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European Investment Fund selects BaltCap Private Equity Fund II as second Baltic Innovation Fund investment

The European Investment Fund (EIF) has selected the next Fund Manager to receive a capital commitment from the Baltic Innovation Fund. This EUR 20 million commitment to the BaltCap Private Equity Fund II is made by EIF in its role in managing the Baltic Innovation Fund which is a 'Fund of Funds' initiative dedicated to boosting equity investments made into Baltic enterprises.

BaltCap is raising its next generation Private Equity Fund to further extend its investments within the Baltic region. This fund will focus on providing equity financing to growing SMEs and Small Caps, with a target closing of EUR 100m. The investment period of the fund is expected to begin in 2nd half of 2013, as soon as the first closing has been achieved.

Speaking during a recent event in Vilnius, European Investment Fund's Chief Executive, Richard Pelly stated, "EIF is pleased to make this commitment which extends our relationship with the BaltCap team who have continued to prove their ability to invest successfully across the Baltic Region. BaltCap have extensive experience in each of the three Baltic countries and a proven record to source and execute transactions that meet the target market for the Baltic Innovation Fund."

Peeter Saks, Managing Partner at BaltCap added, "The Baltics benefits from some of the best economic fundamentals globally, and BaltCap's deep local knowledge, networks, track record and sector expertise will put us in a very good position to take advantage of the growth opportunities in the Baltic market. EIF is one of the most experienced institutional investors in the Baltic Region and has contributed tremendously in facilitating the development of the private equity industry in the Baltics. We are extremely pleased with EIF's continuing support and trust".

Background information

About the Baltic Innovation Fund

The Baltic Innovation Fund is an innovative investment initiative created by cooperation between the Republic of Estonia, the Republic of Latvia, the Republic of Lithuania and EIF that is unique in its nature across Europe. The Baltic Innovation Fund will invest EUR 100 million into private equity, mezzanine and venture capital funds focussed on the Baltic States over the next four years. It is a key initiative with EIF partnering with three important national agencies – LGA (Latvia), KredEx (Estonia) and INVEGA (Lithuania). This unique trans-national process provides a real opportunity to further develop the Baltic PE & VC 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 6.5bn at end 2012. With investments in over 400 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 guarantees loan portfolio totalled over EUR 8bn in close to 250 operations at end 2012, positioning it as a major European SME guarantees actor and a leading micro-finance guarantor.

About BaltCap

BaltCap is the leading private equity and venture capital investor in the Baltic countries. BaltCap partners with ambitious management teams, helping them to deliver transformational growth through active operational engagement. The firm aims to create strong working partnerships with the companies it supports taking hands-on role in strategic development and value creation.

Since formation in 1995 BaltCap has invested in more than 60 companies across its private equity and venture capital funds. BaltCap's private equity and venture capital team of 16 investment professionals works out of offices in Tallinn, Vilnius and Riga.

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