COVID-19 Sentiment and Valuations Survey Q4 2020

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

- **Sentiment towards UK improves, but on balance is still behind other core markets**
  - Intention to increase / decrease weighting
  - [Bar chart showing sentiment](chart)

- **Further improvement in rent received across all sectors**
  - Rent received vs. rent expected
  - [Bar chart showing rent](chart)
  - Intentions to change allocations
  - [Bar chart showing allocation intentions](chart)

- **Share of portfolios that is subject to partial financial restructuring increases slightly**
  - [Pie chart showing percentage of portfolios](chart)

- **Landlords remain (very) willing to support tenants**
  - [Pie chart showing willingness to provide rent relief or abatement](chart)

- **Strong fundamentals drive investor intentions to industrial/logistics and residential**
European real estate investments remain attractive

% of respondents

0% 20% 40% 60% 80% 100%

Confidence in Europe

% of respondents

0% 20% 40% 60% 80% 100%

Plans to invest in Europe

% of respondents

0% 20% 40% 60% 80% 100%

Change in investment plans

% of respondents

0% 20% 40% 60% 80% 100%

Risk and return expectations

Risk Assessment

Increase in risk

Same

Decrease in risk

% of respondents

0% 20% 40% 60% 80% 100%

Views on Real Estate Performance

More positive

Same

More negative

% of respondents

0% 20% 40% 60% 80% 100%

Working from home rebounds as second wave hits Europe

What percentage of your workforce is currently working from home?

% of respondents

0% 25% 50% 75% 100%

Least travel since the COVID-19 outbreak

% of respondents

0% 25% 50% 75% 100%

March 2021 saw a further increase in working full-time from home compared to 49% in August 2020 and 65% in December 2020.

Very limited travel
A strong end to the year as Q4 2020 performance improves to 1.7%

Valuation uncertainties have eased further in Q4 2020

Almost half of the INREV Quarterly Fund Index contributed to the survey

153
Survey respondents
333
INREV Quarterly Index

Contributions are still coming from different funds. The questionnaire will be extended to Funds of funds and Debt funds.

Material Uncertainty Clause Claimed
Q4
82.4% Yes
17.6% No

Material uncertainty clause applied to around 18% of funds that completed the additional questions*

About 60% 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

No suspended units subscriptions, redemptions or the issuance of a dealing NAV in Q4 2020

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 one month in advance received over 75% of Q4 rents. Good expectations for Q1 2021 rent collection

(*) 153 respondents for “Impact of COVID-19 on Valuations Survey Q4 2020” (***) Open end funds sample includes multi and single country funds
Material Uncertainty clause impact across all sectors

Single sector vs Multi sector funds*

<table>
<thead>
<tr>
<th>Sector</th>
<th>Application range in multi sector funds</th>
<th>Application range in single sector funds</th>
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</thead>
<tbody>
<tr>
<td>Multi sector funds</td>
<td>75-100%</td>
<td>75-100%</td>
</tr>
<tr>
<td>Office funds</td>
<td>50-74%</td>
<td>50-74%</td>
</tr>
<tr>
<td>Retail funds</td>
<td>25-49%</td>
<td>25-49%</td>
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<tr>
<td>Industrial funds</td>
<td>0-24%</td>
<td>0-24%</td>
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<tr>
<td>Residential funds</td>
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<tr>
<td>Other sectors funds**</td>
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</tbody>
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59.3% of the total respondents (16) indicated that the Material Uncertainty clause impacted over 75% of GAV of properties, for single and multi sector funds.

COVID-19 didn’t affect the dividend distribution policy

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

- Yes
- Yes, but cash distribution only
- Yes, but with a partial withholding
- No, withholding all dividends

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

- Yes
- No, withholding all dividends
- Yes, but cash distribution only
- Yes, but with a partial withholding

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

- Yes
- No
- No, withholding all dividends
- Yes, but cash distribution only
- Yes, but with a partial withholding

87 respondents (9 Yes / 78 No)
Has the NOI been impacted in any way? 95 respondents

- **36%** No impact at all
- **17%** Rent reduction
- **13%** Other
- **25%** Rent deferrals
- **9%** Increase in rent fees

The answer "Other" allowed to add some comments, some of the funds indicated that:

- Combination of rent deferrals, late payments, rent frees mainly in relation to particular sector tenants
- Significant increase in bad debt provision.
- With regards to the current lockdown situation in several countries in Europe, Fund Managers expect that to remit part of the rent payments.