

ADDITIONAL CLARIFICATION DOCUMENT

CALL FOR EXPRESSION OF INTEREST FOR FINANCIAL INTERMEDIARY SELECTION FOR THE LITHUANIAN LEVERAGED FUND

Reference: MHA-1584

No	Question	Answer
1	<p>FI CONTRIBUTION TO THE INVESTMENT PLATFORM'S EQUITY. This section refers to a contribution of EUR 50,000,000 (received from ESIF funds) into the equity of the Investment Platform (the "Equity Contribution") and additional equity loan of EUR 12,500,000 (the "Equity Loan").</p> <p>It is intended that FI submits Eol as a consortium with an Investment Fund where the Investment Fund provides required equity financing in the amount of EUR 12,500,000. Is there a strict requirement that Equity Contribution and Equity Loan be injected into the Investment Platform through FI or can the Investment Fund as a consortium partner inject Equity Loan via direct agreement with the Investment Platform ensuring that the funds injected are pari passu with the Equity Contribution by FI?</p> <p>Is it required that Equity Contribution into the Investment Platform is provided in a form of share capital subscription? Would subordinated loans suffice instead? And, if yes, in what proportions? Please note that under local legislation minimum share capital in the amount of EUR 2,500 is required whereas EUR 50,000,000 and EUR 12,500,000 could be extended as subordinated loans.</p>	<p>Either member of the consortium may provide Equity Loan to the Investment Platform. There is no requirement for both Equity Contribution and Equity Loan to be rerouted through a single entity before reaching the Investment Platform. Please note, however, the provisions of section 7(V) of the CoEI in connection with joint offers and notably sub-sections (iv) and (v) in connection with joint and several liability of the consortium members towards EIB.</p> <p>There is no requirement for Equity Contribution and Equity Loan to take the form of a share capital subscription (where applicable) as long as they are subordinated to senior and junior loans (i.e. they constitute the first-loss piece layer of the Investment Platform).</p>

2	<p>If FI participates in a tender with a fund as a consortium, is it acceptable that one of the consortium members provides Equity Contribution (share capital+ loan in the amount of EUR 50,000,000 (out of ESIF funds)) to the Investment Platform whereas the other consortium member provides the Equity Loan to the Investment Platform in the amount of EUR 12,500,000? Please indicate if you see a need that all funds are distributed to the Investment Platform through the same entity (e.g. FI).</p>	<p>Either member of the consortium may provide Equity Loan to the Investment Platform. There is no requirement for both Equity Contribution and Equity Loan to be rerouted through a single entity before reaching the Investment Platform. Please note, however, the provisions of section 7(V) of the CoEI in connection with joint offers and notably sub-sections (iv) and (v) in connection with joint and several liability of the consortium members towards EIB.</p>
3	<p>What do you mean by Equity Loan? Can it be convertible loan agreement, whereby the loan can be returned or converted into the share capital? Or a simple long-term loan (or mezzanine loan/subordinated loan) would suffice?</p>	<p>There is no strict requirement for Equity Loan as long as it is a loan subordinated to junior and senior loans of the Investment Platform and ranks pari passu with Equity Contribution. Such Equity Loans, together with Equity Contribution will constitute the first-loss piece layer of the Investment Platform and will rank pari-passu. In any case, it is the responsibility of the Applicants to evaluate and implement the required legal arrangements to achieve the goals of the new Loan Instrument.</p>
4	<p>Is it allowed for the Investment Platform to obtain bridge financing from FI in order to effectively manage cash flows between drawdowns from the creditors?</p>	<p>Currently bridge financing is not foreseen in the Call for Expression of Interest. In order to manage the cash flows, proper thresholds for when the next tranche could be requested shall be agreed during the negotiation of the Operational Agreement. In the event that such measure proves insufficient and if no alternative is available, the terms for such bridge financing would need to be agreed with EIB at its absolute discretion and approved by the Investment Board.</p>
5	<p>Is it allowed to refinance senior or junior creditors in a scenario that better financing terms could be obtained in the market at later stage?</p>	<p>Refinancing clauses are subject to negotiation between the Financial Intermediary and senior/junior creditors, subject always to the provisions of the Operational Agreement. Please note that in such events, the benefits of better financing terms should be passed on to the Final Recipients.</p>
6	<p>Shall equity, junior and senior loans be utilised pro-rata or equity shall be injected first, junior loan second and senior loan third?</p>	<p>Either (i) all layers will be used pro-rata, or (ii) equity used first and then junior and senior loans used pro-rata. The terms are to be agreed during the negotiation of the Operational Agreement, taking into account that ESIF funds have to be disbursed to Final Recipients by the end of 2023.</p>

7	<p>FI intends to partner up with an Investment Fund, which shall provide a required funding in the amount of EUR 12,500,000 directly into the Investment Platform (if possible) or through FI. Do we have to provide a joint offer as a consortium or such partnership can be considered as a subcontracting partnership which can be envisaged later (during the contract implementation) with a EIB's express authorisation?</p>	<p>In such case a joint offer should be provided. Provision of required funding would not fall within the scope of tasks that could be subcontracted.</p>
8	<p>Please confirm that, when structuring the funds flow, the funds could be kept in the special account of the FI on behalf of the Investment Platform (provided, of course, that proper arrangements between the FI and the Investment Platform and other creditors involved exist) without the need to make separate transfers through the accounts of the Investment Platform.</p>	<p>An arrangement acceptable to junior and senior lenders will have to be agreed, subject to approval by the parties involved.</p> <p>Please note that, in any case, the FI shall ensure compliance with the requirements of 25th bullet point of section 4.2 CoEI (in relation to setting up and maintaining a separate accounting system / use of separate accounting code and maintenance of an audit trail regarding investments).</p>

9	<p>It is still unclear if a management fee is paid after the Eligibility Period if it does not exceed 8%? Could you please clarify if our calculation of the Management fee is correct, as provided in the example below:</p> <table border="1" data-bbox="280 957 1429 1305"> <thead> <tr> <th>Year</th> <th>2021</th> <th>2022</th> <th>2023</th> <th>2024</th> <th>2025</th> <th>2026</th> <th>.....</th> </tr> </thead> <tbody> <tr> <td>ESIF paid to FI</td> <td>10,000,000</td> <td>35,000,000</td> <td>50,000,000</td> <td>50,000,000</td> <td>50,000,000</td> <td>50,000,000</td> <td></td> </tr> <tr> <td>ESIF balance (paid out minus repayments)</td> <td>9,000,000</td> <td>30,000,000</td> <td>45,000,000</td> <td>50,000 000</td> <td>50,000,000</td> <td>50,000,000</td> <td></td> </tr> <tr> <td>Base fee (A maximum of 0.5 % per annum of programme contributions paid to the financial instrument]</td> <td>50,000</td> <td>175,000</td> <td>250,000</td> <td>250 000</td> <td>250,000</td> <td>250 000</td> <td></td> </tr> </tbody> </table>	Year	2021	2022	2023	2024	2025	2026	ESIF paid to FI	10,000,000	35,000,000	50,000,000	50,000,000	50,000,000	50,000,000		ESIF balance (paid out minus repayments)	9,000,000	30,000,000	45,000,000	50,000 000	50,000,000	50,000,000		Base fee (A maximum of 0.5 % per annum of programme contributions paid to the financial instrument]	50,000	175,000	250,000	250 000	250,000	250 000		<p>Management fee will be paid after the Eligibility Period regardless of whether or not the 8% cap was reached/exceeded by the end of Eligibility Period. The 8% cap only limits the total fees paid for managing ESIF funds until the end of Eligibility Period. Afterwards the cap no longer applies.</p> <p>To clarify the Management fee calculation in the Annex I:</p> <ul style="list-style-type: none"> the basis for the Base fee (first row) should be “ESIF paid to FI (minus repayments from FI)”; the basis for the Performance fee (second row) should be “ESIF paid to Final Recipients (minus repayments by Final Recipients or amounts written-off)”; Management fees will be paid after 2023; Management fees will be paid for management of non-ESIF funds and will be
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	Performance fee (A maximum of 1 % per annum of the programme contributions paid)	90,000	300,000	450,000	500,000	500,000	500,000	subject to the equivalent 8% cap during the Eligibility Period.
	total fee	140,000	475,000	700,000	750,000?	750,000?	750,000?	
					Will be paid?			

The foregoing clarification document shall form an inseparable part of the procurement documents.