

Key Information Document

Purpose

This document provides you with key information about this investment product. It is not marketing material. The information is required by law to help you understand the nature, risks, costs, potential gains and losses of this product and to help you compare it with other products.

Product

The product (PRIIP): ESPIRA Fund I Coöperatief U.A., a cooperative with excluded liability (*coöperatie met uitgesloten aansprakelijkheid*) incorporated pursuant to Dutch law, is an alternative investment fund (*alternatieve beleggingsinstelling*) (“Fund”).

The PRIIP manufacturer: ESPIRA Investments B.V., is the manager of the Fund (“Fund Manager”). In order to obtain (more) information on the Fund and/or the Fund Manager, by means of telephone, please call: +420 210 111 600; send an e-mail to: info@espirainvestments.com or access www.espirainvestments.com. The Fund Manager is registered as an exempted manager (*uitgezonderde beheerder*) with the Authority for Financial Markets (*Autoriteit Financiële Markten*) (“AFM”) in the Netherlands. The Fund Manager does not require, nor voluntarily chooses to obtain a license from the AFM to perform its activities. The Fund, nor the Fund Manager are subject to supervision exercised by the AFM or the Dutch Central Bank (*De Nederlandsche Bank*). This version of the KID is valid as of 25 May 2019 and will be updated, when relevant, from time to time.

WARNING: You are about to purchase a product that is not simple and may be difficult to understand.

What is this product?

Type of product: The Fund is an alternative investment fund (*alternatieve beleggingsinstelling*).

Term of the Fund: The Fund will terminate and be dissolved 10 (ten) years after First Closing (the “Term”), subject the extension of the Term by a maximum of 2 (two) consecutive 1 (one) year periods. The Fund will be dissolved after the termination of the Investment Period following the disposition of all of its investments, in case of bankruptcy of the Fund or the Fund Manager, in case of expiration of the Term, or if the members of the Fund decide as such following the failure of a succession plan, a cause event or decide as such with special consent (75%). The Fund cannot be terminated by the Fund Manager unilaterally.

Investment objective and restrictions: The Fund will only make investments (including follow-on investments) in portfolio companies, qualifying as small-midsize enterprises (SME’s), based or predominantly operating in Czech Republic and Slovakia. At least 15% of total commitments shall be allocated to investments in the Slovakia, maximally 85% of total commitments shall be allocated to investments in the Czech Republic and a maximum of 15% of total commitments shall be allocated to investments in the CE Markets. Investments in countries other than the Core Markets shall be pursued on a selective basis where the Fund Manager has specific industry expertise or a similar competitive edge. The Fund will invest 100% of its invested amounts in entities which at the time of first investment are: (a) established or operating in the European Union; and (b) an SME and/or a Small Mid-cap, provided that the Fund shall invest directly or indirectly at least 80% of its invested amounts in SMEs; and (c) in their expansion and growth stage; and (d) not in any of prohibited sectors as set out in the Fund documents. The Fund shall not invest (i) more than 15% of total commitments in a single portfolio company without prior approval of the Investors Board (due to which the percentage could increase to maximally 20%); and (ii) in certain prohibited sectors. The Fund will not borrow money or guarantee the obligations or loans, provided, however, that it may solely in relation to the obligations of the Fund incur short-term debt, provided that the Fund’s aggregate acquisition of indebtedness may not exceed the lesser of (i) 15% (fifteen percent) of the total commitments and (ii) undrawn commitments, each determined at the time of the borrowing. The distributions by the Fund to investors is dependent of the current cash income from dividends, interest and the realization of investments in any portfolio company by the Fund or other company assets, in retention of amounts such as reserves for future expenses, permitted reinvestments and tax withholdings.

Targeted investor base: The membership interests in the Fund (the “Interests”) are offered to professional and non-professional investors that seek private equity exposure and that have the relevant knowledge and experience accompanying such investments. The Interests shall be offered to less than 150 persons.

What are the risks and what could I get in return?

Summary Risk Indicator: The risk indicator is a guide to the level of risk of this product compared to other products. It shows you how likely it is that the product will lose money because of movements in the markets or because we are not able to pay you. We classified the Fund to be 6 out of 7, the second highest risk class:

1	2	3	4	5	6	7
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← Lower risk Higher risk →



The second highest risk class as applicable to an investment in the Fund rates the potential losses from future performance at a high level and poor market conditions are very likely to impact our capacity to pay you out. No protection against future market performance is put in place so you may lose your entire investment in the Fund. The Fund has no redemption rights exercisable by investors for the entire life of the Fund (ten years). The Fund is closed-end and any redemptions are subject to a 75%-penalty and you will have no right to receive redemption proceeds, but you will share in the disposition proceeds in accordance with the membership agreement, which proceeds will be capped at 25% of your capital contributions. You will not share in the preferred return from investments you participated in or from other investments. The Fund Manager may take other measures necessary. Any transfers are subject to the consent of the Fund Manager. The risk indicator assumes you keep the product for ten years. The actual risk can vary significantly if you cash in at an early stage and you may get back less. You may not be able to sell your product easily or you may have to sell at a price that significantly impacts on how much you get back. If we are not able to pay you out what is owed, you could lose your entire investment.

The performance of the Fund depends on the amount of the current cash income from dividends and interest from portfolio companies, in retention of certain expenses as described below. These distribution proceeds are unpredictable. Since there is no protection against future market performance, the risk and returns of the investment in the Fund vary on the basis of the underlying portfolio investments.

Performance Scenarios

The below performance scenarios show the money an investor might get back per Interest over a certain term of the Fund, under different scenarios, assuming that an investor subscribes for an investment of a value of EUR 10,000. This is a fictive amount prescribed by the PRIIPs Regulation and does not indicate the minimum ticket size per investor to invest in this Fund, which is EUR 100,000. The performance scenarios illustrate how an investor's investment could perform. An investor can compare these with the scenarios of other products. The scenarios presented are an estimate of future performance based on evidence from the past on how the value of this investment varies, and are not an exact indicator. What an investor gets will vary depending on, amongst others, how the market performs, the Interest price and how long an investor keeps the investment in the Fund. The figures shown include all costs of the Fund itself (inclusive, the management fee and carried interest). No redemption rights are exercisable during the lifetime of the Fund, which means that it is difficult to estimate the returns you will receive should you exit the Fund before the end of the recommended holding period. Thus, the figures shown below are fictive amounts. [For the holding periods of 1 and 5 years, the Fund Manager has assumed that the investor would choose not to default on its Fund commitment or behave in an uncommercial or irrational manner, but to opt to withdraw from the Fund.] Additionally, the figures below may not include all costs paid by an investor to its advisor(s) or distributor(s) and do not take into account your personal tax situation, which may affect the amount received. The tax law of your home country may impact the actual payout by the Fund.

Investment EUR 10,000 Scenarios		1 year	5 years	10 years (Recommended holding period)
Unfavourable scenario	What you might get back after costs	€5,529	€ 8,541	€11,330
	Average return each year	-44.71%	-7.34%	2.58%
Moderate scenario	What you might get back after costs	€7,898	€ 11,618	€18,083
	Average return each year	-21.02%	7.16%	13.17%
Favourable scenario	What you might get back after costs	€9,477	€13,690	€24,015
	Average return each year	-5.23%	15.19%	20.34%

What happens if Fund Manager is unable to pay out?

An investor may face a financial loss due to the default of the Fund Manager to pay distributions to the investors. Neither the Fund, nor the Fund Manager has any guarantee scheme or other similar scheme in place to cover or compensate such loss.

What are the costs?

The costs of the Fund are the establishment and operational costs, management fee and carried interest. The establishment costs are maximally the lower of EUR 200,000 and 1% of total commitments. The management fee is calculated and distributable semi-annually in advance, as at the beginning of such semi-annual period. It is set (a) during the investment period, 2.5% per annum of total commitments (plus VAT) and (ii) after the investment period, 2.5% per annum of net invested value (plus VAT). The management fee shall be payable out of the general cash resources of the Fund, including current income and proceeds from Investments as well as from drawdowns of commitments. The carried interest payable by the Fund is a catch-up of 25% of the preferential return of 8% (compounded per year, calculated daily) payable to investors, plus 20% of the remaining disposition proceeds. The Reduction in Yield (RIY) shows what impact the total costs you pay will have on the investment return you might get. The total costs take into account one-off, ongoing and incidental costs. The amounts shown here are the cumulative costs of the Fund itself, for three different holding periods. No other costs payable by you, such as personal advisory fees, are encountered for below. The figures assume you subscribe for 1 Interest at a price of EUR 10,000. The figures are estimates and may change in the future.

Investment Scenarios	EUR 10 000	If you cash in after 1 year	If you cash in after 5 years	If you cash in at the end of the recommended holding period
Total costs (monetary terms)		€ 350	€1,550	€3,980
Total costs (percentage terms)		3.5%	15.5%	39.80%
Impact on return (RIY) per year		21.02%	6.23%	4.65%

The table below shows (i) the composition of costs, which may differ from the actual costs you may incur as an investor, and thus the impact each year of the different types of costs on the investment return you might get at the end of the recommended holding period and (ii) the meaning of the different cost categories.

This table shows the impact on return per year			
One-off costs	Organizational + Operating expenses	Between 0.25% and 0.50%	The impact of the establishment and operational costs of the Fund to be paid for the Fund's establishment, administration and business operations based on the membership agreement.
On-going costs	Management fee	2.5%	The impact of the management fee paid to the Fund Manager per year.
Incidental costs	Carried Interest	25% of 8% + 20%	The impact of the carried interest. This is payable when the Fund returned 100% of capital contributions + 8% preferred return to investors.

How long should I hold it and can I take money out early?

Recommended holding period: 10 years

Transfer of membership interests during the lifetime of the Fund is possible in case of (a) an offer by (i) another investor or (ii) third party, and (b) upon receipt of consent of the Fund Manager and (c) the execution of a subscription agreement by the transferee. The Fund does not have any redemption rights exercisable during the entire lifetime of the Fund (ten years). A redemption penalty of 75% of the capital contributions is incurred pursuant to the membership agreement in case an investor wishes to exit the Fund but does not receive an offer from another member or third party or does not obtain the consent of the Fund Manager.

How can I complain? Should an investor have any complaints about the Fund or the conduct of the Fund Manager, please send these per email to info@espirainvestments.com, or send it via regular mail to: PraxisIFM Netherlands B.V., Jan van Goyenkade 8, 1075HP Amsterdam, The Netherlands, Attn: ESPIRA Fund I.

Other relevant information N/A