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## **European Investment Fund selects the first financial intermediaries for Lithuania JEREMIE Holding Fund**

EIF Board decision concludes first ever selection of financial intermediaries under JEREMIE call for expression of interest.

The EIF has in principle chosen UAB BaltCap Management to manage a new risk capital fund dedicated to investing into Lithuanian SMEs.

This Risk Capital fund will have a target size of €20 million and will provide start-up and expansion financing for micro, small and medium size companies with growth potential located in Lithuania, taking equity stakes between EUR 0.3-3m with the aim to build a diversified portfolio of circa 10-15 SMEs. The investments focus will be firms with significant upside potential but high risk; and consequently with the efforts of professional and committed management team, investee companies might constitute success stories or market leaders.

In addition, EIF has selected UAB Strata and Mes Invest to manage an €8 million Business Angels Co-investment Fund, investing together with “business angels” into SMEs to help to grow these companies by adding significant value not only with additional financing but through strengthening corporate governance, improving operating efficiencies, etc. This activity will also encourage “business angels” to operate a network and share co-investment opportunities as well as will increase acceptance and knowledge of risk capital as means of finance among local entrepreneurs.

This decision brings towards a close a process known as a ‘call for expression of interest’ which attracted applicant companies from Lithuania, Latvia, Estonia and the UK. In total 18 applications were received for Risk Capital Fund Instrument and 5 applications for Business Angels Co-investment Fund. The EIF conducted a thorough analysis process to select the best applicants against set criteria and using the EIF’s Risk Capital expertise built up through investing into EUR 3.7 billion into over 300 Funds across Europe over the past 15 years.

The finalisation of funds’ set-up is subject to final legal due diligence and the successful raising of private funds by the fund managers in the second half of 2009.

The EIF is also in advanced stages of concluding a similar process for the selection of the second financial intermediary to manage another Risk Capital Fund dedicated to Lithuanian

SMEs. Once the selection process is completed and full EIF Board approval is obtained, a separate announcement will follow.

### **About JEREMIE**

[JEREMIE](#) (Joint European Resources for Micro to Medium Enterprises) is a joint initiative launched by the European Commission ([DG Regional Policy](#)) and the [European Investment Bank](#) group to improve access to finance for SMEs in the EU within the Structural Funds framework for the period 2007 - 2013. JEREMIE enables the EU Member States and Regions to put money from the structural funds and also national resources into holding funds that can finance SMEs in a flexible and innovative way. Since the products will be provided on a repayment basis, funding will be reinvested and hence more SMEs will benefit from the EU resources.

EIF has currently signed 7 National (Greece, Romania, Slovakia, Latvia, Lithuania, Cyprus and Bulgaria) and 2 Regional (in France - Languedoc Roussillon, and Italy - Campania) Holding Fund agreements.

The new initiative aims at developing and fostering the role of entrepreneurship within the EU in order to meet the objectives of the Lisbon agenda and help structural funds to deliver greater benefits to the market.

### **About EIF**

EIF's central mission is to support Europe's small and medium-sized businesses (SMEs) by helping them to access finance. EIF designs and develops venture capital and guarantees instruments which specifically target this market segment. In this role, EIF fosters EU objectives in support of innovation, research and development, entrepreneurship, growth, and employment. The EIF total net commitments to private equity funds amounted to over EUR 3.7bn at 30<sup>th</sup> June 2009. With investments in over 300 funds, the EIF is a leading player in European venture due to the scale and the scope of its investments, especially in high-tech and early-stage segments. The EIF commitment in guarantees totalled over EUR 13.3bn in close to 190 operations, positioning it as a major European SME guarantees actor and a leading micro-finance guarantor.

### **About BaltCap**

BaltCap has significant previous experience in this area targeting SMEs with high growth potential in the Baltic States. Since 1995 BaltCap has managed 5 funds with total size of EUR 130 m, and has invested in 38 companies and completed 23 exits. Statistics from BaltCap's fund specifically targeted at SMEs, Baltic SME Fund, show that since BaltCap investment, the aggregate sales of Baltic SME portfolio companies have grown 275% and the number of employees has grown 23%. BaltCap Lithuanian team has experience in venture capital and private equity financing via investments like UAB Daily Service, UAB Voira, AB Panevėžio Statybos Trestas, SIA Contact Holding and others.

## **About Consortium of Strata and MES Invest**

The management team members have solid experience in business acquisition, development and exiting of companies and have also earned good reputation within the business community. The Strata team has made 13 investments in SME segment so far. The team being key part of Fund management team has managed successfully Baltic Post Privatization Fund (BPPF, established in 1996, closed in 2006, main investor EBRD, invested in 8 companies operating in Lithuania and Estonia, all of them exited). Also, in the context of Strata, 5 start-up and early stage investments were made since 2004, of which 2 are already successfully exited.

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