



2021 Market Prospects and Sustainable Financial disclosure
Joint Investor Event from the Real Estate Investors Forum,
PropertyMatch and AREF

Thursday 7th January 2021





Moderator Welcome

Melville Rodrigues
Fund Services at Ocorian



Agenda for today

- 09.15 Webinar start
- 09.15 Welcome - *Melville Rodrigues, Ocorian*
- 09.20 Presentation from Ruth Hollies, CBRE Ltd
‘2021 market forecast, relevant to indirect real estate investors’
- 09.40 Presentation from Sasha Njagulj, CBRE Global Investors
‘How should investors address Sustainable Financial Disclosure challenges?’
- 09.55 Final discussion and closing remarks from Melville Rodrigues
- 10.00 Close

Speakers



Sasha Njagulj,
Global Head of ESG
CBRE Global Investors



Ruth Hollies,
Head of European
Forecasting
CBRE Ltd



Presentation

Ruth Hollies, Head of European Forecasting
CBRE Ltd

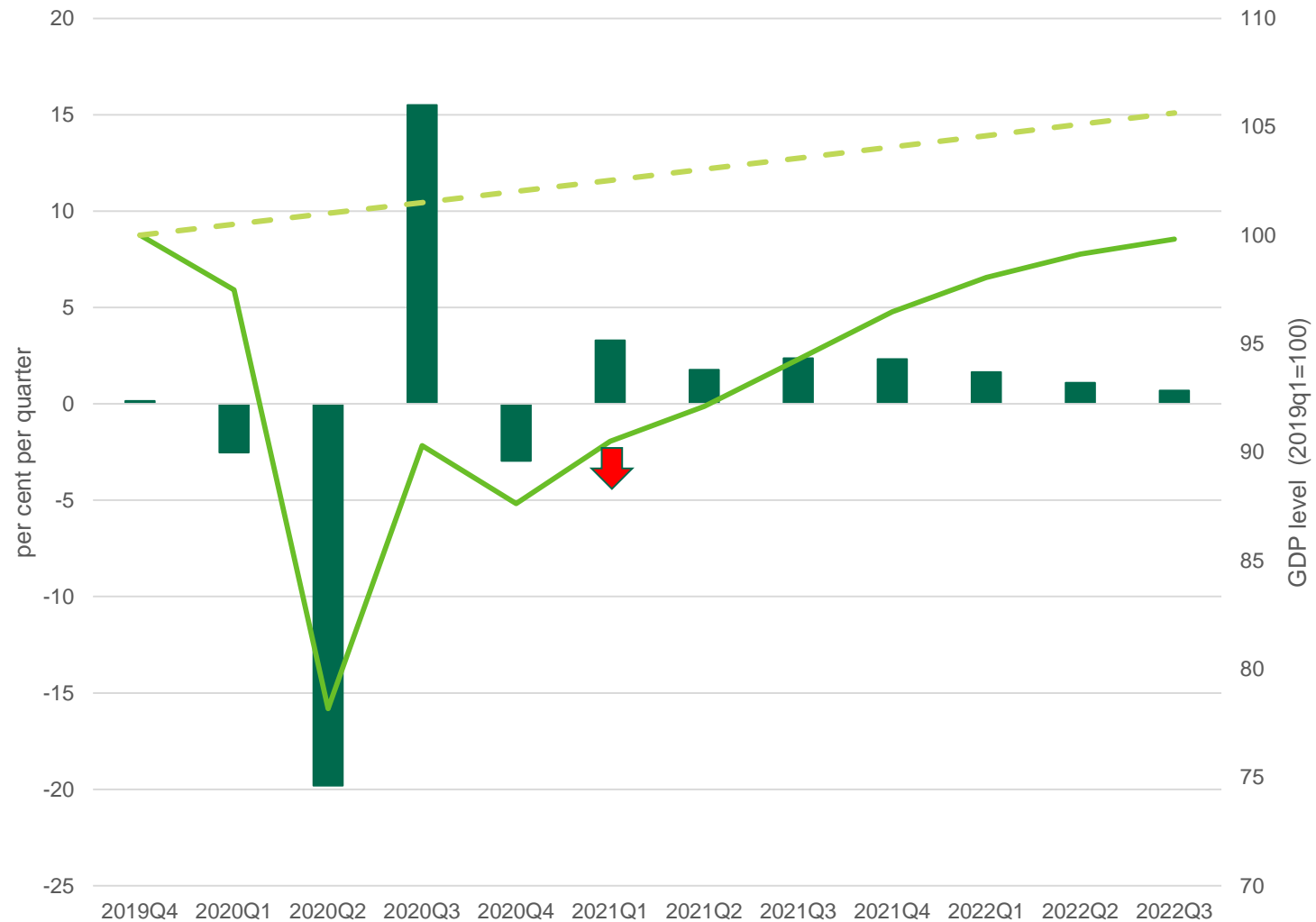


A TIME OF CHANGEAND MORE TO COME IN THE LONGER TERM



- Forecasts assumptions
 - economy
 - interest rates
 - risk
- Sector outlooks – office, retail, residential & industrial
- Comparison and conclusion

UK GDP OUTLOOK USED IN NOVEMBER FORECASTS



Source: Oxford Economics, Macrobond, CBRE

- Largest fall in activity in Q2
- Bounce-back in Q3
- Second lockdown Q4

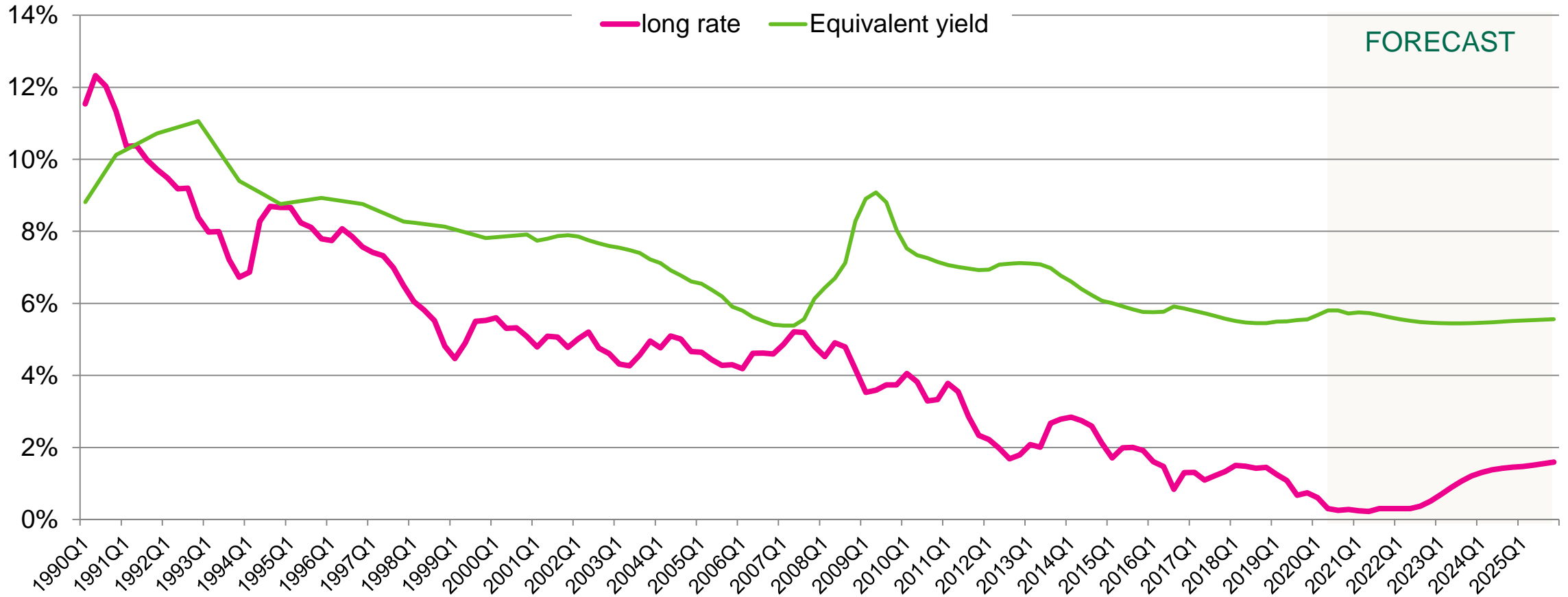
Conditional on:

- Lockdown 2.0 not being as damaging to the economy
- Government support measures being effective
- Vaccine rollout

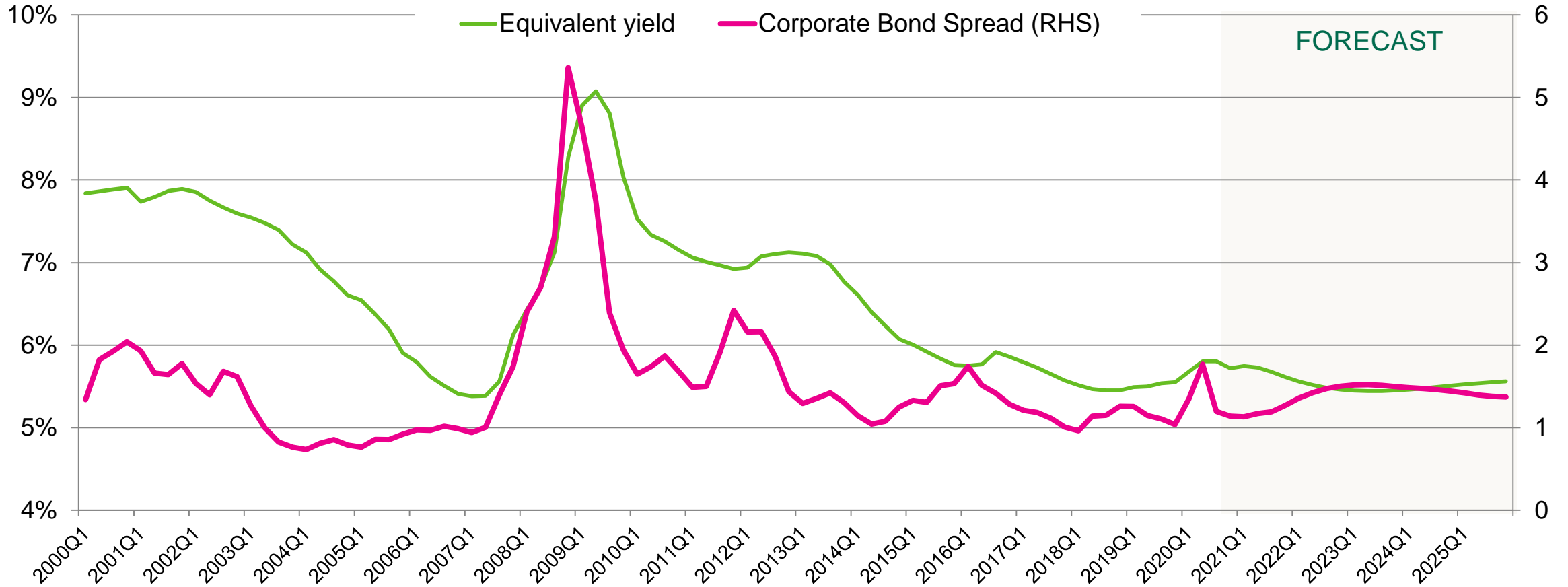
Annual fall in GDP of 11.4% in 2020 with a bounce to 5.6% in 2021

Lockdown 3.0 will see 2021 output revised down to circa 3%

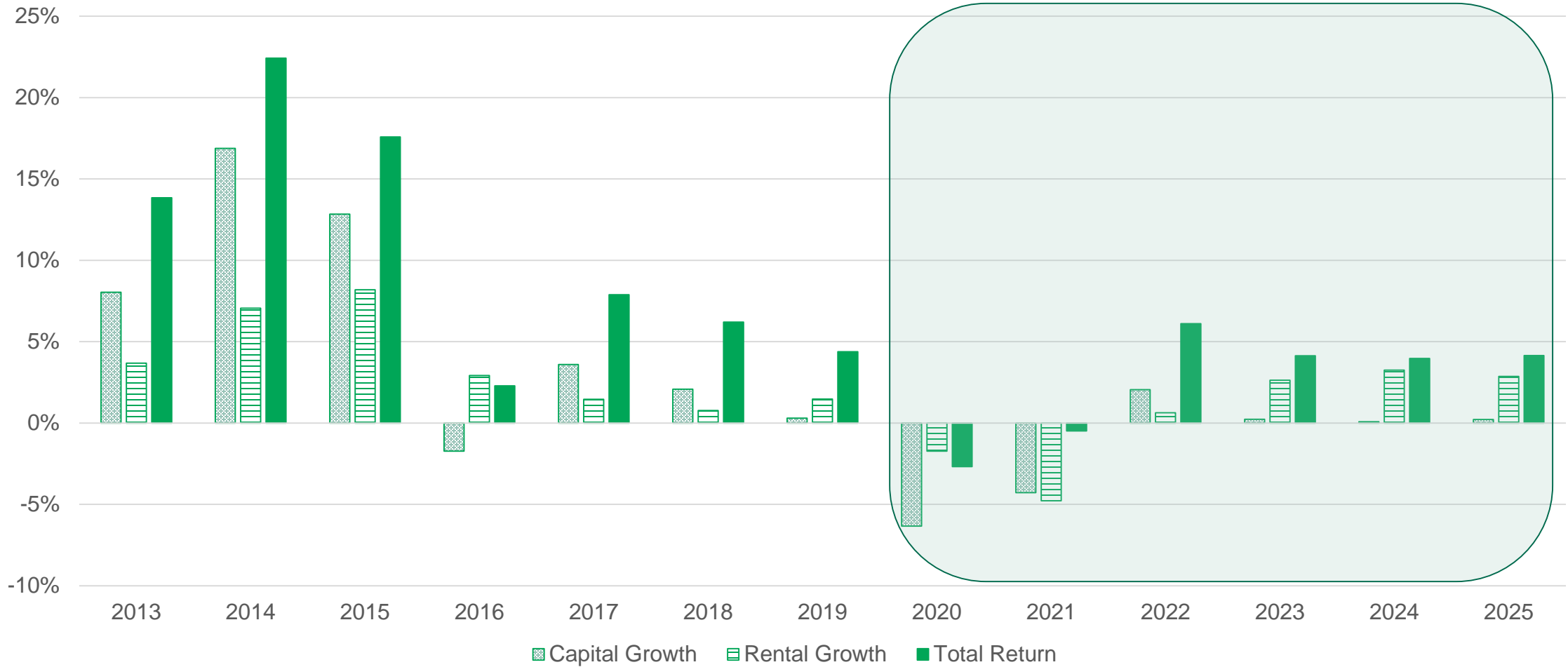
LONG RATE (RISK FREE) AND ALL PROPERTY EQUIVALENT YIELD



CORPORATE BOND SPREAD (RISK PREMIUM) AND ALL PROPERTY EQUIVALENT YIELD

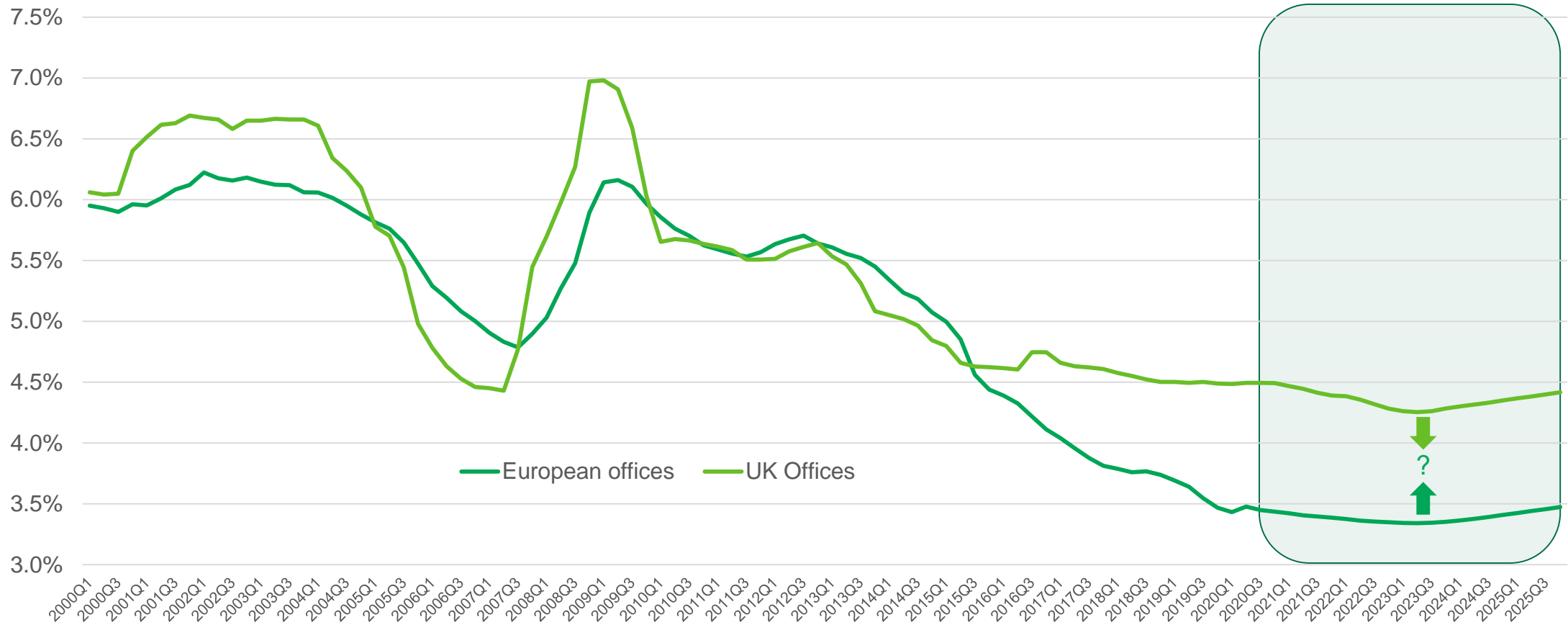


ALL OFFICE PERFORMANCE

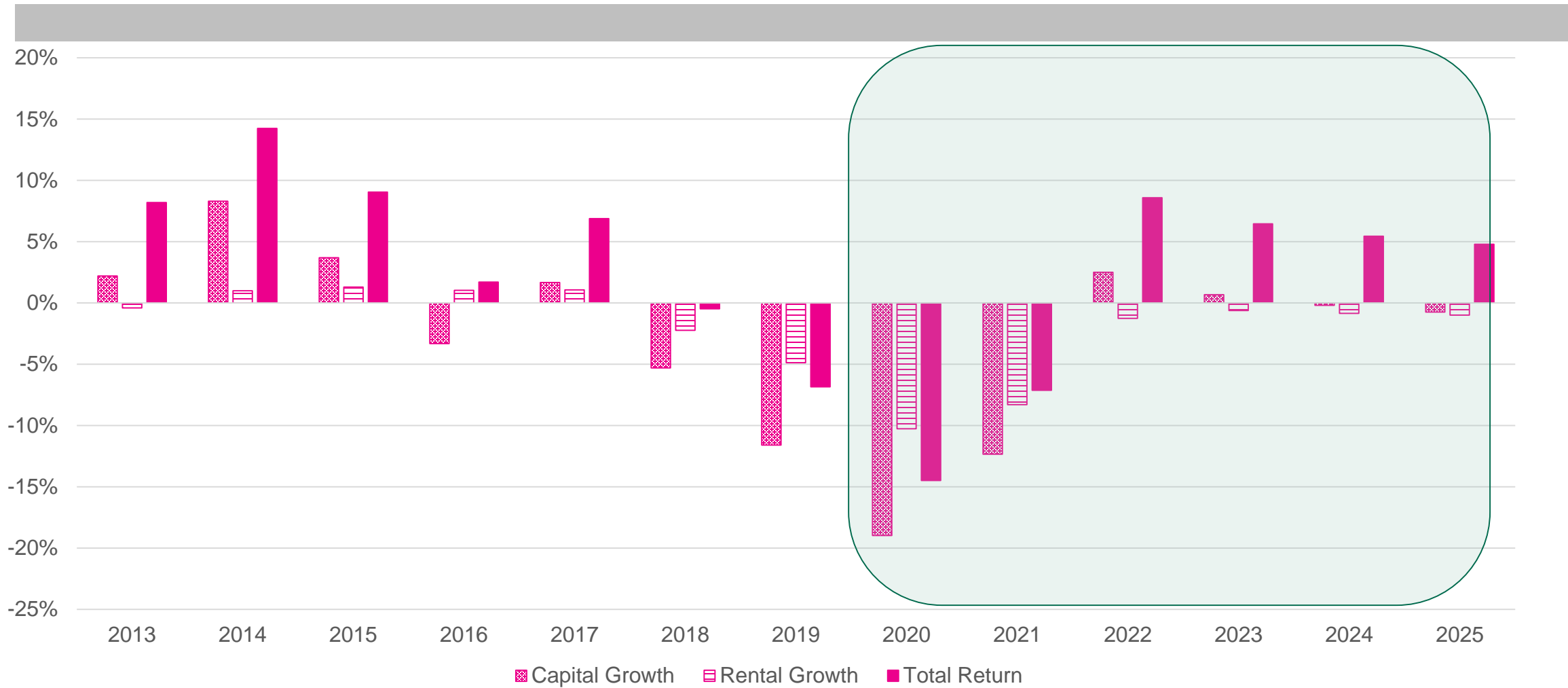


Source: CBRE

EUROZONE & UK PRIME AVERAGE OFFICE YIELDS

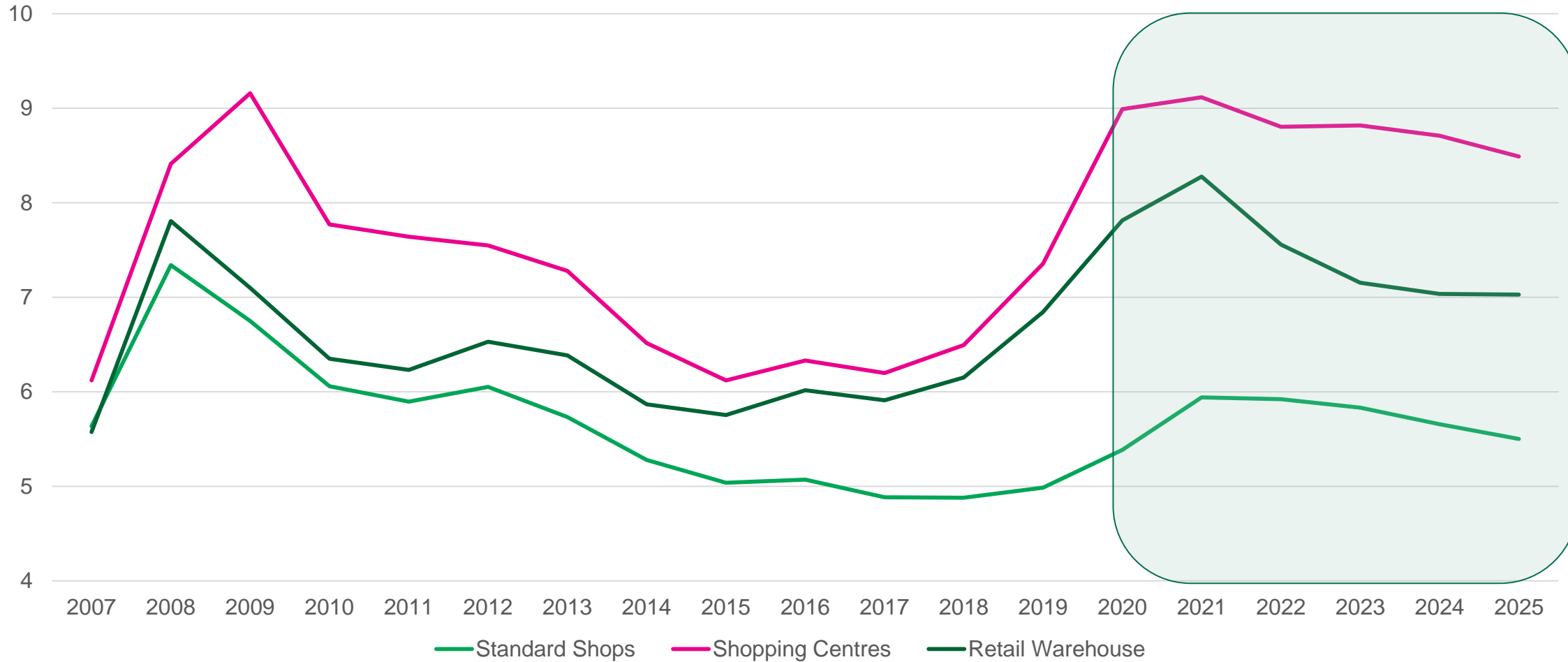


ALL RETAIL PERFORMANCE



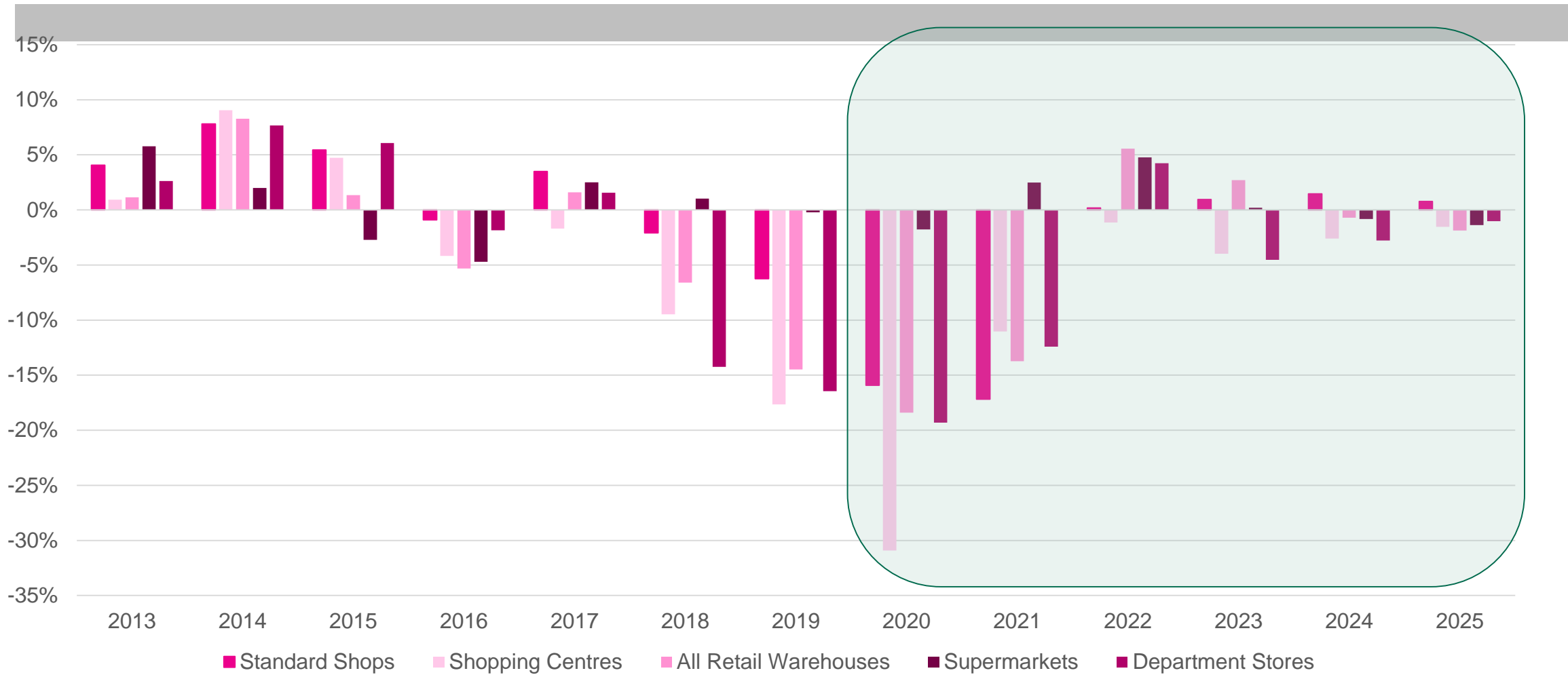
Source: MSCI, CBRE

RETAIL SEGMENT EQUIVALENT YIELD



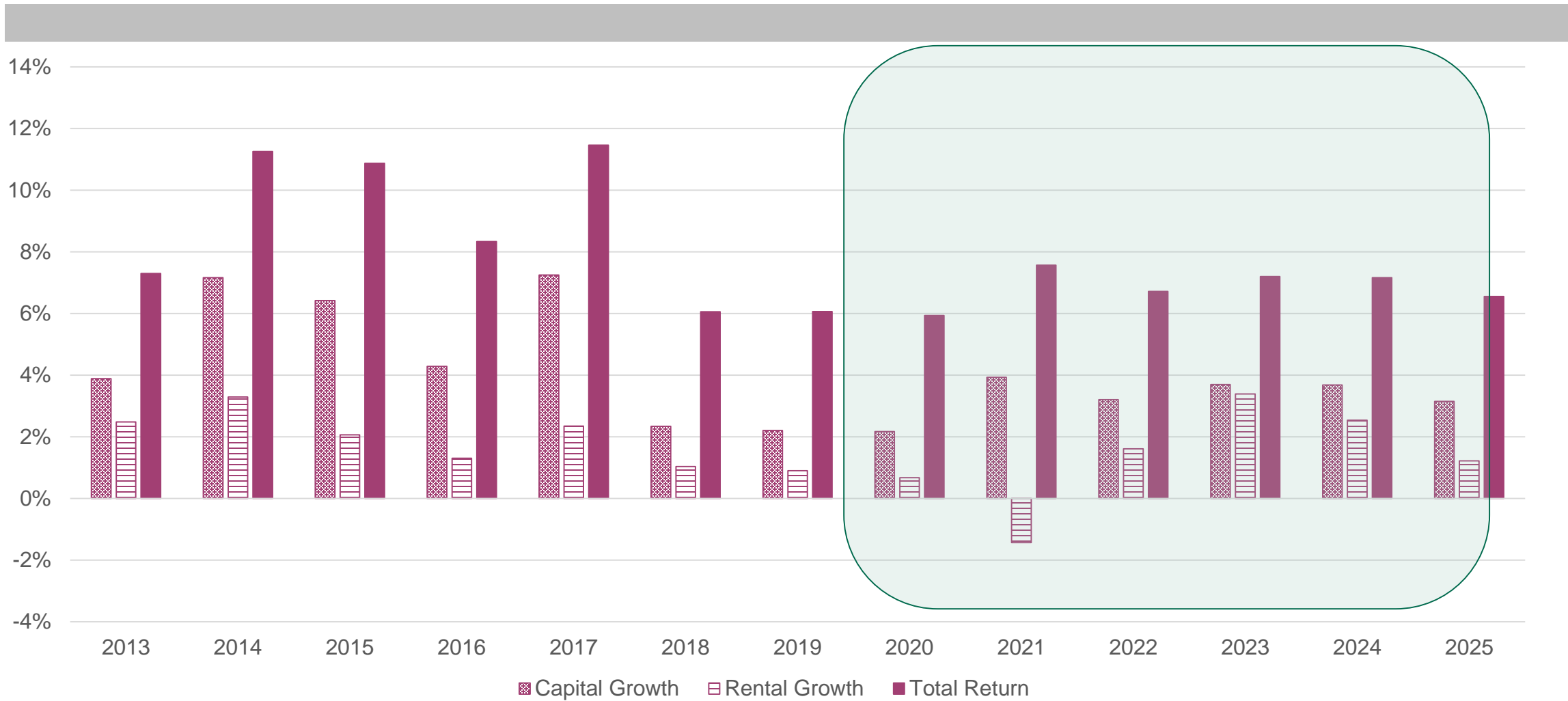
Source: MSCI, CBRE

RETAIL SUB-SECTORS – CAPITAL VALUE CHANGE



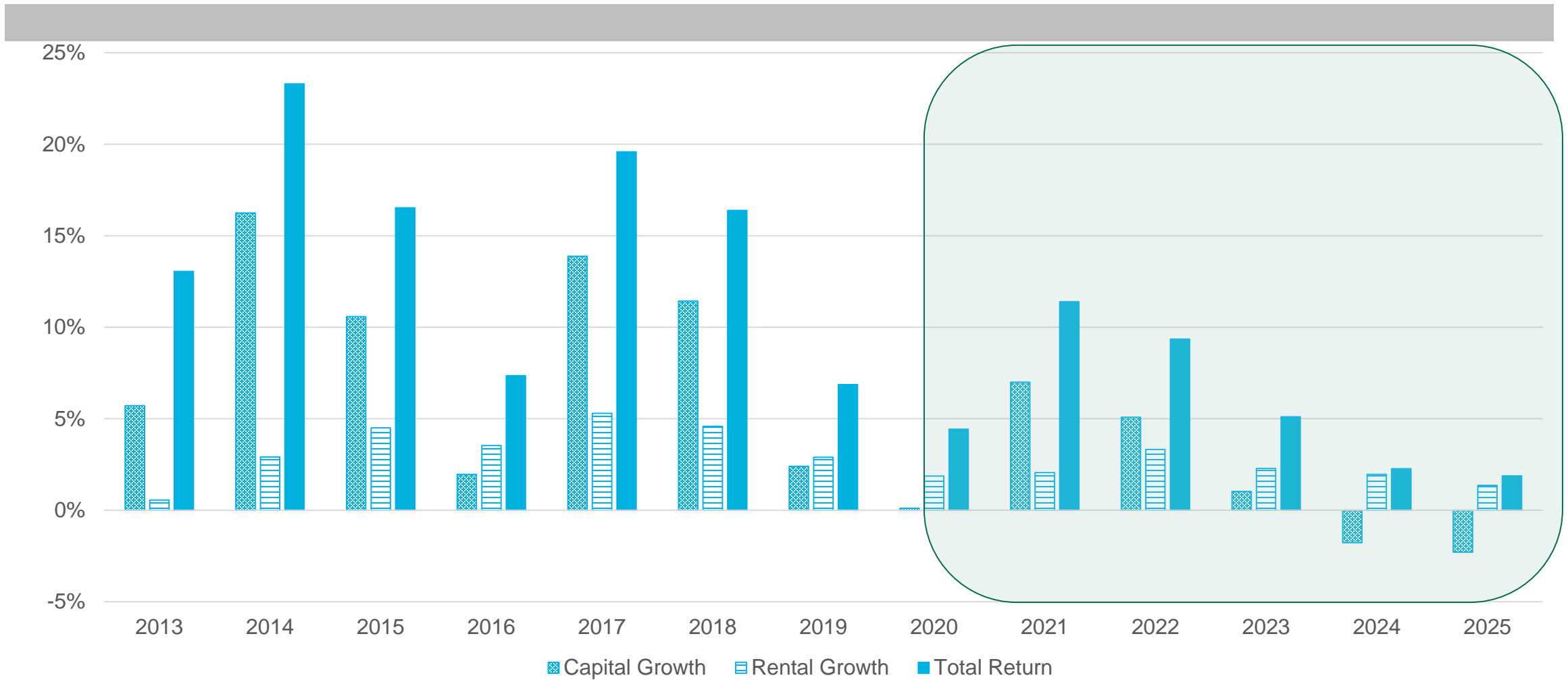
Source: MSCI, CBRE

ALL RESIDENTIAL PERFORMANCE



Source: MSCI, CBRE

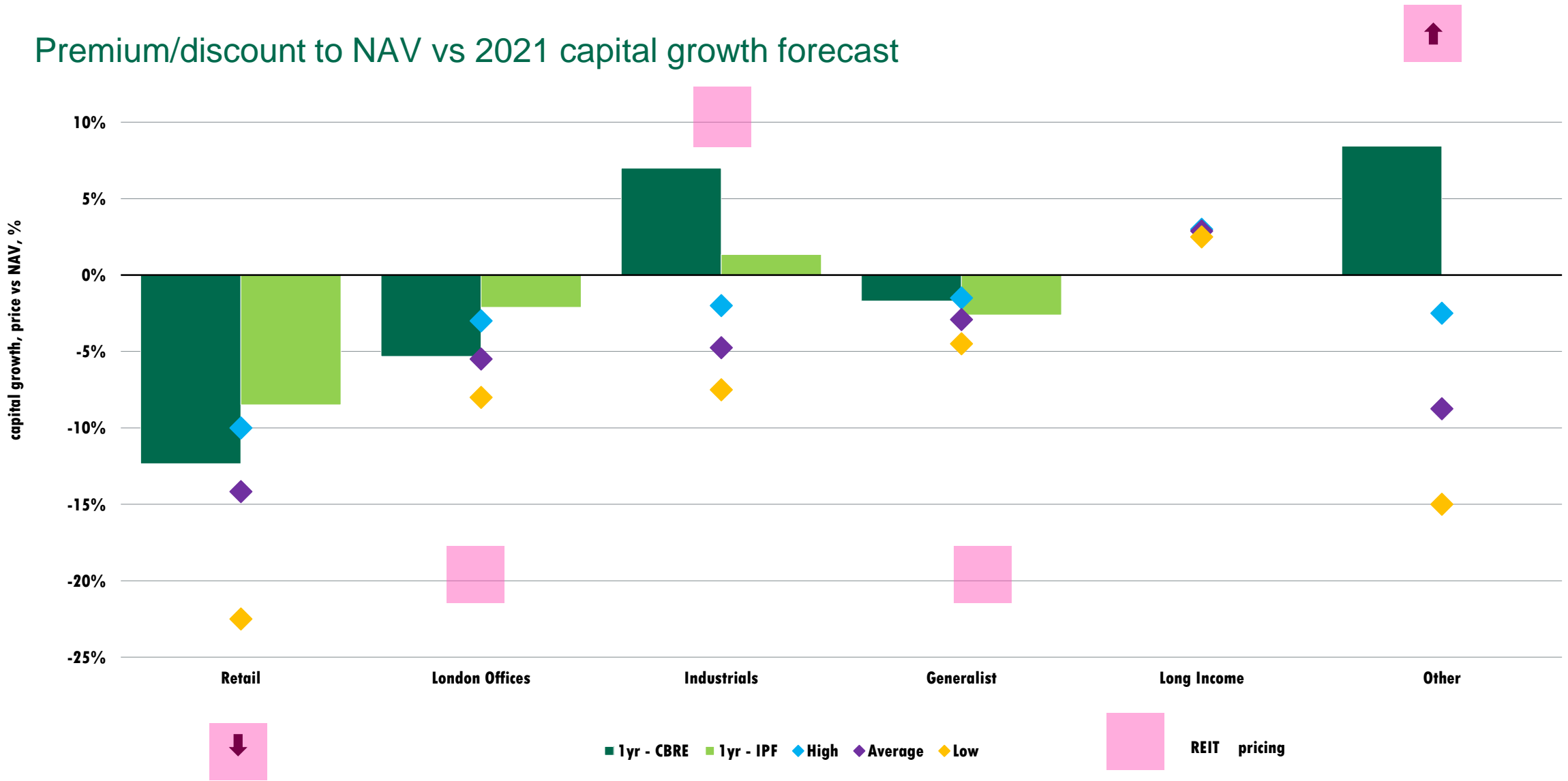
ALL INDUSTRIAL PERFORMANCE



Source: MSCI, CBRE

FORECASTS & PRICING

Premium/discount to NAV vs 2021 capital growth forecast



Source: CBRE Research, November 2020; IPF Consensus Forecast, November 2020; PropertyMatch January 2021

SUMMARY

- ECONOMIC UNCERTAINTY

Covid

The evolving new EU relationship

Scarring

- STRUCTURAL RISKS

Working from home and Office usage

Online shopping

- REAL ESTATE OUTLOOK

Income

Hotels and leisure

Residential

Quality and function

Adaptability

Sustainability



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Discussion





Presentation

Sasha Njagulj, Global Head of ESG
CBRE Global Investors



DATA IS CRUCIAL FOR INVESTMENT DECISION-MAKING

WHAT INVESTORS NEED?

- COMPARABLE
- ACCURATE
- CLEAR
- CONSISTENT
- COMPREHENSIVE

DATA

AND WHAT IS AVAILABLE?

DOZENS OF REPORTING FRAMEWORKS AND RATINGS


INTEGRATED REPORTING <IR>
GRESB
SASB Sustainability Accounting Standards Board
FTSE4Good
TCFD Task Force on Climate-Related Financial Disclosures
MSCI ESG RATINGS AAA
PRI Principles for Responsible Investment
UN GLOBAL COMPACT
CDP
S&P Global Ratings
SCIENCE BASED TARGETS
SUSTAINABLE DEVELOPMENT GOALS
GRI Empowering Sustainable Decisions
Dow Jones Sustainability Indexes
Department for Business, Energy & Industrial Strategy
STREAMLINED ENERGY & CARBON REPORTING

Sustainable Finance Disclosure Regulation (SFDR) Non-Financial Reporting Directive (NFRD)
 Taxonomy Regulation

EU TAXONOMY

Six environmental objectives - Real Estate
CONTRIBUTE AND DO NO SIGNIFICANT HARM

Energy efficiency
(EU EPC rating)
Carbon footprint/intensity
Renewable energy



**CLIMATE CHANGE
MITIGATION**

Sustainable urban
drainage systems
Smart buildings




**CLIMATE CHANGE
ADAPTATION**




**POLLUTION
PREVENTION**

Air pollutant emissions
Ozone depleting emissions
Land and water pollution

Waste management
Recycling rate
Hazardous waste



**CIRCULAR
ECONOMY**



**SUSTAINABLE USE OF WATER AND
MARINE RESOURCES**

Water
consumption
Water recycling



**HEALTHY
ECOSYSTEM**

Biodiversity
Protected areas

EU TAXONOMY

Governance safeguards – Real Estate

POLICIES

Sustainability risks policy

Remuneration policy

Labour rights policy

Human rights policy

Anti-corruption/bribery
policy

D&I policy

PRINCIPAL ADVERSE IMPACT (do no harm)

ESG violations/incidents

Gender pay gap

CEO pay ratio

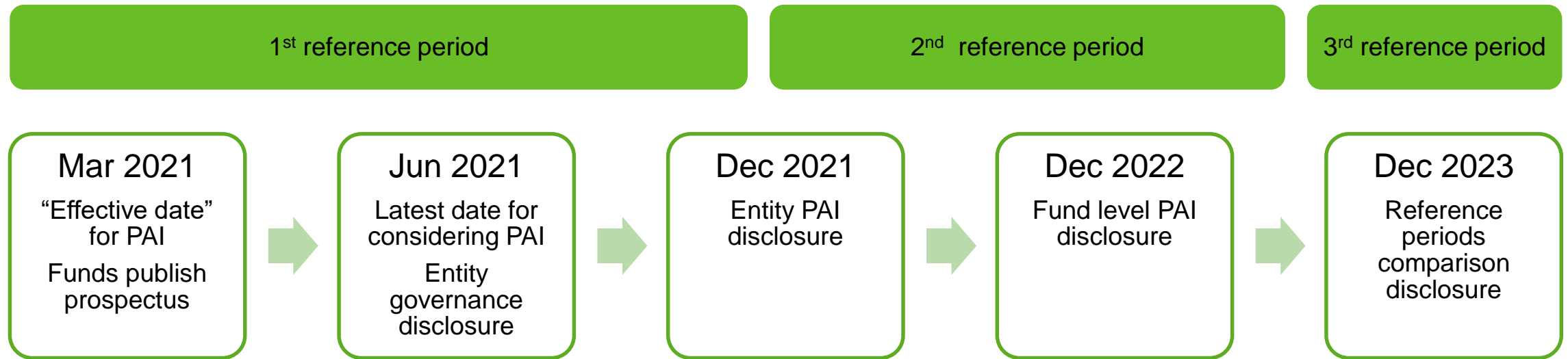
Board diversity

Exposure to suppliers/operations

Convictions and fines

Accident/fatality rates

TIMELINE



WHAT SHOULD YOUR MANAGERS BE DOING?

Review and align all policies

Review and align risk management/investment process

Identify products 'captured' by SFDR or Articles 8&9

Put in place robust data management system for entity and product data

Determine corporate data gaps & sources, and gather information

Determine investment data gaps & sources, and gather information (stakeholder engagement crucial)

Prepare website for disclosure AND compliance with other regulations (US Investment Advisers Act 1940, Rule 206(4)(1))

Keep monitoring technical developments for environmental screening criteria

Not wait for UK clarifications – prepare for the most stringent disclosure



Discussion





Thank you



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