



ENERGY CRISIS AND REAL ESTATE

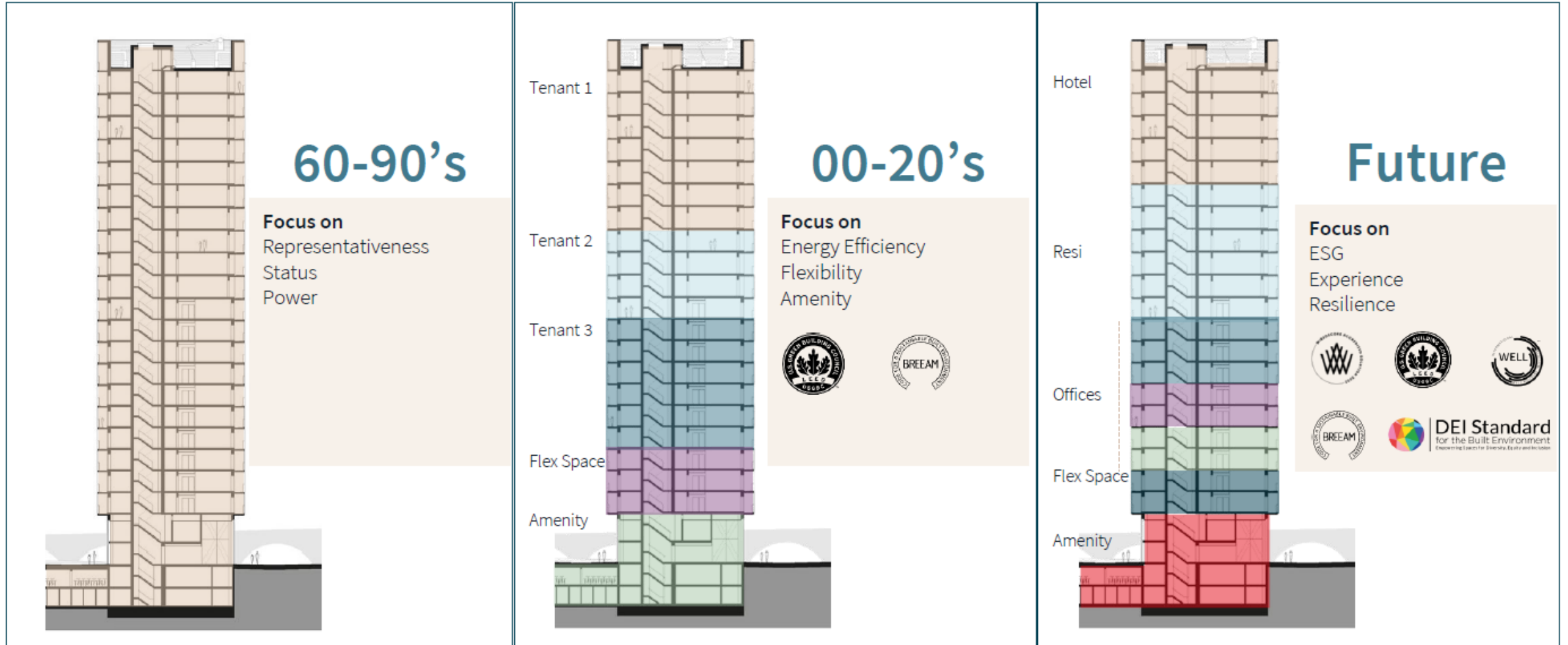
ERES INDUSTRY SEMINAR
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Trends that will shape the market throughout 2030

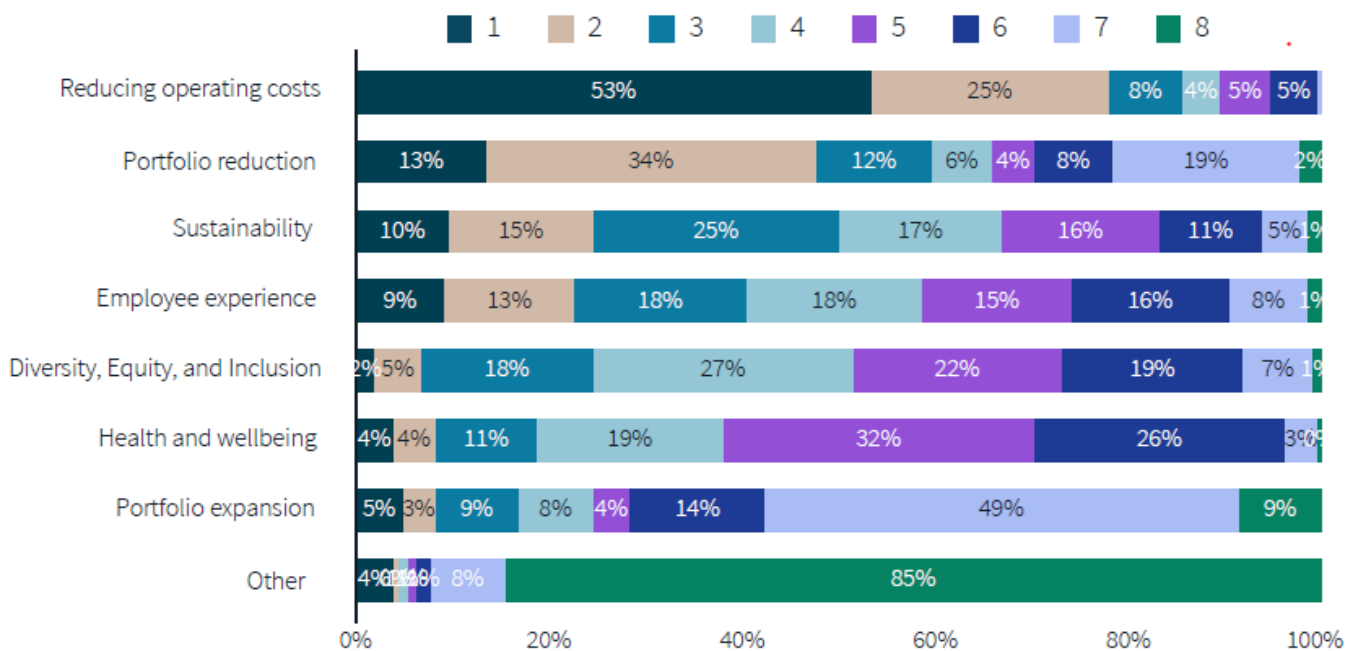
“Operationalization” of real estate to service the customer and increase margins



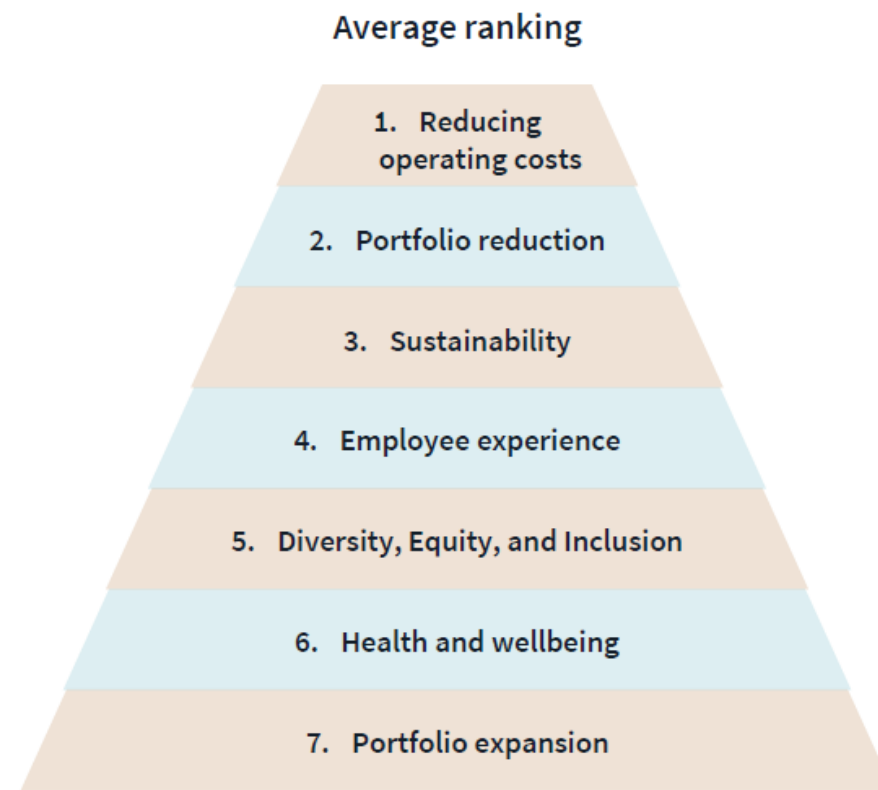
Customer demands as driving force

Tenant's focus to balance cost reduction with ESG and experience

What are the top CRE priorities of your client's enterprise right now?
Please rank from most important (1) to least important (8)



Source: JLL Work Dynamics Pulse Survey July – August 2023 sent to over 600 account directors globally - 208 respondents



Operational (energy) costs – quick wins vs strategic approaches

Energy Crisis boosted short win measures but confirmed need of long-term strategies



Reduction of operational energy use

- Limit in-office hours
- Reduce consumption in occupied spaces
- Sensorics



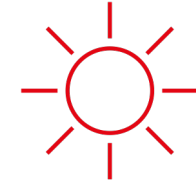
Identification of building improvements

- HVAC
- Lighting
- Insulation



Negotiation of PPAs

- Demand outpaces supply
- Prices were up 47% YOY in 2022



Pursue energy self sufficiency

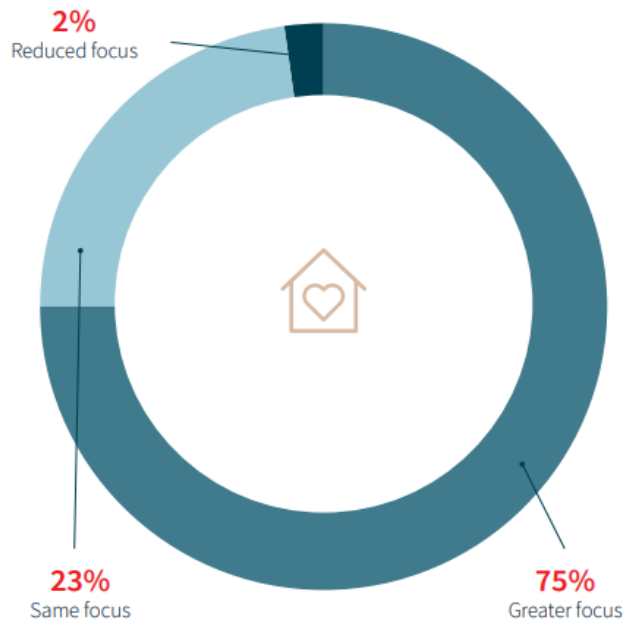
- On-site energy production

Short Wins

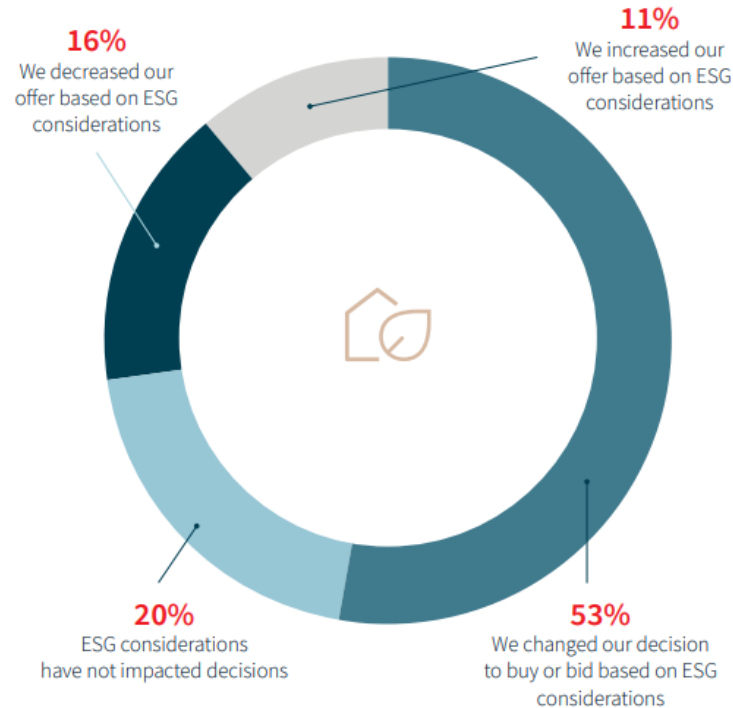
Strategic (NZC) approach

Investors' sensitivity increases - Real Data overtakes Certification

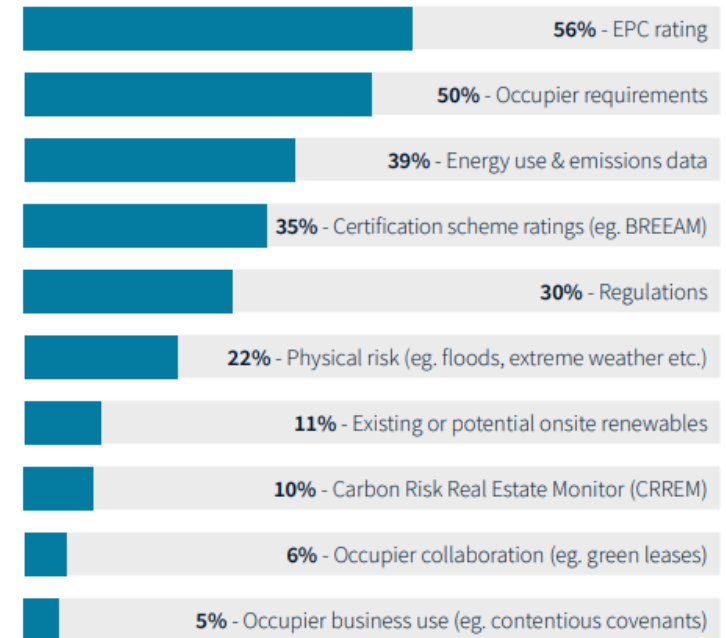
How has your focus on environmental & social impact evolved over the last 12 months?



Over the last 12-24 months, have sustainability & ESG impacted your decision to buy or bid on an asset?



What considerations have been the biggest drivers of these decisions?



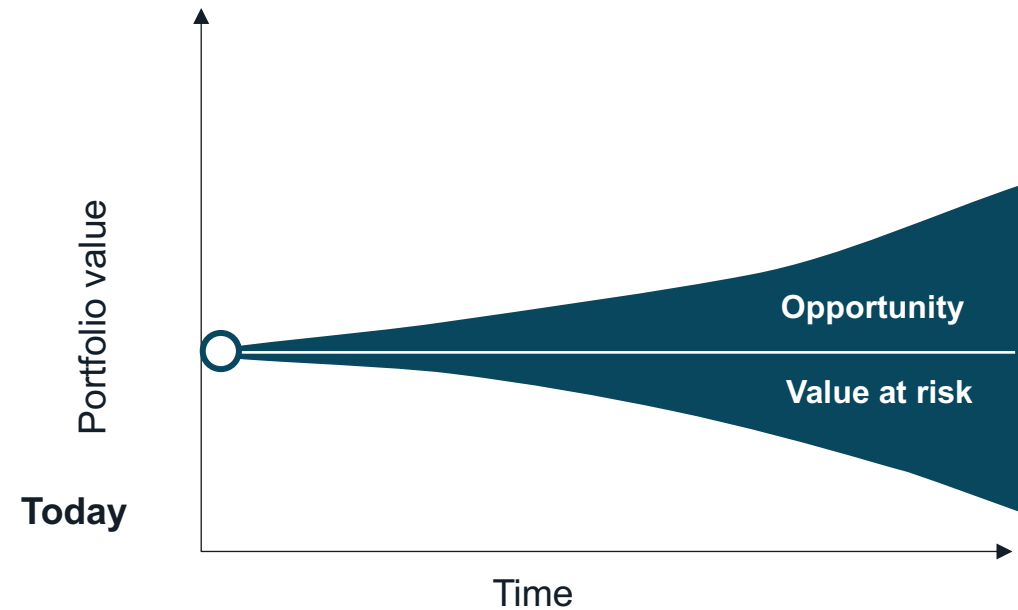
Survey ran for two weeks during January 2024 with 100 responses from JLL UK capital markets clients. Some questions allowed multiple selections

The value question: Brown Discounts vs Green Premiums

Market intel on transition cost/capex to CRREM alignment is too weak, but coming up regularly in deals.

NZC audits are the only way to understand true capex implications and potential operational savings.

- NZC Capex deductions moving beyond investment hold period: capex items due in year 15/20 are now being negotiated to be deducted from purchase prices today.
- Increase in construction costs and interest rates only impacting retrofit story further.



What checks do institutional buyers do as part of their DD before buying core properties?

	Environmental	Social	Governance
Focus Areas	<ul style="list-style-type: none"> • Carbon • Energy and water • Climate risk • Biodiversity 	<ul style="list-style-type: none"> • Tenant risk • Health & wellbeing • Green building • Mobility • Social value • Connectivity 	<ul style="list-style-type: none"> • Stakeholder engagement • Landlord control (WALT) • Reporting
Examples	<ul style="list-style-type: none"> • Energy data • CRREM pathway • NZC audit (and capex) • Certifications (EPC, NABERS etc) • Physical risk assessment • Environmental assessment 	<ul style="list-style-type: none"> • Social value assessment • Tenant user • Certifications (BREEAM, WELL etc) • Accessibility and inclusive design • Local employment and community engagement 	<ul style="list-style-type: none"> • Tenant risk: social & environmental • Landlord control (mechanisms for intervening) • Green leases • JV agreements • GRESB • Taxonomy alignment

Deals take up to 60% longer due to ESG check (*Drooms Survey 2022*)

Risks and capex

Opportunities and upside

ESG is no longer a trend but a structural evolution

Institutional Investors are leading the change and increase the need to follow

Investors	Investment Policy Including ESG Issues	Fund Offerings Sold as ESG-Themed	Dedicated ESG Investment Staff	Monitoring Portfolio Companies Using ESG KPIs	Tracking of GHG Emissions	Formal Diversity Policy of Initiative	Female Representation on Board of Directors
AEW	Yes	No	Yes	Yes	Yes	Yes	No
ARA	Yes	No	Yes	Yes	Yes	Yes	Yes
Bental GreenOak	Yes	No	Yes	Yes	Yes	Yes	No
Blackstone	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Brookfield	Yes	No	Yes	Yes	Yes	Yes	Yes
CBREGI	Yes	No	Yes	Yes	Yes	Yes	No
Clarion Partners	Yes	No	Yes	Yes	Yes	Yes	No
Dexus	Yes	No	Yes	Yes	Yes	Yes	Yes
DWS Group	Yes	Yes	Yes	Yes	Yes	Yes	Yes
JP Morgan	Yes	Yes	Yes	Yes	No	Yes	No
LaSalle	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mapletree Investments	Yes	No	Yes	No	Yes	No	Yes
MetLife	Yes	Yes	Yes	Yes	Yes	Yes	No
Morgan Stanley	Yes	No	Yes	Yes	No	Yes	No
Patrizia	Yes	Yes	Yes	Yes	Yes	Yes	No
Principal Real Estate	Yes	No	Yes	Yes	No	Yes	No
Tishman Speyer	Yes	No	n	No	No	Yes	No
Union Investment	Yes	Yes	Yes	Yes	Yes	Yes	No

Source: JLL Research, Investors' Websites

Thank You

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