

InvestEU Scoreboard¹

Presentation of the financing or investment operation:

Implementing Partner: European Investment Fund (EIF)

Name of the Operation: Investment Platform for Social Infrastructure with CDP Real Asset SGR S.p.A. (“CDP RA”)

Type of approval: Investment Platform

Type of Financial Intermediaries: Infrastructure funds

Type of Final Recipients: Special Purpose Vehicles/project companies, SMEs, Mid-Caps, Mixed entities, such as public-private partnerships and private companies with a public purpose.

Country(-ies) of implementation of the operation: Italy

Short description of the financing or investment operation:

An “Investment Platform” represents a specific delivery mode under InvestEU, that can take the form of a special purpose vehicle, a managed account, a contract-based co-financing or risk-sharing arrangement or an arrangement established by any other means within the meaning of Article 2(18) of the InvestEU Regulation². Investment Platforms can entail a single-country or multi-country focus or a specific thematic focus and represent an engagement model enhancing cooperation between the EIF and NPBI under InvestEU.

The Investment Platform strategy target the area of **Social Infrastructure**, with specific focus on strategies encompassing investments in:

- affordable and social housing;
- educational infrastructure and training facilities;
- other civic infrastructure, and social services (including at community-based level), such as long-term care).

Public Statement

Eligible area for the operation in accordance with Annex II to the InvestEU Regulation:

Item 12 of Annex II of the InvestEU Regulation:

social investments, including those supporting the implementation of the European Pillar of Social Rights

The additionality of each Investment Platform Project falling under this Investment Platform will be ensured by the application of any of the items below, in line with Annex V.A of the InvestEU Regulation.

Item (b) of Annex V to the InvestEU Regulation:

Support through equity and quasi-equity or through debt with long tenors, pricing, collateral requirements or other conditions not sufficiently available on the market or from other public sources

The investments in Investment Platform Projects will be in the form of equity, which will in turn allow the underlying funds to promote equity or quasi-equity investments at the level of each underlying investment,

¹ This Scoreboard of indicators reflects the information presented to the InvestEU Investment Committee (IC) for its decision on the use of the EU guarantee for this operation. Therefore, the document does not take into account possible developments that could have occurred after this decision.

² ‘Investment platform’ means a special purpose vehicle, managed account, contract-based co-financing or risk-sharing arrangement or an arrangement established by any other means by which entities channel a financial contribution in order to finance a number of investment projects, and which may include:(a) national or sub-national platform that groups together several investment projects on the territory of a given Member State;(b) a cross-border, multi-country, regional or macro-regional platform that groups together partners from several Member States, regions or third countries interested in investment projects in a given geographic area;(c) a thematic platform that groups together investment projects in a given sector.

which is an essential element in supporting greenfield infrastructure investments in particular in the underserved social infrastructure segment.

Whilst there are infrastructure funds focusing on investments in social infrastructure assets with an operational track record, there is a significant funding gap for market players that have the capacity to develop and construct new or refurbish and expand existing infrastructure assets in the area of social infrastructure. Greenfield social infrastructure has suffered from longstanding underinvestment from both public and private players, which has led to a wide mismatch between demand and supply of such infrastructure across the EU.

Underlying funds may address and, in some cases, specifically target projects at development stage, including taking zoning and permitting risk, which respective high risks may well be beyond the risk-appetite of private investors targeting the social infrastructure market.

Item (c) of Annex V to the InvestEU Regulation:

Support to operations that carry a higher risk profile than the risk generally accepted by the implementing partner's own standard activities or support to implementing partners in exceeding own capacity to support such operations

The use of the EU Guarantee allows EIF to invest a substantially higher amount in the proposed underlying operations than it would have been able to do through its standard activities alone.

Item (e) of Annex V to the InvestEU Regulation:

Support that catalyses/crowds in additional private or public financing and is complementary to other private and commercial sources, in particular from traditionally risk-averse investor classes or institutional investors, as a result of the signalling effect of the support provided under the InvestEU Fund

EIF is expected to often play the role of cornerstone investor, thus playing a catalytic effect on institutional investors in support of the existing or novel funds. EIF's thorough due diligence carried out on the underlying funds is expected to be perceived as a "seal of approval" by other investors providing financing alongside the EIF. The EIF is also expected to be requested for reference calls by prospective investors as part of their investment decision process.

EIF's commitment is hence expected to have a strong catalytic effect helping to enlarge and diversify the investor base of the underlying funds forming the Investment Platform Projects of this Investment Platform.

Item (f) of Annex V to the InvestEU Regulation:

Support through financial products not available or not offered to a sufficient level in the targeted countries or regions due to missing, underdeveloped or incomplete markets

According to market reports, since 2015 the social infrastructure segment of the infrastructure market in Italy has been consistently out of scope for investors with investment activity volumes in terms of completed deals representing on average c.3% of all investments in infrastructure assets. The bulk of the infrastructure investment activity is concentrated in the energy generation, transport and telecommunication sectors which is largely consistent with the data of infrastructure activity across Europe.

Overall, the infrastructure gap in Italy is very pronounced. Compared to other European countries, Italy is among those with the largest gap in investments in the infrastructure sector. The estimates of the Global Infrastructure Outlook of the G20 show a gap of over 373 billion US dollars from 2021 to 2040.

Italy suffers also from serious deficiencies in education infrastructure, as shown by the low rate of coverage of early childhood services and the high percentage of early school leavers, and in housing infrastructure, as

highlighted by the marked incidence of housing issues, while it registers virtuous results compared to European peers in healthcare outcomes, even though health infrastructure is very heterogeneous across the country.

As an example, the student housing provision rate in Italy, expressed as the total number of places available in student houses over the number of non-resident students, is in average 4%, while a provision rate of at least 25% is considered appropriate.

In the **social infrastructure sector**, investments will address several market failures while generating significant positive externalities. Investments in the social and affordable housing sector will address social inclusion as well as a more equitable access to housing for low- and medium-income households, students, and autonomous senior citizens, while potentially supporting other public policy goals such as energy efficiency or economic, social, and territorial cohesion, including the provision of dedicated *in loco* services to the tenants of the housing projects.

All funds are expected to invest the majority of their capital in new/greenfield projects, i.e., will take equity risk at **construction stage**, i.e., invest at a point in time in the underlying assets when there is no secured cash income yet. Some of the underlying funds specifically address the market gap at **project development stage**, where investments are entailing higher risks that are often well beyond the risk-appetite of private investors. In some cases, the funds will support projects aimed to refurbish or expand social infrastructure assets that have suffered from underinvestment or are considered to be in substandard conditions for the use of target social groups.

The following market failures are specifically addressed by this Investment Platform:

Item (e) of Annex V A (1) to the InvestEU Regulation:

Exposure to higher levels of risks in certain sectors, countries or regions beyond levels that private financial actors are able or willing to accept, including where the investment would not have been undertaken or would not have been undertaken to the same extent because of its novelty or because of risks associated with innovation or unproven technology.

The following factors determine the higher levels of risks associated with underlying investments targeted by this Investment Platform:

- Less developed sectors often not target by infrastructure funds, as it is the case for the social infrastructure market
- Less developed regions in the infrastructure fund market, as the funds target Italy as core market
- Development and/or significant construction risk, as all funds are expected to assume significant development and/or construction risk

Item (f) of Annex V A (1) to the InvestEU Regulation:

New or complex market failures or sub-optimal investment situations in accordance with point (a)(iii) of Article 9 (1) of the InvestEU Regulation.

Investments by the underlying funds are mainly expected to be made in affordable and social housing; educational infrastructure and training facilities; other civic infrastructure, and social services (including at community-based level). Investments in these sectors would in general generate significant positive externalities that benefit society at large and the broader economy.

Investments in social and affordable housing, typically address incomplete markets that either do not cater for certain demand segments, or lead to supply-demand mismatch.

With respect to the benefits generated by the operation for the final recipients, it is worth highlighting in particular the following key features that are expected to be applicable across Investment Platform Projects: (i) the provision of equity financing; (ii) the contribution to the diversification of funding sources for final recipients; (iii) the longer holding period (within up to 25 years term of the fund); and (iv) the transfer of experience, know-how and network by the financial intermediary to portfolio companies, in particular with regards to ESG matters.

From a longer-term perspective, investments by the Investment Platform Projects in infrastructure assets in less established markets or based on less proven technologies or more innovative financing models will also benefit the overall financing ecosystem as, if successful, they will serve as a proof of their economic viability and hence a blueprint for subsequent investments going forward.

Pillar 3 - Market failure or sub-optimal investment situation addressed by the financing or investment operation (Very Good)

Pillar 4 - Financial and technical contribution by the implementing partner (Very Good)

Pillar 5 - Impact of the financing or investment operation (Very Good)

Pillar 7 - Complementary indicators

Key characteristics	Expected as of time of submission	Comments
Timetable for Investment Platform Projects	2024-2025	
Leverage Effect (at target fund sizes)	Indicatively c 2x-4x	Preliminary estimation
Multiplier Effect (at target fund sizes)	Indicatively c. 4-9x	

ESG aspects

Within the due diligence process, EIF assesses the financial intermediaries’ environmental, climate and social risk management procedures and the capacity to screen, assess and manage environmental, climate and social risks associated with its business activity, including the presence and quality of an Environmental and Social Management System (ESMS).

- The EIF will, during the time of investment, monitor the following matters:
 - o Economic benefits (including LCOE/H for power and heat projects, quantified CO2 economic benefits and other social/environmental externalities);
 - o Main environmental, climate and social risks/impacts, and mitigation measures;
 - o Actual performance of the main environmental, social and economic impact indicators;
- ESMS - dedicated person: Fund Managers of all Investment Platform Projects will be requested to designate a responsible ESG expert, to manage the environmental and social activities and aspects and maintains and operates an appropriate environmental and social management system.
- ESG - external communication: Fund Managers will be requested to implement a procedure for external communication allowing for receiving and registering communication from the public regarding environmental, climate and social issues, including making available ESIA studies publicly available.