

Financing Energy Infrastructure: Alternative Sources and Potential Projects

Traditional and Renewable Energy Forum

April 26, 2017
Vilnius

MANAGEMENT COMPANY

MANAGEMENT COMPANY	Established in 2008, "Lords LB Asset Management" is a premier provider of investment management services in the Baltic States.
ACTIVITY	Establishment and management of real estate, infrastructure and private equity funds.
LICENSE	"Lords LB Asset Management" is an AIFM licensed fund management company supervised by the Bank of Lithuania.
FUNDS	Currently the management company manages 8 real estate, 3 private equity and 2 infrastructure funds with over EUR 310 million assets under management.
AUDITOR	The Management Company and all of its funds are audited by a Big 4 company.
INSURANCE	"Lords LB Asset Management" and all of its funds are insured with two types of insurance: Private Equity & Venture Capitalist Management Liability and Crime Insurance and Professional Indemnity, Directors' & Officers' Liability and Crime Insurance. Total Insurance amount: EUR 7 million.*

* The insurance is issued by one of the leading global insurance providers - Howden (the winner of The British Insurance Awards 2015).

COMPLIANCE

THE BANK OF LITHUANIA

- Lords LB Asset Management company operates under the Law of Collective Investment Undertakings under strict supervision of the Central Bank of Lithuania.
- The Central Bank of Lithuania regularly inspects risk control, accounting and investor relations procedures of the Management Company and its Funds.
- Lords LB Asset Management company provides capital adequacy, portfolio, fund units trading, and others reports on the monthly and quarterly basis.



AUDIT

- The Management Company and all of its Funds and SPVs related to the Funds are audited annually by one of the Big 4 international audit companies.
- Currently an annual audit of Lords LB Asset Management company is carried out by KPMG Baltics, UAB. The auditor is usually rotated every three years.
- Audited financial reports are open to public and can be found on the Management Company website www.lordslb.com.



DEPOSITORIES

- SEB bank act as the depositories for the Funds managed by Lords LB Asset Management company.
- Depositories, acting on behalf of the investors, are responsible for verification of the calculations of the NAV, management and success fees.
- Depository controls all the payments from the bank accounts of the Fund, verifies the acquisition agreements and their compliance with the strategy of the Fund.



ACCOUNTING

- The Management Company outsources the accounting services to an external specialized accounting firm EY. EY is one of the leading global professional services firms with an office in Lithuania with particular focus on regulated investment fund accounting and reporting.
- Outstanding quality of service as well as modern and secure IT solutions ensure timely and informative reporting to the Central Bank and the investors.



CONCEPT

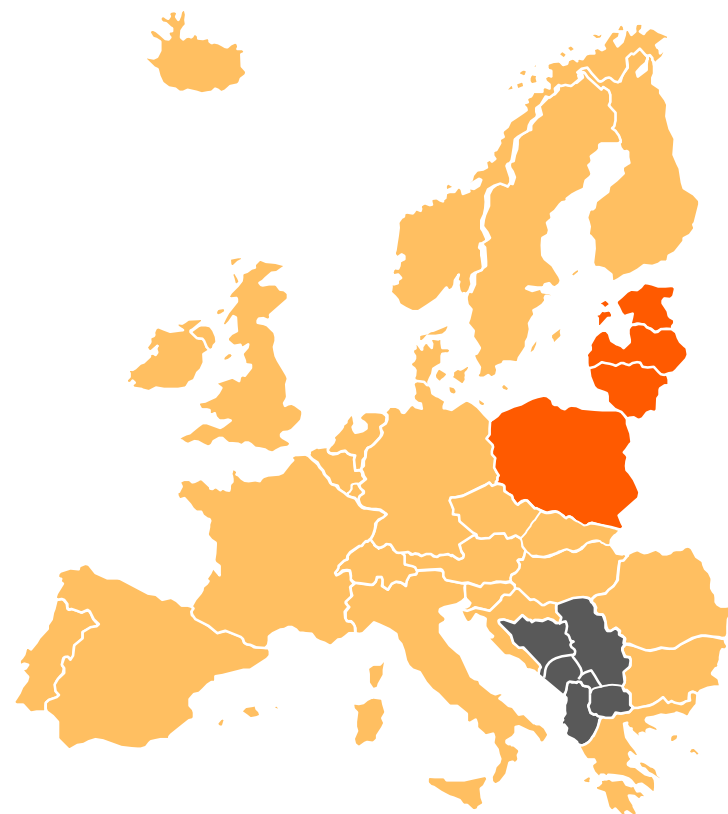
Energy and Infrastructure Funds specialize in energy and transport sectors within the Baltic states and Poland. It may as well invest in other countries within the EU and EEA given the right opportunity.

Funds are dedicated to financing the development and operational improvements of infrastructure and energy assets.

Funds will mainly invest in companies within transport and **energy related sectors** as well as in regional mid-market companies that specialize in the **renewable energy and energy efficiency** using market-proven technologies.

Funds will benefit from both local and international experience of the team, regional presence, project development and investment management experience.

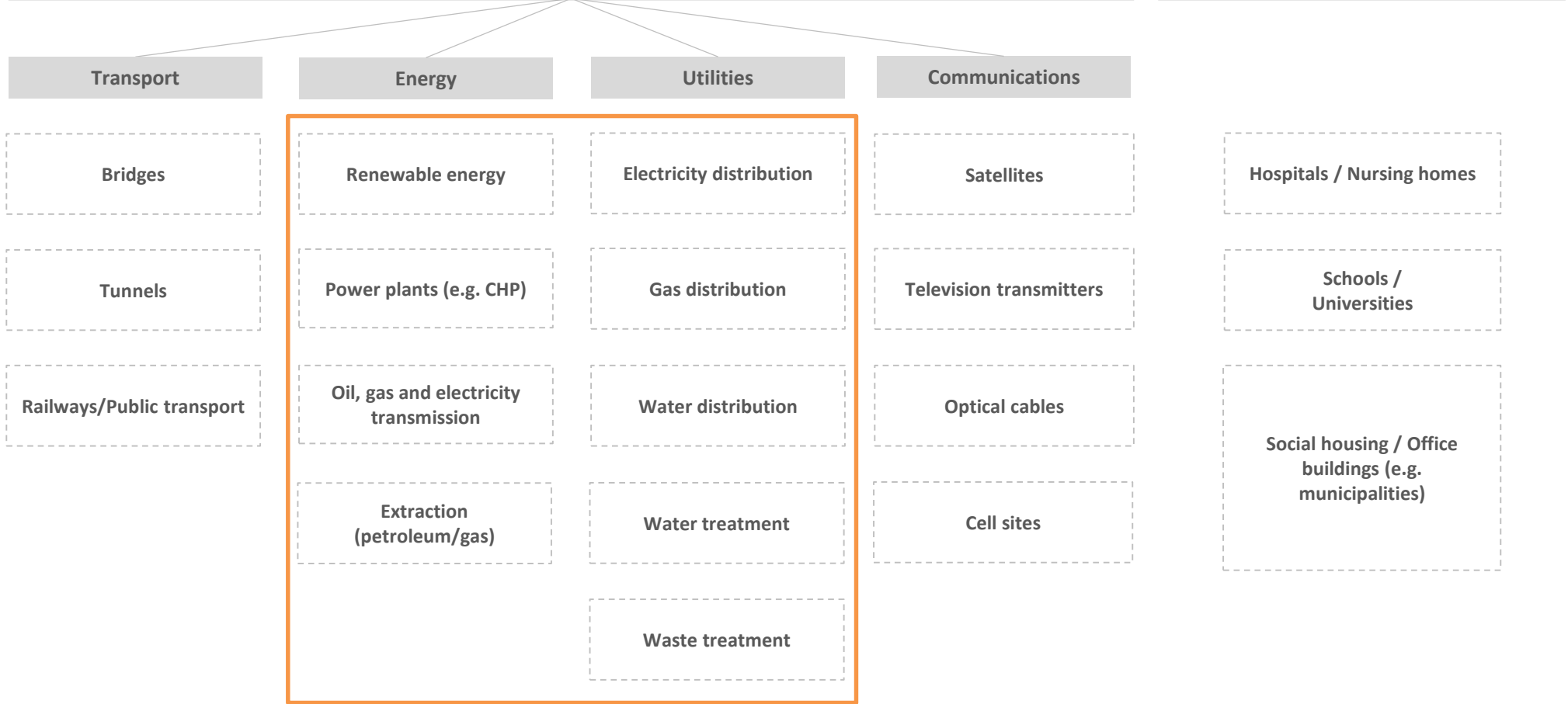
We believe significant opportunities for investment exist in energy and infrastructure assets by **bridging the funding gap** between developers and long-term final acquirers within the Baltic countries.



INVESTMENT TARGETS

TARGETS BY CLASS

Economic infrastructure Social infrastructure



FUNDING SOURCES

Government investments

Municipal investments

Commercial banks

Government owned companies

Municipal companies

Corporate/ on-balance sheet finance

Public dedicated funds

EU Programs Grants

EFSI

IFIs

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ALTERNATIVE FINANCING SOURCES – ENERGY AND INFRASTRUCTURE FUNDS

FUND ENERGY AND INFRASTRUCTURE BALTIC FUND

Inception date	6 th January 2016
Term	15 years (+5) from the 1 st closing
1st closing	≤ 24 months from inception date
Final closing	≤ 4 years from inception date
Investment period	5 years from the 1 st closing

Target fund size	EUR 100 000 000
Ticket size	> EUR 5 000 000
Target leverage	75%
Net IRR	≥ 8%

Energy	no less than 20% and no more than 30% of NAV
Utilities	no less than 10% and no more than 30% of NAV

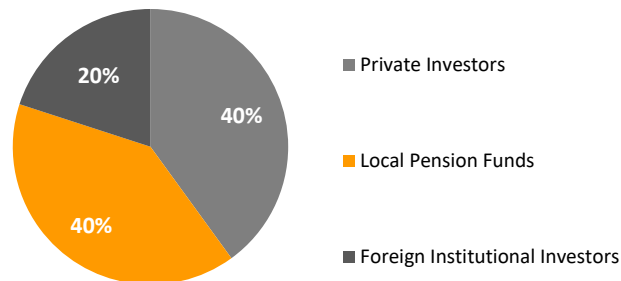
ENERGY AND INFRASTRUCTURE SME FUND

Inception date	4 th July 2016
Term	8 years (+2) from the 1 st closing
1st closing	≤ 12 months from inception date
Final closing	≤ 2 years from 1 st closing
Investment period	2 years from the 1 st closing

Target fund size	EUR 25 000 000
Ticket size	< EUR 5 000 000
Target leverage	75%
Net IRR	≥ 10%

Energy	no less than 30% and no more than 50% of NAV
Utilities	no less than 10% and no more than 20% of NAV

EXPECTED CAPITAL STRUCTURE



ENERGY AND INFRASTRUCTURE SME FUND PORTFOLIO

CIURLIONIS BRIDGE NODE CONCESSION



Asset type	Road infrastructure
Asset complete	November 2008
Concession agreement	25 years
Annual revenue	1.728m EUR
Ownership	Municipality
Acquisition date	2016

SITKUNAI SOLAR FARM (2.56 MW)



Asset type	Renewable energy
Asset complete	February 2013
Feed-in tariff	12 years, 0.44 EUR/kWh
Annual revenue	1.156m EUR
Land plot	Long-term rent
Acquisition date	2016

STOVA ("UNIPARK")



Asset type	Parking operator
Start of operations	2010
Number of parking places	14,000
Annual revenue	3.2m EUR
Acquisition date	2016

POTENTIAL PROJECTS



Biogas



Street lighting modernization



Solar parks



Energy efficiency



Biomass



Natural gas networks



Wind parks

FLEXIBLE FINANCING AND PARTICIPATION

- **Development phase**
- **Operational assets**
- **Long-term (8-20 years)**
- **10-100% ownership**
- **Financial investor + technology partner + operator + ...**
- **High leverage**
- **Financing optimization**
- **Consolidation**

CONTACTS

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