COVID-19 Sentiment and Valuations Survey Q2 2020

A monthly member sentiment survey first conducted in May 2020 to understand the impact on investment plans, operations and expected market performance.

**Sentiment towards the UK and Germany at opposite ends in May 2020**

Intention to increase / decrease weighting

- Germany
- Nordics
- Netherlands
- Portugal
- France
- UK
- Spain
- Italy

**Strong rebound in rent received for other/alternative sectors in August**

Rent received vs. rent expected

- Office
- Residential
- Retail
- Industrial/ Other logistics

Intentions to change allocations

- May
- June
- August

**Only a small part of the portfolios are subject to financial restructuring**

- Very willing to
- Willing to
- Partially willing to
- Neutral
- Not at all willing
- Other

**Landlord willingness to support tenants increased notably since May**

- Very willing to
- Willing to
- Partially willing to
- Neutral
- Not at all willing
- Other

Willingness to provide rent relief or abatement

- May
- August

 Weak fundamentals drive investor intentions to reduce retail exposure
After the initial shock markets are adjusting to a new reality

Confidence in Europe

Risk Assessment

Views on Real Estate Performance

Shift to hybrid working routines

What percentage of your workforce is currently working from home?

Industry continues to work around the travel ban

August saw a sharp decline in fulltime working from home to 46%, from 78% in May.
A marked slowdown in fund performance

The impact of COVID-19 continues to unfold

Impact of COVID-19 on Valuations Survey Q2 2020

177 Survey respondents

Material Uncertainty Clause

The clause applied to over 45% of funds that completed the additional questions*

About 65% indicated that the clause was issued for 75% - 100% of their portfolio

The majority of multi sector funds indicated that the clause was applied across all sectors

Almost 25% of the responding open end** funds decided to suspend unit subscriptions, redemptions, or the issuance of a dealing NAV

Almost 90% of the funds didn’t change dividend distribution policy in response to COVID-19

Mainly funds that collect rent with one quarter or 1 month in advance received over 75% of Q2 rents. Improved expectations for Q3 rent collection

Source: INREV Quarterly Index Q2 2020

(*) 177 respondents for “Impact of COVID-19 on Valuations Survey Q2 2020”  (**) Open end funds sample includes multi and single country funds
COVID-19 had some affect on the dividend distribution policy

Material Uncertainty clause impact across all sectors

Single sector vs Multi sector funds
80 respondents

Application range in multi sector funds

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Bars</th>
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<tbody>
<tr>
<td>75-100%</td>
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<td>50-74%</td>
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% of the portfolio which the Material Uncertainty clause

Application range in single sector funds

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% of the portfolio which the Material Uncertainty clause

Multi sector funds
Office funds
Retail funds
Industrial funds
Residential funds
Other sector funds*

65% of the total respondents (52) indicated that the Material Uncertainty Clause impacted over 75% of GAV of properties, for single and multi sector funds

COVID-19 had some affect on the dividend distribution policy

Is the fund still distributing dividends, either cash or shares?

Yes
Yes, but cash dist. only
Yes, but with a partial withholding
No, withholding all dividends

Has the funds dividend distribution policy changed in response to COVID-19?

127 respondents

90%

Is the fund still distributing dividends, either cash or shares?

Yes
Yes, but cash dist. only
Yes, but with a partial withholding
No, withholding all dividends

To suspend or not to suspend that is the question...

24% of the respondents suspended unit subscriptions or redemptions, or issuance of a dealing NAV. This was mainly an internal decision.

*Other sectors includes Student Housing, Leisure, Hotel and Health Care
Rent received versus rent expected

Rent collected in Q2
144 respondents

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<thead>
<tr>
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Rent expected in Q3
144 respondents

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<tbody>
<tr>
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Has the NOI been impacted in any way? 137 respondents

- **22%** No impact at all
- **17%** Other
- **38%** Rent deferrals
- **16%** Rent deduction
- **7%** Increase in rent fees

The answer “Other” included the following responses:
- Negotiations with tenants still ongoing
- Combination of rent deferrals, late payments, rent frees mainly in relation to particular sector tenants
- Tenant protections, country specific government policies and restrictions also apply

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Rent received versus rent expected

Has the NOI been impacted in any way?