



**Foresight**  
group

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# FORESIGHT ITALIAN GREEN BOND FUND

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# Investment opportunity

## INFRASTRUCTURE INVESTMENTS

- In today's low yield environment, institutional investors are under increasing pressure to source alternative investment opportunities with compelling cash dividends.
- Infrastructure investments can offer a conservative risk/return profile, stable yields, low volatility and low correlation to broader equity and fixed income markets.

## GREEN BOND MARKET

- The green bond market is growing rapidly, with a \$37bn issuance in 2014, \$42bn issuance in 2015, \$93bn in 2016 and an estimated issuance of \$206bn in 2017\*.
- Such figures are in line with the global effort towards reduction of carbon emissions.
- Opportunity for further growth is substantial due to an increasingly diverse investor base, including dedicated "green" investors.

## GREEN INFRASTRUCTURE IN ITALY

- Italy's electricity production deficit increases average energy prices and creates a strong demand for energy efficiency and renewable sources, which is now being addressed by the national renewable energy action plan.

## DIRECT LENDING IN A DISLOCATED MARKET

- Italy is the largest consumer of energy in Southern Europe with high consumer prices.
- Small "green" projects are fragmented and have a long term nature, resulting in low appeal for commercial banks, hence reduced competition.
- Foresight has already identified a number of interesting, low risk projects in need of financing.
- Thanks to specialised lending expertise, issuance origination and active management of construction risk, our investments offer a compelling complexity / illiquidity premium.

\* Source: Bloomberg New Finance

# Foresight Experience

## RECOGNISED ASSET MANAGER

- More than 30 years of experience investing in private equity, infrastructure and renewables, with €3 billion of AUM.
- 222 employees with offices in Rome, Sydney, San Francisco, London, Nottingham and Manchester.
- The UK's market leading investor in renewables with significant experience in small cap private equity.
- Nine years of experience investing in green infrastructure.

## INFRASTRUCTURE EXPERIENCE

- A dedicated infrastructure investment team of 76, managing over 1GW of capacity.
- One of the largest investors in energy efficiency projects in the UK.
- The first asset manager in Europe to issue a UK inflation linked bond, the largest UK solar bond at the time of issue.
- Investor base is characterised by high quality institutions, including the European Investment Bank and the UK Government's Green Investment Bank.

## ESTABLISHED PRESENCE IN ITALY

- Nine years of experience investing in Italian green infrastructure assets.
- Originator of "ForVEI", an investment platform acquiring and managing Italian solar assets, which was sold in January 2018, securing an annual IRR of 15% over 7 years.



## Investment Strategy

The Fund, managed from the Rome office, focuses on direct lending to renewable energy plants and energy efficient projects in Italy through the use of Green-Bonds, which are:

- **DIRECTLY ORIGINATED** • **FULLY AMORTISING**
- **SENIOR SECURED** • **INVESTMENT GRADE**
- **75% FIXED; 25% FLOATING RATE**

Yields are expected to be in the region of 9% - 10%, resulting in 6% -8% annualised returns

### THE FUND IS EXPOSED TO:

- **Energy Efficient projects**
- **Solar PV projects**
- **Onshore Wind projects**



## Exit Strategy

### 1. INSTITUTIONAL PORTFOLIO SALE

Increased demand from institutional investors for high quality, long dated, reliable income streams

### 2. SECURITISATION

Securitisation volumes have recovered following the credit crisis and more non-plain vanilla securitisation are being sponsored

### 3. FUND IPO

Foresight has already successfully listed Foresight Solar Fund Limited, an inflation-linked vehicle releasing quarterly dividends

### 4. SECONDARY MARKET SALE

Gradual sale of the underlying positions through the Italian Stock Exchange

### DIRECT ORIENTATION

- All bonds will be **senior secured**, aiming to achieve **Investment Grade** rating
- **Fully amortising** thus reducing risk through time

### SOCIAL ASPECT

- Solely investing in projects generating **climate benefits**

### DIVERSIFICATION

- **Low correlation** to broader equity & fixed income markets
- Blend of fixed and floating rate decreases **sensitivity** to interest rate movements

### LOW RISK

- Infrastructure investments offer predictable and **stable cash yields**
- **No leverage** at fund level
- **Low volatility**
- Widely used technology with **low** construction/operating **risk**

## KEY FEATURES

### PERFORMANCE

- **Attractive returns** vs equivalent rating corporate credit and infrastructure debt portfolios
- Better tax treatment vs loan portfolio
- Biannual **cash distribution**

### REAL ASSETS

- The Fund will have a direct claim on the future **cash flows** of already **sourced** renewable energy projects

### OPPORTUNITIES

- Global effort against climate change and the Italian national energy strategy offer a **significant pipeline** of opportunities
- Extensive number of Italian companies in **need of financing** due to retreat of banks

## Summary of Terms

<b>Structure:</b>	Luxembourg SICAV
<b>Management Fee:</b>	1% of committed capital until the end of the investment period and 1% of NAV thereafter
<b>Performance Fee:</b>	12.5% over a 6% hurdle rate
<b>Yield Returns:</b>	Euribor + 350-600 bps resulting in a 6%-8% yield
<b>Minimum Subscription:</b>	€1m
<b>Target size:</b>	€200m
<b>Term:</b>	7 years (3 years investment period + 12 months)

INDEPENDENT FIRM  
FOUNDED IN  
**1984**  
**100%** PARTNER  
OWNED

**€3BN**  
of assets under  
management

Energy  
Infrastructure  
& Private Equity





**ABOUT  
FORESIGHT  
GROUP**



**222 STAFF**  
OPERATING OUT OF  
**9**  
OFFICES in   
**3 CONTINENTS**

 **over 125**  
**INSTITUTIONAL  
INVESTORS**  
(EIB, CEFC, UK, GIB),  
public & private pension  
funds, amongst others

 **AWARD WINNING TEAM OF**  
**76**   
**INFRASTRUCTURE PROFESSIONALS**

Foresight was named  
**INFRASTRUCTURE  
FINANCIER  
OF THE YEAR**



at the Green  
Innovation  
& Finance  
Awards 2017

Dedicated portfolio  
management team of **38**

**SPECIALIST  
ENGINEERS &  
ACCOUNTING  
PROFESSIONALS**



**focused solely on the  
management, operations  
and optimisation of assets**

**CURRENT PORTFOLIO**

**WILL GENERATE  
OVER 1.4GW  
OF CLEAN  
ENERGY**



**153**   
**ENERGY  
INFRASTRUCTURE  
INVESTMENTS**

Signatory of:

 **Principles for  
Responsible  
Investment**

**FORESIGHT GROUP**  
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