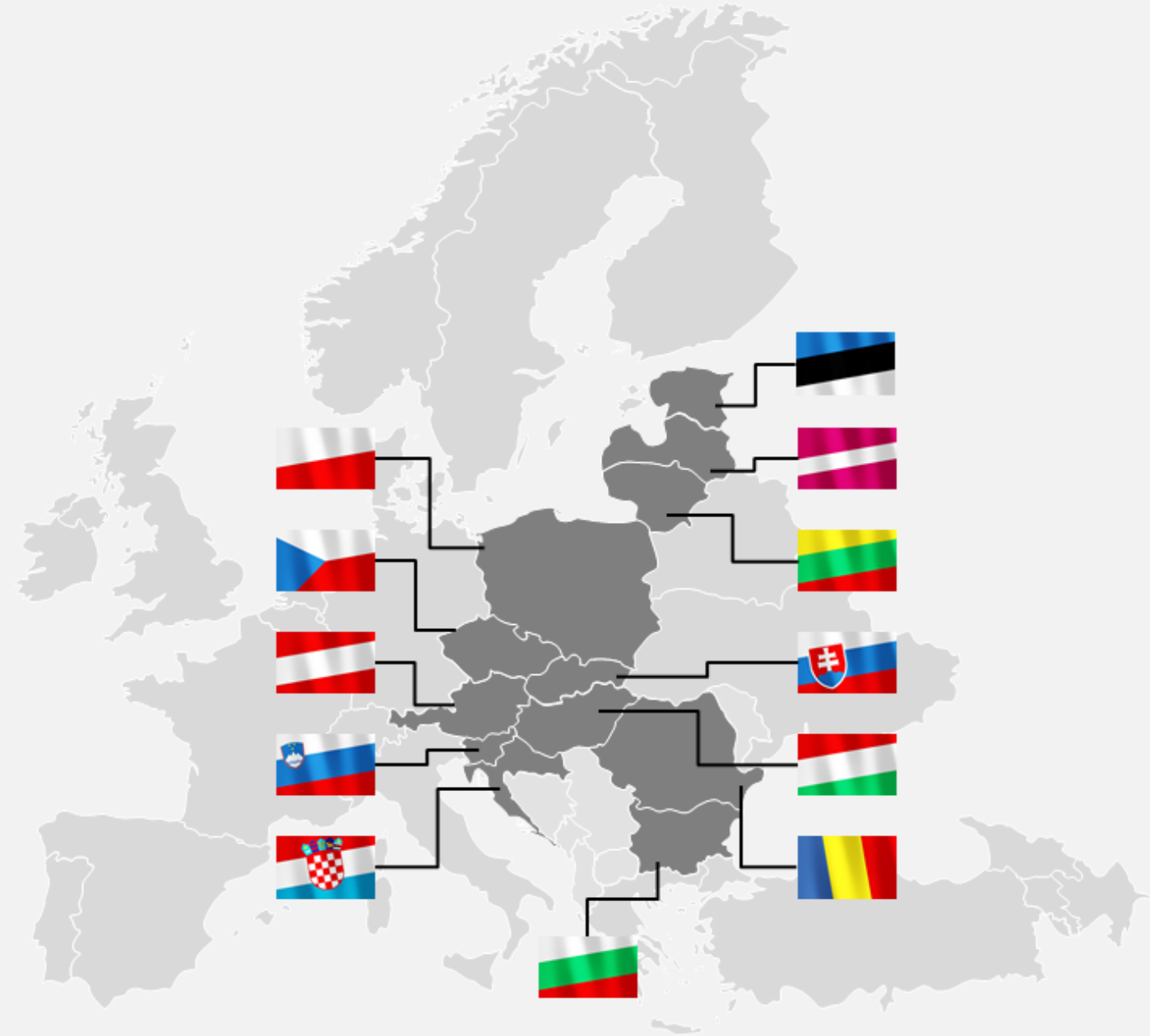


3 Seas Initiative & Fund

Regional Investments,
Connectivity, Cooperation



Western Europe has been the main destination for commercial infrastructure investors

Issues defined:

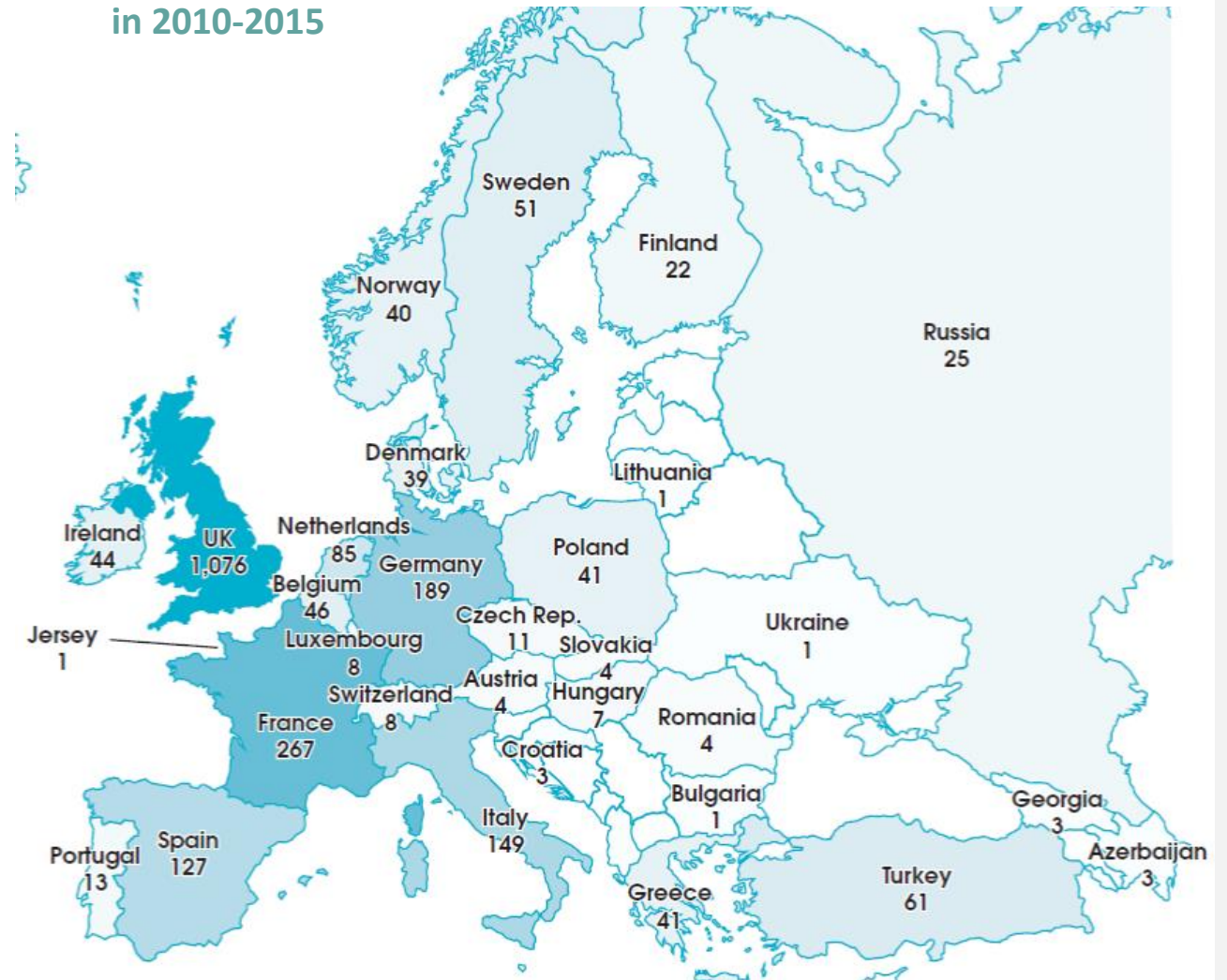
- For years funds were channelled to develop the infrastructure in Western Europe, while Eastern Europe remained significantly underdeveloped
- As EU funds allocations to the region is expected to decrease, more commercial funds are needed to enhance economic convergence of the Three Seas Region to the western part of EU

Solutions proposed:

- 3 Seas Initiative (3SI) will focus on economic convergence of the 3 Seas region with the western part of EU
- 3 Seas countries should cooperate at the political and business level to reach common goals
- 3 Seas Fund (3SF) will be the financial vehicle for the realization of the key infrastructure projects in the region
- 3SF will attract sources of financing, leading to higher investments in the region
- Potential implementation of projects in PPP scheme

3SI supports and strengthens EU integration by decreasing infrastructural gaps and attracting additional funds

Number of completed European infrastructure deals by country in 2010-2015



Source: Prequin Special Report: European Infrastructure, November 2015

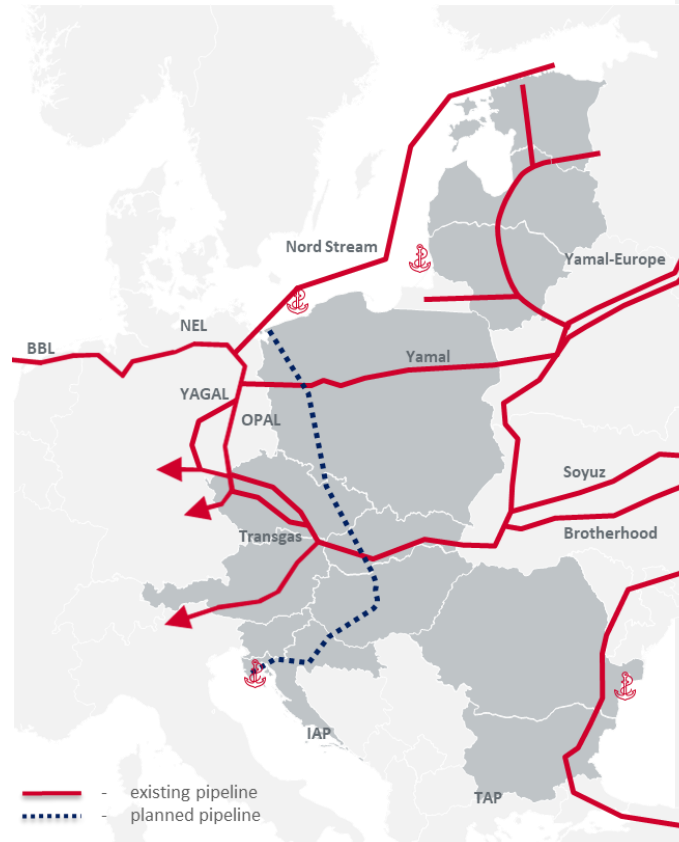
The Initiative: Snapshot of potential cross-border projects

Key infrastructure corridors in the 3 Seas region with high investment requirements

Via Carpatia and Via Baltica



North-South Gas Corridor



Inland waterway transport



3 Seas Investment Fund:

Comparison to other existing schemes

	3 Seas Initiative & Fund	Other commercial initiatives
Approach	<ul style="list-style-type: none">• Return for investors• Higher balance of infrastructure development in Europe	<ul style="list-style-type: none">• Strictly return driven
Funding	<ul style="list-style-type: none">• Equity commitments from DFIs + other potential investors• Potential support of EU funds and/or EFSI and/or Invest Europe• Possible cooperation with other fund initiatives in the region	<ul style="list-style-type: none">• Equity commitments from different investors,• Sometimes with support of EU funds and/or EFSI and/or Invest Europe
Area of operations	<ul style="list-style-type: none">• Countries located in the Three Seas region, potentially to be extended to other countries after [5] years period	<ul style="list-style-type: none">• Depends on the investment strategy of each fund, but the majority of investments are conducted in Western Europe
Project selection	<ul style="list-style-type: none">• DFIs are invited to originate and propose investments coming from their respective countries• 3SF will be the catalyst for quicker realization of projects defined by EFSI	<ul style="list-style-type: none">• Subject to decisions of asset manager
Role of DFIs	<ul style="list-style-type: none">• Representatives of DFIs will decide on the terms of the fund before the launch• In the operating phase DFIs will have representatives on the Management Board and Supervisory Board of the fund• DFIs will decide on the key aspects of the fund (new investors, changes in the fund terms, extension of the fund duration, etc.)	<ul style="list-style-type: none">• DFIs can join the terms proposed and usually have minor influence on the fund operations
Duration	<ul style="list-style-type: none">• [20] years (subject to potential extension)	<ul style="list-style-type: none">• Usually shorter term funds aimed at perspective of receiving money after fund liquidation

The Three Seas Investment Fund

Indicative term sheet



Topics	Terms
Fund's Objectives	To invest in strategic infrastructure projects aimed at development of enhanced infrastructure, economic and social cooperation and interconnectivity of the Three Seas countries
Core Sponsors / Investors	Development Finance Institutions located in the Three Seas region
Initial closing period	2H 2018 (subject to potential extension)
Fund term	[20] years (subject to potential extension)
Fund size	[min EUR 1bn]
Minimum commitment	Significant value for each partner
Minimum investment size	EUR [25] mn
Target IRR	[4.5] %
Fund drawdowns	Fund Commitments will be drawn down proportionately on as needed basis to make investments or to provide funds to satisfy the Management Fee of the Fund Manager.

The Three Seas Investment Fund

Indicative timeline



**Working out
DFIs' cooperation terms**

▲
Signing MoUs
among DFIs

▲
Inauguration MoU
signed at 3 Seas Summit
in Bucharest

▲
DFIs' participate in Fund
supervision through
Management Board and
Supervisory Board

Fund setup process

▲
Fund setup and Fund
Manager appointment

▲
First Closing
of the Fund

▲
Other investors
join the Fund

Investment processes