

Fidentia Fund III

from Grey to Green



Strictly Private & Confidential

Introduction

Fidentia Real Estate Investments SA (“Fidentia”) is a Sustainable and Responsible real estate Investment fund manager. Fidentia is independent and owned by its partners.

The UN has developed 17 goals to ensure a better and more sustainable future by 2030. By its activities and investments, Fidentia takes action to support several of these Sustainable Development Goals with a direct impact on the sustainable infrastructures (Goal 9), the sustainable cities (Goal 11), the sustainable consumption of energy (Goal 12), and indirectly on other such as renewable energy (Goal 7) or good jobs and economic growth (Goal 8).



Fidentia, with established offices in Belgium and Luxembourg, invests in order to create positive economic impact, long-term value and growth for its investors and the communities in which it works.

■ Market data

- Real Estate is responsible for 40% of energy consumption and 36% of CO2 emissions in the EU
- Heating, ventilation, air conditioning, lighting & hot water account as the main source of CO2 emissions
- 35% of the EU's buildings are over 50 years old and 75% of building stock is energy inefficient
- Approval by the European Parliament of the directive on Energy Performance of Buildings on 17 April 2018 to reduce energy consumption and CO2 emissions
- EU member States are preparing national policy measures to achieve low and zero-emission building stock in the EU by 2050, smarter and more efficient buildings by encouraging more investments in automation, control systems and E-mobility in buildings
- Green buildings use between 25 and 45% less energy
- Employee productivity increases with at least 6% in energy efficient and smart buildings
- Various research studies* confirm sales & rent price premiums for green buildings
 - Sales: +20% to +30%
 - Rents: +4% to +10%

■ Tenant requirements

- Energy efficiency, smart building and costs control
- Mobility ie e-parkings, e-mobility, public transport
- Strengthening an environmental employment brand
- New ways of working

▪ **Buy**

- Volume of 15-80 M€, works included
- Leverage of maximum 60%
- Ageing building
- Technical obsolescence
- Under rented asset
- Under managed asset
- Motivated sellers
- Well located to address mobility issues
- At a discount to current market price

▪ **Fix**

- Improve environmental footprint
- Improve management of property
- Reduce operating expenses
- Increase lease terms
- Increase rental level
- Find new tenants
- Refurbish building
- Redevelop site

▪ **Sell**

- Certified green property
- Stabilised cash flows
- Renovated building

▪ **Efficient and smarter buildings**

- Solar panels on roofs and facades
 - Heating pipes deep in soil
 - Rain water tanks for toilets
 - Led lighting & presence sensors
 - Smart metering systems
 - Energy performance contract
 - Installation of e-mobility infrastructure
 - Environmental certifications
- ➔ reduce electricity expenses
 - ➔ reduce heating expenses
 - ➔ reduce water expenses
 - ➔ reduce electricity expenses
 - ➔ reduce energy expenses & ensures exact repartition
 - ➔ reduce energy expenses
 - ➔ increase take up of electric cars and e-bikes
 - ➔ external validation

Strategy – Minimize and control risk

Permit

No land acquisition and real estate development planning risks.

Construction

No green field construction risk. Pricing, design, quality and possible delays of renovation risks are strongly mitigated by working with only well established and financially sound construction companies.

Financing

Leverage is limited at 60% and sits in the SPV owning the asset. Interest rate volatility is hedged on a case by case basis.

Marketing

Seasoned and dynamic in house asset management team to reduce vacancy, attract and maintain relationships with tenants.

Plaine - Brussels



- Acquisition: June 2017
- Area: 9 200 sqm office space
- Value add:
 - Increased WAULT
 - Restructured spaces & Optimised occupancy
 - Installed solar panels
 - Replaced HVAC
 - Installed LED lighting
 - Closed energy performance contract
 - Breeam In Use certification in progress
- Sold: December 2018

	At acquisition (31/05/2017)	At sale (18/12/2018)	Works done	Energy performances
Building value			<ul style="list-style-type: none"> HVAC renovation New PAC 4 tubes Placement of solar panels Performance contract with operator BREEAM in use: Very good Total Capex: € 1.4 million 	<ul style="list-style-type: none"> Less 50% fuel consumption Less 10% electricity consumption >25,000 € / year energy bill savings
Equity				
Shareholder loan				
Bank loan				
Annual IRR*	69%			
Equity multiple	2.91			
Investment multiple	2.29			

