

Electricity market and Renewables overview

Umberto Quadrino

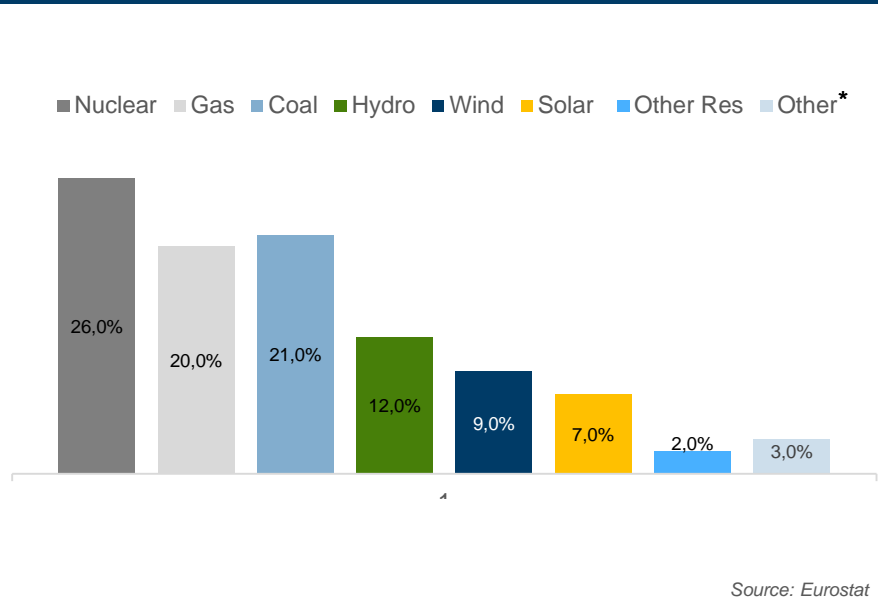
September 2018

*A specialist
alternative
asset
manager*

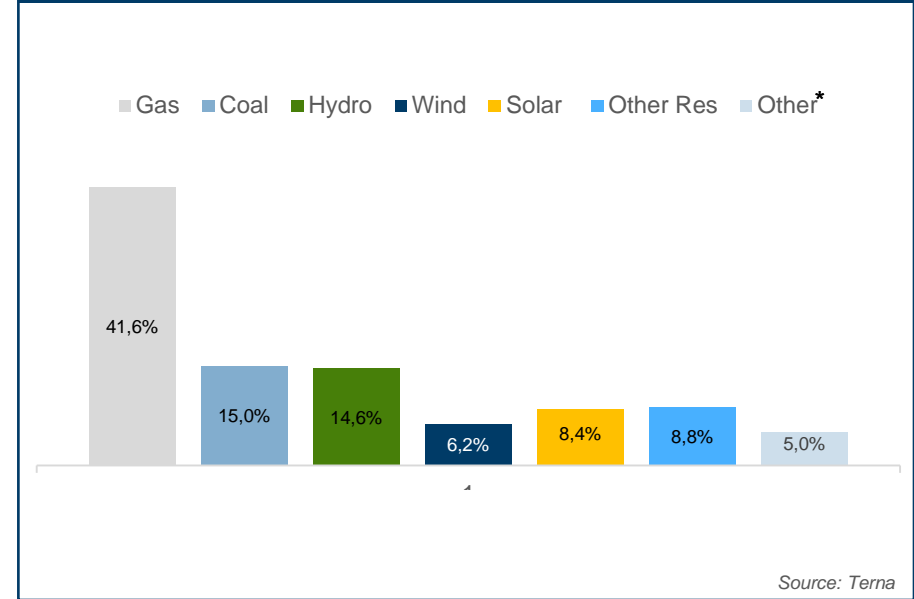
Signatory of:



2016 European Energy Mix - Production



2016 Italian Energy Mix - Production

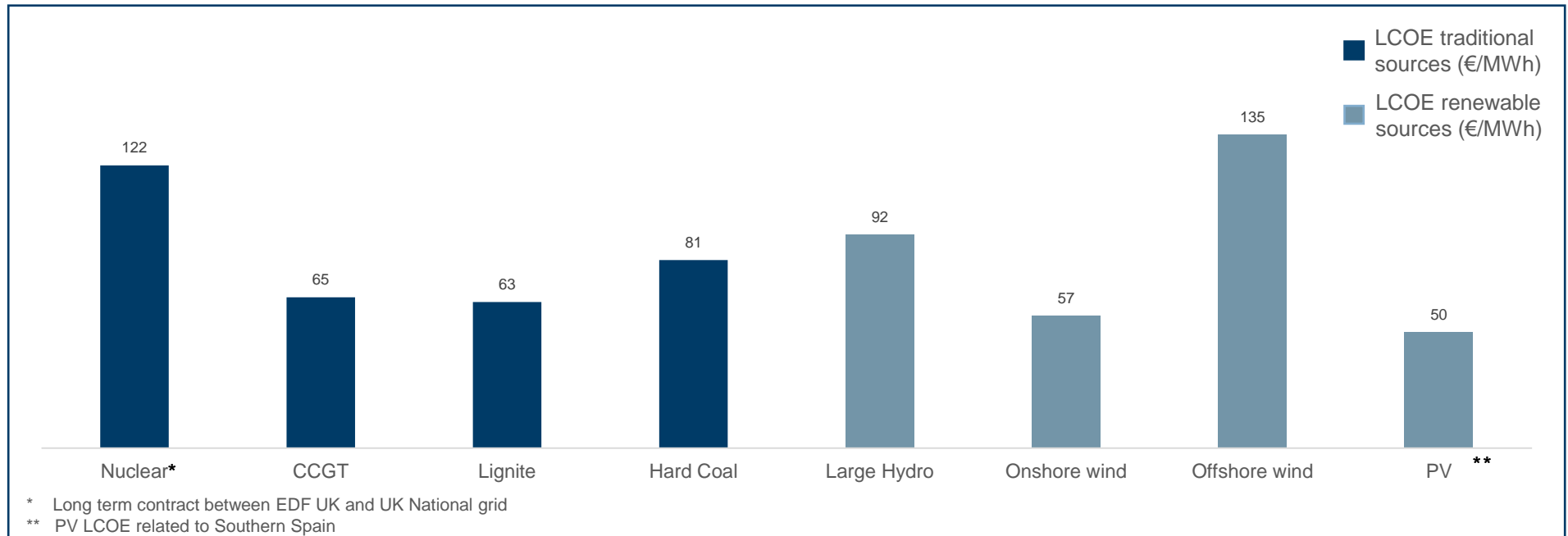


Comments

- The energy mix balance is determined by the following factors:
 - Cost of technology
 - Guaranteed availability of the source
 - Environmental impact
- Renewables used to be considered the most efficient sources in terms of environmental impact but the least in terms of costs. Now the situation has changed

* Includes Oil

European LCOE (Levelized Cost Of Energy) by source

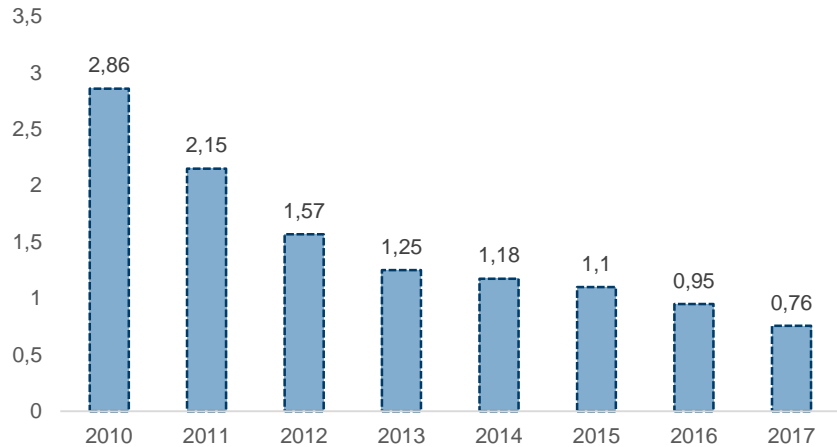


Comments

- Renewables have reached a good competitive level compared to CCGT (combined cycle gas turbines)
- The most efficient future energy mix seems to be a combination of renewables and CCGT. The development of storage could improve the reliability that renewable sources provide to the grid
- New generation nuclear plants have become less competitive compared to other sources of energy

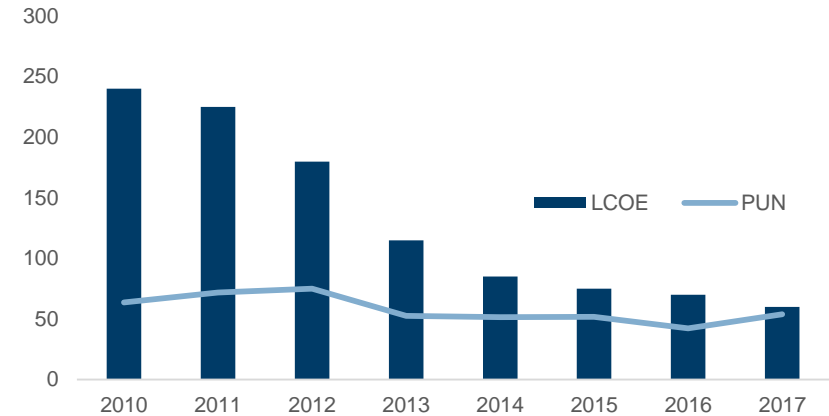
Solar technology evolving towards grid parity

Historical Average PV Installing Costs (€ million/MW)



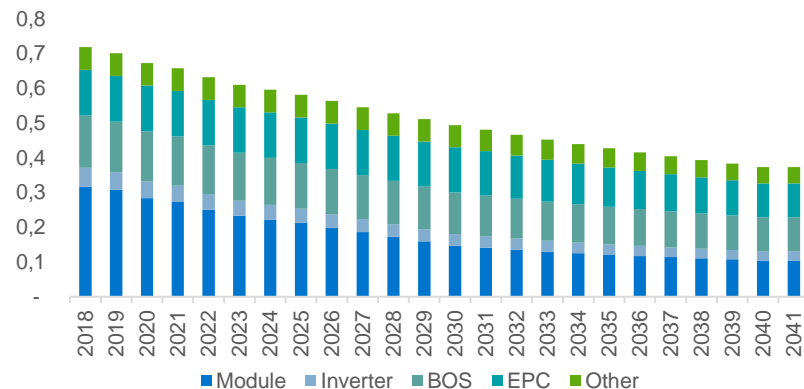
Source: Althesys

Photovoltaic LCOE (€/MWh)



Source: Althesys, ETIP PV, GSE

Projected Average PV Installing Costs (€ million/MW)

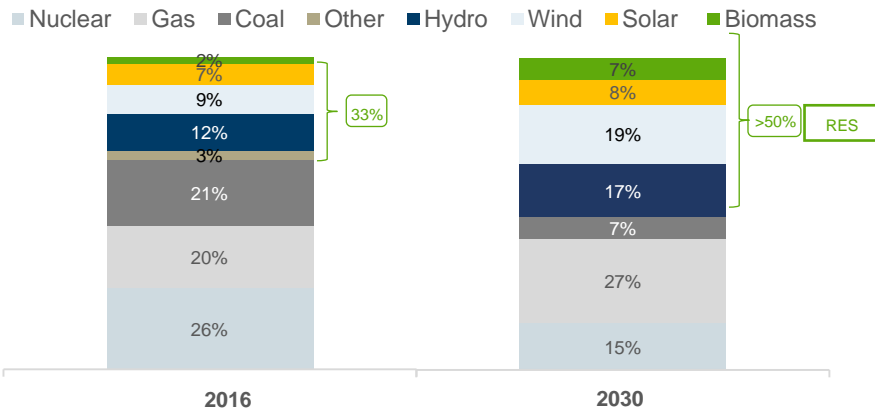


Source: Moroni and Partners

Comments

- The investment cost per MW has dropped from ~ €4m to ~ €1m over the past seven years
- Today, the Levelized Cost of Energy (LCOE) of photovoltaic is close to the spot price of electricity (PUN). This means that market parity has been reached
- The next phase of renewables growth will develop without the support of Feed-in Tariffs, replaced by long term power purchase agreements
- A wave of new investments at grid parity (without incentives) has already started in Italy, mainly focused on southern Italy and on areas with pre-existing infrastructures

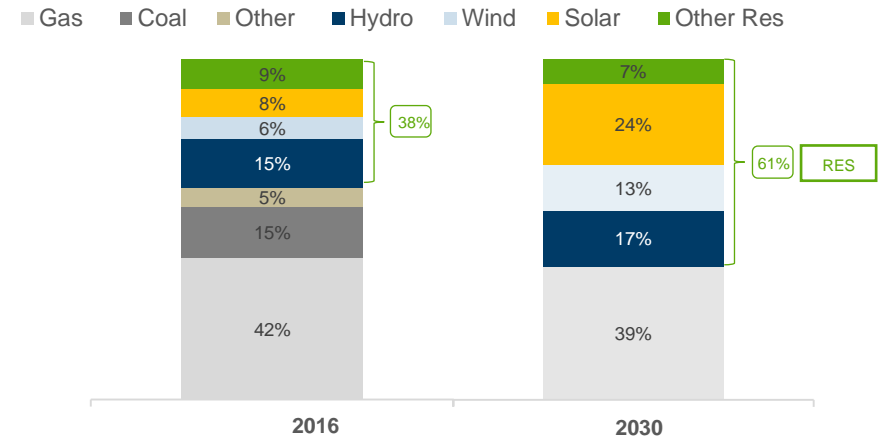
European Energy Mix Expected Production Evolution



Note: Coal includes other fossil sources

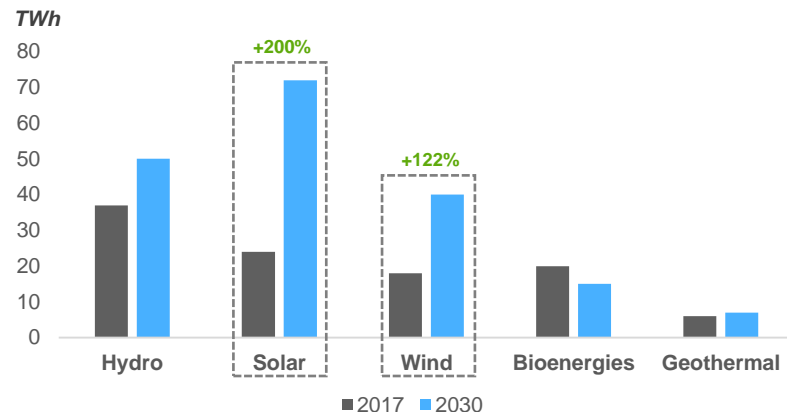
Source: Althesys, Eurostat

Italy's Energy Mix Expected Production Evolution



Source: Bloomberg New Energy Finance, Terna

Italy: SEN Production Scenarios for 2030



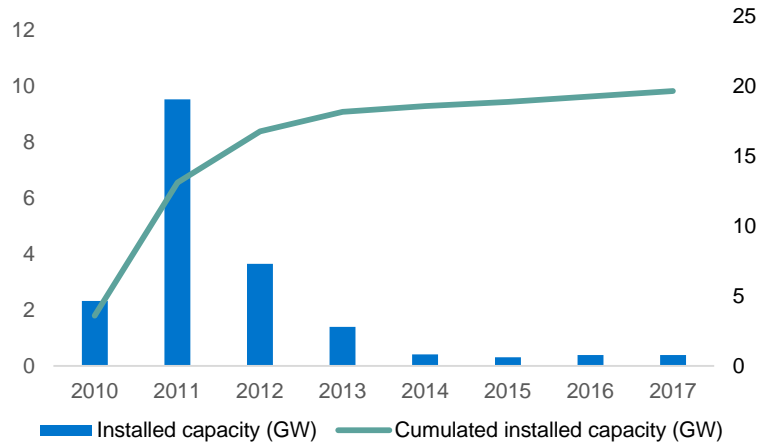
Source: National Energy Strategy

Comments

- Italian Solar power will grow to become the world's predominant source of energy by 2030
- According to Italy's 2017 National Energy Strategy (SEN), the weight of solar generated power within Italy's energy mix will increase from 8% to 24% by 2030. This will be needed to achieve SEN's 2030 target of reaching a renewable energy penetration of 61%
- To reach the above target 55 GW of new installed capacity will be required

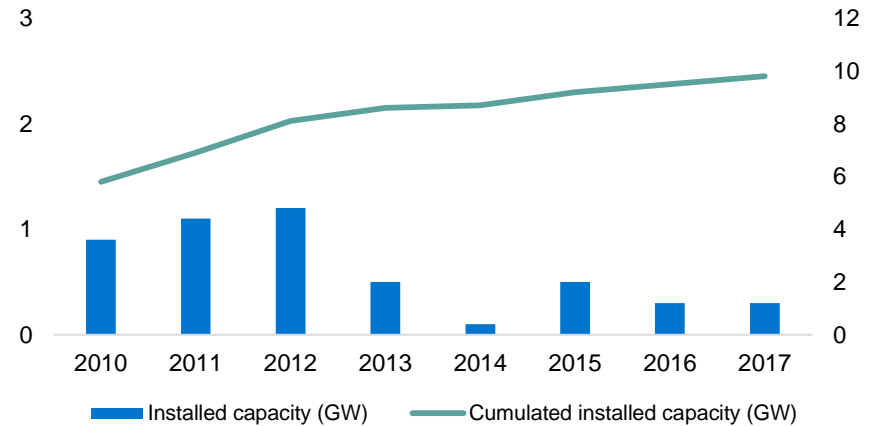
Italy - a unique consolidation opportunity

PV Italian Installed Capacity (GW)



Source: GSE, Terna

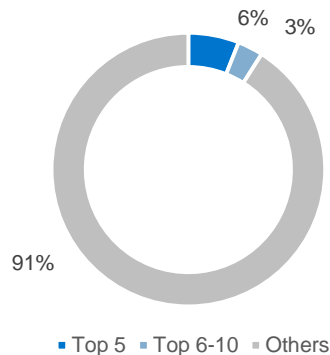
Wind Italian Installed Capacity (GW)



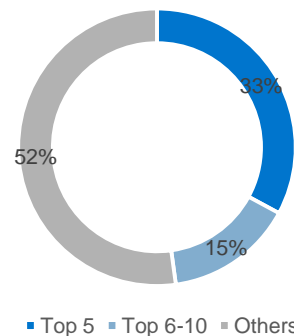
Source: GSE, Terna

Highly Fragmented Markets

PV Ownership Concentration



Wind Ownership Concentration



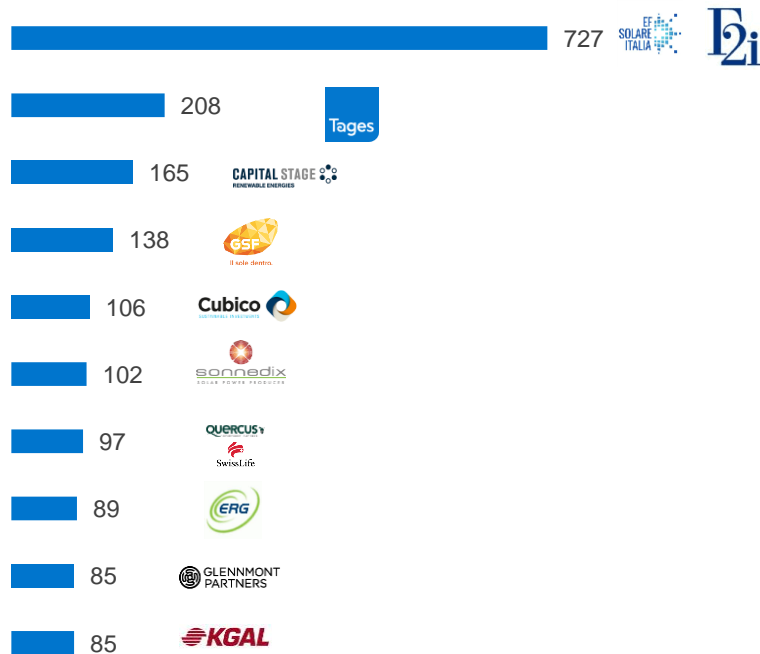
Source: Althesys, GSE

Comments

- Between 2010 and 2013 Italy's PV and wind market boomed driven by incentive schemes making it one of the largest worldwide with about 20 GW of installed capacity (2017)
- The extreme fragmentation of the market provides for a compelling opportunity for consolidation: significant value creation potential from scale, operational and financial improvements
- In the medium term, professional operators with meaningful scale will be ideally placed to drive the expected growth of the sector

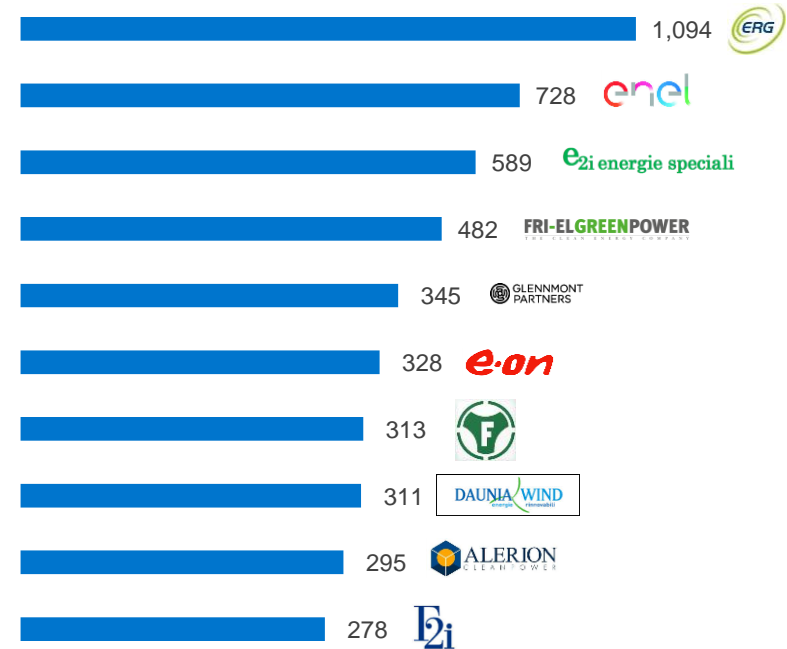
Italy's largest renewable operators

10 largest Italian PV players by Installed Capacity (MW)



Source: Tages SGR

10 largest Italian Wind players by Installed Capacity (MW)



Source: Tages SGR

Comments

- The most active operators in the consolidation of Italian solar and wind markets can be divided into three main categories:
 - Utilities and long term investors
 - Private equity funds
 - Infrastructure funds

APPENDIX – Tages SGR

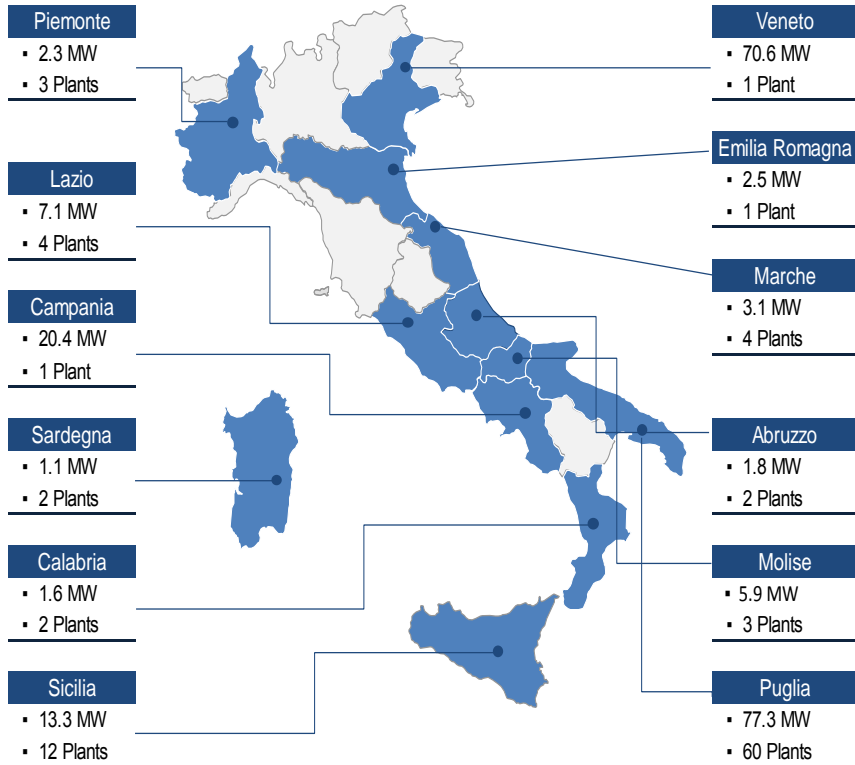
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Tages Helios II – Key features

Tages Helios II	<ul style="list-style-type: none">■ Italian closed-end real estate investment fund, reserved to qualified investors
Proposition and financial profile	<ul style="list-style-type: none">■ Invested in renewable assets already operating and located in Italy<ul style="list-style-type: none">• Main focus on PV• 25% can be invested in other technologies■ Distribution profile in line with Tages Helios: every six months all cash from operation (after debt servicing, costs of the Fund's management and any provisions) is distributed to investors■ Leverage in line with Tages Helios: maximum total assets to equity ratio equal to 4
Target Size	<ul style="list-style-type: none">■ ~ €400-500m■ First closing July 2018 ~ €120m
Maturity	<ul style="list-style-type: none">■ Term: in line with Helios I<ul style="list-style-type: none">• Approx. 15-18 years (in line with the duration of the incentive tariffs of the plants)
Investment Period	<ul style="list-style-type: none">■ Maximum: 48 months■ Target: 18 months from each closing
Return objectives	<ul style="list-style-type: none">■ Target IRR: 7-10% with operational and financial upside■ Minimum IRR for each investment 7%
Fees	<ul style="list-style-type: none">■ Fund's Rule is designed with various share classes with different level of fees. A Carried interest of 20% is applied over hurdle rate of 7%
Management commitments and carried interest	<ul style="list-style-type: none">■ Key managers commit 1% of the total capital raised (up to €3mn)

Second largest Italian operator

Geografic location



Comments

- 2nd largest Italian operator – (208 MW – 95 plants)
- Portfolio geographically well balanced
- Annual production of 290 GWh
- Feed-in tariffs account for 82% of the total revenues of the portfolio
- Portfolio '17 annual revenues of €99m and EBITDAR of €88m

Source: Tages SGR

Dedicated investment and asset management Teams



Tages SGR Investment Team

Board of Directors

P. Tarantelli S. Ascolani S. Cordaro U. Quadrino P. Galli A. Galante



**Board Member, Investment Team Director
Umberto Quadrino***

- Former CEO of Edison, Italy's 2nd largest utility from 2001 to 2011
- Managed Edison's >500MW Italian renewable portfolio development



**Board Member, CEO
Sergio Ascolani**

- Former Head of Italian Banking at Citi
- >30 years experience in investment banking and private equity



**Acquisition & Finance
Paolo Galli**

- Former Head of Italy, Netherlands and EEC M&A Team at Citi



**Project Development
& AM
Pietro Pacchione***

- Board Member of Elettricità Futura



COO

Francesca Maderi

- Head of Organisational Dept at Banca Leonardo



**Investment Director
Saverio Rodà**

- Former M&A Director at Sorgenia



**Investment Director
Giovanna Pozzi**

- Former Head of BD at RTR



**Risk Manager
Luca Barbieri**

- Former Head of Risk at Castello S.G.R.

* Key reference people

17 people, of which 6 dedicated analysts

Dedicated investment and asset management Teams



Delos Power

Board of Directors

N. de Sanctis

M. Pino

S. Pinamonte

R. Rivero

P. Pacchione



Chairman
Nicola de Sanctis

- Former Chairman of Acquadotto Pugliese
- Former Chairman of E.ON Italia as well as CEO of Iren and Edison Energie Speciali



CEO
Marco Pino

- Former Group COO of Tages
- Former Head of Operations at Gruppo Banca Leonardo



General Manager
Massimo Travella

- Former Group COO of Tages
- Former Head of Operations at Gruppo Banca Leonardo



CTO
Marco Gallerano

- Former Regional Manager. RTR



CFO
Paola Andreolli

- Former Planning and Control Director Edison



Head of Operations
Valeria Losacco

- Former Head of Projects ERG Renewables

18 people from technical, administrative, financial and legal departments

Stable financial profile

- Proven technology
- Low volatility and stable returns
- Limited operational risks
- Low regulatory risks. PV technology....

Compelling Investment Proposition

- Consolidation of Italian PV market has started:
- Strong pipeline of portfolios currently being sold
- Significant upside from financial and operational improvements

Unique investment platform

- 2nd largest Italian solar operator with a well balanced portfolio of 208MW
- Dedicated Investment and Asset Management Teams

Experienced Team

- Team with unique skills and expertise in renewable energy, lead by Umberto Quadrino, leading figure in the Italian energy space
- Complemented by OpCo Partner, leader in Italy in the sector
- Tages Helios proven *Track-record*

Efficient structure

- “Buy and hold” strategy
- Real estate fund an efficient structure

- On 5th of June 2018 Tages SGR became compliant with the Principles for Responsible Investment (PRI) requested by the PRI Association
- In order to comply with the PRI Association, Tages SGR has committed to act on the basis of the following principles:
 1. to incorporate Environmental, Social and Government (ESG) issues into investment analysis and decision-making processes
 2. to be active owners and incorporate ESG issues into ownership policies and practices
 3. to seek appropriate disclosure on ESG issues by the entities in which Tages SGR invest
 4. to promote acceptance and implementation of the Principles within the investment industry
 5. to work together to enhance the effectiveness in implementing the Principles
 6. to promote acceptance and implementation of the Principles within the investment industry
 7. to report on activities and progress towards implementing the Principles
- Every year Tages SGR will submit to PRI Association a report on results achieved on the application of the principles listed above. The report will be evaluated by the association
- Through this commitment Tages SGR wants to incorporate transparency and fairness into all the investment activities. To this end, Tages believes that an assessment of ESG issues is a crucial part of investment risk management

Signatory of:



APPENDIX – Tages Group

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2011

Founded in 2011 with offices in London, Milan and Rome

2011

- Hired key members from Credit Suisse multi manager hedge fund team
- Absorbed European hedge fund assets of UBI Group and Banca Esperia / Duemme Group

2013

- Acquired Credito Fondiario, a bank specialising in distressed credit and non-performing loans, with offices in Rome and Milan

2013

- Raised \$200m for Tages Emerging Opportunities, a vehicle dedicated to seeding and acceleration of emerging managers

2013

- Launched \$200m Tages Frontier Fund, a unique fund of Frontier market hedge funds
- Hedge fund assets reach \$2bn

2014

- Strategic partnership with La Francaise to provide hedge fund management for their French institutional client base

2015

- Established Renewable Energy investment business with the first fund focused on the solar infrastructure sector
- Tages becomes 3rd largest operator in Italian solar infrastructure sector

2016

- Launched first two single manager funds on Tages UCITS absolute return fund platform
- Launched Tages Alternative Risk Premia Fund

2017

- Total number of sub funds on UCITS absolute return fund platform reaches five
- Tages Helios, solar infrastructure fund, announce final closing with €253m

2018

\$55bn*
group assets

c.268 staff

*Asset under Management and under Servicing as of 31/08/2018

Alternative Strategies

- Innovative customised solutions to meet client needs
- Long-term client partnerships based on trust and alignment of interest
- Institutional approach providing maximum transparency, knowledge sharing and access to managers
- One of the leading European providers of seed and acceleration capital to emerging alternative fund managers
- Committed seed capital from strong partnerships with insurance & SWF clients

Renewable Energy

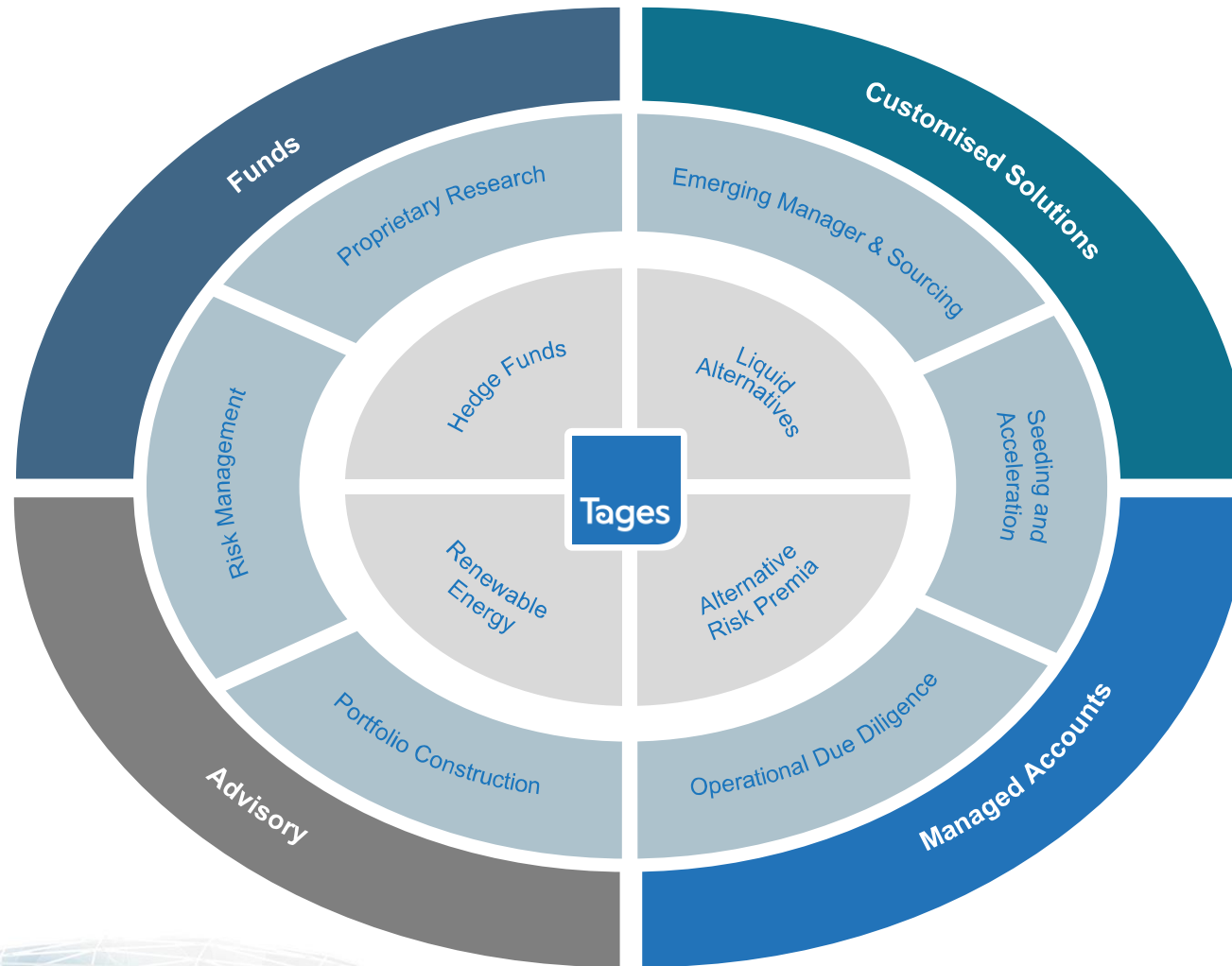
- Tages Helios: €253m fund focused on Italian solar power investment and second vintage launched in 2018 with a first closing of more than €120mn
- Leading owner, operator and asset manager in Italian renewal energy market

UCITS Absolute Return Funds

- A leader in UCITS liquid alternatives
- A core part of our institutional customised solutions
- Cost efficiency is a key focus
- Tages UCITS Platform: seed & launch new UCITS hedge funds for established hedge funds

Distressed Credit /NPLs

- Arranger, asset manager, structurer and master servicer of securitisation vehicles
- Proprietary investments with co-investors
- Special ancillary services
- Elliott Advisors: strategic partnership



Key differentiators

Focused Approach

- Alternative strategy specialist
- Innovative
- Independent

Stable, Experienced Management Team

- Significant collective and individual expertise
- Core of investment team previously managed \$24bn AUM at leading global asset manager

Performance

- Award winning performance in equity long/short & seeding
- Focus on risk-adjusted net returns
- Extensive experience in turning around & restructuring underperforming hedge fund portfolios

Sourcing and Risk Management

- Core talent is identifying and selecting best-in-class managers globally
- Deep manager research and operational due diligence
- Strong market and enterprise risk management

Strong Institutional Backing

- Leading insurance companies, SWFs, pension funds, family offices and private banks
- Institutional problem solving approach has driven significant innovation and differentiated products/solutions

Strategic Partnerships

- Tages Capital: Partnership with Groupe La Francaise (AUM \$83bn* leading French asset manager)
- Credito Fondiario: Minority equity stake held by Elliott Advisors (AUM \$28bn leading US investment firm)

*as of 30/06/2017

Alternative Strategies

ALTERNATIVE INVESTMENT FUNDS

- Bespoke Portfolios
- Dedicated Seeding Funds
- Multi-Strategy Funds
- Specialist Frontier / Emerging Market Funds
- Equity Focus Funds
- UCITS Alternative Funds
- Alternative Risk Premia

UCITS Absolute Return Funds

UCITS ALTERNATIVES

- Tages PSAM Credit Fund
(Global credit long/short)
- Anavon Global Equity Long/Short UCITS Fund
(Global equity long/short)
- Tages Cygnus Europa Event Driven UCITS Fund
(European event driven)
- Tages Rotella UCITS Fund
(Systematic managed futures)
- Tages Dalton GEM UCITS Fund
(Emerging markets long/short)
- Tages Paladin UCITS
(Tail risk fund)

Renewable Energy

SOLAR INFRASTRUCTURE INVESTMENT

- Tages Helios ¹
- Tages Helios II ²

Distressed Credit/NPLs

- Origination
- Securitisation
- Capital Market Structures
- Capital Servicing

¹Closed

² Launched in May 2018

Key executives and advisers

Panfilo Tarantelli	Sergio Ascolani	Umberto Quadrino	Francesco Trapani	Jamie Kermisch	Salvatore Cordaro	Lorenzo Bini Smaghi	Charlie Porter	Jean-Baptiste de Franssu
Founding Partner, Tages Group CEO	Founding Partner, Tages Group CEO, Tages Capital SGR	Partner, Tages Group Chairman, Head of Renewable Energy Team	Partner, Tages Group, Executive Deputy Chairman	Partner, CEO, Tages Capital LLP	Founding Partner, CIO, Tages Capital LLP	Independent Director, Senior Advisor, Tages Group	Senior Advisor, Tages Capital LLP	Senior Advisor, Tages Capital LLP
35 years industry experience, formerly with Citigroup and Schroders	30 years industry experience, formerly with Citigroup and Schroders	40 years relevant experience. Former CEO of Edison and EVP of Fiat	35 years relevant experience, formerly CEO of Bvlgari and Board member of LVMH Group	28 years industry experience with Fauchier Partners, Morgan Stanley and Credit Suisse	18 years industry experience, formerly with Credit Suisse, Generali and BSI	Chairman, Societe Generale and former Member of Executive Board, ECB	Former Founder & CEO, Thames River Capital and Nevsky Capital. Board Member, F&C plc & Traditional Funds plc	Former CEO, Invesco Europe and Chairman of EFAMA. Board Member, Groupe La Française, Banque De Groof Petercam

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