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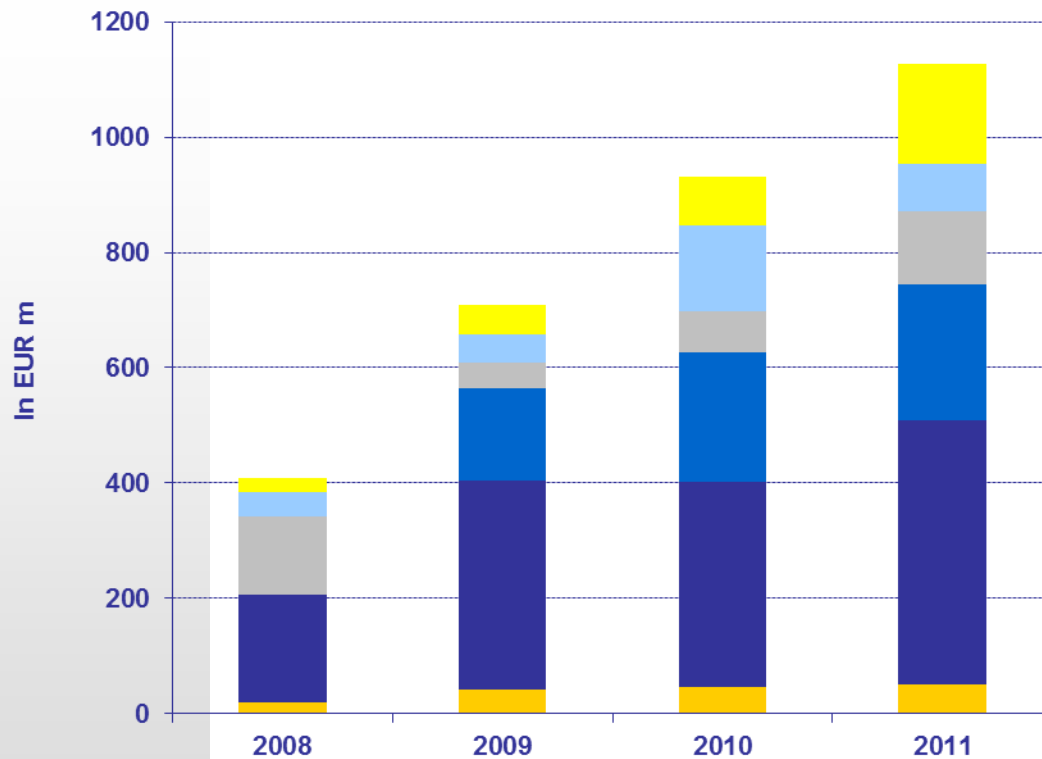
**Baltic Innovation Fund
Opportunity for
Pension Funds**

**European
Investment
Fund**

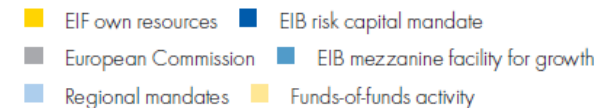
**Europe's Leading Developer of Risk Financing
for Entrepreneurship & Innovation**

Equity commitments at 31.12.2011 (by resource)

Yearly equity commitments by resource



- EUR 6bn of Net Equity commitments as at 31.12.2011
- 391 transactions across over 30 countries
- EIF's commitments create total investment capital of EUR 25 billion



Cornerstone Investment Process

EIF: as investor in the Baltics

- As LP in BaltCap Private Equity Fund in 2007 for EUR 10m
- As Manager of JEREMIE Holding Fund in Latvia from 2008
 - Invested in Baltcap Latvia VC Fund for EUR 20m in 2009
 - Invested in Imprimatur Capital Seed & Start-Up Fund for EUR 17m in 2010
- As Manager of JEREMIE Holding Fund in Lithuania from 2008
 - Invested in Baltcap Lithuania VC Fund for EUR 14m in 2010
 - Invested in LitCapital VC Fund for EUR 14m in 2010
 - Invested in Strata/MES Co-Investment Fund for EUR 8m in 2010
 - Invested in Practica Seed & Venture Capital Fund for EUR 17m in 2012



Key role as developer of venture capital markets

EUR 100m invested into Baltic market

Before the BIF process was launched

■ EIF widely consulted the key players

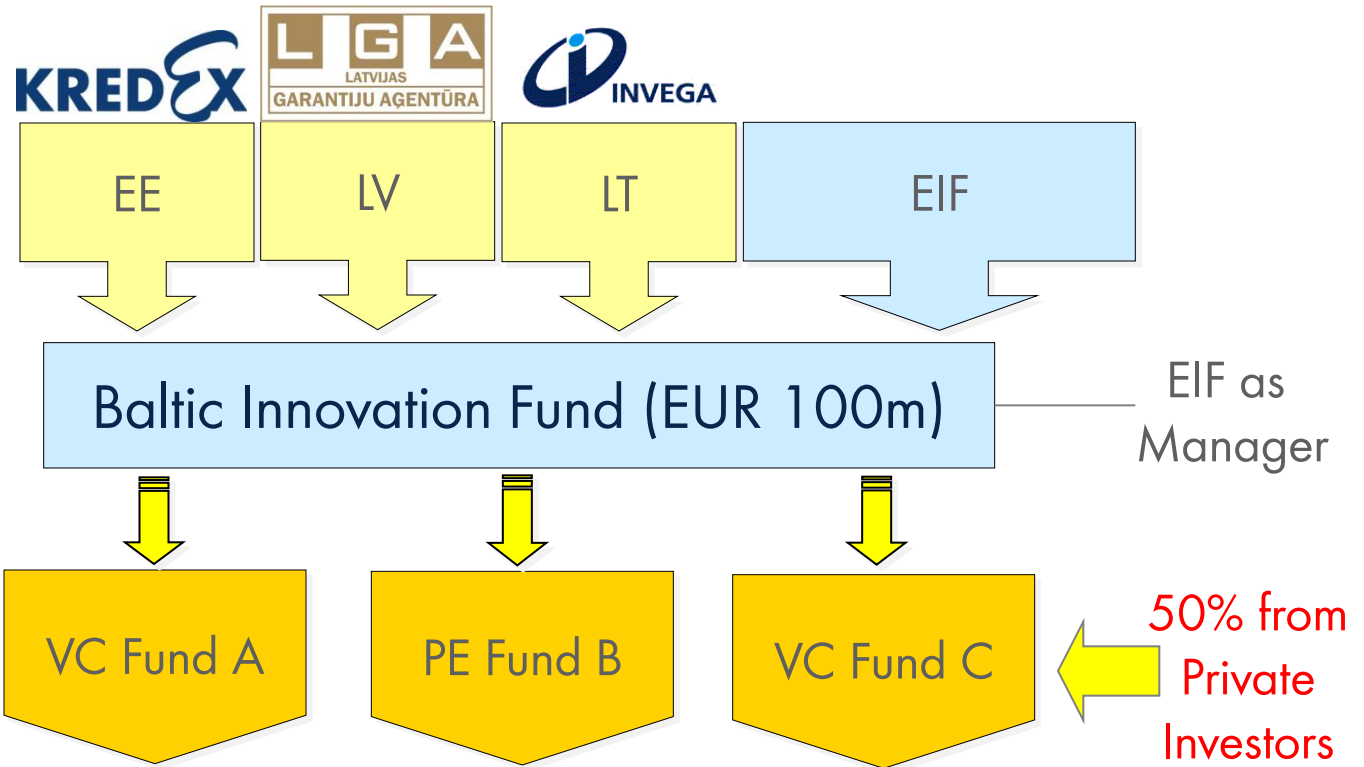
- The concerns about the market have been reinforced to EIF
- But so has the opportunity
- Key players have contributed to the thinking behind the proposal
- And freely given their support



Objectives of the Baltic Innovation Fund

- Increasing the levels of equity investments made into growth-focussed enterprises
- Establishing a sound market-based infrastructure
- Generating positive returns to investors in the Baltic Innovation Fund
- Creating the best entry conditions for Pension Funds and other investors
- Attract foreign investors and investment managers to the region

Baltic Innovation Fund



A minimum of EUR 200m expected to be invested into enterprises by selected fund management teams



Key facts to know (1)

- **EIF expects 3 to 6 deals only**
 - Balancing diversification and critical mass
- **FoF Investment period is 4 years**
 - Underlying Funds will have normal 10 + 2 lifespan
- **Commencing January 1st 2013**
 - Formal start date, but work has begun now
- **Fund Managers must raise a minimum matching amount**
 - Eg: BIF must invest only upto 49.9% of any fund
- **Investment scope includes:-**
 - SMEs and Small MidCaps (under 500 employees)
 - Ticket range of EUR 1 to 15 million
 - Private Equity (Lower mid-market) & Mezzanine
 - Venture Capital
 - Possibility of some Co-Investment deals (Baltics only)

Key facts to know (2)

■ **Geographic Scope**

- Up to 50% can be invested outside Baltics in wider region
- Fund Manager must have intention to create a localised team

■ **Terms & Conditions**

- Normal market standards to be applied

■ **Selection process**

- Normal EIF core business process
- This is not a 'time-based' tender (as in JEREMIE)
- Final Decision is with EIF Board

■ **Investment Proposal guidelines**

- See EIF website
http://www.eif.org/EIF_for/venture_capital_equity_funds/index.htm

Summary

- **The BIF is a significant step forward for the region**
 - Key step in development of PE/VC market
 - Addressing real needs in most appropriate way
- **A coordinated Pan-Baltic approach offers many advantages**
 - BIF delivers a level of cooperation not seen before
 - Pan-Baltic coordinated approach sends strong message to the international investment community
 - Governance structure established reflecting market standards
- **The BIF is well-grounded and will follow best practice**
 - The Fund of Funds structure will adopt best market practices
 - Major EIF initiative (and investment) with strong management focus
- **The objectives are clear and achievable**
 - The five objectives are concise, understandable and needed
 - Presents Pension Fund industry with opportunities to invest in the region
 - Utilising EIF's proven selection expertise

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