

Investments in Infrastructure

About Talanx

With premium income of EUR 41.1 billion in the financial year 2020 and over 23,000 employees worldwide, Talanx AG is one of the largest European insurance groups. The Hanover-based group is active in more than 150 countries. Talanx is listed on the Frankfurt Stock Exchange as well as the stock exchange in Hannover.

Investments

Ampega Asset Management GmbH, the asset manager of the Talanx Group, manages EUR 159.0 billion (Q4 2020) of investments. This is largely based on a **conservative investment strategy** in order to meet at all times guaranteed return obligations to insurance customers.

The **low interest rate environment** makes investments in **alternative investments** increasingly attractive for insurance companies. In addition to real estate and private equity, the Talanx Group relies in particular, on direct investments in the infrastructure sector.

Infrastructure Investments

Infrastructure Investments was founded as a specialised direct investment department in 2014. Since then, the team has been responsible for over **53 direct equity and debt financings** of infrastructure projects across **12 European countries**. These investments comprise: On-/offshore wind and solar farms, power grids, telecommunication, utilities, transportation projects, and Public-Private-Partnerships (PPPs).



To date, Talanx has invested over **EUR 3.7 billion in infrastructure projects**. In the **medium term**, the aim is to increase significantly both the **absolute volume** and the **percentage allocation** to the infrastructure asset class. In the mid term, Talanx is pursuing the goal of investing **EUR 5.0 billion in Infrastructure**.

The Talanx investment, **Gode Wind 1** in the German North Sea in 2015 was **the first green bond** to finance an offshore wind farm. Based on this successful experience, in 2017, Talanx again acted as lead manager for **a follow-up bond** for institutional investors and banks in the **Borkum Riffgrund 2** project. With the financing of a minority interest in the offshore wind farms **Hohe See & Albatros** in 2020, Talanx continued on this **successful path** and **for the third time** provided its expertise on the coordination of **a green bond for Germany's largest offshore wind farm**. All three investments are in compliance with independent "Green Bond" standards.

Portfolio – Examples of Projects

Development of renewable energy...

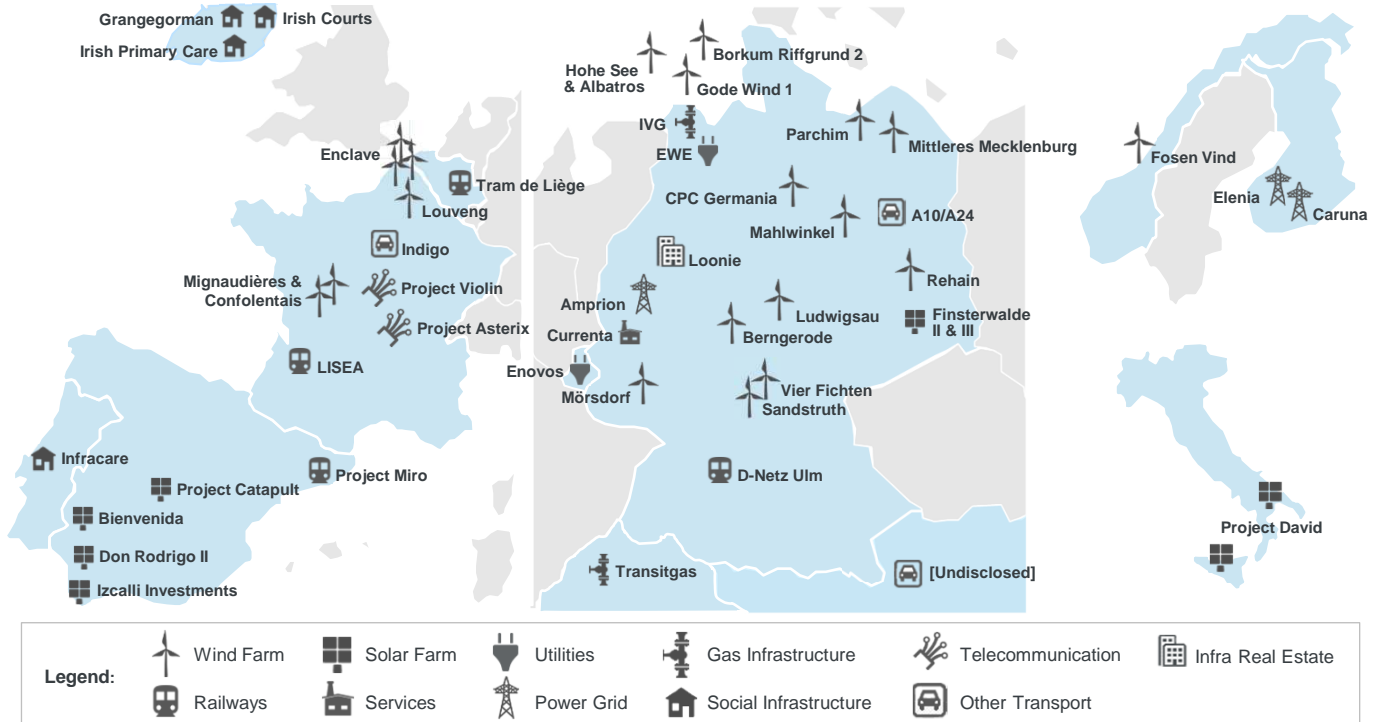
- Through its stake in German **transmission system operator Amprion**, Talanx contributes significant investments to European network infrastructure, enabling transformation to a renewable energy based electricity system.
- Talanx made decisive contributions to the reduction of greenhouse gas emissions, through significant equity and debt capital investments in complementary renewable energies in Germany and other European countries, including:
 - **Offshore Wind:** Lead Manager for **EUR 1.9 billion of Green Bond** projects with capacity of more than 1,400 MW;
 - **Onshore Wind:** Equity and Mezzanine **investments in 18 Onshore wind farms**, including portfolio optimization in 2019 by standardising O&M **for 112 turbines comprising over 300 MW**; and
 - **Solar:** Equity and debt investments in **6 solar transactions (PV & CSP) with ca. 460 MW** peak performance.

...and innovative transportation solutions

- Talanx supports the expansion of public mobility solutions such as road/motorway network improvements (e.g. **A10/A24**) and passenger rail projects:
 - urban public transport (**Tram de Liège**, Belgium);
 - regional transport (**Netze Ulm**, Germany) and
 - high-speed train lines (**LISEA** between Tours and Bordeaux, France).

Investments in Infrastructure

Portfolio – Overview Select Investments & Awards



Project Asterix:
„Europe Best
Fiber Deal 2020“



EWE: „Best
Power & Utilities
Acquisition 2020“



Tram de Liège:
„EMEA PPP Deal
of the Year 2019“



Grangegorman: „Best
Education and Higher
Education Project 2019“

Typical Investment Criteria

Background

- **Economic infrastructure** (Renewable Energy, Utilities, Telecommunications, Traffic) and **social infrastructure** (public buildings and facilities) address basic needs of the population. Demand for investment in key infrastructure is **largely independent of business cycles** and leads to **high visibility of stable future cashflows**.
- At the same time, the projects fit the **long-term investment horizon** of insurance companies.
- The carefully selected projects offer **attractive returns with acceptable risk profiles**. Investments meeting our clients' best interests, remain the clear objective at all times.

Investment Volume and Duration

Preferred ticket size per project:

- Debt: €50m – €250m
- Mezzanine: €30m – €70m
- Equity: €30m – €150m (+ leverage)

Typical investment horizon between **5 to 30 years**.

Selection Criteria

- Infrastructure investments take place primarily in the **euro area** and within a **regulated or contracted environment** (inter alia, through statutory feed-in tariffs, PPAs, concessions or public-private partnerships).
- The particular focus is on projects in the **transport, energy, digitalisation and social infrastructure sectors**.
- Talanx seeks to achieve a balanced ratio of **equity and debt investments**.

Return Prospects

For suitable infrastructure transactions, Talanx considers debt returns between 1.5% and 4.0% (depending on rating and tenor) and equity returns between 4.0% and 8.0% achievable.

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