

Annual Real Estate Breakfast Seminar

16 September 2021

ANNUAL REAL ESTATE BREAKFAST SEMINAR



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WHERE NEXT FOR GLOBAL REAL ESTATE?

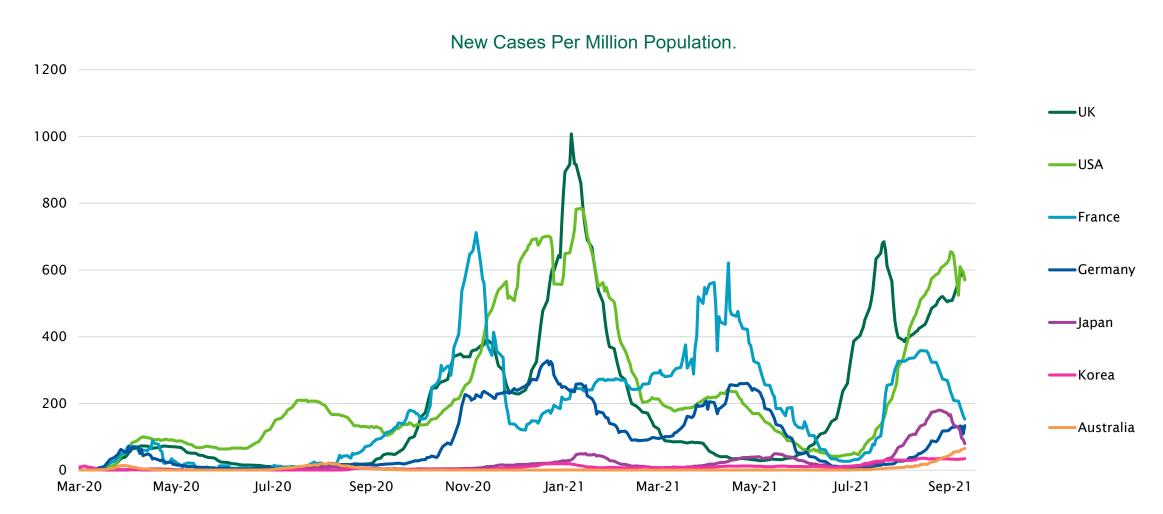
CONFIDENTIAL AND PROPRIETARY SEPTEMBER 2021

AGENDA

01 02 03 04 05 MACRO-**INVESTMENT REAL ASSETS PREFERRED ECONOMIC FORECASTS** THEMES STRATEGIES

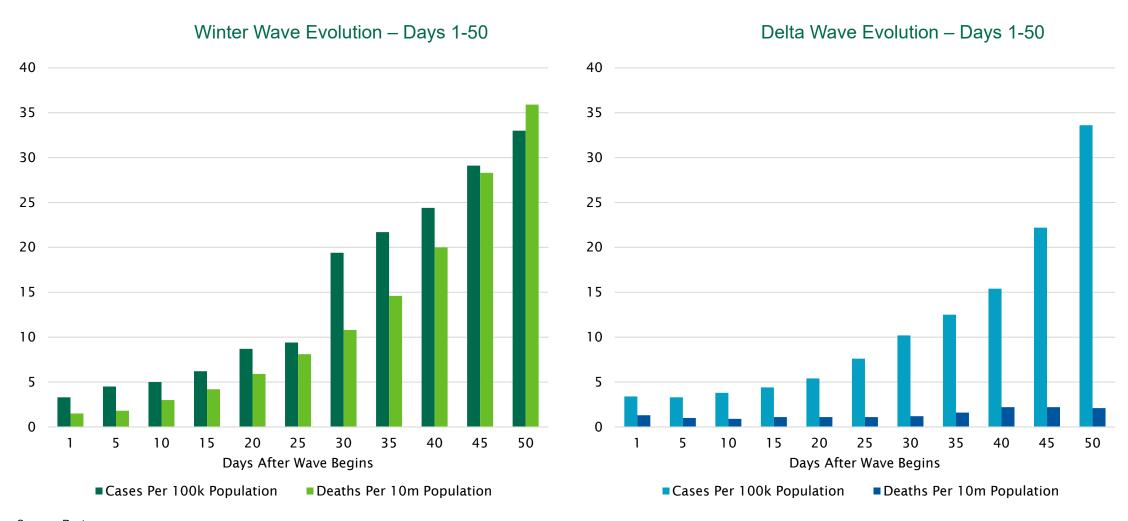


FIRST THE GOOD NEWS, DELTA VARIANT IS NOT AN ESCAPE VARIANT



Sources: Reuters.

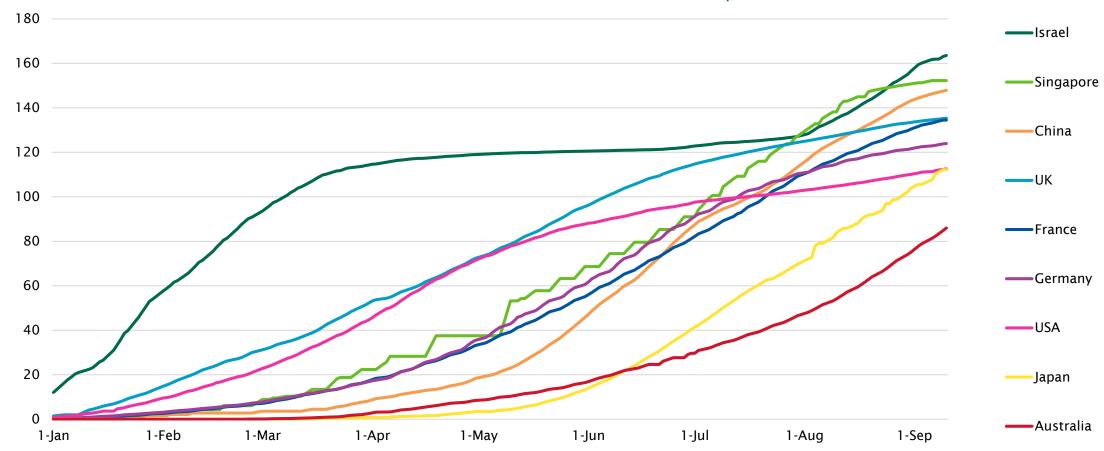
THE UK IS THE WORLD'S EVIDENCE LAB



Sources: Reuters.

SLOW VACCINATION PROGRAMMES ALTER THE LOCUS OF RISK

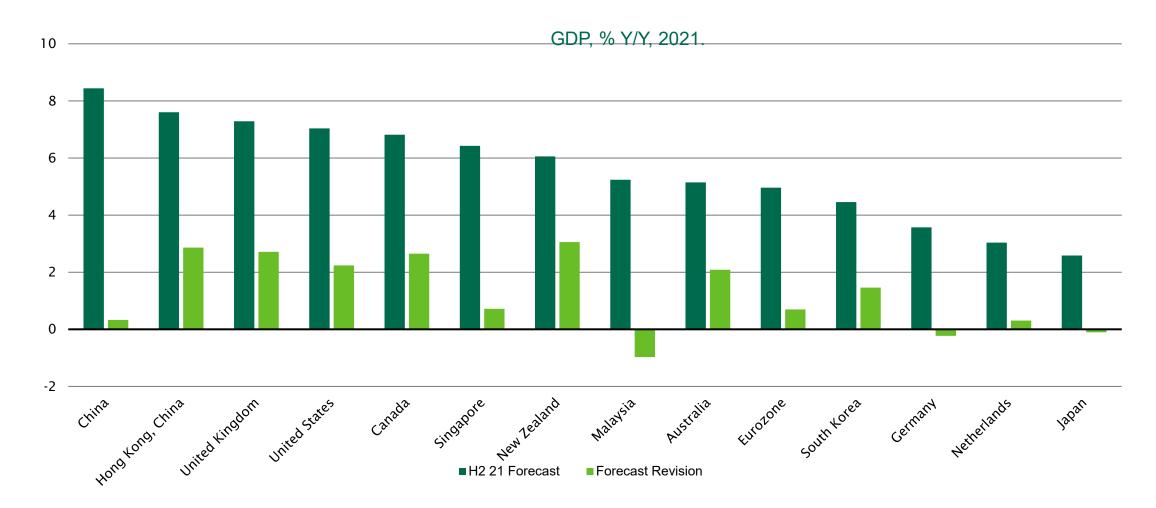




Sources: Reuters.

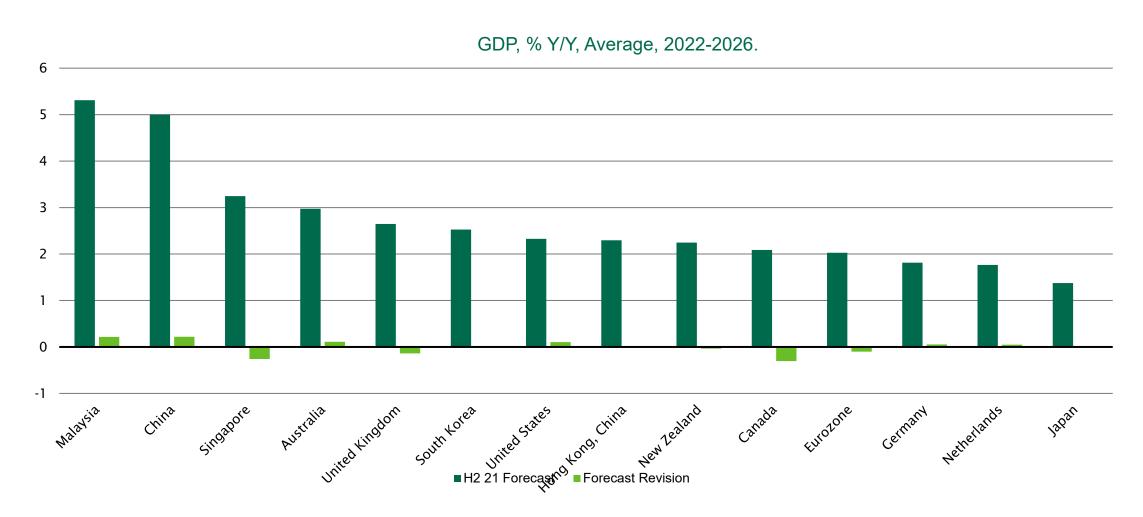


DESPITE DELTA, 2021 WILL PROVE BETTER THAN EXPECTED



Source: Oxford Economic Forecasting.

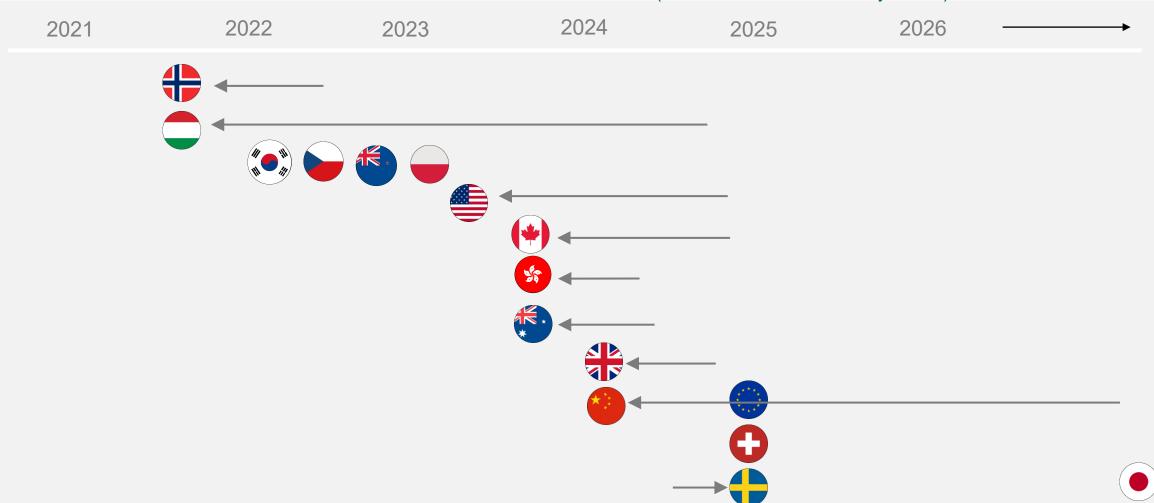
THE RECOVERY PERIOD SEES DECENT ABOVE TREND GROWTH



Source: Oxford Economic Forecasting.

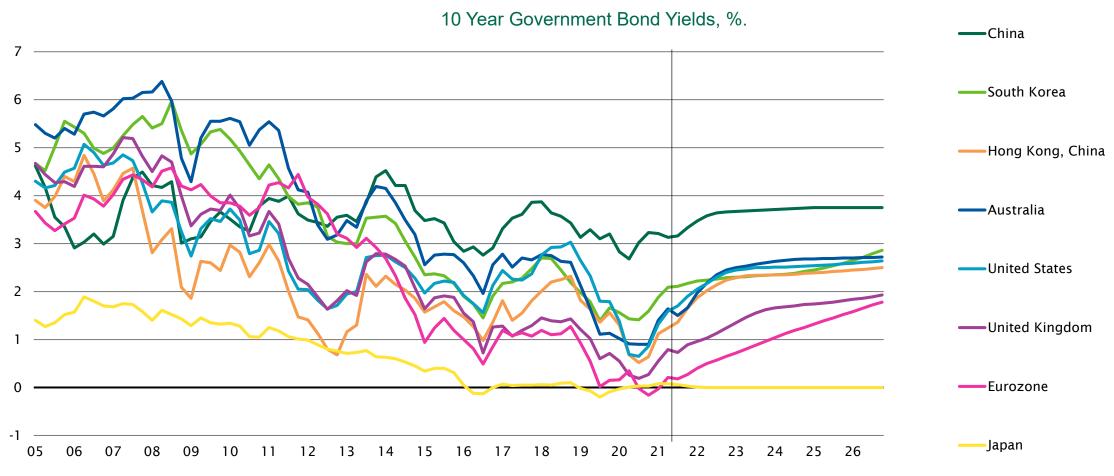
BUT THIS WILL BE ACCOMPANIED BY A QUICKER POLICY TIGHTENING

H2 2021 Forecast Of The First Central Bank Rate Hike. (H2 2021 forecast shown by arrow.)



BOND YIELDS RISE TO C3% IN MOST MAJOR N.AM/ASIA-PAC MARKETS AND C2% IN EUROPE

This restore us to the pre-pandemic world, but not even as high as the post GFC boom years.



Source: Oxford Economic Forecasting.



We create enduring value by understanding how people want to live, work and play now and in the future and by investing in and creating a built environment that both meets their current needs and evolves with them over the investment horizon.

UNDERSTANDING STRUCTURAL TRENDS









EXPONENTIA ES

C CHANGE

HYPER-TECHNOLOGI DEMOGRAPHI CONNECTIVIT SUSTAINABILI

SOCIAL &

LONG-TERM TRENDS COMBINE WITH SHORT-TERM PANDEMIC-DRIVEN BEHAVIOURAL DISRUPTION









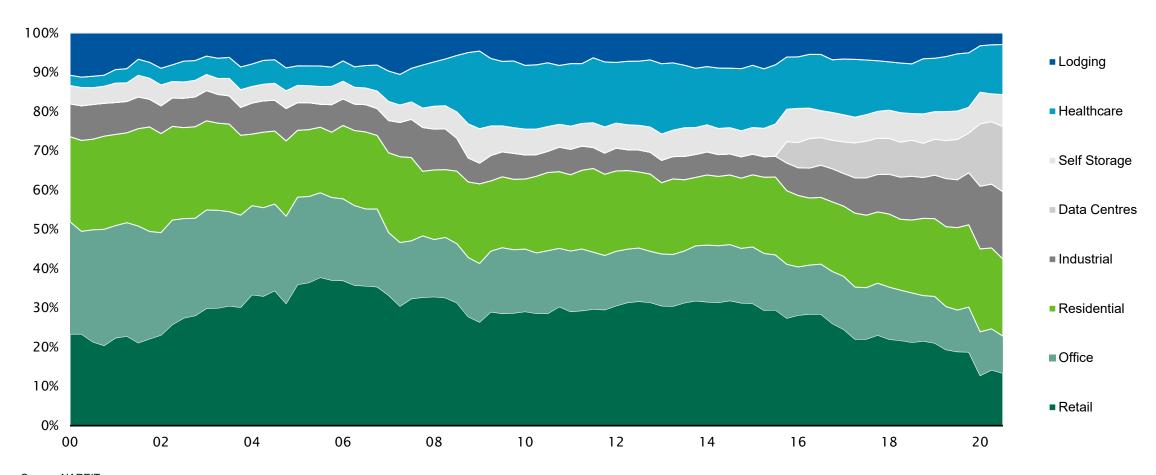
FLEXIBLE WORKING FEAR OF DENSITY

HOME AS A HEIGHTENED SOCIAL SPACE ESG FOCUS

How far will the short-term behavioural changes persist in the immediate and long-term post-pandemic world? How should we invest in and manage our assets to ensure they have enduring value in a changing world?

EVOLUTION OF INSTITUTIONAL PORTFOLIOS – PUBLIC MARKET EXPERIENCE

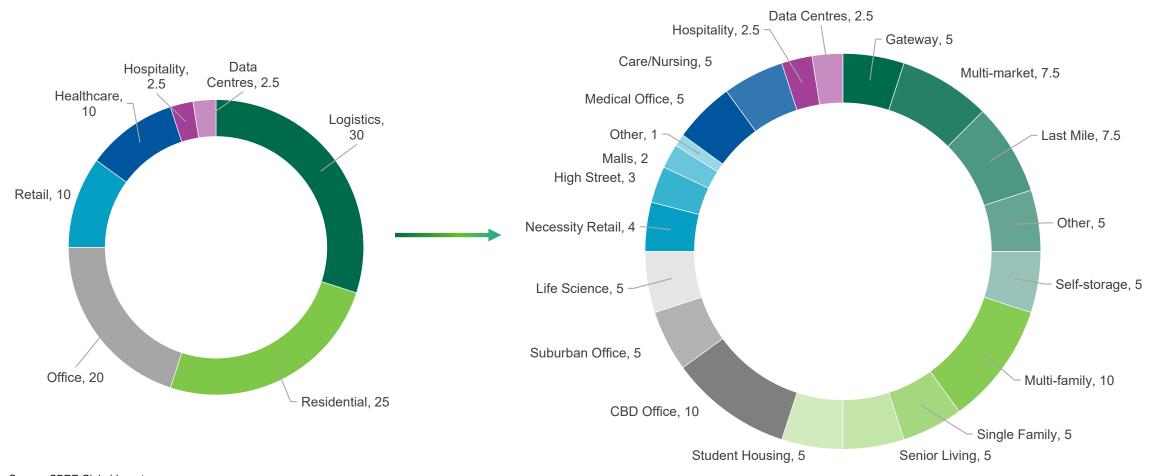
FTSE NAREIT All Equity REITs Index Ex-Infrastructure Composition.



Source: NAREIT.

CBRE GLOBAL INVESTORS' NEW TAXONOMY OF REAL ESTATE

Strategic Sector Mid-Point Weights In Model Portfolio, %.



Source: CBRE Global Investors.



KEY THEMES IN OUR PREFERRED STRATEGIES

BUILD AS WELL AS BUY STRUCTURAL GROWTH

BUY INTO THE CYCLICAL RECOVERY EXPLOIT
MARKET
DISLOCATION



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Target returns are derived from analysis based upon both quantitative and qualitative factors, including market experience and historical and expected averages related to the risk/return profile and criteria for investments (the "Investment Targets") of the fund or program. The Investment Targets are based on the expected cumulative internal rates of return generated by the expected investments across a multi-year period. After synthesizing this information, CBRE Global Investors has arrived at what it believes are realistic target returns for the fund or program. The fund or program's target returns are presented to establish a benchmark for future evaluation of performance, to provide a measure to assist in assessing the anticipated risk and reward characteristics of an investment in the Fund and to facilitate comparisons with other investments. Any target data or other forecasts contained herein are based upon subjective estimates and assumptions about circumstances and events that may not yet have taken place and may never do so. If any of the assumptions used do not prove to be true, results may vary substantially. Actual individual investment performance may not achieve the Investment Targets upon realization/liquidation as initially expected, which may have a material effect on overall realised portfolio performance over the life of the fund or program and the ability to achieve targets and investment Target may be affected by numerous factors including, but not limited to, investment values, cash flow, environmental and structural factors, ratings and market conditions and interest rates and changes in response to other economic, political or financial developments. The target returns are pre-tax and represent possible returns that may be achieved, but for financial developments. The target returns are pre-tax and there is no guarantee that the fund or program will be able to achieve the Investment Targets in the long term. The Investment Targets are objectives and should not be relied upon to make pred

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French real estate in 2021 Main trends and key facts

Focus on logistics

MAIN TRENDS

General context:

- EUR 8.2 bn invested in real estate (-30% yoy and -22% compared to the 5-year average)
- 309 closed deals almost the same as the year before: investors still active but shifting sectors

Rise of Logistics :

- Logistics now represents 18% of the real estate market
- Retail dropped from 16% to 8%
- Offices stay on top with EUR 5,5 bn invested
- EUR 1.815 bn investments on S1 2021 and a promising forecast for S2 2021 and beyond

PRIME ASSETS YIELDS UNDER PRESSURE

Offices:

 2.75% (QCA), 4% (La Défense), 3.25 to 5.25% (west Paris), 3.50 to 4.75% (region)

Retail:

• 3.10% (high street)

Logistics:

- 3.5% for exceptional assets
- Growing appetite on grade A assets and urban logistics

DEALS VALUE

- Lack of mega deals (EUR 200M and more):
 - Only 5 mega deals during S1 2021 (against about 30 each year from 2018 to 2020)
- EUR 100 to 200M deals:
 - Only 10 deals (against about 50 each year from 2014 to 2018)
- Less than EUR 10M and EUR 50 to 100M deals are leading the market
- S2 2021 should show the return of bigger deals especially with respect to offices

GLOBAL, REGIONAL AND LOCAL INVESTORS

- Investment funds: standing their grounds with a 38% market share (+33% yoy)
- OPCI/SCPI: EUR 2 bn (24% market share)
- Insurance companies: EUR 620M (against EUR 5 bn in 2020)
- Offices remain investors' favorites
- Portfolios transactions representing EUR 1.6 bn investments are mostly about logistics (66%)
- Foreign investors are back (from 40% in 2020 to 48% on S1 2021)

FRENCH LOGISTICS MARKET KEY FACTS

- Increasing take ups and investments
 - 1,500,000 sqm (+12% in a year)
 - 76 closed take-up deals compared to 60 closed deals in the year before
 - EUR 1.815 bn invested in logistics
- Increasing prime assets rental value
 - From EUR 45 to EUR 58/sqm on the North-South axis (« Dorsale »)
 - From EUR 44 to EUR 49/sqm elsewhere



QUESTIONS





Thank you for attending our Annual Real Estate Breakfast Seminar

Stay up to date with our Thought Leadership and other webinars at klgates.com. For questions please contact chantelle.shokar@klgates.com