

**IDeA FIMIT<sub>sgr</sub>**

## **Introduction to IDeA FIMIT**

*Milan, Star Conference - 27 March 2013*

*Massimo Brunelli, CEO*



# IDeA FIMIT sgr

*In a nutshell*

- IDeA FIMIT sgr is Italy's largest **Real Estate Fund Management Company**
- Established in October 2011 as the result of the incorporation of First Atlantic RE sgr into FIMIT sgr, **IDeA FIMIT sgr** combines the experience of two of the main players in the Italian market
- Over time, the company's funds have attracted several primary domestic and international investors, **including pension funds, private companies, financial institutions as well as sovereign wealth funds**
- Mission of the company is the **development, promotion and management** of real estate financial instruments to satisfy the demand of Italian and international investors, with a focus on institutional clients
- IDeA FIMIT specializes in **core** and **core+** investments; investments in **value added** have also been made
- IDeA FIMIT pursues **low levels of risk, stable cash flows, low volatility**, and uses simple financial structures



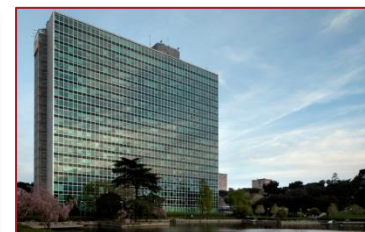
Rome, Via Flaminia



Rome, Via Curtatone



Milan, Piazza Cordusio



Rome, Piazzale Mattei



Milan, La Rinascente



Sardinia, Forte Village Resort



Cologne, Deutsche Bank Campus



Napoli, Via Toledo



# IDeA FIMIT sgr

*An ideal partner to invest in real estate*

## Largest Italian Real Estate Management Company

- € 10 bln of assets under management<sup>(1)</sup>
- 21% market share in Italian real estate fund management business<sup>(1)</sup>
- Significant benefits deriving from size and economies of scale

## Institutional Profile

- Shareholder base includes DeA Capital and some of Italy's most important pension funds (ca. 39% held by INPS, Enasarco, Inarcassa)
- Institutional investors account for ~85%<sup>(2)</sup> of the funds' investor base

## Strong Rating

- Consistently rated M2- by Fitch since 2009
- "...proven track record to tailor-make complex transactions and execute them in a reasonably short time frame without compromising thoroughness."<sup>(5)</sup>



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## Excellence in Execution

- Ability to structure complex deals in a short space of time
- Unique track record in real estate investments in Italy
- Attention to quality, cost management and schedules

## Focus on Core/Core+

- Focus on yielding assets (91% of the portfolio)<sup>(3)</sup> in Milan and Rome
- Established relationships with high standing tenants
- Low use of leverage (32% LTV)<sup>(4)</sup>

## Proven Asset Management Skills

- Large network of local brokers
- Ability to maximize income from the income-producing properties
- Ability to implement successful exit strategies

1. Assogestioni, June 2012.

2. Includes: Pension Funds, Insurance Companies and Banks.

3. By value of vacant portfolio.

4. Weighted average LTV of the funds under management.

5. Fitch Rating Report May 2012.

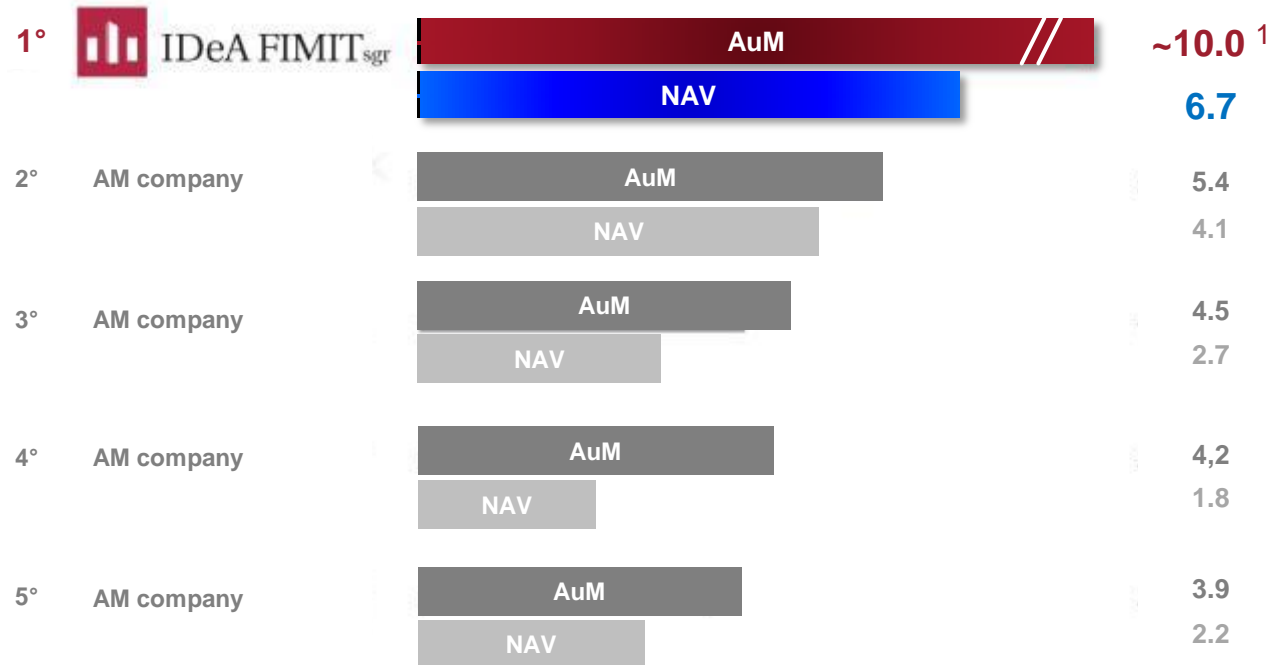


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*The largest Italian real estate fund management company*

- IDeA FIMIT is **the first Italian real estate asset management company** with 34 real estate funds under management, and approximately **€ 10 billion of aggregated assets**

## RANKING OF ITALIAN ASSET MANAGEMENT COMPANIES (€ BN)



### R.E. FUND MARKET SIZE

€ 47 Bn (2012E)

### MARKET POTENTIAL

- Inst. Investors, Financial sector: € 20-30 Bn
- Public Administration assets: > € 400 Bn

1. Source: Assogestioni / IPD - Fondi Immobiliari Italiani, 1° semestre 2012, except IDeA FIMIT, which includes assets acquired at Y/E 2012.

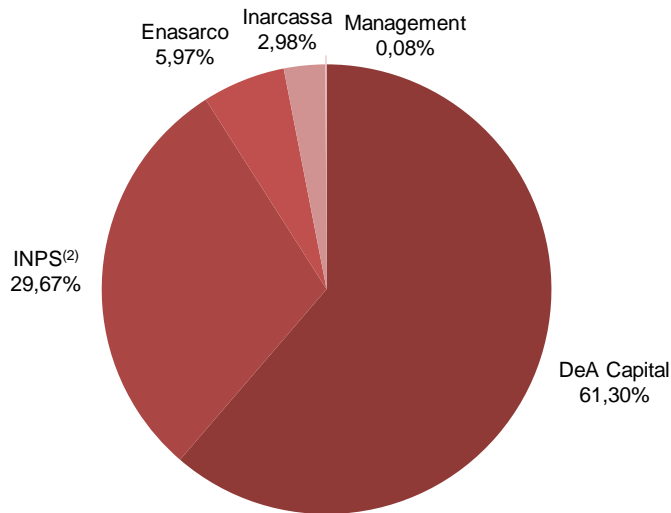


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*High institutional profile*

- IDeA FIMIT’s shareholder base includes the De Agostini Group and some of the main national pension funds, both public and private
  - The shareholder structure is a key asset for the Company, allowing it to be recognised as an ideal partner for Italian and international institutional investors in real estate
- IDeA FIMIT has a broad range of investors in its funds, including some of Italy’s most important pension funds, that consider IDeA FIMIT as their reference real estate fund management company
- In particular, IDeA FIMIT has about 80 institutional investors and more than 70,000 retail investors<sup>(1)</sup>

## SHAREHOLDER BASE



## INSTITUTIONAL INVESTOR BASE

Category	% of Investor base	Selected Examples
<b>Pension Funds</b>	<b>68.5%</b>	ENASARCO, INARCASSA, INPS, CNN, ENPAM, INPGI, CNPR, EPAP, San Paolo IMI Pension Fund, ex-CRT employees Pension Fund
<b>Banks &amp; Insurance Companies</b>	<b>15.9%</b>	UniCredit, Intesa S.P., Banco Pop., BPM, Banca Marche, BPER, BPVi, Cattolica, Assicurazioni Generali, Aviva, Fondiaria SAI, UGF Assicurazioni, Reale Mutua
<b>Italian Corporates</b>	<b>9.4%</b>	Exor S.p.A., De Agostini Group, Redilco RE S.p.A., Piaggio S.p.A., Malacalza Group, Lamaro Group, ISMEA, Enel
<b>Others</b>	<b>6.2%</b>	Conferenza Episcopale Italiana, Government of Singapore Investment Corporation, Whitehall (Goldman Sachs), Italian Foundations

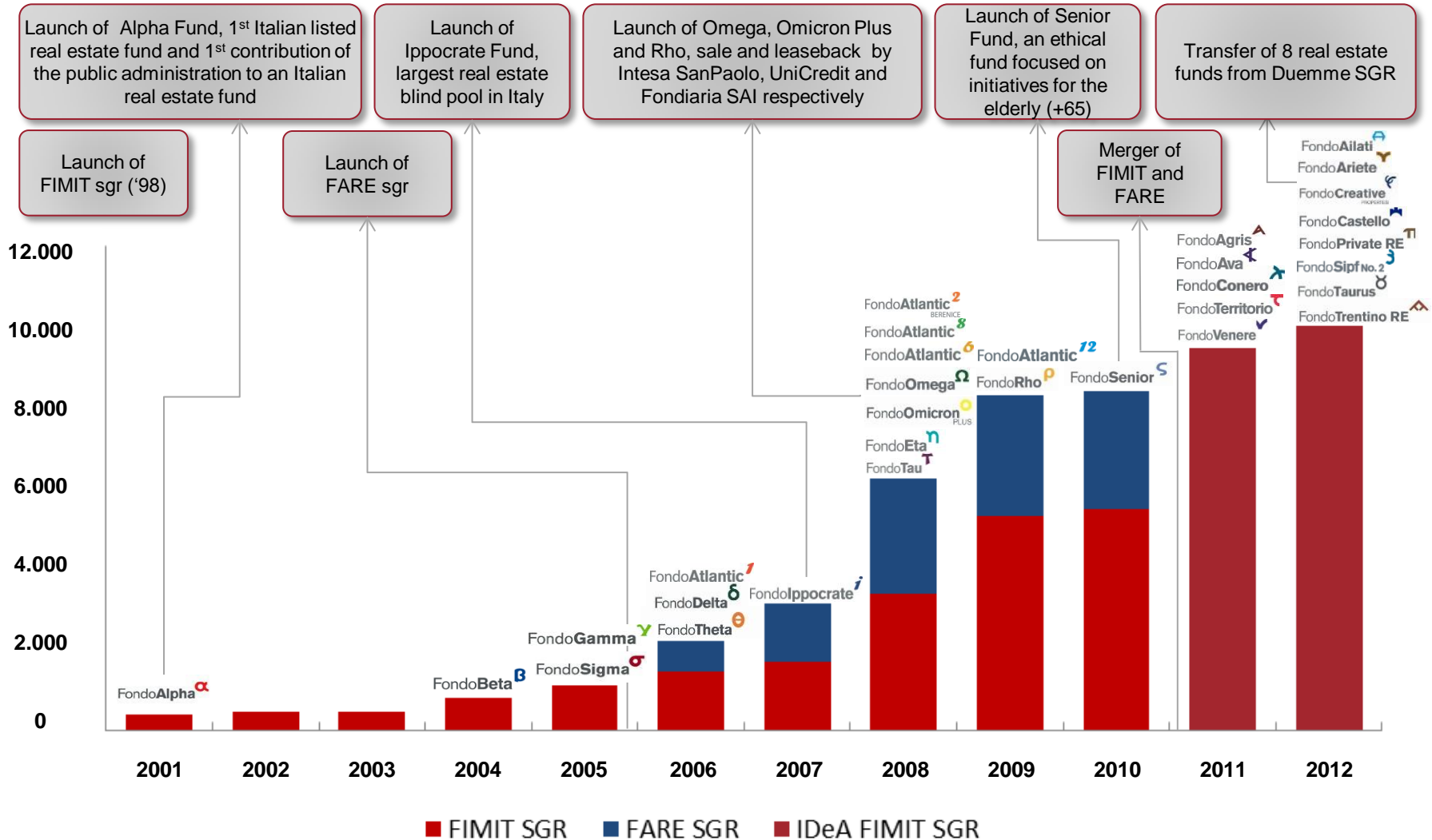
1. Data on listed funds refer to the initial placement.

2. Ex – Management of INPDAP & ENPALS.



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*Excellence in execution*



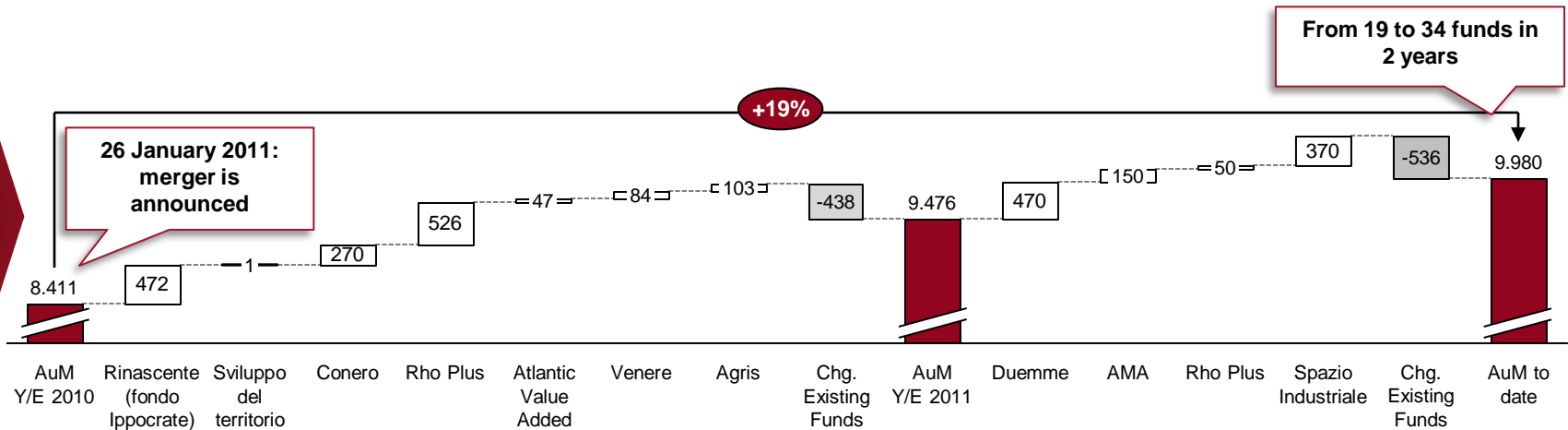
Source: IDeA FIMIT from Assogestioni data.



# IDeA FIMIT sgr

## 2 years of work after the merger: AuM evolution and performance

AuM  
(€ mln)



	2011A	2012A	Chg.
<b>Mgmt fees (€ mln)</b>	58.4	65.4	+12%
<b>Ebitda (€ mln)</b>	25.1	33.9	+35%
<b>Net Income adj.</b>	16.7	20.8	+25% <sup>(2)</sup>

Notes:

(1) AuM also include assets acquired during 2012, that will start to be managed in 2013

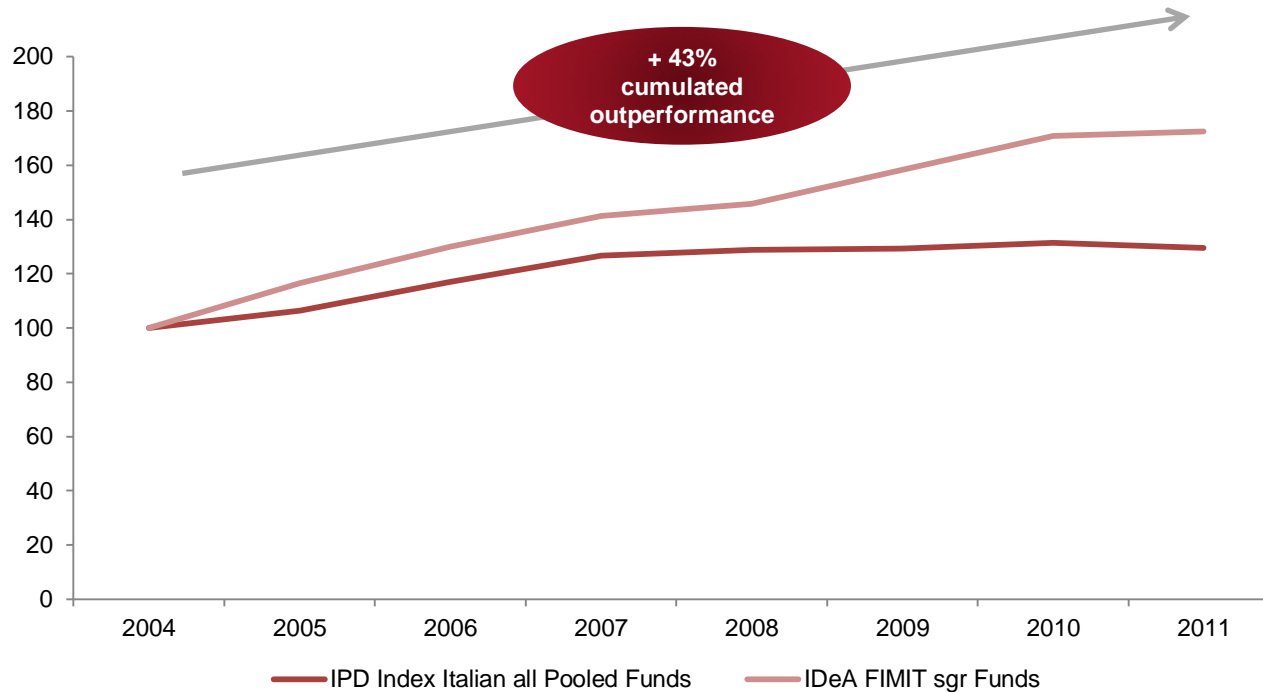
(2) Adding back amortization of PPA, net of the tax effect, and applying to 2012 a tax rate in line with 2011. The Company had an exceptionally low tax rate in 2012.



# IDeA FIMIT sgr

*Proven asset management ability*

Index,  
100 in 2004



In aggregate, the funds managed by IDeA FIMIT have consistently outperformed the IPD index for Italian pooled property funds in the past few years

## A look at some of our main funds: IRR to 31 December 2012

FondoAlpha <sup>α</sup>	FondoBeta <sup>β</sup>	FondoOmega <sup>Ω</sup>	FondoOmicron <sup>⊙</sup> <sub>PLUS</sub>	FondoRho <sup>ρ</sup>	FondoAtlantic <sup>1</sup>	FondoAtlantic <sup>2</sup> <sub>BERENICE</sub>
10.8%	10.0%	13.4%	14.0%	8.6%	7.0%	12.5%

Source: IPD Italian Pooled Property Fund Indices, 31/12/2011. IDeA FIMIT data calculated using the same method as IPD:  

$$\left( \frac{NAV_{unit,t} - NAV_{unit,t-1} + Distribution - NetCapitalInvested_t}{NAV_{unit,t-1}} \right) \times 100$$



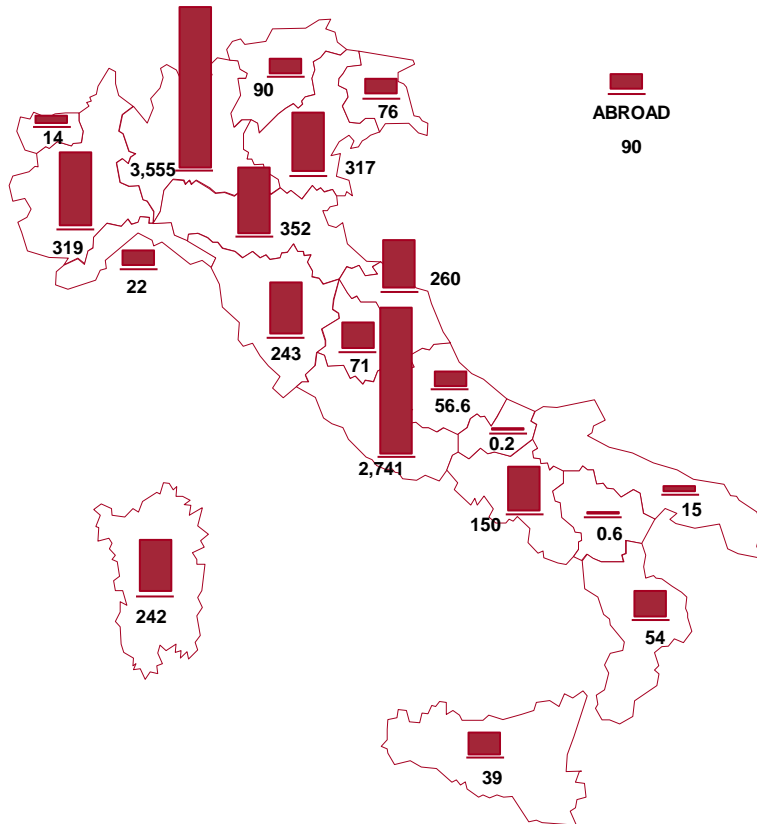


# IDeA FIMIT sgr

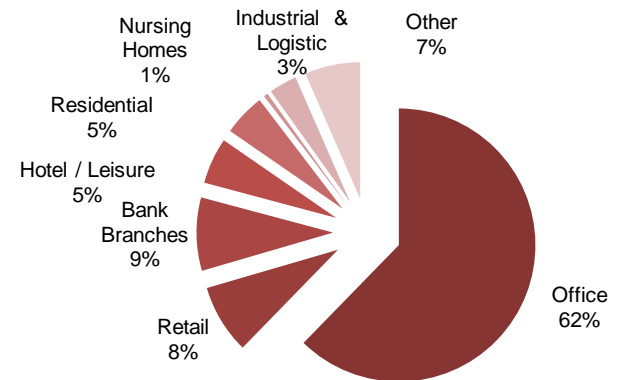
*Focus on Core / Core+ investments: high quality portfolio*

- IDeA FIMIT's real estate portfolio offers:
  - **Geo diversification**, with a strong presence in the most important cities (about 60% in Rome and Milan)
  - **exposure to income-producing assets** (91%<sup>(2)</sup>), mainly used as offices

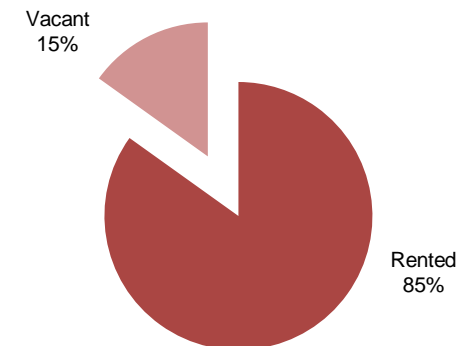
## ASSETS UNDER MANAGEMENT BY GEOGRAPHY (€/mn)



## BREAKDOWN BY USE (€)



## BREAKDOWN BY RENTAL STATUS<sup>(2)</sup>



1. Data as of 31/12/2012  
2. By value



## IDeA FIMIT sgr

*Focus on Core / Core+ investments: low financial risk*

- The weighted average Loan-to-Value of the funds managed by IDeA FIMIT is well below the limits set by the law. This proves the soundness of the funds' investment proposition and leaves some scope for additional resources to be invested, by making greater use of leverage.

	<u>Funds (#)</u>	<u>Assets (#)</u>	<u>AuM (€ Bn)</u>	<u>NAV (€ Bn)</u>	<u>LTV (%)</u>
<b>Retail Funds</b>	5	100	€ 2.4	€ 1.2	43%
<b>Reserved Funds</b>	27	848	€ 7.0	€ 5.2	29%
	2*	na	€ 0.5	na	na

<b>Funds (#)</b>	<b>Total AuM (€ Bn)</b>	<b>LTV (%)</b>
<b>34</b>	<b>~10.0</b>	<b>~32%</b>

**Average maturity of IDeA FIMIT funds: 2020**







## IDeA FIMIT sgr

*Strong rating by Fitch*

November 2011

- The previous FIMIT's rating has been confirmed by Fitch Ratings, after taking into consideration the merger with FARE
- **Fitch Ratings confirmed the "M2-" rating for IDeA FIMIT sgr** (on a scale 1 to 5, 1 being the maximum rating)
- **"M2-" category demonstrates low vulnerability to operational and investment management failure**
- The rating's main driver is the company's leading market position in Italy, its combined real estate expertise, a sound organisational and governance structure and the financial strength of the entity

FitchRatings

Date	Rating
January 2013	
November 2011	
November 2010	
November 2009	

### SELECTED QUOTES FROM FITCH RATINGS REPORT

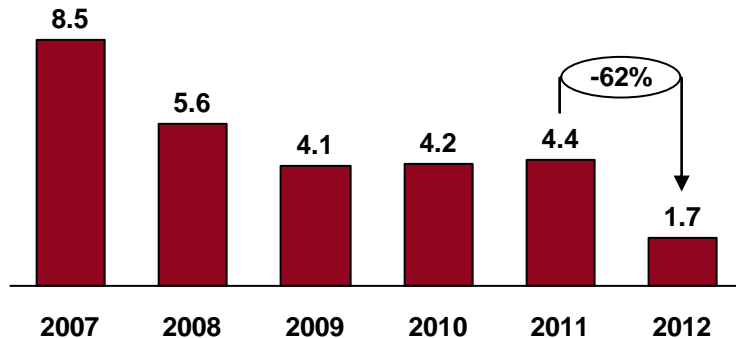
- In relation to IDeA FIMIT's company and staffing, Fitch Ratings declared that top management combines a wealth of experience and has been strengthened after the merger
- Fitch Ratings also identifies that "The company is increasingly recognised outside Italy."
- Moreover, «IDeA FIMIT benefits from its prime market access and has the ability to approach large investors directly..» as well as recognising the firms capacity «... to tailor-make complex transactions and execute them in a reasonably short time frame without compromising thoroughness..».



# IDeA FIMIT sgr

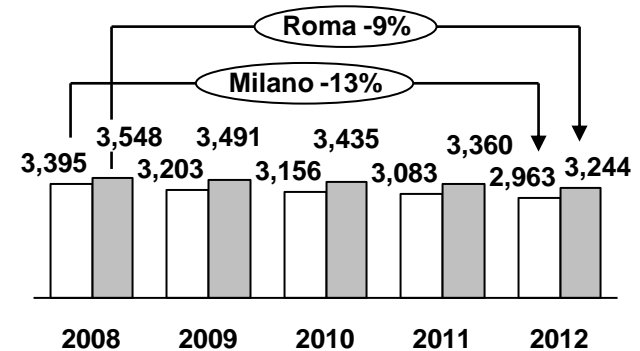
## Italian real estate market scenario

### VALUE OF REAL ESTATE TRANSACTIONS IN ITALY (€ Bn)



Source: CBRE

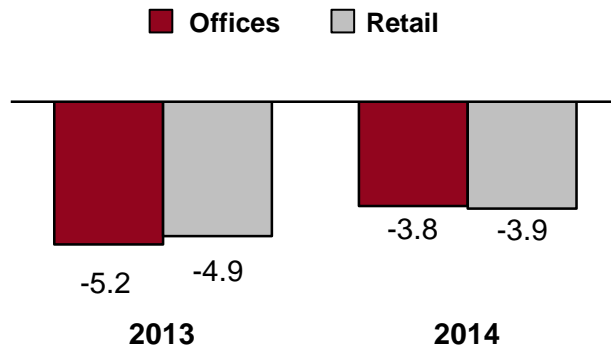
### RECENT PRICE TREND (€/SQM)



Source: Nomisma

□ Milano ■ Roma

### EXPECTED PRICE CHANGE IN THE MAIN 13 CITIES (%)



Source: Nomisma

- **Italian economy** expected to be weak in 2013 with some signs of recovery at year end
- **Credit** crunch continues to be a constraint for the real estate sector development
- Further fall in **transactions** is likely, which should make it more difficult for RE funds to sell assets



## IDeA FIMIT sgr

### *Italian real estate market: threats and opportunities*

#### THREATS

- Weakness of the Italian economy and political risk may continue to delay a recovery in the real estate market
- Tight credit conditions and lack of repricing reduce market liquidity
- Fundraising remains difficult
- Unclear regulations and delay in long-awaited reforms may refrain foreign investors from «coming back to Italy»

#### OPPORTUNITIES

- Penetration of RE funds is lower than in the largest European countries (1/2 Germany)
- Urgent need to privatize RE assets belonging to the central and local PA
- Banks and Institutional investors need to increase the liquidity of their RE portfolios
- Need for property renovations in order to increase yields
- Increasing role of private pension funds, after recent reforms
- Rebound seen even for weak economies (SPA, IRL) in 4Q 2012
- Potential benefit of a repricing on transactions

- **Italy remains an attractive market, with low private indebtedness, a strong manufacturing base, a positive trend in exports, and several structural reforms already implemented**
- **IDeA FIMIT, as the clear market leader, is ideally placed to foil the threats and seize the opportunities available on the Italian market, as well as to initiate an internationalization strategy**



# IDeA FIMIT sgr

## *Our 2013 action plan*

### Finalization of Santa Giulia project

- Presentation of the final, binding offer for the launch of a fund that will manage the development project in Milan - Santa Giulia

### Contribution to existing funds

- Contribution of properties, mainly used as offices and retail premises, one already in the pipeline, with a value of around € 50 million

### RE Estate debt fund

- Pilot fishing/test of the market interest for this product, involving a few selected investors

### Launch of Fondo AMA

- Launch of the AMA fund, through the contribution of properties belonging to the Rome utility company. Mandate won in a public tender, with a total value of around € 150 million

### Participation to tenders

- Increased focus on participation to tenders, as a means to further boost AuM growth

### Consolidation of managed assets

- Feasibility study on initiatives aimed at
  - actively managing the maturity of existing funds
  - exploiting synergies to enhance investor returns
  - consolidating managed assets

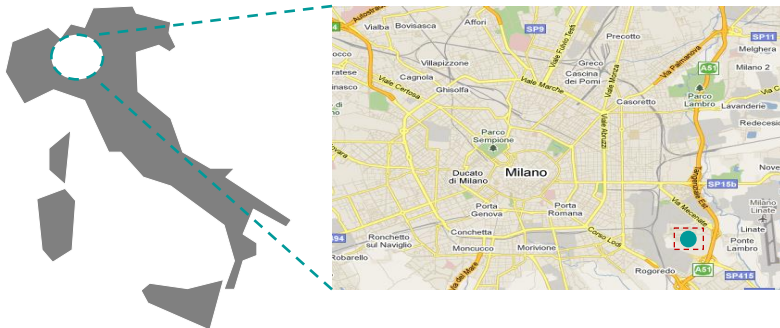


# IDeA FIMIT sgr

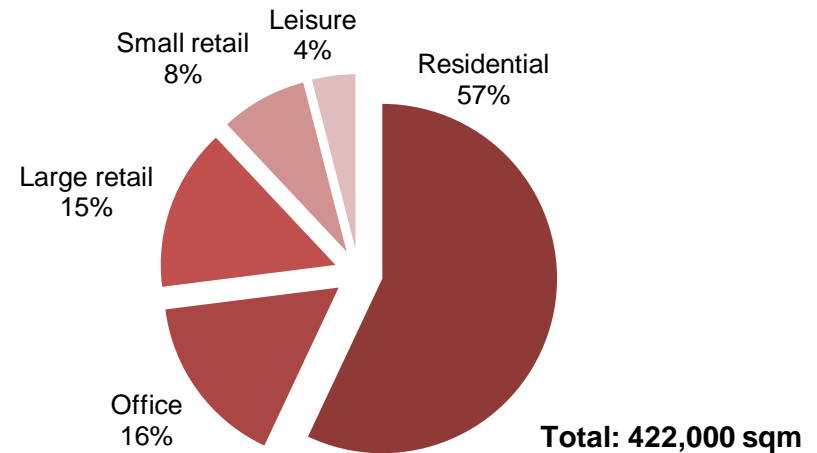
*Development: the Santa Giulia project*

## The project

- Creation of a brand new district in Milan, comprising residential, office, retail and entertainment areas, characterized by:
  - Modern and high-quality architectural standards
  - Environmental sustainability and energy efficiency
  - Ease of access to the main infrastructures



## Expected mix by function



## Funding

- Gross contribution value (area): € ~700 mln
  - funded by equity and bank debt
- Development project:
  - a new fund underwritten by institutional investors (20 yrs maturity), a capex line, cash flow generation

The Santa Giulia development project aims at creating a brand new district in Milan, that is highly attractive for young professionals (e.g. «creative class»), couples and families



# IDeA FIMIT sgr

*Medium term strategic initiatives*

## DOMESTIC MARKET INITIATIVES

### Product innovation

- Real Estate Debt funds, NPLs
- New funds structured to comply with new regulatory/risk requirements of institutional investors (e.g. insurance cos – Solvency 2)

### Development and tenders

- More development projects and participation to PA tenders

### Sector consolidation

- Further aggregation of smaller players, or acquisition of incremental masses

## CAPITALIZING ON DOMESTIC STRENGTHS TO BECOME A EUROPEAN LEADER

### Foreign investors

- Offering Italian funds to foreign investors willing to «come back» to our country, also via commercial partnerships

### Foreign assets

- Creating a presence abroad, including via partnerships or acquisitions, to find investment opportunities in foreign real estate for Italian investors





# IDeA FIMIT sgr

*Key takeaways (in a few tweets)*

**#1**

- Italy's largest RE fund manager, with a high institutional profile

**#Core**

- Focused on Core/Core+ investments, with a low risk profile

**#AuM #P&L**

- Strong commercial and financial performance since the merger

**#leadership**

- Perfectly positioned to confront the difficult phase in the Italian mkt and seize the medium-term opportunities

**#strategy**

- Many initiatives in the pipeline to keep growing, in the short and medium term

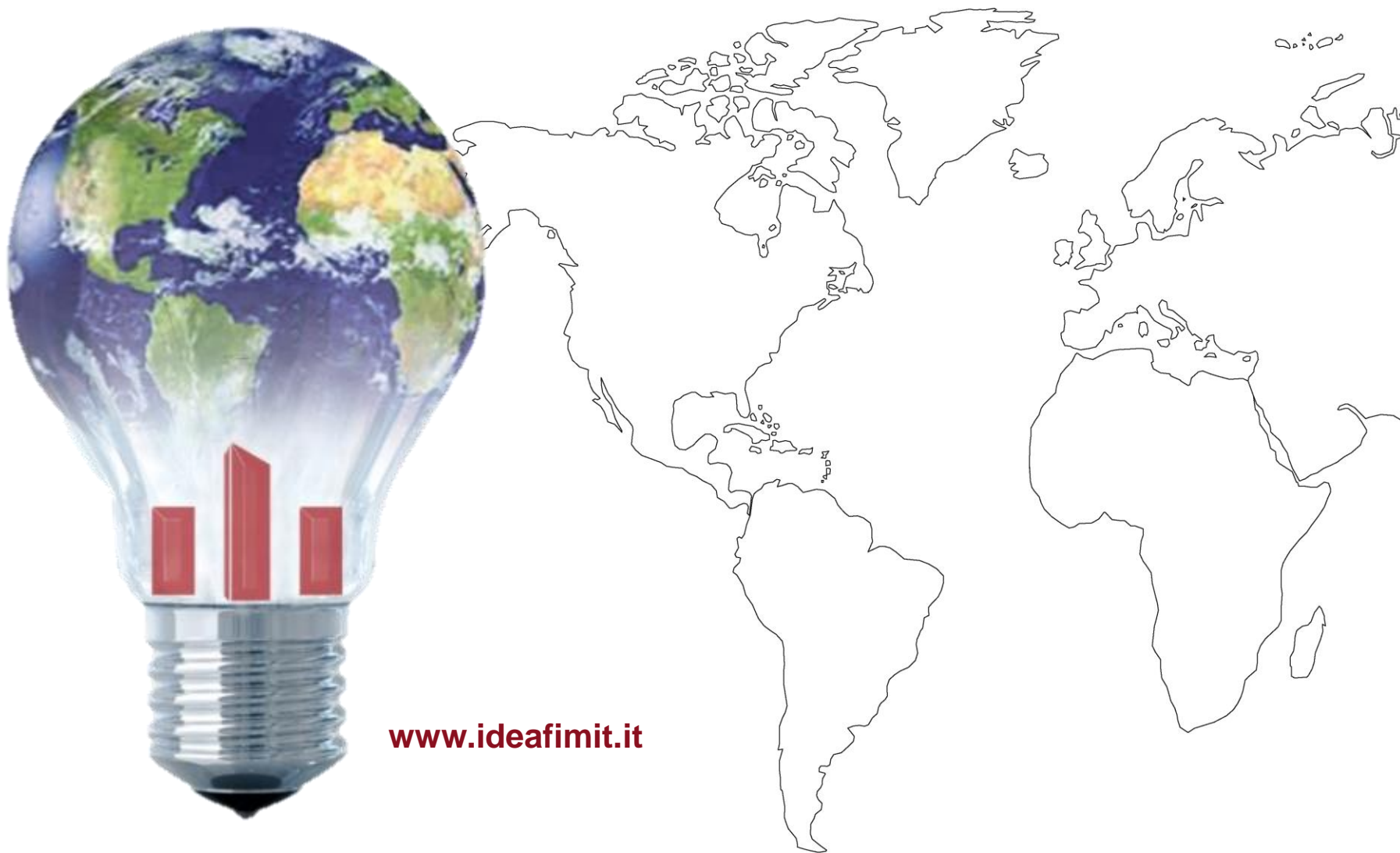
**#2013**

- Financial results expected to improve in 2013 (\*)

(\*) Net Profit on an adjusted basis: before PPA, with normalized tax rate.



## Backup





## IDeA FIMIT sgr

*Proven asset management ability (1/4)*

FondoOmega 



The **Omega Fund**, launched in December 2008, is a Closed-End Real Estate Investment Fund created through the transfer of the real estate assets of **Immit S.p.A.** (a company fully owned by Intesa Sanpaolo). The portfolio, as of 31/12/2011, consists of **117 assets** mainly used as offices and bank branches, for a total value of **€ 823 million**. Participation in the Fund is permitted only to qualified investors. The duration of the Fund is set at **15 years**, extendable up to a maximum period of 3 years.

FondoOmicron   
PLUS



The **Omicron Plus Fund**, launched in December 2008, is a Closed-End Real Estate Investment Fund created through the transfer of the real estate assets of **UniCredit Real Estate S.p.A.** (a company fully owned by UniCredit S.p.A.). The portfolio, as of 31/12/2011, consists of **188 assets** mainly used as offices and bank branches, for a total value of **€ 1,291 million**. Participation in the Fund is permitted only to qualified investors. The duration of the Fund is set at **15 years**, extendable up to a maximum period of 3 years.

FondoRho   
CORE      FondoRho   
PLUS



The **Rho Fund**, launched in December 2009, is a Closed-End Real Estate Investment Fund created through the transfer of the real estate assets of **Fondiarria SAI Group**. The portfolio, as of 31/12/2011, consists of **15 assets** mainly used as offices, for a total value of **€ 519 million**. Participation in the Fund is permitted only to qualified investors. The duration of the Fund is set at **10 years**, extendable up to a maximum period of 3 years. On **December 2011**, the Fund launched a **Sub-Fund** named **"Plus"**, consisting, as of 31/12/2011, of 40 assets mainly used as offices for a total value of **€ 500 mln**

FondoConero 



The **Conero Fund**, launched in August 2011, is a Closed-End Real Estate Investment Fund created through the transfer of the real estate assets of **Banca delle Marche S.p.A.**. The portfolio, as of 31/12/2011, consists of **135 assets** mainly used as offices and bank branches, for a total value of **€ 265 million**. Participation in the Fund is permitted only to qualified investors. The duration of the Fund is set at **12 years**, extendable up to a maximum period of 3 years.



## IDeA FIMIT sgr

### *Proven asset management ability (2/4)*

#### FondoAlpha<sup>α</sup>



The **Alpha Fund**, launched in March 2001, is a retail, public contribution Investment Fund, with a portfolio, as of 31/12/2011, of **17 assets** mainly with offices destination for a total value of **€ 422 million**. The fund is listed on the MIV segment of the Italian Stock Market. Participation in the Fund is permitted to both the public and to qualified investors. The duration of the Fund is set at **15 years**, extendable up to a maximum period of 3 years.

#### FondoBeta<sup>β</sup>



The **Beta Fund**, launched in January 2004, is a retail, public contribution Investment Fund, with a portfolio, as of 31/12/2011, of **7 assets** mainly with offices destination for a total value of **€ 168 million**. The fund is listed on the MIV segment of the Italian Stock Market. Participation in the Fund is permitted to both the public and to qualified investors. The duration of the Fund is set at **8+1 years**, extendable up to a maximum period of 3 years.

#### FondoDelta<sup>δ</sup>



The **Delta Fund**, launched in December 2006, is a retail, ordinary collection Investment Fund, with a portfolio, as of 31/12/2011, of **13 assets** mainly with hotels & leisure destination for a total value of **€ 342 million**. The fund is listed on the MIV segment of the Italian Stock Market. Participation in the Fund is permitted only to qualified investors. The duration of the Fund is set at **8 years**, renewable up to a maximum period of 3 years.

#### FondoSenior<sup>σ</sup>



The **Senior Fund**, launched in January 2010, is a Close-End Real Estate private contribution Investment Fund, with multiple closings, with a portfolio of **41 assets**, mainly offices, and a total value of **€ 117 million as of 31/12/2011**. Participation in the Fund is permitted only to qualified investors. The duration of the Fund is **30 years**, extendable up to a maximum period of 3 years.



## IDeA FIMIT sgr

*Proven asset management ability (3/4)*

### FondoAtlantic<sup>1</sup>



The **Atlantic 1 Fund**, launched in June 2006, is a retail, private contribution Investment Fund, with a portfolio, as of 31/12/2011, of **32 assets** mainly used as offices and a total value of **€ 655 million**. The fund is listed on the MIV segment of the Italian Stock Market. Participation in the Fund is permitted to both the public and to qualified investors. The duration of the Fund is set at **7 years**, extendable up to a maximum period of 3 years.

### FondoIppocrate<sup>i</sup>



The **Ippocrate Fund**, launched in March 2007, is a Close-End Real Estate Investment Fund at private contribution, with a portfolio, as of 31/12/2011 of **21 assets** mainly used as offices for a total value of **€ 1,853 million**. Participation in the Fund is permitted only to qualified investors. The duration of the Fund is set at **15 years**, extendable up to a maximum period of 3 years.

### FondoAtlantic<sup>2</sup> BERENICE



The **Atlantic 2 – Bernice Fund**, launched in July 2005, is a retail Investment Fund at private contribution, with a portfolio, as of 31/12/2011, of **31 assets** mainly with offices destination for a total value of **€ 518 million**. The fund is listed on the segment MIV of the Italian Stock Market. Participation in the Fund is permitted to both the public and to qualified investors. The duration of the Fund is set at **7 years**, but has been extended for 3 more years.