

ILLIMITY ENTERS A STRUCTURED FINANCING AGREEMENT TO SUPPORT THE BUSINESS PLAN OF NED RETI DISTRIBUZIONE GAS S.R.L.

Milan, 18 March 2020. **illimity Bank S.p.A.** (“illimity” or the “Bank”), a bank with a high-tech business model listed on Borsa Italiana’s MTA exchange, is the new partner of **NED** reti distribuzione gas S.r.l., a company managing gas distribution networks that is based in the Milan hinterland and operates in the municipalities of Rho, Settimo Milanese, Garbagnate Milanese (which hold interests of 53.05%, 19.33% and 27.62% in the company respectively), Cornaredo and Bareggio.

Using an original and “tailored” approach, illimity’s SME Division, which is dedicated to supporting small and medium-sized businesses with potential, has structured a financing operation for the public utility company worth a total of 12.1 million euro. This operation, for which illimity is both Arranger and Underwriter, is mainly - for an amount of around 5 million euro - geared towards supporting an investment plan for the network managed by NED, with the remainder of the funds to be used to refinance existing debt in order to bring this more into line with the company’s financial commitments for its business plan and working capital requirements.

The operation stands out for its sustainability and for the original and customised manner in which it has been structured by illimity, in light of the needs and prospects of a regulated public utility company which on the one hand plans to make investments in the network and on the other to start preliminary work for the future tenders that will be called for the award of network management concessions under the new approach the regulator plans to take. More specifically, these tenders will see operators competing for the management of networks at a Minimum Territorial Area (ATEM) level, meaning supra-municipal aggregations of “optimal” size using criteria based on the efficiency and cost-effectiveness of the service.

The structured operation created for NED by illimity will additionally represent a reference model that is potentially repeatable for other medium-sized businesses in the sector that are preparing to compete in the regulated sphere for the award of concessions for managing public utility assets.

By way of this operation illimity’s SME Division confirms its ability to work in specific industries with a customised and highly selective approach which enables it to identify high-potential businesses. The detailed analysis it uses to select businesses is conducted by a team that adds its skills in credit to those of a technological and industrial nature. In this respect illimity uses latest-generation technologies ranging from data analytics to the credit machine to process a company’s data and information swiftly and effectively, and also to ensure increased efficacy in making decisions and taking action. An important contribution is further provided by Tutors, experts in specific business sectors who contribute added value during the stages of analysis, in-depth investigation and interaction with the client-business.

Taking this approach, over the last year illimity’s SME division has generated a total business volume of 674 million euro and taken part in 37 operations involving 268 analysed businesses (figures at 31 January 2020).

Enrico Fagioli, Head of illimity’s SME Division, stated: “*This operation stands out for the customised approach adopted which enabled us to identify the most effective solutions, starting from the needs*”

and prospects of a public utility company and as such a regulated entity. The result is an operation which I believe can act as a reference model that can be repeated for all small and medium-sized businesses in the energy sector with potential such as NED. We will therefore continue to work in this sphere and with the same approach, so that we can provide suitable support to the sector's SMEs, not only in the interest of the businesses involved but also that of the area in which they operate".

Giuseppe Pirola, Chairman of NED, commented as follows: *"illimity has shown itself capable of working alongside us with a full understanding of the complex dynamics of a regulated industry such as ours. Out of constructive dialogue an agreement arose capable of effectively and sustainably supporting our long-term investment plan and allowing us to look towards the future with considerable peace of mind".*

Mauro Orsini, General Manager of NED, stated *"NED is larger than the minimum size envisaged for ATEMs. The financing agreement entered with illimity can therefore act as a new reference model, repeatable on future occasions for managing gas distribution concessions in these cases, one which will also allow small and medium-sized businesses such as ours to assess the possibility of taking part in future ATEM tenders, maybe also by combining together for the purpose, and it is especially important because it enables these operators to increase their competitiveness and hence competition on the market".*

The operation saw EY acting as Debt Advisor and DLA Piper and Studio Legale Todarello & Partners as legal advisors to illimity and NED respectively.

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illimity Bank S.p.A.

illimity is the high-tech bank specialising in lending to SMEs and headed by Corrado Passera. illimity extends financing to high-potential businesses even if they still have a low credit rating or are unrated, including the non-performing (Unlikely-to-Pay) SME segment; it also purchases secured and unsecured distressed corporate loans and services these through its platform, neprix. Finally, it provides innovative direct digital banking services for retail and corporate customers through its direct digital bank, **illimitybank.com**. The story of illimity began in January 2018 with the launch of SPAXS S.p.A. - the first Italian entrepreneurial SPAC (special purpose acquisition company) set up to acquire and capitalise an entity operating in the banking industry - which raised 600 million euro. Just two months after its launch, SPAXS announced the acquisition of Banca Interprovinciale S.p.A., with the resulting business combination finalised in September 2018 after obtaining the approval of the shareholders of SPAXS in August 2018. The merger between SPAXS and the Bank gave rise to **illimity Bank S.p.A.**, which began trading on Borsa Italiana's MTA exchange on 5 March 2019 (ticker "ILTY").

NED

NED reti distribuzione gas S.r.l., a 100% publicly-owned company, was formed in 2002 as the consequence of a business decision taken by the municipalities of Rho, Settimo Milanese and Garbagnate Milanese (which hold interests of 53.05%, 19.33% and 27.62% in the company respectively) to respond to the requirement for the liberalisation of the gas sector introduced by Legislative Decree no. 164/00, better known as the Letta Decree. The company manages gas distribution networks in the area covered by the three municipalities and by the municipalities of Cornaredo and Bareggio (awarded following a public tender).