

EY PoV

Superbonus

Opportunities in the primary and secondary tax credits' market

March 2024



The better the question. The better the answer.
The better the world works.

Key figures of Superbonus 110%...



~108€Bn

total expenses eligible for compensation under the measure of Superbonus 110%



~470k

completed renovations or refurbishment projects



~63%

of expenses eligible for the compensation attributable to the **condominium segment**



~45%

of expenses eligible for deduction are related to **investments made in 4 northern Italian regions** (Lombardia, Piemonte, Veneto, Emilia-Romagna)



~80%

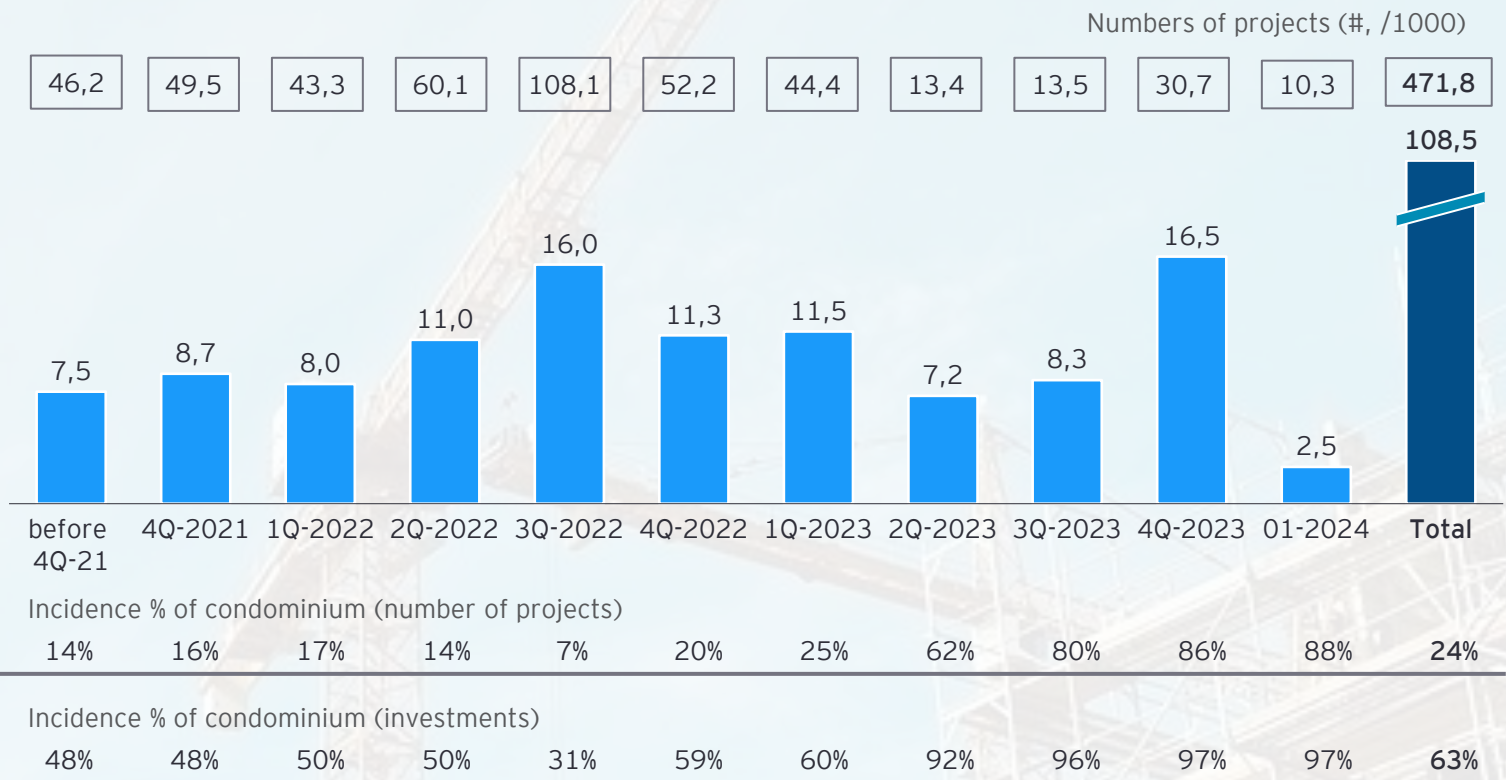
of the tax credits generated have been **purchased by banks and other institutional entities**

Notes: Cumulative data from the beginning of the measure until 31st Jan. 2024

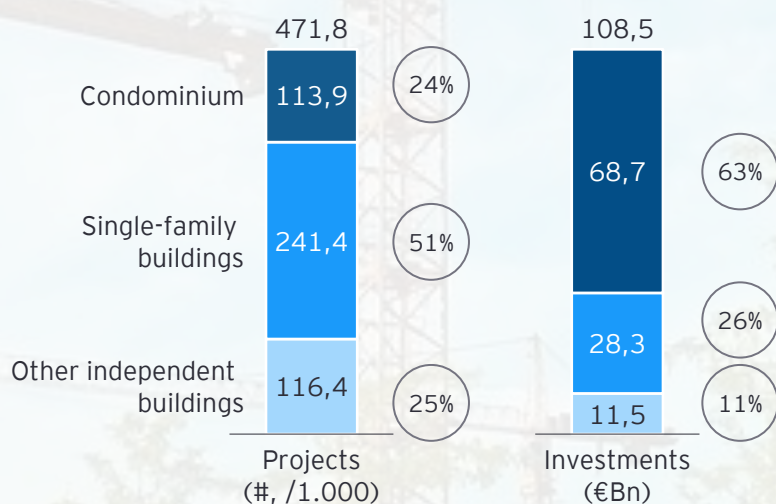
Source: EY analysis on ENEA data as of 31^o Jan. 2024

In 2023 we assisted to i) a concentration of investments in the condominium segment (reduction in the number of projects) and ii) a strong growth in 4Q23, due to the forthcoming end of Superbonus 110% measure

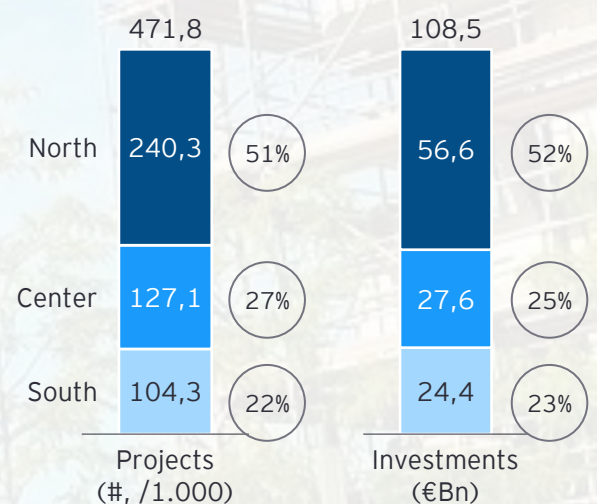
ELIGIBLE INVESTMENTS (€Bn)



BREAKDOWN BY ASSET TYPE



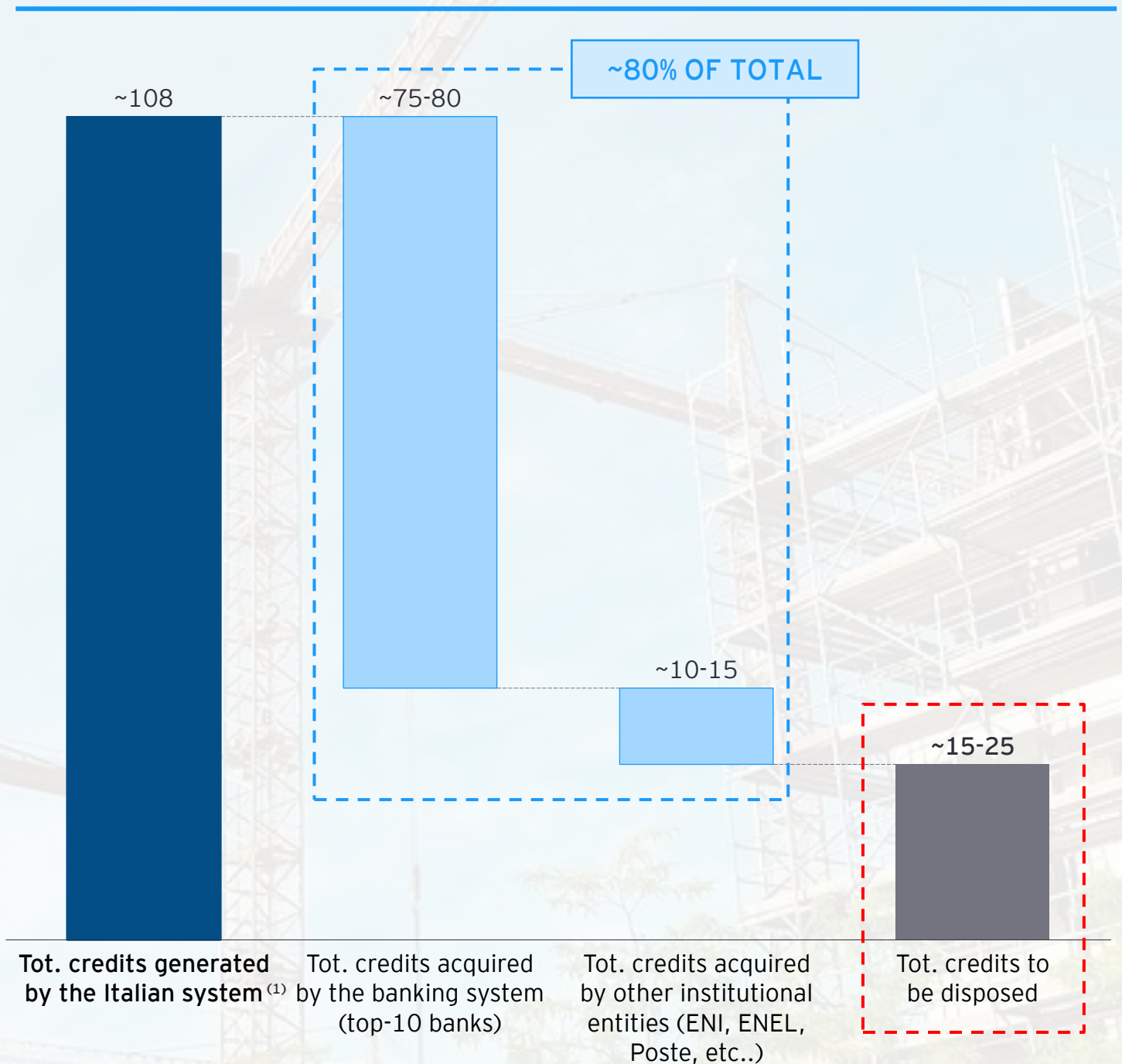
BREAKDOWN BY LOCATION



Source: EY analysis on ENEA data as of 31° Jan. 2024

As of today, the primary market is estimated at approx. 15-25€Bn and the secondary (banks alone) at approx. 75-80€Bn

TAX CREDITS MARKET (€Bn)



Note: (1) The value of eligible investments does not include data related to the "Sisma-Bonus" projects;
 Data on purchases by the banking system and other institutional entities as of 30th Jun. 2023
 Source: EY analysis on companies' data, ENEA data, proprietary data

Option for the use of tax credits deriving from Superbonus

1

SELF-COMPENSATION

Construction companies that have applied the "invoice discount" use the tax credits generated to **compensate their own tax debts (or part of)**

2

SALE



Construction companies can sell their tax credits to other corporate entities

- ▶ **«Vertical transactions»** - "pro-soluto" disposal of the entire 4-year annuities with an upfront payment
- ▶ **«Horizontal transactions»** - binding commitments over the entire 4-year annuities and deferred payments, with or without the support of a financial entity that advances the entire price to the seller (i.e. factor or bank)



Alternatively, construction companies can **sell their tax credits to banks**, which in turn they can opt for:

- ▶ **Use them for self-compensation**, to off-set their own tax debts
- ▶ **Re-sell them to other corporate entities**, mainly through "horizontal" transactions

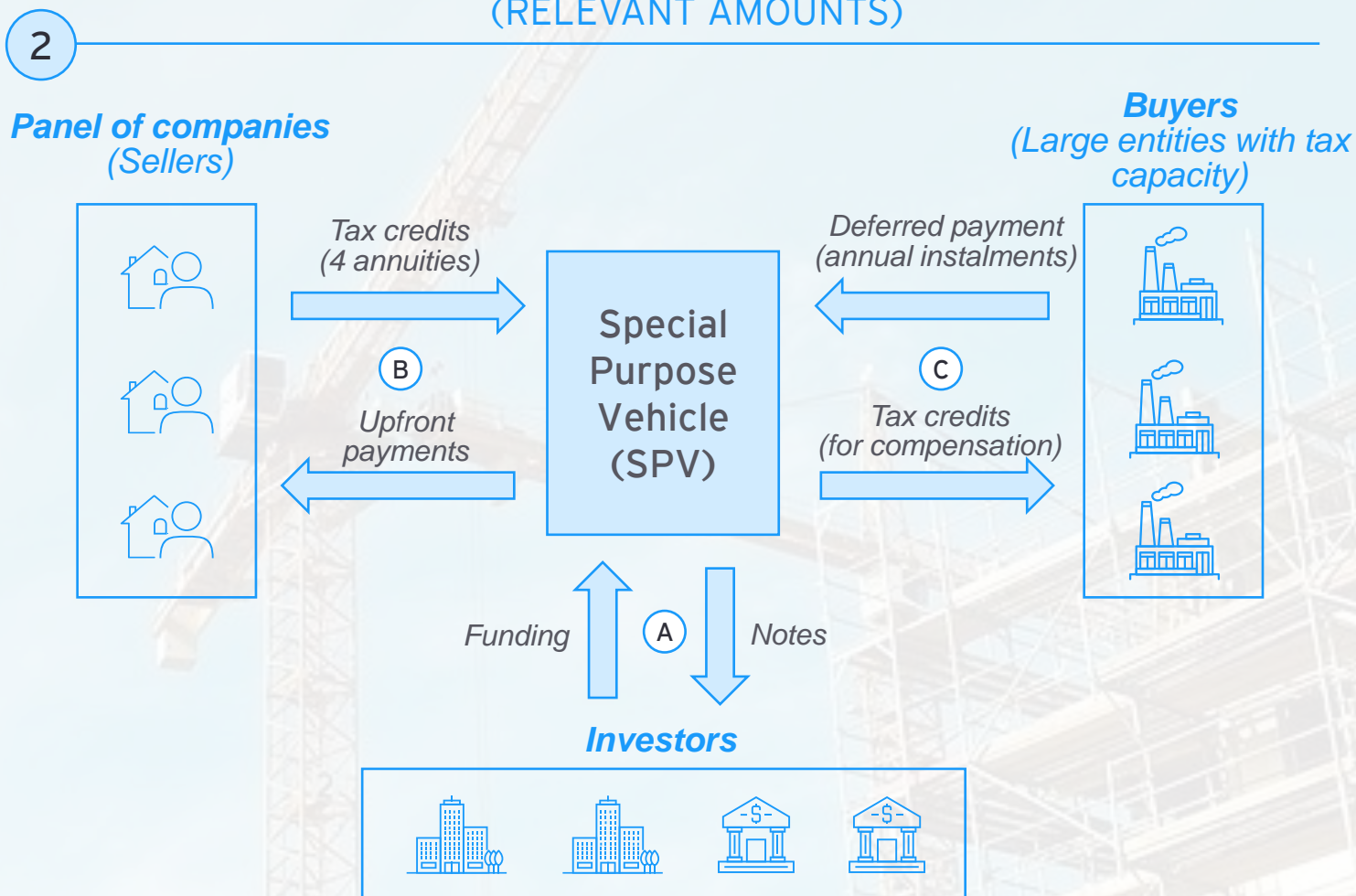


Lastly, construction companies (of adequate standing) can create a panel with other peers to have a significant amount of tax credits and **transfer them to an SPV within the framework of a specially set-up securitization transactions**

Focus in the next slide

Option for the use of tax credits deriving from Superbonus (cont'd)

SALE - SECURITISATION TRANSACTIONS (RELEVANT AMOUNTS)



- A** The SPV raises funds by issuing notes subscribed by investors (even banks, potentially)
- B** A panel of companies (i.e. construction companies) of adequate standing sell their tax credits *"pro-soluto"* to the SPV
- C** At the same time, the SPV subscribes a 4-years commitment with one or more buyers that purchase the tax credits, with deferred payment and appropriate penalties in case of contractual breaches. Within the framework of this transaction, the intervention of a qualified party⁽¹⁾ (i.e. *fronting bank*) may be required.

Note: (1) Banks and other financial intermediaries, companies belonging to a banking group or insurance companies authorised to operate in Italy

Why EY...



Market leader in tax credits' certifications, including so-called "comfort letter"



Ability to structure complex transactions by coordinating the various parties involved



Supporting the identification of potential Buyers and Sellers



Supporting the selection of the fronting bank



Expertise in the transaction execution (negotiation of terms & conditions, financial clauses, etc...)



Multidisciplinary team (financial, fiscal, technical)



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