Europe’s Leading Developer of Risk Financing for Entrepreneurship & Innovation

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Equity commitments at 31.12.2011 (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

Yearly equity commitments by resource

- 2008
- 2009
- 2010
- 2011

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<th>EIB risk capital mandate</th>
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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-focused 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

EIF as Manager

Baltic Innovation Fund (EUR 100m)

EE
LV
LT

50% from Private Investors

Institutional Investors, HNWIs

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

VC Fund A
PE Fund B
VC Fund C

Baltic Region SME Community

SMEs
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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