

Comunicato stampa

COIMA REAL ESTATE FORUM: TWO TRILLION EURO INVESTMENT NEEDED TO REDEVELOP THE NATIONAL REAL ESTATE STOCK

- **Increasing urbanisation, migration flows, number of singles and average age of the population: urgent need to create an adequate, sustainable, innovative and efficient housing response**
- **Of the energy consumption reduction targets expected in Italy by 2030, 61% will have to be achieved by real estate**
- **Catella: "Public-private collaboration is crucial for the transition of our cities and the creation of sustainable and accessible neighbourhoods, with a view to a city for all"**
- **Bonfiglioli: "Italy, a great market opportunity for national and international investors"**

Rome, 21 November 2023 - **More than 2 trillion euros is the value of the investment needed to redevelop Italy's real estate assets.** The figure was elaborated by **COIMA** - a leading group in the investment, development and management of real estate assets on behalf of institutional investors - and announced today during the **twelfth edition of the COIMA Real Estate Forum**, an annual event dedicated to analysing and investigating economic trends and scenarios, both domestic and international, which this year focused on possible contributions to the sustainable transition of cities. The COIMA Real Estate Forum involved a total of - between room attendance and digital connections - **over 750 industry players**, representing **leading Italian and international institutional investors** - from Asia, America, Canada, the Middle East, Europe and Italy.

The Forum

After the institutional greetings of **Giancarlo Giorgetti**, Minister of Economy and Finance, **Roberto Gualtieri**, Mayor of Rome, and the Councillor for Urban Planning **Maurizio Velocchia**, **Manfredi Catella** (Founder and CEO of COIMA) addressed the key theme of the contribution to the sustainable transition of cities, which was followed by a market outlook with **Komal Sri-Kumar** (President, Sri-Kumar Global Strategies, Inc.) and **Gabriele Bonfiglioli** (Chief Investment Officer, COIMA).

'**Cities of the Future. Ideas for better and more sustainable cities**' was the theme of the speech by **Colin Koop** (Design Partner, SOM - Skidmore, Owings & Merrill) that opened the second session of work and the first round table on '**The urban perspective**' attended by **Alessandro Maggioni** (President, CCL - Consorzio Cooperative Lavoratori), **Kelly Russell Catella** (Head of Sustainability & Communication, COIMA), **Hashim Sarkis** (Rector, MIT School of Architecture, curator of the Venice Biennale 2021), **Ersilia Vaudo Scarpetta** (Chief Diversity Officer, European Space Agency); while a second round table focused on '**The Capital Perspective**' with the participation of **Stefano Distilli** (President, Cassa Dottori Commercialisti), **Alberto Oliveti** (President, ENPAM & AdEPP), **Francesco Profumo** (President, ACRI), **Giuseppe Santoro** (President, Inarcassa).

The conclusions of the day's proceedings were entrusted to **Federico Freni**, Undersecretary of State at the Ministry of Economy and Finance.

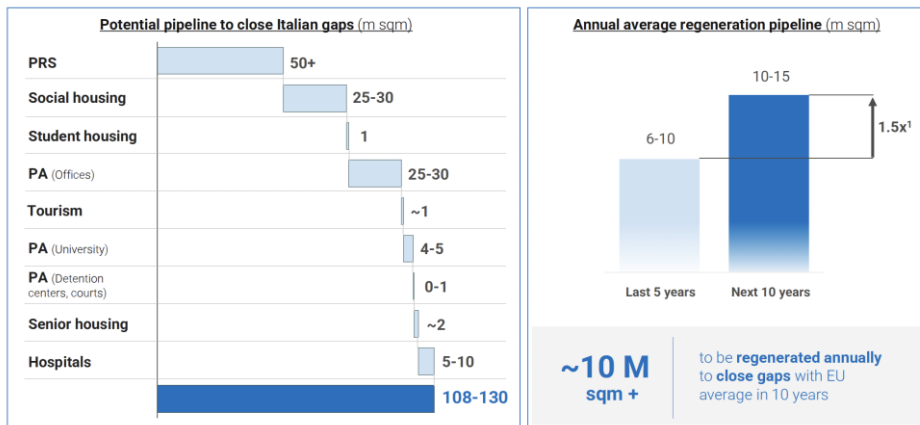
Market Overview

The **Italian market confirms its attractiveness** to domestic and international investors, who, despite a general contraction in flows expected for the end of the year, continue to account for around 70% of the total: in particular, it is well-connected locations with sustainable and efficient buildings that confirm investments (the increase in demand in Milan is 22% higher than pre-pandemic levels), with a constant search for class A buildings, which has been over 70% of the total for the last 5 years.

In particular, thanks to these market dynamics, the **vacancy level** in Milan is decreasing to 9.5% while for class A buildings it is only 3.1%.

Says **Gabriele Bonfiglioli**, COIMA's Chief Investment Officer: "Our country offers important opportunities to bridge an important gap that we detect with the main international markets. According to our analyses, at a national level, the percentage of dated properties with an energy class below D is over 90%."

OVER 100 M SQM OF REGENERATION PIPELINE TO CLOSE THE GAPS WITH EU AVERAGE

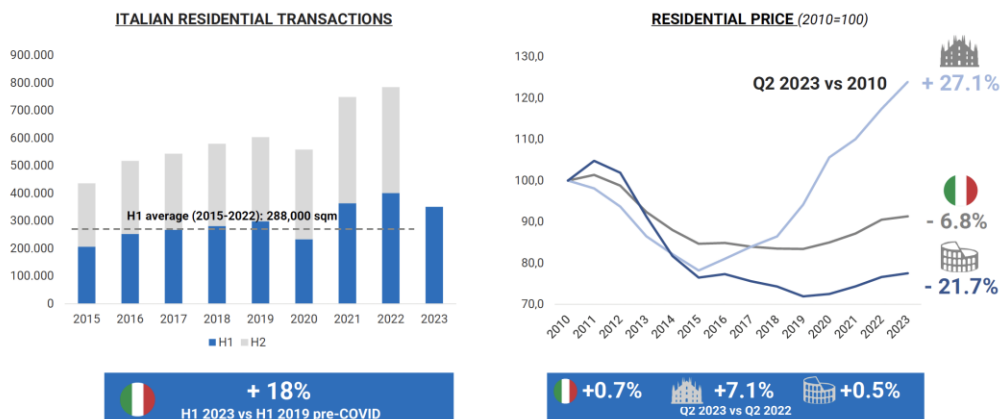


Source: McKinsey analysis. Note: 1. Based on the expected increase in investment flow in the sector

In this context, **high-class properties** are not only able to protect values, but also to increase them significantly: while the first half of 2023 showed a growth of more than 18% compared to the pre-Covid first half of 2019, Milan recorded a significant increase in values (+27.1% compared to an average decrease of -6.8% and a more noticeable decrease in Rome of -21.7%).

SUSTAINABLE RESIDENTIAL PRICES OFFER PROTECTION

Transactions continue growth above pre-COVID levels but at lower speed than 2022



(Source: Agenzia delle Entrate (2023), ISTAT (2022))

Socio-demographic trends

A rapidly growing **urbanization** (from 4 to 6 billion people in the world by 2030), accompanied by a reduction in the **number of households** (with the number of singles in Italy expected to grow by 205 by 2040) and a parallel increase in the average age with a potential growth in the **over-65s** of more than 10 percentage points over the same period: these are some of the factors that highlight the urgency of transforming and adapting our cities.

In parallel with these elements, we can see **technological trends** with investments in digital and new innovations that will contribute to improving the performance of construction and asset management, such as the implementation of prefabricated systems - which is expected to grow by 70% by 2030 worldwide - and a growth in venture capital investments in A.I. that will grow by 37% over the period, up to \$1.8 trillion.

The context is unfortunately confirmed to be one of **serious inequality**, with a growth in the percentage of the population owning 10% of the wealth and a concomitant increase in the number of people living in absolute poverty, with a consequent increase in the affordability gap also in real estate.

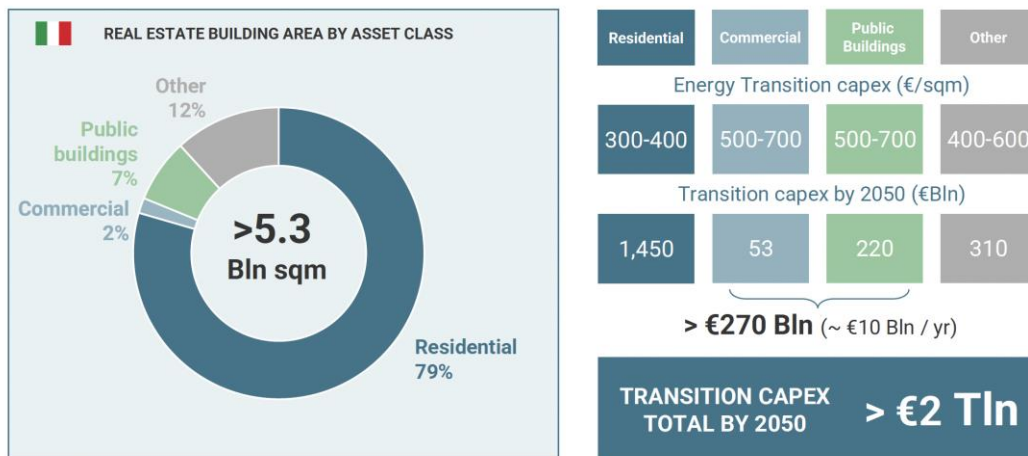
As emerged from general market considerations, it is precisely the **energy transition** that will be a crucial factor in the regeneration of Italy's real estate assets: by 2030, in fact, very stringent **European regulations** are expected to be adopted, which will determine the limitation of leases for non-performing assets, the application of a carbon tax or fines on carbon emissions and construction emissions, in parallel with a ban on the use of fossil fuel heating systems.

In this scenario, the real estate and transport sectors are the main recipients of efficiency measures, with a **necessary reduction in energy consumption of about 8.3 Mtoe** by 2030 - 61% of which from real estate - and a parallel commitment to phase out heating oil as a first step towards achieving **carbon neutrality by 2050**.

How big is the commitment to meet this target? Calculating a total of **more than 5.3 billion sqm at national level, the counter-value exceeds EUR 2 trillion and sees a commitment of about EUR 270 billion in total** (or about EUR 10 billion per year) for **public and commercial** real estate alone, which accounts for about 9 per cent of the total.

REAL ESTATE ENERGY TRANSITION

Transition capex to reach Zero Carbon in Italy by 2050

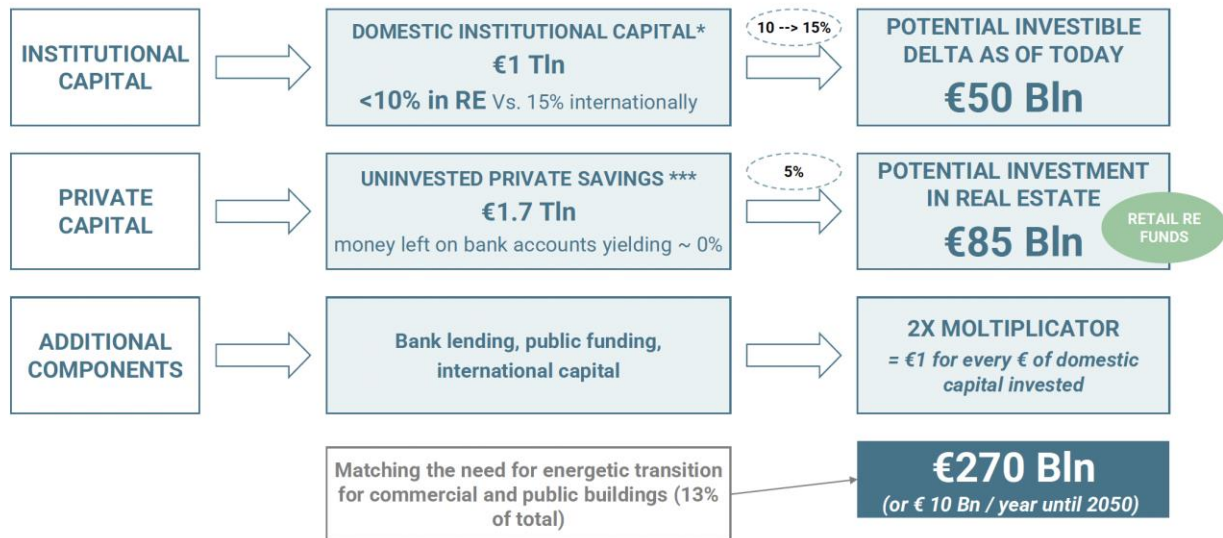


(Source: COIMA assumptions on regeneration costs; CBRE Italy Market Outlook 2023, Statistiche Catastali 2022 OMI, Report -Vacant real estate: seizing the opportunity to find Affordable housing solutions in Europe, European Environment Agency, Istat, Buildings Performance Institute Europe (BPIE), MIUR, Sole24Ore, OECD, Banca d'Italia, Press Search, Team Analysis)

This is undoubtedly a very important figure, which will require a series of immediate interventions and actions to be achieved: **stimulating institutional investors**, who today invest less than 10 per cent of their asset allocation in real estate, compared to an international average of around 15 per cent, and **private capital**; to be supplemented with additional resources or public incentives as international capital.

IMPLEMENT ENERGY TRANSITION: FUNDING

Potential increase in RE allocation by private and institutional investors to finance the transition



(Source: McKinsey, Scenari Immobiliari (2022); Itinerari Previdenziali (report Italian Institutional Investors: members, resources and managers for the year 2021); ABI, 2020)

Manfredi Catella, Founder and CEO of **COIMA**, declares: "These data confirm that our country can compete to make a transition from a one-dimensional - capitalist, profit-maximising - organisation to one that combines three fundamental and inseparable dimensions, social, environmental and economic. This is a path that we can implement through extraordinary resources, such as those of the PNRR, but also by amplifying the allocation of institutional and private domestic capital in strategic national transition programmes, in compliance with financial returns appropriate to the risk and return profile. We must, together with government and institutions, aim at a re-evaluation of our country's physical resources, participating in the transition of our cities and the regeneration of abandoned buildings and areas by creating sustainable and accessible neighbourhoods, with a view to a 'city for all'. I am certain that, with such a constructive and collaborative approach, the results will be extraordinary and we will be able, once again, to affirm the excellence of our cities in the world."

About COIMA

COIMA specializes in the investment, development and management of Italian real estate assets on behalf of institutional investors, with an integrated ESG impact approach. COIMA Holding controls operating companies including COIMA SGR, investment & asset manager that manages over 30 real estate funds with more than 10 billion euros in investments; COIMA REM, development and property manager that in more than 40 years has developed and managed real estate of more than 5 million square meters; and COIMA HT, which operates in technology to support the digital enablement of physical spaces. Among its most important projects, the group co-invested, co-developed and currently manages the Porta Nuova project in Milan, the first neighbourhood globally to achieve dual LEED® and WELL® for Community sustainability certification.