

**MASTERS IN
FINANCE**

MASTERS FINAL WORK
Internship Report

**INVESTING DIFFERENTLY IN REAL ESTATE: UNDERSTANDING NEW STRATEGIC
IMPERATIVES IN A POST-COVID CONTEXT AT AQUILA AM**

MAXIME HAENEN

JUNE 2025

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JUNE 2025

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Abstract

This report investigates how asset management practices in the real estate sector have evolved in response to post-pandemic challenges and ESG imperatives. Based on a five-month experience at Aquila Asset Management, the analysis focuses on the growing influence of ESG criteria, evolving regulatory frameworks, and the operational role of local teams. It bridges academic concepts in finance and investment with practical challenges faced by asset managers adapting to stricter compliance requirements and shifting investor expectations. The report highlights a broader industry trend: a transition from passive, income-focused strategies to more agile, data-informed, and sustainable-driven asset management practices across the European real estate market.

Keywords:

Real estate asset management

Post-covid strategic adaptation

ESG integration

Regulatory compliance

Decentralized execution

Sustainable portfolio strategy

JEL Classification: G11, G32, R33, L85

Resumo

Este relatório de estágio investiga como as práticas de gestão de ativos imobiliários evoluíram em resposta aos desafios pós-pandemia e às exigências crescentes relacionadas aos critérios ESG. Com base numa experiência de seis meses na Aquila AM (parte do Catella Group), a análise foca na crescente influência dos fatores ESG, na evolução dos quadros regulatórios e no papel operacional das equipas locais. O trabalho faz a ponte entre os conceitos académicos de finanças e investimento e os desafios práticos enfrentados por gestores de ativos que se adaptam a requisitos de conformidade mais rigorosos e a expectativas crescentes dos investidores. O relatório destaca uma tendência mais ampla no setor: a transição de estratégias passivas, centradas em rendimento, para abordagens mais ágeis, orientadas por dados e sustentadas na sustentabilidade, no contexto europeu.

Palavras-chave:

Gestão de ativos imobiliários

Adaptação estratégica pós-covid

Integração ESG

Conformidade regulatória

Execução descentralizada

Estratégia de portfólio sustentável

Classificação JEL: G11, G32, R33, L85

List of abbreviations

AI – Artificial Intelligence

AM – Asset Management

AXA IM Alts – AXA Investment Managers Alternatives

BNP – BNP Paribas Real Estate

BREEAM – Building Research Establishment Environment Assessment Method

CBRE – Coldwell Banker Richard Ellis

COVID – Coronavirus Disease

CRREM – Carbon Risk Real Estate Monitor

CSRD – Corporate Sustainability Reporting Directive

EPC – Energy Performance Certificate

ESG – Environmental, Social, and Governance

ERV – Estimated Rental Value

EU – European Union

GRESB – Global Real Estate Sustainability Benchmark

HQE – Haute Qualité Environnementale (French environmental certification)

HVAC – Heating, Ventilation, and Air Conditioning

IM – Investment Management

INREV – European Association for Investors in Non-Listed Real Estate Vehicles

IRR – Internal Rate of Return

JLL – John Lang LaSalle

KPI – Key Performance Indicator

MSCI – Morgan Stanley Capital International

OPERAT – Observatoire de la Performance Energetique de la Rénovation des Actions
du Tertiaire

PLU – Plan Local d’Urbanisme (Local Urban Plan)

SFDR – Sustainable Finance Disclosure Regulation

VBA – Visual Basic for Applications

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I. Introduction

This internship report originates from a strong academic interest in real estate finance and a desire to apply what I have learned in a practical, professional environment. From the outset of my Master Final Work, I chose the internship route because I strongly believe that hands-on experience in a company would be more enriching than a purely theoretical research project. Having already completed a six-month internship before starting the masters, I had experienced first-hand how much can be learned outside the classroom.

Securing this internship turned out to be more difficult than expected. My initial goal was to find an opportunity in a real estate investment firm in Paris. Despite a strong motivation and many applications, several months went by without any positive response. This situation led me to reconsider my strategy and broaden my search, including offers in other cities and across slightly distinct roles. I even accepted a position in Luxembourg before unexpectedly receiving a positive reply from Aquila Asset Management in Paris, just a few weeks before the deadline. This last-minute opportunity turned out to be exactly the kind of experience I had been hoping for from the start.

This professional experience gave me the opportunity to explore several aspects of real estate investment, including asset valuation, budgeting, tenant management, and ESG strategy. The first part of this report provides a literature-based perspective on how the covid-19 pandemic reshaped real estate investment strategies in Europe and, more specifically, in the Parisian region. It examines key changes in asset management practices, sustainability integration, and organizational responses within the sector.

The second part focuses on the company itself and describes my role within the asset management department. My responsibilities included preparing financial reports, tracking rental data, updating business plans, and supporting strategic decision-making processes alongside asset managers.

Finally, the report draws links between this internship and my academic background, showing how various courses such as Real Estate Finance, Corporate Investment

Appraisal, or Excel and VBA provided useful frameworks and tools throughout the experience. It also offers a personal reflection on the skills I developed during this period and how they have shaped my professional goals.

II. Literature review

2.1 Introduction

This literature review explores how the covid-19 pandemic has reshaped real estate investment strategies, particularly in Europe and France, with a specific focus on the Paris market. Traditionally considered a stable and yield-driven asset class, real estate has undergone a profound transformation in the wake of multiple external shocks, from widespread lockdowns and tenant disruptions to increasingly stringent ESG regulations and decarbonisation targets. These structural shifts have forced investors to rethink the way they underwrite, manage, and reposition assets (INREV, 2023 ; JLL 2023) According to the INREV/ANDREV/PREA 2023 Investment intention survey, 75% of the European investors now systematically integrate climate change considerations into their investment decisions, with 90% expecting net-zero commitment from fund management (INREV, 2023). JLL (2024) highlights that approximately USD 933 billion to 1.2 trillion of capital is required to retrofit ageing office stock at risk of obsolescence, further underlining how regulatory pressures and sustainability requirements are reshaping investment approaches.

The review is structured around four interrelated themes that have emerged as central to post-pandemic real estate strategy. First, the pandemic is analysed as an exogenous shock that disrupted market dynamics and investment assumptions (2.2). Second, we explore the strategic pivot from passive income collection to more agile, hands-on asset management practices (2.3). Third, ESG constraints are examined as both a risk and opportunity driver for portfolio reallocation and compliance (2.4). Finally, we assess how internal organisation and governance have adapted to these new strategic and operational demands, highlighting the role of local teams in delivering on firm-wide sustainability and performance goals (2.5).

Through a review of academic publications, professional surveys, and institutional reports, this literature review aims to map the evolving strategic responses of the real estate industry to an increasingly complex post-covid environment.

2.2 The covid-19 shock: A break in real estate investment dynamics

The covid-19 pandemic precipitated an unprecedented disruption in global real estate markets, notably within Europe and France. The crisis challenged long-held assumptions about asset stability, tenant behaviour, and investment strategies, compelling stakeholders to reassess their approaches to real estate investment.

2.2.1 Impact on investment volumes

Following the turbulence caused by the covid-19 pandemic, the European investment property market showed tentative signs of recovery in early 2024. According to Savills (2024), investment volumes in Europe rose to approximately €44.5 billion in the second quarter of 2024 marking an 18 percent increase over the previous quarter. However, this rebound remains fragile. As highlighted by Reuters (2024), data from MSCI show that transaction volumes declined by 26 percent year-on-year in the first quarter of 2024, reaching €34.5 billion, due to continued uncertainty surrounding interest rates and downward pressure on asset values. In France, the recovery has been even more subdued, with investment volumes still lagging and pronounced contraction in the office and retail segments.

2.2.2 Office sector challenges

The office sector faced serious challenges as remote work became more widespread. In its 2023 European Office Outlook, Knight Frank projected that investment activity could rebound in the second half of 2024, assuming inflation eases, and Eurozone interest rates are lowered (Knight Frank, 2023). In Paris, CBRE (2025) reports an overall office vacancy rate of around 10.3 percent in Q1 2025, up from approximately 8.8 percent a year earlier, and notes that Greater Paris saw 419,200 m² of office space absorbed in the same quarter, confirming a bifurcated market between core and non-core assets (CBRE, 2025). Further illustrating this divide, secondary markets such as La Défense recorded vacancy rates as high as 15 percent, although recent refurbishments suggest a gradual recovery (56Paris, 2024). Academic research supports the view that the pandemic's long-term effects on office demand persist: Allcott et al. (2022) find that areas in France with higher teleworking capacity have experienced statistically significant increases in vacancy,

reduced new construction activity, and downward pressure on office prices, evidence of structural recalibration beyond short-term cyclical trends.

2.2.3 Retail sector transformation

The retail sector underwent a rapid transformation due to accelerated e-commerce adoption and prolonged lockdowns. According to Savills (2024), investment volumes in retail assets increased modestly in Q2 2024, with deal activity 19 percent higher than the previous quarter, though still below pre-pandemic levels. Academic research underscores that this recovery remains uneven. Watanabe and Omori (2021) find that pandemic-induced changes in consumer behaviour significantly amplified online shopping trends, negatively impacting traditional high-street retail in major urban areas. Additionally, a study by Gupta and Mukherjee (2022) highlights sustained challenges in brick-and-mortar environments following covid-19, including elevated vacancy rates and store closures, especially in fashion and apparel, underscoring structural weaknesses that may persist.

2.2.4 Hospitality and alternative sectors

The hospitality industry suffered immensely, with travel restrictions leading to historically low occupancy rates. According to CBRE (2025), upper-upscale properties came to represent 49 percent of hotel investment volumes in 2024, marking a significant increase of 13 percentage points since the onset of the covid-19 pandemic. This shift signals a renewed investor focus on higher-end hospitality assets, which are perceived as more resilient to future market shocks. Meanwhile, alternative sectors showed strong resilience. Heitman (2024) highlighted sustained investor interest in student housing: for example, the firm invested in multiple purpose-built student accommodation projects, such as the 120-bed Hollis Building in Bath and new developments in Norway, underscoring both stable cash flows and counter-cyclical performance.

2.2.5 Strategic shifts in investment approaches

The pandemic prompted a revaluation of investment strategies, with a heightened emphasis on flexibility and diversification. JLL's insights suggest that investors are increasingly considering sector diversification to mitigate risks associated with

unforeseen disruptions (JLL, 2023). In markets such as Paris, this trend has manifested in growing interest in mixed-use developments and buildings that provide adaptable spaces along with enhanced health and safety features.

2.2.6 Local market adaptations

Paris, as a major European real estate hub, exemplified the continental trends in investment diversification and innovation. CBRE (2024) reports that venture capital funding in the Paris life sciences ecosystem surged in 2021, underpinned by President Macron's Health Innovation Plan 2030, a €7.5 billion national initiative, prompting significant investor attention in biotech real estate. The city's lab/R&D space remains constrained (2.9 million sq. ft), suggesting further development potential as public and private funding continue to flow (CBRE, 2025). This renewed emphasis on high-growth, adaptable asset classes positioned Paris to attract capital in sectors poised for post-pandemic expansion.

2.2.7 Conclusion

The covid-19 pandemic served as a catalyst for profound changes in real estate investment dynamics across Europe and France. It exposed vulnerabilities in traditional asset classes, accelerated shifts towards alternative sectors, and underscored the importance of flexibility and resilience in investment strategies. As the market continues to recover, stakeholders are likely to prioritize assets that demonstrate adaptability, sustainability, and alignment with emerging societal trends.

2.3 From passivity to agility: Strategic shifts in European and Parisian real estate

2.3.1 Investment post-covid

The covid-19 pandemic catalysed a profound transformation in real estate investment strategies across Europe, particularly in Paris. Investors transitioned from passive, core-focused approaches to more agile, value-driven approaches. This trend reflects a broader industry-wide recognition of the need for business agility and resilience when facing unprecedented disruptions. JLL (2020) notes that many organisations have restructured

their real estate ecosystems to become more adaptive and resilient in response to systemic shocks. The World Economic Forum (2024) further highlights that the pandemic accelerated investment in liveable, sustainable, and resilient real estate, promoting a strategy centred on flexibility and anticipation of future shocks.

2.3.2 Embracing value-add strategies

Historically, institutional investors favoured core assets, prime properties with stable, long-term leases. However, the pandemic exposed vulnerabilities in this model, leading to a revaluation of investment strategies. According to the 2022 INREV/ANREV/PREA Investment Intentions Survey, 57% of investors targeting Europe preferred value-add strategies, the highest level since 2008. This indicates a significant shift towards investments that require active management to unlock value.

2.3.3 Asset repositioning: A proactive approach

Asset repositioning has emerged as a key tactic in modern investment strategies JLL (2024) highlights that capital-intensive repositioning strategies or retrofitting can unlock greater returns on investment and help reshape portfolios exposed to obsolescence. By proactively upgrading or converting underperforming properties, investors can enhance resilience and align with current tenant expectations.

2.3.4 Office to residential conversion: Addressing urban needs

The pandemic-induced shift to remote work led to increased office vacancies, particularly in urban centres like Paris. Gensler (2024) identifies office-to-residential conversion as an attractive new value proposition for post-pandemic real estate, with an estimated 32% of analysed office buildings potentially suitable for conversion, though only a small fraction has been redeveloped so far. At the municipal level, the revised bioclimatic Local Urban Plan (*PLU bioclimatique*) was adopted by the Conseil de Paris on 5 June 2023, aiming to address the housing deficit and environmental goals. The plan encourages converting underutilised office buildings into residential units and mandates the inclusion of housing in large office redevelopment projects. In addition, the French government launched a national support plan in early 2024 targeting the conversion of 9

million m² of vacant offices into housing, as part of broader housing and energy transition objectives (French Government, 2024).

2.3.5 ESG retrofitting: From brown to green

Environmental, Social, and Governance (ESG) concerns have become central in real estate investment decision-making. Retrofitting existing buildings to meet sustainability standards is not only environmentally responsible, but also financially prudent. According to JLL's *ESG Performance Report 2023*, strategic retrofits, particularly comprehensive energy upgrades, serve as a key tool to future-proof real estate assets. Complementing this, MSCI research indicates that offices with sustainability certifications in London and Paris command significant green premiums, with certified assets selling for over 25 percent more than comparable non-certified ones.

2.3.6 Operational flexibility: Adapting to new work patterns

The rise of hybrid work models necessitates greater flexibility in office space usage. Investors are adapting by offering shorter lease terms and incorporating flexible workspaces configurations. The *Emerging Trends in Real Estate Europe 2024* report from the Urban Land Institute and PwC underscores the importance of operational agility in responding to changing tenant needs. Specifically, the report highlights that landlords increasingly view flexible leasing and adaptable layouts as essential tools for addressing fluctuating demand and enhancing occupant satisfaction.

2.3.7 Mixed-use developments: Enhancing urban resilience

Integrating multiple uses within a single development enhances resilience and aligns with evolving urban lifestyles. Mixed-use projects that combine residential, commercial, and recreational spaces create vibrant, 24/7 environments. In Paris, the PLU bioclimatique encourages such developments by mandating greater functional diversity in large-scale projects and supporting the transformation of office buildings into housing to promote sustainable urban living (Ville de Paris, 2023; BCLP, 2022). This approach not only mitigates risk by diversifying income streams but also supports the creation of dynamic, inclusive urban communities.

2.3.8 Conclusion

The shift from passivity to agility in real estate investment reflects a broader adaptation to the post-pandemic landscape. In Europe and Paris, investors are embracing value-add strategies, asset repositioning, ESG retrofitting, operational flexibility, and mixed-use developments to navigate uncertainty and capitalize on emerging opportunities. This proactive approach positions the real estate sector to thrive in a rapidly evolving market environment.

2.4 ESG and new constraints: Strategic shifts in post-covid real estate

Since the covid-19 pandemic, ESG factors have become central to real estate investment strategy in Europe, particularly in mature urban markets like Paris, where regulation, stakeholder expectations, and investor mandates are converging. Once seen as optional, ESG integration is now a strategic imperative. According to CBRE (2023), over 80% of European investors apply ESG criteria to every investment decision, a significant increase from pre-pandemic levels (CBRE, 2023).

2.4.1 The brown discount and green premium

A visible market consequence of this shift is the pricing divergence between sustainable and non-sustainable assets. Properties with poor energy performance are increasingly subject to a "brown discount," suffering from lower valuations, higher vacancy, and limited buyer interest. According to Savills Investment Management (2023), inefficient office buildings, particularly those lacking ESG credentials, have faced significant value declines in markets like Paris, with prime office yields widening by 65 basis points over the year as investors penalise underperforming assets. On the other side, assets with strong ESG credentials, such as BREEAM- or HQE-certified buildings, can command a "green premium" in both rents and cap rates. JLL (2023) finds that such certifications lead to rental and capital value uplifts in the range of 7 percent to 11.6 percent, affirming the financial payoff of sustainable asset investment. CBRE (2022) further corroborates this trend, noting that in major European cities like Paris, certified offices enjoy approximately 5.5 percent rent premiums over noncertified peers.

2.4.2 From risk to resilience

Post-pandemic, investors view ESG not only as a compliance issue but also as a driver of asset resilience and long-term value. JLL (2024) reported that 76% of investors modified investment decisions in the past two years due to sustainability considerations. This includes walking away from transactions or negotiating price reductions when buildings failed to meet energy or carbon targets.

This is particularly relevant in France, where the "Décret Tertiaire", adopted under the ELAN, mandates a 40% reduction in energy use for large tertiary buildings (over 1,000 m²) by 2030. In Paris, this has led asset managers to initiate deep retrofitting projects: upgrading HVAC systems, improving insulation, and integrating smart building technologies (Blue Pearl Energy, 2021). Failure to meet these requirements can lead to fines and reputational damage.

2.4.3 Internal transformation and data governance

Meeting ESG goals has also triggered organizational changes. Real estate firms now rely on dedicated ESG teams, digital energy tracking systems, and compliance audits. GRESB (2023) and INREV (2022) have developed ESG KPIs that are now standard for assessing compliance with Paris Agreement-aligned targets. These frameworks help asset managers in the Paris office market identifying "at risk" assets and requiring immediate capex or repositioning.

Moreover, compliance with the EU Taxonomy, SFDR (Sustainable Finance Disclosure Regulation), and the upcoming CSRD (Corporate Sustainability Reporting Directive) is reshaping governance practices. Cambio (2024) notes that collecting Scope 1–3 emissions data, particularly from tenants, has become critical for alignment with Article 8 or 9 classification.

2.4.4 Local teams as execution hubs

Paris-based teams are at the forefront of implementation. Their responsibilities include energy audits, stakeholder coordination, and compliance with both local (e.g., Décret Tertiaire) and EU-wide frameworks. For example, Eurocommercial Properties

developed CRREM-aligned decarbonization pathways for French shopping centres in 2023, relying on local data collection and tenant engagement (Eurocommercial Properties, 2023).

Real estate governance has evolved in tandem: investment committees now reject deals that fail ESG screening, regardless of financial upside. ESG metrics such as carbon intensity or certification level are now evaluated alongside yield, risk, and liquidity.

2.4.5 Capital allocation and market bifurcation

The post-covid years have also seen capital shifting away from non-compliant buildings toward “future-proof” assets. In Paris, developers are targeting net-zero-ready offices and urban residential stock with high energy performance, as these assets are more liquid and aligned with investor mandates. Meanwhile, older buildings without a viable retrofit plan face exit difficulties or must accept steep price reductions (CBRE, 2023)

2.4.6 Conclusion

In Paris and across Europe, ESG has become a structural constraint shaping what investors buy, how they manage assets, and how portfolios are valued. Regulatory, financial, and reputational pressures are converging to enforce sustainability as a standard of practice, not a differentiator. Firms that internalize ESG, through local execution, capital strategy, and transparent governance, are more likely to preserve value in an increasingly climate-conscious market.

2.5 Organization and strategic response: Post-covid restructuring of real estate investment platforms

The covid-19 crisis disrupted not only market dynamics but also internal organisational structures and strategic frameworks in real estate investment firms. In response to the multifaceted pressures introduced by the pandemic, ranging from tenant defaults to regulatory ESG mandates, firms across Europe and especially in France have recalibrated their internal operations, management systems, and decision-making frameworks. The result has been a broad shift toward decentralised models, tighter governance, and more granular asset-level oversight.

2.5.1 From centralization to local empowerment

Before the pandemic, many institutional investors operated with a highly centralised approach: portfolio decisions, ESG strategy, and asset management policies were often dictated at the headquarters level, with limited local autonomy. Covid-19 quickly exposed the weaknesses of such top-down structures. Lockdown measures and localised regulations varied sharply between countries and even within cities requiring rapid, context-specific action. Asset managers in Paris, for example, had to navigate both national mandates (such as the French “Décret Tertiaire”) and regional expectations from the Ville de Paris’ climate strategy (Blue Pearl Energy, 2023).

Firms with decentralised or regionally empowered structures were able to adapt more quickly. Local teams could negotiate with tenants, assess compliance with new health and energy standards, and liaise directly with authorities. European platforms such as Catella or Eurocommercial Properties leveraged their local networks to deploy targeted interventions. In one 2023 case, Eurocommercial’s Paris office initiated site-specific energy audits to meet carbon-reduction targets, coordinating retrofits at the asset level (Eurocommercial Properties, 2023). This decentralised capacity has become a competitive advantage.

Local knowledge also proved essential for portfolio arbitrage. Properties in similar asset classes experienced divergent recovery trajectories depending on micro-location and tenant mix. A decentralised setup enabled local teams to determine whether to hold, retrofit, or divest certain properties more effectively than a central model relying on macro assumptions.

2.5.2 Strategic governance: Embedding ESG into decision-making

The pandemic accelerated a strategic shift toward integrating ESG at the governance level. Pre-covid, ESG policies were often symbolic or limited to isolated compliance tasks. Today, ESG performance is embedded into strategic planning and risk evaluation. Boards have expanded their mandate to include sustainability, and many firms have

created dedicated ESG committees or included ESG KPIs in executive compensation (INREV, 2023).

Institutional investors such as Allianz Real Estate and AXA IM Alts have explicitly stated that no acquisition will pass the investment committee without full ESG clearance. This typically involves cross-team coordination: investment, asset management, legal, and sustainability teams must evaluate new assets against carbon risk (CRREM pathways), tenant ESG alignment, and potential for "brown-to-green" repositioning.

To manage this complexity, data infrastructure has also evolved. GRESB participation, once optional, has become standard. In 2023 alone, more than 2,000 real estate portfolios were assessed through GRESB (2023), including over 1,000 from Europe. Large French investors like LaSalle and BNP Paribas Real Estate have expanded data capabilities to track Scope 1–3 emissions, tenant energy use, and compliance with SFDR Article 8/9 standards. The internal reorganisation to support this involves new roles (e.g., ESG project leads, carbon analysts) and new tech (e.g., AI-driven building monitoring).

These changes are especially relevant in markets like Paris, where ESG regulations are evolving quickly. The “Décret Tertiaire” obliges office buildings over 1,000 m² to reduce energy usage by 40% by 2030, scaling up to 60% by 2050 (Blue Pearl Energy, 2023). To meet these targets, Paris-based property managers have had to build internal roadmaps and retrofit schedules for each asset, often collaborating with engineering consultants and city planning authorities.

2.5.3 Capital reallocation and portfolio arbitrage

Covid-19 and ESG pressures have also changed how investors think about portfolio composition. The notion of "brown discounts" and "green premiums" has become increasingly embedded in valuation and acquisition processes.. A 2023 CBRE survey found that 69% of institutional investors in Europe had applied a discount to at least one asset in the past year due to ESG non-compliance in 2022, while nearly one-third paid a premium for certified green assets (CBRE, 2023).

This shift has given rise to a new form of portfolio arbitrage, whereby investors reallocate capital by disposing of non-compliant, carbon-intensive assets and reinvesting in more resilient, regulation-aligned properties. In this context, portfolio arbitrage refers to the strategic rebalancing of portfolios to maximise long-term performance, mitigate future regulatory risks, and enhance ESG credentials.

In the Paris region, this trend is particularly visible in the secondary office market. Several older assets in La Défense or the 13th arrondissement have traded at reduced prices due to poor EPC ratings or excessive retrofit costs. Conversely, prime certified assets (HQE, BREEAM or LEED) have maintained strong pricing and low yields, even amidst broader market uncertainty (JLL, 2024).

As a result, internal investment processes have evolved: asset managers are now required to provide decarbonisation plans alongside financial projections. Acquisition teams must assess an asset's alignment with the EU Taxonomy and SFDR classifications, and investment committees increasingly rely on ESG-adjusted IRR models that account for retrofit capex and carbon penalties. French investors such as Icade and Primonial REIM exemplify this shift: the former links value creation directly to carbon reduction, while the latter has proactively exited assets lacking a viable ESG upgrade pathway (Icade, 2023; Primonial, 2023).

2.5.4 Local execution: The role of on-the-ground teams

Executing these strategic shifts depends heavily on local implementation. Whether it is gathering energy usage data, overseeing retrofitting works, or liaising with municipalities, asset-level teams carry out the bulk of ESG and organisational strategies. Their operational agility determines whether firms can meet regulatory timelines, avoid financial penalties, and preserve asset value.

Paris is a case in point. With stringent building regulations and an ambitious municipal climate roadmap, real estate firms must act quickly and with precision. Local teams are responsible for submitting annual consumption reports to the "OPERAT"

platform under the Décret Tertiaire, critical steps that determine regulatory compliance, avoidance of fines, and preservation of asset value (Blue Pearl Energy, 2023). They must also engage tenants in behavioural change initiatives, such as after-hours lighting cuts, waste sorting, and energy-saving signage.

Moreover, the tenant relationship itself has changed. Occupiers now demand proof of sustainability, not just green labels, but actual performance. Landlords in Paris are increasingly offering "green leases" (baux verts), which include clauses on shared ESG targets and data sharing. Negotiating and enforcing these requires local expertise and regular communication.

Even across borders, firms are recognising the importance of this local capacity. A recent INREV (2023) report emphasised the value of "multi-local" models, where pan-European funds empower country-level teams with decision rights. This approach, according to INREV, yields better ESG compliance and tenant satisfaction.

2.5.5 Looking forward: Resilience through organizational agility

The convergence of health, economic, and environmental shocks has reshaped the role of real estate investment managers in Europe. Strategic success now depends on integrating ESG governance, decentralised execution, and flexible capital allocation within a cohesive framework.

Firms across Paris and Europe have restructured teams, built data pipelines, created new performance metrics, and redistributed decision rights, from ESG analysts at headquarters to building engineers in Montparnasse. This organizational redesign is designed to align every role with sustainability and resilience goals.

In a post-covid context, organizational agility has emerged as a distinctive competitive advantage. McKinsey (2022) argues that forward-looking workplace real estate practices, such as aligning physical spaces with corporate strategy, produce real business value and resilience. Meanwhile, academic research by KU Leuven (2021–2025)

reinforces this, confirming that agility (the capacity to continuously reconfigure) represents the “last competitive advantage in an age of systemic uncertainty”.

Companies that adapt internal structures accordingly, by deploying agile governance, data-driven decision-making, and cross-functional teams, will be better positioned to navigate future crises and sustain long-term performance.

2.6 Conclusion

The covid-19 pandemic acted as a profound catalyst, forcing real estate investors to reevaluate long-standing assumptions around market resilience, tenant behaviour, and value creation. As demonstrated throughout this literature review, the crisis disrupted traditional investment dynamics, prompting a strategic transition from passive, yield-based models toward active, agile, and sustainability-focused approaches.

Initially, the pandemic revealed the fragility of income streams in core assets previously deemed secure. Office vacancies, retail closures, and shifting demand across sectors created an inflection point, particularly for assets acquired under pre-pandemic assumptions. In response, the industry began embracing more dynamic investment models centred on repositioning, mixed-use flexibility, and tenant-oriented programming to preserve asset value and enhance returns. In Paris, this strategic pivot has been evident in policy shifts (such as the PLU bioclimatique) and the rise of office-to-residential conversions, highlighting how local regulatory responses are shaping investment pathways.

At the same time, ESG constraints have transformed from aspirational goals into structural imperatives. Real estate's high carbon footprint, combined with tightening EU and national regulations, is driving comprehensive shifts in portfolio management, asset selection, and investor governance. Paris and France have emerged as particularly demanding markets, with initiatives like the Décret Tertiaire and SFDR classifications pushing firms to reevaluate energy performance and carbon risk at the asset level. The result is a market where “brown discounts” and “green premiums” are increasingly baked into valuation models, and where ESG performance is as critical as location or yield.

Finally, the post-covid period has triggered an internal reorganisation of investment firms. From decentralised governance and empowered local teams, to enhanced ESG data pipelines and revised investment committee structures, firms across Europe are retooling their operating models to respond to regulatory, environmental, and tenant expectations. The example of Paris where local teams now implement building-specific decarbonisation roadmaps and coordinate tenant ESG compliance illustrates the importance of on-the-ground execution.

Altogether, the pandemic has accelerated a transformation in European real estate: from static, financially driven strategies to adaptive, sustainability-oriented investment practices. The challenge for asset managers and investors moving forward will be to institutionalise these changes, embedding agility and ESG accountability as permanent features of organisational culture. As market volatility, climate risk, and regulatory pressure continue to intensify, success in the sector will depend less on anticipating trends from above and more on the capacity to respond strategically and operationally at the local level.

III. Company description

3.1 Introduction to Catella Group

Catella Group is a European investment and advisory firm focused primarily on the real estate sector. Founded in Stockholm in the late 1980s, the company has gradually expanded its footprint across Europe and is now active in more than twelve countries. With over five hundred professionals across more than twenty-five offices in Europe and around €13.5 billion in assets under management, Catella has positioned itself as a key player in real estate asset and investment management on the continent.

The group operates through two core business units: Investment Management and Corporate Finance. While the Corporate Finance division provides advisory services for transactions and capital markets, the Investment Management arm focuses on managing real estate assets and funds for a wide range of institutional clients, including pension funds, insurance companies, and family offices. The group's platform includes multiple local entities (like Aquila AM in France) that are responsible for sourcing, managing, and optimizing real estate investments within their markets.

One of the core strengths of Catella's model lies in its decentralised structure. Local teams are given significant autonomy in decision-making, allowing them to be highly responsive to market opportunities, while still being supported by the broader group's expertise, systems, and governance frameworks. This hybrid model enables the company to combine the agility of a local operator with the resources of a larger European platform.

Over the past decade, Catella has increasingly focused on integrating ESG criteria into its investment and asset management strategies. The group believes that future value creation in real estate is closely tied to sustainability and responsible urban development. As such, many of its investments now incorporate energy efficiency upgrades, tenant well-being initiatives, and efforts to reduce the carbon footprint of buildings under management.

In a real estate market that has become more complex and fast-moving, especially in the wake of the covid-19 crisis, Catella's multi-local structure and value-add investment

strategies offer a strong position to navigate uncertainty. The group has shown a particular ability to identify off-market opportunities, reposition assets through active management, and generate returns not only through financial engineering but also through operational performance and long-term asset transformation.

3.2 Aquila AM and its integration into Catella

Aquila Asset Management is a Paris-based real estate asset management company, established in 2010. Over the past decade, it has positioned itself as a dynamic and entrepreneurial firm, focusing primarily on value-add and core-plus strategies across residential and commercial real estate in France. Known for its local expertise and active management approach, Aquila developed a strong record in asset repositioning and long-term portfolio value creations.

In September 2023, the Swedish-listed Catella Group acquired a 60% stake in Aquila Group, which includes both Aquila Asset Management and Axipt Real Estate Partners, a fund management company created in 2021. The transaction, valued at €9.6 million, was part of Catella's strategy to strengthen its presence in the French market and expand its European investment platform by integrating a local player with €1.4 billion in assets under management. (Catella Group, 2023)

This acquisition also marked a strategic shift for Catella in France, enabling the group to internalize the management of its French fund activities, which had previously been outsourced to third-party managers. According to Catella Year-End Report (2024), the deal was aligned with their long-term vision of offering a broader range of real estate investment products adapted to various market cycles, while deepening their footprint in one of Europe's most important real estate markets (Catella Group, 2024)

Since joining Catella, Aquila has retained its operational independence and entrepreneurial culture, while gaining access to the group's European network, institutional investor base, and shared resources. The Paris office, where I completed my internship, is composed of a small and collaborative team of around twenty professionals.

The team is responsible for managing a diverse portfolio of assets, often involving complex repositioning strategies, ESG initiatives, and close tenant engagement.

This integration has created clear synergies between the two firms. On one hand, Catella benefits from Aquila's deep-rooted understanding of the French real estate landscape, including its regulatory environment, market dynamics, and long-standing relationships with local stakeholders. Aquila's record in sourcing off-market deals, managing complex repositioning projects, and navigating local permitting and construction processes brings significant operational value to Catella's broader European platform.

On the other hand, Aquila gains access to Catella's institutional infrastructure, international investor base, and long-term strategic vision. Being part of a listed group with pan-European reach allows Aquila to compete on larger mandates, attract capital from new sources, and scale up its operations while preserving its entrepreneurial culture. The integration also opens the possibility of cross-border collaboration with other Catella entities, creating opportunities for knowledge sharing, co-investment, and alignment of best practices particularly in areas like ESG, digitalization, and risk management.

Both parties have emphasized that this partnership is not just financial, but also cultural and strategic. It is grounded in a shared ambition to grow responsibly, deliver sustainable long-term returns, and remain agile in the face of changing market cycles. As the real estate sector continues to face challenges related to macroeconomic uncertainty, environmental regulation, and shifting user expectations, the combination of Catella's scale and Aquila's local expertise represents a robust platform for future growth.

3.3 Business model and strategy

Aquila AM operates with a clear focus on real estate asset management and long-term value creation across the full lifecycle of the asset. Its business model centres on identifying underperforming or transitional assets and repositioning them through active asset management strategies. The firm's expertise lies primarily in the French market, with a strong presence in the Greater Paris area and selected regional cities.

The investment approach typically targets core+, value-add, or opportunistic profiles, depending on the asset's potential and the investor's objectives. Aquila works with a wide range of clients, including institutional investors, family offices, and investment funds, tailoring its strategy to each investor's risk-return expectations and time horizon. Execution is a key strength of the firm, particularly in areas such as capex planning, tenant engagement, and ESG integration.

According to Catella's official communication regarding the acquisition of Aquila, the firm's entrepreneurial and execution-driven profile was a major factor behind the deal, with Aquila being described as a local player with deep market knowledge and a strong repositioning record (Catella, 2023a). The creation of Axipit Real estate Partners in 2021 further strengthened this model by allowing Aquila to integrate fund structuring capabilities alongside its asset-level operational work (Catella, 2024). This integrated model is consistent with broader trends across European fund managers, where vertical integration and local execution capabilities are increasingly seen as sources of competitive advantage (PwC & ULI, 2022).

Since joining Catella, Aquila has evolved toward a more institutional framework while retaining its agility. Governance structures have been reinforced, ESG metrics more systematically embedded, and access to cross-border mandates expanded. The firm continues to position itself around three strategic pillars: (1) sustainability-driven asset management, (2) urban transformation in regenerating neighbourhoods and (3) operational excellence through cost control, tenant retention and long-term value creation.

3.4 My team role within the organisation

During my internship, I was integrated into the asset management team at Aquila's Paris office, where the organization is structured to allow close interaction across departments while maintaining clearly defined areas of responsibility. The office is relatively small but operates with an important level of specialization and efficiency, providing a comprehensive view of the investment and management process.

When I joined, the asset management team consisted of four analysts and three asset managers, and I became the fifth analyst. The structure is flexible and project-based: each analyst is assigned to several assets and collaborates with a different manager for each file, depending on the asset. This model encourages analysts to develop a transversal understanding of real estate management, while exposing them to various management styles and asset strategies.

In addition to the asset management team, the office includes a technical team composed of a project manager and a technical analyst, who are responsible for overseeing renovation works, coordinating with external contractors, and ensuring capex plans are correctly implemented across the portfolio. Their involvement is essential to the execution of value-add strategies, and they work in close coordination with the asset managers and analysts on all technically driven files.

There is also a separate investment team of four people, made up of a partner, a manager, and two analysts, who are responsible for sourcing and acquiring new assets. Collaboration between asset management and investment is frequent, particularly during acquisition phases, when asset managers provide feedback on underwriting assumptions, feasibility of business plans, and long-term asset strategy.

From a leadership standpoint, the platform is overseen by a Managing Director, supported by two managing partners, who are actively involved in strategic decision-making, investor relations, and the broader development of the platform in France. Despite the compact size of the office, the integration between departments is strong, and internal communication plays a key role in maintaining responsiveness and agility in decision-making.

This organizational setup allowed me to gain exposure to a broad variety of real estate assets, including offices, logistics platforms, and residential buildings located throughout France. While I initially supported the team on a variety of tasks, I eventually took over a specific portfolio after an analyst's departure. I was then given the opportunity to work

more independently on assets such as a high-rise office tower in La Défense, residential properties in Paris and Nice, and a house located in southern France.

Beyond the technical and operational aspects, the size and culture of the team created a work environment that was both collaborative and intellectually stimulating. Analysts are encouraged to take initiative, contribute to discussions, and learn from real, concrete cases. This structure, combining strong individual autonomy with daily exposure to experienced professionals, offered a steep but valuable learning curve.

The next chapter will detail my specific responsibilities and contributions during this internship, and how this experience allowed me to apply and further develop the knowledge acquired during the master's program.

IV. Internship responsibilities

4.1 Portfolio analysis and reporting

One of the core tasks of my internship involved monitoring the financial performance of the assets under management, with a strong focus on reporting accuracy and budget follow-up. The main tool we used was Excel, with internal templates designed to track key financial and operational metrics on a monthly and quarterly basis. These files included budget vs. actual dashboards, capital expenditures (capex) execution reports, lease maturity schedules and business plan summaries.

For instance, I worked extensively on reviewing and updating the budget monitoring files for the *Ariane* and *Légende* office assets in La Défense. This involved comparing actuals with forecasts, identifying line-item discrepancies (particularly for capex and operating expenses (opex), and reconciling figures provided by the property managers. I also handled updates for key indicators such as net operating income (NOI), capital expenditures phasing, and occupancy trends.

In parallel, I maintained Excel-based rent rolls and tenant tracking sheets for several residential assets, including *Resicore* and *Foncière de la corniche*. These required frequent cross-checks between lease agreements, internal forecasts, and third-party rent collection data. The work also involved the use of functions like VLOOKUP, pivot tables, and conditional formatting to detect anomalies or present data visually for internal asset reviews.

All documentation, including reporting files, rent rolls (i.e., detailed listing of current leases and tenants), technical audits, and legal documents, was centralised in a structured internal document repository (shared drive), ensuring consistent access, collaboration, and version control across the team. Reports were also adapted depending on the investment vehicle (e.g., French-regulated funds vs. direct ownership), each requiring specific key performance indicators (KPI) formats such as lease duration, vacancy trends, and capital allocation breakdowns. This hands-on involvement gave me a clear understanding of how financial reporting tools function not only as control mechanisms, but also as key supports for strategic decision-making in real estate asset management.

One of the most intense but formative periods of the internship was the preparation of monthly and quarterly reporting cycles, particularly in April, which coincided with a major investor deadline. I was responsible for consolidating a high volume of financial data across multiple assets, checking consistency across reporting files, and ensuring timely delivery of updated figures. See Appendix A.1 for an example of a cash flow monitoring files used during the monthly reporting process.

This required direct coordination with external property managers to obtain missing information or clarify discrepancies, such as mismatches between forecasted and actual capex, or inconsistencies in service charge allocations, particularly in relation to service charge breakdowns and capex execution status. I also adapted the reporting format depending on the vehicle structure, whether the asset was held via a regulated fund (requiring FFA compliance, i.e., reporting standards applicable to French regulated real estate funds) or directly on balance sheet. Appendix A.5 illustrates a KPI dashboard used to compare actual performance with budgeted targets across various assets.

Through this experience, I developed the ability to work under pressure, prioritise critical issues, and ensure reporting accuracy. These are all essential skills in the asset management process. It also gave me a clearer understanding of how reporting deadlines drive internal workflows and how investor-facing documents differ from operational tracking tools.

4.2 Lease and tenant management

Another key aspect of my role consisted in supporting the monitoring of tenant activity and lease-related topics across various assets. While this area may appear administrative at first glance, I quickly understood how essential it is to asset performance, especially in a context where occupancy, rental income, and lease structuring directly impact both short-term cash flows and long-term valuation.

Early in the internship, I helped review lease summaries and tenant data on portfolios such as *Légende* (an office tower in LA Défense) and *Foncière de la coriniche* (a residential building in Nice). My job consisted in verifying that key lease terms such as

rent levels, lease duration, break options or charges were accurately reflected in both the Excel trackers and the rent rolls provided by the property managers. In some cases, I also had to trace back discrepancies between different sources and compile comments to clarify the situation for the asset manager. This required attention to detail and a growing ability to read and interpret lease documentation, especially in the residential sector where turnover is more frequent and contract terms less standardized. Appendix A.2 provides an extract from a rent roll used to track lease terms, rent levels, and indexation clauses.

As I gained experience, I was involved in tracking changes in tenant occupancy, such as departures, new leases, or renegotiations. On assets like *Foncière de la corniche* or *Résicore*, I helped maintain updated tenant lists and produced simplified overviews of rental conditions and indexation mechanisms, which could then be used as a base for internal discussions or commercial repositioning strategies. In some cases, I contributed to preparing tenant situation summaries ahead of meetings with brokers or property managers, helping the asset manager assess which spaces should be actively marketed or repriced.

I also got the opportunity to explore lease data from more complex commercial assets. On the *Ariane* tower in La Défense for instance, a multi-tenant office building, I worked with managers to consolidate information on vacant vs. occupied spaces, identify upcoming lease maturities, and assess the impact of indexation on expected rents. These exercises often required pulling information from different sources and compelling it into clear and usable formats.

This immersion in tenant and lease management helped me better understand the operational side of asset management, and how even small contractual details can influence broader financial or strategic decisions. It also learned me the value of well-structured internal documentation and consistent communication between asset managers and property managers, two elements that, while sometimes underestimated, are crucial to smooth day-to-day operations.

4.3 Business plan modelling and value tracking

Beyond reporting and operational follow-up, one of the most intellectually stimulating parts of my internship was the experience I gained in business plan modelling and asset value analysis. These tasks required not only a solid understanding of real estate financial principles, but also the ability to apply them in a way that supports strategic decision-making over the medium to long term.

In several instances, I was asked to update or challenge the business plans of specific assets based on new market data, changes in leasing assumptions, or revised capex forecasts. This was particularly the case for assets like *Ariane*, where the office market context in La Défense had shifted noticeably since the initial underwriting, and for *Foncière de la corniche*, where residential market dynamics required a more granular view on expected rental income and tenant turnover. Appendix A.2 provides an extract from the rent roll used to inform rental income assumptions and tenant risk analysis during these modelling exercises.

My role in these exercises often involved working directly in Excel to adjust assumptions such as ERVs (Estimated Rental Values), vacancy periods, indexation mechanisms, exit yields or capex phasing. I could then test the impact of these changes on key indicators like net cash flows, IRR, and value uplift potential. Appendix A.4 shows an extract from one of the asset business plan models I contributed to during these scenario analyses. On some models, I also added comparative scenarios to help the manager weigh different options, for example: full letting vs. partial disposal, or capex heavy repositioning vs. low-cost maintenance.

In some cases, I contributed to back testing exercises by comparing initial forecasts with actual performance observed over the past months. This retrospective analysis helped identify where business plans had been overly optimistic or conservative, and informed the calibration of assumptions in future planning.

This work taught me how asset management decisions are grounded in numbers, but never just numbers. There is always a margin of interpretation, of judgment, and the

ability to communicate the logic behind an assumption can matter just as much as the formula itself. I learned to approach modelling not as a mechanical exercise, but as a tool to tell a story: a structured narrative about how an asset can evolve, and under which conditions it creates value.

These experiences helped me gain confidence not just in handling Excel models, but in understanding how financial projections support the real, physical reality of buildings, and how asset managers navigate between ambition and realism when defining strategy.

4.4 Coordination with external stakeholders

A key part of my responsibilities throughout the internship involved coordinating with the various external stakeholders involved in the day-to-day management of the assets. Although these actors, property managers, brokers, notaries, technical advisors, are not part of Aquila's internal team, they play an essential role in the execution of asset strategies. As an analyst, I was perceived as the first point of contact for gathering, structuring, and reviewing the information needed by the asset managers to make informed decisions.

In many cases, this meant following up with property managers to request updated financial data, capex tracking files, tenant movement reports or operational feedback from site visits. This was particularly important for assets such as *Foncière de la corniche*, where the property is located far from Paris and day-to-day oversight relies heavily on strong and transparent reporting from local partners. I quickly learned the importance of clear and concise communication, especially when requesting data or clarification on tight deadlines. I also developed a sense for when to escalate an issue or flag it to the asset manager when responses were delayed or incomplete.

My role also involved consolidating and standardizing information received from different sources, ensuring consistency across reporting formats, and checking whether key elements such as invoicing status, lease movements, or capex progress were aligned with the business plan. I often prepared short summaries or visuals to make the information easier to digest for internal use. For example, ahead of asset review meetings,

I would structure property manager inputs into simple Excel tables with comments and alerts, allowing the manager to focus directly on key issues.

Beyond property managers, I occasionally supported communications with brokers (in the context of leasing mandates) and notaries (in connection with due diligence files). While I was not directly in charge of these relationships, I helped gather the necessary documentation or track pending deliverables, particularly when files were shared across multiple stakeholders. These moments gave me an inside view of the broader ecosystem of real estate asset management and the importance of relationship-building and reliability in a profession that relies heavily on third-party execution.

This dimension of the internship helped me develop a more operational mindset, one where things don't always go as planned and where part of the analyst's role is to ensure follow-up, accuracy, and continuity even when dealing with incomplete or fragmented information. It also taught me the value of structured documentation and simple tools to track interactions and pending actions efficiently.

4.5 Strategic support and presentation

In addition to operational and financial tasks, I was also involved in several initiatives that required a more strategic and transversal approach. While these contributions were less recurrent, they played an important role in expanding my understanding of how asset management decisions are framed, communicated, and challenged internally at Aquila.

On several occasions, I was asked to support the preparation of internal presentations, typically ahead of asset committee meetings or investor updates. These required synthesizing complex information into clear and structured materials often in PowerPoint that could be used by the asset managers to defend a proposed repositioning, report on asset progress, or justify the next steps in a business plan. My contribution often consisted in building graphs, extracting relevant KPIs from reporting files, or translating raw technical or financial data into visuals that could support the narrative being presented.

In some cases, I also contributed to more ad hoc analysis projects. For instance, helping benchmark comparable assets in other regions or supporting a re-pricing exercise for a residential portfolio. These tasks involved independent research, use of market databases, and coordination with the investment team to align market insights with internal assumptions. See Appendix A.3 for the internal ESG indicator framework used as a reference in reporting and presentation materials. This type of work gave me the opportunity to step back from the day-to-day numbers and think more critically about value drivers, positioning, and the broader market logic behind asset management decisions.

I was also invited to attend a few internal discussions or informal team meetings where strategic topics were discussed such as whether to maintain or reduce capex on an underperforming asset, how to respond to a negative shift in tenant sentiment, or whether to consider partial disposal scenarios. While I did not have a decision-making role in these moments, being included in these conversations was extremely valuable in terms of learning. It showed me how experienced managers balance financial logic, operational constraints, and investor expectations often under significant time pressure or with incomplete information.

These experiences allowed me to develop not only technical skills, but also a better sense of what strategic thinking looks like in real estate asset management. They reinforced the idea that numbers only make sense when they're tied to a clear vision and that being able to articulate this vision convincingly is part of the asset manager's core responsibilities.

4.6 Evolution and autonomy

As the internship progressed, my responsibilities at Aquila evolved well beyond the initial scope. While the first few weeks were focused on onboarding and supporting different team members, I gradually gained autonomy and became a key contributor to the day-to-day management of several assets. This progression was both organic and accelerated by internal team changes that opened new opportunities for involvement.

At the beginning, I assisted multiple analysts and asset managers across a variety of projects. I was exposed to numerous asset types from residential buildings to offices and logistics and contributed to a wide range of tasks, from updating reporting files to reviewing lease summaries or preparing slides for internal meetings. This allowed me to quickly grasp the expectations of the role and to get familiar with the tools, templates, and vocabulary used daily by the team.

Midway through the internship, a turning point occurred when one of the analysts left the company. This shift in team structure led to a reallocation of responsibilities, and I was asked to take over part of his portfolio. This new set of assets included a high-rise office tower in La Défense, residential buildings in Paris and Nice, and a house in southern France. Each asset had its own characteristics and challenges, from capex-heavy planning in the office tower, to tenant turnover in residential buildings, or market benchmarking in regional areas.

Taking over this portfolio meant more than just updating files. I became the main point of contact for the managers on these projects. I was responsible for ensuring the accuracy and consistency of reporting documents, following up with property managers on operational issues, integrating new lease events into the business plan, and tracking the progress of renovation works. I also had to adapt quickly to each manager's working style and expectations, which helped me develop flexibility and stronger communication skills.

Beyond the technical and operational dimensions, this increased level of responsibility gave me the opportunity to develop a real sense of ownership over my work. I was no longer waiting for tasks to be assigned, I had to anticipate needs, flag inconsistencies, and take initiative when something was unclear or missing. I also learned how to prioritize under pressure, especially during intense periods like the monthly and quarterly reporting cycles.

The trust the team placed in me made this evolution particularly meaningful. Despite being an intern, I was treated as a full member of the team, with a real role to play in the

management of the assets. I was given space to learn from my mistakes but also expected to deliver accurate and well-structured work under tight deadlines. This environment was both challenging and motivating, and it allowed me to grow in a way that felt progressive and substantial.

Looking back, this internship was not just a learning experience, it was a real opportunity to contribute. Being integrated into the team during a moment of transition gave me a clearer understanding of what is expected from an asset manager, both technically and humanly, and helped me develop confidence in my ability to take responsibility in a fast-paced, high-stakes environment.

V. Articulation between the internship and the curriculum of the master's in finance

5.1 Excel and VBA for finance

The *Excel and VBA for Finance* course offered a comprehensive foundation in advanced spreadsheet modelling and basic automation, which proved invaluable during my internship at Aquila AM. These skills were particularly relevant when handling complex Excel workbooks related to asset strategies, financial tracking, and reporting consolidation.

One of the most direct applications involved adjusting investment files with functions such as INDEX/MATCH, logical operators, and conditional formatting to track actual versus forecasted performance. I also used tools such as Goal Seek, Solver, and pivot tables to support asset managers in analyzing leasing assumptions or cash flow timing. These techniques, introduced in class, enable me to perform data validation, automate formatting, and simulate output variation more confidently.

Although I did not build macros from scratch, the VBA section of the course helped me interpret and troubleshoot existing scripts, which are used internally at Aquila for budget reconciliation. Overall, this course bridged academic training with professional modelling standards and significantly improved my efficiency in handling large data sets under time pressure.

5.2 Corporate investment appraisal

The course *Corporate Investment Appraisal* was essential in helping me understand how firms assess long-term investments under uncertainty. At Aquila AM, this translated into revisiting asset cash flows, risk profiles, and capex planning, all central to the capital budgeting framework developed in class.

For instance, I was involved in reviewing investment scenarios that reflected different repositioning options for assets such as Ariane. This process required updating IRR and NPV calculations and adjusting inputs like ERVs, exit yields, and phasing of expenditures. The investment rules discussed during the course, such as the profitability

index or payback period, provided useful reference points when evaluating trade-offs between value creation and operational feasibility.

The course's emphasis on incremental analysis and the treatment of sunk costs proved particularly relevant when interpreting revised business plans or decisions to abandon earlier projections. These methods helped me better understand how capital allocation is influenced not just by return metrics but also by strategic considerations and real-world constraints.

5.3 Real estate finance

As the most directly aligned course with my internship, *Real Estate Finance* offered a robust theoretical framework for understanding how property market's function and how real estate assets are valued. It provided the analytical lens through which I approached many of my tasks during the internship.

I regularly worked on adjusting asset-level financial models by updating assumptions on rents, indexation, vacancy periods, or capex scheduling. These adjustments had direct implications on cash flow projections, value uplift, and exit strategies, all of which relate to DCF-based valuation approaches explored in class. The course also covered risk premiums, comparable asset analysis, and the influence of regulatory environments, which deepened my ability to challenge underwriting assumptions in changing market conditions.

Strategic decisions such as rotating capital away from brown assets and towards certified residential buildings reflected real-world applications of portfolio diversification theory. These adjustments echoed Markowitz's efficient frontier principle, where decisions are driven by the optimal risk-return balance given external constraints.

5.4 Fixed income products and markets

Though initially perceived as less directly relevant, *Fixed Income Products and Markets* proved highly applicable in a real estate context, particularly through its treatment of discounting, yield curves, and sensitivity to interest rate movements. These

concepts underpinned several analyses I conducted on the financial viability of ongoing asset strategies.

For instance, I often had to compare updated market assumptions against initial underwriting expectations. Concepts like yield-to-maturity and modified duration helped me appreciate how shifts in interest rates affected both valuation and refinancing feasibility. This was especially useful given the macro backdrop of tightening monetary policy during my internship.

Understanding the structure of the yield curve also supported discussions around timing exits, adjusting discount rates, or interpreting the attractiveness of real estate relative to fixed income alternatives. In that sense, the course offered me a solid framework for interpreting investment risk in a multi-asset context.

5.5 Investment and portfolio management

The *Investment and Portfolio Management* course offered a strategic lens through which I could interpret many decisions observed during the internship. Topics such as portfolio rebalancing, investor constraints, and utility-based allocation directly resonated with Aquila's approach to managing diverse real estate vehicles.

When assisting in modelling strategic scenarios such as disposal versus refurbishment, I applied principles like capital allocation under constraints. The decision to divest from certain carbon-intensive assets and reinvest in ESG-aligned buildings, for example, illustrated real-time optimization of portfolio performance. These choices aligned with the risk-return trade-off logic formalized by Markowitz and reflected practical considerations like liquidity, ESG mandates, and regulatory compliance.

Moreover, the course's behavioral finance component helped me reflect on situations where cognitive biases, including loss aversion or inertia, shaped managerial hesitations in asset rotation. This reinforced my understanding that portfolio decisions, while grounded in theory, are often influenced by psychological and institutional dynamics.

5.6 Beyond academic learning

Beyond technical applications, the internship enabled me to develop critical soft skills such as prioritization, team communication, and analytical structuring. Managing deadlines, coordinating with property managers, and preparing clear, assumption-driven outputs for investment committees challenged me to adapt quickly and think pragmatically.

These skills complemented my academic foundation by giving me real-world exposure to how financial modelling, reporting, and investment decisions are carried out under imperfect information and tight timeline. This experience confirmed my motivation to pursue a career at the intersection of finance and real assets, where both analytical rigor and strategic thinking are essential.

VI. Conclusion

This internship represented a pivotal step in my academic and professional journey. Over the course of five months at Aquila Asset Management, I was able to move beyond theoretical knowledge and immerse myself in the complexity of real estate investment. The experience gave me a concrete understanding of how financial tools, regulatory frameworks, and operational realities interact in the day-to-day management of assets.

By working closely with experienced asset managers, I learned how investment decisions are made, challenged, and adjusted based on market movements, ESG constraints, and long-term value creation goals. I had the opportunity to contribute to a wide range of tasks, from reporting and business plan modelling to capex monitoring and tenant follow-up. These contributions gave me a sense of responsibility and exposed me to the standards of quality and precision required in this field.

Throughout the internship, I also developed a clearer vision of the type of professional I aspire to become. While my academic background provided a strong foundation, this experience taught me how to adapt to new situations, how to communicate effectively with different stakeholders, and how to structure my thinking when faced with ambiguity or time pressure. It helped me mature not only as a student, but also as a future finance professional.

One of the most tangible links between my internship and the literature review is the growing importance of ESG considerations in real estate investment. While my daily responsibilities were primarily operational, such as reporting, lease monitoring or assisting with budget follow up, they were consistently framed by broader strategic choices shaped by ESG constraints. Several assets in the portfolio were undergoing reassessment, either through repositioning or potential disposal, following shifts in investor expectations and the tightening of environmental regulations. I was directly involved in updating performance indicators, monitoring energy related capex and consolidating data used in ESG reports. These tasks provided a concrete illustration of how sustainability has moved from a secondary concern to a core driver of asset strategy. Appendix A.3 provides an overview of the ESG indicator framework that structured these

reporting efforts and reflected the broader regulatory pressures highlighted in the literature review. Concepts such as green premiums, brown discounts or regulatory risk were not abstract principles. They were practical realities that I encountered regularly, and which are explored in depth throughout the literature review.

Beyond the ESG dimension, the internship also offered exposure to other strategic dynamics identified in the literature. The importance of local teams, for example, was evident throughout my experience. The Paris office operated with a high degree of autonomy and was responsible for the operational implementation of decisions related to tenant management, capex planning and regulatory compliance. This aligns with the idea of decentralized execution structures presented in the review. I also witnessed several forms of capital arbitrage and scenario analysis, particularly in the context of assets acquired under pre-covid assumptions. These moments reflected the shift from passive ownership to more agile and data informed investments approaches. Working within this evolving environment helped me understand how strategic governance, portfolio adaptation and local expertise came together to form a coherent response to the post-pandemic challenges described in the academic literature.

More importantly, this internship confirmed my motivation to build a career in real estate investment. The trust I was given during my time at Aquila, along with the opportunity to continue the collaboration beyond the internship, reinforced my confidence in the path I have chosen. I now feel better equipped, both technically and personally, to contribute meaningfully to this industry and to navigate its challenges with a long-term mindset.

This report reflects not only the knowledge and skills I developed, but also the clarity of purpose I gained from a rich and rewarding professional experience.

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A.2 – Rent roll and lease structure summary

Extract from a rent roll used to monitor tenant lease terms, base rents, indexation rules and contract duration. This document served as a basis for lease tracking and rental income projections. Tenant names and sensitive data have been anonymized.

No.	Tenant Name	Unit	Leases				Key Terms				Remarks	Indexation Date	2025 Budget			
			Gross Lettable Office Area (sqm) incl. storage	Lease Commencement Date	Net Break Options	Lease End Date	Contractual Base Rent p.sqm as of 31/12/2025	Office & Retail rent as of 31/12/2025 incl. Storage area, restaurant fee, and parking	Net Rental Income 2025	Net Rental Income 2024 (€/sqm)			% change	Remarks		
1						31/12/2023	5 429 729	€511 /sqm		New 6-year period lease signed in March 2023 with rent set at €472/sqm + €20/sqm for office premium along with a 20-month rent-free period which includes a 3-month rent-free period as compensation for works. Remaining 12 months rent-free period expires evenly over the term from 01/01/2025 to 31/12/2025. Next break option and lease maturity in March 2027	Annual Indexation	5 429 729	511	0,00%	Indexation kicks in January	
2						31/12/2023	871 572	€211 /sqm		Break option and rent indemnity amounting to €504,475 per year and €397,125 at year 6	Annual Indexation	871 572	511	0,00%	Indexation kicks in January	
3						30/06/2027	4 031 685	€394 /sqm			Annual Indexation	4 031 685	394	0,00%	Indexation kicks in July	
4						24/04/2023	3 556 537	€328 /sqm		New 6-year firm period lease signed in March 2023 with rent set at €390/sqm + €20/sqm for office premium along with a 18-month rent-free period. Remaining 18 months rent-free period expires evenly over the term from 01/02/2025 to 31/04/2025. Next break option in January 2029 and lease maturity in January 2033	Annual Indexation	3 556 537	528	0,00%	Indexation kicks in February	
5						31/12/2020	935 486	€349 /sqm			Annual Indexation	935 486	540	0,00%	Indexation kicks in January	
6						31/05/2023	2 244 973	€204 /sqm			Annual Indexation	2 244 973	524	0,00%	Indexation kicks in June	
7						28/06/2021	951 666	€225 /sqm		Negotiations were held in Q1 2024 about a new lease. A proposal was sent to the tenant on February 21st 2024 including the following terms: 4-year firm period on their current floor (CF) at a €420/sqm + €20/sqm rent and a 23-month rent free period until as follows: - 2.5m from 01/07/2024 - 2.5m from 01/07/2026 - 2.5m from 01/07/2027 - 2.5m from 01/07/2028 - 2.5m from 01/07/2029 Lease renewal signed on 22/04/2025	Annual Indexation	951 666	525	0,00%	Indexation kicks in June	

A.3 – ESG indicator framework

Reference table of ESG indicators used by asset managers to assess environmental and social performance at the asset level. This framework includes metrics such as energy and water consumption, GHG emissions, building certifications and tenant-related policies. It served as a guide for internal reporting and compliance alignment.

Building certification

11.Green or wellness building certification

To help standardize the reporting of this data, we ask that our partners use the following chart as guidance/reference:

Metric	Metric/Indicator	Frequency	Explanation
Energy consumption	Whole building energy consumption, as total kWh and kWh/m2	Annually – data based on calendar year	Energy consumption should be for the entire asset, including landlord and tenant energy. If tenant energy is not available or difficult to obtain, please note this in your response. Energy should be delineated by type: electricity, gas, etc.
GHG emissions	Whole building GHG emissions, as total CO2e and CO2e/m2	Annually – data based on calendar year	Using carbon factors for energy consumption (“market-based” from the suppliers where possible), please provide GHG emissions for the asset. GIC’s initial boundary for CO2 emissions will be from operational energy (scope 1, 2 & 3) but we consider widening this to other GHG emissions over time e.g. refrigerants, embodied carbon, water in subsequent years. Please confirm the scope of your CO2 emissions in the ‘remarks’ part of the landlord and tenant sheets in the spreadsheet.
Water consumption	Whole building water consumption, as m3 and m3/m2	Annually – based on calendar year	Water consumption should be for the entire asset, including landlord and tenant water use. If tenant data is not available or difficult to obtain, please note this in your answer.
Waste management	Whole building waste generation, as tonnes and tonnes/m2	Annually – based on calendar year	Waste generation should be for the entire asset, including landlord and tenant areas. If tenant information is not available or difficult to obtain, please note. Where possible, please show waste stream breakdown (incineration, recycled, etc.)
Climate change risk	Study of physical and/or transition risk due to climate change	Provide most recent version	If a physical risk assessment is available, please provide. A transition risk study (e.g., CRREM) should also be submitted, if available. If any remedial actions have been undertaken in response to climate change, please note this in response.
Health, wellbeing & safety	Policy in place to promote health, wellbeing & safety	Provide most recent version	Does the policy promote the health, wellbeing & safety of tenants, customers, employees, and local surrounding community?
Community development	Policy in place to promote community development	Provide most recent version	Does the policy involve the local community in activities/decision-making or contribute to developing the local economy, creating employment, supporting groups, etc.?
Stakeholder relations	Policy in place to promote stakeholder relations	Provide most recent version	Does the policy have a stakeholder relations program in place that includes ESG-specific issues? This could include meetings, tenant surveys, etc.
Human rights	Policy in place to protect/promote human rights	Provide most recent version	Does the policy protect/promote human rights? Areas covered could include equal treatment of employees, avoidance of harsh or unsafe working conditions, etc.
Labor standards	Policy in place to protect/promote labor standards	Provide most recent version	Does the policy partner/promote fair labor standards, including fair pay, appropriate work schedules and rest periods, etc.
Building certification	Green/wellness building certificate (BREEAM, LEED, WELL, NABERS, etc.)	Provide evidence of certificate	A certificate provides evidence of the building’s achieving green or wellness credentials. Certificate should indicate name of certification, version, rating achieved, expiration date, etc.

A.4 – Asset business plan model

Snapshot from a business plan model built to monitor projected performance, capex assumptions and asset value evolution. The file was used to simulate different leasing, rent and yield scenarios. Sensitive financial inputs have been anonymized.

Rocket - Asset Management Model										
General Assumptions										
Reporting Quarter										
Year Budget										
Investment Returns	IRR	EM	Profit (M)	Avg. CoC Yield	Avg. NO Yield	Effective Tax Rate				
Unlevered						12.8%				
Levered Pre-tax										
Levered Post-tax										
Acquisition Assumptions					Acquisition & Capex Loan					
Acquisition Date						% Financing	Acquisition	Capex	Refinancing	Capex
Acquisition Price	Asset Deal									
Transaction Costs						Debt	LTV - Value at Acquisition			
DD Costs							LTV - Value at Refinancing w. Linear Value			
Acquisition Price - All in							LTV - Value at Exit w. Linear Value			
Entry Yields						FCR	Financing	Financing	Financing	Financing
Gross Rental Income	#SEF1	#SEF1	#SEF1	#SEF1	#SEF1	Base Rate	3.00%	2.1%	4.00%	2.30%
Net Operating Income	#SEF1	#SEF1	#SEF1	#SEF1	#SEF1	Margin	0.50%	2.30%	4.45%	
Exit Assumptions	Yield on in Place	Top up ERV Yield	Blended			Align Coupon	200,000	0.00%		
Exit Cap Rate						Upfront Fee + Mortgage Costs	0.00%	0.00%		
Yield on Top-up ERV at Exit						Commitment Fee				
Tax Structure	New Build					Agency Fee & Valuation	30,000			
Asset / Share Deal	Asset Deal					Refinancing Maximum Loan Size				
Purchaser's Costs	1.42%					Mortgage cancellation at exit				
Broker Fee	0.39%					Minimum Cash Balance				
						Total Fees	5.00	Q10	5.00	0.00
(c) Provision @Exit						Debt Yield		6.5% refinancing quarter		M 50
(c) Provision Costing/Heating						Amortisation Schedule				
(c) Largest Capital Gain Adjustment on Value (on GDP)	0.9%	Current GLA	New Area			Year 1				
Rent at Exit (Total Area)		€7,943 /sqm	€7,943 /sqm			Year 2				
Head Rent		€460 /sqm	€460 /sqm			Year 3				
		31,465-26	Q12			Year 4				
						Year 5				
						Year 6				
						Year 7				
						Year 8				
						Year 9				
						Year 10				
						Year 11				
						Year 12				
						Year 13				
ERV Assumptions										
Office Under/Leasable	€330 /sqm	125.0%	€340 /sqm							
Office Loss	€400 /sqm	12.0%	€400 /sqm							
Office Mid	€400 /sqm		€470 /sqm							
Office Up	€500 /sqm	2.8%	€490 /sqm							
Active	€192 /sqm									
Retail Up	€860 /sqm									
Retail Under/Leasable	€322 /sqm									
Retail Under/Leasable - KC	€245 /sqm Fitness rent discount	-24%								
Inside Parking	€1,200 /unit /floor									
Outside Parking	€2,500 /unit /VP									
Other Property Assumptions										
Lettable Area (sqm)		64,530	64,530							
Parking		214								
Renewal Probability		75.0%								
Lease Event at Break/Equity			At Break							
New Lease Length			7.5							
Countdown New Leases (months)			15.0							
Rent Free Period for New Leases			35.0	36.9						
Tenant Improvements New Leases			16							
Tenant Improvements Currently Vacant Floor			€150.0 /sqm							
Leasing Commissions New Leases			26.0%							
Structural Vacancy			0.00%		31,375					
PIV Fee Leakage			10.00%							
Capex Reserve			0.00%							
Service Charge			€124 /sqm							
Rates			€47 /sqm							
Corporate Expenses										

A.5 – Key operational metrics dashboard

Example of a quarterly operational dashboard comparing actual performance with budget targets across key metrics such as income, expense, capex and valuation. This tool enabled monitoring of deviations and supported portfolio steering decisions. Sensitive data has been anonymized.

Quarter of Report	Q 25		
Year Budget	Y 7		
Key Operational Metrics			
Metrics as of March 31st, 2025	Actuals 2025 (3 months) ⁽¹⁾	Budget 2025	Variance
Leasing Metrics			
GLA (sqm)			-
GLA w/o Staff Restaurant (sqm)			-
Leased area w/o Staff Restaurant (sqm)			-
Parking units			-
Occupancy			-
WALT			-
Valuation Metrics			
NMV (€m) ⁽²⁾			-
NMV (€/sqm) - Total GLA			-
NIY ⁽³⁾			-
Income Metrics			
Gross rental income (€m)	22,5	22,5	(0,1%)
Gross rental income (€/sqm) - Leased area	533	533	(0,1%)
Gross rental income (€/sqm/month) - Leased area	44	44	(0,1%)
Weighted average ERV (€/sqm)	#REF!	#REF!	-
Weighted average ERV (€/sqm/month)	#REF!	#REF!	-
Reversionary potential % (vs in-place)	#REF!	#REF!	-
Expenditures			
Opex (€m)	(10,3)	(10,9)	(5,9%)
Opex (€/sqm) - Total GLA	(161,0)	(171,0)	(5,9%)
Opex (%GRI)	(46%)	(48%)	(5,8%)
Capex (€m) ⁽⁴⁾	(11,1)	(12,9)	(13,8%)
Capex (€/sqm) - Total GLA	n/a	n/a	-
Capex (%GRI)	(49%)	(57%)	(13,7%)
Operating and Financial Performance Metrics			
Adjusted NOI (€m)	13,4	13,6	(1,8%)
NOI (%GRI)	59%	60%	(1,7%)
Net cash flow pre capex (€m) ⁽⁵⁾	11,2	11,4	(1,9%)
Net cash flow pre capex (%GRI)	50%	51%	(1,8%)
Net cash flow post capex (€m)	0,1	(1,5)	104,4%
Net cash flow post capex (%GRI)	n/a	n/a	-

Disclaimer regarding the use of artificial intelligence

This master thesis was developed in strict adherence to the academic integrity policies and ethical standards of ISEG, Universidade de Lisboa. The content presented reflects my own research, analysis, and conclusions, except where otherwise cited. In the interest of full transparency, I acknowledge that artificial intelligence tools were used to support the process, particularly in assisting with literature review, verifying citation formats, improving language clarity and ensuring coherence throughout the structure. However, the critical thinking, synthesis of ideas, and final writing decisions were entirely my own. The use of AI tools did not compromise the originality or academic rigor of the thesis, and all sources have been cited in accordance with academic standards.