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Arpinge: 2015 closes with Euro 28m of new approved investments

Euro 28m of approved investments in December in renewable energy (hydroelectric and photovoltaic power) and energy efficiency. Arpinge expands its commitments in the energy industry and looks forward to developing new sectors in real estate and infrastructure fields.

Federico Merola, CEO of Arpinge, marked the FY 2015 closing with a retrospective of the work done during the year and marked out the broad outlines of the Company's activities for the coming year. In its second year of life, the Company has grown in all its operating areas, managing the investment projects it has entered into, negotiating and finalizing additional investment opportunities, expanding the number of potential deals under discussion, generating new operations, and consolidating its team and corporate structure.

We believe in energy efficiency both for large and for small and medium-sized enterprises, as a strategic choice for the country, explained Mr Merola. With this in mind, he continued, Arpinge designed and approved the **PREMI project, an investment line up to Euro 15m, for energy efficiency improvements of SMEs**. The project has been developed with the contribution of Sol Lucet Trading Srl, an energy consulting firm, which, along with Arpinge, drew up a possible pipeline of energy-hungry target companies, selected for their size and financial dependability. Gradually, the investment line has been extended to projects proposed by other technical partners such as Esco (energy service company), consultancy firms, law firms and professionals. The qualifying criteria for them, in order to work with Arpinge, are solid technical skills, a positive market reputation, and adequate financial resources. Furthermore, each project has to meet certain standards relating to profitability and the creditworthiness of the partner.

To pursuit Arpinge's programme of energy-efficiency investments, last December the Board of Directors also approved a **pilot project to improve energy efficiency of sports facilities** with a business model potentially replicated for similar infrastructures. In particular, Arpinge, with its technical partner Tep Energy Solution S.r.l. (TEP), is working on the related project financing proposal, required since the consumer client is a state-owned counterpart. Although the project has limited size - about Euro 2.5m - compared the average target size for Arpinge, its significance lies in the high profile of the project and the site, reflecting Arpinge's ambition in the area of energy efficiency.



In addition to energy efficiency projects, Arpinge confirmed its commitment in the area of power generation from renewable sources, in this case hydropower. Aware of the favourable risk-return profile that generally characterizes this sort of investment, the Board approved **the acquisition, for a price of around Euro 11m, of a portfolio of operating "mini-hydro" plants, owned by an industrial group in northern Italy.** The transaction will be finalized after due diligence has been carried out on all the plants.

With regard to corporate structure, it has been approved to **rationalize investments in the energy sector by concentrating them in a newly incorporated energy sub-holding called Arpinge Energy Efficiency & Renewables S.r.l (AEER)**, already owner of a 4.3 MW solar plant in Abruzzo Region. The pursuit the rationalization procedure, the Board approved the transfer from Arpinge to AEER of its shares in Ecosaving Srl, special purpose vehicle owner of the energy-efficiency Conad FREE project¹. The Board also approved **the establishment of a second sub-holding, Parkinge S.r.l, for parking infrastructures.**

The Board examined two preliminary projects to be launched in the first half of 2016: a hydroelectric plant to be built in Basilicata Region, and the purchase and renovation of a valuable property in Northern Italy (one of the first examples of Italian rationalist architecture), aiming to enhance the value of a cultural asset.

Federico Merola concluded with the observation that Arpinge's FY2015 close has reached a relevant projects' pipeline, from energy efficiency projects for big customers, the redevelopment of real estate properties and the extension of logistics hubs.

¹ A pilot project of Euro 33m for energy efficiency improvements and restructuring of 13 supermarkets in the Conad del Tirreno chain.