



MACRO & REAL ESTATE MARKET UPDATE

QUARTERLY CALL

February 10th, 2022



TODAY PROGRAMME

Introduction

Manfredi Catella, Founder and CEO, COIMA

Continuing Recovery Offsets Political Uncertainties

Komal Sri-Kumar, President, Sri-Kumar Global Strategist Inc.

Priorities & Investment Strategies

Manfredi Catella

Italian Real Estate Market

Gabriele Bonfiglioli, Chief Investment Officer, COIMA

Closing Remarks

Manfredi Catella

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CONTINUING RECOVERY OFFSETS POLITICAL UNCERTAINTIES

Komal Sri-Kumar

GLOBAL OUTLOOK



Recovery Continues at Slower Pace



Higher Inflation Across Regions



Fed Tightening Set to Begin



ECB Indicates No Policy Change



Bond Yields Rise Worldwide

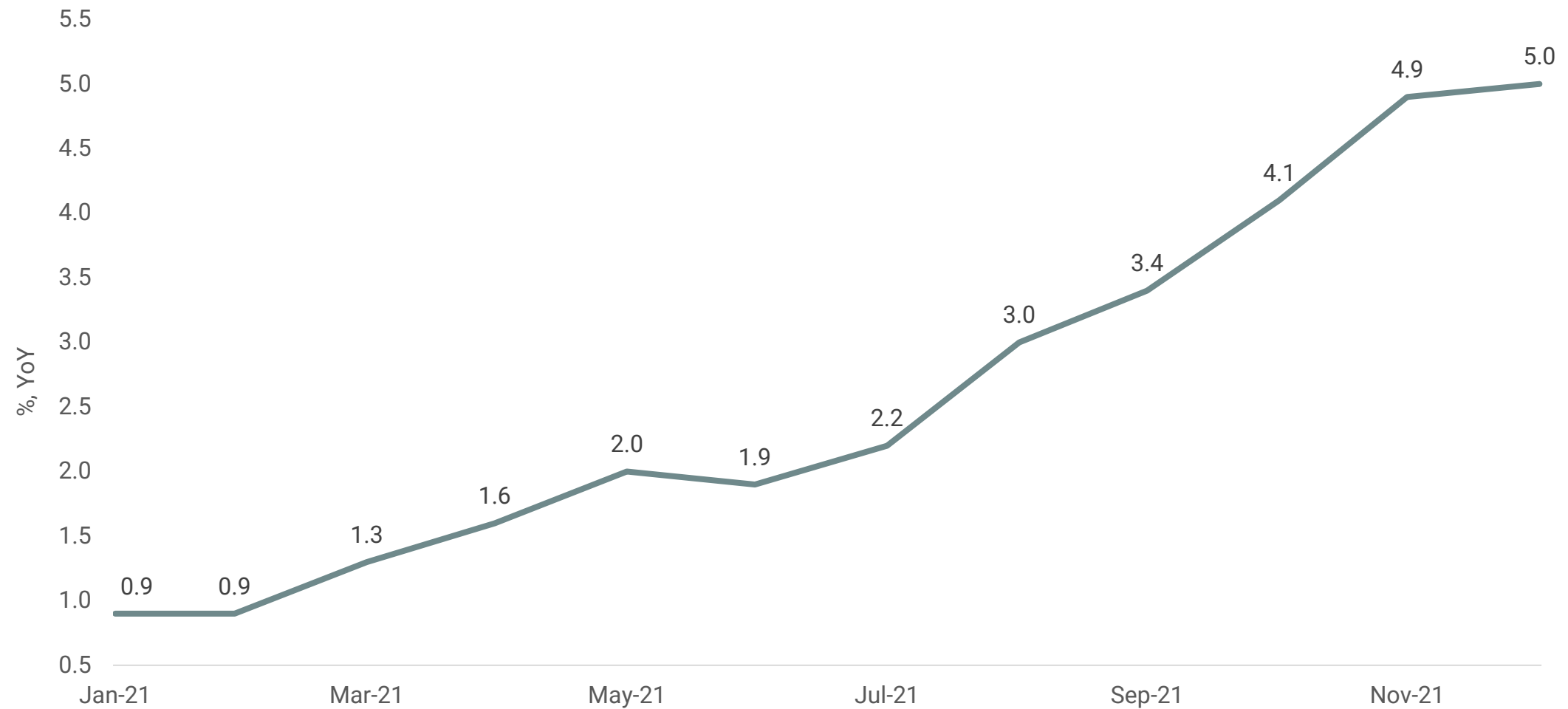
US TREASURY 10-YEAR YIELD

RISE ANTICIPATES FED TIGHTENING



EUROZONE INFLATION RATE

YEAR-END TARGET VASTLY EXCEEDED



GERMANY 10-YEAR BUND YIELD

RISE TO POSITIVE LEVEL IN JANUARY



EUROZONE: DEBATE ON NEXT POLICY STEPS



EU Stimulus to Continue



Debate Centered on ECB Measures



North Pushes End to Bond Buys



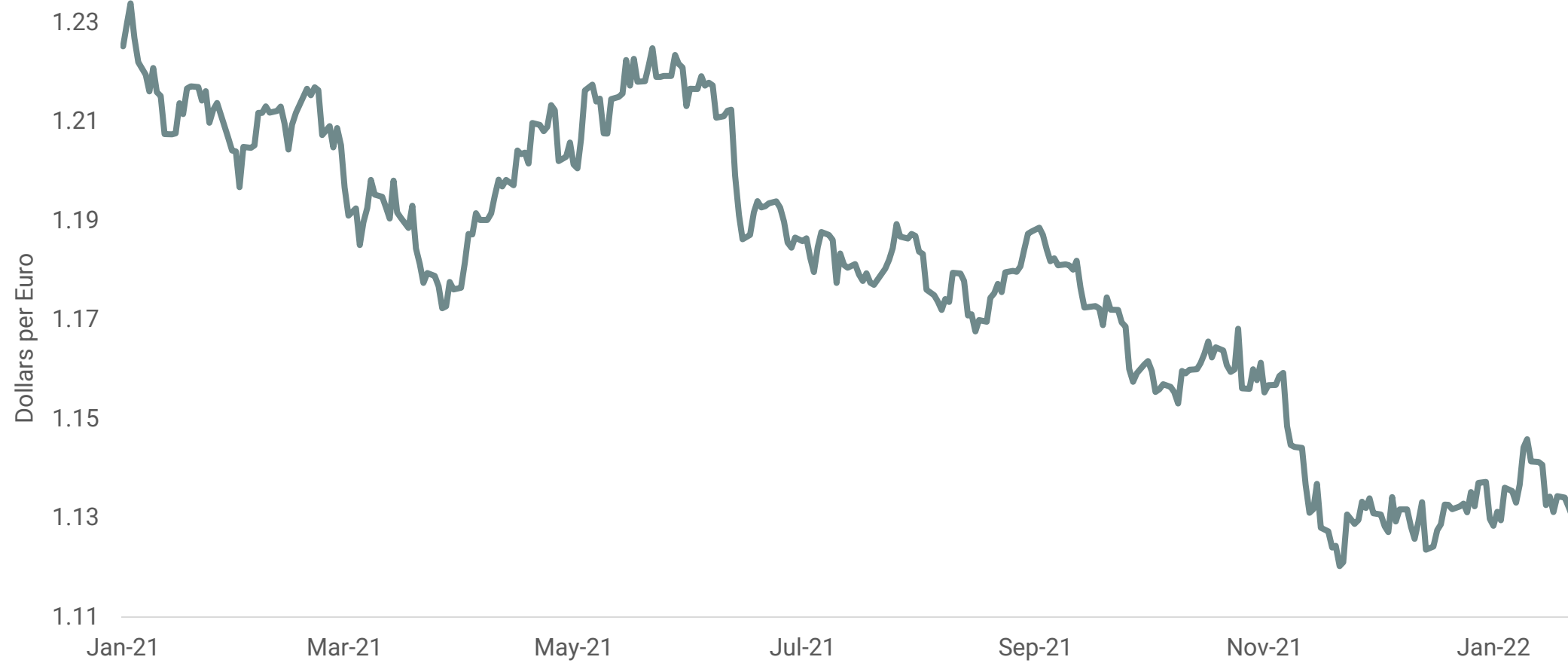
But Lagarde Supports Easing



Net: Expect No Rate Hike in 2022

EURO EXCHANGE RATE

WEAKER CURRENCY POSITIVE FOR GROWTH



ITALY: ECONOMIC STRENGTH PERSISTS



Italy a Regional Growth Leader



Lower Unemployment a Positive



Domestic Demand Remains Strong



Reforms Reflected in Industrial Growth



Consumer Confidence Highest in Decade

ITALY: UNEMPLOYMENT RATE

LOWER DESPITE MORE SEEKING JOBS



ITALY: CONSUMER CONFIDENCE INDEX

AT LEVELS NOT SEEN IN YEARS!



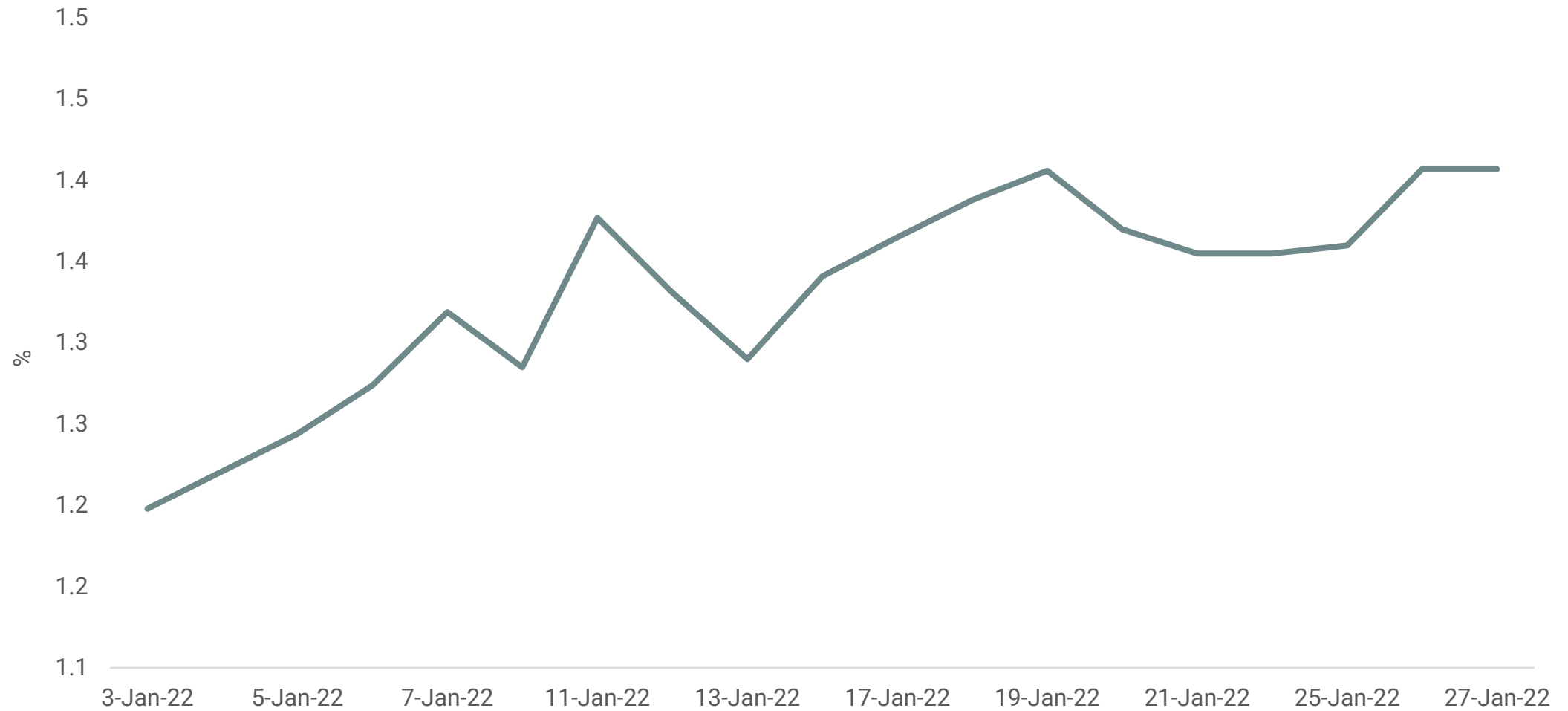
ITALY: INDUSTRIAL PRODUCTION INDEX

RISE AT MOST RAPID PACE IN 4 MONTHS



ITALY: 10-YEAR YIELD

SMALL RISE SHOWS MARKETS' COMFORT



POLITICS: KEY ISSUES



Mattarella Continuation a Major Positive



Receives Overwhelming Approval



Draghi to Stay as Prime Minister



He Will Pursue Reforms



EU Funds Will Keep Coming

CONCLUDING COMMENTS



Adjusting to Rising Rate Environment



More Patience in Europe than in U.S.



Italy: Better Placed Than in Past Cycles



Economic Data Suggest Progress



Political Transition Should be Manageable

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PRIORITIES & INVESTMENT STRATEGIES

Manfredi Catella

ITALY: MACRO UPDATE

POLITICAL STABILITY WITH PRESIDENT MATTARELLA RE-ELECTION



**SERGIO MATTARELLA RE-ELECTED
PRESIDENT OF REPUBLIC IN JANUARY 2022**



MARIO DRAGHI PRIME MINISTER

SAME PRIORITIES

GOALS ACHIEVED

- ✓ +6.5% GDP growth in 2021
- ✓ Ca. 90% of population over 12 fully vaccinated
- ✓ Completed the 51 PNRR goals for 2021

NEXT STEPS

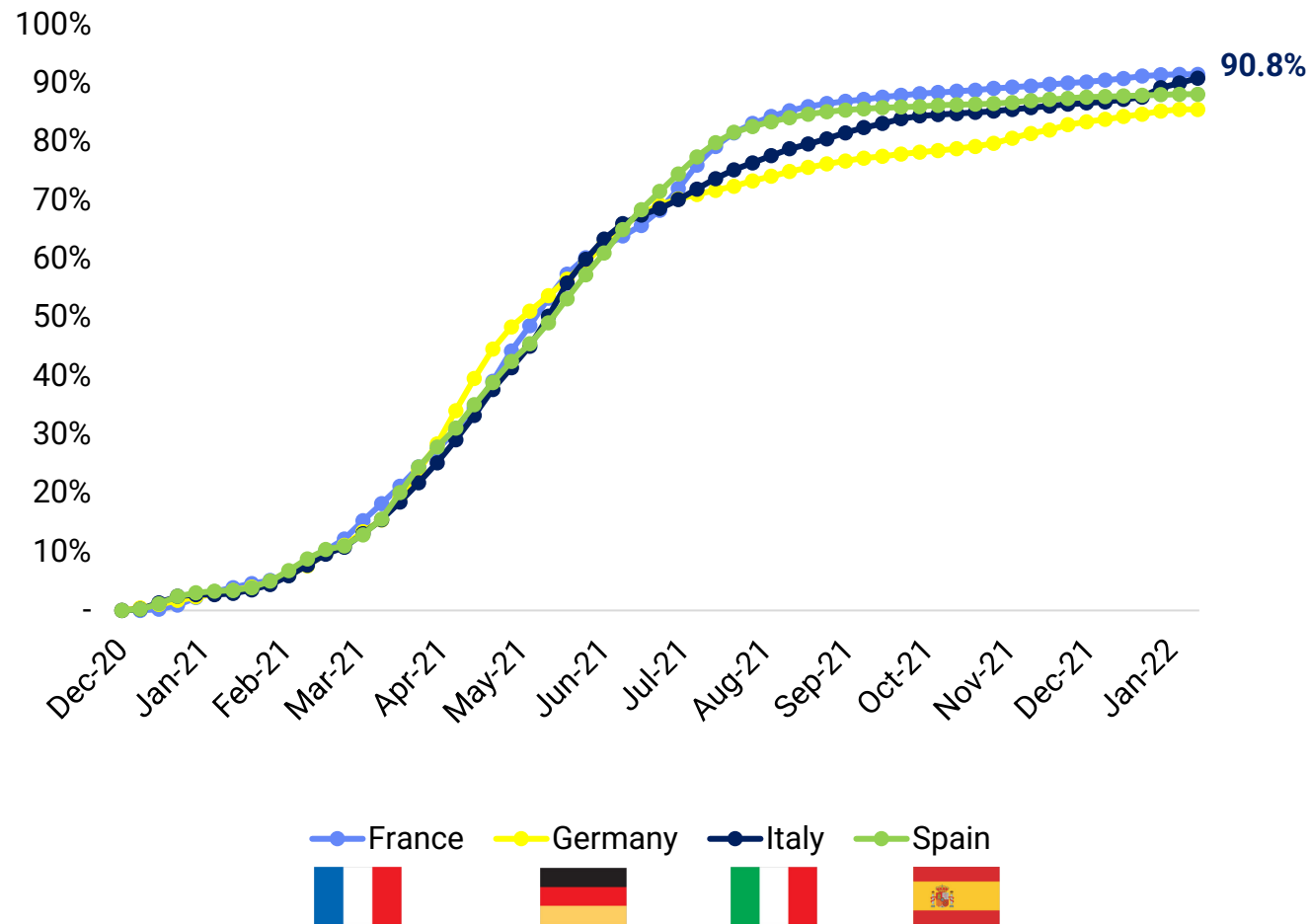
- Timeline for easement of COVID-19 restrictions
- Continue the path for the economic and social recovery
- PNRR: 100 goals including 66 reforms to complete in 2022 to release EU funds

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

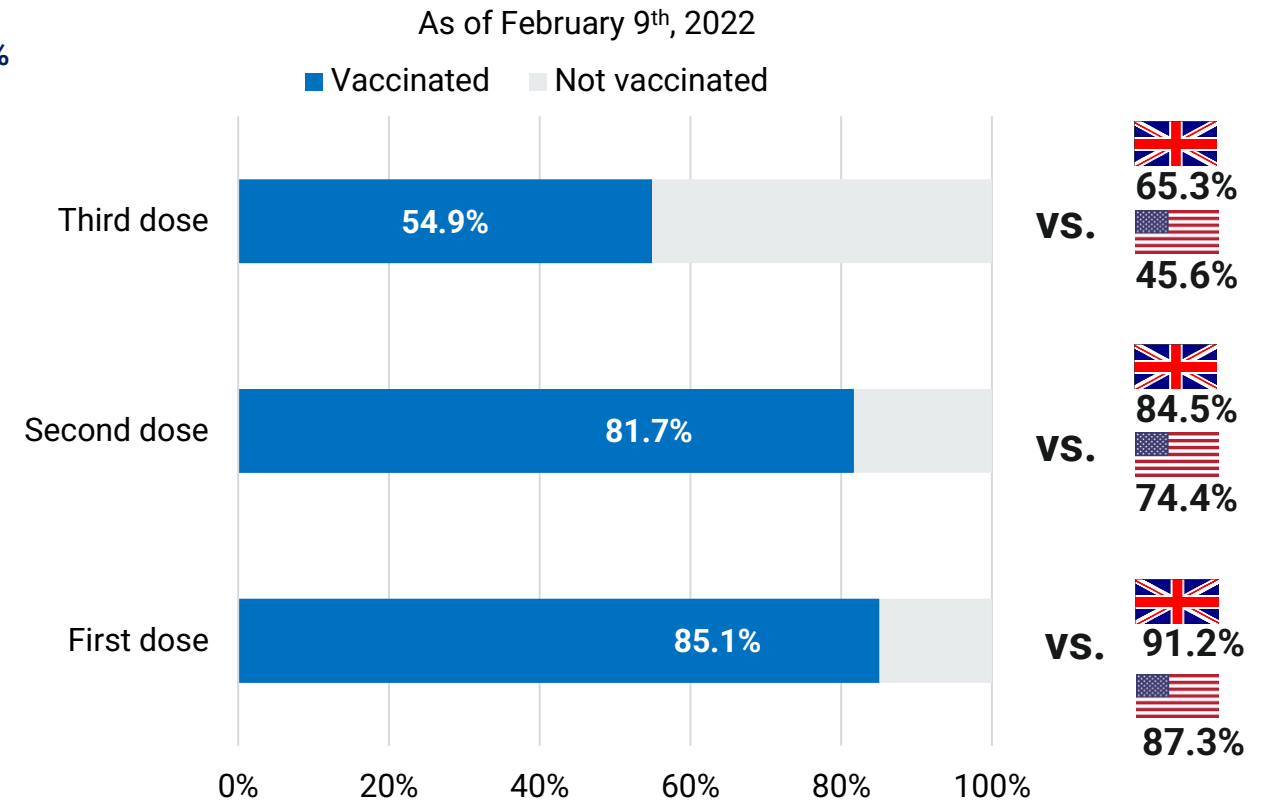
VACCINATION CAMPAIGN PROGRESS IN ITALY

VACCINATION RATES CLOSE TO 90% IN KEY EU STATES HAVE MITIGATED OMICRON WAVE

VACCINES FIRST DOSE UPTAKE
(% adult population)



VACCINES UPTAKE IN EU
(% adult population)



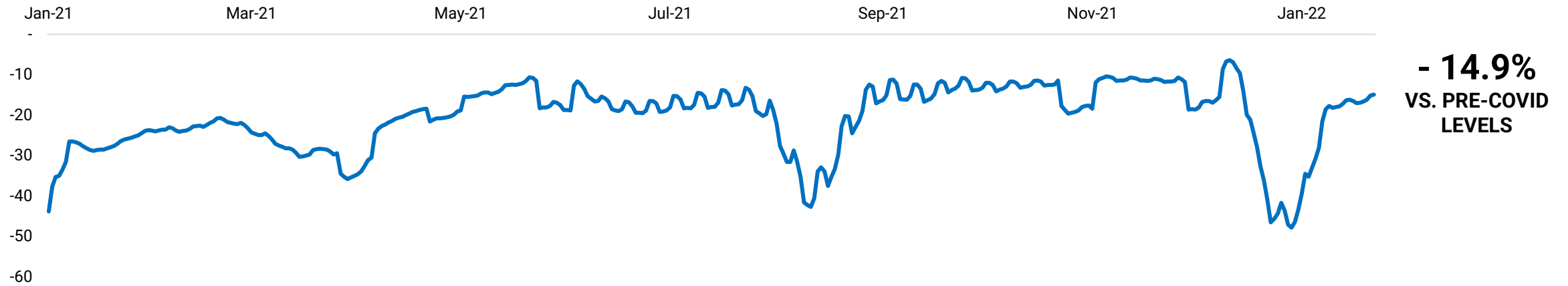
Step up in administration of third doses to control Omicron variant spread

WIDESPREAD VACCINATION LIMITED MOBILITY RESTRICTIONS

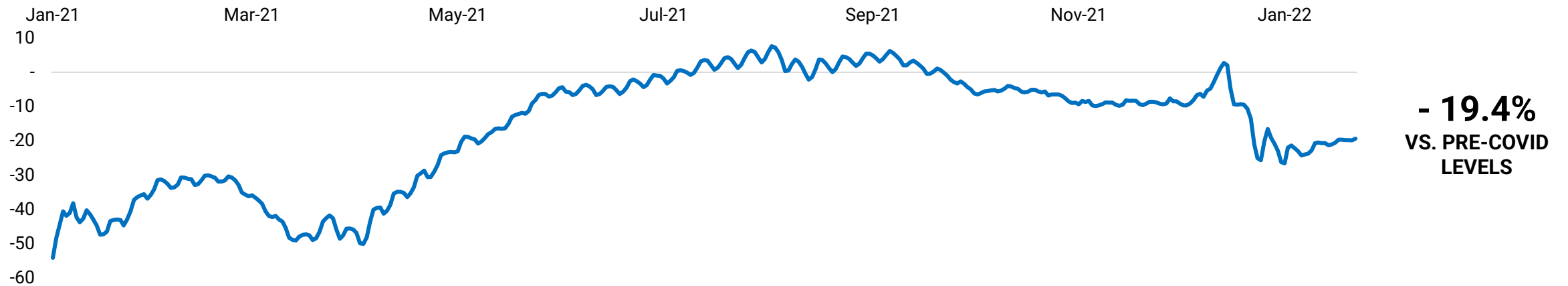
MOBILITY LEVELS RECOVERING AFTER CHRISTMAS BREAK AND FIRST OMICRON WAVE



ITALIAN MOBILITY – WORKPLACES (*% change vs Jan 2020**)

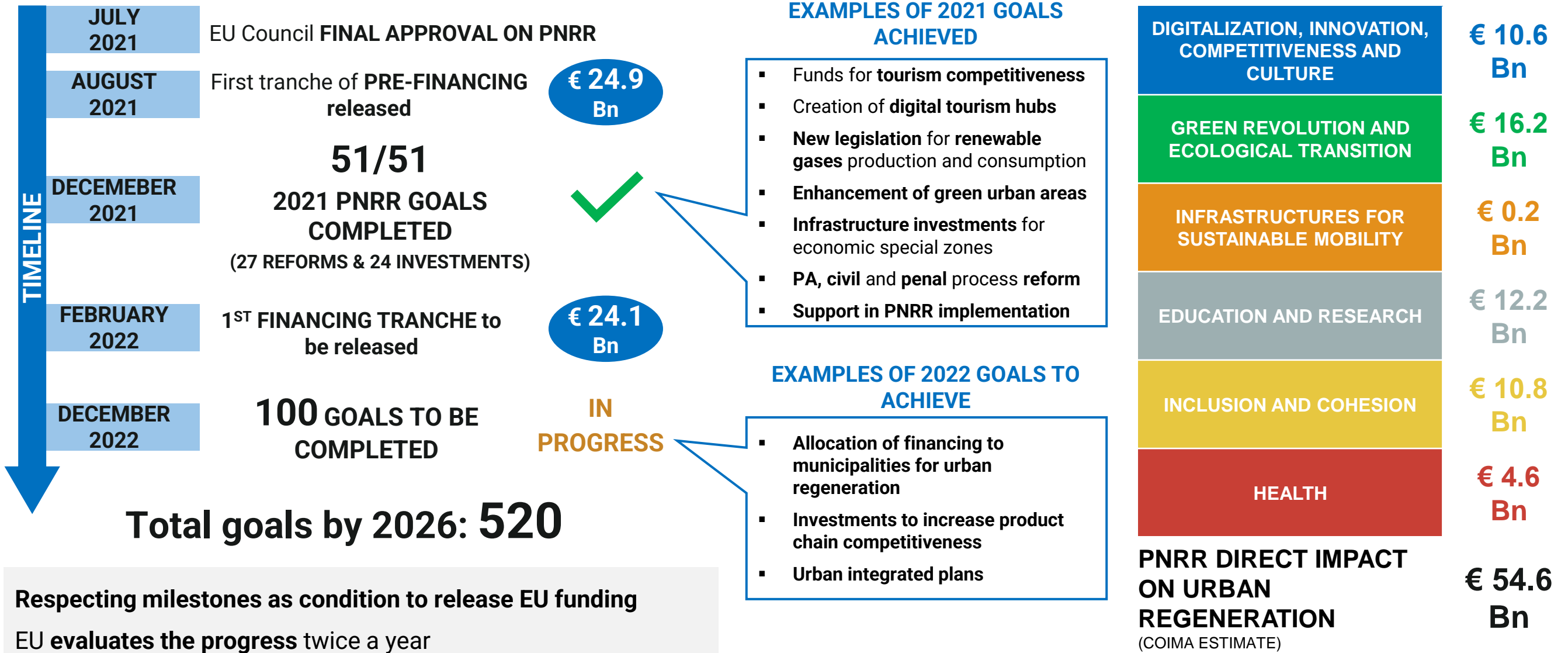


ITALIAN MOBILITY - RETAIL & FREE TIME (*% change vs Jan 2020**)



ITALIAN PNRR IN PROGRESS

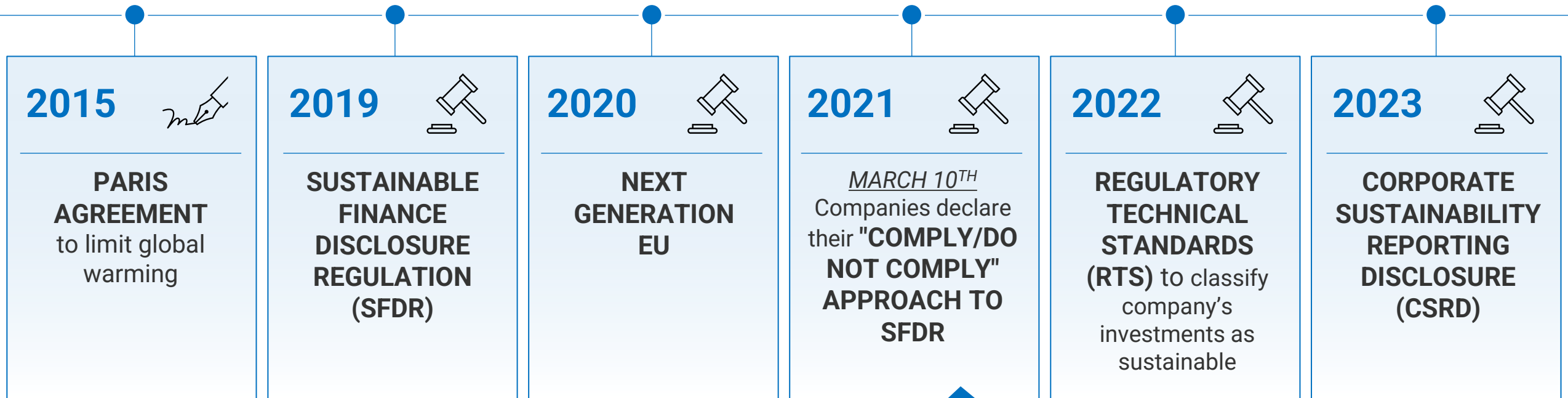
ITALY COMPLETED 2021 MILESTONES AND TARGETS AND IS WORKING ON 2022 PNRR GOALS



ESG ROADMAP TOWARDS SUSTAINABLE INVESTMENTS

COIMA AS THE FIRST ITALIAN SGR TO COMPLY WITH SFDR REGULATION

EU
REGULATION



FIRST ITALIAN SGR TO COMPLY WITH SFDR

COIMA 2030
GOALS

ENVIRONMENTAL

- 100% of portfolio aligned to 2°C EU decarbonization pathway

SOCIAL

- 100% new development **WELL** and **LEED certified**
- Integration of **affordable housing**
- Community development** and **management**

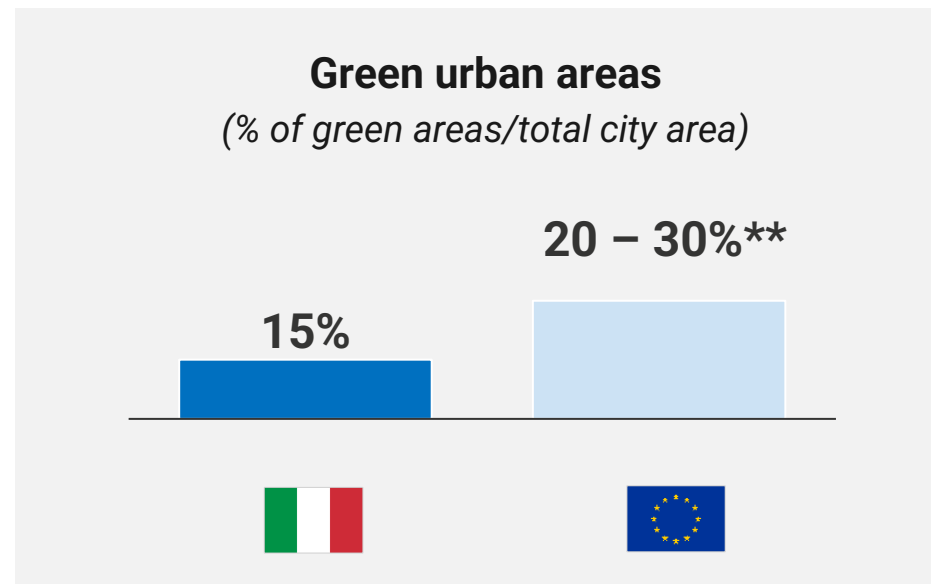
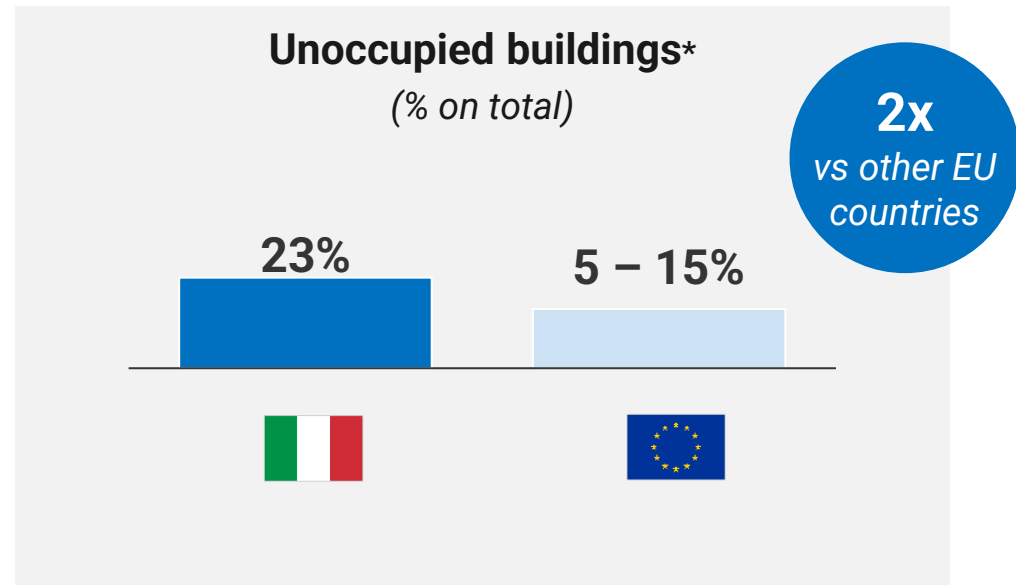
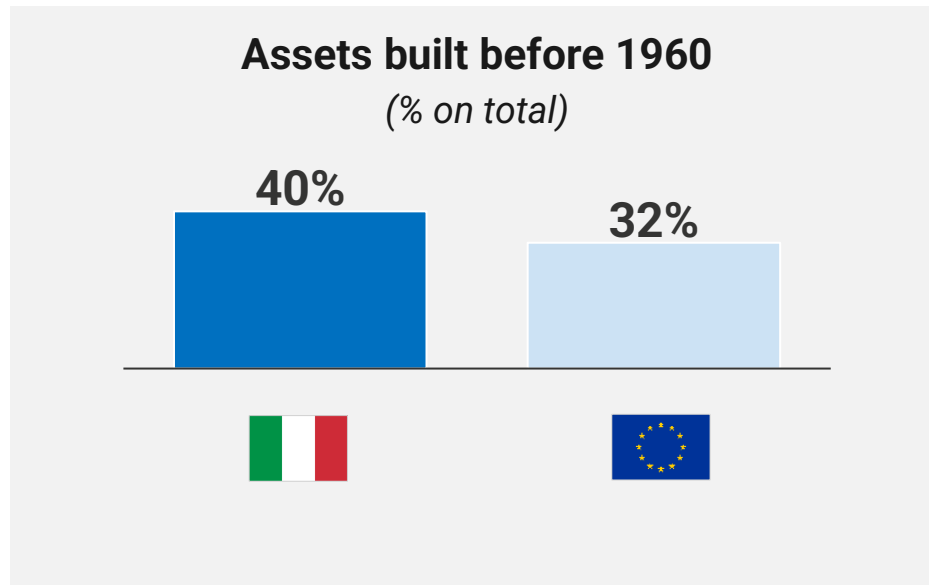
GOVERNANCE

- 100% of funds categorized **Article 8** or **Article 9** of SFDR



ITALY: AN HISTORICAL OPPORTUNITY TO FILL THE GAPS

SUBSTANTIAL INVESTMENTS NEEDED TO BECOME IN LINE WITH EUROPEAN PEERS



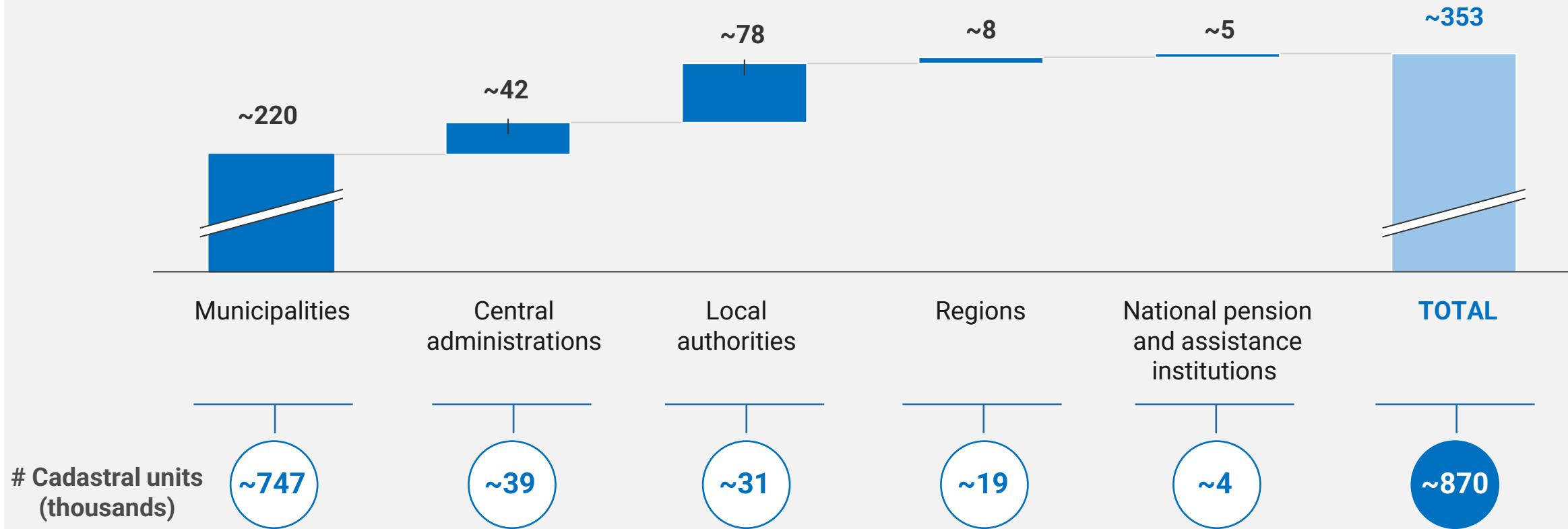
ITALIAN PUBLIC ADMINISTRATION FOOTPRINT

REGENERATION OF PUBLIC ADMINISTRATION REAL ESTATE ASSETS AS A DRIVER



Over 350 M sqm owned by public administration to be potentially regenerated

Italian public administration Real Estate assets ('M sqm, %)



* It does not include ~25M sqm of "Altre amministrazioni non S13 (ACI, altri), ca. 340k cadastral units
http://www.dt.mef.gov.it/export/sites/sitodt/modules/documenti_it/patrimonio_pubblico/patrimonio_pa/RapportoImmobili_DatiAnno2017.pdf;
https://www.istat.it/it/files/2019/12/Report_CENSIMENTO-ISTITUZIONI-PUBBLICHE-2017.pdf

MILAN & ROME: WHAT TO EXPECT FROM NEW ADMINISTRATIONS

FOCUS ON URBAN REGENERATION AND ESG OBJECTIVES

GIUSEPPE SALA

RE-ELECTED FOR FURTHER 5 YEARS



CEO (2015)



CFO (2002-2003)



Chairman (2012)



CEO (1998-2001)



- Political stability
- Milan government focused on attracting capital and fostering city attractiveness
- Growth outlook for real estate market in Milan
- Focus on ESG objectives

ROBERTO GUALTIERI

ELECTED FOR THE NEXT 5 YEARS



Ex Italian
Economy and
Finance Minister
(2019 – 2021)



President of the Economic and
Monetary Affairs Committee
at the European Parliament
(2014-2019)



University
professor
(2012 – today)

- Reorganization of administrative bodies to increase efficiency of processes
- Coordination of PNRR investment projects
- Positive outlook for regeneration of Roman real estate stock
- Attracting more international events

MILAN INCREASINGLY FOCUSED ON ESG OBJECTIVES

APPROVED THE AIR AND CLIMATE PLAN SETTING ESG GUIDELINES FOR THE CITY

A TOOL TO PROTECT HEALTH AND ENVIRONMENT, AIMED AT REDUCING THE AIR POLLUTION AND TO RESPOND TO THE CLIMATE EMERGENCY

Air quality improvement

Decarbonization

Health, social inclusion and equality

KEY OBJECTIVES OF THE PLAN

Medium-term

2025 **AIR QUALITY:** respect the **EU limits** for **particle pollution** (PM10, PM2.5)

2030 **AIR QUALITY:** reduce **CO2 emissions by 45% vs. 2005**

Long-term

2050 **AIR QUALITY:** respect the **limits** provided by **WHO Guidelines**

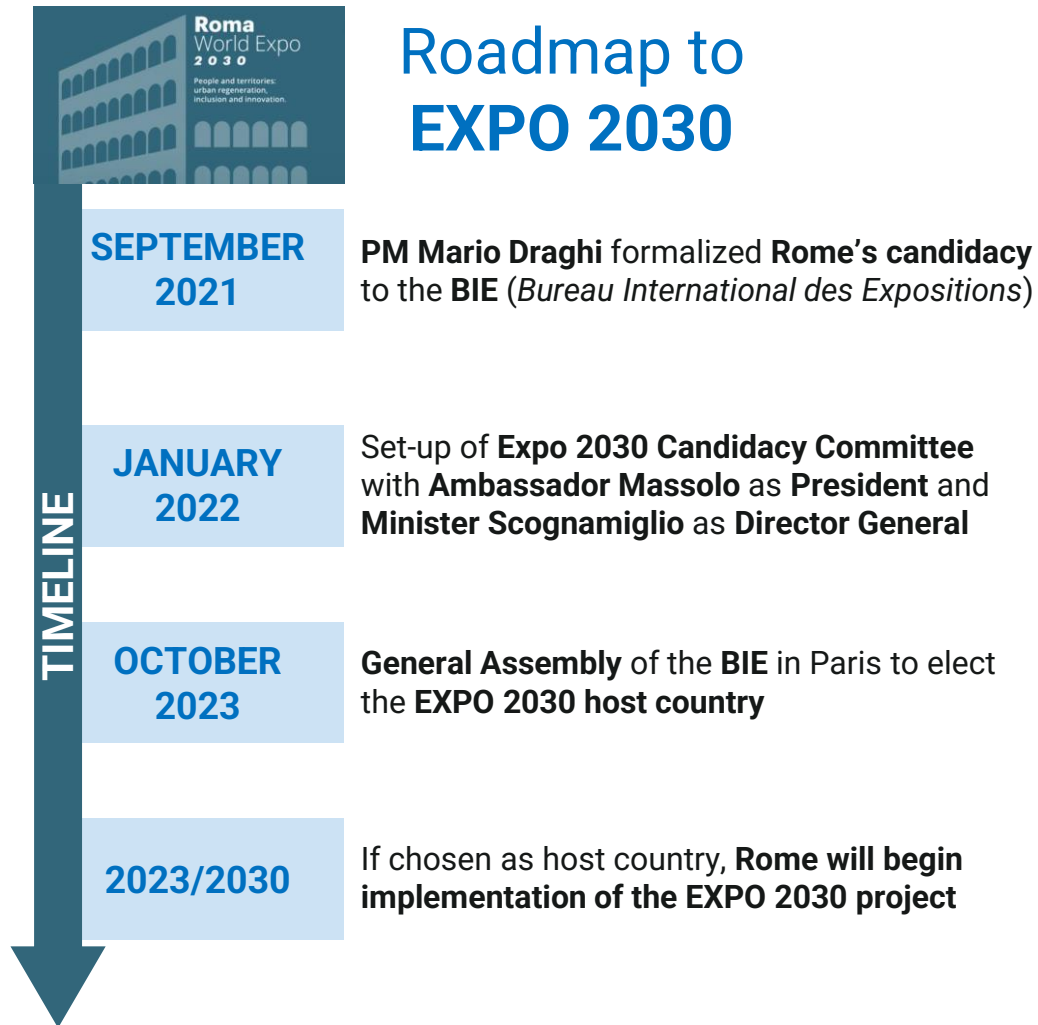
DECARBONIZATION: limit increase of urban temperature < 2° C



The **Municipality** aims at creating **synergies** between the **Climate Plan** and the general **Town Planning Scheme**

ROME CANDIDATE AS HOST CITY FOR WORLD EXPO 2030

PEOPLE AND TERRITORIES: URBAN REGENERATION, INCLUSION AND INNOVATION



Rome EXPO 2030 Theme

PEOPLE AND TERRITORIES: URBAN REGENERATION, INCLUSION AND INNOVATION



Reinventing modes of human settlement



Redesign of means of transport



Revival of the bond between humans and their environment



Reinforcement of the cultural production network



Opportunity for Rome to scale up on urban regeneration and be at the center of international attention if selected for EXPO 2030

PORTA NUOVA AS THE FIRST POST-COVID URBAN CAMPUS

PORTA NUOVA AS PILOT NEIGHBORHOOD AND COMMUNITY LAB

PORTA NUOVA TO SET THE GUIDELINES FOR FUTURE REDEVELOPMENT PROJECTS

1st

development project in the world to qualify for the double LEED and WELL for Community certification



100% LEED CERTIFIED ASSETS

1st

public private partnership for public spaces and park management

> 150 K SQM UNDER DEVELOPMENT

1st

retail district in Europe ESG certified



OVER 15 M VISITORS EXPECTED BY 2025

1st

innovative neighborhood in Milan managed through a digital platform



OVER 2.2 BN INVESTMENT WITH GREATER IMPACT ON SURROUNDING AREA

PORTA ROMANA AS KEY POST-COVID REGENERATION PROJECT

NEIGHBORHOOD-SCALE REGENERATION PROJECT TO RESHAPE THE URBAN CONTEXT

NEIGHBORHOOD-SCALE PROJECT

1 km x 200 m site of ca. 200,000 sqm

Public park of ca. 100,000 sqm

MIXED USE

Buildable surface of 164,000 sqm



COIMA

105,000 residential

COVIVIO

54,000 office

PRADA

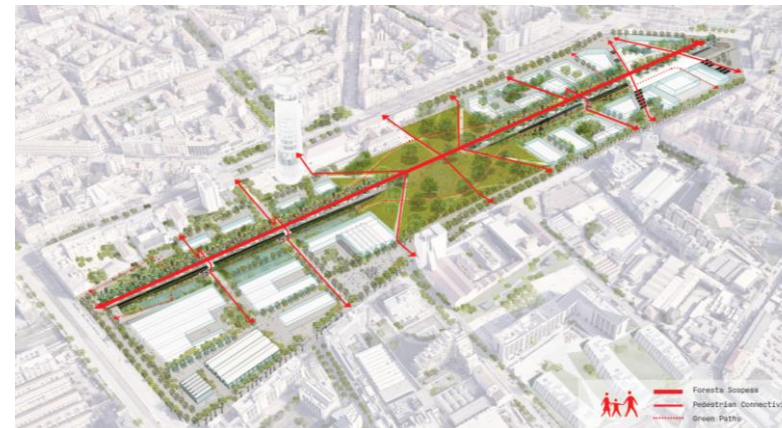
5,000 exhibition

ESG

100% of certified buildings and project guided by ESG objectives

DIGITALIZATION

Digital neighbourhood management and technology integrated into the project from day 0



STRONG IMPACT ON SURROUNDING NEIGHBORHOODS

> € 1 Bn investment with multiplier effect on urban impact

3

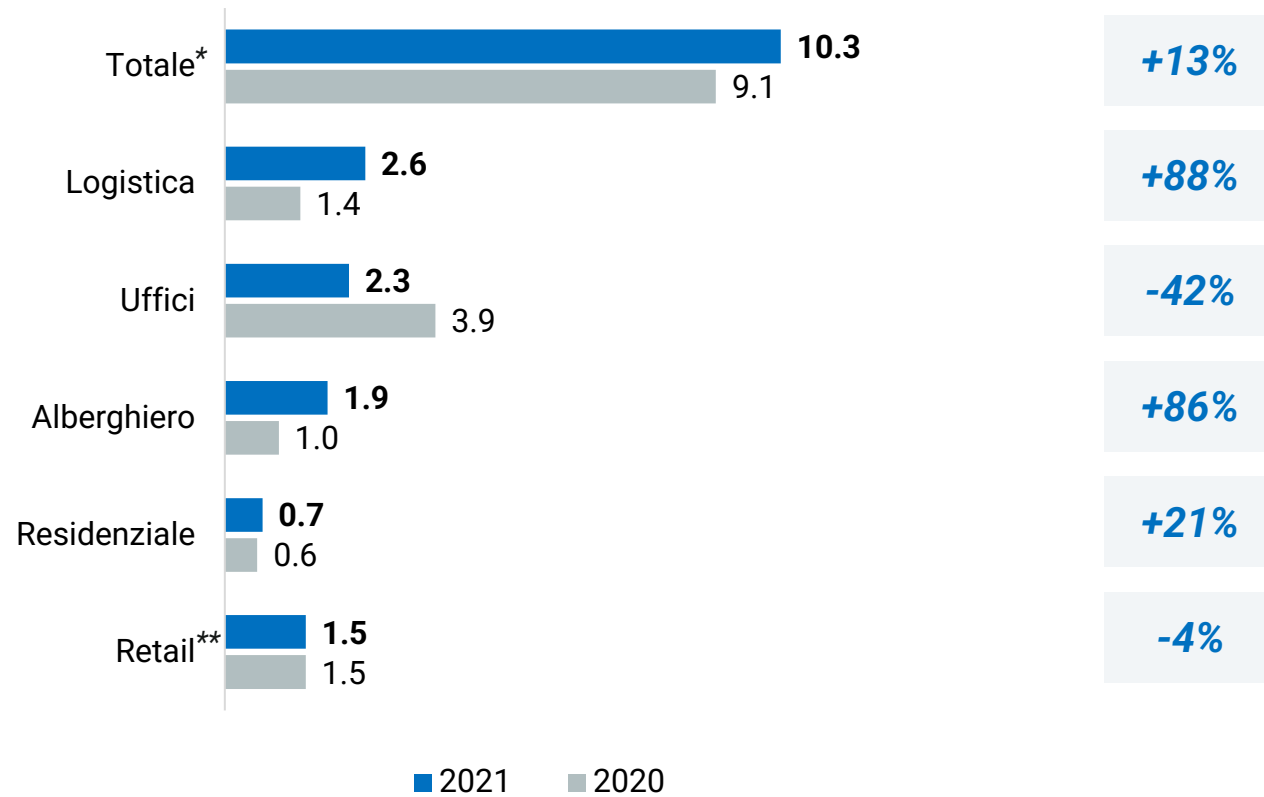
ITALIAN REAL ESTATE MARKET

Gabriele Bonfiglioli

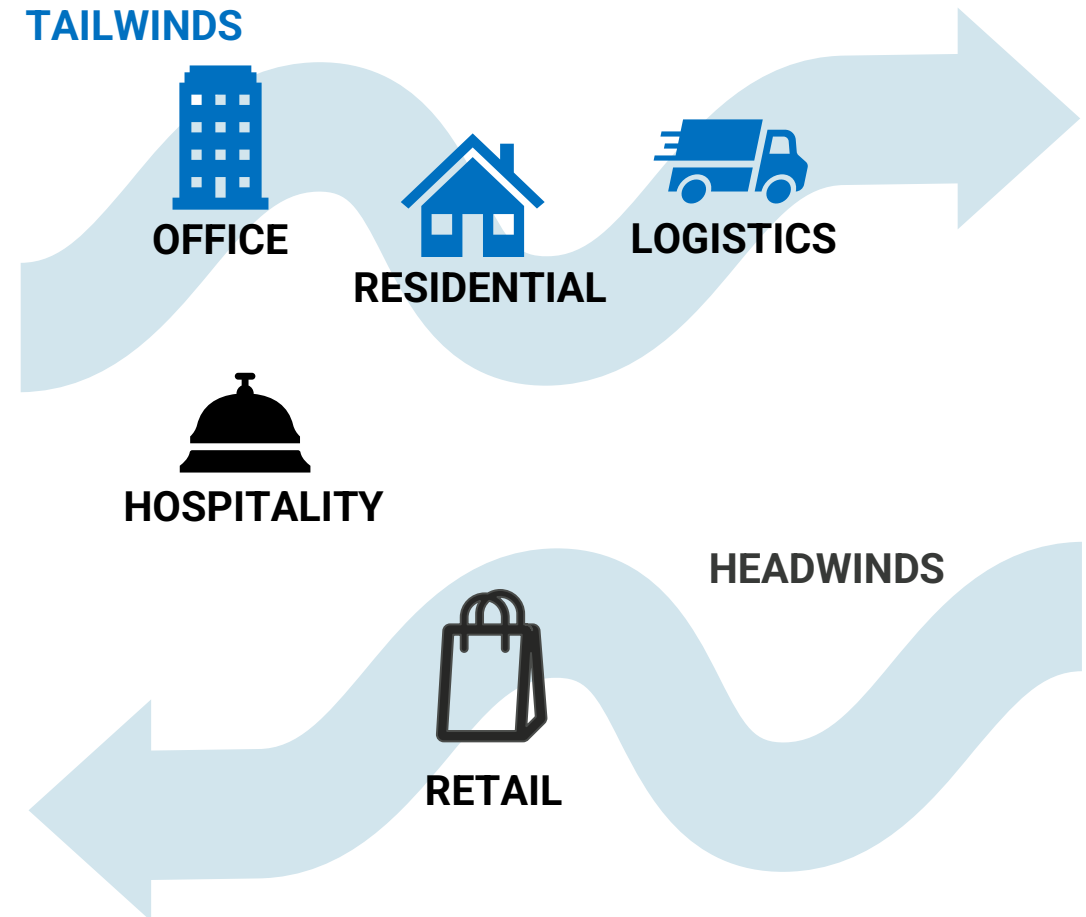
INVESTMENT MARKET

2021 INVESTMENTS OVER € 10 BN, HIGHER BY 13% VS. 2020

INVESTMENT VOLUME BY ASSET CLASS (€ Bn)



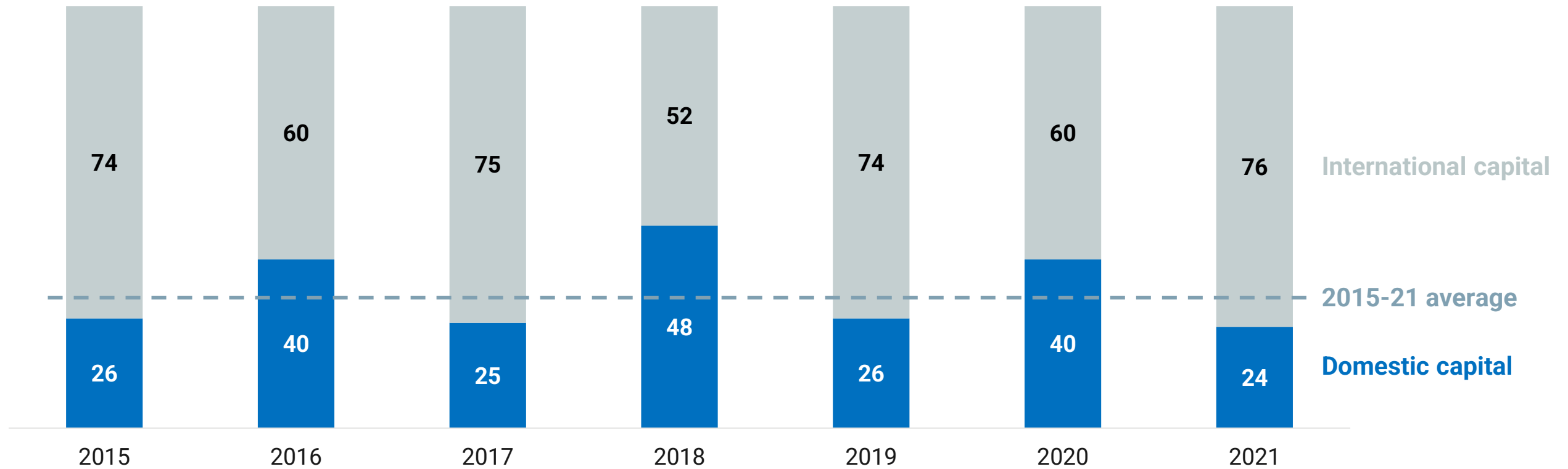
SECTORS OUTLOOK



STRONG COMEBACK BY INTERNATIONAL INVESTORS



SOURCE OF CAPITAL (% on total)



MAIN FOCUS ON CORE ASSETS, THAT LACK IN THE MARKET

INCREASE OF RISK PREMIA FOR VALUE-ADDED AND DEVELOPMENT INVESTMENTS



VIA S. GIOVANNI SUL MURO – CBD



Core asset
Ongoing
Net yield
<3.30% exp.



PALAZZO MANCINI – CBD



Core asset
Ongoing
Net yield
<3.50% exp.

VIA BROLETTO – CBD



Core asset
Closed
Net yield
2.90%

LUNGOTEVERE BRESCIA – Center



Core asset
Closed
Net yield
~4.00%

CORE

PRIME YIELD 

3.00%



VALUE-ADDED
&
DEVELOPMENT

+150/200
bps



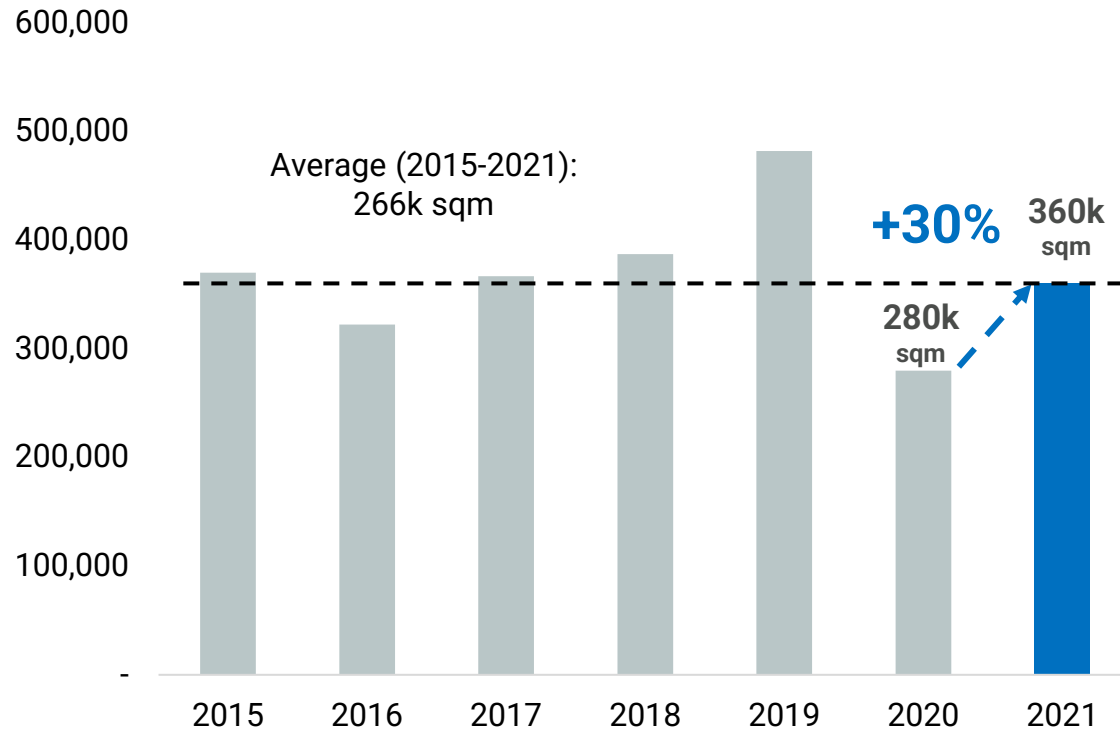
REALE PORFOLIO OF TROPHY ASSETS MAINLY IN MILAN ACQUIRED FOR > € 1 BN

RECOVERY IN LEASING ACTIVITY

TENANTS ACCELERATED MOVING DECISIONS IN THE LAST SEMESTER



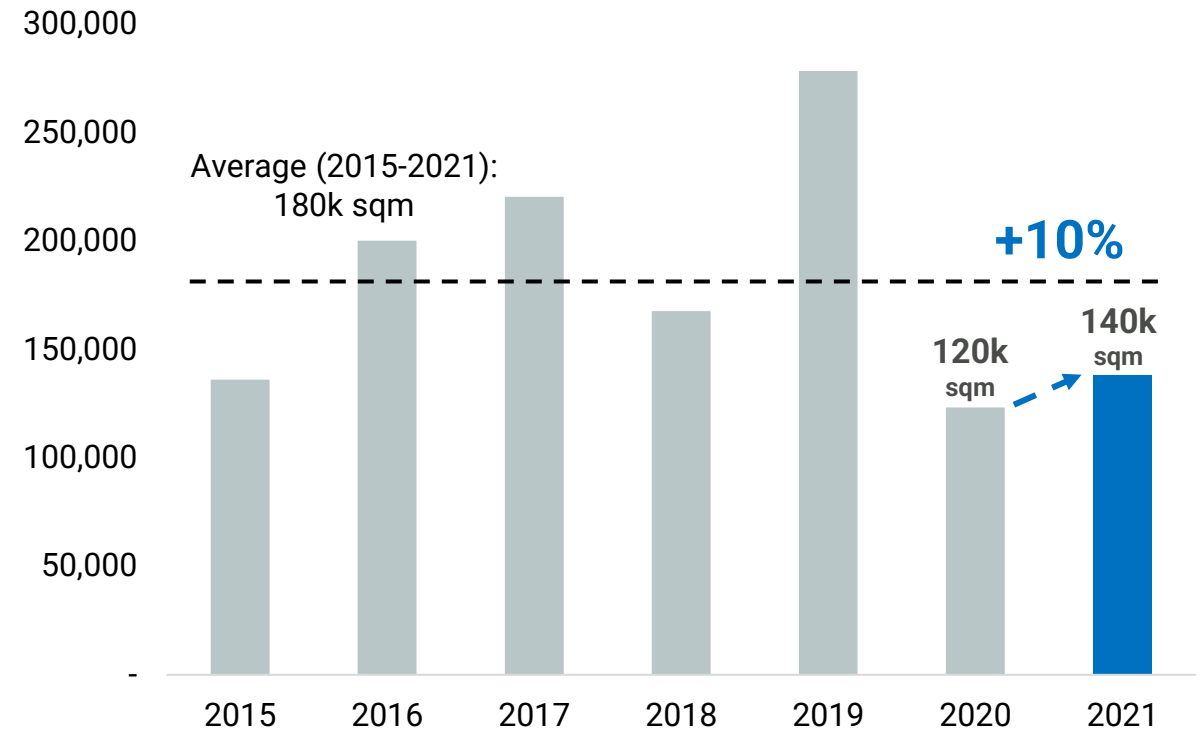
MILAN OFFICE TAKE-UP (sqm)



2.7% Grade A vacancy



ROME OFFICE TAKE-UP (sqm)



2.6% Grade A vacancy

RECENT LEASE TRANSACTIONS

PRIME RENT CONFIRMED FOR QUALITY PROPERTIES IN MILAN AND ROME



THE MEDELAN – CBD



€ 630/sqm

ca. 1,400 sqm



GARAGE TRAVERSI – CBD



€ 630/sqm

ca. 1,500 sqm

AUDEMARS PIGUET
Le Brassus

VIA VENETO 89 – CBD



€ 520/sqm

ca. 2,200 sqm



CORSO MATTEOTTI 5 – CBD



€ 600/sqm

ca. 1,300 sqm



HOULIHAN LOKEY

DE CASTILLIA – PN CBD



€ 560/sqm

ca. 5,600 sqm



SAN SILVESTRO – CBD



€ 480/sqm

ca. 2,400 sqm



PRIME RENT CBD

€ 600/SQM →

PRIME RENT Center

€ 480/SQM →

PRIME RENT CBD

€ 450/SQM →

PRIME RENT EUR

€ 350/SQM →

SURVEYS CONFIRM THE CENTRALITY OF OFFICES

LOWER DENSITY NOT SPACE, TENANTS CONFIRM THE NEED OF RETHINKING SPACE



WFH survey findings: lower density with office space reduction in the range of 1-2% on average

SAMPLE INTERVIEWED



500
US CORPORATES



Emerging norm of 2 days a week at home and 3 days in the office, cutting days on site by 30-40%



Workers are **uncomfortable with density**, cutting person days on site without reducing square footage



Employers are **reshaping office space** to become more inviting **social spaces** that encourage **collaboration**



Corporates to reduce office space by 1% to 2% on average



Limited reduction in office space needs, with lower density, more common areas and increasing focus on quality and location



COIMA survey findings: confirmed centrality of offices and need of rethinking space

SAMPLE INTERVIEWED



38
CORPORATES



500,000 sqm
FOOTPRINT



30,000
EMPLOYEES



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%



Flexible internal layout: more common areas and less desks

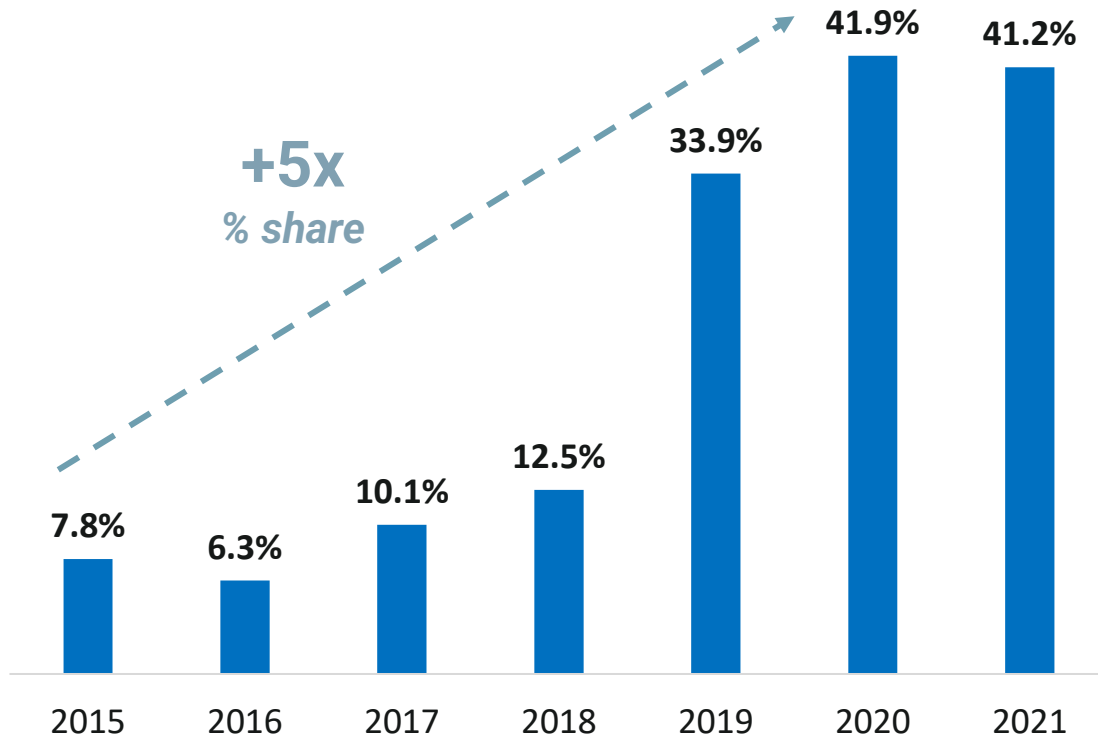


Corporate to reduce their office footprint by ca. 5/10%

INCREASING DEMAND FOR SUSTAINABILITY FOR OFFICES

MILAN MARKET IS A FRONTRUNNER IN SUSTAINABILITY, WHILE ROME STILL LAGS BEHIND

MILAN LEED & BREEAM CERTIFIED OFFICE TAKE-UP
(% office take-up)



143 LEED

ca. 3% of total assets NZEB

12% of Grade A offices on tot. stock



57 LEED

<0.2% of total assets NZEB

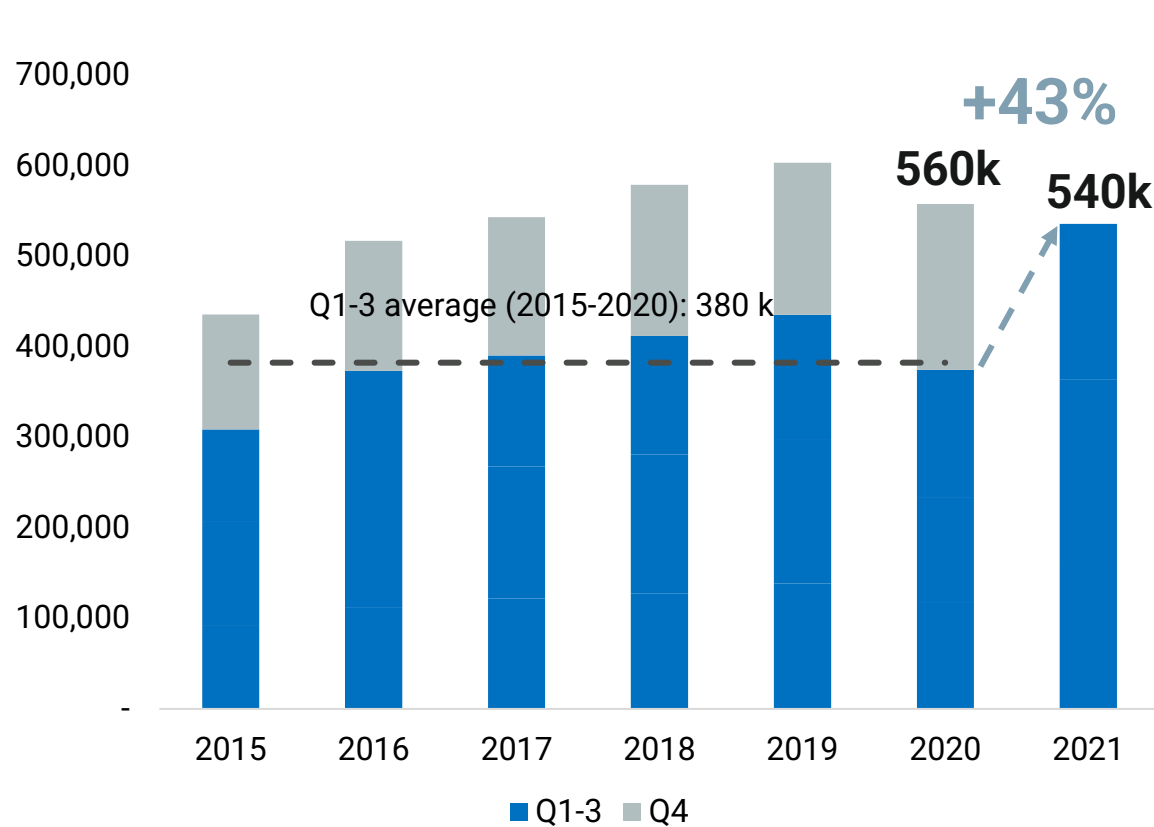
6% of Grade A offices on tot. stock


vs. 27% Grade A offices on tot. stock European average

FAVOURABLE MARKET TIMING FOR ITALIAN RESIDENTIAL

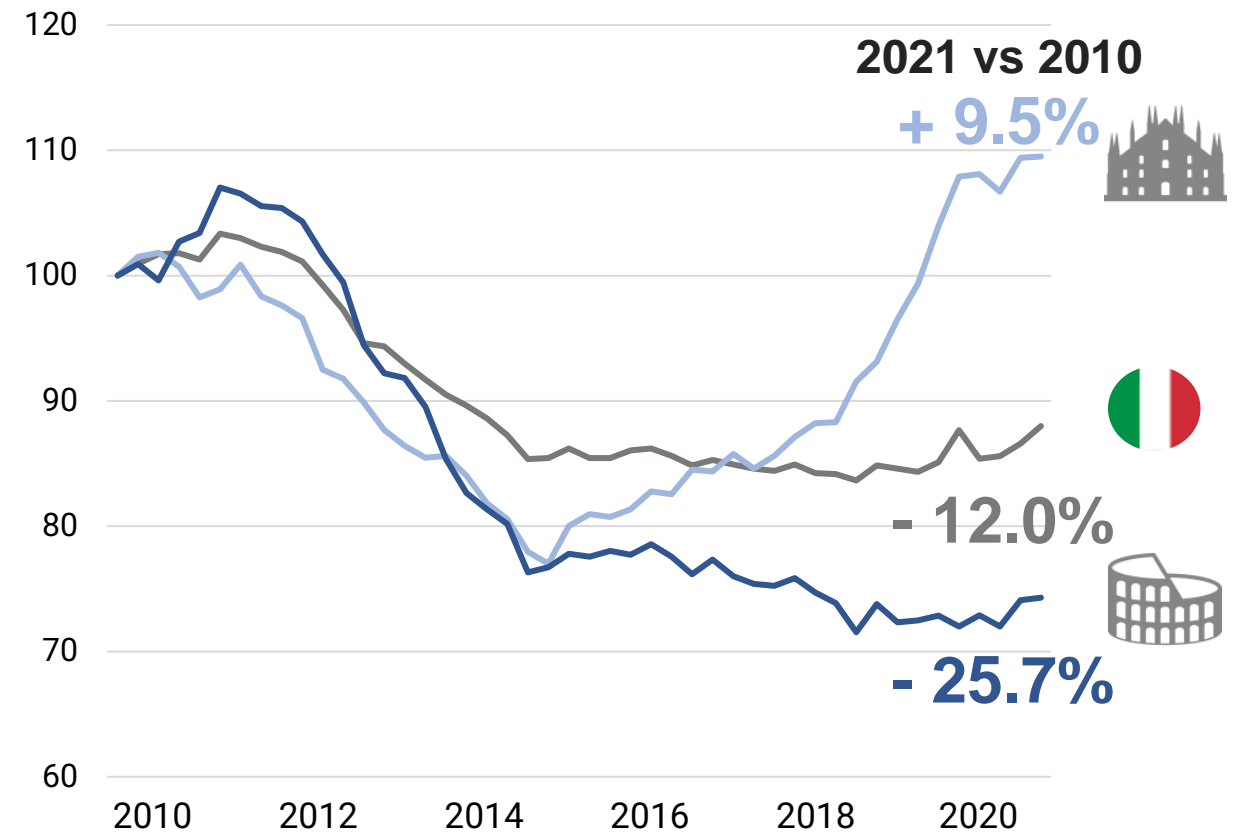
STRONG RECOVERY IN TRANSACTIONS IN Q2 AND PRICES STARTED GROWING




ITALIAN RESIDENTIAL TRANSACTIONS



 **+ 23%**
Q1-3 21 vs Q1-3 19 pre-COVID

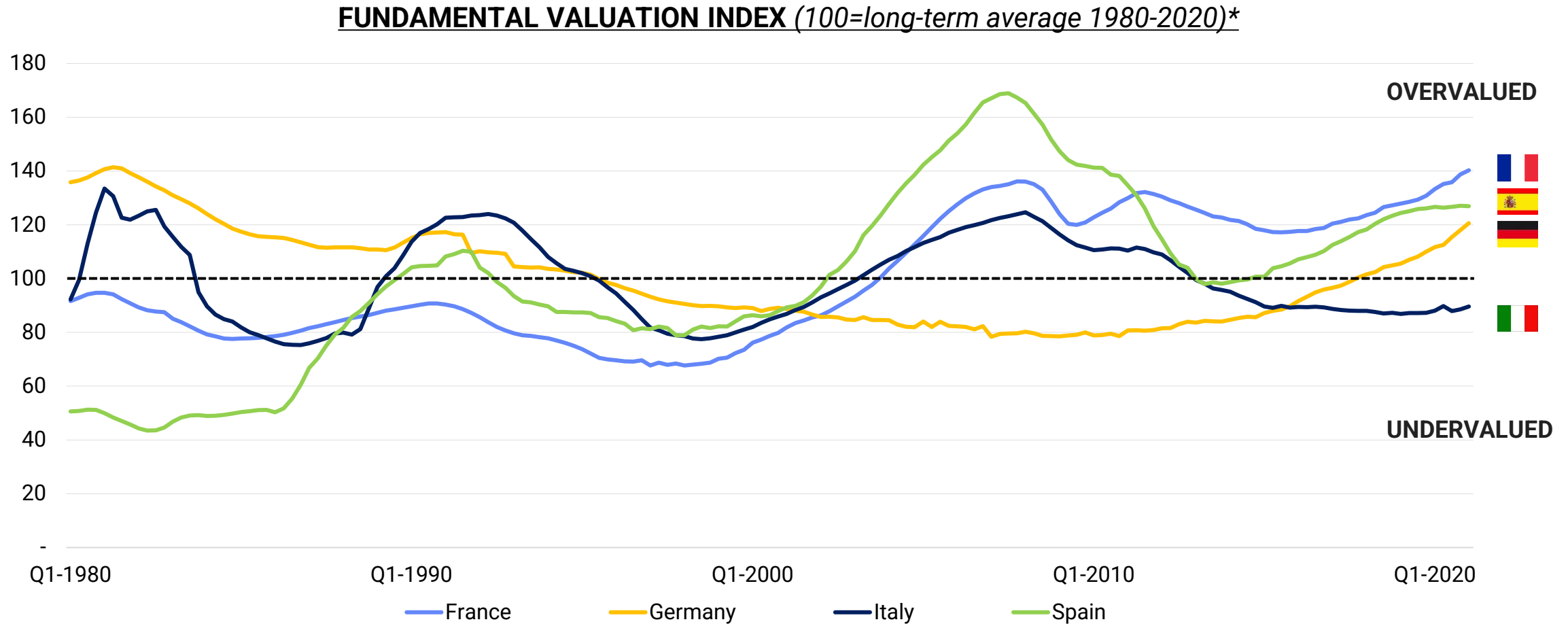
RESIDENTIAL PRICE (2010=100)



 **+4.3%**  **+10.2%**  **+2.5%**
Q2 21 vs Q4 19 pre-COVID

ITALIAN RESIDENTIAL PRICES BACKED BY FUNDAMENTALS

FUNDAMENTAL VALUATION INDEX BELOW THE HISTORICAL AVERAGE VALUE IN ITALY

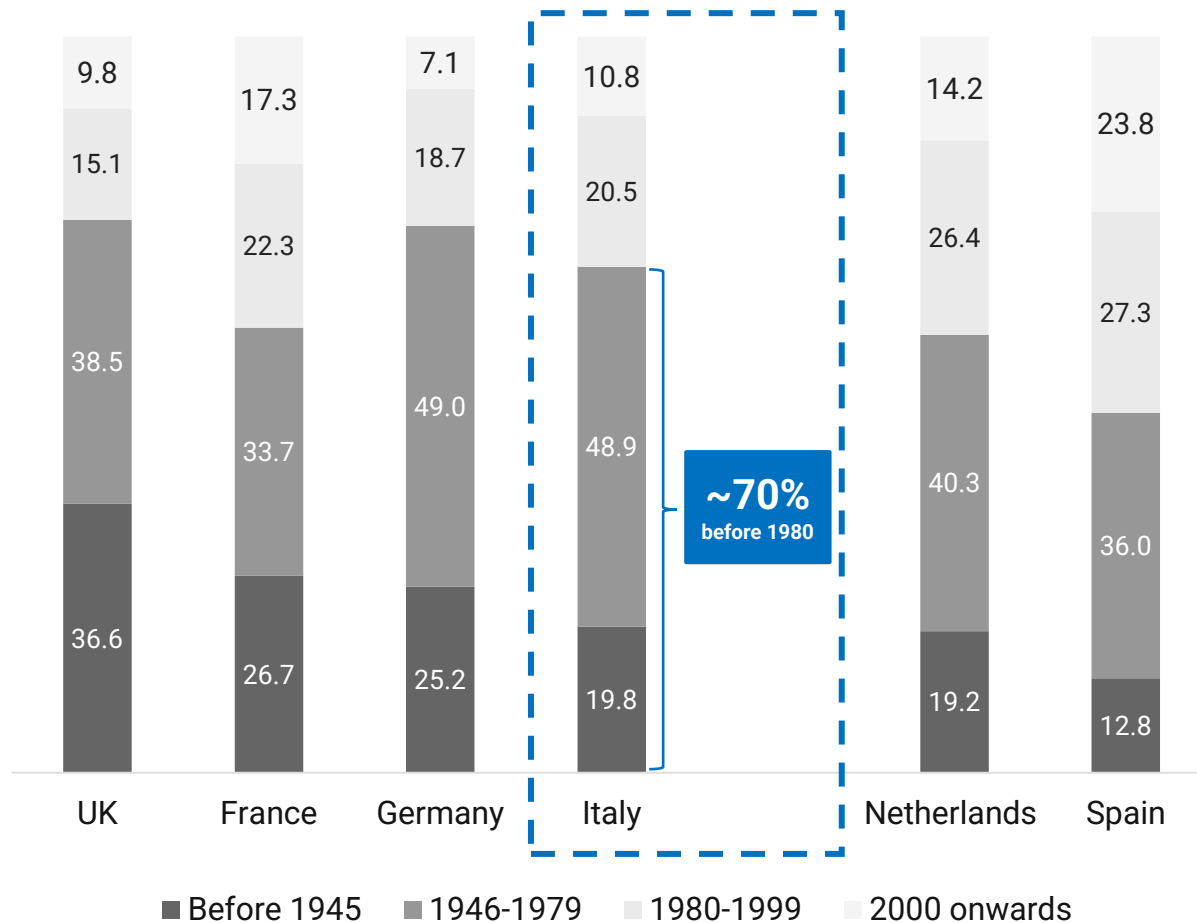


Italian residential market is more fairly priced than comparable European markets, leaving room for upside in valuations

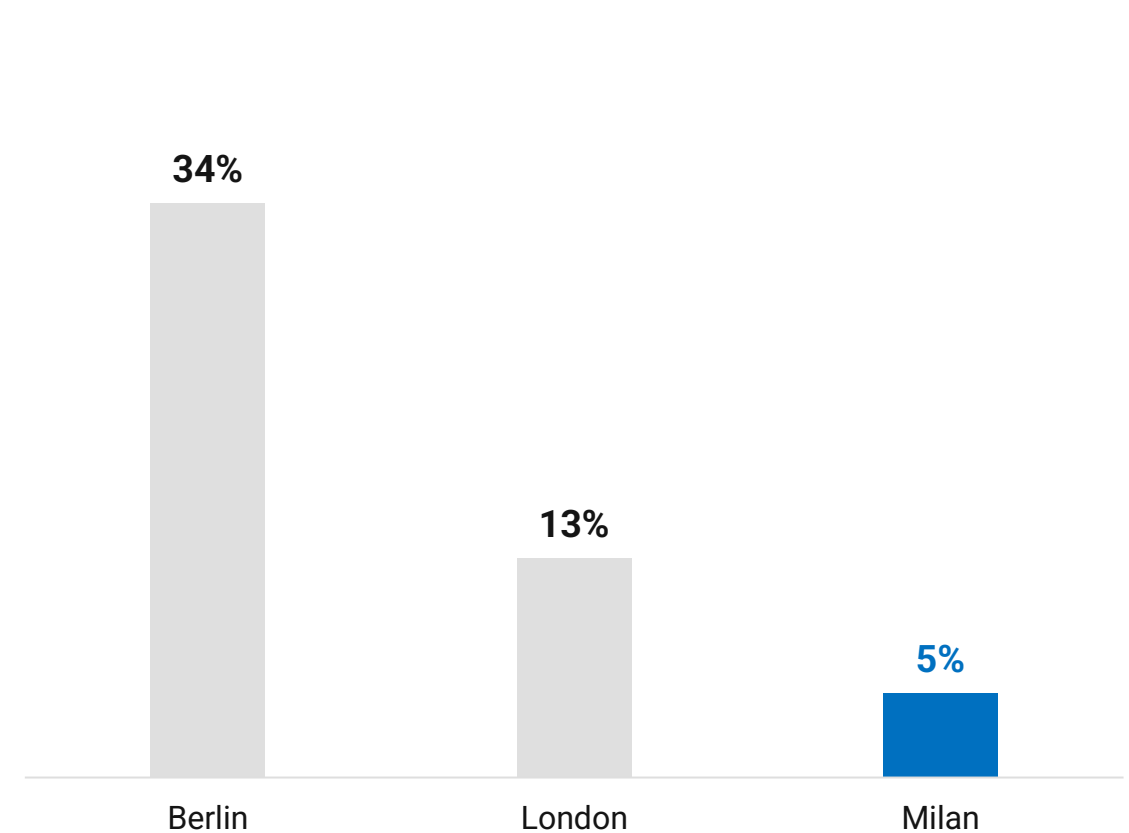
LACK OF QUALITY HOUSING DUE TO OBSOLETE STOCK

MUCH OF THE STOCK IS PRE-1980, MANAGED BY NON-INSTITUTIONAL

DWELLINGS BY PERIOD OF CONSTRUCTION (%)



STOCK OWNED BY PROFESSIONAL LANDLORDS (% OF TOTAL)

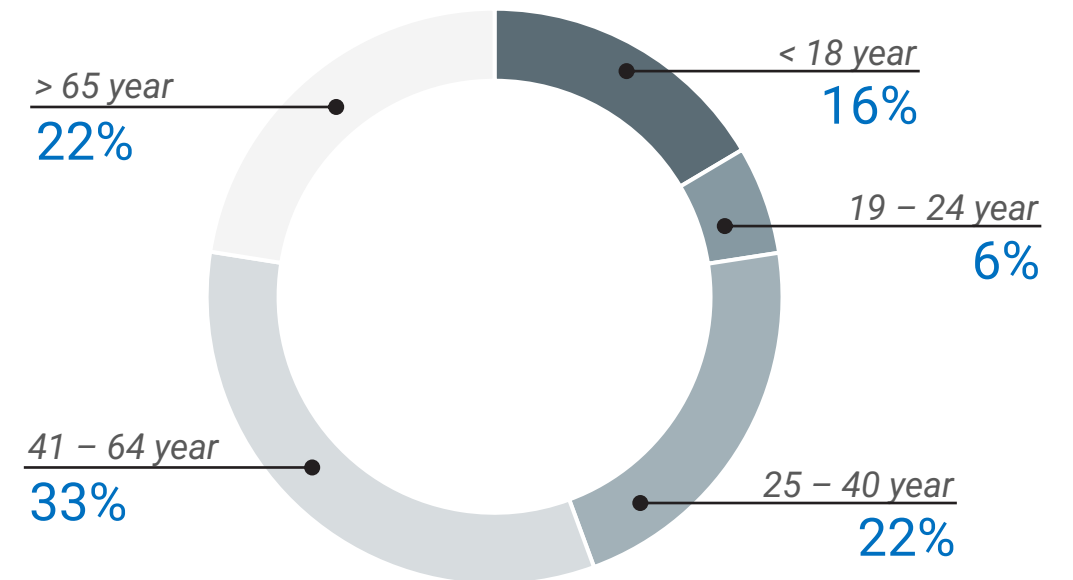


MILAN DEMOGRAPHIC TRENDS

MILAN POPULATION FORECASTED TO GROW BY CA. 50K INHABITANTS BY 2030, WITH HIGHER GROWTH RATES FOR UNDER 40S

Age Group	2020	2025	2030	Δ%	Δ
▲ < 18	221.029	225.152	237.139	7%	16.110
▲ 19-24	75.973	83.662	87.547	15%	11.574
▲ 25-40	290.809	301.388	314.260	8%	23.451
▼ 41-64	491.516	493.071	476.751	-3%	-14.765
▲ > 65	313.175	307.562	323.810	3%	10.635
▲ Totale	1.392.502	1.410.835	1.439.507	3%	47.005

MILAN POPULATION BY AGE GROUP IN 2030

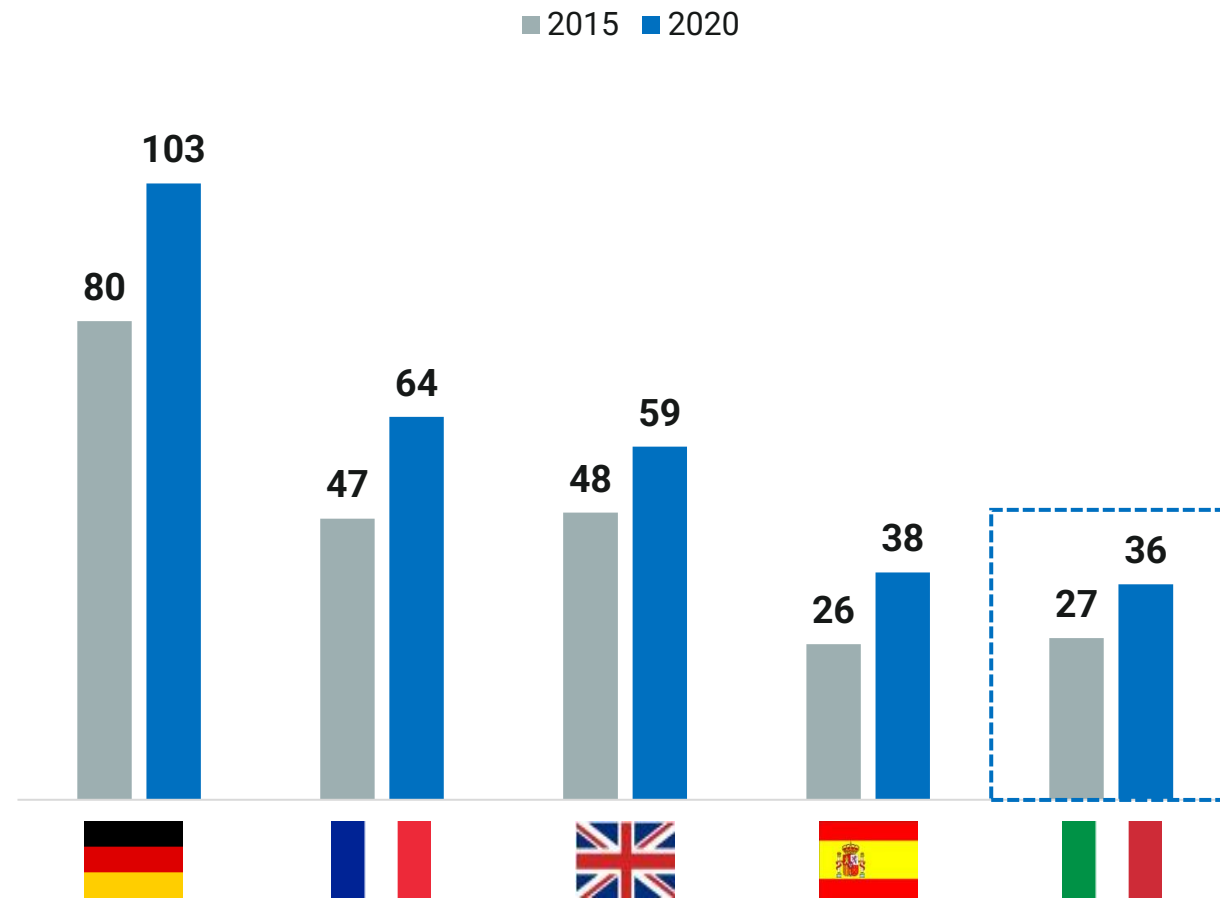


75% of total increase of population composed by under 40s

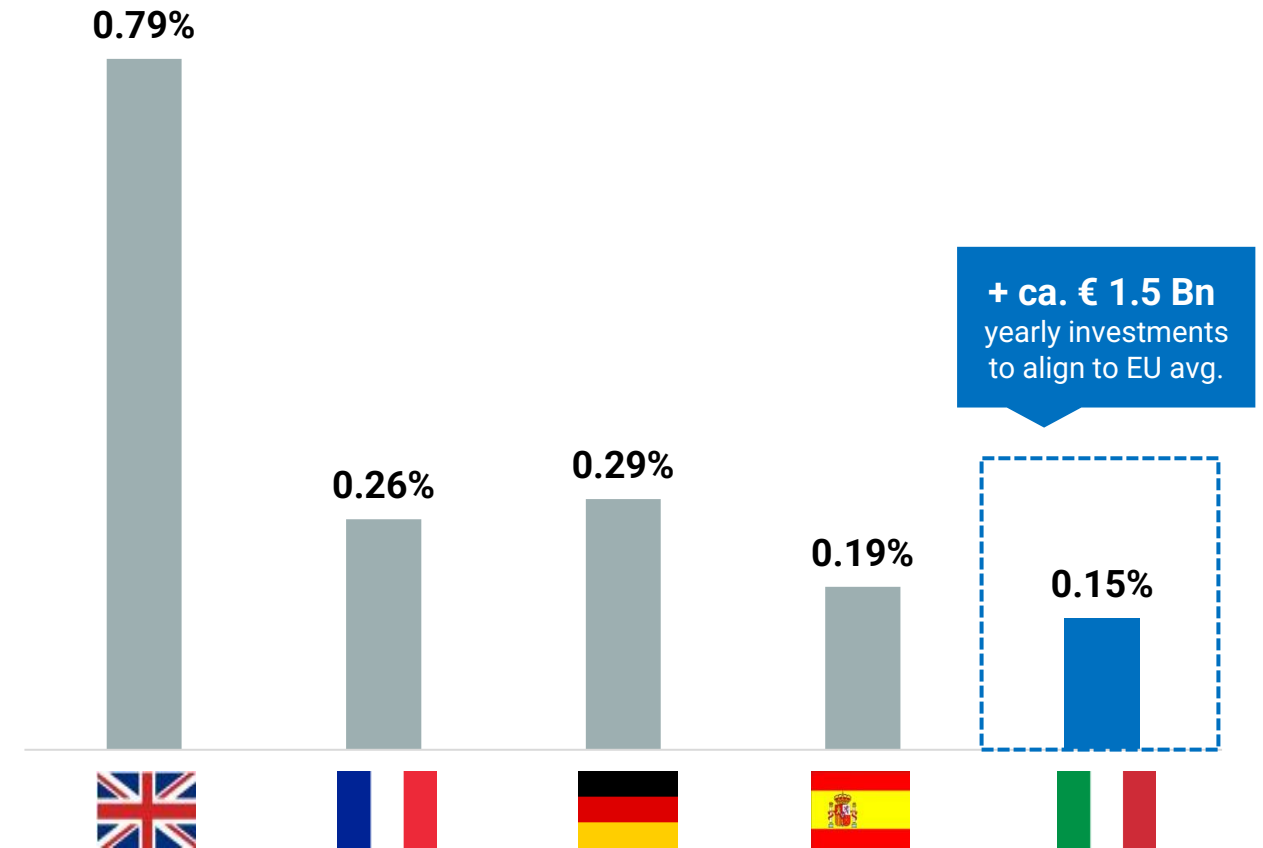
LOGISTICS INVESTMENTS IN MAIN EU MARKETS

OBSOLETE ITALIAN STOCK AND LOGISTICS INVESTMENTS STILL BELOW PEERS

MODERN LOGISTIC STOCK PER 100 INHABITANTS (sqm)

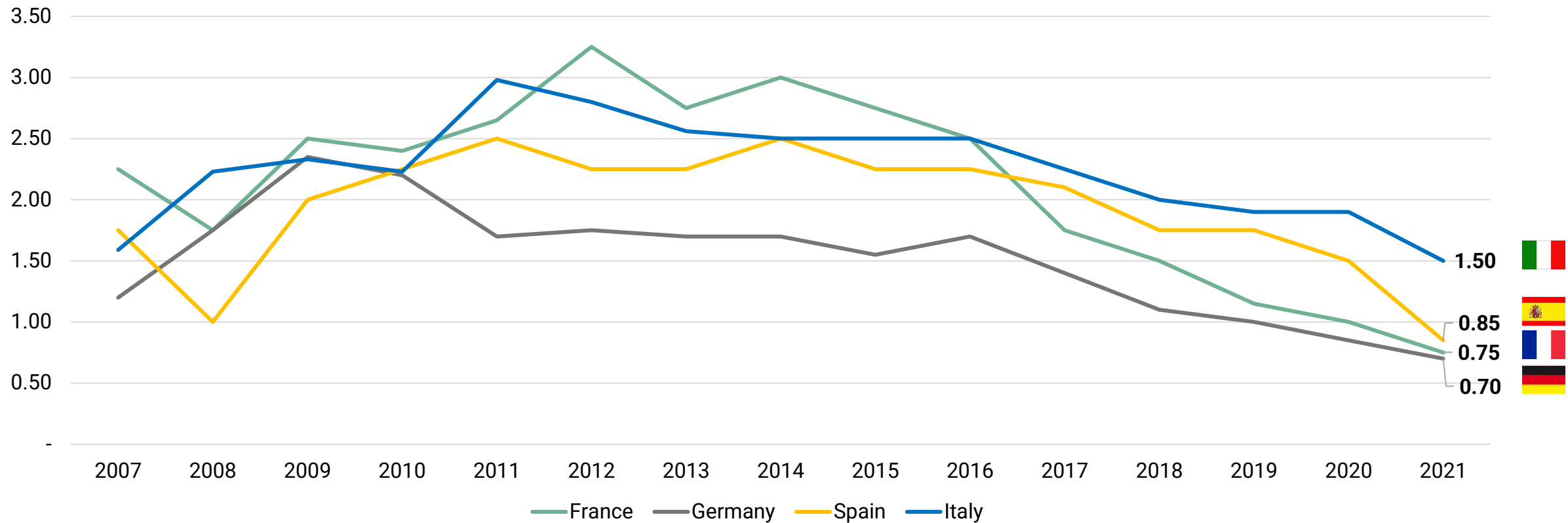


2021 REAL ESTATE LOGISTICS INVESTMENTS (% of GDP)



LOGISTICS VS OFFICE PRIME NET YIELD SPREADS

PRIME NET YIELD SPREAD LOGISTICS-OFFICE (%)

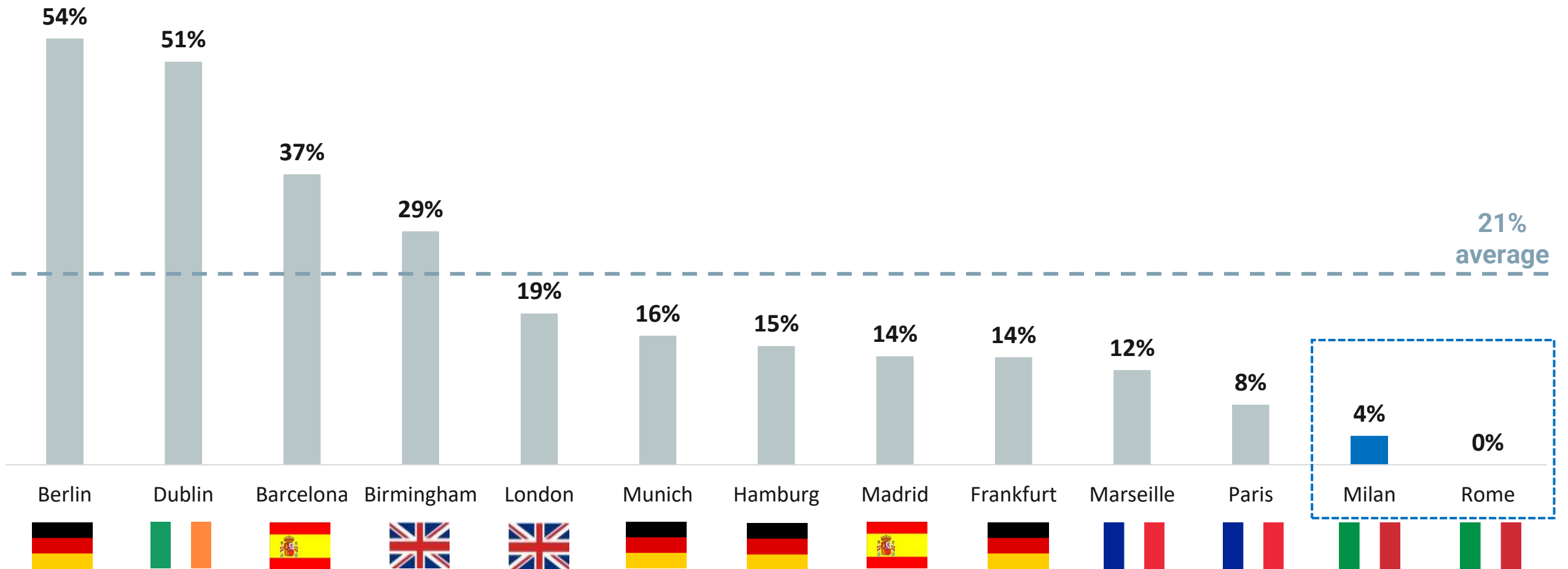


- **Italian logistics** trades at **150 bps discount** to **offices**, while the same **spread in other EU markets** is ca. **75 bps**
- As logistics continues to become an **established asset** class in **Italy**, the **gap** between Italy vs. other markets **should reduce**

ATTRACTIVE MARKET TIMING FOR THE ITALIAN MARKET

OPPORTUNITY TO HAVE UPSIDE FROM RENTAL GROWTH IN LOGISTICS INVESTMENTS

PRIME LOGISTICS RENTAL GROWTH RATE 2011-2021 (%)





Real Estate, since 1974

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