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# Brookstreet 2.0

**Demystifying Financial Sponsors:  
Venture Capital, Private Equity, and Beyond**

**Webcast 1: January 15, 2025**

**Series: *Connecting the Dots of Today | Building the Future of Tomorrow***  
**#ConnectingTheDots**

**In Collaboration with PRAXI Network (FORTH)**



# Overview

# Brookstreet



## Digital Transformation

- Focus on AI & 4IR
- Software as a Service
- Integrated IoT
- Patentable Innovations



## Green Transition

- Up Geo-Secure Energy
- Drive Sustainability
- Address Climate Crisis
- Boost Circular Economy



## Longevity Investments

- HealthSpan (Living Well)
- LifeSpan (Living Long)
- Wellness & Performance
- Age-Tech / Med-Tech



## Scale Up Investments

- Series A/B Focus
- Transparent Cash Flows
- Global Institutional Co-Investors
- PRI Governance

## About Us

Brookstreet was one of the first investors to integrate Artificial Intelligence (AI) Commercial Due Diligence, Talent DNA and ESG Rankings into its processes. “Brookstreet 2.0” unites a distinguished team of Ivy League and Oxbridge PEVC fund managers, McKinsey consultants, M&A bankers, Founders, and CEOs, on an AI-and KPI enhanced institutional investment platform, offering “Precision in Asymmetry”.

## Our Difference

- Global Deal Flow
- World Class Co-Investors
- AI Technical Due Diligence
- Commercial Due Diligence
- Expert Network & Ecosystem
- Thematic Investments
- Dual Returns Strategy
- Trusted Administrator (\$2.5TN AUM)
- Governance & Sustainability
- Brookstreet AI Intelligence
- United Nations PRI Signatory

Source: Brookstreet

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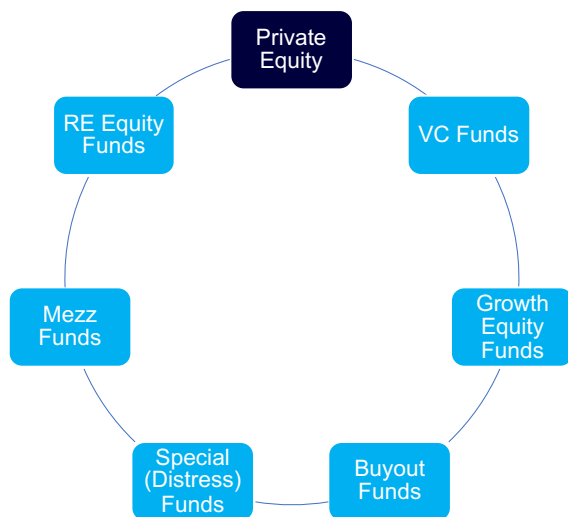
# Demystifying Financial Sponsors

## Private Equity is a Sponsor of Capital

The term "**Private Equity**" should technically apply to the entire industry. However, it is commonly used to specifically refer to "**Buyout**" funds.

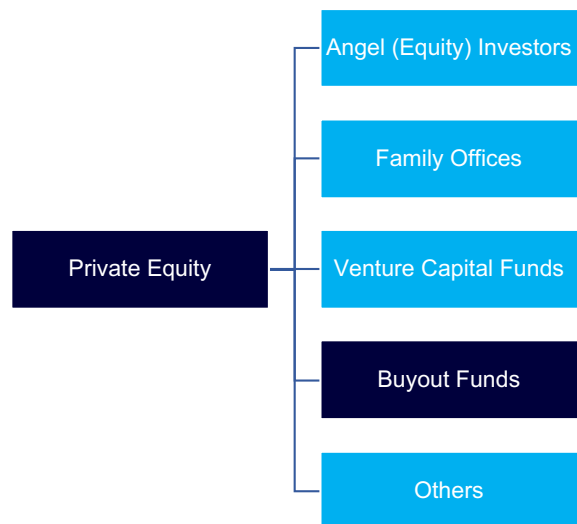
### Private Equity

The Academic Definition



### Private Equity

The Market Practice



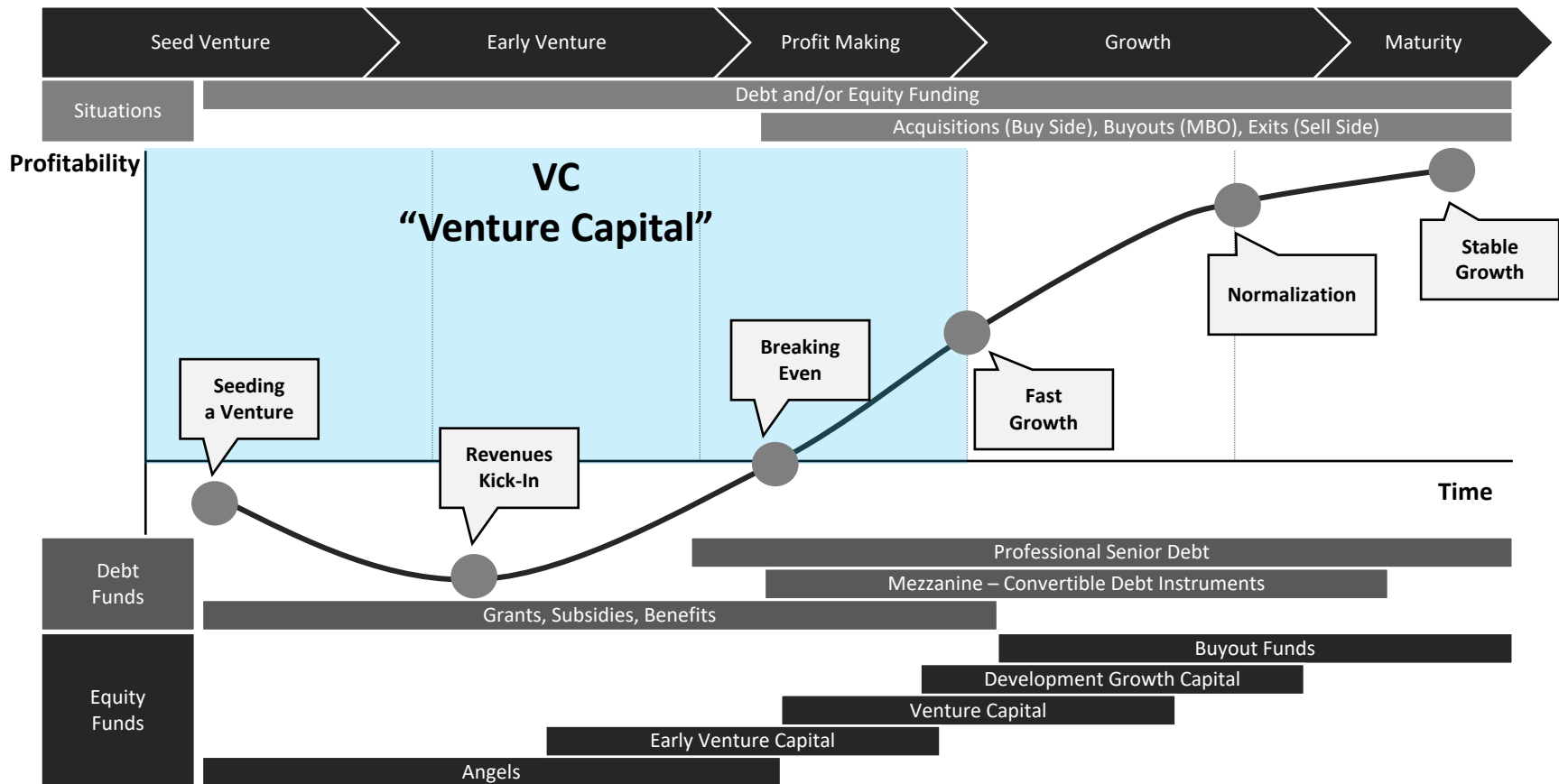
- **Private Equity (PE)** funds invest in private or public companies to enhance value and exit through sales (Exit/2BO) or IPOs. Types include **Venture Capital (VC)** (early-stage firms), Growth Equity (expanding mid-stage firms), **Buyout funds** (mature firms, consolidation), **Special Situation funds** (distressed turnarounds), **Mezzanine funds** (hybrid financing), and **Real Estate funds**.

- The term "**Private Equity**" should technically apply to the entire industry. However, it is commonly used to specifically refer to "**Buyout**" funds. While this usage is technically imprecise and unfortunate, it reflects the prevalent terminology in the market.
- The term "**Fund**" is also imprecise, but we will address another time.

# Demystifying Financial Sponsors

## Venture Capital

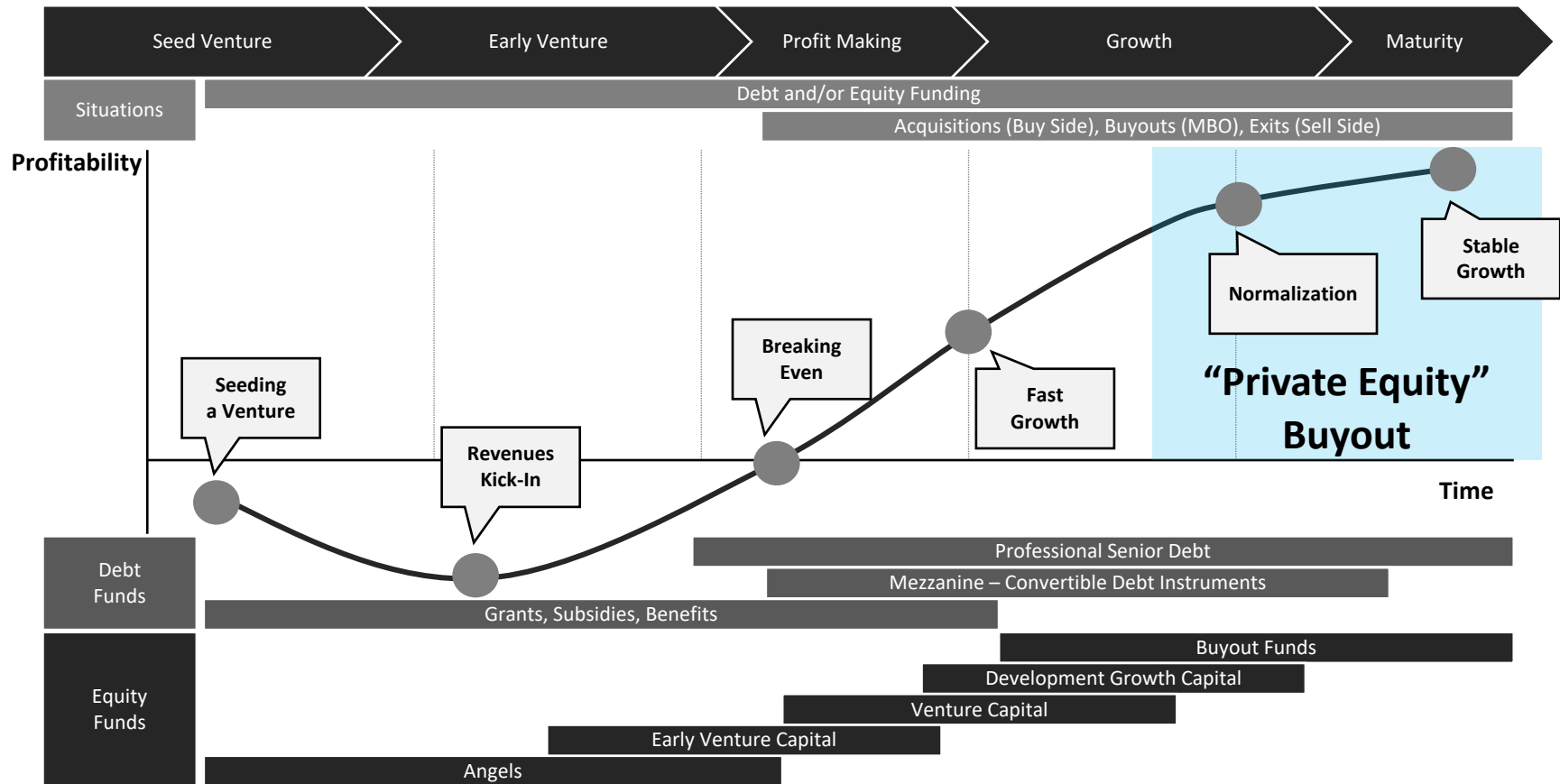
**Venture Capital (VC)** is a form of private equity, minority-stake financing, that provides funding to early-stage, high-potential companies during critical phases of their lifecycle.



# Demystifying Financial Sponsors

## Private Equity (aka Buyout)

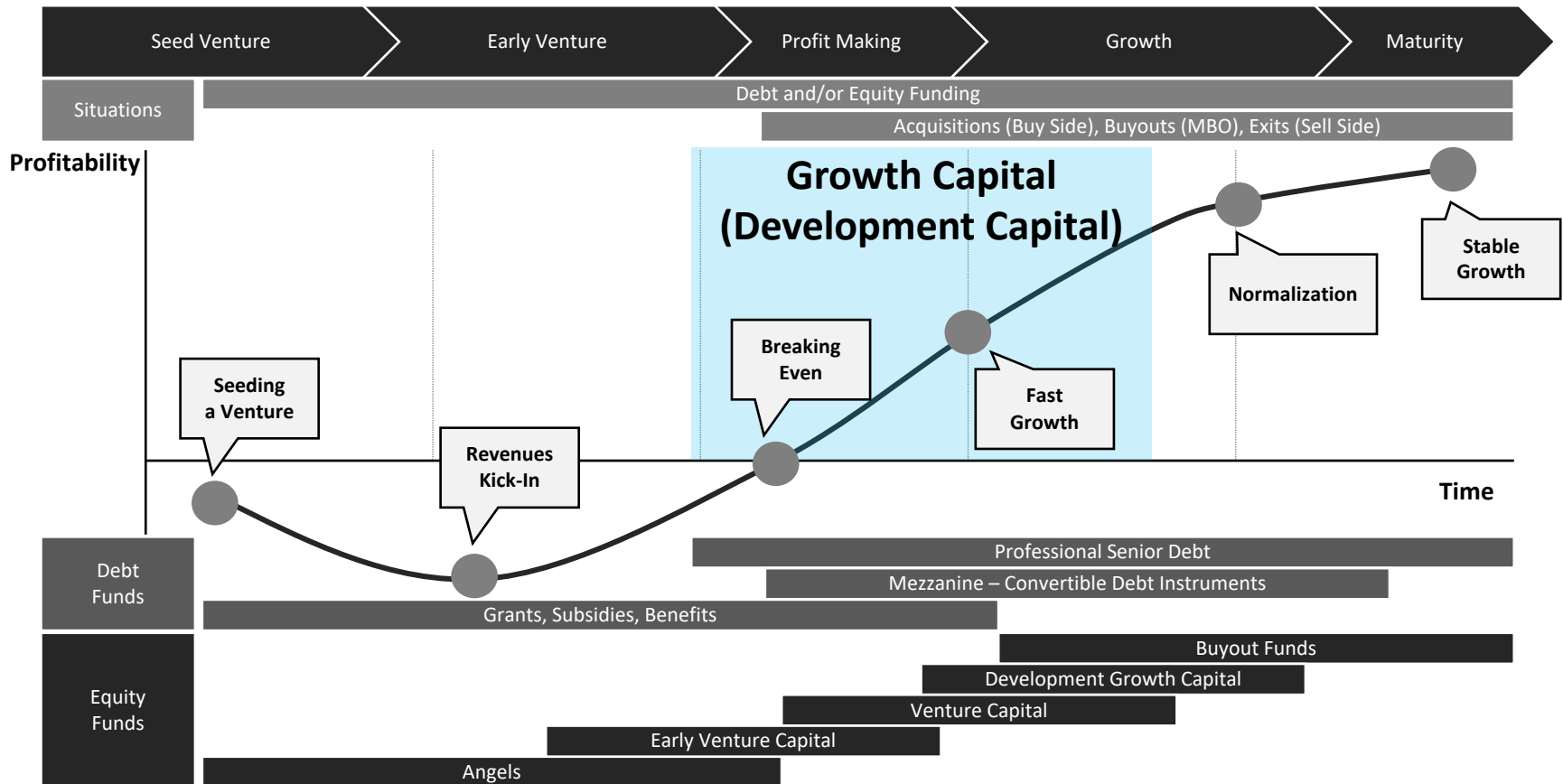
Private Equity (Buyout funds) specialize in acquiring controlling stakes in mature, established companies with stable cash flows and strong market positions.



# Demystifying Financial Sponsors

## Growth Capital (aka Development Capital)

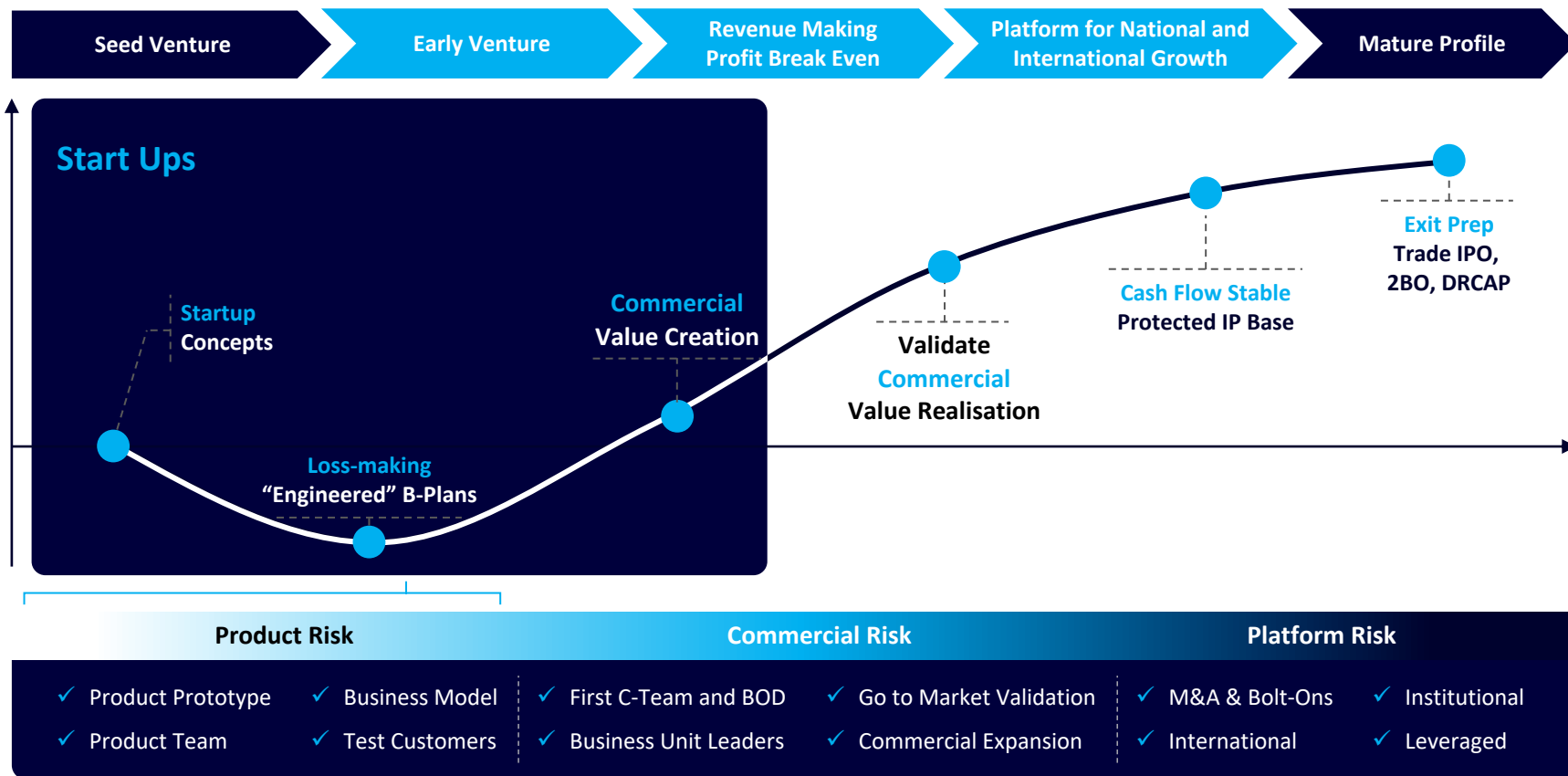
**Growth Capital (GrowthCap)**, aka Development Capital (DevCap), provides funding to relatively companies that have established revenue streams and proven business models but need additional capital to expand further.



# Demystifying Financial Sponsors

## Start Ups

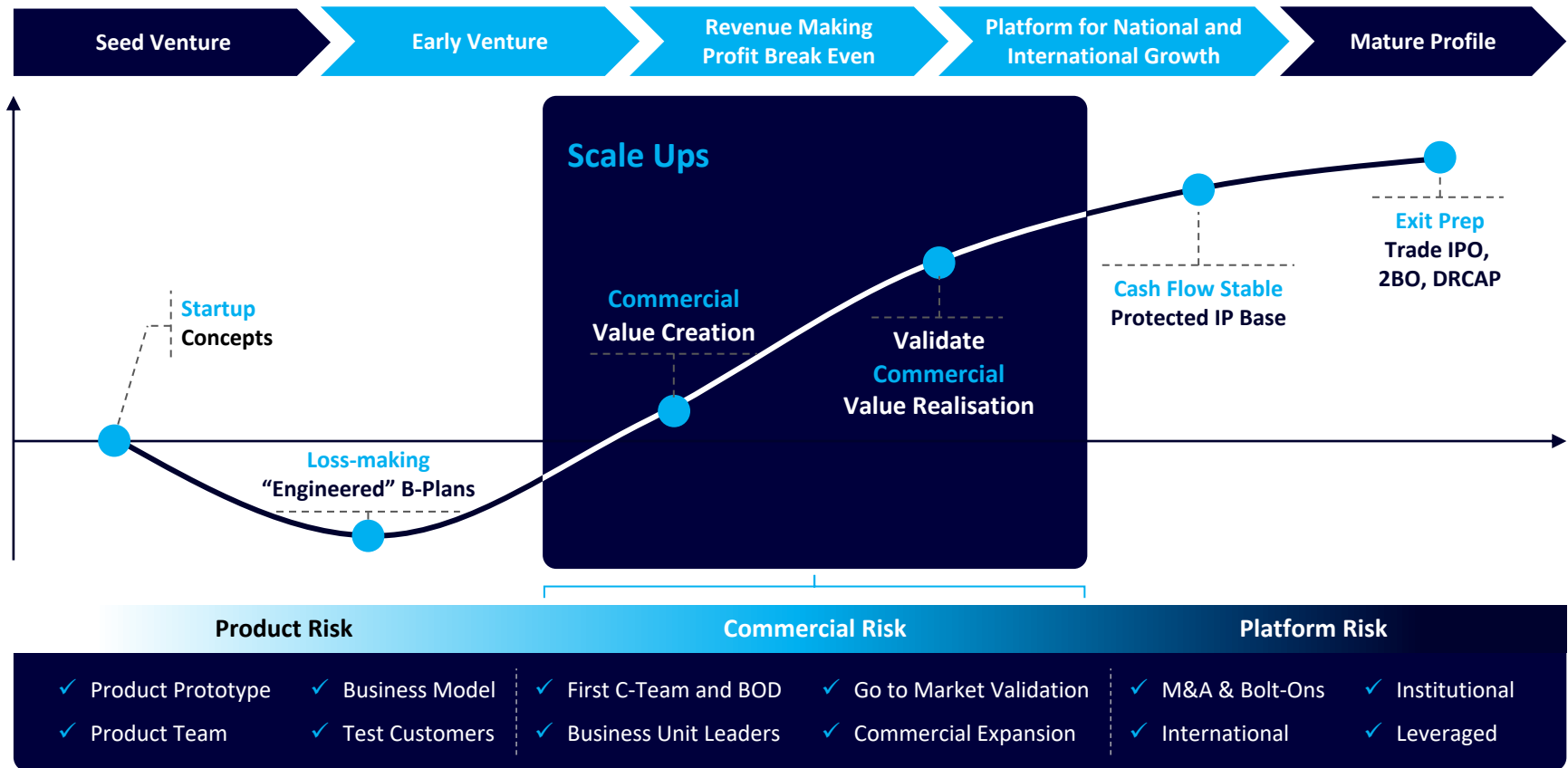
**Startups** are early-stage companies focused on developing and validating innovative ideas, typically operating with minimal resources and high growth potential



# Demystifying Financial Sponsors

## Scale Ups

Scale-ups are businesses that have achieved product-market fit and are in a rapid growth phase, expanding operations and market reach.

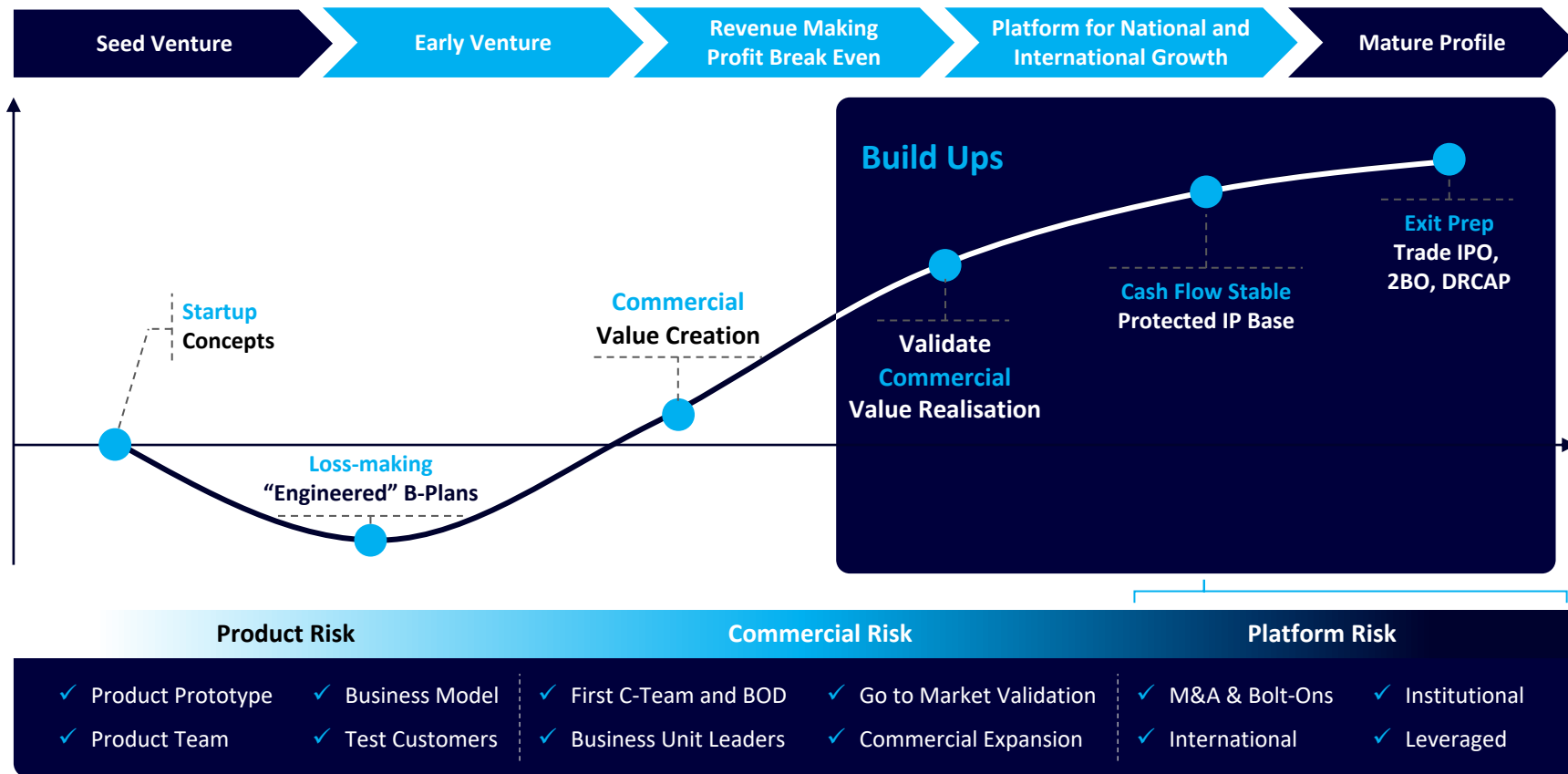




# Demystifying Financial Sponsors

## Build Ups








**Build-ups** involve mature companies pursuing growth through strategic acquisitions or integrations, often combining smaller, synergistic businesses to create larger, entities with enhanced market share and operational efficiencies.



# Demystifying Financial Sponsors

## Comparative Analysis

This is a simplified taxonomy. Actuals can vary.

	Venture Capital (VC)	Growth/Development Capital (Growth Cap/Dev Cap)	Private Equity (PE)
 <b>Stage</b>	<ul style="list-style-type: none"> <li>• <b>Early stage “<u>Start Up</u>”</b></li> <li>• Seed Minimum Viable Product (MVP)</li> <li>• Series ABC+ growth rounds</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Later stage “<u>Scale Up</u>”</b></li> <li>• Expansion/acquisition capital</li> <li>• Product development capital</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Mature stage “<u>Build Up</u>”</b></li> <li>• LBOs/MBOs/MBIs/BIMBOs</li> <li>• PIPEs</li> </ul>
 <b>Focus</b>	<ul style="list-style-type: none"> <li>• Highly innovative and disruptive</li> <li>• <b>Scalable technology (IP)</b></li> <li>• High growth in a large market (TAM)</li> </ul>	<ul style="list-style-type: none"> <li>• Proven business model</li> <li>• <b>Revenue and profit generating</b></li> <li>• Clear path to scale</li> </ul>	<ul style="list-style-type: none"> <li>• Strong market position</li> <li>• <b>Reliable cash flow</b></li> <li>• Potential for operational efficiencies</li> </ul>
 <b>Debt</b>	<ul style="list-style-type: none"> <li>• Equity financing</li> <li>• Use of hybrid-convertibles (CLNs, QE)</li> </ul>	<ul style="list-style-type: none"> <li>• Limited leverage</li> <li>• Some high growth loans or mezzanine</li> </ul>	<ul style="list-style-type: none"> <li>• Debt (Leverage)</li> <li>• Securitization</li> </ul>
 <b>Ownership</b>	<ul style="list-style-type: none"> <li>• <b>Minority (typically 10-30%) – varies</b></li> <li>• <b>Influence in key decisions</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Flexible (20-49%) – varies</b></li> <li>• <b>Control in key decisions</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Majority &gt; 50%</b></li> <li>• <b>Full control</b></li> </ul>
 <b>Value Creation Strategy</b>	<ul style="list-style-type: none"> <li>• Institutionalization (Founder(s) → Firm)</li> <li>• Product development</li> <li>• <b>Product/market fit</b></li> </ul>	<ul style="list-style-type: none"> <li>• Revenue and EBITDA scaling</li> <li>• Market/product expansion</li> <li>• <b>Business improvement</b></li> </ul>	<ul style="list-style-type: none"> <li>• Financial engineering</li> <li>• Cost restructuring / Margin expansion</li> <li>• <b>EBITDA/Multiple arbitrage, Roll-up</b></li> </ul>
 <b>Growth Rates</b>	<ul style="list-style-type: none"> <li>• Expected 20%+ per month, <b>2x YoY</b></li> <li>• Profitability significant <u>after</u> maturity</li> </ul>	<ul style="list-style-type: none"> <li>• 25-50% annually</li> <li>• Sustainable and <u>EBITDA+</u></li> </ul>	<ul style="list-style-type: none"> <li>• Moderate growth (10-25%) annually</li> <li>• Focus on <u>EBITDA enhancement</u></li> </ul>
 <b>Sectors</b>	<ul style="list-style-type: none"> <li>• Typically, <b>tech and life sciences</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Diverse high growth sectors</b></li> </ul>	<ul style="list-style-type: none"> <li>• Broad spectrum (<b>consolidation</b>)</li> </ul>

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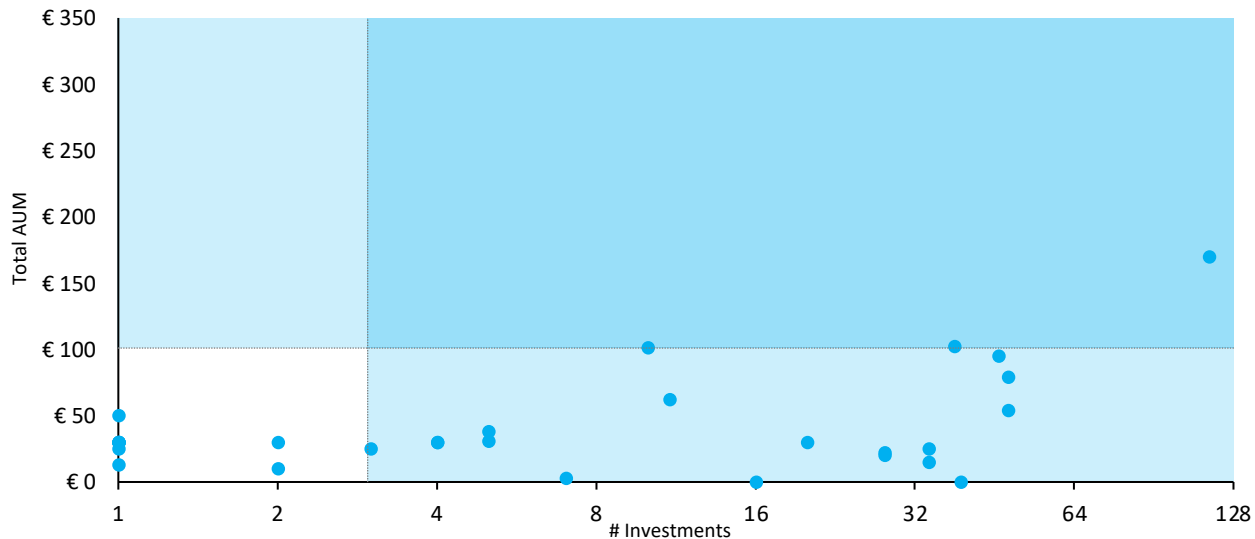
# Greek PEVC & Credit Market 2024

## VC Ecosystem

31x VC investors currently manage over €1.2 billion in AUM, with 553+ investments made across key sectors.

### Greek Venture Capital Funds\*

In Millions



Total Investors	Total AUM	Total Investments
31	€1.2BN	553
Mean AUM	Median AUM	
€41M	€30M	
Mean Investments	Median Investments	
18	6	

- 31x VC investors currently manage over €1.2 billion in AUM, with 553+ investments made across key sectors.
- Several of these funds were established through HBDI (xTANEO) matched funding programs. The first-time funds are around the €30 million range.
- Primary sectors include technology (AI, FinTech, SaaS), online marketplaces, med-tech, energy and sustainability, tourism, and consumer goods.

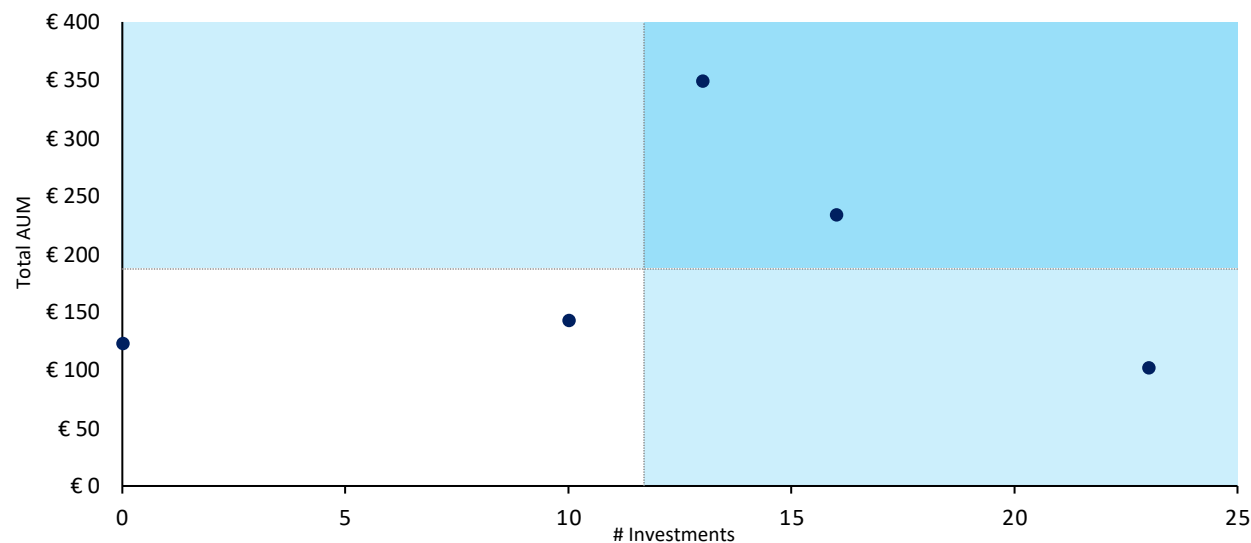
# Greek PEVC & Credit Market 2024

## PE Ecosystem

5x PE investors currently manage over €951 million in AUM, with 62+ investments made across key sectors.

### Greek Private Equity Funds

In Millions



Total Investors

5

Total AUM

€951M

Total Investments

62

Mean AUM

€190M

Median AUM

€143M

Mean Investments

12

Median Investments

13

- 5x PE investors currently manage over €951 million in AUM, with 62+ investments made across key sectors.
- Primary sectors include mature retails businesses, real estate, energy, food, and infrastructure.

# Complexity

## Large Sponsors

In Greece, we primarily have single asset class sponsors.

In contrast, large international investment groups, such as KKR or Carlyle, operate with multiple General Partner (GP) teams, each focused on distinct investment strategies.

### Key Terminology:

**1. AIFM (Alternative Investment Fund Manager):** The top-level management firm .

**2. GP (General Partner):** The sub-team or entity managing a specific fund and investment strategy.

**3. LP (Limited Partner):** The investors who commit capital to the fund managed by the GP.

**4. Fund:** A pool of capital raised for a specific investment strategy. The term “fund” is distinct from the firm (AIFM or GP) and should not be used interchangeably.

**5. LPA:** The legal document that defines the relationship between the GP and LPs, outlining the fund’s investment thesis, terms, governance, and reporting obligations.

Source: Brookstreet

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# Demystifying Financial Sponsors

## Takeaways

"Know thyself, know thy enemy; in a hundred battles, you will never be defeated" *Sun Tzu, The Art of War*

### In Summary

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- **Understanding Investment Stages:**  
Differentiate between Venture Capital (Start Ups), Growth Capital (Scale Ups), and Private Equity/Buyout (Build Ups).
- **Research Investment Thesis:**  
Which KPIs do your investors require? What Stage of Growth do they prioritize (hyper/sustainable)? How does their Scope align with your vision (Exit)?
- **Capital Deployment Strategies:**  
Recognize how each type of financial sponsor utilizes capital, from minority stakes in early-stage companies to majority buyouts in mature firms.
- **Value Creation Techniques:**  
Evaluate the investors' focus on product/market fit (VC), operational scaling (Growth Cap), or financial engineering (PE/Buyout).
- **Leverage Usage:**  
Understand the role and extent of debt in different capital structures, especially in Leveraged Buyout (LBO) strategies.

### Is Your Firm Ready for Financial Sponsors?

- **Is your business an SME, a "high-growth" tech startup (VC), a "scaling" company (GrowthCap), or a "mature" established firm (PE/Buyout)?**  
Identify your firm's current stage to determine which type of investment (and investor) best suits your needs and growth ambitions.

### Are You Ready for Institutional Capital?

- **Have you implemented robust governance structures, accurate financial reporting (and even ESG policies) that align with institutional expectations?**  
External capital is more than just funding. We believe it is the beginning of an "Odyssey from Vision to Value." This journey involves establishing a solid foundation for scalable and sustainable growth, including professional management and robust institutional governance.

# Other Options

## Equity Funding

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<https://praxinetwork.gr>

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### Angel Investors

**Angel investors** are high-net-worth individuals who provide capital to startups or small businesses in exchange for equity ownership or convertible debt, investing their own funds and focusing on early-stage companies with high growth potential. While financial returns are key, they may also be motivated by a desire to support entrepreneurs, contribute expertise, or engage in innovative ventures. In the UK the Seed/Enterprise Investment Schemes (SEIS/EIS) make angel investing particularly attractive by offering significant tax advantages, such as 50% and 30% income tax relief respectively, capital gains tax exemptions, loss relief to offset investment failures, deferral of capital gains, and 100% inheritance tax relief on qualifying shares. **Greece is also looking to motivate angel investing with the introduction of the new Golden Visa for Angel Investors.**

### Crowd Funding

In Greece, **equity crowdfunding** has emerged as a viable alternative to traditional funding, enabling startups to raise capital from a large pool of investors in exchange for small equity stakes. Platforms such as Seedrs and Crowdcube, which have a growing presence in Europe, allow startups to connect with both professional and retail investors, democratizing access to funding while fostering cross-border investment opportunities. In the Greek market, local platforms are also gaining traction, tailored to the needs of Greek entrepreneurs and offering localized support in navigating regulatory frameworks. These platforms provide a streamlined way for startups to showcase their business plans, growth potential, and market strategies to a diverse investor base, often accompanied by marketing support and tools to enhance campaign visibility.

### Grants & Funding Programs

Greece has established a dynamic ecosystem of **grants and funding programs** to foster innovation and economic growth. The **European Structural and Investment Funds (ESIF)** play a central role, channeled through national programs like **EPAnEK**, which provide grants for research, development, and innovation projects. **The National Recovery and Resilience Plan (Greece 2.0)** further enhances this landscape by allocating significant funding to areas such as digital transformation, green energy, and technology innovation. Additional support comes from the **Hellenic Development Bank** and regional initiatives, offering grants that cover 50-70% of eligible costs and focus on R&D, job creation, and sustainability. These are complemented by tax incentives for angel investors and innovation-driven enterprises.

### European Innovation Council

**The European Innovation Council (EIC)**, under the EU's Horizon Europe framework, drives breakthrough innovations and supports high-potential startups by providing blended funding, combining grants up to €2.5 million with equity investments of up to €15 million through the **EIC Fund**. Its key programs—**Pathfinder, Transition, and Accelerator**—focus on advancing deep-tech solutions in areas like AI, biotechnology, green technologies, and energy, aligning with the EU Green Deal and digital transition goals. Beyond funding, the EIC offers mentorship, business acceleration services, and global networking opportunities to help startups bridge the gap between research and commercialization. By fostering innovation in high-risk, high-reward projects, the EIC positions Europe as a global leader in technology and sustainable economic growth.

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