

PRESS RELEASE
3 JULY 2017



BaltCap is the largest buy-out, growth capital and private equity infrastructure investor in the Baltic States.

BaltCap has strong presence in all three Baltic countries with local offices and experienced team.

Since 1995, BaltCap has been managing several private equity funds with total capital of over EUR 370 million and has made more than 70 investments.

BaltCap is a member of Invest Europe (www.investeurope.eu), Estonian Private Equity and Venture Capital Association (www.estvca.ee), Latvian Venture Capital Association (www.lvca.lv) and Lithuanian Venture Capital Association (www.vca.lt).

BaltCap is a signatory of the United Nations Principles for Responsible Investment (UNPRI) since 2008.

€100 million BaltCap fund will invest into infrastructure of the Baltic States

BaltCap, the largest private equity investor in the Baltic region, has launched BaltCap Infrastructure Fund (BIF) with the planned size of €100 million. The fund will invest into infrastructure development across Lithuania, Latvia, and Estonia.

BaltCap Infrastructure Fund will primarily focus on providing development capital for transport, energy, and energy efficiency infrastructure projects in the Baltic States.

“Infrastructure development is one of the key priority areas for the region to improve its competitiveness and independency. Baltic countries are facing infrastructure funding gap of €6 billion over the next 5 years which is expected to become even larger post 2014-2020 EU funding program. Physical infrastructure such as electricity, heating, railways, roads, ports and airports suffer from a substantial deficit in terms of capacities and efficiencies,” says BaltCap Infrastructure Fund partner Šarūnas Stepukonis.

“With the strong support from international financial institutions and local pension funds we are able to address the infrastructure funding gap and help Lithuania, Latvia and Estonia to realise their infrastructure investments programs. It is the first time in the region when the local pension fund assets will be deployed to develop infrastructure for future generations,” added Stepukonis about the purpose to launch a new fund.

The anchor investor of the fund is the European Investment Bank, which has committed to invest €20 million into the fund. This EIB support is guaranteed under the European Fund for Strategic Investments (EFSI), a central element of the Juncker’s Commission Investment Plan for Europe launched to overcome the current investment gap in the EU by mobilising private financing for strategic investments.

Vice-President Ambroise Fayolle, whose responsibilities include EFSI, said, “Mobilising private financing for strategic investments is the main goal for EFSI and we welcome therefore the cooperation with the BaltCap Infrastructure Fund, as it is the first infrastructure fund in the Baltics with the goal to catalyse private investors to finance infrastructure projects. This Fund is an answer to the rising investment needs in transport, energy efficiency, and renewable energy sectors in the region. Particularly, it addresses the continuing and potentially growing demand for equity capital for the implementation of infrastructure projects. It thus encourages economic growth by promoting the competitiveness of the Baltic region and improving the business environment. What is equally important, the fund will create new jobs and by its focus on renewable energy and energy efficiency – significantly contribute to the climate change agenda.”

European Commission Vice-President Jyrki Katainen, responsible for Jobs, Growth, Investment and Competitiveness, said, “Investment in infrastructure in Europe is improving, but we still need to do more. This agreement to support the BaltCap Infrastructure Fund is a positive example of what we can do through the EFSI in order to mobilise such investments. I am particularly pleased that this agreement will support projects involving energy infrastructure, renewable energy and energy efficiency. By supporting investments in these sectors, we are helping to lay the foundation for future economic growth.”

“We are very honoured to be able to contribute to this important infrastructure fund which will benefit the economic and environmental development in all three Baltic states. From 1990, NEFCO has financed over 100 environmental projects in the region within the public and private sectors. This equity investment is, however, our first project in the Baltic States after re-entering that market recently, and we are especially pleased that the projects involve all three Baltic States: Estonia, Latvia and Lithuania,” says NEFCO’s Executive Vice President Kari Homanen.

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Other investors of the BaltCap Infrastructure Fund are Nordic Environment Finance Corporation, pension funds of SEB, Swedbank, and LHV, Swedbank Life Insurance, as well as other institutional investors. It is the largest combined local pension funds commitment to the Baltics focused private equity fund to date.

BaltCap Infrastructure Fund investment strategy is based on the highest environmental, social and governance standards and climate change mitigation criteria. The fund has a duration of 20 years.

This is a second fund launched by BaltCap this year. Recently BaltCap Growth Fund with the target size of €50 million was established to provide growth capital across the Baltic region for small and medium-sized (SME) companies.

For more information:

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Background information:

The European Investment Bank (EIB) is the long-term lending institution of the European Union owned by its Member States. It makes long-term finance available for sound investment in order to contribute towards EU policy goals.

The **Investment Plan for Europe** focuses on strengthening European investments to create jobs and growth. It does so by making smarter use of new and existing financial resources, removing obstacles to investment, and providing visibility and technical assistance to investment projects. On 14 September 2016, the Commission proposed extending EFSI by increasing its firepower and duration as well as reinforcing its strengths.