

**Clarification Document to the Call for EoI – CVCi FoF 01/2018 to select Financial Intermediaries that will receive resources from the Croatian Venture Capital initiative to implement the following Financial Instrument: Venture Capital Fund with an Acceleration compartment**

The aforementioned Call for Expression of Interest (further “CEOI”) stipulated that: “Requests for clarifications from Applicants shall not receive individual replies. Instead, answers to relevant requests for clarifications received within the relevant deadline will be published together in a Clarification Document to be posted on the website [www.eif.org](http://www.eif.org), at the latest on 16<sup>th</sup> of July 2018”.

In accordance with this provision, we hereby present such a clarification document. Capitalised expressions utilised below shall have the meaning attributed to them in the CEOI, unless otherwise defined below or the context requires otherwise. Questions may appear as they have been received without any editing by EIF and in a random order. Page numbers indicated in the questions are assumed to refer to the published CEOI.

This document is not, and should not be construed as a binding document.

Q1	Is the Fund Manager’s commitment included as part of the Private investor’s contribution? i.e. is the contribution of the Fund Manager included as part of the 30% required from Private investors?
A1	<i>Provided that the Fund Manager’s commitment complies with the definition of Private Investors as per the same CEOI, it should be considered towards the required capital from Private Investors.</i>
Q2	Can you confirm that acceleration and accelerator costs related to specific companies within the program are booked as cost of investment where exchanged for equity in the company, and not against operating costs, per industry standard?
A2	<i>Note that it is up to the Fund Manager to propose the respective strategy and cost structure for the acceleration compartment at the point of submission of the expression of interest.</i>
Q3	In case of more than one Financial Intermediary being selected to sign the Operational Agreement, should all the funds managed by those Financial Intermediaries have an Acceleration compartment?
A3	<i>This understanding is correct. Each fund has to comprise of an acceleration compartment and a venture capital compartment, irrespectively whether one or two fund managers are selected, in accordance with the current CEOI.</i>
Q4	Is the investment period for both compartments (Acceleration and VC) 5 years – and under which conditions it can be extended beyond 31/12/2023?
A4	<i>This understanding is correct. The investment period of the instrument, for both the Acceleration and Venture Capital compartment will expire no later than 31/12/2023. Due to the ESIF source of the funding under the CEOI, it is currently not possible to extend this deadline beyond 31/12/2023.</i>
Q5	Is the distribution of the Fund Manager’s contribution between Acceleration compartment and VC compartment left at the discretion of the prospective Fund Managers?

A5	<i>The Fund Manager's contribution will be proportionally committed to the amount of capital allocated between the Acceleration and Venture Capital compartments of the Fund, which is left at the discretion of the prospective Fund Manager.</i>
Q6	Is it allowed that part of the management team is located outside of Croatia and involved in the fund's operations on the part-time basis?
A6	<i>The team composition, profile, time dedication and location of the team (within / outside of Croatia) is entirely left to be proposed by the Fund Manager.</i>
Q7	Regarding the Fund's distribution cascade, is the Fund Manager able to propose any other modifications to the cascade structure, aside the hurdle rate?
A7	<i>The Fund Manager is indeed able to propose modifications only to the hurdle rate in the Fund's Distribution Cascade.</i>
Q8	Is the management fee basis calculated on annual basis and what are the assumptions for management fee basis calculation (e.g. recognition on new contributions into the fund model, etc.)?
A8	<i>The Management Fee and Costs during the investment period are calculated per annum for the Base Remuneration and pro-rata temporis for the Performance-Based remuneration. Similarly, after the investment period, the Management Fee and Costs are calculated pro-rata temporis.</i>  <i>It is to be also noted that if deemed more suitable vis-a-vis market terms and the type of product to be implemented, applicants could propose different thresholds than the ones listed in the CEOI in line with Delegated Act Art 13 (6).</i>
Q9	Is the management fee paid upfront and in how many instalments annually?
A9	<i>Typically the management fee is paid quarterly in advance.</i>
Q10	Is the Carried Interest Basis (CIB) equal to Committed Capital or is it calculated as Exited Investments plus Management Fees?
A10	<i>Please note that the distribution cascades and respectively the carried interest proportion for the Acceleration compartment and the Venture Capital compartment are different.</i>  <i>In case your question was in relation to whether the carried interest is paid on a "whole fund basis" or on a "case-by-case basis", note that the Fund Manager will receive its share of the carried interest only after the investors have been paid back their committed capital and returns based on the hurdle from the actual drawn-down capital as per the waterfall structure described in Fund's Distribution Cascade as part of the Call for EoI.</i>
Q11	How many investor's representatives would EIF envision to participate in the Advisory committee structures of the Fund and who would nominate them?
A11	<i>Typically, EIF nominates one representative to the advisory structure/committee of a fund where it is an LP, but the final number/composition would entirely depend on the overall composition of investors' representatives in the advisory structure/committee and EIF's overall exposure to the Fund.</i>
Q12	In terms of describing the legal structure foreseen, what level of detail is expected in the proposal phase of the process?
A12	<i>Detailing the selected jurisdiction, respective vehicles (including with cross-border elements), shareholding and relationship between each of them, to the extent possible should be sufficient for this stage of the process. In case a final decision on the structure is not made, different options/modalities could also be presented.</i>
Q13	Pg. 14 'Timeline for establishment of team and office in Croatian': does this mean to submit this chapter of proposal in Croatian or is it a typographical error?
A13	<i>It was meant to say "timeline for establishment of team and office in Croatia."</i>