TGS BALTIC
VARUL GRUNTE SUTKIENE

RENOVATION OF MULTI-APPARTMENT BUILDINGS IN LITHUANIA

2025

RENOVATION OF MULTI-APPARTMENT BUILDINGS IN LITHUANIA

Heating expenses

- ➢ Modernization loan (20 years)
- ➢ Fixed interest 3%
- ➢ Interest subsidy
- ➢ Financing from EU funds and banks
- ➢ Modernization subsidy (up to 50% of project value)
- ➢ Technical assistance
- ➢ Costs covered by owners, not exceeding original heating bill

Heating expenses **Financing cost**

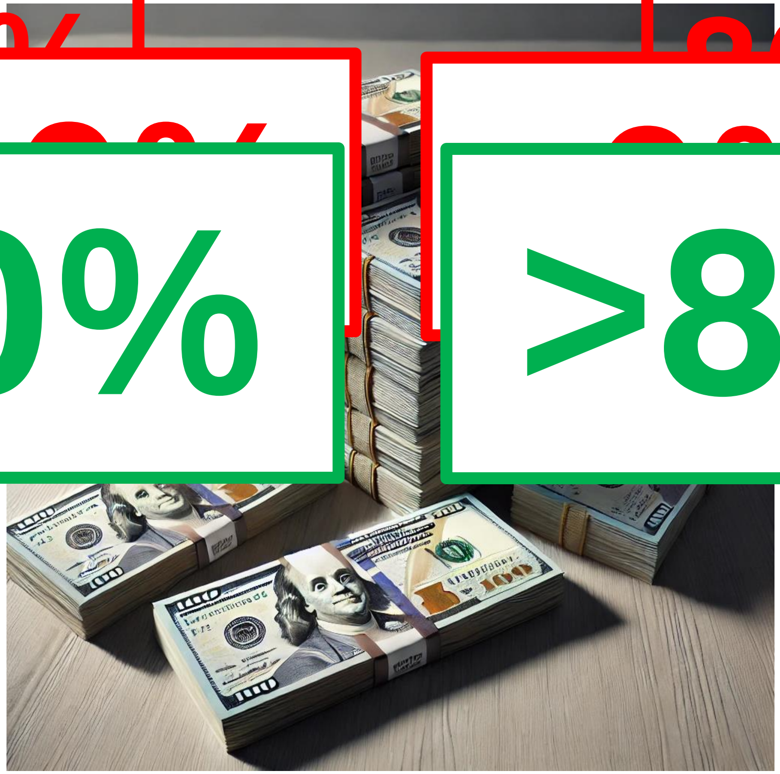
STATE SUPPORT SCHEME

EU funds + cofinancing

Europea Investment Bank

Fund of Funds Manager

Financial Intermediary (Bank)



<20%

>80%

ncing by
al banks

Government subsidies plus support

20-year loans +subsidies

THE MODERNIZATION LOAN

~50 owners

Administrator

Bank

European Investment Bank

Fund of Funds Manager

Individual loan assigned to each owner

Agreement with administrator acting on behalf of owners

EU/LT money Loan

Simple majority vote to approve the financing

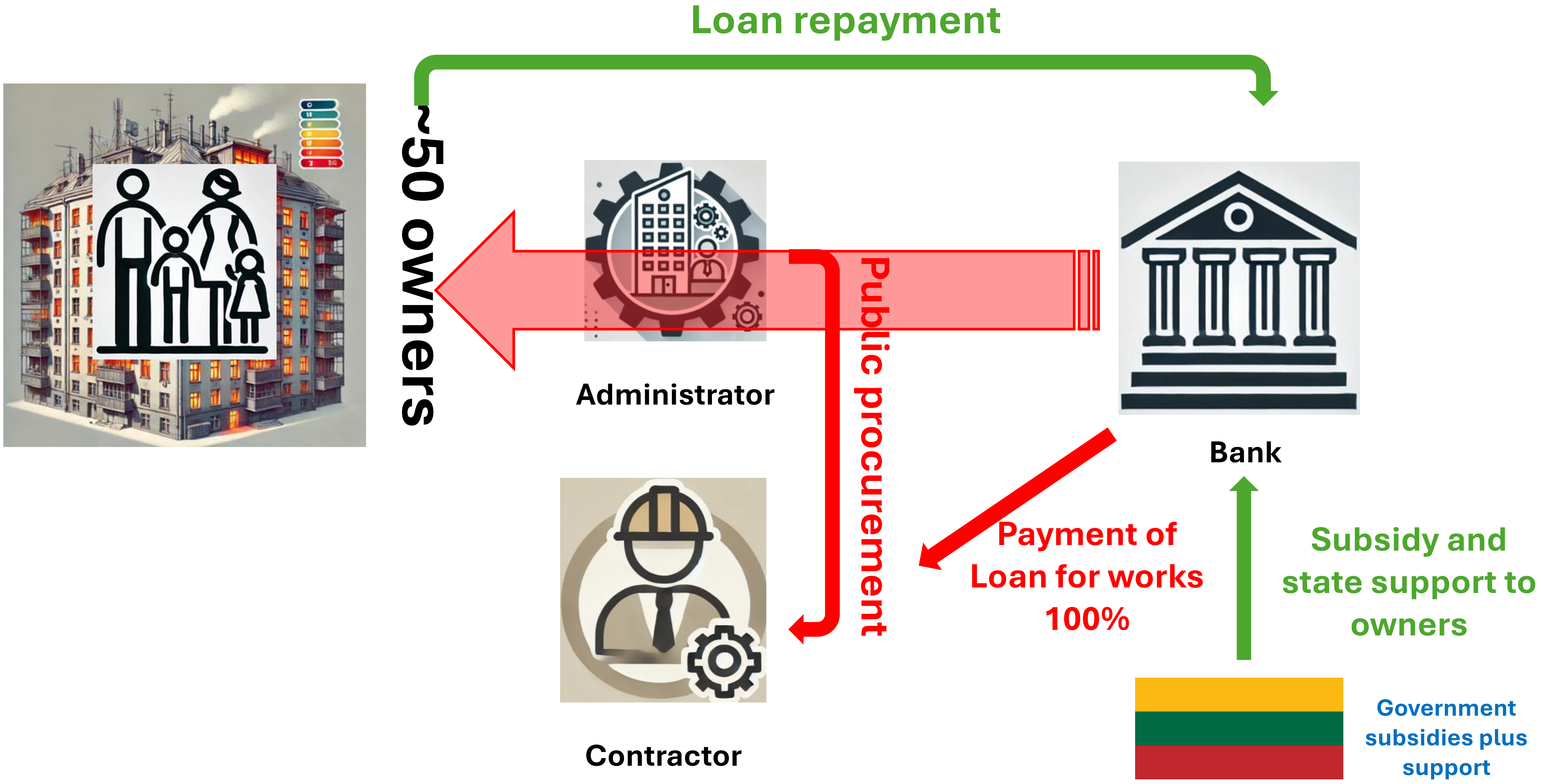
Legal issues:

- Contra... on
- Li...
- R...ment / collection

Solved by law on Modernization

Government subsidies plus support

OPERATION ON THE PROJECT LEVEL

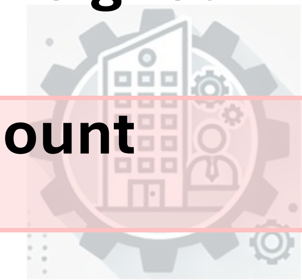


LEGAL REGULATION OF THE MODERNIZATION LOAN

~50 owners

- ❖ No possibility of foreclosure
- ❖ No loan security
- ❖ Owner has not signed
- ❖ Limited KYC
- ❖ No owner account

BUT:



Administrator

- ✓ Quasi-security in case of sale
- ✓ Debt enforced from proceeds of sale
- ✓ Loan follows object to new owner
- ✓ Loan registered in public register

Bank

HOW TO MAKE THIS BANKABLE

Bank

Issues arising for the Bank and with the regulators:

- IT system
- Interest and default interest calculation
- KYC
- Risk assessment of the borrower
- Pricing of the loans
- Capital requirements
- Combining the subsidy elements
- Enforcement procedure

European Central Bank

THE “ADMINISTRATOR” MODEL

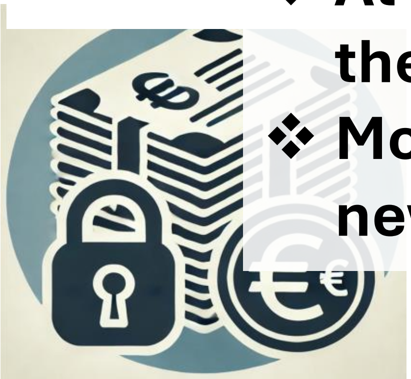
What has changed?

- Owners “owe” only the monthly payment amount (no “loan anxiety”)
- One loan per multi-apartment building
- Administrator is borrower, but loan is “off balance sheet”
- No acceleration of loan possible
- At the same time, individual defaults have less impact on the loan performance
- More convenient structure to ensure “bankability” and new financing methods, like synthetic securitization

European Investment Bank

Fund of Funds Manager

Securitiz



Government subsidies plus support

LITHUANIAN MODERNIZATOIN JOURNEY

Initial model

100% public funds, zero leverage

European Investment Bank

“Prefinancing” model

Up to 50% bank funds, 1:1 leverage

“Guarantee” model

Up to 80% bank funds, 1:5 leverage

“Securitization” model

More than 80% investor funds, >1:5 leverage

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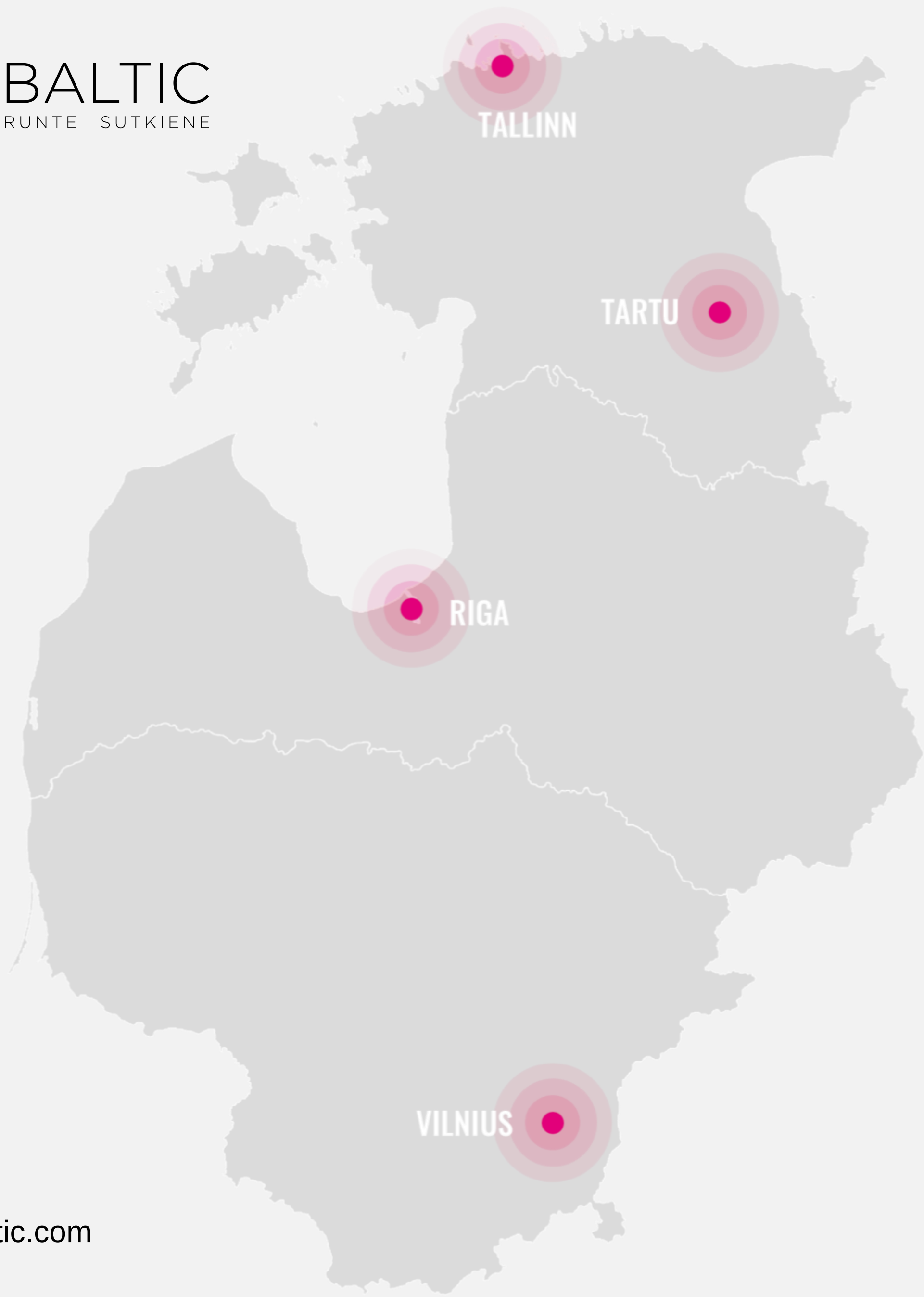

www.tgsbaltic.com

THANK YOU!

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