

PRESS RELEASE

**ALTERNATIVE ASSET MANAGEMENT (AAM)
PLATFORM EXPANDS TO COMBINED
AUM (*) OF OVER EUR 20 BILLION**

**MANAGEMENT MANDATE ACQUIRED FOR
ITALY'S LARGEST NON PERFORMING LOANS ("NPL") MANAGEMENT FUND**

**INTEREST ACQUIRED IN QUAESTIO HOLDING
AND AAM PLATFORM EXPANDED TO INCLUDE
INVESTMENT SOLUTIONS RESERVED FOR INSTITUTIONAL INVESTORS**

Milan, 31 July 2019 – In keeping with the development strategy for its Alternative Asset Management Platform, today DeA Capital S.p.A. signed a series of **agreements with Quaestio Group and its main shareholders**, in particular Fondazione Cassa di Risparmio delle Province Lombarde ("Cariplo Foundation") and Professor Alessandro Penati (the Chairman of Quaestio Holding and Quaestio SGR). The agreements in question include:

- the acquisition by the DeA Capital Group of the **NPL Management business unit of Quaestio SGR**, currently responsible for managing Atlante Fund and Italian Recovery Fund;
- the **acquisition by DeA Capital S.p.A. of an equity interest in Quaestio Holding**, the parent company of the group of the same name, alongside the company's existing shareholders (with a relative majority stake of up to 44%).

The Quaestio Group operates the following lines of business:

- **Asset Management** and **NPL Management**, through Quaestio SGR, a wholly-owned subsidiary of Quaestio Holding;
- **NPL Servicing**, through Quaestio Cerved Credit Management, a joint venture 50.1% owned by Quaestio Holding and 49.9% by Cerved Group.

Quaestio SGR is **among the main players in Italy specialising in investment solutions for institutional customers, with assets under management of approximately EUR 10 billion**; during the year to 31 December 2018, the management company earned management fees of EUR 36.9 million, of which approximately EUR 7 million on its NPL Management business, and a net profit of EUR 2.9 million.

(*) "Combined AUM" refers to the assets under management of the management companies in which DeA Capital S.p.A. holds a direct or indirect absolute or relative majority interest.

The current shareholders of Quaestio Holding, on a fully-diluted basis (pro forma, considering the outstanding warrants), are as follows:

- **Cariplò Foundation with a 41.2% interest;**
- **Professor Alessandro Penati and the management team with a total interest of 27.8%;**
- **Other institutional investors** – Cassa Italiana di Previdenza ed Assistenza dei Geometri Liberi Professionisti, Fondazione Cassa di Risparmio di Forlì and Direzione Generale Opere Don Bosco – **with a total interest of 31.0%.**

DeA Capital S.p.A. is pursuing the above transactions as part of its **strategy for expanding its AAM Platform**, which is currently focused on managing closed-end funds reserved for institutional investors and has allowed the DeA Capital Group to become the number-one independent player in the alternative asset management industry in Italy. Combining the DeA Capital Group's current assets under management of approximately EUR 11.9 billion (according to its most recent approved situation) with those of the Quaestio Group would yield **Combined AUM of over EUR 20 billion.**

From the **perspective of the Quaestio Group**, these transactions serve two purposes:

- refocusing the business on the traditional asset management segment, with prospects of exiting the NPL business;
- reorganising the ownership and governance structure to include a major player such as DeA Capital S.p.A., capable of contributing to strengthening the Quaestio Group and supporting it in a new phase of its growth.

1. Acquisition of the NPL Management business of Quaestio SGR

Under the agreements, DeA Capital Alternative Funds SGR, a wholly-owned subsidiary of DeA Capital S.p.A., is to acquire the NPL Management business unit controlled by Quaestio SGR.

DeA Capital Alternative Funds SGR is currently already active in the non-performing loans sector, representing the largest Italian multi-bank platform in the *Unlikely To Pay* ("UTP") segment, through its Corporate Credit Recovery ("CCR") I and II funds, launched in the last few years.

The business unit that will be transferred consists essentially of the management mandates for the Atlante Fund and Italian Recovery Fund (as well as Italian Recovery Fund II, in the launch phase), with total AUM of approximately EUR 2.5 billion, in addition to the team and contracts associated with these management mandates.

Through the acquisition of the above mentioned business unit **DeA Capital Alternative Funds SGR**:

- extends its business into the small-ticket NPL/UTP sector, complementary to its *CCR I* and *II* funds, that have already enabled, not only the recovery of the exposure towards banks, but

the relaunch of companies going through financial and industrial crisis, allowing a positive impact on safeguarding employment levels;

- acquires an Investment and Work-out Team with a solid track record in managing large portfolios, such as those underlying the positions held by the Italian Recovery Fund, with a total Gross Book Value of approximately EUR 30 billion, in addition to significant fund-structuring and pricing expertise for NPL/UTP portfolios;
- expands its potential investor base to include a series of major institutional players, including Cariplio Foundation and the shareholder-investors of the Atlante Fund and Italian Recovery Fund.

The consideration for the transaction has been set at **EUR 12.2 million** on the basis of the financial situation of reference at 30 June 2019.

The conditions for completion of the acquisition include authorisation from the Bank of Italy and approval by the shareholders' meeting of the Atlante Fund and Italian Recovery Fund of the appointment of DeA Capital Alternative Funds SGR as the funds' new manager.

2. Acquisition of the relative majority interest in Quaestio Holding

The agreements call for DeA Capital S.p.A. to acquire a relative majority interest of between 35% and 44% in Quaestio Holding, of which Quaestio SGR is a wholly-owned subsidiary.

Quaestio SGR is an asset management company that manages primarily reserved funds through a multi-asset/multi-manager platform that allows custom investment solutions to be structured for institutional investors (mainly banking foundations and pension funds). In further detail, this platform, which is primarily based on management mandates ("pools"), allows investors' assets to be allocated on the basis of specific risk and return objectives, with full visibility on a look-through basis and risk management applied to the individual components of the portfolio, in addition to considerable administrative, accounting and tax simplification.

The transaction allows DeA Capital S.p.A. to expand its operations to a very interesting segment of the asset management industry: **investment solutions** and **management mandates**, which represent a privileged channel for raising capital from institutional investors, above all considering the gradually increasing interest shown by such investors in flexible, diversified forms of investment in various asset classes.

The industrial partnership between the two Groups – DeA Capital and Quaestio – also includes a **common go-to-market strategy**, according to which DeA Capital S.p.A. will not develop its own range of liquid products, but will instead offer those of Quaestio SGR, whereas the latter will not develop its own new range of illiquid products, but will instead offer those of the DeA Capital Group. Within this framework, Cariplio Foundation has committed not to acquire equity interests of more than 2% in listed companies and of 5% in unlisted companies engaging in similar businesses in direct competition with those currently managed by the DeA Capital Group and Quaestio SGR.

This phase of the **investment by DeA Capital S.p.A. in Quaestio Holding** has been structured as the purchase of all shares held by Professor Alessandro Penati and several minority interests. In view

of the pre-emption rights mechanisms and tag-along rights held by the shareholders of Quaestio Holding, the percent interest that DeA Capital S.p.A. may acquire in Quaestio Holding is subject to change. However, **no shareholder of Quaestio Holding will have control of the company** and the closing of the acquisition of the investment is subject to the following conditions:

- DeA Capital S.p.A. will acquire an **equity interest of between 35% and 44% in Quaestio Holding**;
- **Cariplo Foundation will retain an equity interest of at least 24% in Quaestio Holding.**

The consideration for the transaction has been based on the **valuation of 100% of Quaestio Holding** as follows:

- valuation of the Asset Management business of EUR 30 million;
- valuation of the NPL Management business equal to the consideration for the transaction set out above of EUR 12.2 million;
- valuation of the NPL Servicing business – the joint venture Quaestio Cerved Credit Management – on the basis of the actual sale value, where the sale is closed by 31 July 2024, or on the basis of a value to be agreed between the parties if the sale is not closed;
- net financial position to be determined on the basis of the balance sheet situation of reference at 30 June 2019.

If the agreements are successfully implemented, and the transaction in question thus takes place, a **new shareholders' agreement** with a term of five years is to be entered into **between the shareholders of Quaestio Holding**, establishing a new corporate governance structure for the Quaestio Group. The salient points of this new structure are:

- appointment of directors of Quaestio Holding and Quaestio SGR in proportion to the equity interests held, on the basis of a list-based voting mechanism for both companies, involving the appointment of a Chairman selected by Cariplo Foundation and the appointment of the Chief Executive Officer by DeA Capital S.p.A.;
- quora for board and shareholders' meeting based on enhanced majorities in certain circumstances, with veto rights for directors selected by DeA Capital S.p.A. or directly by the company itself at the shareholders' meeting;
- pre-emption rights and tag-along rights on transfers of shares.

In addition to the above, **the new shareholders' agreement provides that in the event of the subsequent acquisition by DeA Capital S.p.A. of an absolute majority interest in Quaestio Holding, the other shareholders of the latter company are entitled to sell their equity interests to DeA Capital S.p.A.**; it should be noted that in this case DeA Capital S.p.A. will be entitled to settle the consideration for the purchase using own treasury shares, on the basis of their fair market value at the time of the transaction.

Finally, it also bears remarking that the completion of the acquisition in question is subject to approval by the Bank of Italy and authorisation from Italy's Competition and Market Authority.

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The **financial outlays for the transactions indicated above by DeA Capital S.p.A.** at closing may include:

- a maximum cash-out for the acquisition of the NPL Management business of Quaestio SGR of EUR 12.2 million (without adjustment);
- a maximum cash-out for the acquisition of the relative majority interest in Quaestio Holding of approximately EUR 13.2 million (assuming the acquisition of the maximum 44% interest with subsequent positive/negative adjustment to NFP).

The aforementioned cash outlays do not include the estimated cash outlay associated with the NPL Servicing business, valued as indicated above.

The consideration in question is to be paid by DeA Capital S.p.A. using its own funds only, without recourse to bank financing or other third-party resources.

The two above transactions, which are in any event separate from one another, are expected to be completed by the first months of 2020.

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Paolo Ceretti, Chief Executive Officer of DeA Capital S.p.A., commented: "With the agreements signed today, we are laying the foundations for another very important step in developing our Alternative Asset Management Platform.

With the acquisition of the Non Performing Loans (NPL) business of Quaestio SGR we intend to consolidate our strategic positioning in a section of "alternative investment" that is extremely relevant and of great interest to us and our investors.

Moreover, with the acquisition of a relative majority interest in Quaestio Holding and the related strategic partnership, we will supplement our current operations with investment solutions and capital allocation strategies with greater added value; our goal is to offer our customers a broad, integrated management of the asset allocation targets, aligned with the best and most current practices on the market in terms of completeness of investment classes (liquid, illiquid and alternatives), diversification and risk management.

Finally, we are very honoured to have the opportunity to contribute to a further development stage for the Quaestio group, supporting the legacy shareholders and in particular the Cariplio Foundation."

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DeA Capital (www.deacapital.com). DeA Capital S.p.A., a De Agostini Group company, is one of Italy's largest alternative investment companies. The Company, which operates in both Alternative Asset Management and Private Equity Investment, had about EUR 11,900 million assets under management at 31 March 2019 and is listed in the STAR segment of the MTA market of the Milan Stock Exchange.