



## Investment Committee of the InvestEU Fund

Meeting IC 43 of 10-11 July 2025

Day 1 on 10 July Foyer Européen, Room Schuman - 10 rue Heinrich Heine, Luxembourg (Gare)

Day 2 on 11 July Mercier-Post building, Room Arena - 20 rue de Reims, Luxembourg (Gare)

# Conclusions

### SC Sustainable Expansion Fund III Plus, FCRE - IEU - CMU Sub-Product (Multi-country)

INVEU-ICR-0065-2025 - Research, Innovation and Digitisation Policy Window; SME Policy Window (RIDW; SMEW)

(Sub-operation of INVEU-ICR-0046-2025 (Third) Framework Operation #54 for SMEW RIDW Joint Equity Product – CMU Sub-Product)

### Short description of the financing or investment operation and its objectives

Financial Intermediary name:	SC Sustainable Expansion Fund III Plus, FCRE
Type of the final recipients	SMEs; Mid-Caps
Countries of Implementation	Spain (mainly), Portugal, Italy & France
Implementing Partner	European Investment Fund (EIF)

The Operation falls under the CMU Sub-Product representing an investment into a lower mid-market fund that provides equity financing and support to the continued growth of companies. Use of capital includes the financing of increased production capacity, market or product development, working capital or (total or partial) acquisitions, in any case with a view to further grow the business. The strategy of the Fund is based on the following elements:

- internationalisation, i.e. developing the final recipient's activity cross-border, outside of its country of establishment;
- providing expansion finance for the intrinsic growth of the business, as well as acquisitions, in order to further grow the business;
- strong ESG outcomes.

In addition, the Sub-Project is eligible to qualify under the ESCALAR mechanism, given its support for SMEs and Small Mid-Caps qualifying as scale-ups and is actively looking to adopt the requirements of the ESCALAR mechanism.

### Global Assessment and rationale for approval

The Investment Committee of the InvestEU Fund approved the use of the InvestEU guarantee on 10 July 2025 for the above-mentioned operation.

### Additionality

The Fund will pursue investments, in countries classified as MEICs, primarily Spain, where the supply of capital for companies with high grow potential has been traditionally scarce compared to local company financing needs. The number of local players is limited, and pan-EU managers only invest sporadically in the region in flagship transactions.

In Spain, the Private Equity market has developed to some extent in the upper end of the mid-market but is still lagging behind more developed EU countries, with regards to the lower mid-



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market segment. First time and emerging teams still face difficulties raising capital, in particular when they develop a differentiated strategy, notably towards growth investments in high-growth companies that could be deemed riskier.

EIF will implement the ESCALAR mechanism when investing in the Fund, allowing for strong signalling effect of EIF's confidence in the fund experience and competence early on in its fundraising process.

### **Market gap**

The Fund is targeting a significant funding and partnership needs in a country where 99% of companies are classified as SMEs, and 50% of family-owned companies lack a succession plan. The lower mid-market in Spain is highly fragmented, which together with majority of private equity players targeting larger transactions, leaves a majority of the SMEs in need of private capital financing to grow and respond to macroeconomic, digitalisation, and social challenges.

The Sub-Project will aim to improve visibility of companies to other investors, notably by facilitating partnerships or collaboration with the wider ecosystem, including entities at a European, national or regional level, thereby reducing information asymmetries through enhanced visibility of the companies, and a signalling effect through the investment itself. The private equity market in the region is still underdeveloped compared to other EU economies with potential for new players and additional investments to stimulate business growth.

EIF aims at contributing to the diversification of sources of financing for EU businesses beyond bank-type finance, supporting investments in digitalization, and sustainable transition.