

Market Consultation Q&A Greentech Fund 2022/09

SmartCap hereby provides answers to the questions submitted at the Market Consultation event on the 15 August 2022. The questions may or may not appear in the exact wording that they were received. The questions are not provided in the order that they were received.

Nothing in this document obligates SmartCap to design or change the terms and conditions of the Call in any way and the final Main Terms of the Call may differ from the answers provided in this Q&A or from the terms published for the purpose of Market Consultation.

Potential applicants will have a chance to submit further questions for clarification after the Call has been officially published.

No	Question	Answer
1	Please elaborate, what do you mean by the whole fund having to be Early-Stage?	SmartCap's intention is that the Fund shall focus on Early-Stage companies as the primary strategy. Applicants may propose investments in other investment stages in their Expression of Interest, provided that the primary focus of the Fund is on Early-Stage.
2	Can SmartCap investment be combined with other similar funding opportunities (for example EIF)?	SmartCap does not restrict fundraising from other similar investors, however we are not in a position to confirm the status of any individual potential investor at this stage. We advise Applicants to independently assess if the terms of other funding mandates would be consistent with the Call and if the State Aid requirements are met.
3	The two Key Executives from Estonia - is this an obligatory requirement?	SmartCap wishes to clarify that the Key Executive requirement is that "At least <u>one</u> of the full-time Key Executives must be a resident of Estonia." The minimum requirement is not for there to be <u>two</u> full-time Key Executives resident in Estonia as referenced in the Market Consultation presentation.
4	If €20 million is the maximum amount, how many funds are you going to invest in?	As part of the Call, SmartCap is seeking to invest €20 million per Fund in up to two separate Funds. The total amount allocated for the Call is €40 million.
5	Can you please elaborate what do you mean exactly by climate change?	Climate change is defined in the context of the EU Taxonomy Regulation, and a list of activities that contribute to climate change objectives is provided in the Market Consultation document.

6	Is the Fund Term time extendable/adjustable given the nature of investments being into hardware, research-intensive and greentech startups that tend to have longer development cycles?	<p>The proposed Fund Term is up to 12 years, with the possibility for extensions of the Fund Term at the end of the period, subject to investor approval.</p> <p>SmartCap welcomes any written feedback on the proposed terms of the Call, including the Fund Term.</p>
7	What is the aimed strategic difference between these two funds?	<p>Since Estonian green technology sector is still in a very early development phase, we seek to invest into Funds with strategies that would have a significant impact for the market development, and maximum benefit for the sector. Strategic difference between these two funds is not an end in itself.</p>
8	Localization (setting up of the HQ in Estonia) of technologies is an additional string attached to the normal DD. If the company is opening a subsidiary in Estonia, would it suit your criteria?	<p>Our requirement is that the company would be “established and operating in Estonia”. This means that we expect the company to have significant presence and activities within the country.</p>
9	Does Key Executives mean Key Men?	<p>Key Executives refers to the named key executives in the Fund.</p>
10	Does “technology” also mean services (besides products)?	<p>The term “technology” is quite generic and would allow for both products and services.</p>
11	Is SmartCap going to do direct investments after new funds have started?	<p>SmartCap’s continuation with direct investments after the launch of new green funds is subject to careful evaluation of the potential remaining market gaps.</p>
12	Would SmartCap consider increasing the ticket size?	<p>SmartCap seeks to deploy €20 million per Fund. The flexibility for SmartCap to increase or decrease ticket size has been incorporated into the terms to account for potential extraordinary circumstances.</p>
13	What is the form of EoI? For the EoI will we need to prepare and submit exactly three documents as follows (1) MAIN TERMS OF THE FUND; (2) ENVIRONMENTAL TERMS OF THE FUND; (3) THE BUSINESS PLAN?	<p>The form, including all the requirements for submitting the Expression of Interest, will be available in the final Call Document when the Call is published.</p>
14	How flexible are the terms that were provided? Can we suggest changes?	<p>SmartCap invites interested parties to review and provide feedback on the entire draft Main Terms of the Fund (e.g., definitions, investment restrictions and limitations, deadlines, financial terms etc.). Requirements of the Business Plan to be submitted by applicants together with the final Expressions of Interest, as well as the Environmental Terms applicable to the Fund are also provided for information purposes and are subject to feedback in the context of the entire</p>

		<p>planned Call structure, but not open to detailed amendment proposals.</p> <p>When giving any feedback on the terms, please provide reasoning or argumentation, so that SmartCap may assess the issue and the reason for the proposed changes.</p> <p>SmartCap will not be responding directly to market feedback. Relevant comments and feedback will be considered and, if appropriate, addressed in the final Call Document.</p>
15	Have you tested the market if it is possible to raise private money with the terms you are proposing?	See above response in Question 14. As such, SmartCap welcomes any feedback during ongoing market consultation that would enhance successful fundraising.
16	Do Key Men have to be Residents or Natives of Estonia?	The draft Main Terms stipulate that SmartCap expects that “At least one of the full-time Key Executives must be a <u>resident</u> of Estonia.”
17	Also, how will you assess managers, if they already have competing strategies i.e. they have another active fund investing in climate tech across Europe?	The full list of Assessment Criteria including an assessment of an Applicant’s ability to undertake additional fund management activity in comparison to present activity (if any), will be provided in the final Call Document.
18	Do you have more precise measurement of an investee company impact in Estonia (e.g. revenue created, people hired etc)?	Relevant impact reporting and monitoring requirements will be identified and agreed following the due diligence stage of the process.