

AllianzGI Renewable Energy Infrastructure Fund III (AREF III)

NABTU Capital Strategies Meeting

June 24, 2019

Dr. Armin Sandhoevel
CIO, Infrastructure Equity

Jon Berusch
Director, Institutional Client Team

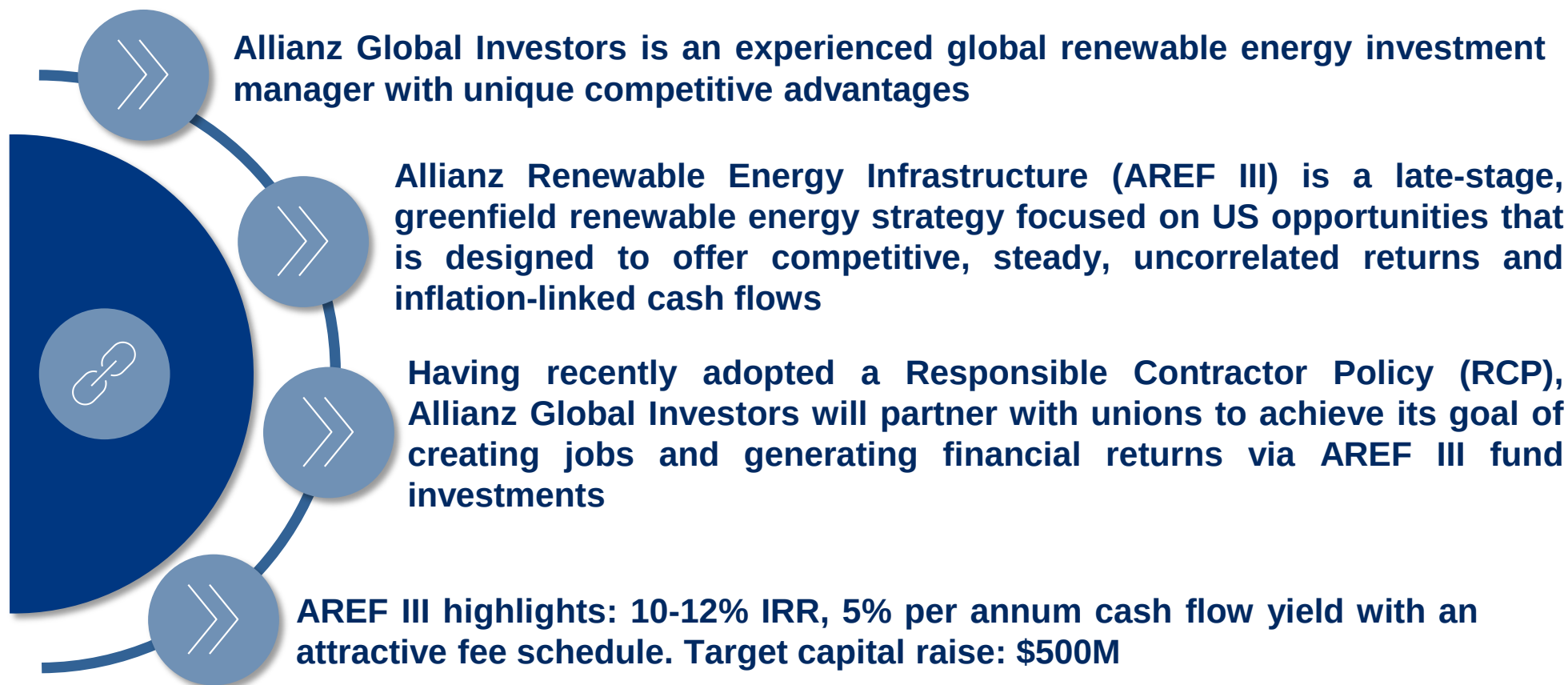


Value. Shared.

877633. Infrastructure equity investments are highly illiquid and designed for professional investors pursuing a long-term investment strategy only.

Allianz 
Global Investors

Key takeaways



Source: Allianz Global Investors. *Target annualized returns over the life of the fund (expected to be 10 years) includes both dividends/income generated by acquired companies and target capital appreciation of the Fund's assets at exit; prior to taxation at investor level. In determining the Fund's targeted return objectives, the following were assumptions considered, among other things, (i) target revenue related assumptions, (ii) cost related assumptions, (iii) tax related assumptions, (iv) macro related assumptions, and (v) miscellaneous considerations including but not limited to the availability of attractive investment opportunities, ability to source and acquire attractive priced assets, availability of tax equity partners, tax equity participation terms, availability of offtakers and demand of counterparties at project exit. The foregoing considerations are provided for illustrative purposes only and should not be construed as guidelines, commitments or requirements for the investment activities of the Fund. See the Memorandum for more information. Targeted performance is not necessarily indicative of future results. An investment in the Fund entails a high degree of risk and no assurance can be given that targeted returns will be met or that the Fund will be able to implement its investment strategy or achieve its investment objectives.

Please see important information concerning target returns at the end of the presentation.

One of the world's largest financial organizations

Committed to ecological and social responsibility



Data as of March 31, 2019. A rating is not an indicator for future development and subject to change.

1. P&I/Towers Watson World 500: World's largest money managers. Pensions & Investments, ranking published October 29, 2018.

2. Life & health ranking based on operating profit. Source: May 2019 Allianz Analyst Presentation.

Sustainability Leadership and inclusion in the DJSI are based on the research of and an evaluation of questionnaires submitted to RobecoSAM.

Our US investment capabilities: Key personnel based in New York

CIO, Infrastructure Equity (US and Europe)



Dr. Armin Sandhoevel
CIO
US A.C.

- 26 years experience in energy related infrastructure management & investments
- Responsible for USD 1.7bn AuM in onshore wind and solar PV
- Founder and former CEO of Allianz Climate Solutions

US Transaction Management



Catherine Helleux
Director

- 15 years experience in the infrastructure sector with a focus on debt financing
- Executed deals worth \$45bn across the Americas (equity & debt)
- Previous roles in investment advisory and consulting



Daniel de Boer
Director

- 12 years experience in corporate Finance and renewable energy investment
- Completed 1.9 GW of solar acquisitions across the US.
- Previous roles with Blackstone's renewable platform and the D.E. Shaw buyout Team



Andreas Ruehl
VP

- 8 years experience in renewable energy investments
- Led and executed transactions amounting to 350 MW in onshore wind and solar PV in Europe
- US Transaction manager since 2018



Wayne Wong
AVP

- 5 years experience in renewable energies financing with a focus on tax-equity structures
- Executed deals worth \$2.3bn in energy infrastructure across the Americas

US Acquisition Committee (select)



Roderick Macdonald
Director
US A.C.

- 13 years experience in renewable energy investments, 20 years in Finance
- Executed 20 deals amounting to 400 MW in onshore wind and solar PV across Europe
- Holds a seat in the US Acquisition Committee

US Asset Management



Sebastian Nolte
AVP

- 11 years experience in renewable energies & utilities
- Managing ~ 200 MW of onshore wind / solar PV assets
- Further experience in M&A, PPA, project development

US Legal Experts



Chris Costello
Head of
Alternatives

- 20 Years experience in the investment and legal industry
- Focus on legal and regulatory matters in alternatives
- Previous roles with Deutsche Bank and General Electric



Danielle Hunt
Senior
Counsel

- 11 years experience in legal matters of project/acquisition financing in the US & Latam for financial investors, private equity & institutional financial sponsors. Responsible for legal coverage of IEQ
- Previously a senior associate at Milbank LLP



Todd Menszak
Senior
Counsel

- 8 years experience in advising on private fund formation, structuring, fundraising & advisory matters of sponsors or private equity / hedge funds
- Responsible for all AREF III fund related legal matters
- Previously an associate at Simpson Thacher & Bartlett LLP

Investment experts in the US are backed by our highly experienced support team

AllianzGI has deep infrastructure investing experience, anchored in our fast-growing alternatives platform



Equities

Fixed Income

Alternatives

Multi Asset

*AuM \$30bn Global Infrastructure**

*AuM \$6bn Global Renewables**



AllianzGI Infrastructure Debt Core



**ACP
Infrastructure
Equity**



**ACP
Renewables**



**AllianzGI
Infrastructure
Equity**

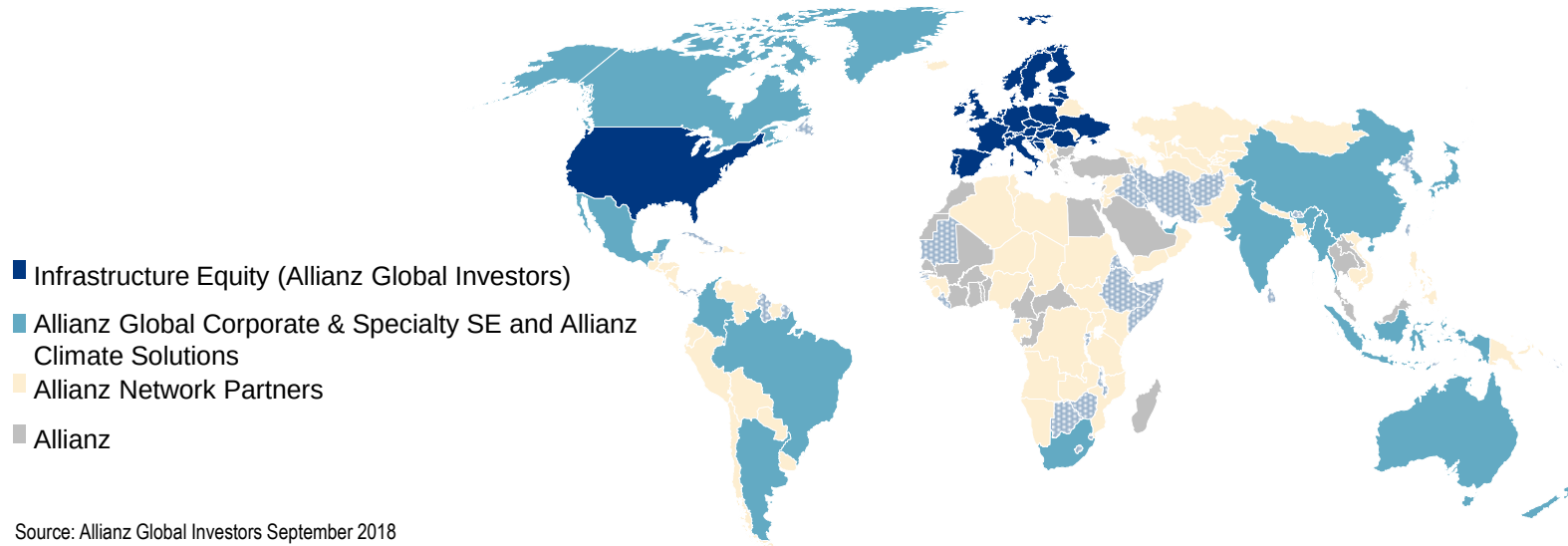
AllianzGI leverages a global network of financial, technical and insurance expertise related to renewable energy

Allianz Global Corporate & Specialty (AGCS)

- Covering more than **200** countries and territories worldwide
- **100+** underwriters
- **60+** Risk engineers;
Network access to Allianz Risk Consulting (300+ engineers worldwide)
- **650** Global claims experts

Allianz Climate Solutions (ACS)

- **10 years** of renewable energy finance, risk assessment and insurance along the entire project life cycle
- **1000 projects** assessed for internal and external customers (mainly PV and onshore wind)
- **EUR 10bn** of asset investment volume
- **3.7 GW** renewable energy capacity insured



US Greenfield Renewable Energy Investing



Strategy at a glance

Target Return

- Net Internal Rate of Return of 10% – 12% over the life of the Fund, including 5%+ robust cash yield after the investment period*

Target Assets

- 10-15 renewable energy projects in the United States (70% +) and Mexico /Peru/Chile/Canada
- Assets pre-construction, in second half of development
- Onshore wind and Solar PV mainly + other types
- ESG compliant

Competitive Advantages

- Access to Allianz's resources and insurance
- Wide-net sourcing
- Expert disciplined process tailored to renewable energy assets
- Strong focus on operational and financial management

Target Risk Profile

- Developers and co-investors deal-by-deal partnership
- Top tier suppliers, proven technologies
- USD only, no FX risk
- Revenues anchored in long term agreements with reliable counterparties balances contractual fixed cash flows and merchant upside

Life Cycle

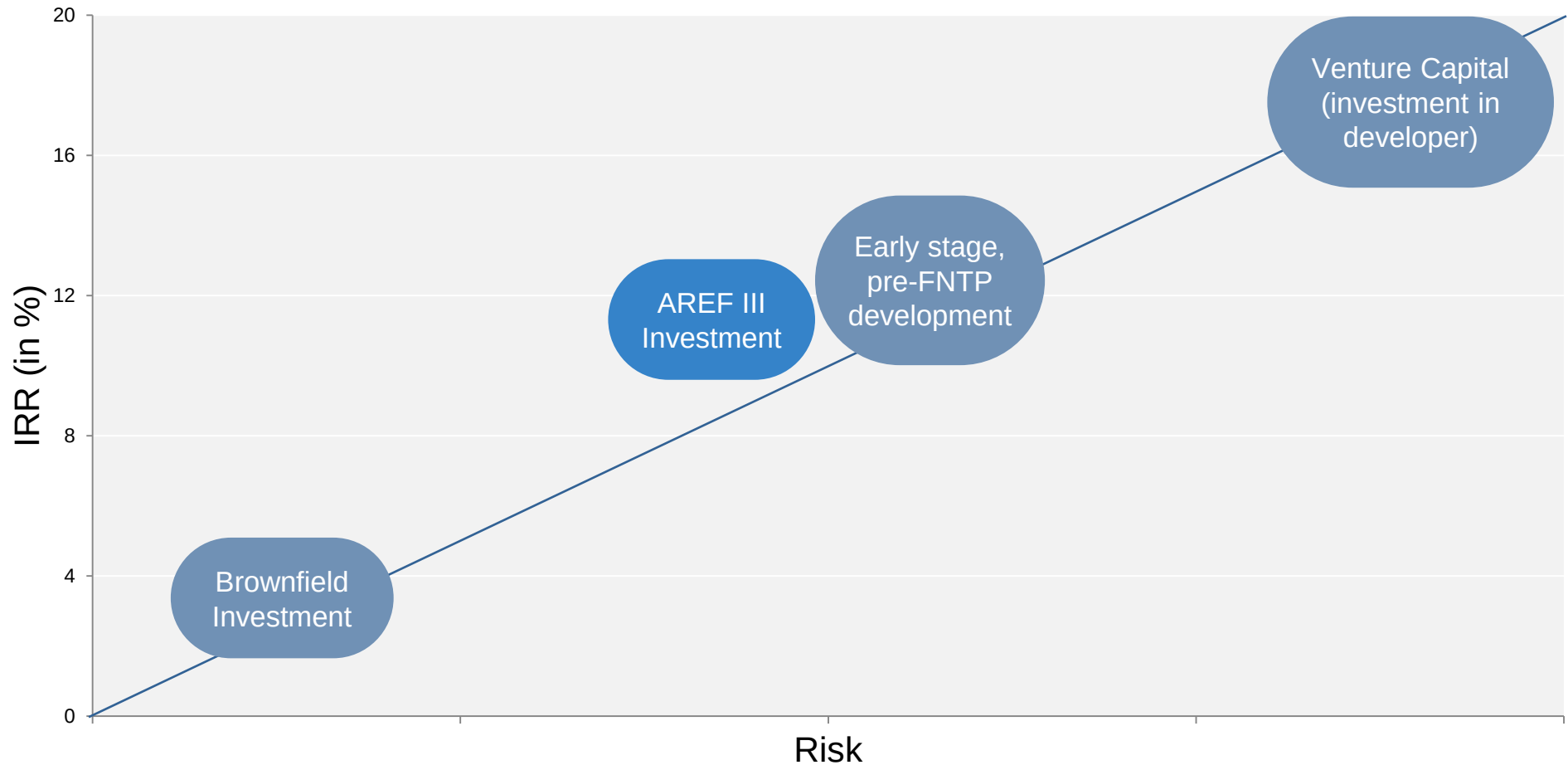
- Buy and sell 10-year strategy :
 - 4 years investment period
 - 6 years operating period
 - Exit year 10
- Multi-angle value optimization strategy:
 - Wide sourcing net and efficient due diligence
 - Optimized CAPEX, OPEX
 - Optimized exit value

Source: Allianz Global Investors

*Target annualized returns over the life of the fund (expected to be 10 years) includes both dividends/income generated by acquired companies and target capital appreciation of the Fund's assets at exit; prior to taxation at investor level. In determining the Fund's targeted return objectives, the following were assumptions considered, among other things, (i) target revenue related assumptions, (ii) cost related assumptions, (iii) tax related assumptions, (iv) macro related assumptions, and (v) miscellaneous considerations including but not limited to the availability of attractive investment opportunities, ability to source and acquire attractive priced assets, availability of tax equity partners, tax equity participation terms, availability of offtakers and demand of counterparties at project exit. The foregoing considerations are provided for illustrative purposes only and should not be construed as guidelines, commitments or requirements for the investment activities of the Fund. See the Memorandum for more information. Targeted performance is not necessarily indicative of future results. An investment in the Fund entails a high degree of risk and no assurance can be given that targeted returns will be met or that the Fund will be able to implement its investment strategy or achieve its investment objectives.

Please see important information concerning target returns at the end of the presentation.

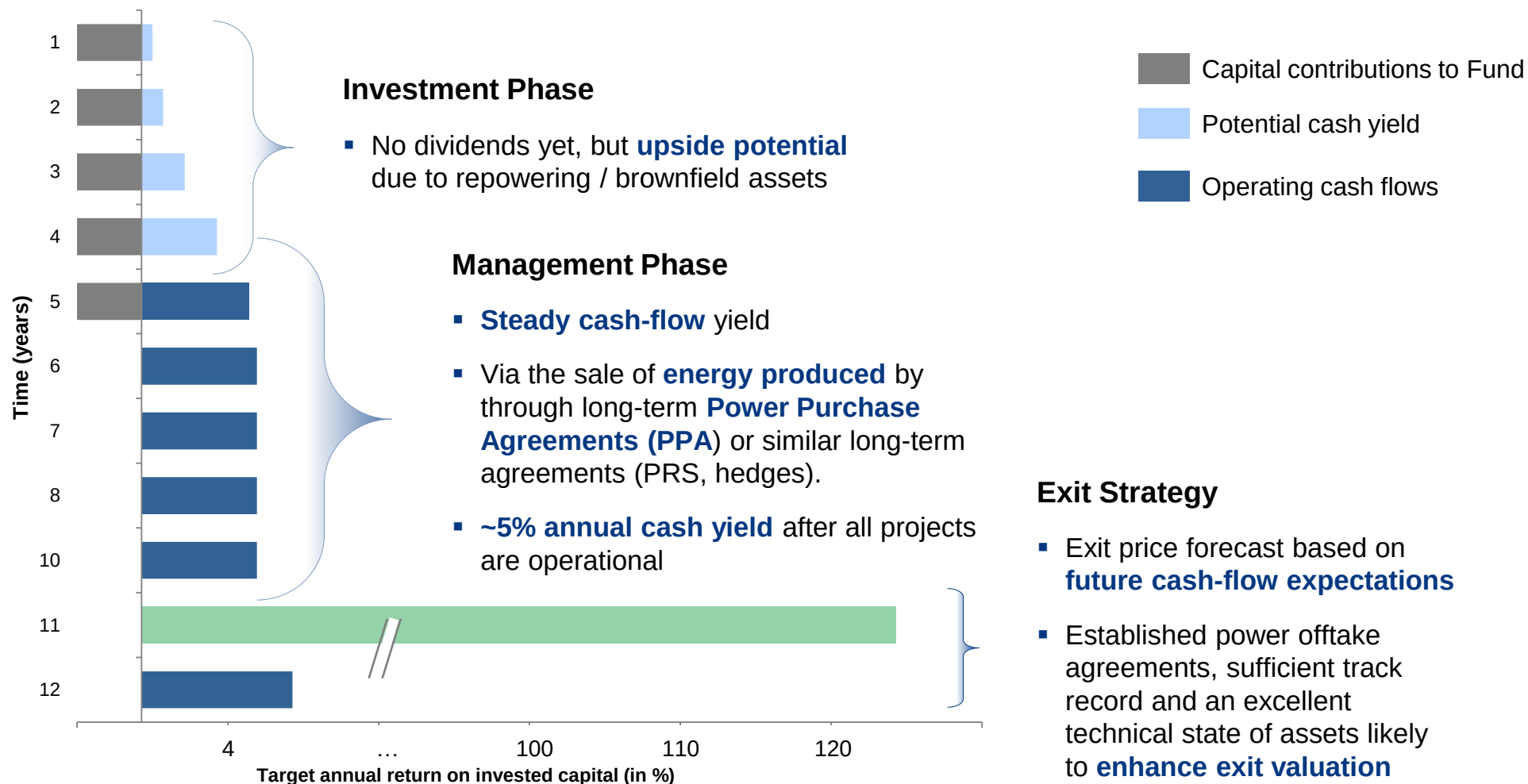
AREF III optimizes risk-adjusted returns by focusing on renewable energy greenfield projects



Source: Allianz Global Investors

The risk/reward profile is provided for illustrative purposes only and is not intended to show a certain rate of return or even imply that an investor should expect a positive return. There is no guarantee that profiles will be achieved. See additional disclosure at the end of this document.

AREF III: Life of the fund



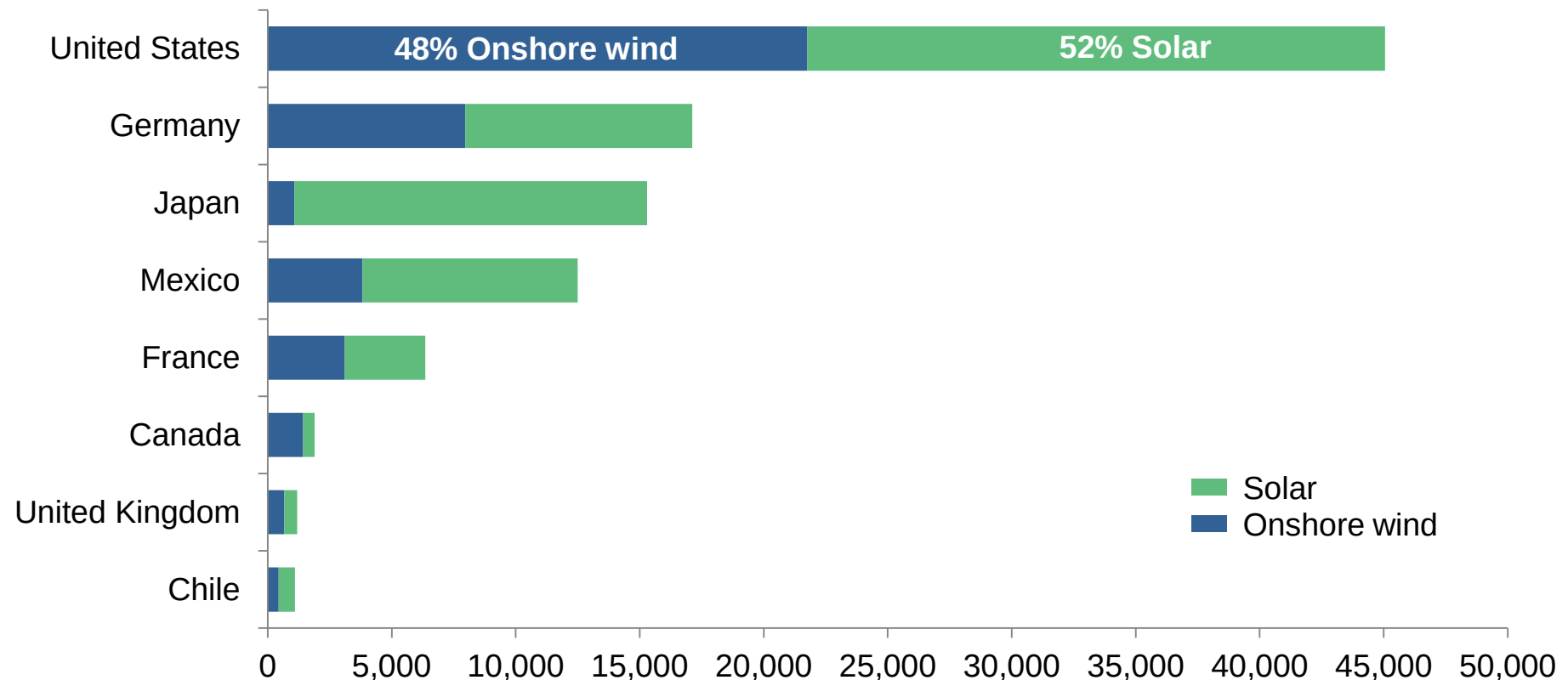
Source: Allianz Global Investors

Targeted performance is not necessarily indicative of future results. An investment in the Fund entails a high degree of risk and no assurance can be given that targeted returns will be met or that the Fund will be able to implement its investment strategy or achieve its investment objectives. **Please see important information concerning target returns at the back of the presentation.**

The US is expected to lead OECD countries in renewable energy investment and installed capacity

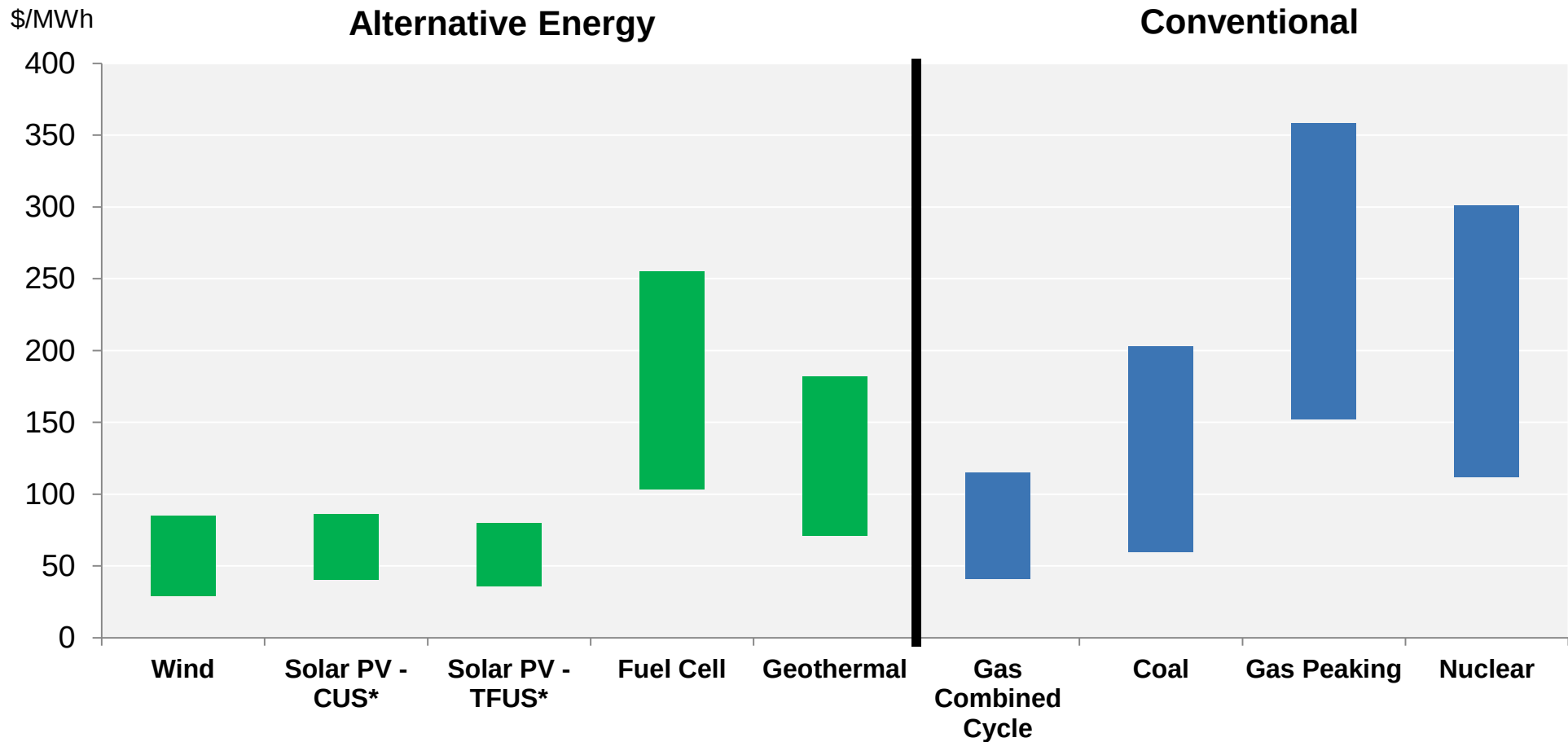
The expected capacity addition could lead to a shortfall in finance equity, creating investment opportunities for AREF III

New installed generation capacity of wind onshore and utility solar 2018–2020 (MW)



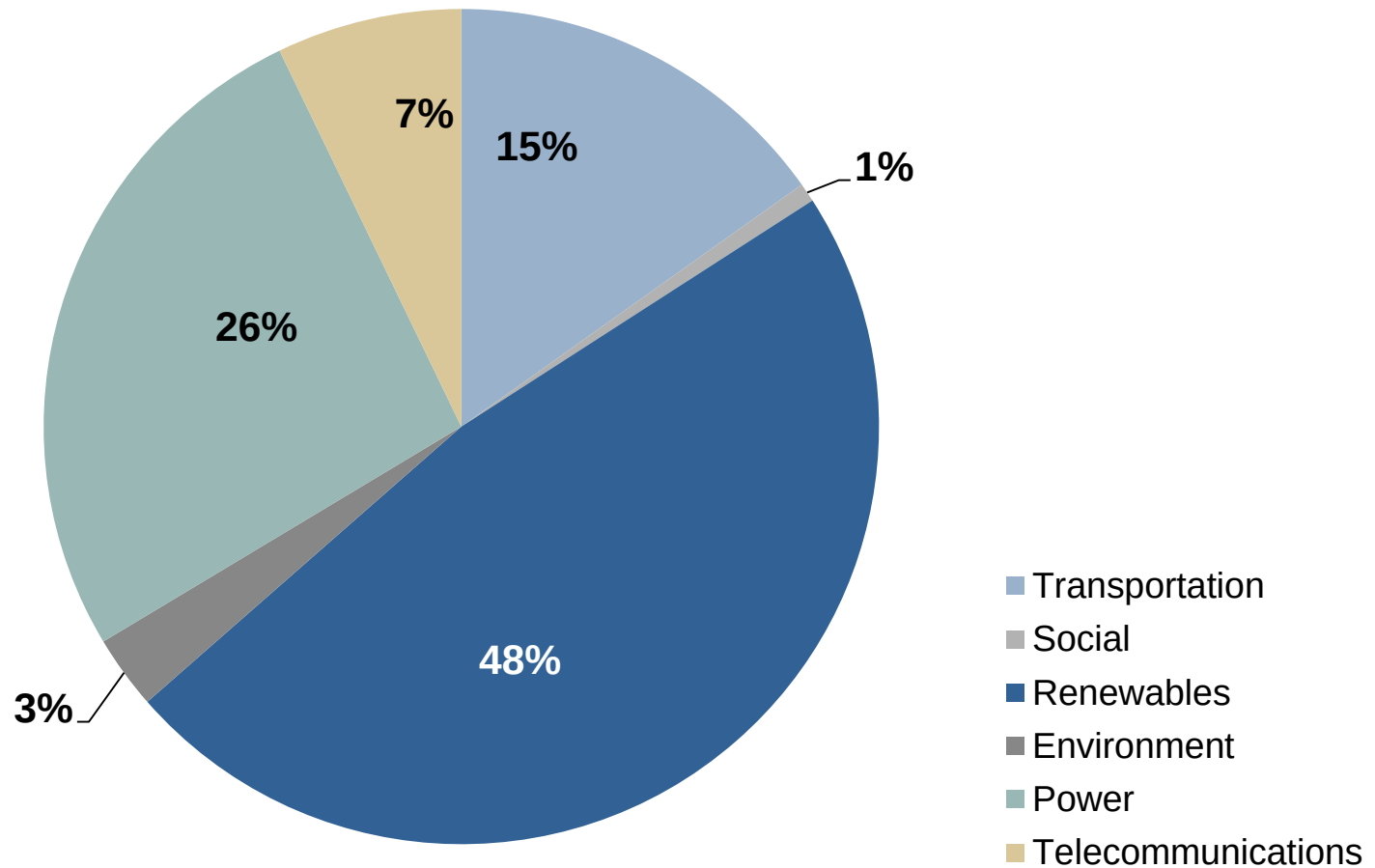
Renewables' economic advantage

Unsubsidized wind and solar is now cost-competitive



Increased US renewable energy deal flow

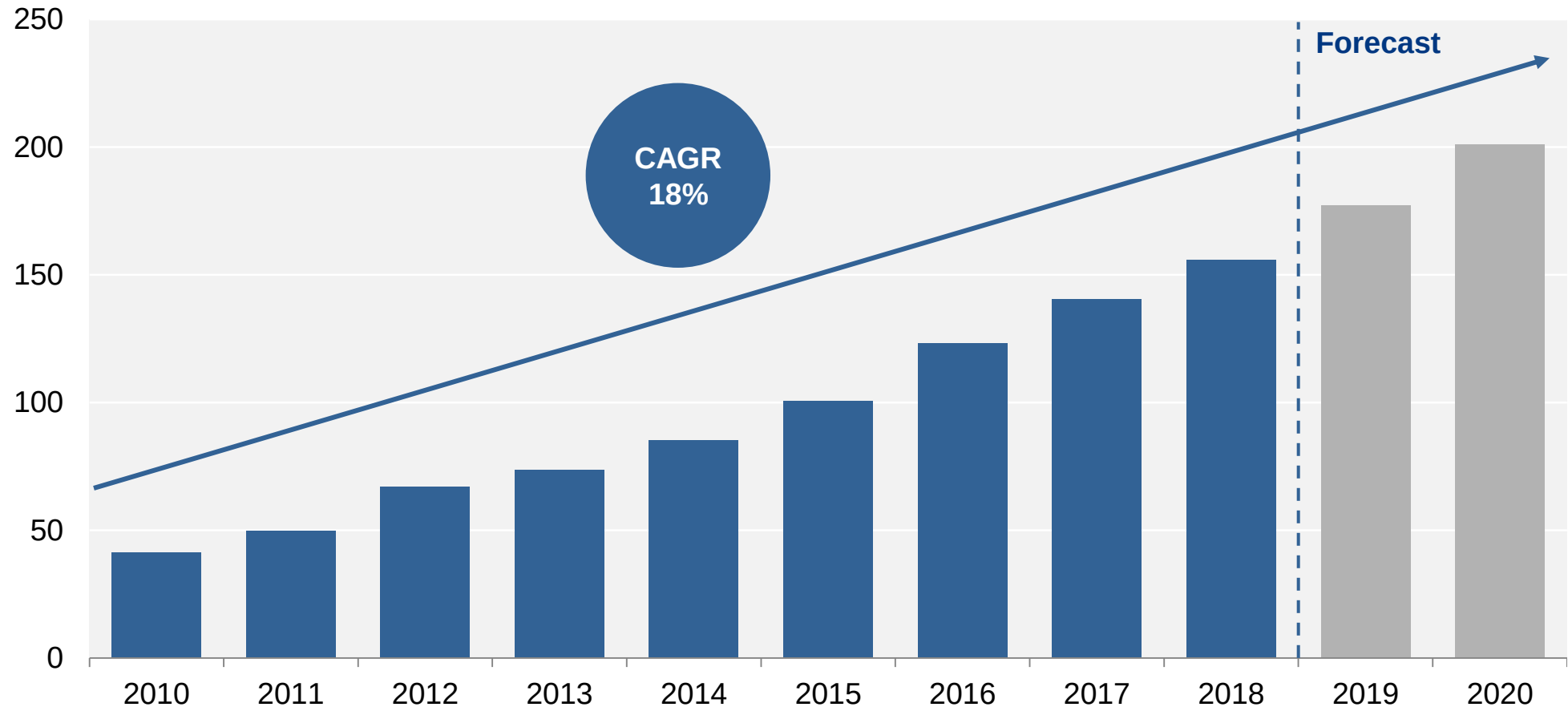
Renewable energy large part of the \$77.77 billion invested in US infrastructure deals in 2018



Strong renewable energy growth expected to continue

Cumulative installed capacity & short term forecast: Solar and Wind¹

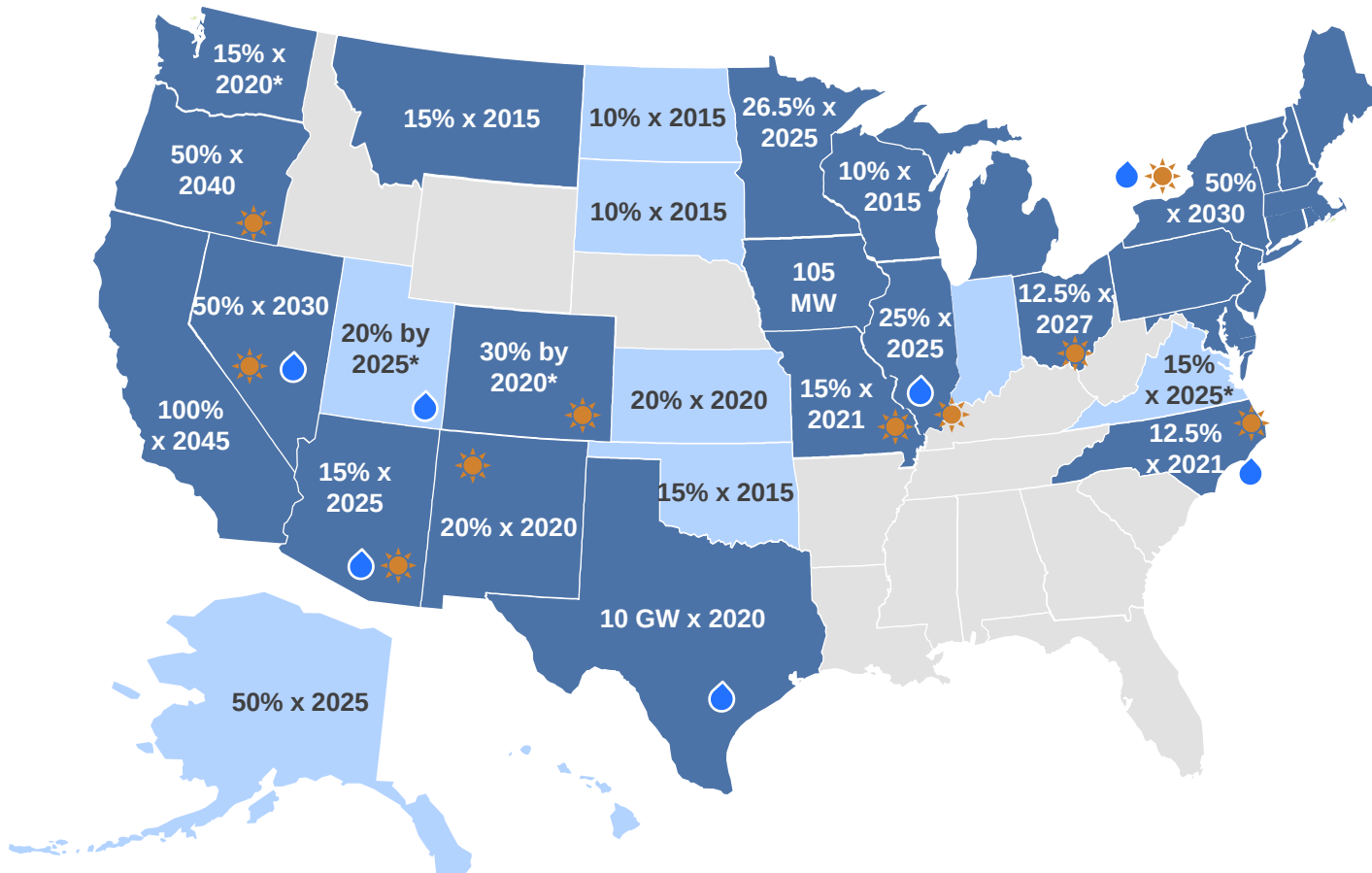
In GW



1.) Onshore and Offshore
Source: Bloomberg Energy Finance, 1H18.

Tighter state renewable energy production requirements

Renewable Portfolio Standards (“RPS”)



MI: 15% x 2021*	🔵
HI: 100% x 2045	
ME: 40% x 2017	
VT: 75% x 2032	☀️
NH: 25.2% x 2025	
MA: 35% x 2020	☀️
RI: 38.5% x 2035	🔵☀️
CT: 48% x 2030	☀️
PA: 18% x 2020	☀️
NJ: 50% x 2030	🔵☀️
DE: 25% x 2025	🔵☀️
MD: 25% x 2020	
DC: 50% x 2032	

- 🔵 Renewable Portfolio Standard
- 🟡 Renewable Portfolio Goal
- ★ Extra credit for solar or customer-sited renewables
- ☀️ Minimum solar or customer-sited requirement
- 🔵 Solar water heating eligible

ESG and Responsible Contractor Policy



ESG compliance

AllianzGI is **top rated** in latest PRI Assessment (2018)
Infrastructure Equity rated **A+**



Selected **UN SDGs to screen assets** considered for AREF III



Responsible and thoughtful investment management

Responsible Contractor Policy (RCP) defines AREF's ESG-aligned management process

Defined **general approach** towards responsible investing and its **responsibilities**

- Prudence
- Fiduciary responsibility
- Competitiveness
- Fair processes
- Enforcement of policy
- Notification of managers
- Application to AREF Funds

Established processes for **pre-investment**

- Best practice approach:
 - Oversight of ESG integration
 - Identification of ESG risk and documentation
 - ESG-related risks are part of standard documentation / contract for new assets

Secured compliance for **operational phase**

- Select partners that have internal processes for monitoring and mitigation of ESG-related risks and opportunities
- AREF implements an annual ESG questionnaire to monitor and assess RCP compliance

Extensive **Reporting**

- Pre-agreed ESG policies are monitored and reported by selected partners
- Ongoing disclosure of ESG related incidents
- Quarterly disclosure of governance matters, issues and E&S impact (carbon emission avoidance, payroll, etc.)

Allianz Global Investors Adopts Responsible Contractor Policy

03/21/2019



Summary

Allianz Global Investors announced that its US Infrastructure Equity team has adopted a Responsible Contractor Policy (RCP) for investments in renewable energy projects. Developed in partnership with the North America's Building Trades Unions (NABTU), the policy promotes: fair wages, benefits and working conditions for those engaged in the investment projects.

March 21, 2019—Allianz Global Investors, one of the world's leading active investment managers, today announced that its US Infrastructure Equity team has adopted a Responsible Contractor Policy (RCP) for investments in renewable energy projects. Developed in partnership with the North America's Building Trades Unions (NABTU), the policy promotes: fair wages, benefits and working conditions for those engaged in the investment projects.

AllianzGI's Infrastructure Equity team (AllianzGI) will coordinate with NABTU to notify "responsible contractors" of competitive bidding on renewable energy projects and the selection of contractors. AllianzGI adopted the RCP at a time when the team is seeking wind, solar and geo-thermal investment opportunities in North America and Latin America.

"Throughout our investment process we look for high-impact opportunities," said Armin Sandhoevel, Chief Investment Officer of AllianzGI's Infrastructure Equity team. "We see investing in the production of green energy in the US as one way to accomplish that and supporting the local unionized workforce as another. Working with NABTU, we have developed a policy that fosters the inclusion of responsible contractors in the bidding and selection process for our U.S. investments. Level-setting the contract bidding process and increasing engagement with unionized workers is paramount to the production of successful high-impact initiatives for our infrastructure business."

NABTU President Sean McGarvey commented: "NABTU is committed to advancing high-road standards in procurement practices through responsible contractor policies. Our partnership with AllianzGI will strengthen their investments in renewable energy infrastructure by prioritizing fair labor standards and the inclusion of our highly-skilled union construction workforce. This partnership creates equal opportunities for our members and contractors, while ensuring these high-impact infrastructure projects drive local economic growth in communities across the United States."

Effective March 1, 2019, AllianzGI's RCP provides the following for competitive bidding situations in which AllianzGI has sufficient control to appoint new contractors:

- Contracts will be awarded based on factors including: the bid amount, the contractor's experience completing similar projects on time and on budget, the contractor's record of health and occupational safety, being in compliance with relevant state and federal laws, identifying as a responsible contractor and whether the contractor (or its proposed subcontractors) engages union workers.

With RCP in place, AREF III's investments can go beyond generating returns, potentially creating union jobs

Workers of several unions would be affected by AREF III investments



International Union of Elevator Constructors

(IUEC)



International Association of Bridge, Structural, Ornamental and Reinforcing Iron Workers

(IW)



International Brotherhood of Electrical Workers

(IBEW)



Laborers' International Union of North America

(LIUNA)



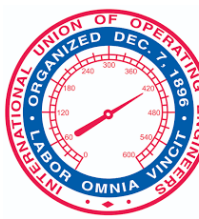
Operative Plasterers' and Cement Masons' International

(OPCMIA)



United Association of Journeyman and Apprentices

(UA)



International Union of Operating Engineers

(IUOE)



International Brotherhood of Boilermakers

(IBB)

US renewable energy industry employment statistics

- **Solar:** more than 350,000 jobs (electricians, panel makers)
- **Wind:** more than 80,000 jobs (manufacturers, crane operators, offshore builders, floating cranes operation, etc.)
- **Hydropower:** more than 60,000 jobs (drillers, turbines makers, etc.)

Illustration: Job creation through greenfield solar



- **Equipment and supply:** transportation, mirrors, heat collection elements, thermal energy storage tanks, heat exchangers, solar equipment, heat transfer and storage fluids, turbines & generators
- **Construction:** concrete rebar, equip, roads and site prep)
- **Labor:** site-work and infrastructure, field erection, support structures, piping, electrical
- **Maintenance:** water treatment, management.
- **Transmission:** land acquisition services, consulting services, environmental & permitting services, engineers and workers who have experience with concrete, gravel, asphalt, steel structures and poles, overhead wires electricians, civil workers and heavy construction workers



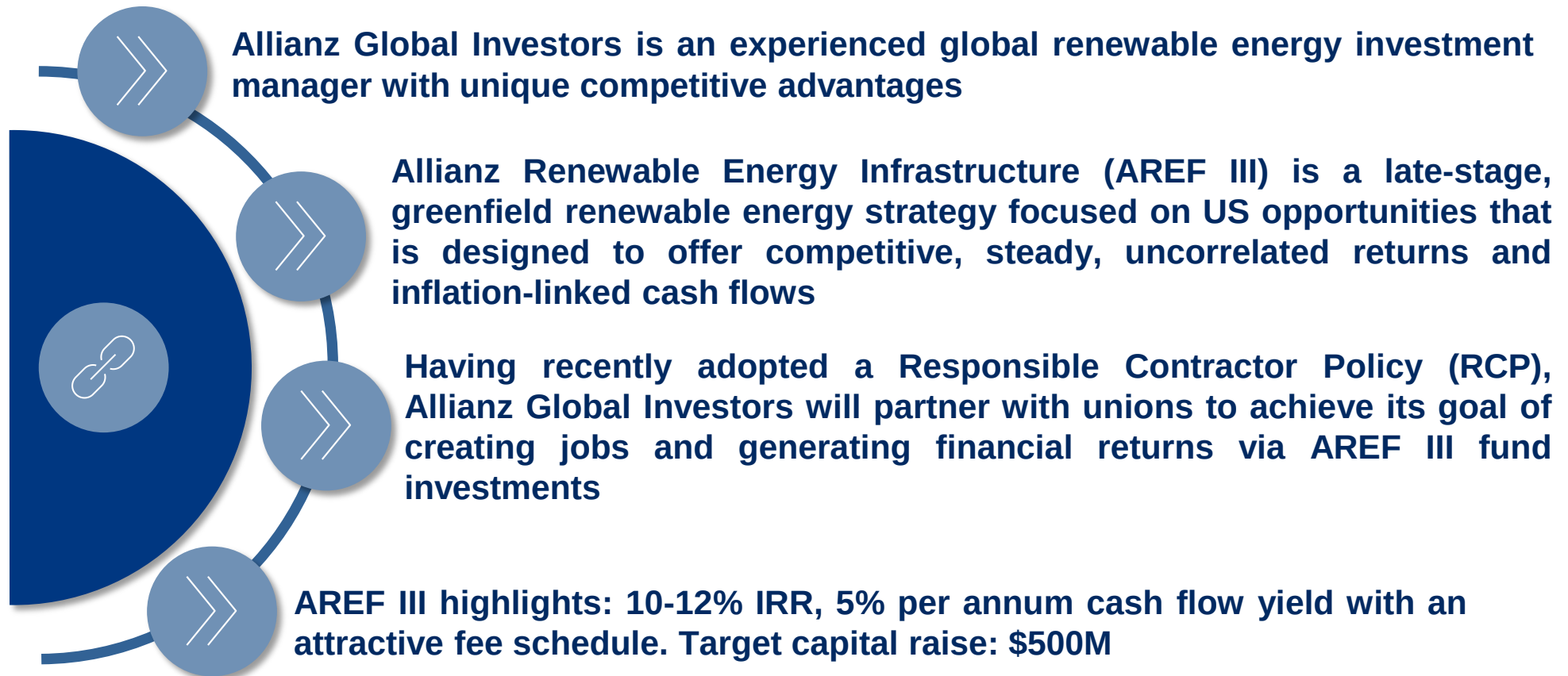
Buying and developing a 200 MW concentrated solar power in California could support:

- **1,519 direct** (road and site prep, foundation, erection, electrical, management/supervision and interconnection)
- **1,449 indirect** (equipment and supply chain)
- **1,232 induced** (goods and services) jobs during construction **for a total of 4,200 jobs**
- And **135 jobs during operation** (onsite, direct and induced impact)

This is for illustrative purposes only

Source: The Jobs and Economic Development Impact (JEDI), December 23, 2016. Simulation model developed by the National Renewable Energy Lab (NREL), December 31, 2018.

Key takeaways



Source: Allianz Global Investors. *Target annualized returns over the life of the fund (expected to be 10 years) includes both dividends/income generated by acquired companies and target capital appreciation of the Fund's assets at exit; prior to taxation at investor level. In determining the Fund's targeted return objectives, the following were assumptions considered, among other things, (i) target revenue related assumptions, (ii) cost related assumptions, (iii) tax related assumptions, (iv) macro related assumptions, and (v) miscellaneous considerations including but not limited to the availability of attractive investment opportunities, ability to source and acquire attractive priced assets, availability of tax equity partners, tax equity participation terms, availability of offtakers and demand of counterparties at project exit. The foregoing considerations are provided for illustrative purposes only and should not be construed as guidelines, commitments or requirements for the investment activities of the Fund. See the Memorandum for more information. Targeted performance is not necessarily indicative of future results. An investment in the Fund entails a high degree of risk and no assurance can be given that targeted returns will be met or that the Fund will be able to implement its investment strategy or achieve its investment objectives.

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Appendix



Term Sheet

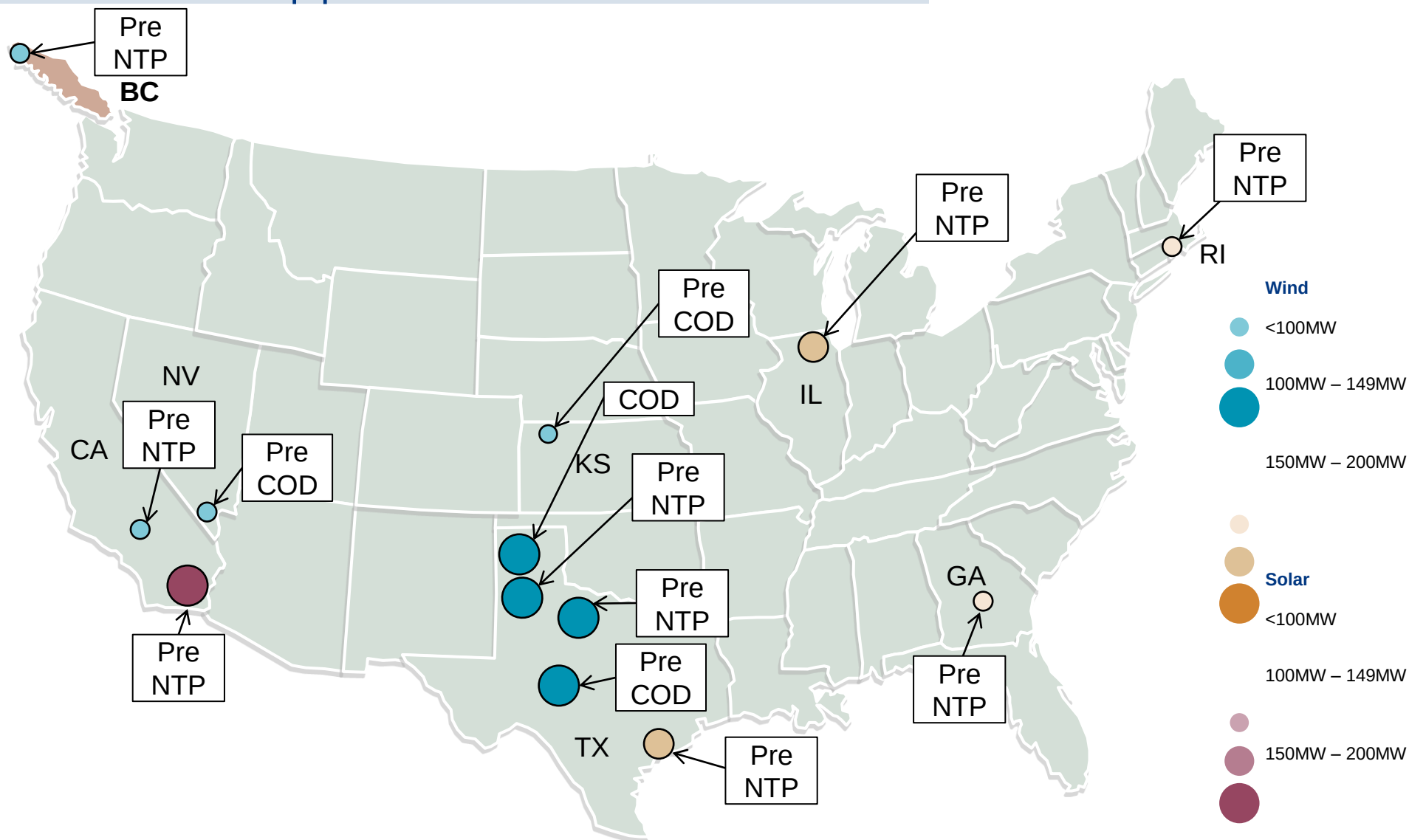
Strategy Summary	Technologies	Focus: Solar & Wind onshore generation assets; Opportunistic: Hydropower, grid, wind offshore, geothermal					
	Geography	Focus: United States (at least 70%); Opportunistic: Canada and selected countries in South America (up to 30%)					
	((Phase	Focus: Development and ready for construction assets; Opportunistic: Turnkey / operating assets / repowering					
	Financing	Focus: All equity investments; Opportunistic: Use of back leverage					
Terms & Conditions	Net IRR Target	10 – 12% p.a. ¹					
	Cash Yield Target	~ 5% p.a.					
	Term	Overall fund lifetime of 10 years plus extension option					
	Vehicle Structure	Delaware limited partnership and Luxembourg parallel fund					
	Fee structure	No management fee on committed capital		Aggregated Investment Size ²			
				<u><\$20m</u>	<u>\$20m to <\$50m</u>	<u>\$50m to <\$100m</u>	<u>\$100m and greater</u>
		<u>Management Fee</u>	<i>Charged on capital contributions during investment period & invested capital thereafter</i>	1.25%	1.25%	1.00%	0.75%
		<u>Promote</u>	<i>Whole of Fund Waterfall to LP</i>	100%	100%	100%	100%
			<i>Preferred Return to LP</i>	8%	8%	8%	8%
		<i>GP Catch-Up</i>	70%	60%	50%	50%	
	<i>Split to GP</i>	15%	15%	15%	15%		
Target final close	1Q 2020						

1. Target annualized returns over the life of the fund (expected to be 10 years) includes both dividends/income generated by acquired companies and target capital appreciation of the fund's assets at exit.
2. Total AUM may be aggregated across a consultant's clients in order to qualify for lower fee tiers.

Definition of Terms: Whole of Fund Waterfall = First, 100% of distributions to such LP until cumulative distributions equal such LP's aggregate capital contributions. Preferred Return = Second, 100% to such LP until it has received a 8% annualized effective internal rate of return. Catch-Up = Third, the % stated in the table to the GP until it has received a 15% catch-up. Split = Thereafter, 85% to such LP and 15% to the GP. Please see Sections 6.3 and 7.2 of the LPA of the Fund for additional information regarding the management fee and promote.

Proposed fund terms are provided for discussion purposes only and are subject to change at general partner's discretion and the definitive terms of the governing document of the Fund. Any interest held by the general partner, its affiliates and certain other investors may not be subjected to, or may be subjected to reduced, advisory fees and/or carried interest. Targeted performance is not necessarily indicative of future results. An investment in the Fund entails a high degree of risk and no assurance can be given that targeted returns will be met or that the Fund will be able to implement its investment strategy or achieve its investment objectives. **Please see important information concerning target returns at the end of the presentation.**

Current AREF III pipeline focuses on US and Canada



Source: Allianz Global Investors 2019

There can be no assurance the Fund will be able to implement its investment strategy or achieve its investment objectives or that investors will receive a return on their capital.

Important Information: Target Returns

Target Returns

Target Return assumptions are based on the investment team's experience with predecessor funds, market participants and other stakeholders of the industry. Certain assumptions may not be consistent with future market conditions and that may significantly affect actual investment results and hence have significant impact on the level of Target Return. Different opinions or methodologies may produce different results.

Such assumptions, include but are not limited to (i) target revenue related assumptions such as PPA duration and prices, technical availability of projects and the connected infrastructure, and availability of natural resources, (ii) operating costs such as operating and maintenance, land lease and insurance, and capital costs such as turbine pricing, inverter pricing and transformer stations and solar panels (iii) local and international tax law (iv) inflation, interest rates, the regulatory environment, growth expectations and overall market conditions (v) miscellaneous considerations such as the availability of attractive investment opportunities, ability to source and acquire attractive priced assets, availability of tax equity partners, tax equity participation terms, availability of off takers and demand of counterparties at project exit.

Prospective investors must make their own determination as to the reasonableness of the assumptions and the reliability of the Target Return. The Target Return reflects in part the measure of risk that the Fund's general partner expects to take with respect to Fund investments. The Fund may make investments for which the general partner's cash flow analysis indicates a higher or lower target return. Actual returns from an investment in the Fund over any given time horizon may vary significantly from the Target Return.

Infrastructure equity investments are highly illiquid and designed for professional investors pursuing a long-term investment strategy only.

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Investment in the Fund is speculative and will involve significant risks, including loss of the entire investment. The Fund may use leverage which can accelerate losses. There may be no secondary market for Fund investments. There are restriction on transferring interest in the Fund. Expenses and fees will reduce returns. The fund and its managers will be subject to certain conflicts of interest. Legal, tax and regulatory changes could occur that may adversely affect the Fund. The Fund is not required to, and does not intend to, register as an investment company under the Investment Company Act of 1940, as amended (the “Company Act”), and, accordingly, the provisions of the Company Act (which govern mutual funds) will not be applicable. Before deciding to invest in the Fund, prospective investors should pay particular attention to the risk factors contained in the Memorandum. Investors should have the financial ability and willingness to accept the risk characteristics of the Fund’s investments.

Prospective investors should make their own investigations and evaluations of the information contained herein. Prior to the closing of a private offering of interests in the Fund, the manager of the Fund will give investors the opportunity to ask questions and receive additional information concerning the terms and conditions of such offering and other relevant matters. Each prospective investor should consult its own attorney, business adviser and tax adviser as to legal, business, tax and related matters concerning the information contained herein and any such offering.

If you are requested or required by law (for example, pursuant to a freedom of information act request) to disclose any information contained in this presentation, please contact the Fund as soon as possible after you receive such request or after you determine that you may be required to so disclose any such information. This presentation contains forward-looking statements, including information about our prospective investments, which can be identified by the use of terms such as “may”, “will”, “should”, “expect”, “anticipate”, “project”, “estimate”, “intend”, “continue”, “target” or “believe” (or the negatives thereof) or other variations thereof. Due to various risks and uncertainties, actual events, results or performance may differ materially from those reflected or contemplated in such forward-looking statements. These statements are based on a set of assumptions that may change over time or may prove to be incorrect, and there is no guarantee that the conditions on which such assumptions are based will materialize as anticipated or will be applicable to the Fund’s investments.

The views and opinions expressed herein, which are subject to change without notice, are those of the Fund or its affiliated companies at the time of publication. Certain data used are derived from various sources believed to be reliable, but the accuracy or completeness of the data is not guaranteed and no liability is assumed for any direct or consequential losses arising from their use.

Except where otherwise indicated herein, the information provided herein is based on matters as they exist as of the date of preparation and not as of any future date, and will not be updated or otherwise revised to reflect information that subsequently becomes available, or circumstances existing or changes occurring after the date hereof. In considering any performance data contained herein, you should bear in mind that past performance is not indicative of future results, and there can be no assurance that any fund will achieve comparable results.

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Active is:

Allianz Global Investors