France Investissement

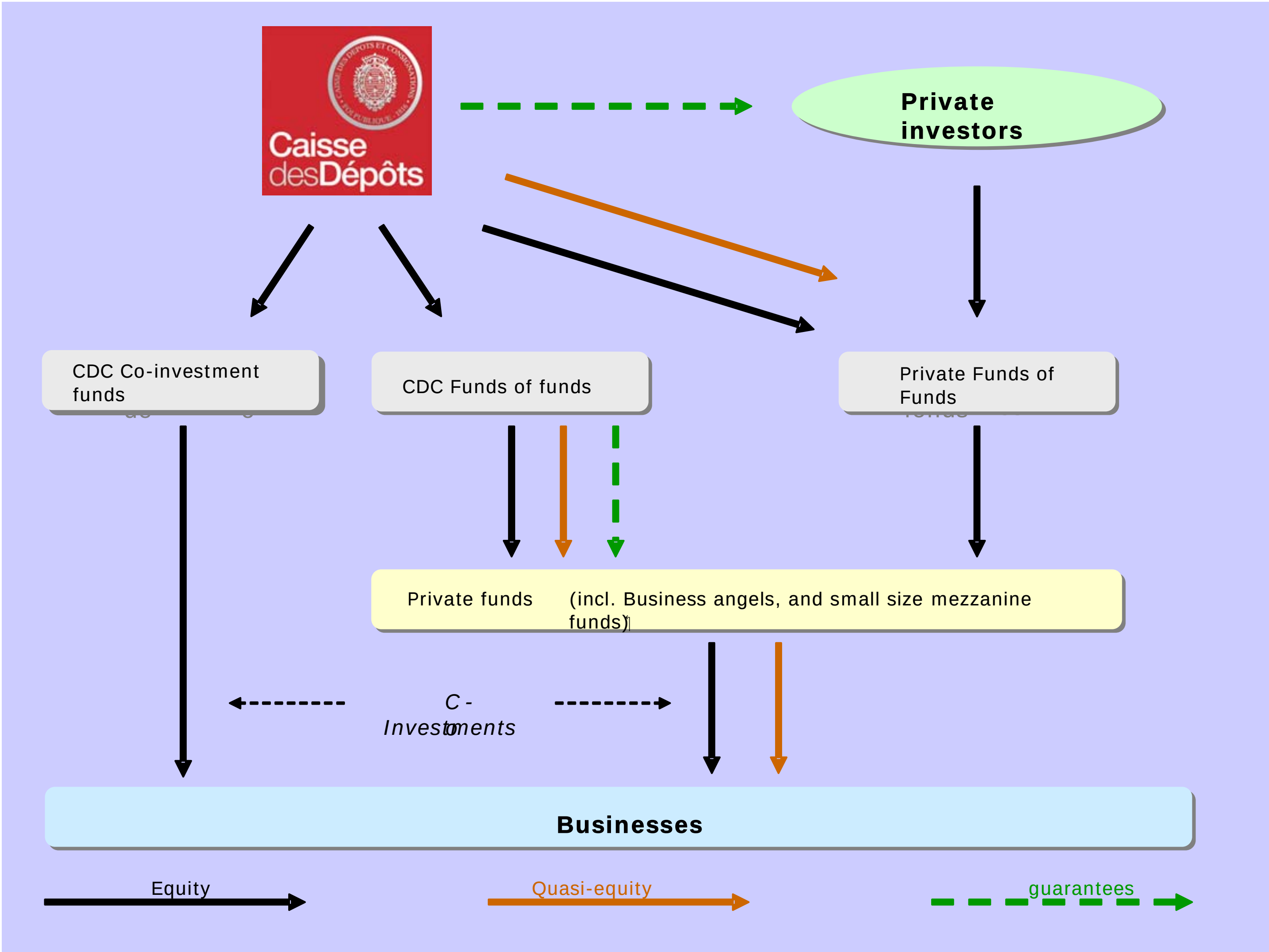
Goals:
Enhancing access to equity for SME's
Enhancing the quality of private funds (i.e. improving the leverage of private money for targetted funds)

Tools: 3GEur over 6yrs (~2GEur public / 1GEur private funds of funds)
Funds of funds of funds
Funds of funds
Co-investment funds
Guarantees

Conditions:
Always at market price

Rationales:
Providing equity to funds at market price is essential for leveraging private money.
Quality can be enhanced through negociation of the MoU and shareholders' agreement.
Providing equity to businesses at market prices avoids over-capitalization
When risks are too high, guarantee schemes help reducing it (gets part of the benefits of the fund guaranteed). This is thought as a better policy than using preference shares.

"France Investissement" scheme



Fiscal environment

Dedicated investment vehicles:

- FCPR: fiscally transparent fund; >50% of the fund must be invested in unlisted companies (under conditions listed companies are eligible); must abide by the rules of OPCVM.
- SCR: holding company with 50% assests invested in unlisted companies.

Fiscal incentives for VC investments:

- FCPI (Innovation based FCPR): 25% of the investment can be deduced from personal tax (up to 12kEur).
- FIP (Local businesses FCPR): 25% of the investment can be deduced from personal tax (up to 12kEur).
- Direct investment (Business angels): 25% of the investment can be deduced from personal tax (up to 20kEur), being extended to investments through holding companies in an attempt to improve the quality of business angels investments (creation of networks).