

Press Release

## Infrastructure Real Estate Recovery Fund (IRERF) kicks off, first fund (with an ESG-approach) investing in innovative real estate formats for future generations

**Created by Alternative Capital Partners, SGR born with the mission of combining ESG sustainability principles with alternative investments to deliver a positive impact on the environment and real economy**

**Milan, 9<sup>th</sup> September 2019** – Social and demographic macro changes are redefining the desired social infrastructure formats. The way in which Millennials (Generation Y) and Centennials (Generation Z) live, study, work and travel is radically changing with respect to previous generations.

This epochal revolution, already in place for years in the Unites States and the rest of Europe, leads to a process of urban regeneration enabled through the spread of new real estate formats and is the basis of a "green & sustainable" demand for spaces offered in the form of "services" such as Smart/Coworking, Student Housing, Hostelling and Co-living/Shared Housing.

These new formats represent the innovative, "alternative" segments of the global and European real estate market, with currently low penetration and encouraging expected growth rates in Italy, as well as the new frontier in terms of asset allocation strategies both for national and international investors in the real estate space.

In order to satisfy this demand revolution for the benefit of new generations and investors, Alternative Capital Partners SGR (ACP SGR) – within the framework of its commitment to invest in unexplored segments of illiquid alternative thematic investments with a significant impact on the environment and real economy – **launches IRERF (Infrastructure Real Estate Recovery Fund)**, a thematic multi-strategy real estate AIF, first mover for the European market.

The fund is dedicated to investing primarily in office space, tourist accommodation and residential use properties, including those with a troubled history and likely to be reconverted through light capex interventions and/or recently refurbished, promoting urban regeneration and social infrastructure transformation, through innovative and mixed formats such as Smart/Coworking, Student Housing, Hostelling and Co-living/Shared Housing.

ACP SGR has selected and signed partnership agreements with the leading national & international operating managers specialized in the Fund's four investment target segments, each applying flexible business models perfectly aligned with the offer of the spaces to be converted.

The investment strategy is mainly income driven and ESG compliant, aimed at providing IRERF's investors with an attractive risk-adjusted return while generating intrinsic benefits for the territories involved and end asset users. The fund is focused on acquiring properties primarily in Italy as well as in the rest of Europe, suitable and attractive for its operating partners' expansion strategies and/or assets in which the selected partners are already successfully operating.

As of today, ACP SGR has identified, selected and analyzed an initial target portfolio comprised of 9 operations – widely diversified by segment, location and operating partner – which can be acquired and renovated according to sustainable standards upon Fund's closing. Urban regeneration will consist mainly of the requalification, reconversion and recovery of buildings, including brownfield sites, and the enhancement of degraded, unused/empty, highly energy-intensive and polluting structures, all while avoiding virgin land consumption. The regeneration process will also consist of energy auditing and, where possible, retrofitting of buildings with the consequent recommended improvements leading to a reduction in energy consumption and emissions and a realized value appreciation, with ancillary objectives being to encourage community creation and the development of related services for future generations.

ACP SGR has recently started fundraising and IRERF's first closing is expected in the coming months. The fund maturity is 8 years and the expected unlevered IRR is over 6.5% (over 8.5% levered, assuming 50 % of debt financing), with an attractive dividend distribution profile.

Signatory of:

IRERF is an open-market fund created to satisfy the increasing demand for innovative, “alternative” real estate anti-cyclical segments coming from institutional and professional core/core plus investors such as pension funds, insurance companies, banking foundations, family offices and wealth management companies that have been searching for investments in the real estate market that can generate both a stable income with a reduced risk profile during the portfolio management phase and significant a capital gain in the asset disposal period.

The fund will be managed by a dedicated team with an impressive track record in Private Equity Real Estate, built from previous experiences at six leading real estate asset management firms, where overall the team conceived, organized and managed 66 real estate AIFs, completing transactions for a value of over EUR 7 billion. The team will be supported by IRERF’s internal Advisory Committee and ACP SGR’s Real Estate Investment Committee composed of a selected panel of 9 external professionals with unique specific expertise in the four investment target segments.

**Emanuele Ottina, Executive Chairman and Head of the Private Equity Real Estate division**, with over 26 years of experience in Real Estate Finance, Private Equity, Investment Banking and Corporate Finance, says: *“In our country the real estate offer – particularly in office space, tourist accommodation and residential use properties – consists of largely obsolete structures, inadequate in terms of structural standards, energy efficiency and services offered, compared to the European average. A persistent recovery in transaction volume in these segments has not yet been followed by an equal price appreciation, which remains stagnant; this opens up interesting investment opportunities in properties awaiting to be reconverted into social infrastructure, enhancing their value and managing them through innovative formats that contribute to urban regeneration and to the future generations’ way to live spaces. This is why we conceived IRERF, in order to allow investors who strongly believe in social and environmental responsibility, as we here at ACP do, to address their sustainable investments towards the real economy”.*

**ACP SGR Media Contact:**

Marcella Verini, Mario Tino, Elisa Strada, [acp-sgr@verinieassociati.com](mailto:acp-sgr@verinieassociati.com) +39 02 45395500

**Alternative Capital Partners SGR Spa**

Alternative Capital Partners SGR Spa (ACP SGR) è una Società di Gestione del Risparmio italiana di Fondi di Investimento Alternativo (GEFIA), autorizzata nel 2018 e vigilata da Banca d’Italia e Consob, firmataria dei Principles for Responsible Investments (PRI), nata con la missione di coniugare principi di sostenibilità ESG (Environmental, Social & Governance) ed investimenti alternativi ad elevato impatto sull’ambiente e sull’economia reale.

Signatory of:



Alternative Capital Partners SGR