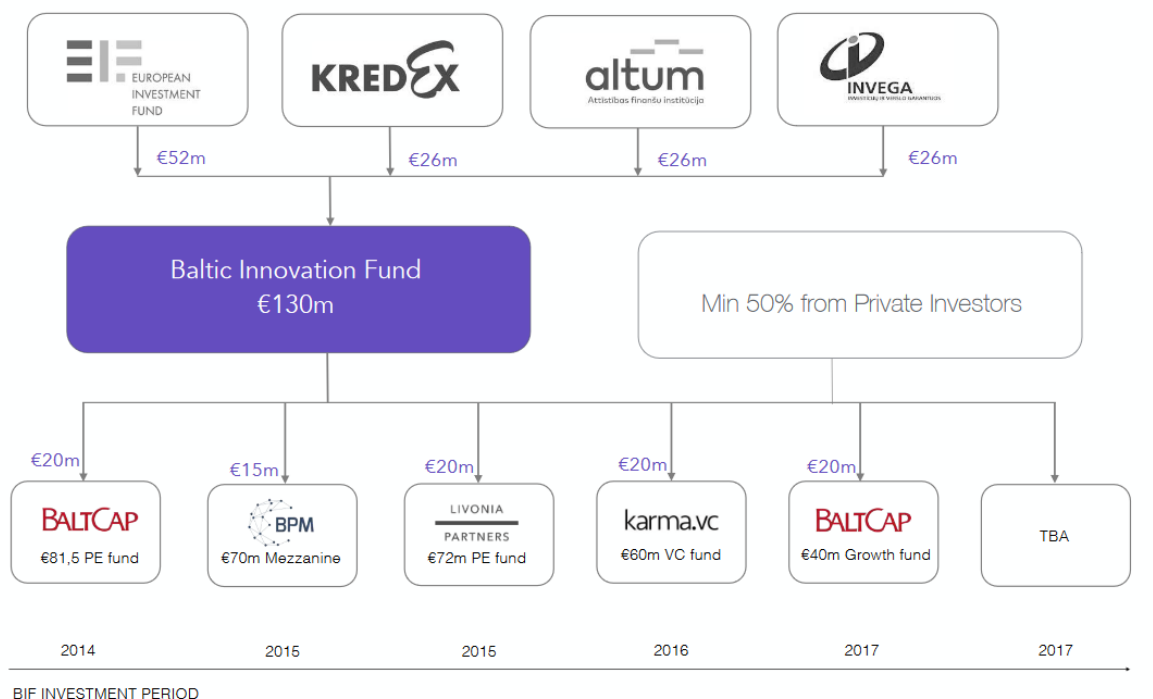
- Investments into venture capital and private equity funds (including mezzanine funds) with proven experience and insight into the Baltic market;
- Co-investments alongside business angels, family offices and institutional investors into early to growth phase SMEs. BIF co-invests with selected investors, which are either domiciled in the Baltic States, provide for a relationship with the Baltic ecosystem or can consider investments into the Baltic States.

Furthermore, other innovative instruments, for example, technology transfer investment vehicles may also be considered for investment but only if appropriate quality investment opportunities would be identified.

⁸⁶ Invest Europe CEE Activity Report, 2016

⁸⁷ http://www.eif.org/what_we_do/resources/BIF/index.htm

Baltic innovation fund road map is presented in the following graph (Source: ESTVCA 2016 report).



Based on this international initiative, which was initiated in 2013, 5 PE and VC funds were created with a total value of asset under management of EUR 325 million.

As of May 2017 BIF contribution was 31% (EUR 100 million), 19% from EBRD and other institutions (EUR 62 million), 6% from family offices (EUR 19 million), **41% from domestic pension funds (EUR 133 million)** and 3% from fund managers (EUR 10 million).

By the end of 2016, these funds made 20 investments, with a total value of EUR 96 million. These portfolio companies employed 3.212 people (42% in Estonia), had a cumulated turnover of EUR 219 million (37% in Estonia) and paid EUR 38 million of different taxes to local governments (41% in Estonia).

ESTFUND

This is a new EUR 60 million Fund-of-Funds initiative that was launched by EIF in March 2016 in close co-operation with KredEx (Estonian government financial institution for developing SMEs) and the Estonian Ministry of Economic Affairs and Communications to stimulate equity investments into innovative and high growth-focused enterprises in Estonia⁸⁸.

EstFund is the first fund-of-funds that EIF has invested into, combining resources from the European Structural and Investment Funds (“ESIF”) resources and from the European Fund for Strategic Investments (EFSI).

The new fund-of-funds, using ESIF resources, will support smaller risk capital funds targeting smaller and often earlier stage investments, operating in a complementary way to the already existing successful Baltic Innovation Fund initiative that targets larger and later stage deals in Baltics.

⁸⁸ http://www.eif.org/what_we_do/resources/estfund/index.htm

Co-investment from EFSI by the EIF into the underlying funds will encourage private investors to commit additional resources into these funds. It is expected that approximately EUR 100 million in equity investments will be made available to the Estonian enterprises in the next years.

EstFund will invest in several risk capital funds which will then invest primarily in Estonian enterprises. The fund managers will be selected by an open call for expression of interest. The selected fund managers will receive a cornerstone investment into their fund from the combined resources of EstFund and co-investment by EIF allocated indicatively as follows:

- EUR 30m Venture Capital Fund;
- EUR 15m Expansion Capital Fund;
- EUR 15m Business Angels Co-Investment Fund

SmartCap

SmartCap is a government held fund of funds seeking to invest in private fund management teams. This fund was incorporated and previously managed by the Estonian Development Fund, but since 2017 and its reorganization, management over SmartCap portfolio was transferred to the private fund manager – Tera Ventures. SmartCap manages early stage venture capital fund Early Fund II, with a total assets under management of EUR 40 million.

In October 2016, SmartCap and KredEx made a public call for accelerator funds. The aim of the accelerator procurement announced in October 2016 was to invest the financial resources of the state venture capital fund managed by SmartCap in up to two venture capital funds providing accelerator services (accelerator funds) for up to EUR 4,2 million per fund. The winning team (consortium of Mobi Solutions OÜ and Astrec Baltic OÜ) has six months to involve the required private financing and create the fund. According to initial plans, the fund will be established at the beginning of 2018 providing accelerator support in the following years.

Real-estate investment trusts (REITS)

Estonia has one of the most competitive tax structures in OECD⁸⁹, measured by the International Tax Competitiveness Index⁹⁰. There are several important aspects of this tax competitiveness: (1) it has a 20 percent tax rate on corporate income that is only applied to distributed profits (2) it has a flat 20 percent tax on individual income that does not apply to personal dividend income (3) its property tax applies only to the value of land, rather than to the value of real property or capital.

Estonian Investment Funds Act⁹¹ defines that investment funds could be established as a common fund⁹², as a public limited company, a limited partnership or a defined-benefit occupational pension fund and must have a fund manager.

Real estate investment funds are usually set up as a common fund, or public limited company. All funds registered under the Estonian Investment Funds Act are under the regulation of Estonian Financial Supervision Authority⁹³.

⁸⁹ Organization for Economic Co-operation and Development

⁹⁰ <https://files.taxfoundation.org/20171030112339/TaxFoundation-ITCI-2017.pdf>

⁹¹ <https://www.riigiteataja.ee/en/eli/504072017011/>

⁹² A common fund is a pool of assets which is established from the money collected pursuant to this Act through the issue of units or other assets and assets acquired through investment of money and which is jointly owned by unit-holders.

⁹³ <https://www.fi.ee/index.php?id=11659>

USAID/Serbia Cooperation for Growth (CFG) Project

List of Estonian Financial Supervision Authority regulated real estate funds is presented in the following table⁹⁴:

#	Fund name	Type	Asset class	Estimated AUM – EUR, million (2018)
1	Baltic Horizon	Public, closed-end, real-estate investment fund	Retail, office and leisure real estate	234,0
2	Birdeye Timber Fund	Non-public closed-ended real-estate investment fund	Forestland	7,7
3	Birdeye Timber Fund 2	Non-public closed-ended real-estate investment fund	Forestland	7,5
4	Luka Adriatic Property Real Estate Fund I	Non-public closed-ended real-estate investment fund	Retail, office and leisure real estate	15,5
5	EfTEN Kinnisvarafond AS	Closed-ended Non-public Real Estate Fund founded as a Public Limited Company	Retail, office and leisure real estate	209,6
6	EfTEN Kinnisvarafond AS II	Closed-ended Non-public Real Estate Fund founded as a Public Limited Company	Retail, office and leisure real estate	252,2
7	EfTEN Real Estate Fund III AS	Closed-ended Public Real Estate Fund founded as a Public Limited Company	Retail, office and leisure real estate	91,0
8	United Real Estate Fund MASF	Closed-ended Non-public Real Estate Fund founded as a Public Limited Company	Retail, office and leisure real estate	20,5
TOTAL				838,0

⁹⁴ <https://www.fi.ee/index.php?id=3487>

VII. HUNGARY

Summary estimation of annually available equity-based financing for SMEs in Hungary, divided by financing providers and business development stages. Estimation is based on funds annually available/retrieved during the past three to five years and expectation about available funds in the following period.

Source of financing/Business stage	EUR, thousands
Startup HUBs and Accelerators	1.500
Angel investors	1.500
Venture capital funds	40.000
Private equity funds	40.000
Total	83.000
Seed and startup	43.000
Growth and expansion	40.000
Total	83.000

The Hungarian equity financing ecosystem showed little sign of extraordinary development or growth potential before the late 2000s. Conservative equity financing measures were taken by select funds, and individual investors, but with no joint, community initiative. There are several initial factors that contributed to the lackluster performance of the Hungarian equity financing scene. In 2006, multinational investment bank Morgan Stanley opened new offices in Budapest; the Mathematical Modeling Centre and the Business Service and Technology Centre, supportive of the firm's quantitative analysis and business activities. While the arrival of Morgan Stanley set the tone for Budapest's technological renaissance, it also effectively raised salaries in the ICT sector, causing start-ups and SMEs difficulty in meeting short-term wage liabilities⁹⁵. The 2007-2008 global financial crisis greatly affected Hungary, at the time a relatively new member of the European Union. The country faced large amounts of foreign-owned government debt, high interest rates for domestic loans, and lower interest on foreign currency loans. Major projects backed by private capital, including equity financing arrangements were withdrawn from⁹⁶.

The table below illustrates VC and PE investments between the years 2006 to 2009.

⁹⁵ <https://150sec.com/startup-ecosystem-spotlight-hungary/>

⁹⁶ Tamás EGEDY, "The Effects of Global Economic Crisis in Hungary", Hungarian Geographical Bulletin 61 (2) (2012) 155–173

Year	Investments (EUR million)		
	Europe	CEE	Hungary
2006	71.200	1.667	0,534
2007	72.000	2.340	0,491
2008	54.000	2.480	0,477
2009	24.000	2.460	0,214

Impact of JEREMIE

In 2007 the EU Commission and the EU Investment Fund launched the first instance of the Joint European Resources for Micro to Medium Enterprises (JEREMIE) fund. The structure of the fund followed a co-investment style where private investors provided 30% of the capital, while the EU provided the remaining 70%.

The JEREMIE fund aimed to effect the Hungarian equity financing ecosystem:

- Eliminating credit market deficiencies.
- Helping 20 thousand existing and newly established SMEs acquire funding totaling to EUR 3,5 billion.
- Elevating the previously non-financed SMEs to acceptable standards for bank financing⁹⁷.

When the final tender was approved in 2009 for the JEREMIE programme, two main VC funds were established in joint and co-investment structures. By December 2010, the JEREMIE funds consisted of seven Joint Funds and one Co-Investment Fund.

Ultimately, the JEREMIE platform created a lot of international exposure for the Hungarian VC and PE sector. Foreign investors started to become attracted to Hungary's untapped midsize market, Hungarian cross-border invested companies, and competitive tax regime supportive of economic growth and FDI⁹⁸.

Start Ups Attracting Attention

Following the JEREMIE PR catalyst, the Hungarian VC and PE scene generated several success stories that would inspire equity financing growth.

Prezi Inc., founded in Budapest in 2009 by Peter Arvai, Péter Halácsy, and Adam Somlai-Fischer, stood out as a remarkable software company, becoming Hungary's flagship equity financing success story.

IBM Cloud Video (formerly UStream) and LogMeIn Inc. are among other successful start-ups that have emerged from the Hungarian VC eco-system.

⁹⁷ László Bátor, Venture Finance Hungary, "JEREMIE in Hungary Experiences".

⁹⁸ Zsuzsanna Széles, Zoltán Széles, István Miszori, "How Does The Jeremie Program Affect The Hungarian Venture Capital Market?", International Journal Of Economics And Finance Studies, Vol 3, No 1, 2011 Issn: 1309-8055 (Online).

In the years following the global financial crisis previously successful start-ups shifted focus to supporting the Hungarian start-up and SME ecosystem. Bridge Budapest, founded by partners of UStream, LogMeIn, and Prezi, is a Hungarian NGO that aims to promote entrepreneurship in Hungary.

The involvement of previously successful companies in Hungary paved the way to the development of the start-up scene.

Current Equity Financing Trends

One of the most active organizations within the Hungarian equity financing system is the Hungarian Private Equity and Venture Capital Association (HVCA)⁹⁹. The HVCA is composed of 26 domestic investor members from private equity and venture capital backgrounds. In cooperation with Ernst & Young, the HVCA publishes quarterly and annual reports outlining investment activities in Hungary, and organizes conferences, ultimately promoting ethical and professional industry standards.

Examining the last four years of equity financing shows evidence of consistent investment flow within the region as more SME's are gaining access to funding through equity financing.

Statistics¹⁰⁰ indicate that total amount of PE and VC investments in Hungary reached EUR 199 million (EUR 171 million private equity and EUR 28 million venture capital) in 2017 supporting 104 companies and increasing from EUR 97 million realized in 2016.

Sector Distribution

The last four years have set the tone for Hungarian SME financing with business and industrial sector dominating total sector distribution, followed by energy and environment sector, business and industrial products etc.

Other popular investment sectors include consumer services, life sciences, and computer and consumer electronics. The impact of successful tech companies, and newly opened venture hubs, and incubators have inspired many entrepreneurial projects, which have materialized into attractive investment opportunities for VC and PE funds. Technology services companies also enjoy increased flexibility and are generally not held to a specific location.

Key Players in Equity Financing in Hungary

Private Equity

Most private equity firms do not have strict scopes of investment within Hungary. Many companies pursue mid-sized companies, however ultimately engage in SME and start-up initiatives. Alternatively, many companies based in Hungary, when experiencing difficulty in finding lucrative investment opportunities locally, turn to neighboring CEE markets.

Euroventures Budapest¹⁰¹

With investment programs totaling to 150 million EUR, the company has accompanied four investment funds support SMEs, with recent funds supporting start-up initiatives. It's Euroventures IV fund, established in 2010, has been focused on prospering growth and innovation in SMEs in Hungary, with investors from the Hungarian and Swiss government. The company has invested in more than 50 companies since its founding in 1990. It has played an active role as part of the JEREMIE program in line

⁹⁹ HVCA.hu

¹⁰⁰ Invest Europe, CEE Private Equity Activity Report 2017.

¹⁰¹ <http://www.euroventures.hu/>

with the European Investment Bank. Euroventures won the tender for the JEREMIE co-investment fund. As part of the fund structure, private partners must provide at least 30% of the total required investment, while Euroventures commits to the rest. The fund has an investment horizon of 3 to 6 years per investment, and it's current portfolio consists of 33 investments. Euroventures is also the founding member of the Hungarian Private Equity and Venture Capital Association (HVCA).

Venturio Fund Management Co.¹⁰²

The management company is invested in Hungarian private equity and venture capital projects. The company has spearheaded funding initiatives amounting to 20 million EUR of assets under management in two funds; Venturio and Perion, with the funds closing for investments in 2016. The company now focuses on managing its existing investment.

Development Bridge Head Group¹⁰³

DBH Investments operates a private equity fund in Hungary investing in mature SMEs. The DBH Investment Venture Capital Fund Management Public Limited company took part in the JEREMIE initiative, growing it's private equity fund to 17 million EUR. DBH Group, in support of Hungary's emerging start-up scene, created the Dutch-Hungarian Incubator and Accelerator. The incubator focuses on providing mentorship, incubation, acceleration, office space, and fund raising support for start-ups in Hungary.

MAVA Capital¹⁰⁴

Mava Capital is an investment advisory firm based in Budapest. The firm advises the Hungarian-American Enterprise Fund and the Hungarian Equity Partners LP fund. The total committed AUM of the firm is 100 million USD.

3TS Capital Partners¹⁰⁵

The private equity and venture capital firm mainly targets the technology, media, and telecom sector in Hungary, investing between 300.000 EUR to 10 million EUR per company. Current and past invested funds total to 300 million EUR, with over 50 investments throughout the CEE region.

ARX Equity Partners¹⁰⁶

This private equity firm invests only in mid-size enterprises (10-50 million EUR valuation) within the Central European region, with some exposure to the Hungarian mid-size market. The company has more than 300 Million EUR asset under management. It's most recent investment was in Hungarian mobile after-sales service TMX in 2018.

CEE Equity Partners¹⁰⁷

CEE Equity Partners acts as an advisor to two Chinese private equity funds focused on investment throughout the CEE region. The company has committed more than 1,2 Billion USD in capital for its

¹⁰² <https://www.venturio.hu/>

¹⁰³ <https://dbh-group.com/>

¹⁰⁴ <http://mava.org/>

¹⁰⁵ <http://www.3tscapital.com/>

¹⁰⁶ <https://www.arxequity.com/>

¹⁰⁷ <http://cee-equity.com/>

investment endeavors across 16 countries. Two of the companies most notable investment in Hungary are the Budapest Metropolitan University (MetU) and Invitel Group in the telecommunications sector.

Mid Europa Partners¹⁰⁸

The company operates through a private equity buyout fund with more than 4,6 Billion EUR raised since its establishment in 1999. The company prioritizes Mid-Cap and SME buyout investments in the CEE region – including Hungary. It's most recent transaction in Hungary was the acquirement of controlling interest in transportation company Warberer's.

iEurope Capital¹⁰⁹

Managing its latest fund, iEurope Fund II, the company aims on investing in diverse SME companies across the CEE region.

PortfoLion¹¹⁰

Part of the OTP Group, PortfoLion is a private equity and venture capital management company specializing in equity based investments across the CEE region. The company currently manages four main funds.

OTP - DayOne Seed Investment Fund, specializing in seed-stage funding, with 3,3 Million EUR of asset under management.

OTP – Venture Capital Fund I, focusing on venture capital projects for companies operating for less than five years. The fund is part of the JEREMIE programme, and consists of 21 Million EUR of asset under management.

PortfoLion Regional Private Equity Fund is a private equity fund focused on CEE region SME's with at least three years of operative history. The fund's main shareholders are OTP Bank PLC and Exim Bank PLC. The fund has an investment horizon of 10 years with the investment period expiring in 2018.

OTP Digital Venture Capital Fund is invested in early stage financial technology companies within the CEE region. The fund was established in 2017 with 6,5 Million EUR in committed capital. Preferred industries and technologies include e-commerce, blockchain, big data, IT infrastructure, financial software, AI and machine learning.

State Initiatives

SZÉCHENYI Equity Fund¹¹¹

SZTA is a completely state-owned equity investment fund, fully financed by Hungary's Ministry of Finance. The fund focuses on Hungarian SMEs and has 200 Million EUR of capital committed. Occasionally the company partakes in short-term incubating projects, organizing venture capital forums, and educating business owners of proper practices for seeking equity financing.

MFB Invest¹¹²

¹⁰⁸ <http://www.mideuropa.com/>

¹⁰⁹ <http://ieurope.com/>

¹¹⁰ <http://portfolion.hu/en/>

¹¹¹ <https://www.szta.hu/>

¹¹² <https://www.mfbinvest.hu/bemutakozas>

A subsidiary of the Hungarian Development Bank, providing equity financing development capital for SMEs in Hungary. The company was established in 2006 and has invested in manufacturing, healthcare, and technology sectors. The company is also the owner of venture capital management company HIVENTURES.

Venture Capital

Alliance Jura-Hongrie (AJH)¹¹³

The company has focused on short-term venture capital investments, winning the JEREMIE III tender. They have committed approximately 13 Million EUR to their fund which invests in SME's headquarter outside the Central Hungarian region. The fund has an investment horizon of 3 to 6 years and is limited to investments in healthcare, biotechnology, and the environment industry.

Bonitas Capital Fund Management¹¹⁴

The company manages a generalist venture capital fund with 20 Million EUR committed as part of the JEREMIE project. The fund primarily has focused in the past on the ICT sector, however is supportive of all sector initiatives. The company has since 2013 invest in five companies.

Buran Venture Capital¹¹⁵

The venture capital fund focused primarily on technology start-ups across the CEE region – having previously committed to venture in the UK and US. The fund has previously invested in successful companies such as Shazam, Chess.com, and IVI in Russia. The company has raised in excess of 90 Million USD through its two funds.

Central Invest¹¹⁶

The company manages three closed-ended venture capital funds with 40 Million EUR of asset under management. The first fund was established in 2009 privately, with the following two funded through the JEREMIE I and JEREMIE II programmes, respectively. The company has prioritized recent seed capital investments for start-ups.

Oxo Ventures¹¹⁷

Providing multi-stage funding, Oxo Ventures focuses on start-up in need of incubation, seed capital, and proof-of-concept funding. While OXO Ventures manages invested venture capital funds OXO Labs provides an incubating environment for start-ups with mentorship and cooperation of other venture capital initiatives. Investments by Oxo Ventures range between 250.000 EUR to 5 Million EUR per project.

Finatech Capital¹¹⁸

The company manages a generalist venture capital fund with 13 Million EUR of asset under management, with a holding maturity of 10 years – established in 2012 as part of a JEREMIE initiative. The

¹¹³ <http://www.ajh.hu/>

¹¹⁴ <http://www.bonitasktk.hu/>

¹¹⁵ <http://buranvc.com/>

¹¹⁶ <http://www.central-invest.com/>

¹¹⁷ <http://www.oxoventures.eu/>

¹¹⁸ <http://www.finatech.hu/>

company's investment focus is generalist, however favoring traditional venture capital investments such as biotechnology, IT, and logistics.

Finext Startup Venture Capital Fund Management¹¹⁹

Operating under the JEREMIE initiative, the company manages a 23 Million EUR venture capital fund. The Finext Startup Venture Capital Fund consists currently of eight investments, primarily in IT and healthcare sectors.

HIVENTURES¹²⁰

One of the biggest influencers of the venture capital community in Hungary is Hiventures, originally known as Corvinus Venture Capital Fund Management Plc (CVCFM). The fund manages a total of 160 Million EUR of asset under management with more than 120 companies under its investment repertoire. The company focuses primarily on early equity finance stages; proof-of-concept funding, pre-seed funding, seed-funding, and growth investment. The fund is supported by the National Research and Innovation Office of Hungary and the Development Bank of Hungary (HDB). The fund's main investors are the European Union through the JEREMIE programme and the HDB.

X-Ventures¹²¹

The company manages two venture capital funds; X-Ventures Alpha, and X-Ventures Beta. The Alpha fund, with 12,4 Million EUR of asset under management, is invested primarily in SMEs under the JEREMIE I framework, partnered with the Hungarian Development Bank. X Ventures Beta, with 13,4 Million EUR of asset under management, is invested under the same 10-year maturity and framework terms, but under the JEREMIE II initiative.

Incubators

Oxo Labs¹²²

Oxo Venture's incubator, Oxo Labs, currently accelerating two Hungarian tech start-ups, ReportR and Family Finances, has played a valuable role in the start-up and SME community. The incubator frequently organizes networking opportunities for VC investors, and competitions and fairs for start-ups in Hungary. The incubator also aims to help organize series A and B funding sources for its incubated assets, providing up to 200.000 EUR in the form of equity or convertible note financing.

SmartWare Tech¹²³

The company provides incubation, early-stage financing, and mentorship to hardware and internet-of-things (IoT) companies within the CEE region. The incubator's main focus is on establishing prototyping solutions and research within the region, and global market entrance.

Virgo Ventures¹²⁴

¹¹⁹ <http://www.finextstartup.hu/>

¹²⁰ <https://www.hiventures.hu/>

¹²¹ <http://www.x-ventures.hu/en/>

¹²² <http://oxolabs.eu/>

¹²³ <https://www.smartware.tech/>

¹²⁴ <http://www.virgo.ventures/>

Virgo Ventures differentiates itself from other incubators in separating themselves from traditional investment roles, and filling partner responsibilities in proof-of-concept support and prototyping. Additionally, the incubator does provide with up to 250.000 EUR of early-stage funding under direct supervision and guidance for Hungarian technology companies.

BnL Start¹²⁵

A new venture incubator established in 2017 specializing in financial technology, IT, and B2B support solutions in East Hungary. The incubation program includes hands-on mentorship, business planning, and a 200.000 EUR in seed funding.

Crowdfunding

The regulatory treatment of crowdfunding in Hungary came under scrutiny in 2017. The conclusion of a study conducted by the National Bank of Hungary (NBH) was that crowdfunding set regulations was not feasible. Issues rose when the NBH drew parallels between the investment action of committing small amounts of money to a project in expectation of a higher return with legitimate financial lending activities. Conversely, the operator the crowdfunding frameworks fails to fall within the scope of banking regulation. Investors wishing to commit capital (in any amount) may be required to pursue licensing, and likewise so would the investee. There still remains a high level of mistrust within the NBH to facilitate an environment in which crowdfunding would be feasible. In Hungary the activity of capital lending is limited only to banks^{126 127}.

Initial Coin Offerings (ICO)¹²⁸

New trends in early-stage financing have included the creation of coin and token offerings. Companies are able to easily raise funding through initial coin offerings (ICO) and initial token offerings (ITO) in order to bypass traditional capital-raising processes. The Hungarian government has yet to implement a framework, which would support the use of ICOs and ITOs in this manner – treating them as sources for crowdfunding.

Initial Public Offerings (IPO)

Lack of liquidity on the Budapest Stock Exchange has made pursuing equity fundraising through initial public offerings unpopular. In recent IPO news, Hungarian transport company Waberer's announced its IPO on the Budapest Stock Exchange in efforts to raise 45 Million EUR for company expansion. The company shares were listed on June 29th, 2018, taken public by private equity firm Mid Europa Partners¹²⁹.

Business Angels¹³⁰

The Hungarian Business Angel Network (HUNBAN) was established in 2017 in order to facilitate increased business angel activity within the region. So far the initiative is new, with little reports or evidence of results. The organization lists more than 120 members, many of which are already closely involved within existing venture capital funds and incubators.

¹²⁵ <http://bnlstart.com/>

¹²⁶ <http://crowdfunding4innovation.eu/country-fiches/country-fiche-hungary>

¹²⁷ https://bbj.hu/opinion/crowdfunding-feasible-in-hungary_130190

¹²⁸ <https://www.schoenherr.eu/publications/publication-detail/hungary-uncertainties-related-to-icos-and-itos/>

¹²⁹ <https://www.reuters.com/article/waberer-ipo-idUSL8N1JG1JF>

¹³⁰ <https://angel.co/hungary/investors>

USAID/Serbia Cooperation for Growth (CFG) Project

Angel.co, an online angel investor hub, lists 22 known angel investors in Hungary. 15 of the listed business angels have reported start-up investments, with a combined total of 131 investments.

VIII. SLOVENIA

Summary estimation of annually available equity-based financing for SMEs in Slovenia, divided by financing providers and business development stages. Estimation is based on funds annually available/retrieved during the past three to five years and expectation about available funds in the following period.

Source of financing/Business stage	EUR, thousands
Startup HUBs and Accelerators	750
Angel investors	1.000
Venture capital funds	2.000* – 10.000**
Private equity funds	25.000
Total	28.750 – 36.750
Seed and startup	3.750 – 11.750
Growth and expansion	25.000
Total	28.750 – 36.750

*estimation based on annual investing realized during 2016 and 2017.

**estimation based on expected potential of new fundraising activities and expected EU support in developing this industry.

Small and medium-sized companies in Slovenia have different sources of equity financing available, depending on the stage of development, business focus (regional or global) and the type of industry they are working in. SMEs have at their disposal various equity-based funding sources, such as accelerators, business angels clubs, venture capital funds, private equity funds. Recently, the first REIT has been established in Slovenia. Securities Market Agency holds the register of alternative investment funds and fund managers¹³¹.

Apart from private initiatives, several public initiatives have emerged. The **Slovene Enterprise Fund (SEF)** is a public national fund established with purpose of improving the access to financial resources for SME companies. SEF entered into a new investment initiative called the **Central Europe Fund of Funds (CEFoF)**, which was conceived by EIF in close cooperation with the governments and national agencies of Slovenia, Austria, the Czech Republic, Slovakia and Hungary with the aim to boost equity investments into SMEs and small mid-caps in the Central European region. The plan is that in the 2017-2021 period, a minimum of EUR 80 million will be invested in PE and VC funds in these countries, which will further invest in SMEs and small mid-caps to support their growth. SEF will actively participate with the commitment of EUR 8 million.

¹³¹ [HTTP://WWW.A-TVP.SI/ENG/LISTS-OF-ISSUED-LICENCES-/ALTERNATIVE-INVESTMENT-FUND-MANAGERS](http://www.a-tvp.si/eng/lists-of-issued-licences-/alternative-investment-fund-managers)

In addition to this November 2017, EIF and SID Banka jointly launched **The Slovene Equity Growth Investment Programme (SEGIP)**, a EUR 100 million equity investment programme, each contributing EUR 50 million.

EIF will manage and deploy the SEGIP, through fund investments into venture capital and private equity funds, and co-investments alongside funds and private investors on market terms. This is one of the first financing programs launched by EIF under the EIF-NPI Equity Platform and the Investment Plan for Europe in cooperation with EU National Promotional Institutions. SID Banka became a founding member of the EIF-NPI Equity Platform's General Forum in September 2016.

Business angels

The **Business angels of Slovenia** was found in 2007 and is the first and biggest club of angel investors in Slovenia. It is the focal point connecting ambitious entrepreneurs, who are in the early stages of company growth and the most successful businessmen in Slovenia.

Members of the club are businessmen with a high level of integrity, extensive experience, rich social capital (e.g. "smart money") and the willingness to assist a fast-growing startup company with expansion and development. Business angels invest exclusively in startups with potential international expansion, fast growing disposition and innovative ideas. Targeted investments are in startups that have made an initial entry to the market with an at least minimum viable product and a well-developed business plan. The club organizes fundraising in several rounds for startups among Business Angels and VC connections throughout Europe and the United States.¹³²

The estimated investment potential of the club is EUR 150 million within business angel members as sources of deal flow. Syndicate members manage the club and investment decisions are taken by Board of Syndicate Members, and the lead investors' role is to lead other investors investing in a particular project. The average timing of an investment decision is 6 months, while the average amount invested varies between EUR 300 thousand and EUR 350 thousand per deal.¹³³ There are around 20 investments in the portfolio of this Business Angels club.

Silicon Gardens Fund¹³⁴ - Since 2010, Silicon Gardens has been uniting some of the successful Slovenian high-tech companies and individuals who share common values of open communication, mutual help and modern views on entrepreneurship. In 2014, an angel seed capital fund started working under the wing of Silicon Gardens, helping them support Slovenian start-up stories. The Fund invests EUR 20 thousand to EUR 40 thousand in cash for 5% – 15% equity share.

Fil Rouge Capital (FRC) is a private investment company with a base in Ljubljana, Slovenia. FRC invests in early stage businesses from angel investment, seed, VC and Series A rounds through a combination of equity and debt structures. FRC's approach is to target investments that complement the skills and experience of its founders so that they can bring more than just capital to help a business grow.¹³⁵ In total, the founders have invested in over 50 small enterprises.

Accelerators

¹³² [HTTPS://WWW.POSLOVNIANGELI.SI/](https://www.poslovniangeli.si/)

¹³³ [HTTP://WWW.EBAN.ORG/WP-CONTENT/UPLOADS/2017/06/CO-INVESTMENT-FUNDS-2016_EBAN-WEBSITE.PDF](http://www.eban.org/wp-content/uploads/2017/06/co-investment-funds-2016_eban-website.pdf)

¹³⁴ <http://www.silicongardens.si>

¹³⁵ <http://www.filrougecapital.com>

The Initiative **Start:up Slovenia**¹³⁶ is an active facilitator and promoter of public and private stakeholders of the Slovenian startup ecosystem. The leading partners of the Initiative are the strategically connected Venture Factory and Technology Park Ljubljana, while other members of the Initiative are Primorska Technology Park, Pomurje Technology Park, Savinja Region Incubator, SAŠA Incubator and RC IKT.

The important role for equity financing of Slovenian SMEs play accelerators:

- **Start-up Geek House (SGH) accelerator** is intended for innovative business teams with global ambitions and, in collaboration with the Slovene Enterprise Fund, provides a convertible loan in the amount of 75.000 EUR that could be converted into 6-26% equity stake. It provides experienced start-up mentors, a co-working work place, an excellent boot-camp programme and administrative help. It has more than 30 investments so far.
- **Go:Global accelerator** provides support for fast global growth companies that have already found their product-market fit. It offers up to 200.000 EUR equity investment (in cooperation with the Slovene Enterprise Fund and the SK200 product¹³⁷) and excellent workshops for investment preparation. Companies are also supported by personal start-up mentor, comprehensive administrative help, use of infrastructure and active promotion at home and abroad.

Crowd funding

Until 2015, no crowd-funding platforms were active in Slovenia. However, since then, this source of financing is becoming more popular. The crowd-funding volume in 2015 for Slovenia was 0,8 million EUR.

In 2016, Slovenian start-ups launched 80 campaigns and raised almost EUR 1,8 million on several popular crowd-funding platforms - Kickstarter, Indiegogo, Conda and Adrifund. Almost 40% of campaigns were successful¹³⁸ and the size of equity raised ranges between 30 thousands EUR to 1,2 million EUR.

Slovenian SMEs are also using crowd-funding platforms from other countries.

Initial Coin Offerings (ICO)

IPOs are used in Slovenia as a tool for financing companies and Slovenia is within top 20 countries measured by percentage of total funded projects¹³⁹. Estimated size of annual funding is around 1 million EUR.

Venture capital funds

Venture capital funds have been established 10 years ago. In 2011, the representatives of Slovenian venture capital companies and angel funds founded the national Slovenian Venture Capital Association (SLEVCA)¹⁴⁰.

¹³⁶ WWW.STARTUP.SI

¹³⁷ [HTTP://EN.GOGLOBAL.SI](http://EN.GOGLOBAL.SI)

¹³⁸ [HTTP://WWW.SLOVENIATIMES.COM/SLOVENIAN-CROWDFUNDING-CAMPAIGNS-SUCCESSFUL-LAST-YEAR](http://WWW.SLOVENIATIMES.COM/SLOVENIAN-CROWDFUNDING-CAMPAIGNS-SUCCESSFUL-LAST-YEAR)

¹³⁹ [HTTPS://ICOWATCHLIST.COM/STATISTICS/GEO](https://ICOWATCHLIST.COM/STATISTICS/GEO)

¹⁴⁰ [HTTPS://WWW.MYCAPITAL.COM/VENTURE-CAPITAL-FIRMS/SLEVCA-\(SLOVENIAN-VENTURE-CAPITAL-ASSOCIATION\).HTML](https://WWW.MYCAPITAL.COM/VENTURE-CAPITAL-FIRMS/SLEVCA-(SLOVENIAN-VENTURE-CAPITAL-ASSOCIATION).HTML)

The Venture Capital Association was founded by the seven venture capital and angel funds currently active in Slovenia, which are all registered with the Ministry of the Economy and entered in the Register of Venture Capital Companies.

The following are members of the Association: RSG Capital d.o.o., which manages Prvi sklad DTK d.o.o.; Venturelab, podjetniško in poslovno svetovanje d.o.o., which manages Sklad poslovnih angelov DTK d.o.o.; Zernike Meta-Ventures S.P.A., which manages the fund Meta Ingenium DTK; UD – upravljavska družba, d.o.o., which manages the fund DTK Murka; MPE, družba za svetovanje in storitve, d.o.o., which manages SCS, družba tveganega kapitala d.o.o.; STH Ventures, družba tveganega kapitala, d.o.o., managed by S. T. Hammer; and Taxgroup finančne storitve d.o.o., which manages Sklad tveganega kapitala Taxgroup DTK.

The overview of major Venture Capital funds in Slovenia are presented in the next table¹⁴¹.

Venture Capital Fund	Year of establishment	Investment capacity (in EUR million)	Average amount of the deal (in EUR thousand)
RSG Capital	2006	18,5	1.000
DTK Murka	2010	8	1.200
Meta Ingenium Ltd	2010	10	500-1.500
STH Ventures	2010	7	1.000

All these funds, except Meta Ingenium, are registered as alternative investment funds.

- **RSG Capital** was founded in 2006 and its only founder was the Chamber of Commerce and Industry of Slovenia, which provided the initial 3,5 million EUR needed to start operations and make the first investment. The goal was to invest in companies in their earliest development stage. As the legislation regulating venture capital companies was not yet in place in Slovenia at the time, RSG operated as a financial holding company.

In 2007, as soon as the appropriate legislation was adopted, RSG founded the venture capital management company and changed its name to RSG Capital (RSG Kapital). They established first venture capital fund Prvi Sklad. In 2010, the Slovenian Minister of Economy signed a contract for investment in the venture capital fund Prvi sklad and invested 9 million EUR, gaining a 49% share in the fund. With that investment Prvi sklad has increased its investment capacity to 18,5 million EUR.¹⁴² Prvi sklad has 11 investments with average amount of investment is 1 million EUR.

- **DTK Murka, venture capital company, Ltd.** was founded in 2010 with the purpose of investing venture capital and quasi-equity capital into the target micro, small and medium sized companies. Investment capacity of the fund is around 8 million EUR and average amount of a investment of 1,2 million EUR. They have 3 investments so far.
- **STH Ventures, venture capital firm, Ltd.** is a venture capital fund founded by the company S.T. Hammer Ltd. in 2010. The entire resources of the fund amount to a more than 7 million

¹⁴¹ [HTTP://WWW.EBAN.ORG](http://www.eban.org)

¹⁴² [WWW.RSG-CAPITAL.SI](http://www.rsg-capital.si)

EUR.¹⁴³ Their investment policy is primarily focused on companies that have mostly finished the development of their product/service and are ready to enter the market but need capital to do so. Average amount of a deal is 1 million EUR and they have 3 investments.

- **Meta Ingenium Ltd.** is a newly founded venture capital fund searching for innovative companies with high potential for growth. The fund is investing into companies in the early stages of development, growth and expansion. META Ingenium provides equity investments into companies, while at the same time encouraging their growth and internationalization in the following rounds of financing. The fund has 10 million EUR at its disposal is searching for investment opportunities in Slovenia as well as abroad: up to 30 % of the fund's resources can be invested into companies outside Slovenia.¹⁴⁴ Average amount of a deal is 0,5 – 1,5 million EUR and they have 5 investments.

Private equity funds

Private equity funds are also active in Slovenia. The overview of the major private equity funds is given in the next table.

Fund Manager	Private Equity Fund	Year of establishment	Investment capacity (in EUR million)	Average amount of the deal (in EUR thousand)
MPE	SCS	2012	5	1.000
MPE	HKD	N/A	N/A	N/A
ABC First growth	ABC Fund	N/A	N/A	N/A

SCS and HDK private equity funds are managed by MPE private equity management. After establishment, SCS fund had 5 million EUR for investments with desirable size of investment around 1 million EUR¹⁴⁵.

ABC fund is managed by ABC First Growth fund manager and it works hand-in-hand with ABC Accelerator. There are no available data on the fund size¹⁴⁶.

Apart from Slovenian alternative investment funds, some examples of activities in this private equity area are EU-based AIFMs Apollo Investment Management Europe LLP, AlInvest Partners BV and Goldman Sachs MB Services Limited, who entered the Slovenian private equity fundraising market with notification of marketing of an alternative investment fund¹⁴⁷.

Combined, domestic and foreign private equity investments in Slovenian SMEs are estimated on 25 million EUR¹⁴⁸.

¹⁴³ www.sth.si

¹⁴⁴ [HTTPS://WWW.STARTUP.SI/EN-US/VENTURE-CAPITAL](https://www.startup.si/en-us/venture-capital)

¹⁴⁵ [HTTP://PEQUITYMANAGEMENT.COM/](http://pequitymanagement.com/)

¹⁴⁶ [HTTP://ABCFIRSTGROWTH.COM/](http://abcfirstgrowth.com/)

¹⁴⁷ [HTTPS://THELAWREVIEWS.CO.UK/EDITION/THE-PRIVATE-EQUITY-REVIEW-EDITION-7/1168409/SLOVENIA-FUNDRAISING](https://thelawreviews.co.uk/edition/the-private-equity-review-edition-7/1168409/slovenia-fundraising)

¹⁴⁸ Invest Europe CEE Activity Report 2017

Initial Public Offerings (IPO)

IPOs are used in Slovenia as a tool for equity financing of companies listed on the stock exchange¹⁴⁹. In 2017, two issuers were issuing shares through IPO - HRANILNICA LON, d. d., Kranj (5 million EUR) and Sivent dd Ljubljana (1,8 million EUR).

Real estate investment funds (REIT)

In April 2018, KD Funds, one of the largest and oldest asset managers in South East Europe and Peakside Capital, an international real estate investor, announce the launch of the **KD Adriatic Value Fund**, Special Investment Fund, the first regulated real estate alternative investment fund (AIS) in Slovenia.¹⁵⁰

The new fund will leverage the unique combination of Peakside's real estate market knowledge coupled with KD Funds' global expertise and experience in managing institutional real estate investments offered by the two firms joining forces. To date, the Fund has raised commitments from regional institutional investors giving it a buying power in excess of EUR 50 million. The Fund has already made its first acquisition, with the purchase of the Tivoli Center, an office building in Ljubljana for EUR 13 million, reflecting a net initial yield well in excess of 8%.

¹⁴⁹ [HTTP://WWW.A-TVP.SI/ENG/OTHER-LISTS/PUBLIC-OFFERING-/-ORGANISED-TRADING-WITH-SECURITIES](http://www.a-tvp.si/eng/other-lists/public-offering/-/organised-trading-with-securities)

¹⁵⁰ [HTTPS://WWW.KD-SKLADI.SI/EN/KD-FUNDS-PEAKSIDE-CAPITAL-LAUNCH-SLOVENIAS-FIRST-REGULATED-ALTERNATIVE-INVESTMENT-FUND-MAIDEN-ACQUISITION/](https://www.kd-skladi.si/en/kd-funds-peakside-capital-launch-slovenias-first-regulated-alternative-investment-fund-maiden-acquisition/)