REAL ESTATE

PRIVATE REAL ESTATE FUNDS COVID-19 IMPACT UPDATE

Private Real Estate

Q1 2020

BNP PARIBAS WEALTH MANAGEMENT

The bank for a changing world

2016

Pramerica EVP

Master Fund

Pramerica European Value Partners

Feeder Fund

PrivAccess II Real Estate European Value

PRAMERICA EVP

Call organized with PGIM on 03.04.2020 – R. Amabile, N. Mabed, K. Currey-Lewis

As a reminder, Pramerica EVP key features as of March 2020:

- ✓ Vintage: 2016
- ✓ % invested: 93%
- ✓ % of distributions: 46%

From a performance perspective, EVP portfolio is significantly de-risked with 4 investments already realized – out of the total 14 investments made so far – and 46% of the capital has already been given back to investors.

Two additional investments are secured and de-risked from a sale perspective:

- ✓ Junghof Plaza – The asset exit is already secured through a forward sale to a German pension fund
- ✓ German Residential Portfolio – The portfolio is almost fully sold and PGIM is confident in the liquidity available in the market for such stabilized residential assets

The Square and M Campus - EVP two biggest assets – are stabilized and are ready for sale:

- ✓ The Square sale was due to close the very first day of the lockdown period in France, though CNP – the buyer, a French insurance company – decided to walk away from the deal and to sit on the side lines with respect to any new investment opportunities in the COVID-19 period. Though CNP might change its mind, PGIM prefers to consider that this sale won't be completed and that a new sale process will be needed to another institutional core buyer by the end of the year – with a distribution to be expected by early 2021
- ✓ For M Campus, PGIM has received a LOI post lockdown announcement from a French institutional buyer for the acquisitions of 3 buildings – out of 6 – let to Thales. The buyer manages SCPI in France and needs to invest the cash raised. The closing is expected in July 2020. If that is the case, there should be a distribution to PrivAccess II REEV investors by end of the year. The proceeds to be received for 3 out of 6 buildings represent the full equity invested for the whole M Campus investment

Source: PGIM – March 2020

PRAMERICA EVP 2/2

The remaining portfolio value is concentrated in strong and liquid markets in resilient sectors with a limited exposure to speculative development – 3% of the fund.

Though PGIM expects a limited impact from the COVID-19 situation on its EVP portfolio, PGIM might have to extend the holding periods initially scheduled for some of its investments, with therefore an impact on the returns, to be materialized on Q2 2020.

Finally, no financing issues are to be expected with PGIM prudent use of leverage – 49% LTV at fund level – and an average debt maturity over 2 years.

Source: PGIM – March 2020

2017

Partners Group RES 2017

Master Fund

Partners Group Real Estate Secondary 2017

Feeder Fund

PrivAccess III Real Estate Global Secondary 3

PARTNERS GROUP RES 2017

Call organized with Partners Group on 27.03.2020 – C. Angeloz

As a reminder, Partners Group RES 2017 key features as of March 2020:
- ✓ Vintage: 2017
- ✓ % invested: c.90%
- ✓ % of distributions: 0%

Partners Group RES 2017 portfolio is invested mainly across the office and logistics sector with a strong diversification and long-term contracted leases. As such, Partners Group has not seen any material impact of the COVID-19 situation on its portfolio.

Partners Group is currently conducting a thorough review of all their investments and will be able to provide more details on its portfolio in the course of April.

Meanwhile, they have identified key risks to deal with:
- ✓ Liquidity and situations with insufficient amount of capital dedicated to investments – with a particular focus on the debt service, essential Capex and Opex
- ✓ Construction projects – the current situation may result of potential delays and updated economics as a consequence of non-availability or alternative sourcing of labour or materials

With respect to the impact the current situation may have on the different sectors:
- ✓ Office, logistics and residential – sectors which are over weighted in Partners Group portfolio – are likely to suffer the less from the situation with sustained demand and sound fundamentals over the long-term
- ✓ Retail, hospitality, student and senior housing are the three sectors that are going to get hit the hardest

Investments are going to be reviewed on a case-by-case basis with an additional call in late April 2020 for an in-depth analysis of PG RES 2017 portfolio cash flows.

Source: Partners Group – March 2020

2017

Blackstone BREP Asia II

Master Fund

Blackstone Real Estate Partners Asia II

Feeder Fund

PrivAccess V Real Estate Asia 2

BLACKSTONE BREP ASIA II

Call organized with Blackstone on 26.03.2020 – K. Sprogis

As a reminder, BREP Asia II key features as of March 2020:

- ✓ Vintage: 2017
- ✓ % invested: 38%
- ✓ % of distributions: 0%

Blackstone expects a limited impact of the virus on BREP Asia II portfolio, being well diversified in terms of sector and geography. Dynamics are different across the countries in Asia with countries in the process of recovery post health crisis (China, HK and Singapore) and countries in containment period (Japan, India, Australia).

Blackstone has a large exposure to office and industrial across the major markets in Asia and has not seen any significant impact due to the COVID-19 situation on the major part of its portfolio.

The investment Blackstone has made in hotels in the Maldives represents the major impact in BREP Asia II portfolio: hotels are currently closed and the portfolio may suffer from a loss in cash flows over the short-term but will represent an opportunity for Blackstone to execute the scheduled Capex.

In terms of financing, Blackstone BREP Asia II has a long-term debt maturity with no loan maturity until 2022.

Source: Blackstone – March 2020

2018

Brookfield

BSREP III

Master Fund

Brookfield Strategic Real Estate Partners III

Feeder Fund

PrivAccess VII Real Estate Global Opportunistic 3

BROOKFIELD BSREP III

Call organized with Brookfield on 30.03.2020 – J. Jimenez, J. Sidhu

As a reminder, BSREP III key features as of March 2020:
- ✓ Vintage: 2018
- ✓ % invested: 54%
- ✓ % of distributions: 0%

First and foremost, with a $20b fund nearly half-committed, Brookfield benefits from a large amount of available capital enabling them to protect assets in their existing portfolio, if need be, and giving them dry powder to address opportunities arising in the public market especially.

While Brookfield is still conducting an in-depth analysis of their portfolio, they have managed to give us an overview on the impact the current situation may have on their portfolio.

The hospitality sector obviously appears as the most impacted sector of BSREP III portfolio. As an illustration, the average occupancy rate in the hospitality sector in the US - already between 15% and 20% - is expected to go down.
Though, BSREP III exposure to hospitality is not significant - accounting for c.7% of the total portfolio allocation. Brookfield strategy is to close its properties for an expected duration of 2-3 months with the aim to reducing the operating expenses as much as possible.
Meanwhile, there are not significant issues on the debt side and Brookfield has started to initiate discussions with the lending banks, projecting potential issues on covenant levels.
Furthermore, dislocation in the hospitality sector leads to very interesting opportunities for Brookfield to invest in. However, Brookfield is willing to deal with its exposure to hospitality with caution and will address potential hospitality investment opportunities with co-investors.

Second sector with a huge impact, retail, where Brookfield does not have a significant exposure either - 3% of the total portfolio allocation.
The two retail assets in BSREP III portfolio are two malls located in Dubai and in Shanghai - which have experienced a slowdown in their activity without closing though.

Source: Brookfield – March 2020

Moreover, Brookfield has invested c.$900m of equity in student housing and services apartments across Europe. The sector will be impacted by the current situation as many of the universities are closed due to the lockdown situation currently in place in Europe. As a consequence, occupancy in Brookfield properties has dropped off significantly. Brookfield expects to miss some leasing windows in the coming months and expects a long ramp up period to come back at the levels of occupancy experienced pre-crisis.

With respect to Forest City, BSREP III biggest investment so far with c.$1.9b invested, the company benefits from a large exposure to office and residential with a great stability. Almost half of the NOI comes from office stabilized assets with no sign of default in terms of rent payment. Residential represents the other large part of the portfolio - between 35% and 40% - with 4 properties in a lease-up strategy. While Brookfield may experience some slowdown in the leasing pace given the current situation, they have seen a highest rate of rent renewals.

On the financing side, the investments being relatively recent, BSREP III has a long-term debt maturity. As previously mentioned, some issues may arise in the medium-term in the hospitality sector and Brookfield is confident in the flexibility the banks are willing to grant given the situation.

BSREP III LTV is c.60% as of Q4 2019, which is manageable and in line with Brookfield expectations.

Overall, Brookfield deems to have enough cash to deal with liquidity issues that may arise and does not anticipate any capital call in the near-term to address any issues in the existing portfolio.

Finally, Brookfield has identified some opportunities, in particular in the public market. They have seen an increasing number of publicly listed mortgage REITs unable to meet their debt obligations in the US which may request "rescue capital". Public-to-private opportunities are likely to arise given the huge dislocation in the public market - where Brookfield is able to use its size advantage.

Source: Brookfield – March 2020

2018

PGIM EVP II

Master Fund

PGIM European Value Partners II

Feeder Fund

PrivAccess VIII Real Estate European Value 2

PGIM EVP II

Call organized with PGIM on 03.04.2020 – R. Amabile, N. Mabed, K. Currey-Lewis

As a reminder, PGIM EVP II key features as of March 2020:
- ✓ Vintage: 2018
- ✓ % invested: 22%
- ✓ % of distributions: 0%

PGIM has committed 22% of the fund to 3 investments in resilient and defensive sectors – affordable office, affordable residential and logistics – in Europe most liquid markets – France and Germany.

While PGIM does not see any impact on its current portfolio, a slowdown is to be expected in the coming months on the real estate investment activity due to the lockdown period in most European countries.

Benefiting from a significant amount of dry powder, PGIM is looking closely at opportunities, in particular from distressed situations coming from mezzanine players or from mismanaged assets being on banks balance sheets. A 4th deal – a logistics development in Germany – has been signed but not closed yet.

On the financing side, EVP II has a conservative 56% LTV with non-recourse facilities and very low cost of financing – 1.6% all-in interest at a fixed rate and light covenants.

Source: PGIM – March 2020

2019

Blackstone

BREP IX

Master Fund

Blackstone Real Estate Partners IX

Feeder Fund

PrivAccess IX Real Estate Global 9

BLACKSTONE BREP IX

Call organized with Blackstone on 26.03.2020 – K. Sprogis

As a reminder, BREP IX key features as of March 2020:

- ✓ Vintage: 2019
- ✓ % invested: 20%+
- ✓ % of distributions: 0%

Most of investments are in fairly defensive sectors in the current environment ie logistics and residential. In particular, the logistics sector - accounting for c.80% of BREP IX portfolio – benefits from a sustained demand with a very strong ecommerce activity due to the containment measures in most countries, especially in the US.

Though, Blackstone expects some headwinds in their hospitality business which accounts for small part of their portfolio.

Being in its early stages, BREP IX benefits from a great amount of liquidity – which enables Blackstone to seize arising opportunities in particular in the public markets.

On the financing side, BREP IX has a long-term debt maturity on average with no loans ending in the next couple of years.

To sum up, Blackstone expects a very limited impact on their portfolio – due to their exposure to hospitality – while benefiting from the current positive trend around ecommerce.

Source: Blackstone – March 2020

2019

EQT

RE II

Master Fund

EQT Real Estate II

Feeder Fund

PrivAccess X European Real Estate 2

EQT RE II

Call organized with EQT on 02.04.2020 – R. Rackind, N. Raghavan, H. Orrbeck

As a reminder, EQT RE II key features as of March 2020:
- ✓ Vintage: 2019
- ✓ % invested: 33%
- ✓ % of distributions: 0%

So far, EQT RE has invested a third of the fund size across 3 investments in resilient sectors – logistics and residential – in Sweden and in France, creating an income-producing, granular and defensive portfolio.

From a macro perspective, EQT RE expects to benefit from the sustained demand for last mile industrial coming from the increase in ecommerce activity. The need for centrally located warehouses will only grow stronger as more and more commerce are going to move online.

EQT RE II fundraising is still on-going, they are now at €740m of commitments and expect to hold their final closing by May 2020 - reaching their €1b target size.

Hence, with such amount of dry powder - between €600m & €800m - EQT RE is in a position to benefit from current opportunities in the public market.

As an illustration, EQT RE has decided to use some of its available cash to acquire additional shares of Stendörren – its first investment in EQT RE II. Indeed, Stendörren share price has been trading recently at 95 SEK/share, below EQT acquisition price including cost of 105 SEK/share and significantly below the intrinsic value of the company portfolio at 128 SEK/share – recently valued by an external third-party.

Other opportunities might be secured in the near-term in affordable residential in the UK and in student housing in Spain but EQT RE is extremely cautious on the market reaction post-crisis.

Source: EQT – March 2020