

COIMARES

A RESILIENT INVESTMENT PROFILE

EPRA CONFERENCE

September 24th, 2021

REAL ESTATE SIIQ



ITALY: DRAGHI GOVERNMENT UPDATE



A well-respected government leading the country on the path of recovery



MARIO DRAGHI'S GOVERNMENT FORMED IN FEBRUARY 2021

- Supported by **wide parliamentary majority**
- Focus on **vaccination campaign** and **Next Generation EU**

PRIORITIES

VACCINATION CAMPAIGN



Target of 500k vaccine doses/per day achieved

- Target administration of **at least one dose to all applicants** by September 2021

NATIONAL RECOVERY & RESILIENCE PLAN (PNRR)



June 22nd, 2021: EU Commission approved Italian PNRR

- **First tranche of € 24.9 Bn** in 2021 following Council approval
- Target **structural reform package**

The investments and reforms envisaged in the National Recovery & Resilience Plan will structurally boost economic growth and reduce social and regional differences

NEXT GENERATION EU



**Next
Generation
EU**



€ 750 Bn
PROGRAM TO OFFSET
COVID-19 IMPACTS

PNRR



€ 191.5 Bn + € 30.7 Bn

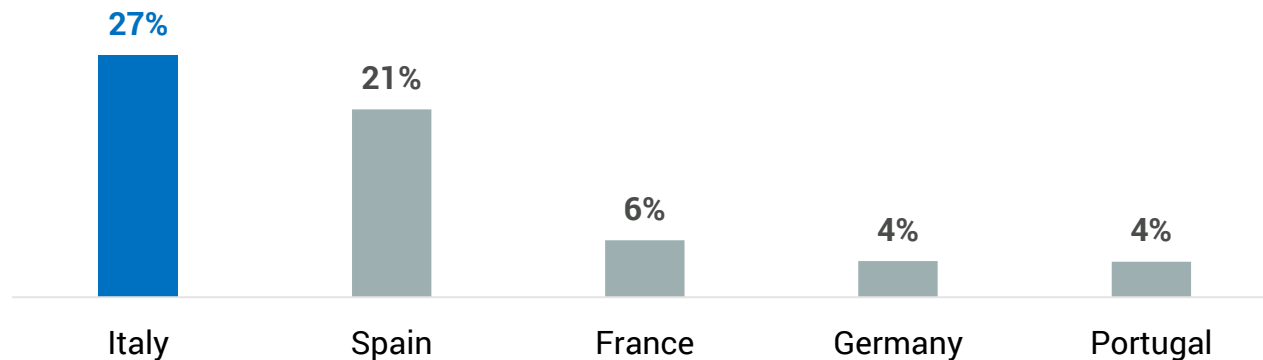
**LARGEST BENEFICIARY OF
THE PROGRAM**
*(Ca. 26% of Next Generation EU vs.
9% Marshall Plan)*

**PNRR
COMPLEMENTARY
FUND**

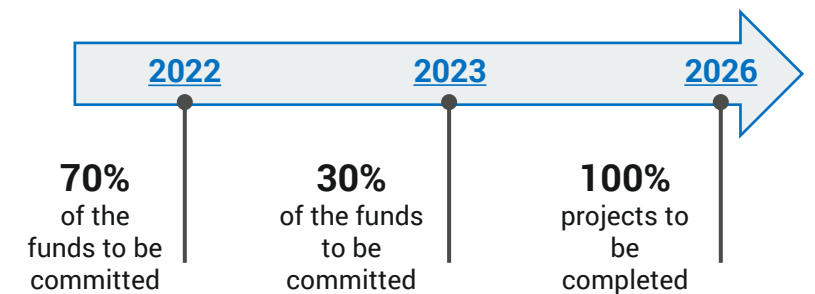


**TOTAL SOURCES:
€ 222.2 Bn**

Next Generation EU cross-country allocation (% of total)



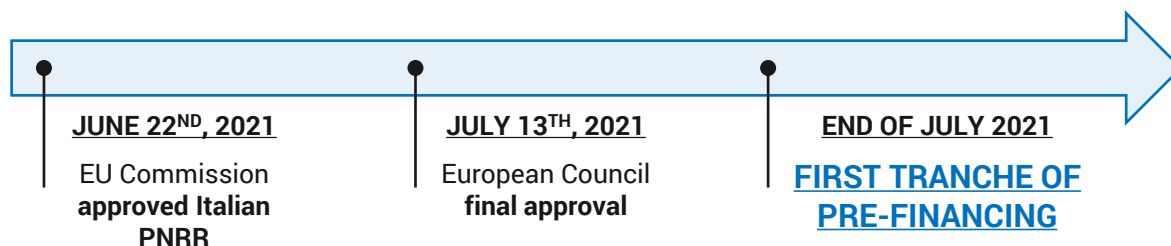
TIMING



ITALY: NEXT GENERATION EU & PNRR



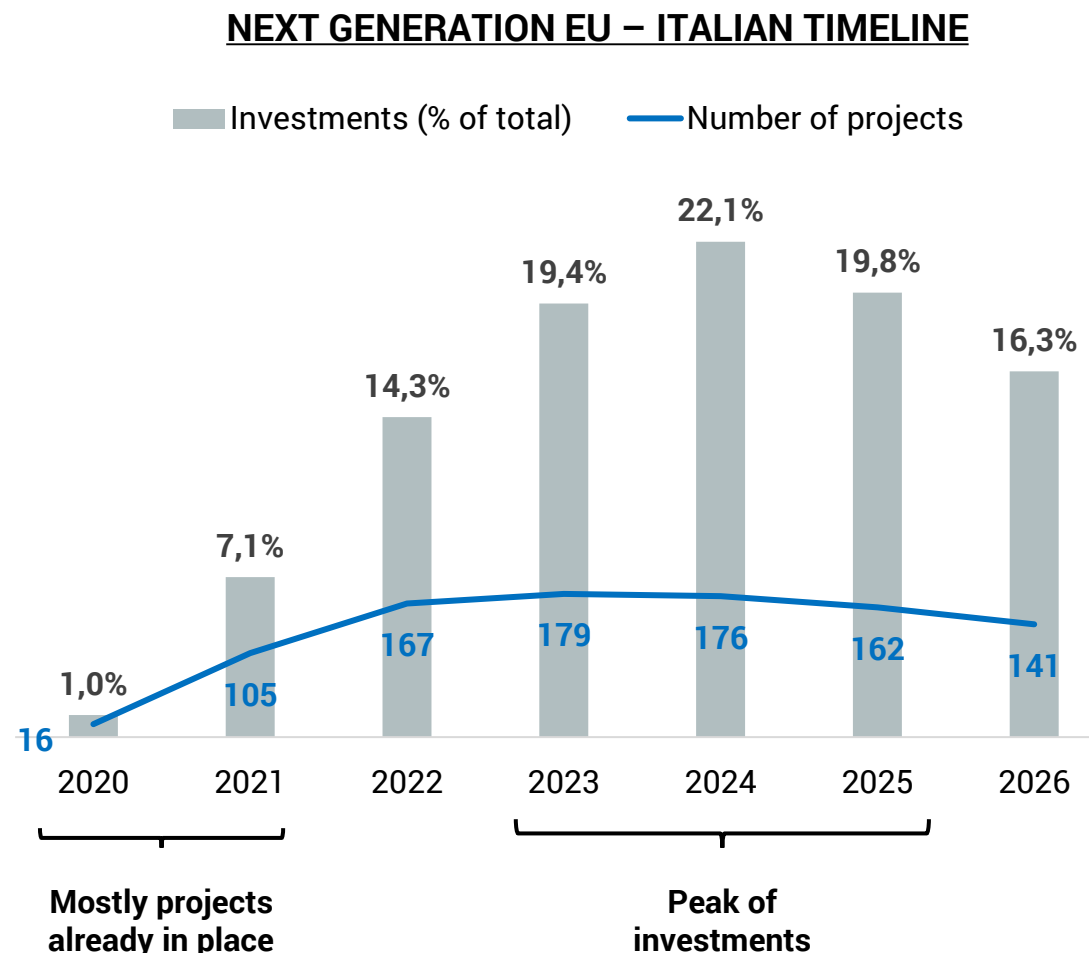
Next steps for the deployment of Next Generation EU resources



€ 24.9 M ➔ 2021 PRE-FINANCING

KEY STRUCTURAL REFORMS

- Public Administration reform** → offer better services & invest in human capital
- Justice reform** → more efficient legal proceedings
- Simplification measures** → smoother administrative authorisation procedures & public procurement
- Reforms to promote competition** → foster competition as an engine for inclusive growth

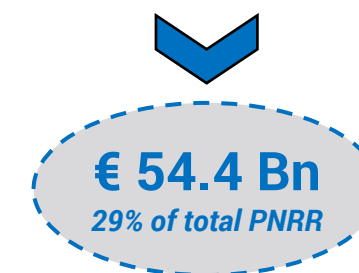


PNRR: ASSESSING THE IMPACT ON REAL ESTATE



				Office	Logistics	Residential & other	Hotel
€59.5Bn	GREEN REVOLUTION AND ECOLOGICAL TRANSITION	Energy transition and sustainable mobility	23.8				
		Energy efficiency and building renovation	15.3				
		Territory and water supply protection	15.1				
		Sustainable agriculture and circular economy	5.3				
€40.3Bn	DIGITALIZATION, INNOVATION, COMPETITIVENESS AND CULTURE	Digitalization, innovation and competitiveness of the productive system	23.9				
		PA digitalization, innovation and security	9.7				
		Culture and tourism 4.0	6.7				
€25.4Bn	INFRASTRUCTURES FOR SUSTAINABLE MOBILITY	High-speed train network and road maintenance 4.0	24.8				
		Intermodality and integrated logistics	0.6				
€30.9Bn	EDUCATION AND RESEARCH	Strengthening the offer of educational services: from nursery schools to universities	19.4				
		From research to business	11.5				
€19.8Bn	INCLUSION AND COHESION	Social infrastructures, families, communities and third sector	11.2				
		Labour policies	6.6				
		Special interventions for territorial cohesion	2.0				
€15.6Bn	HEALTH	Innovation, research and digitalization of health assistance	8.6				
		Proximity assistance and telemedicine	7.0				

COIMA ESTIMATES ON PNRR* POTENTIAL REAL ESTATE AREAS OF IMPACT



POTENTIAL INVESTMENT PROJECTS

- Urban regeneration
- Development of residential supply including affordable housing
- Upgrade of public real estate portfolio
- Environmental upgrade of physical assets

RETURN TO OFFICE PLANS AS ECONOMIES REOPEN



New work models to marginally impact on office space needs and layout

COIMA SURVEY & KEY FINDINGS

SAMPLE
INTERVIEWED



KEY FINDINGS

Expected increase in remote working (from avg. of 1.0 day per week to 2.5 days per week)

Office de-densification: occupancy to decrease from 83% to 70%

↓
Corporate to reduce their office footprint by ca. 10%

Flexible internal layout: more common areas and less desks

Goldman Sachs

- Employees **back to office** on a regular basis
- **Flexibility** for employees **unable to comply** with **back-to-office plans**

Google

- Employees expected to work from home **less than 2 days a week**
- Offices will include **meals** and **amenities** where possible

UniCredit

- Non-branch employees may **work from home up to 2 days a week**
- Less **assigned desks**, more **space per person** and more **common areas**

Dropbox

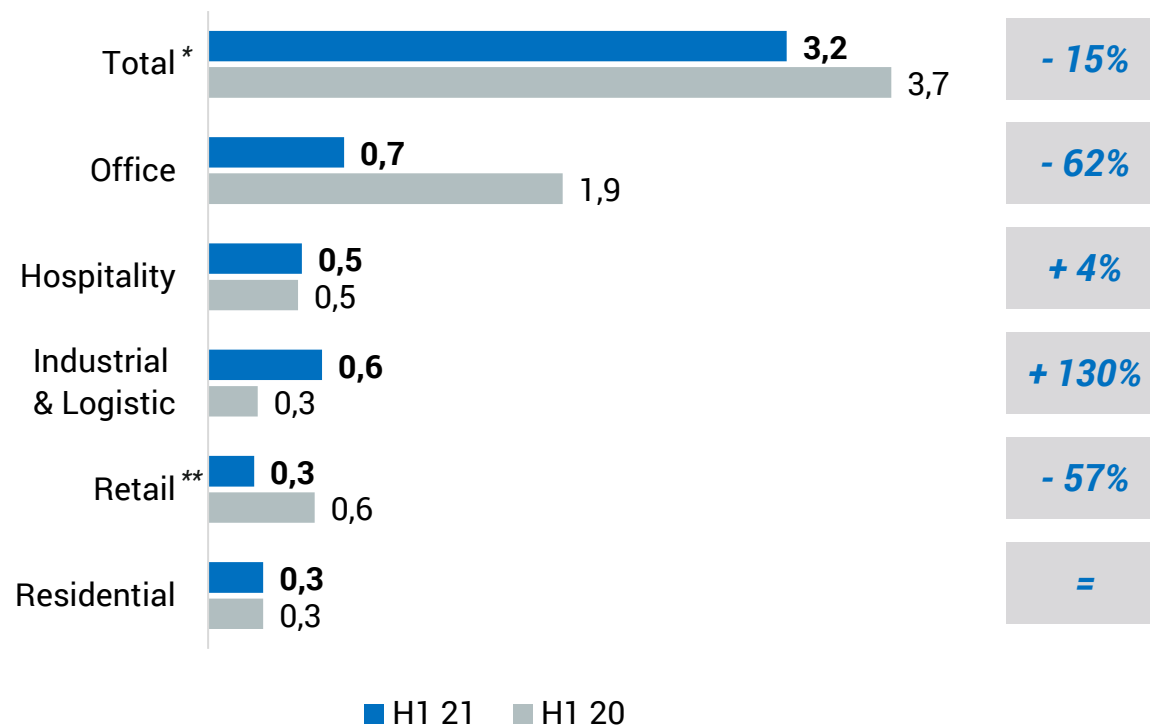
- **Remote work** as **primary experience** from **home** or **co-working spaces**
- Turn offices into **collaborative spaces only** for **team-gathering** activities

INVESTMENT MARKET – H1 2021

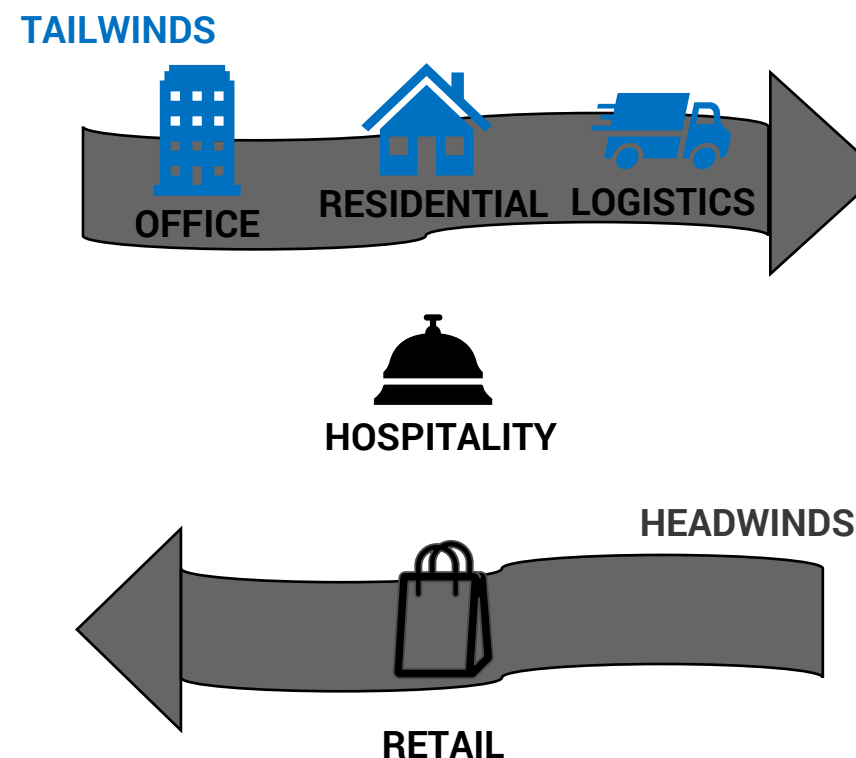


Slight decrease of volumes and polarized behavior of investors

INVESTMENT VOLUME BY ASSET CLASS (€ Bn)



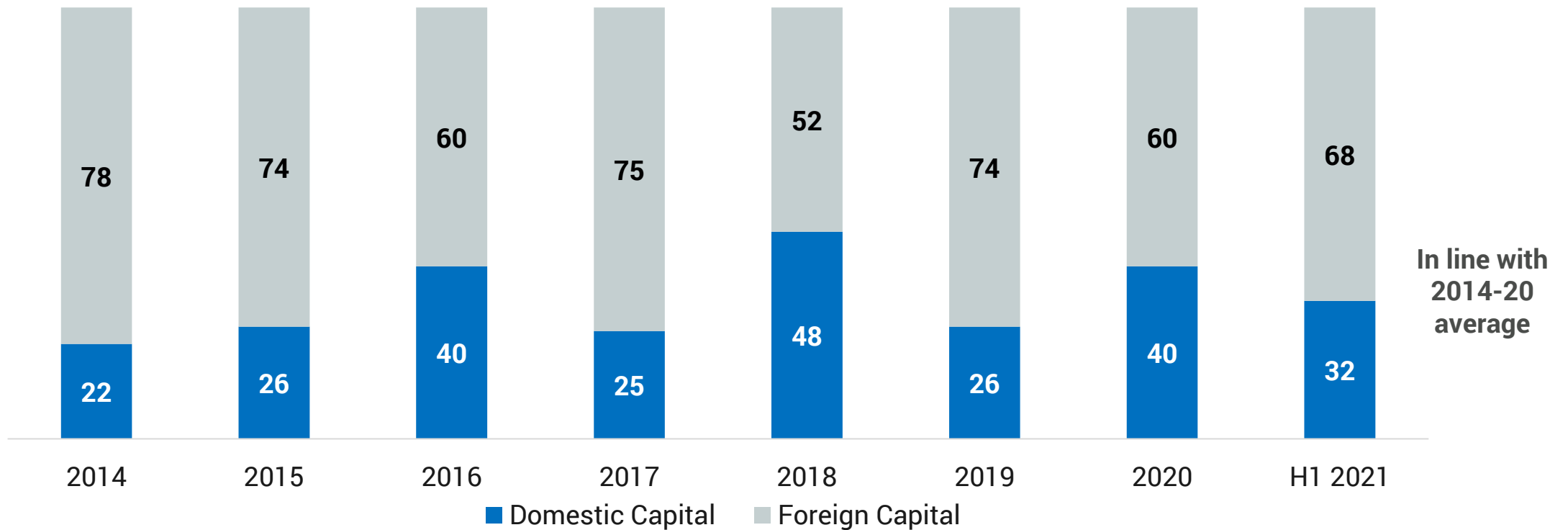
2021 SECTORS OUTLOOK



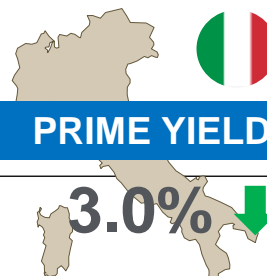
ITALIAN INVESTORS BACK AT PRE-COVID LEVELS



 SOURCE OF CAPITAL (% on total)



INVESTORS CHASING MAINLY CORE DEALS



BROLETTO – CBD



Core asset
Ongoing
Net yield
~2.85%

IL CURVO – City Life



Core asset
Closed
Net yield
3.80%

VIA S.TA MARIA IN VIA – Rome CBD



Core asset
Closed
Net yield
3.90%

VIA CERESIO 7 – Porta Nuova



Core asset
Closed
Net yield
3.45%

PRINCIPE AMEDEO – Center



Refurbishment
fully let
Closed
Net yield
3.00%

VIA DEL TRAFORO – Rome CBD



Core asset
Closed
Net yield
3.50%



LEASING ACTIVITY SHOWS SIGNS OF RECOVERY



The loosening of restrictions boosted take-up in Q2 in Milan and Rome



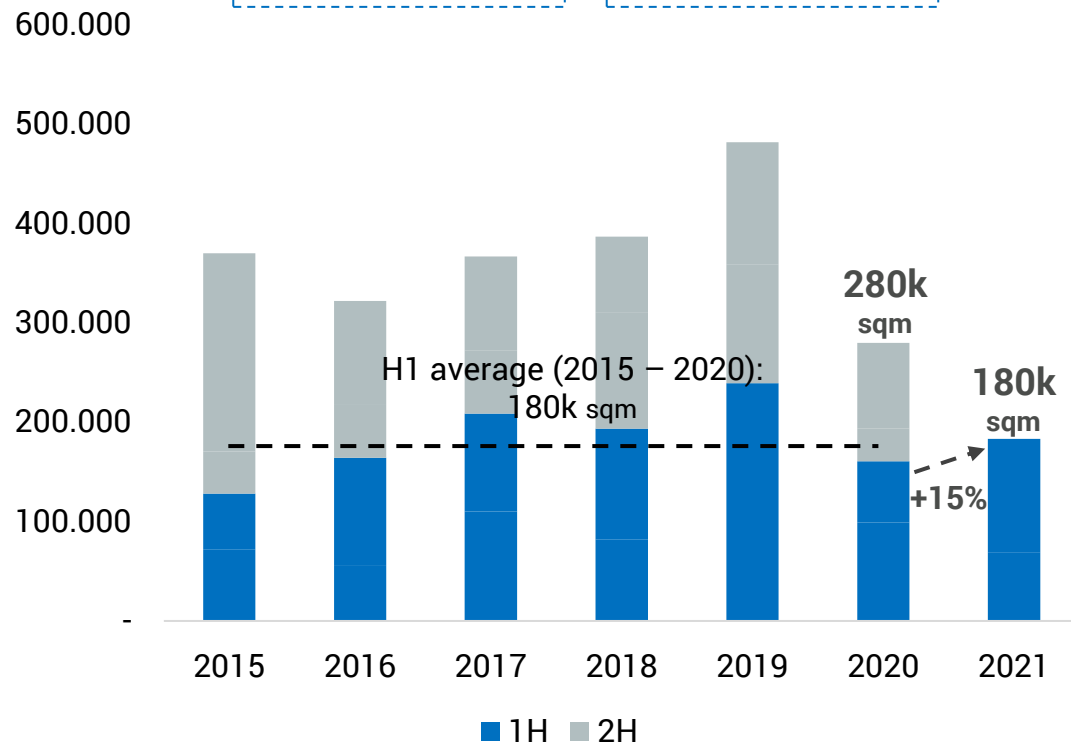
MILAN OFFICE TAKE-UP (sqm)

PRIME RENT CBD

€ 600/SQM →

PRIME RENT Center

€ 480/SQM →



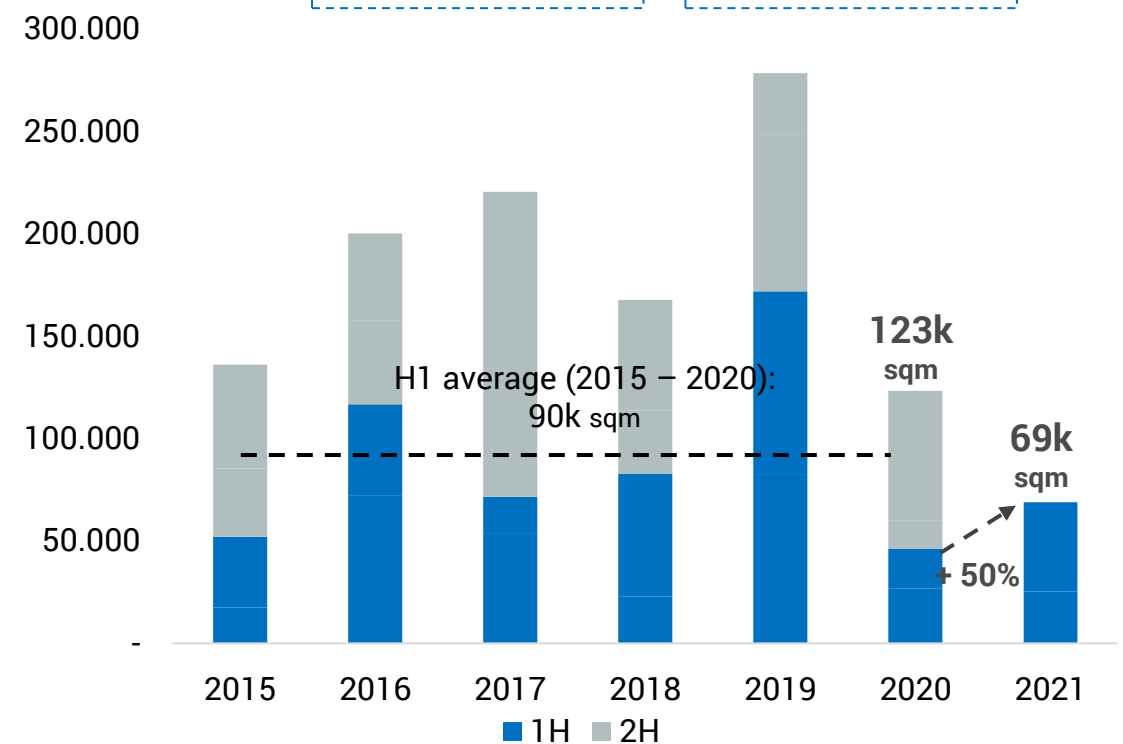
ROME OFFICE TAKE-UP (sqm)

PRIME RENT CBD

€ 450/SQM →

PRIME RENT EUR

€ 350/SQM →



RECENT LEASE TRANSACTIONS



Prime rent confirmed for quality properties



DE CASTILLA – PN CBD



€ 560/sqm

ca. 1,200 sqm

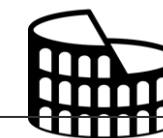


CORSO ITALIA – Center



€ 490/sqm

ca. 40,000 sqm



SAN SILVESTRO – CBD



€ 480/sqm

ca. 2,400 sqm



SYMBIOSIS – Semicenter



€ 340/sqm

ca. 4,300 sqm



CURTATONE – Center



€ 350/sqm

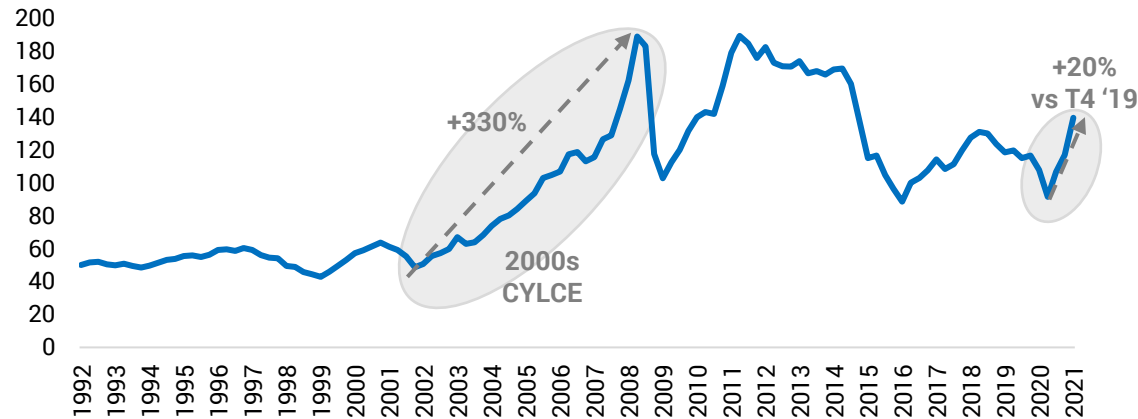
ca. 4,000 sqm



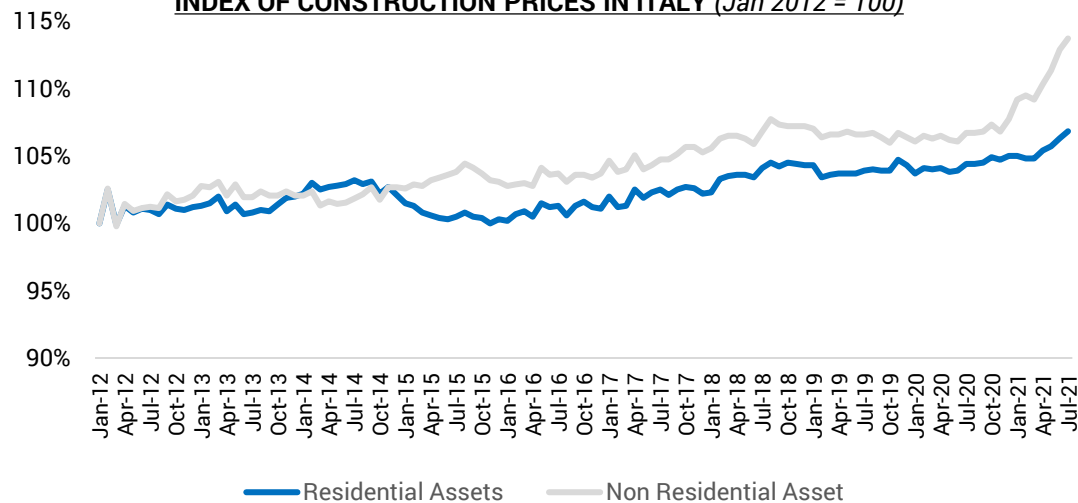
FOCUS ON RAW MATERIAL



Upward pressure on construction costs



INDEX OF CONSTRUCTION PRICES IN ITALY (Jan 2012 = 100)



Potential supply / demand imbalance expected until 2023

DEMAND FACTORS

- Increased demand for **durable goods** induced by lockdowns
- **Public infrastructure investments**

CONSTRAINTS OF THE OFFER

- **Decarbonization policies**
- Years of low prices have forced manufacturers to **cut spending on new projects**

POSSIBLE MITIGATIONS

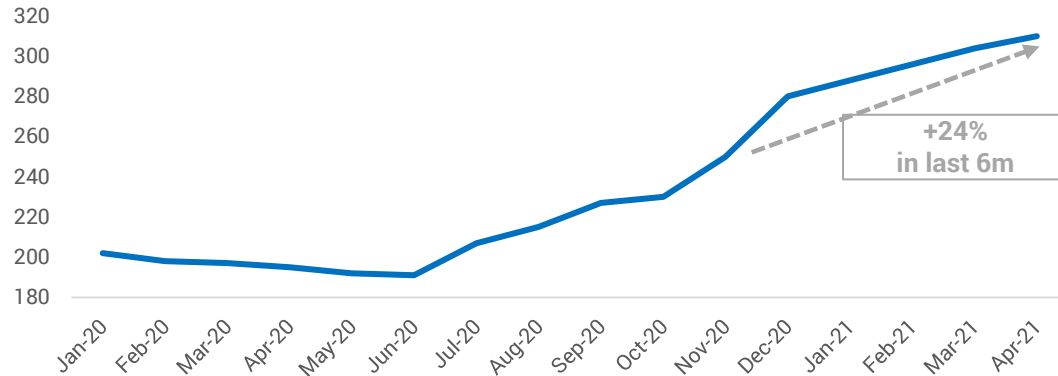
- anticipate the selection of contractors to freeze the construction cost forecast
- use a “construction design to budget” approach
- Foresee dedicated clauses in the contracts to benefit from eventual downwards adjustments of raw materials

RAW MATERIAL TREND



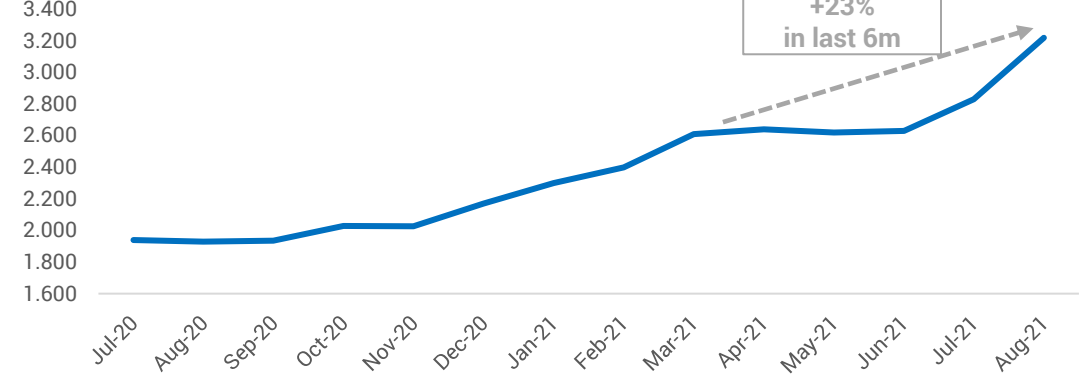
To date there are significant increase in the cost of raw material in an unstable markets

Stainless Steel €/ton



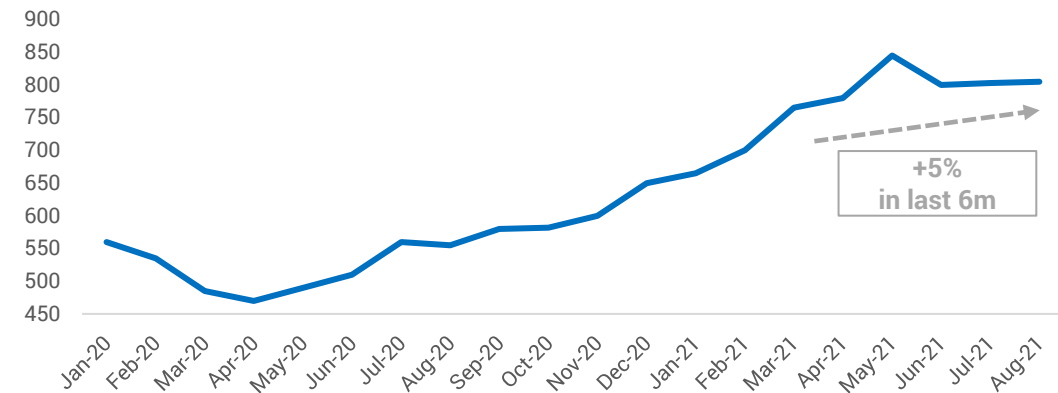
Source: Eure Inox

Lumber €/mc



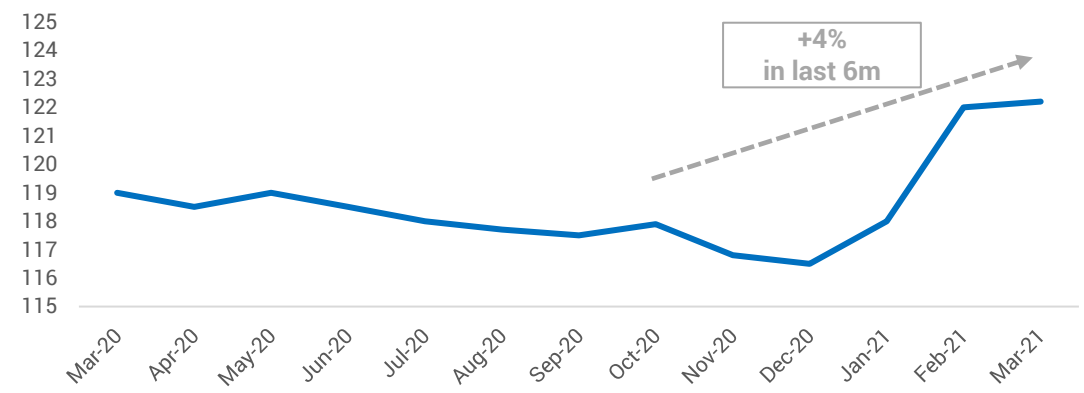
Source: Global Softwood Log & Lumber

Copper €/ton



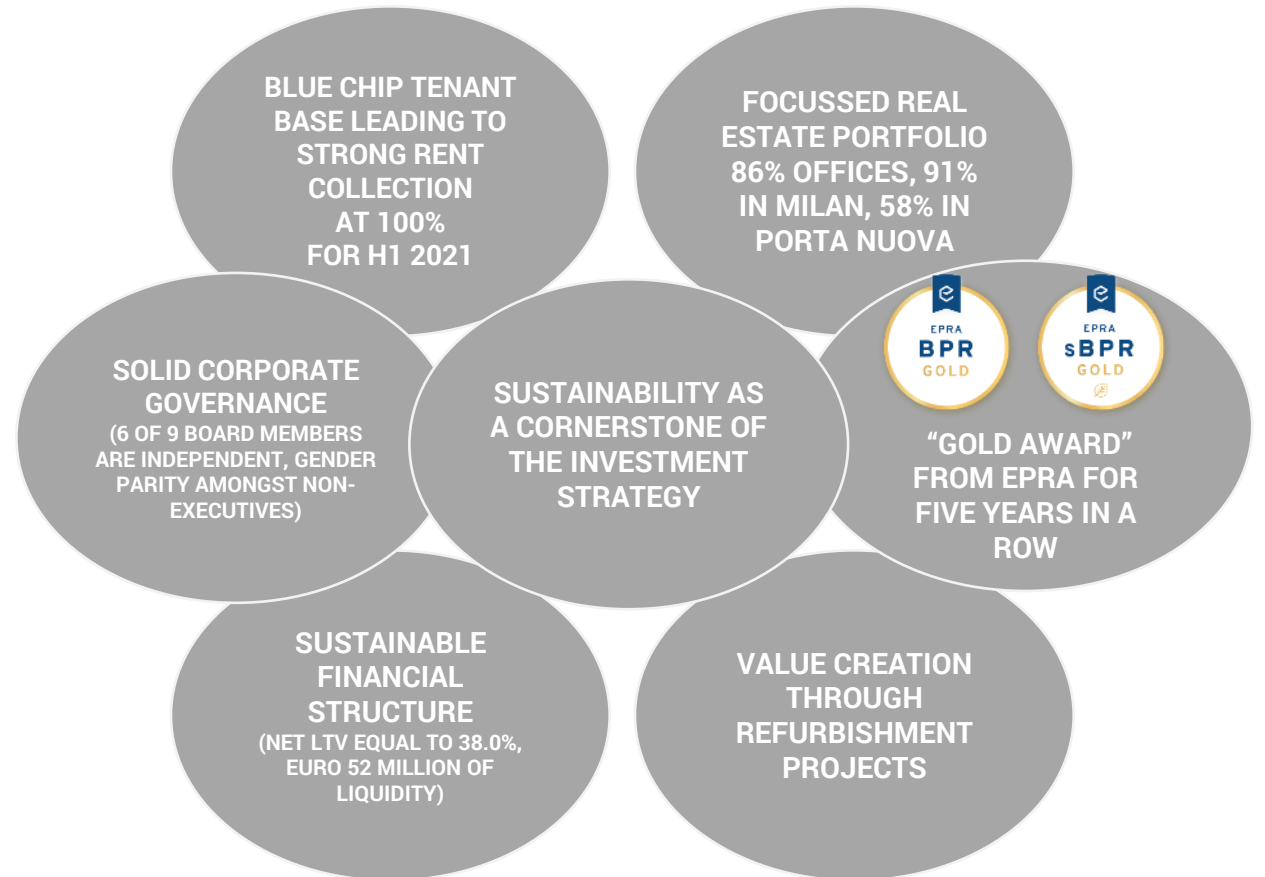
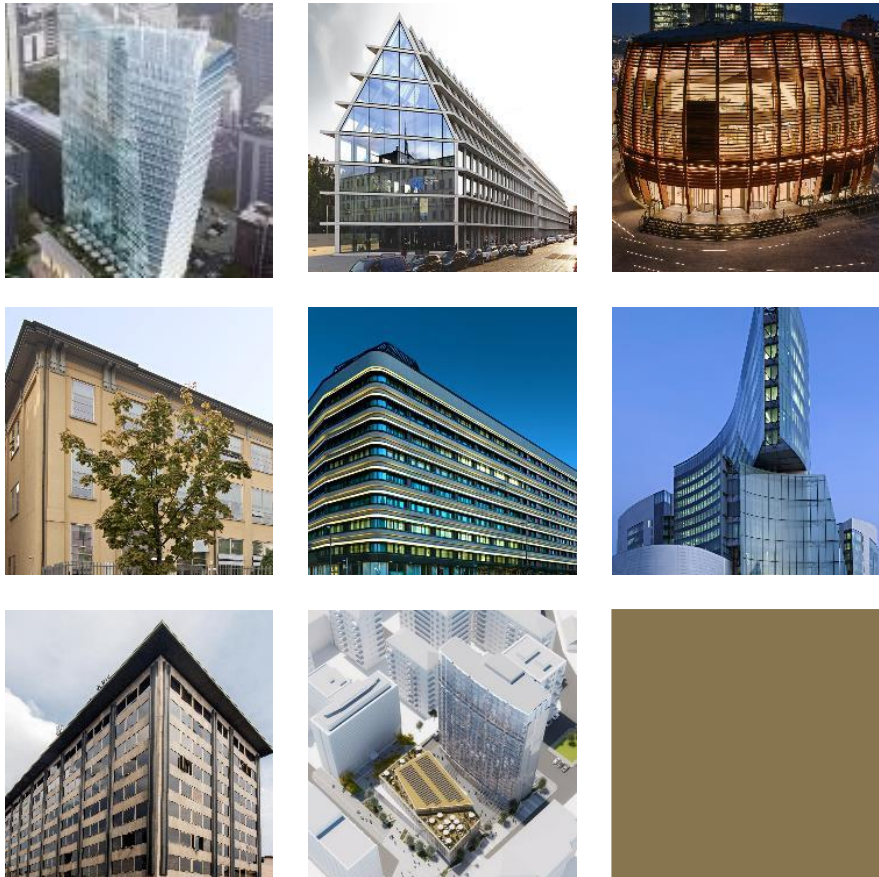
Source: AICE/ANIE

Cement €/mc



Source: ISTAT

COIMA RES - A RESILIENT INVESTMENT PROFILE



SARCA DISPOSAL - SUMMARY



Disposal of office property in secondary location in Milan at 36% premium vs acquisition price

Property sold to a primary local investor

- Disposal price €82.5m
- EPRA Topped-up NIY of 4.6% (10 bps tighter than the market yield)
- Unlevered IRR of 24% (Levered IRR of 39%)

Office property located in the Bicocca district in Milan

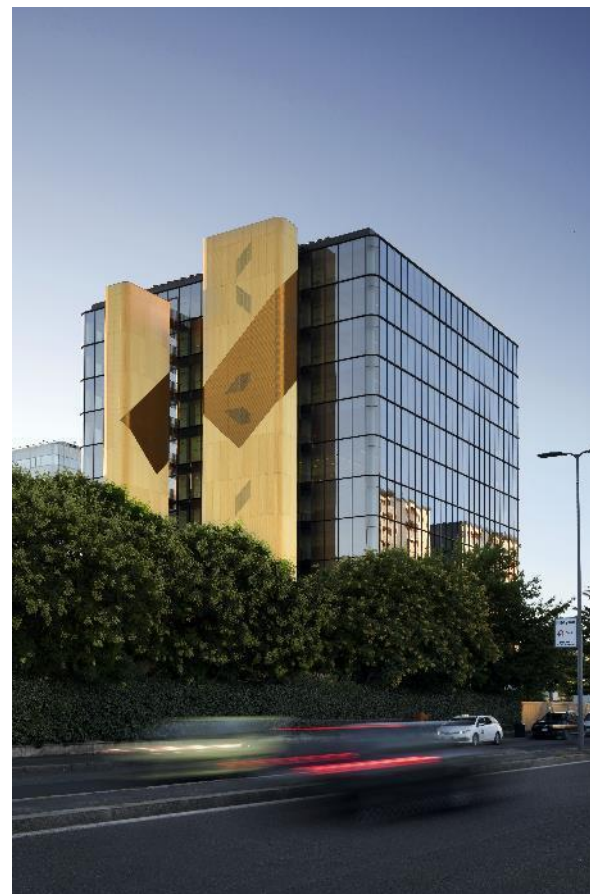
- 17,661 sqm of commercial area (12-storeys high)
- Fully let to international tenants (including Philips and Signify)
- WALT of approximately 5 years
- Fully refurbished in 2017 by the COIMA platform, LEED Platinum

COIMA RES acquired the property in 2019

- Purchase price of €60.7m
- EPRA Topped-up NIY of 5.9%
- Disposal implies an Unlevered IRR of 23% (Levered IRR of 35%)

Active portfolio rotation since IPO







- Acquisitions totalling €851m (on a pro-quota basis)
- Disposals totalling €325m (on a pro-quota basis)
- Disposals at a blended premium of 10% vs acquisition price



FOCUS ON CAPEX PLAN



Value creation through capex plan in order to capture rent upside (+25% on ERV; +36% on Prime Yield)

	Expected Capex Amount (€/M)	Expected Start Capex	Current Rent (€/sqm)	ERV (€/sqm)	Business District Prime Rent (€/sqm)	Sustainability Target
 MONTE ROSA	40-45	4Q-21	~310	~420 +35% (ERV vs Rent)	420 +35% (Prime Rent vs Rent) = (Prime Rent vs ERV)	From 100 kgCO2e/m2/y To 40 kgCO2e/m2/y -60% 
 TOCQUEVILLE	30-35	2Q-22	~400	~500 +25% (ERV vs Rent)	600 +50% (Prime Rent vs Rent) +20% (Prime Rent vs ERV)	From 103 kgCO2e/m2/y To 25 kgCO2e/m2/y -76% 
 DERUTA¹	13-18	2Q-22	~260	~280 +8% (ERV vs Rent)	280 +8% (Prime Rent vs Rent) = (Prime Rent vs ERV)	From 100 kgCO2e/m2/y To 40 kgCO2e/m2/y -60% 
Total	83-98	n.m.	~330²	~415² +25% (ERV vs Rent)	~450² +36% (Prime Rent vs Rent) +9% (Prime Rent vs ERV)	-65% carbon emission

PORTFOLIO DECARBONIZATION PLAN



Total portfolio area [GBA m ²]	170.000 m ²	+ 26%	215.000 m ²
Portfolio Carbon intensity	70,5 kgCO _{2e} /m ² /y	- 30%	49,8 kgCO _{2e} /m ² /y
Total portfolio carbon emission	11.700 tCO ₂ /y	- 7%	10.900 tCO ₂ /y
Carbon Value at Risk (CVaR)	4.750.000 €	- 95%	235.500 €

Piazza Gae Aulenti, 12
20154 - Milano

Tel. + 39 2 65 56 09 72
Fax. +39 2 73 96 50 49

Investor Relations – contact details
ir@coimares.com

www.coimares.com

