

# CALL FOR EXPRESSIONS OF INTEREST

**To select a private fund manager for  
establishing and managing a deep tech  
investment fund**

**Published on: 21 December 2020  
Application deadline: 1 March 2021  
Reference code: Deep Tech Fund 2020/12**

The logo for SMARTCAP features the word "SMART" in a large, white, sans-serif font. The letter "T" is stylized with a right-pointing chevron. Below "SMART", the word "CAP" is written in a similar white, sans-serif font, with the "C" overlapping the bottom of the "T".

AS SMARTCAP  
Hobujaama 4, Tallinn 10151, Estonia  
Registry code 12071991  
[info@smartcap.ee](mailto:info@smartcap.ee)  
[www.smartcap.ee](http://www.smartcap.ee)

# TABLE OF CONTENTS

---

Call for Expressions of Interest .....	3
1. Description of the Call.....	3
2. Expression of Interest .....	4
3. Selection Process .....	6
3.1. First phase – submission of the EoIs and screening of the Applicants against the Eligibility Criteria.....	7
3.2. Second phase – assessment of the EoIs and due diligence, determination of the Preferred Applicant .....	7
3.3. Third phase – negotiation and signing of the Investment Documents, closing of the Fund ....	8
3.4. Timetable .....	9
4. Other matters .....	9
Annex 1 – Templates for the Expression of Interest and the relevant Appendices .....	12
Appendix 1 – Mandatory elements of the Business Plan .....	14
Appendix 2 – Applicant’s Documents .....	17
Appendix 3 – Declaration of Honour.....	18
Appendix 4 – GDPR Consent Form.....	20
Annex 2 – Main Terms of the Fund .....	22
Annex 3 – Eligibility Criteria.....	28
Annex 4 – Assessment Criteria .....	29

# CALL FOR EXPRESSIONS OF INTEREST

This Call for Expressions of Interest (hereinafter the **Call**) has been launched by **AS SmartCap**, a fund management company established under the laws of Estonia with registry code 12071991 (hereinafter **SmartCap**), acting on the account of, and as a fund manager for **Early Fund II**, a venture capital fund-of-funds established under the Estonian Investment Funds Act (hereinafter **EFII**).

The Call is addressed to legal entities and/or teams of natural persons intending to establish a legal entity (hereinafter the **Applicants**) who are interested in offering, among other things, to:

- I. establish an appropriate collective investment undertaking (hereinafter the **Fund**) that would make deep tech investments as contemplated in this Call and where EFII would make an investment in an amount of **EUR 15,000,000.00**<sup>1</sup> (hereinafter the **Investment**);
- II. act as, or establish a company to act as, a fund manager of the Fund (hereinafter the **Fund Manager**) to source, execute, manage and exit such investments for the Fund; and
- III. raise additional investment capital into the Fund *pari passu* (as described below) with the Investment from other independent private sector co-investors.

The specific obligations and responsibilities of the Fund Manager will be further detailed in the Investment Documents (as defined in Section 3.3 below). This document together with its Annexes and any other information provided to the Applicants by SmartCap in writing or published on its website [www.smartcap.ee](http://www.smartcap.ee) (hereinafter together the **Call Document**) sets forth (i) the terms and conditions of the Call, (ii) a non-exhaustive summary of principal terms for the Fund and the Investment, (iii) the template of the Expression of Interest together with the required appendices and documents (hereinafter the **EoI**), (iv) the process for selecting the Fund Manager (hereinafter the **Selection Process**) and (v) other conditions, proceedings or actions relevant under or in relation to this Call.

## 1. Description of the Call

The Call has been initiated with the principal purpose of increasing the availability of venture capital for research and development intensive early-stage technology companies, identified within SmartCap's internal research papers and further supported by the ex-ante assessment by Civitta Eesti AS<sup>2</sup>. To help alleviate the capital availability problem, the Government of Estonia, represented by the Ministry of Economic Affairs and Communications of the Republic of Estonia, together with SmartCap, has agreed to dedicate resources for the proposed Investment.

SmartCap, on behalf of EFII, is carrying out the Call to select a single suitable Fund Manager, which shall focus its investment activities towards privately held non-listed high-tech micro, small and medium-

<sup>1</sup> SmartCap may, at its sole discretion, decrease or propose to the Preferred Applicant (as defined below) to increase the commitment of Early Fund II, provided that the state aid requirements described below continue to be met.

<sup>2</sup> Startup companies' capital availability research (*Iduettevõtete kapitali kättesaadavuse uuring*; Civitta Eesti AS, 1.03.2020).

sized enterprises (hereinafter **SMEs**<sup>3</sup>), which meet both of the following criteria (hereinafter the **Deep Tech Companies**):

- (i) the product or service is based on scientific advancement and development or meaningful engineering innovation; and
- (ii) the product or service development is based on or results in commercializable intellectual property.

The principal investment objective of the Fund is to support early-stage Deep Tech Companies that are established and operating in Estonia by providing funding in the form of either equity or quasi-equity investments.

The Fund shall be managed by a competent, experienced and sustainable Fund Manager in accordance with the best market practices and industry standards with the aim to maximise the return for the investors. In addition, the investments made by the Fund should support changes in the Estonian economy by helping to modernize the economy, ensure export growth and create new high value-added jobs.

A non-exhaustive summary of the principal terms and conditions for the Fund and the Investment, which should be taken into account by Applicants together with the Call Document, are outlined in **Annex 2** (hereinafter the **Main Terms**). The Fund and the Fund Manager shall be selected through this Call based on Eligibility and Assessment Criteria provided in **Annexes 3 and 4** respectively of this Call Document.

## 2. Expression of Interest

Prior to submitting an EoI, the Applicants may submit requests for clarification regarding the Call. Such requests must include a reference to the Call and the name of the Applicant, and shall be submitted in English via email to [info@smartcap.ee](mailto:info@smartcap.ee) not later than **1 February 2021**. The subject field of the email shall indicate the following: “*Clarifications – Deep Tech Fund 2020/12*”.

Requests for clarification shall not receive individual replies. Instead, answers to requests received before or on the above-referred deadline that are relevant to the Call and to all Applicants shall be published in one or several clarification document(s) to be posted on the website of SmartCap [www.smartcap.ee](http://www.smartcap.ee) at latest on **15 February 2021**. Applicants will not be separately notified of a specific date that any such clarifications will be published.

**The Applicants interested in participating in the Call shall submit an EoI complying with the requirements set out in this Call Document not later than 1 March 2021 (hereinafter the Deadline).**

<sup>3</sup> SME shall have the meaning set out in the European Commission Recommendation 2003/361/EC of 6 May 2003.

The EoI must be submitted in the form set out in **Annex 1** and be supplemented with the appendices and other documents required therein. The Applicants may not amend, omit terms or declarations, add clauses to or modify the EoI or other templates provided in this Call Document in any other way.

The EoI and all attached documents shall be written in English, converted to a machine-readable PDF format, signed (as a digitally signed document or a scanned copy of documents with handwritten signatures in at least 300 dpi resolution) and submitted via email to [info@smartcap.ee](mailto:info@smartcap.ee). SmartCap reserves the right at any time to require original signed copies of all signed documents provided in electronic form.

The subject field of the email shall indicate the following: *"Expression of Interest – Deep Tech Fund 2020/12 – [name of the Applicant]. To be read only by duly Authorised Persons representing AS SmartCap"*.

An EoI will be accepted only if it has been received on or before the Deadline. An Applicant bears the risk of any technical or other impediments in delivering the EoI. For the purpose of determining whether an EoI has been received by the Deadline, an EoI will be deemed to have been received on the date of receipt by SmartCap of the email. All parts of an EoI must have been received by the Deadline in order to be considered eligible.

Each Applicant whose EoI has been received on or before the Deadline will be sent a confirmation of receipt by email. The confirmation of receipt shall not be construed as, nor shall it constitute, a declaration of completeness of the EoI and the documents submitted therewith, or eligibility of the EoI, nor any other kind of assessment or acceptance of the same.

An Applicant may amend or supplement its EoI on or before the Deadline by submitting an amended EoI in full (including all required appendices and other documents) in the same manner as specified above, and must clearly and unambiguously state any amendments made to the original EoI. The EoI submitted at a later time shall prevail over the EoI submitted earlier.

An Applicant may withdraw its EoI at any stage of the Selection Process by submitting a clear statement to that effect in the same manner as specified above, i.e., in a written form in English, converted to PDF format, signed (as a digitally signed document or a scanned copy of document with handwritten signatures in at least 300 dpi resolution) and submitted via email to [info@smartcap.ee](mailto:info@smartcap.ee).

Unless otherwise provided in the Call Document or applicable law, SmartCap will not be under any obligation to destroy or permanently delete any EoI or supporting materials (including appendices of the EoI) at the direction of Applicants, including in the event of a withdrawal by an Applicant from the Selection Process.

Without prejudice to anything else provided in the Call Document, notably in Section 3.2 below, SmartCap shall not contact any Applicant during the Call in relation to an Applicant's EoI, unless SmartCap considers it necessary to clarify issues of a mere technical, formal or clerical nature. However,

should SmartCap discover any errors, inaccuracies, omissions or any other type of clerical defect in the Call Document before the Deadline, SmartCap may amend the Call Document and inform accordingly by means of publication on the website of SmartCap [www.smartcap.ee](http://www.smartcap.ee).

### 3. Selection Process

In conducting the Call and carrying out the Selection Process, SmartCap is committed to respect fundamental principles, such as:

- equal treatment;
- effective competition;
- non-discrimination;
- confidentiality; and
- transparency.

The Eols will be assessed and ranked on a comparative basis under competitive terms using professional analysis and judgement, avoiding any conflicts of interest, in compliance with SmartCap's internal rules and policies, and based on the criteria set below and otherwise in accordance with the Selection Process described herein. For the purpose of the Selection Process, SmartCap will have the right to request and/or receive information on the Applicants from third parties.

The Selection Process shall consist of three consecutive phases described below. SmartCap may engage external advisors or experts to provide assistance in legal, commercial and technical matters throughout the Call. Applicants should note that all Eols and supporting materials will be provided by SmartCap in electronic form to one or more external advisors or experts engaged by SmartCap for the purposes of the participation in the Selection Process and implementation of the Call and that such external advisors or experts may participate in relevant phases of the Selection Process.

In any phase of the Selection Process until and prior to entering into legally binding Investment Documents (as defined below) with an Applicant, SmartCap reserves full discretion to consider or not to consider Applicants, and no Applicant has any claim or other right or may expect to be ultimately selected as the Fund Manager in the context of the Call. Any negotiation of terms and conditions of the Investment by no means entails any obligation for SmartCap to enter into such agreement with the relevant Applicant.

SmartCap may amend and/or supplement the terms of this Call at any time and proceed with the Selection Process provided that the above indicated principles of equal treatment, effective competition, non-discrimination, confidentiality and transparency are observed.

SmartCap reserves the right at any time during the Selection Process to terminate the Call in its entirety. The contractual negotiation process may not be considered completed prior to SmartCap and the Applicant having agreed on all relevant terms and conditions and upon the signature of the Investment Documents by SmartCap.

A detailed description of each phase of the Selection Process is provided below.

### 3.1. First phase – submission of the Eols and screening of the Applicants against the Eligibility Criteria

The Applicants are invited to express their interest by completing and submitting an Eol by the Deadline and in accordance with the other requirements set out in this Call.

SmartCap shall screen the compliance of the Applicants and their Eols with the eligibility criteria listed in **Annex 3** (hereinafter the **Eligibility Criteria**). All Applicants whose Eols meet the Eligibility Criteria (hereinafter the **Eligible Applicants**) shall be notified accordingly and invited to proceed to the second phase described below. Applicants who do not meet the Eligibility Criteria will be rejected and the Applicant notified accordingly via email.

In case there are no Eligible Applicants or in case there is only one Eligible Applicant, SmartCap may decide either to:

- proceed with the only Eligible Applicant;
- republish the Call with or without amending its terms;
- extend the deadline and invite additional Applicants to submit Eols without amending any other terms of the Call; or
- to terminate the Call in its entirety.

SmartCap reserves the right to assess the compliance of an Applicant with the Eligibility Criteria throughout the whole Selection Process and to exclude any Applicant, if any of the Eligibility Criteria ceases to be fulfilled at any time during the Selection Process. Furthermore, SmartCap shall have the right to exclude any Applicant from the Selection Process at any time, if subsequently it becomes evident that the Applicant was not compliant with the Eligibility Criteria or that such Applicant submitted false information or knowingly withheld information relevant to Selection Process.

### 3.2. Second phase – assessment of the Eols and due diligence, determination of the Preferred Applicant

SmartCap shall evaluate the Eols on a comparative basis under competitive terms according to the assessment criteria set forth in **Annex 4** (hereinafter the **Assessment Criteria**). When making such assessment, SmartCap shall take into account the information contained in the Eols (together with the attached documentation) and may request additional information, clarifications or the submission of additional or supplementary documents (to the extent such information clarifies the information contained in the Eol and the attached documentation). Information communicated by the Eligible Applicants to SmartCap in any other way or under any other circumstances shall not be taken into account.

SmartCap shall rank the Eligible Applicants based on the assessment and form a shortlist of the top-ranking Eligible Applicants for the purpose of undertaking a team meeting (or meetings) with, and further analysis on, the shortlisted Eligible Applicants. The exact number of shortlisted Eligible Applicants shall

be determined by SmartCap at its sole discretion, taking into account the total number of Eligible Applicants and the comparative results of the assessment. In addition, SmartCap may at its sole discretion shortlist additional Eligible Applicant(s) or remove initially shortlisted Eligible Applicant(s).

Each shortlisted Eligible Applicant shall be given equal time and opportunity to present its investment proposal contained within the EoI and reply to the questions of SmartCap at a respective individual team meeting (or meetings) to be held in Tallinn or via electronic means. SmartCap may request additional information, clarifications or the submission of additional or supplementary documents from the Eligible Applicants prior to or during the team meetings.

Following the individual team meetings, SmartCap shall finalize the evaluation of the shortlisted Eligible Applicants' EoIs according to the Assessment Criteria. SmartCap will then identify the Eligible Applicant with the highest score according to the Assessment Criteria with a view to selecting an Eligible Applicant as the preferred applicant (hereinafter the **Preferred Applicant**) and undertaking further due diligence and moving towards negotiation and signing of the Investment Documents.

SmartCap may require additional information, documents, clarifications and submission of additional or supplementary forms or questionnaires for performing the due diligence. The due diligence may also include an on-site visit. The due diligence process does not constitute legal negotiations. One or more other Eligible Applicants may, at the discretion of SmartCap, also be included in a reserve list with a validity period to be notified to such Eligible Applicant(s) by SmartCap. For clarification purposes, due diligence processes may be executed with multiple Eligible Applicants at the sole discretion of SmartCap.

### 3.3. Third phase – negotiation and signing of the Investment Documents, closing of the Fund

In the final phase, SmartCap and the Preferred Applicant shall negotiate the documents necessary to carry out the Investment which shall include, among other documents, a subscription agreement and a limited partnership agreement (together with any side letter for EFII) or any other similar document(s) setting out the terms of operation of the Fund, the relationship between SmartCap and/or EFII and the Fund Manager, and the respective rights and obligations of the parties (hereinafter the **Investment Documents**). Unless otherwise stipulated by SmartCap, the Preferred Applicant shall propose the initial drafts of the Investment Documents.

The Investment Documents shall be based on the Main Terms provided for the Fund and the Investment set out in **Annex 2**. The purpose of the negotiations is to agree on the details of the legal structure of the Fund as well as other technical aspects of the Investment not provided in this Call Document or in the EoI of the Preferred Applicant.

SmartCap may, for time management purposes, begin negotiations regarding the Investment Documents with a Preferred Applicant at any time (e.g., during due diligence). The negotiation process may not be considered concluded prior to agreement on all relevant terms and conditions and the approval and signing of all Investment Documents by all relevant parties. The negotiation of the



Investment Documents by no means entails any obligation for SmartCap to enter into such Investment Documents with the Preferred Applicant.

If, for any reason: (i) SmartCap and the Preferred Applicant have not signed the Investment Documents; or (ii) the Preferred Applicant has not fulfilled relevant conditions precedent and achieved the Initial Closing of the Fund, in each case within such period stipulated by SmartCap or agreed with the Preferred Applicant following the selection of the Preferred Applicant, SmartCap may, among other things, revert to any other phase of the Selection Process by either:

- republishing the Call with or without amending its terms;
- extending the deadline and inviting additional Applicants to submit their EoIs without amending any other terms of the Call; or
- selecting another Preferred Applicant from amongst the Eligible Applicants included in the reserve list for further assessment, due diligence and negotiating the Investment Documents.

### 3.4. Timetable

The key deadlines for the submission of the EoIs and indicative timetable of the Selection Process are provided below:

#	Action	Deadline
1	<b>Deadline for submission of requests for clarifications</b>	<b>1 February 2021</b>
2	Final date for publication of clarifications	15 February 2021
3	<b>Deadline for submission of EoIs</b>	<b>1 March 2021</b>
4	Evaluation against the Eligibility and Assessment Criteria and shortlisting the Applicants	March - April 2021
5	Presentations by shortlisted Eligible Applicants and due diligence on the Preferred Applicant	May - June 2021
6	Negotiation and execution of the Investment Documents	Q3 2021
7	Initial Closing of the Fund	Up to 6 months from signing

The timetable provided above is indicative. SmartCap has the right to modify the timetable provided that the above indicated principles of equal treatment, non-discrimination, confidentiality and transparency are observed.

## 4. Other matters

This Call shall be governed by the provisions of Estonian civil law and does not constitute a public procurement procedure within the meaning of the Estonian Public Procurement Act or the EU public procurement legislations. This Call does not constitute an offer (in Estonian *pakkumus*) nor an invitation to submit an offer (in Estonian *ettepanek esitada pakkumus*) by SmartCap within the meaning of the applicable law. An EoI submitted in response to this Call does not constitute an offer and any decision

made with respect to an EoI pursuant to the Selection Process does not constitute an acceptance (in Estonian *nõustumus*) within the meaning of the applicable law. Only the express terms of any written contract (as and when it is executed) shall have any contractual effect in connection with the Selection Process.

Financing by EFII might be considered state aid under EU laws. However, by including additional independent private investment into the Fund which is economically significant, simultaneously and under the same terms and conditions with the Investment, the Investment should be considered a *pari passu* transaction and, therefore, the Investment is presumed to pass the Market Economy Operator test<sup>4</sup> and not be considered state aid. The Applicant may be required to provide SmartCap with a declaration, representation, certification or other undertaking regarding their Independent Private Investor Contribution (as defined below) constituting a commitment from an independent private investor<sup>5</sup>.

SmartCap might be considered a holder of public information or deemed to be equal to the holder of public information under the Estonian Public Information Act. Due to the foregoing, when submitting an EoI the Applicant should clearly indicate information contained within the EoI and the attached documents that it deems to be a business secret (including any commercial terms of their proposal, investment strategies, etc.) and, therefore, confidential. SmartCap might be obliged to disclose any information not considered a business secret by the Applicant that will be included in the Investment Documents (including commercial terms of the Fund, investment strategies, operating principles of the Fund, etc.).

All Applicants are solely responsible for their costs and expenses incurred in connection with the Selection Process. No Applicant or other person or entity has any right to request any compensation for any costs and expenses incurred in connection with its participation in the Selection Process or otherwise in relation to this Call, including any legal costs and costs of other outsourced services, irrespective of the outcome of the Selection Process, including in case the Call is cancelled as provided above. SmartCap and EFII shall not be liable to any person for any damages, losses, costs, liabilities or expenses of any kind which it may suffer as a consequence of relying upon any information provided in, or in connection with, this Call or Call Documents.

The decisions made regarding the Call during the Selection Process (i.e., decisions on Eligible Applicants and the Preferred Applicant) are binding to all Applicants and are not contestable in court.

Applicants shall not undertake (or permit to be undertaken) at any time any publicity activity with any section of the media in relation to the Call or the Selection Process other than with the prior written agreement of SmartCap. Such agreement shall extend to the content of any publicity. In this paragraph the word “media” includes (without limitation) radio, television, newspapers, trade and specialist press, the internet and email accessible by the public at large and the representatives of such media. The

---

<sup>4</sup> Within the meaning of the Commission Notice on the notion of State aid as referred to in Article 107(1) of the Treaty on the Functioning of the European Union (2016/C 262/01) and further described in the Commission Guidelines on State aid to promote risk finance investments (2014/C 19/04).

<sup>5</sup> Within the meaning of the Commission Guidelines on State aid to promote risk finance investments (2014/C 19/04).

identity of the Preferred Applicant may be disclosed to the public at any time during the Selection Process at the sole discretion of SmartCap.

SmartCap may publish, from time to time, on its website, in reports or in other kinds of public presentations a list of funds and their fund managers, where EFII has made an investment, including their names, registered addresses, contact information, target fund size, the amount of EFII contribution and a list of portfolio companies thereunder. SmartCap may publish the same regarding the Fund, its portfolio companies and the Fund Manager.

# Annex 1 – Templates for the Expression of Interest and the relevant Appendices

To:

**AS SmartCap**  
[info@smartcap.ee](mailto:info@smartcap.ee)

Call for Expression of Interest reference code	Deep Tech Fund 2020/12	
<b>Applicant submitting the Expression of Interest</b>	<i>[To be filled, if the Applicant is a legal person. Complete or delete as appropriate.]</i>	
	<b>Company name</b>	
	<b>Legal form</b>	
	<b>Registration details</b>	Denomination of register: Date of registration: Country of registration: Standard identification code / registration number (if applicable):
	<b>Contact details</b>	Contact person: Address: Telephone: Email:
	<i>[To be filled, if the Applicant is a team of natural persons (filled for each person designated as the Applicant, including the Key Executives). Complete or delete as appropriate.]</i>	
	<b>Names</b> (surname, forename(s))	
	<b>Contact details</b>	Contact person: Address: Telephone: Email:

## Expression of Interest

Dear Sir/Madam,

Herewith we are submitting our Expression of Interest in response to the Call for Expression of Interest with reference code Deep Tech Fund 2020/12, dated 21 December 2020. Capitalised expressions used herein shall have the meaning attributed to them in the above-mentioned Call for Expression of Interest, unless otherwise expressly defined herein or otherwise required by the context.

Each of the undersigned, by signing this form, certifies and declares that (i) all information contained in this Expression of Interest, its appendices and all other documents attached to it are complete and correct in all respects and (ii) the Applicant and the signatory acknowledges and agrees with all and any terms and conditions as set out in the Call Document. The undersigned shall, upon request, provide any evidence to confirm the above.

*[NOTE: In case of legal persons, the EoI must be signed by the authorized representative(s) of the Applicant as well as each of the Key Executives. In case of a team of natural persons, the EoI must be signed by all team members designated as the Applicant, including all Key Executives.]*

Yours sincerely,

Signature(s):

*[Names and positions of the undersigned]*

*[Date of signing]*

Appendices to be submitted with the Expression of Interest:

1. Business Plan (based on the elements listed in the Appendix 1);
2. Applicant's Documents (listed in the Appendix 2);
3. Declaration of Honour (based on the template in Appendix 3);
4. GDPR Consent Form (based on the template in Appendix 4).

## Appendix 1 – Mandatory elements of the Business Plan

### › Applicant's (proposed) team, shareholders and structure

- List of Key Executives and other members of the team (including any expected positions to be recruited at relevant fund sizes), detailing who would be full-time dedicated and who would be part-time dedicated (including, if applicable, Investment Committee members, venture partners, industry advisors, entrepreneurs in residence, etc.) to the Fund (with % of full-time equivalent time dedication);
- Division of roles and responsibilities and the (planned) locations of the team members;
- If having existing business activities, a list of joiners and leavers of the team in the last 3 years, their date of arrival/departure, position at arrival and current title;
- Details of team members' other activities and/or work assignments (including any management, supervisory, advisory board or other similar seats) not related to the Fund and estimated time (together with % of full-time equivalent time dedication) required to perform other tasks during the Fund Term;
- Details of the previous joint experiences and co-operation of the team members;
- Organizational chart showing management structure and actual (if existing) or anticipated (if planned to establish a new entity) ownership of all relevant Fund entities, including Fund Manager, general partner (if different from the Fund Manager), investment advisor (if any) and carried interest vehicle (if any);
- Detailed shareholder base and ultimate beneficial ownership of the Applicant (to the extent different to the above);
- Three references (including email addresses and telephone numbers) for each investment team member (if possible, related to transactions relevant to the proposed strategy: e.g., CEOs of investees, co-investors, other).

### › Applicant's market experience and knowledge

- In case of an Applicant that is an established legal entity – detailed history of the Applicant and its affiliates' previous and existing business activities, including details of any existing related funds under management;
- Competence(s) of each team member that will be contributed to the Fund Manager, including early-stage investment experience and competence of the team members, and investments and/or expertise in deep tech;
- Description of the competitive advantage of the proposed management team;
- Track record of the Fund Manager team members in Excel format, including realised and unrealised investments:
  - name of investee;
  - location;
  - sector;
  - investment development stage;
  - date of entry and exit;
  - invested amount;
  - instrument;
  - ownership %;
  - proceeds received to date;
  - exit multiple of cost (realised);
  - exit type;
  - current fair value;
  - multiple of cost (unrealised);
  - gross IRR;
  - role of team member in transaction;

- indication of whether each company is deep tech;
- name and contact details of at least one founder for each company;
- where the track record involves formal funds, in addition to individual transaction information, gross and net fund level returns should be included.
- Description of previous collaboration with other (co)investors, market players, etc.;
- Description of relevant networks and relationships built with the public and private sector, including universities, research centres, laboratories, incubators, etc.

#### › Fund's strategy and investment approach

- Minimum/target/maximum fund size to execute the strategy, including the rationale for the assessment;
- Description of the market opportunity, including the targeted market segment(s) and rationale for why the targeted segment(s) represent an attractive investment opportunity;
- Detailed overview of the Fund focus, including: (i) financial instruments to be used, (ii) target investment stakes, (iii) development stage(s), (iv) sector(s) (v) geographical focus (including target markets and % outside Estonia, if any) and (vi) exit strategy;
- Outline of the Fund portfolio model at relevant targeted Fund sizes (broken down by development stage where applicable), including: (i) target number of investments, (ii) ticket sizes, (iii) expected holding period of investments, (iv) capital deployment rate (including capital reserves, reinvestment and follow-on investment strategies, if any), together with illustrative financial model of the Fund in Excel format in each case for each proposed fund size scenario;
- Targeted returns (including at the portfolio company level and net to investors) and how they will be generated;
- Terms and conditions proposed to be applied in relation to possible investments, including expected protective rights and economic terms (e.g., conversion caps, liquidity preferences, anti-dilution mechanisms);
- How the investment strategy is linked to deep tech and Estonia and how it contributes to the development of the Estonian economy;
- Risks/barriers related to implementing the investment strategy and their potential impact on the Fund together with proposed mitigants and risk management measures, including risk diversification for the Fund and any sector, country or exposure limits;
- Description of competitive landscape and Fund's competitive position;
- Envisaged co-operation with main market participants in the relevant market segments (including, if relevant, universities, science hubs, business incubators and entrepreneurship initiatives);
- Proposed duration of the Investment Period and the Fund Term, and the rationale for choosing each (if less than the maximum permitted in the Main Terms);
- Expected sources and strategy for generation of deal flow, including marketing strategy of the Fund;
- Indicative investment pipeline relevant to proposed investment strategy, including for each opportunity: name, sector, transaction type, indicative investment size, indicative stake, source of opportunity, proposed value creation plan, and potential exit route;
- Outline of the Fund Manager's expected investment approval process from origination to signing, including approval stages and overview of the Fund Manager's approach to the timing, content and process for investment due diligence;
- Overview of proposed post-investment management of portfolio companies and approach to monitoring, value-creation (including involvement in strategy, finance and/or operations of portfolio companies) and participation in portfolio company governance bodies;
- Fundraising status and plans, including envisaged commitments, expected timing, stage of discussion (if any), timeline for beginning Fund operations, and any conditionalities or special economic or governance rights attached to such potential commitments.

#### › Institutional capacity and alignment of interest

- Proposed legal structure (including proposed country of incorporation and legal form to be used) of the Fund and all relevant Fund entities, including the Fund Manager, general partner (if different from the Fund Manager), investment advisor (if any) and carried interest vehicle (if any), including the rationale for choosing the proposed structure;
- Description of the Fund Manager's proposed approach to risk management and compliance, including procedures and internal controls to prevent the Fund from being used to launder money, finance terrorist activities and whether there is (or will be) a team member assigned to the risk monitoring function;
- Services proposed to be outsourced from third parties regarding the Fund and the Fund Manager, and expected service providers, if already known;
- Details of any expected or confirmed advisors and industry experts to be engaged by the Fund Manager (including through any proposed industry/advisory board) and the respective cooperation structure, including how such individuals will contribute to the Fund, time and/or financial commitment (if any) and how they would be compensated by the Fund Manager;
- Proposed structure, membership and voting mechanics of the Investment Committee;
- Details of any actual or potential conflicts of interest with the planned Fund, including arising from any previous or existing activities not related to the Fund engaged in by any management team member, together with any measures proposed to deal with such actual or potential conflicts of interest;
- Description of environmental, social and governance (ESG) values and responsible investment strategy, including proposed framework for a management system to systematically address ESG issues in investment activities.

#### › Economic and financial terms of the Fund

- Proposed main economic terms for the Fund, including (i) the proposed Management Fees during and post Investment Period and (ii) the proposed Distribution Cascade including (a) the applicable hurdle rate and (b) any profit share (carried interest) as well as any catch-up mechanism for the Fund Manager (including a breakdown of carried interest allocation amongst the team members), including in each case the relevant calculation methodology;
- Proposed Financial Commitment of the Team to the Fund, including (i) a description of the sources of finance and (ii) the proposed split between the team and, (iii) if the Fund Manager includes a financial, industrial or other sponsor, showing the split between sponsor and the investment team;
- Detailed operational budget for the Fund Manager, including details of the proposed remuneration of all team members.



## Appendix 2 – Applicant's Documents

The Applicant shall attach to the EoI the following documents:

- › CVs of each team member and Key Executive containing the following information:
  - Full name;
  - Date of birth;
  - Current place of residence;
  - Nationality;
  - Education and academic experience;
  - Professional experience;
  - Language proficiencies.
- › If the Applicant is a legal person, copy of the Applicant's registration Certificate, or other document evidencing the due incorporation and registration of the Applicant;\*
- › If the Applicant is a legal person, copy of the Applicant's Articles of Association, Memorandum of Association or other constitutional document;\*
- › Copy of identity card, passport or any other document which can be used for the identification of each natural person signing the EoI, including (in case of legal persons) the authorized representative of the Applicant;
- › Evidence of the relevant Key Executives' residency in Estonia<sup>6</sup>;
- › If the Applicant is a legal person, appropriate evidence of the representative's authorisation to act for and on behalf of the Applicant (signatory powers).\*

*\* Copies of original documents as well as uncertified translations in English to be provided.*

---

<sup>6</sup> For example, utility bill, property tax proof, income tax bill, mortgage account or other proof of home ownership, residential lease agreement, etc., that includes the name of the Key Executive and that is not older than 3 months.

## Appendix 3 – Declaration of Honour

To:

**AS SmartCap**  
[info@smartcap.ee](mailto:info@smartcap.ee)

### **Declaration of Honour**

*This Declaration of Honour is presented in connection with the submission of an EoI for the Call for Expressions of Interest, reference code Deep Tech Fund 2020/12, dated 21 December 2020. Capitalised expressions used herein shall have the meaning attributed to them in the above-mentioned Call for Expression of Interest, unless otherwise expressly defined herein or otherwise required by the context.*

I, the undersigned, being a duly authorized representative of the Applicant and/or a Key Executive (hereinafter each also a **Relevant Person**), hereby declare that I or, if relevant, the Applicant are not in any of the following situations pursuant to the laws of any jurisdiction as of the date of this declaration the Relevant Person:

- a. is bankrupt or being wound up, is having its affairs administered by the courts, in this context, has during the last five years entered into an arrangement with creditors, has suspended business activities, is the subject of proceedings concerning those matters, or is in any analogous situation arising from a similar procedure provided for in national legislation or regulations;
- b. has been convicted of an offence concerning its professional conduct by a judgment, which would affect its ability to act as a Fund Manager;
- c. has been the subject of a judgment for (i) fraud, (ii) corruption, (iii) participation in a criminal organisation, (iv) money laundering or terrorist financing, (v) terrorist offences or offences linked to terrorist activities, or (vi) inciting, aiding, abetting or attempting to commit any such offences;
- d. is guilty of misrepresentation in supplying information required for selection as a Fund Manager or fails to supply this information;
- e. has been listed in the Early Detection and Exclusion System (EDES) database, established by the European Commission or any other sanctions list or internationally recognised “black list”;
- f. has a direct or indirect interest of such a nature and scale that may have an adverse effect on the impartial conduct of the Selection Process (including, but not limited to, the Relevant Person being a “connected person” within the meaning of the Anti-Corruption Act of Estonia to a member of the management or supervisory board, employee or officer of SmartCap, or the Relevant Person providing advice, service or other assistance to the preparation or conduct of the Call).

I undertake to inform SmartCap without delay of any situation arising at any time during the Call constituting a conflict of interest or which could give rise to a conflict of interest. I acknowledge and agree that failure to declare any actual or potential conflicts of interest and/or failure to address such conflicts to the reasonable satisfaction of SmartCap could result in the Applicant being disqualified from the Call at the discretion of SmartCap.

Furthermore, I declare that I and, if relevant, the Applicant shall not:

- (i) offer any inducement, fee or reward to any management or supervisory board member, employee or officer of SmartCap or any person acting as an advisor for SmartCap in connection with the Call;
- (ii) contact any management or supervisory board member, employee or officer of SmartCap or any person acting as an advisor for SmartCap about any aspect of the Call in a manner not permitted by the Call;
- (iii) enter into any agreement or arrangement with any other Applicant or potential Applicant to the effect that it shall refrain from making an application or as to the conditions of any application;

- (iv) cause or induce any person to enter such agreement as is mentioned above or to inform the Applicant of the conditions of any rival application; or
- (v) offer or agree to pay or give, or actually pay or give, any sum of money, inducement or valuable consideration directly or indirectly to any person for doing or having done or causing or having caused to be done any of the above matters in relation to any other application or proposed application.

I undertake to inform SmartCap without delay, if any declaration made herein turns out to be or becomes untrue, invalid, misleading or otherwise inaccurate.

I acknowledge and agree that SmartCap reserves the right to disqualify (without prejudice to any other civil remedies available to SmartCap and without prejudice to any criminal liability which such conduct by an Applicant may attract) the Applicant and reject their EoI, if any declaration submitted above is false or is breached at any time during the Call.

*[NOTE: In case of legal persons, the Declaration of Honour must be signed by the authorized representative(s) of the Applicant as well as each of the Key Executives. In case of a team of natural persons, the Declaration of Honour must be signed by all team members designated as the Applicant, including all Key Executives. The Declaration of Honour shall be signed by signatories in separate instruments.]*

Yours sincerely,

Signature:

*[Name and registration number of the Applicant, if legal entity]*

*[Name and position of the undersigned]*

*[Date of signing]*

## Appendix 4 – GDPR Consent Form

*This GDPR Consent Form is to be submitted as required by the Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (hereinafter the **GDPR**) in connection with the submission of an EoI for the Call for Expressions of Interest, reference code Deep Tech Fund 2020/12, dated 21 December 2020. Capitalised expressions used herein shall have the meaning attributed to them in the above-mentioned Call for Expression of Interest, unless otherwise expressly defined herein or otherwise required by the context.*

*This form is to be signed in separate instruments by all team members and Key Executives providing personal data together with the EoI.*

AS SmartCap (registry code 12071991) shall be the controller of your personal data. You may contact SmartCap at Hobujaama 4, 10151 Tallinn, Estonia or by email at [info@smartcap.ee](mailto:info@smartcap.ee).

SmartCap may collect personal data directly from you as well as from external sources, such as public and private registers or third parties. Personal data categories which SmartCap may collect and process in regard to you are:

- › Identification data (name, identification code, date of birth, data regarding identification document, etc.);
- › Contact data (address, telephone number, email address, language of communication);
- › Data regarding your affiliations with legal entities and other undertakings (shareholdings, economic interests, board seats, directorships or other positions, etc.);
- › Professional data (education, professional career, etc.);
- › Financial data (accounts, ownerships, transactions, income, data on origin of assets or wealth, data regarding transaction partners and business activities, etc.);
- › Data about trustworthiness and due diligence (prior experience, recommendations, data that enables to perform KYC/AML due diligence measures and to ensure the compliance with international sanctions, etc.);
- › Residency data (country of residence, tax residency, tax identification number, citizenship, etc.);
- › Communication data (visual and/or audio recordings collected at team meetings or interviews, other correspondence, emails, messages, other communication mechanisms such as social media, etc.).

Your personal data shall be processed by SmartCap under this consent or, if applicable, in order to ensure compliance with legal obligations to which SmartCap is subject to. The processing of your personal data shall not be automated. Your personal data shall be used for the following purposes:

- › Carrying out the Selection Process as described in the Call Document;
- › Communicating with you and/or the team of the Applicant during the Call;
- › Verification of your identity and for complying with other legal obligations of SmartCap;
- › Performing background checks, due diligence and other activities necessary in order to assess the EoI and the team of the Applicant.

SmartCap will not share your personal data with any third parties other than external experts or other professionals performing certain services to SmartCap in regards to the Call and who are contractually obligated to keep your personal data confidential subject to appropriate safeguards to prevent it from unauthorized disclosure. Some of these external experts or other professionals may operate outside of the European Union, in which case SmartCap shall make sure that your personal data is only transferred

to external experts or other professionals if an adequate level of protection is ensured, e.g., if the European Commission has issued an adequacy decision under GDPR Article 45 or other appropriate safeguards apply.

Your personal data will be processed no longer than necessary. The retention period may be based on the legitimate interest of SmartCap or applicable laws (such as laws related to bookkeeping, anti-money laundering, statute of limitations, civil law, etc.). If no other retention period is specified in any applicable law, your personal data shall not be retained for longer than 5 years from the end of the Selection Process.

Under the GDPR, you have the right to request access to, rectify, erase and restrict the processing of your personal data. You also have the right to revoke this consent to use your personal data. If you wish to exercise any of these rights, please contact SmartCap by email at [info@smartcap.ee](mailto:info@smartcap.ee). Please note, however, that a request to erase or restrict the processing of your personal data or revoking this consent may also limit the ability of SmartCap to assess the EoI of the Applicant affiliated with you and may, thereby, affect the outcome of the Applicant's participation in the Call, including lead to the elimination of the Applicant from the Call, if certain criteria can no longer be considered fulfilled or sufficiently evaluable (e.g., Key Executive requirements).

If you find that SmartCap has violated the GDPR, you have the right to file a complaint with the Estonian Data Protection Inspectorate ([www.aki.ee](http://www.aki.ee)).

**I, the undersigned, hereby consent to SmartCap using my personal data for the purposes described in this consent form and understand that I can withdraw my consent at any time.**

Signature:

*[Name of the undersigned]*  
*[Date of signing]*

## Annex 2 – Main Terms of the Fund

Subject	Term
Fund structure	<p>The Fund shall be established as a limited partnership (<i>usaldusfond</i>) under the laws of Estonia or similar form (i.e., alternative investment fund) in the European Union acceptable for SmartCap and according to best industry practices.</p> <p>The Fund Manager and all related entities (e.g., investment advisor, carried interest vehicle) shall be established in the European Union.</p> <p>The Fund Manager and all related entities shall be directly and indirectly controlled by the Key Executives and the directors, officers and employees of the Fund Manager.</p>
Early Fund II Contribution	<p>15,000,000 euros</p> <p>SmartCap may, at its sole discretion, decrease or propose to the Preferred Applicant to increase the commitment of Early Fund II, provided that the state aid requirements described below continue to be met.</p>
Independent Private Investor Contribution	<p>The expected aggregate amount of finance to be attracted from independent private investors at the level of the Fund shall be indicated by applicants in the EoI. For the avoidance of doubt, neither the Early Fund II, the Fund Manager nor persons or entities directly or indirectly associated with the Fund Manager shall be considered an independent private investor.</p>
Fund size	<p>Applicants are invited to propose the minimum, target and maximum Fund size in the EoI.</p>
State aid	<p>No state aid, <i>pari passu</i> investment (i.e., at least 30% Independent Private Investor Contribution which is invested at the same time and under the same terms as Early Fund II Contribution) and Distribution Cascade.</p>
Financial Commitment of the Team	<p>At least 2% of the Fund size. Applicants should include proposals in the EoI in relation to the level of the Financial Commitment of the Team (which must include all Key Executives) to the Fund.</p>
Currency	<p>The Fund shall be denominated in euros and all cash distributions will be made in euros.</p>
Initial Closing	<p>Initial Closing of the Fund should take place when the proposed minimum Fund size is achieved. Initial Closing of the Fund is expected to take place within 6 months from signing the Early Fund II Contribution, unless extended with the prior written approval of SmartCap.</p>

Final Closing	Final Closing of the Fund is expected to take place in 12 months from Initial Closing. An extension of up to 6 months may be permitted with the prior investor approval.
Fund Term	Up to 12 years from the Initial Closing, with possible extensions subject to prior investor approval. Applicants are invited to propose the specific duration of the Fund together with any extensions in the EoI.
Investment Period	Up to 4 years from the Initial Closing, with possible extension subject to prior investor approval. Applicants are invited to propose the specific duration of the Investment Period together with any extension in the EoI.
Follow-on investments	Follow-on investments into portfolio companies are permitted during and following the Investment Period subject to certain caps and limitations to be set out in the Investment Documents. Applicants are invited to propose the specific follow-on investment strategy for the Fund in the EoI.
Eligible Enterprises	The Fund shall make direct investments into enterprises that at the time of initial investment are privately held non-listed high-tech SMEs.
Investment focus	<p>The Fund shall have a focus on Eligible Enterprises which meet both of the following criteria:</p> <ul style="list-style-type: none"> <li>(a) the product or service is based on scientific advancement and development or meaningful engineering innovation; and</li> <li>(b) the product or service development is based on or results in commercializable intellectual property,</li> </ul> <p>(Eligible Enterprises satisfying the criteria in (a)-(b) above, being Deep Tech Companies as defined in the Call Document).</p> <p>The Fund shall invest a minimum of the greater of (i) the Early Fund II Contribution (i.e., 15 million euros) or (ii) 50% of the total amount invested by the Fund in Eligible Enterprises, into Early-Stage (as defined below), Deep Tech Companies that are established and operating in Estonia, provided that not more than 25% of such amount may be invested into such Eligible Enterprises which provide products and/or services that are exclusively or predominantly comprised of software.</p>
Stage focus	<p>The Fund shall have a predominant<sup>7</sup> focus on Early-Stage investments. For these purposes Early-Stage shall mean the following development stages:</p> <ul style="list-style-type: none"> <li>➤ (Pre-) seed stage means the stage of development of an enterprise that needs funding to complete research, product definition or product design, including market tests and creating prototypes before a business has reached the start-up stage. This stage includes low scale pilot production, demonstration and/or development of associated business application of tested and validated products/technologies.</li> <li>➤ Start-up stage means the stage of development of an enterprise which has a fully developed product or service and which needs further</li> </ul>

<sup>7</sup> The Fund will be considered to have a predominant focus on Early-Stage if, according to its investment strategy, it undertakes to invest a minimum of the greater of (i) the Early Fund II Contribution (i.e., 15 million euros) or (ii) 50% of the total amount invested by the Fund in Eligible Enterprises which fall under the definition of Early-Stage.

	<p>funding to start mass production / distribution and initial marketing. The enterprise may be in the process of being set up or may have been in business for a short time, but has not sold its product commercially.</p> <p>➤ Other early stage means the phase of development of an enterprise that has completed the product development phase and recently initiated commercial manufacturing and/or sales and needs further funding before the break-even point. The enterprise will not yet be generating a profit.</p> <p>For the avoidance of doubt, this includes seed and financing rounds up to but not later than series A financing. Early-Stage status shall be assessed at the time of initial investment in a portfolio company.</p> <p>Applicants are not required to focus on every development stage within the definition of Early-Stage and are invited to propose their investment focus in the EoI.</p>
Geographical focus	<p>The Fund shall only invest into Eligible Enterprises that are established and operating in Estonia, except up to 100% of the Independent Private Investor Contribution raised at Fund level can be invested outside Estonia provided that such investments do not exceed 50% of the total amount invested by the Fund in portfolio companies. Applicants are invited to specify any target geographies for the Fund outside Estonia in the EoI.</p>
Investment form	<p>Equity or quasi-equity.</p>
Borrowing and guarantees	<p>The Fund may not borrow money, issue guarantees or otherwise incur indebtedness.</p>
Re-investment	<p>Applicants are invited to include specific proposals (if any) in relation to permitted re-investment in the EoI. Any re-investment will be subject to caps and limits to be set out in the Investment Documents. In any event, the Fund may not draw down more than 100% of total commitments to fund the acquisition cost of investments in portfolio companies and related transaction costs.</p>
Management Fee	<p>Applicants are invited to propose in the EoI a Management Fee based on market practice (i.e., amount and structure of the Management Fee including any step-down post-Investment Period). Any separate fee income generated by the Fund Manager or its affiliates related to the Fund's activities must be paid to the Fund or 100% offset against the Management Fee.</p>
Distribution Cascade (together with hurdle rate / catch-up percentage / carried interest)	<p>Applicants are invited to propose in the EoI a Distribution Cascade based on market practice including the minimum hurdle rate, catch-up percentage (if any) in relation to the hurdle rate and carried interest percentage. The Distribution Cascade shall be <i>pari passu</i> for all investors of the Fund.</p> <p>It is expected that carried interest escrow and/or security arrangements may be required in the Investment Documents to secure any carried interest clawback obligations with respect to the Fund Manager.</p>



Fund Manager	<p>The Fund Manager shall be an entity legally entitled to manage the Fund pursuant to the applicable law. The Fund Manager shall have a dedicated investment team composed of experienced professionals with an appropriate skill set and knowledge of the Estonian market and significant presence in Estonia. The Fund Manager shall operate in accordance with best industry practices including professional standards issued by Invest Europe and other recognised industry bodies. The Fund Manager shall operate independently.</p>
Exclusivity	<p>During the Investment Period, the Fund Manager shall for itself, and its directors, officers, employees, Key Executives and any of their affiliates undertake certain exclusivity obligations to be agreed with SmartCap in the Investment Documents, in relation to the management of any other fund, collective investment vehicle or managed account, or the performance of any functions or duties of a similar nature they undertake on behalf of the Fund, for any other person.</p> <p>Until the end of the Investment Period, all investment opportunities reasonably falling within the Fund strategy received by the Fund Manager, any of its directors, officers, employees, Key Executives or any of their affiliates, will first be allocated to the Fund. During the Investment Period, none of the Fund Manager, its directors, officers, employees, Key Executives nor any of their affiliates shall invest in investment opportunities reasonably falling within the Fund strategy, other than through the Fund.</p>
Key Executives	<p>During the Investment Period the Fund Manager must retain at least two Key Executives who must devote substantially all of their business time and attention to the business and affairs of the Fund. Following the Investment Period, the Key Executives shall be required to devote such portion of their business time and attention to the Fund as shall be set out in the Investment Documents having regard to market practices and the needs of the Fund. At least one of the full-time Key Executives must be a resident of Estonia. Applicants are invited to propose the composition and time devotion of other team members, including additional Key Executives (if any) in the EoI. The Key Executives may be replaced only with the prior consent of SmartCap and according to the procedures foreseen in the Investment Documents.</p>
Investment Committee	<p>The Fund Manager shall form an Investment Committee which shall be independent from the influence of investors or other third parties and should wholly or primarily be comprised of the Key Executives.</p>
Advisory Committee	<p>The Fund shall have an Advisory Committee, comprised of representatives of the most significant investors in the Fund (excluding investors representing the Financial Commitment of the Team, the Key Executives, Fund Manager and their affiliates). The Advisory Committee of the Fund shall convene at frequencies to be established in the Investment Documents and shall have functions that include: (i) providing overall guidance to the Fund Manager, (ii) reviewing the activities and governance of the Fund, (iii) reviewing any conflicts of interest and approving proposals on how to resolve such conflicts of interest, and (iv) such other duties as are specified in the Investment Documents.</p>

	<p>SmartCap or its representatives will be entitled to at least one seat on the Advisory Committee.</p>
Investment Restrictions	<p>The Fund will invest through subscriptions for new shares in portfolio companies and will seek to acquire existing shares only if necessary to strengthen the Fund's existing position in a portfolio company or where management or earlier stage investors are exiting at the same time as the Fund's subscription for new shares.</p> <p>The Fund will not engage in or make investments which engage in speculative investment activities such as real estate investments when undertaken as a financial investment activity, invest in any financial derivative instruments, including the purchase or sale of options, currency or other futures, crypto currencies, tokens, forward currency contracts, or commodities or commodity futures or options.</p> <p>The Fund shall not make bridging investments (i.e., investments that are in excess of the risk requirements of the Fund whether or not with the view to selling or syndicating such investment to third parties).</p> <p>The Fund will not engage in commercial bank-type, senior or non-equity related lending.</p> <p>The Fund will not be involved in hostile bids or investments made where the board of such company has expressed its objection to such investment.</p> <p>The Fund will not operate as a fund of funds and there shall be no investments in other investment funds or collective investment vehicles.</p> <p>The Fund will not invest into companies engaged in the alcohol, tobacco or arms industry, undertakings engaged in the organisation of gambling or manufacture of environmentally hazardous substances as well as in undertakings whose activities are not in accordance with law or do not comply with general ethical and moral standards, or that engage in any other activity, production, use, distribution, business or trade involving sectors and activities provided in the ESG exclusion list of SmartCap.</p> <p>Any changes to the Investment Restrictions will require the prior written approval of SmartCap.</p> <p>Applicants are invited to stipulate appropriate diversification limits for the Fund, if considered appropriate, in the EoI.</p>
Conflicts of interest	<p>The Fund shall enter into all transactions on an arm's length basis.</p> <p>The Fund Manager shall immediately refer and fully disclose to the Advisory Committee any activities which could create an opportunity for actual or potential conflicts of interest to arise and shall seek the determination of the Advisory Committee as to the course of action to be taken.</p>
Cross-over investments	<p>In order to avoid potential conflicts of interest, the Fund shall not co-invest with, acquire from or sell to another investment fund or collective investment scheme managed or advised by the Fund Manager, its Key Executives or any of their affiliates, unless with prior written approval of the investors of the Fund.</p>

Co-investments	The Fund Manager, its directors, officers, employees, Key Executives and any of their affiliates shall not co-invest with the Fund, i.e., invest in any target companies, except via the Fund itself through the Financial Commitment of the Team.
Removal of the Fund Manager	<p>The investors may at any time remove and replace the Fund Manager or terminate the Fund without cause by written notice approved by a super-majority of investors unaffiliated to the Fund Manager.</p> <p>Upon the occurrence of a cause event, the investors may remove the Fund Manager or terminate the Fund by written notice approved by a majority of investors unaffiliated to the Fund Manager. The circumstances defining “cause” will be set out in detail in the Investment Documents.</p>
Responsible investing	The Applicants shall propose in the EoI a framework for a management system to systematically address environmental, social and governance (ESG) issues in the investment activities of the Fund.
Reporting	The Fund Manager shall provide quarterly and annual reporting in a standardised form and scope, in compliance with the reporting guidelines published or endorsed by Invest Europe from time to time, and provide all additional information which may be required by SmartCap (including impact metrics and ESG reporting) or by the applicable law or other regulations in effect from time to time or which shall otherwise be stipulated in the Investment Documents. The Fund Manager shall also provide annual audited financial statements in accordance with the applicable law. The valuation of investments in portfolio companies shall be made in accordance with the valuation principles published or endorsed by Invest Europe from time to time, being currently the International Private Equity Valuation Guidelines.
Legal opinion	Upon submission to the Fund SmartCap as an investor shall receive a legal opinion issued by legal counsel to the Fund confirming, amongst other things, the legality, validity, binding effect and enforceability of the legal documentation of the Fund and the investors’ limited liability status. SmartCap will provide a list of items to be covered in the opinion.
Compliance	<p>The Fund Manager shall ensure compliance with relevant standards and applicable legislation on the prevention of money laundering (AML), combatting the financing of terrorism (CFT) and tax fraud.</p> <p>The Fund, the Fund Manager and any other entities involved in the Fund shall not be established, or maintain business relations with, or invest in or through, entities incorporated in territories whose jurisdictions do not co-operate with the European Union in relation to the application of the internationally agreed tax standard.</p>

## ➤ Annex 3 – Eligibility Criteria

A negative result (a “No”) on any of the following criteria results in the elimination of the Applicant:

#	Eligibility Criteria	Yes/No
1	The EoI is received within the Deadline.	
2	The EoI is received in a machine-readable PDF format by email.	
3	The EoI is completed and submitted in English.	
4	The EoI is duly signed by all persons who, pursuant to Annex 1, are required to sign the EoI.	
5	The EoI is prepared in accordance with Annex 1 of this Call Document.	
6	All necessary documents which, pursuant to Annex 1, are required to be prepared and/or attached to the EoI, have been duly prepared and attached.	
7	The Applicant is not in any situation described in the Declaration of Honour (based on template in Appendix 3 to Annex 1).	
8	According to proof(s) of residency submitted, at least one of the Key Executives is a resident of Estonia.	

## Annex 4 – Assessment Criteria

Applicants shall be evaluated on a comparative basis under competitive terms and ranked against the Assessment Criteria below:

#	Assessment Criteria	Weighting %
<b>1</b>	<p><b>Team</b></p> <p>1.1. Prior investment track record of the proposed Fund Manager's team members</p> <p>1.2. Team profile including any prior joint working experience, team cohesion, turnover and stability of the team, any need to hire or fill gaps and any succession issues</p> <p>1.3. Relevant expertise and experience of the proposed Fund Manager's team members, including experience and competence in the deep tech field</p> <p>1.4. Ability to demonstrate additional activity in comparison to present activity (if any) for the life of the Fund</p> <p>1.5. Operational, technical and financial capacity of the proposed Fund Manager, including local presence</p>	<b>40</b>
<b>2</b>	<p><b>Investment Strategy</b></p> <p>2.1. Validity and viability of the Fund strategy including competitive position of the Fund strategy, portfolio composition, Fund size and expected Fund returns</p> <p>2.2. Consistency of Fund strategy with purpose of the Call</p> <p>2.3. Ability to execute the Fund strategy</p> <p>2.4. Robustness and credibility of the methodology for sourcing and appraising potential investees, including quality of proposed investment, due diligence processes and ESG procedures</p> <p>2.5. Terms and conditions applied in relation to the financing provided to investees, including expected protective rights and economic terms</p> <p>2.6. Ability to provide relevant added value to investees</p> <p>2.7. Pipeline that validates the Fund strategy</p>	<b>30</b>
<b>3</b>	<p><b>Terms and Structure</b></p> <p>3.1. Fund terms and conditions, including management fees, and profit share structure (including hurdle rate) and the proposed methodology for their calculation</p> <p>3.2. Financial commitment to the Fund by the proposed Fund Manager and the team</p> <p>3.3. Proposed measures to align interests between the proposed Fund Manager and Early Fund II, and measures to mitigate possible conflicts of interest</p> <p>3.4. Legal and organisational structure including corporate governance and independence of proposed Fund Manager</p> <p>3.5. Financial viability and sustainability of Fund Manager</p> <p>3.6. Ability to raise additional independent private financing for the Fund</p>	<b>30</b>

# SMART CAP

**AS SMARTCAP**

Hobujaama 4, Tallinn 10151, Eesti

Reg nr 12071991

[info@smartcap.ee](mailto:info@smartcap.ee)

[www.smartcap.ee](http://www.smartcap.ee)