

COVID-19 IMPACT ON REAL ESTATE MARKETS

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BNP PARIBAS
WEALTH MANAGEMENT

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for a changing
world

Part I | LISTED REAL ESTATE



Listed Real Estate – A Strong Impact from COVID-19

Real Estate Investment Trusts (REITs) have been highly impacted by the COVID-19 situation following the downturn in the equity market

In each region, a huge impact for Real Estate Investment Trusts following the downturn in the equity market ...

LISTED REAL ESTATE
REAL ESTATE INDEXES
EQUITY INDEXES

EUROPE

Indexes	Perf. YTD as of 03.2020
EPRA/NAREIT Europe ex. UK	-26.52%
EPRA/NAREIT UK	-26.59%

Index	Perf. YTD as of 03.2020
FTSE Dev. Europe Index	-22.60%

US

Index	Perf. YTD as of 03.2020
EPRA/NAREIT North America	-29.00%

Index	Perf. YTD as of 03.2020
S&P 500	-20.70%

ASIA

Indexes	Perf. YTD as of 03.2020
EPRA/NAREIT Developed Asia	-26.97%
EPRA/NAREIT Japan	-26.40%

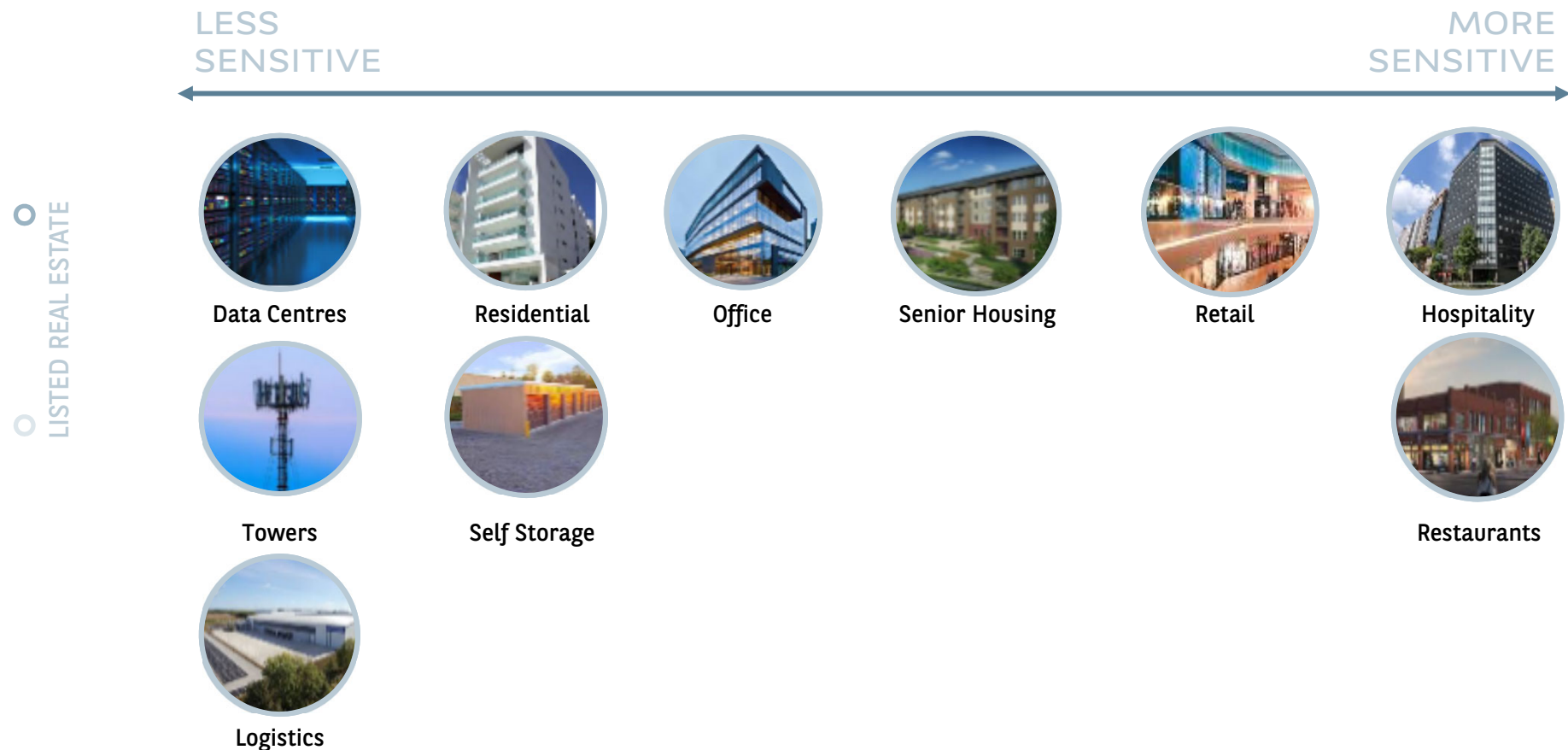
Index	Perf. YTD as of 03.2020
FTSE Dev. Asia Pacific Index	-20.60%

... and even more as real estate has been a sector impacted by the COVID-19 pandemic

Source: BNP Paribas Wealth Management – Q1 2020

Listed Real Estate – A Different Impact Following the Sub-Sectors

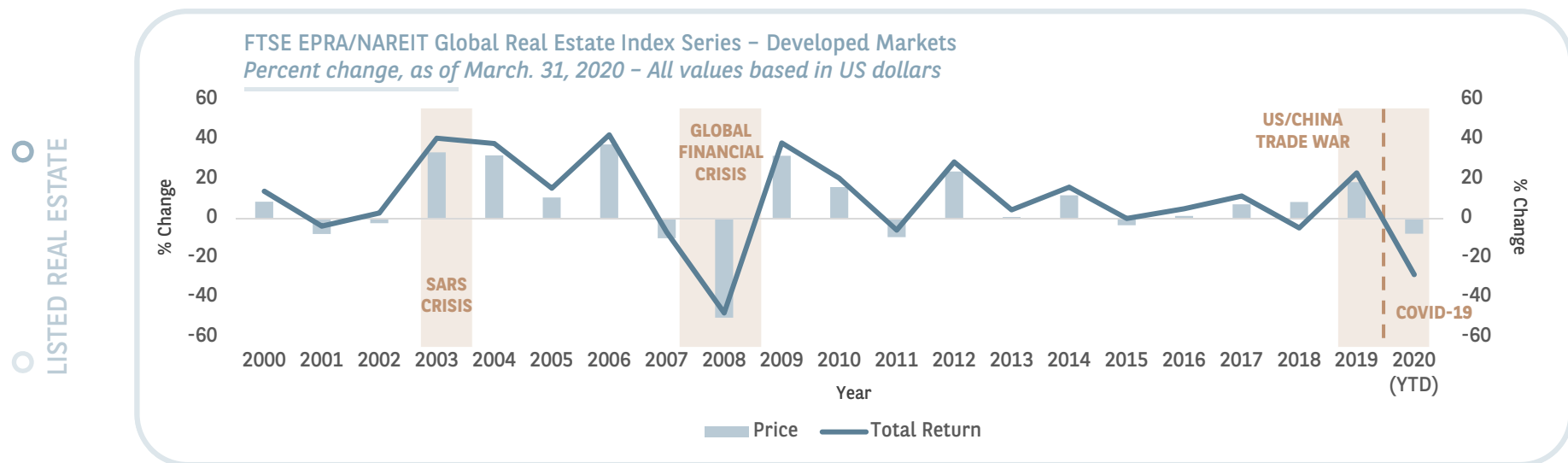
Real estate sub-sectors that experienced the most immediate negative impacts were those related to travel, entertainment and retail



Source: BNP Paribas Wealth Management & Brookfield Public Securities Group Research – Q1 2020

Listed Real Estate – Very poor YTD Performance vs last 20 years

REITs have been highly impacted by the COVID-19 pandemic and have seen an extreme decrease in their share price



○ EXPECTED SLOWDOWN IN REAL ESTATE FUNDAMENTALS IN THE COMING MONTHS + LOW VISIBILITY THAT ARE LIKELY TO IMPACT REITS **SHORT-TERM** ABSOLUT PERFORMANCE

Source: BNP Paribas Wealth Management – Q1 2020

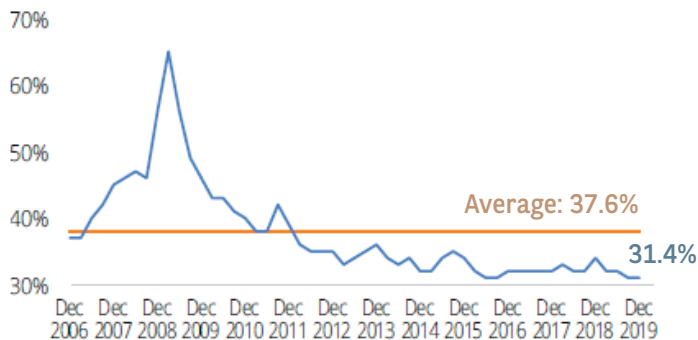
Listed Real Estate – Looking Ahead...

Compared to the last major downturn (2007-2008), REITs seem better prepared to withstand the current market crisis

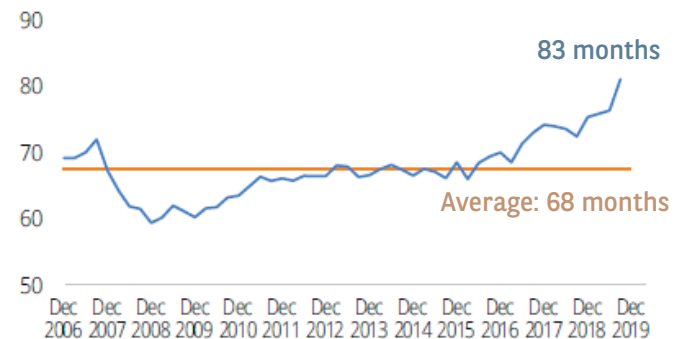
- BALANCE SHEETS ARE IN MUCH BETTER SHAPE THIS CYCLE. MAJOR REITS HAVE SIGNIFICANTLY LESS LEVERAGE AND MOST HAVE VERY LIMITED NEAR-TERM DEBT MATURITIES
- ADDITIONALLY, MANY COMPANIES HAVE LOWERED PAYOUT RATIOS, THEREBY REDUCING REFINANCING RISK AND IMPROVING RETAINED CAPITAL

○ LISTED REAL ESTATE

Debt to Market Value



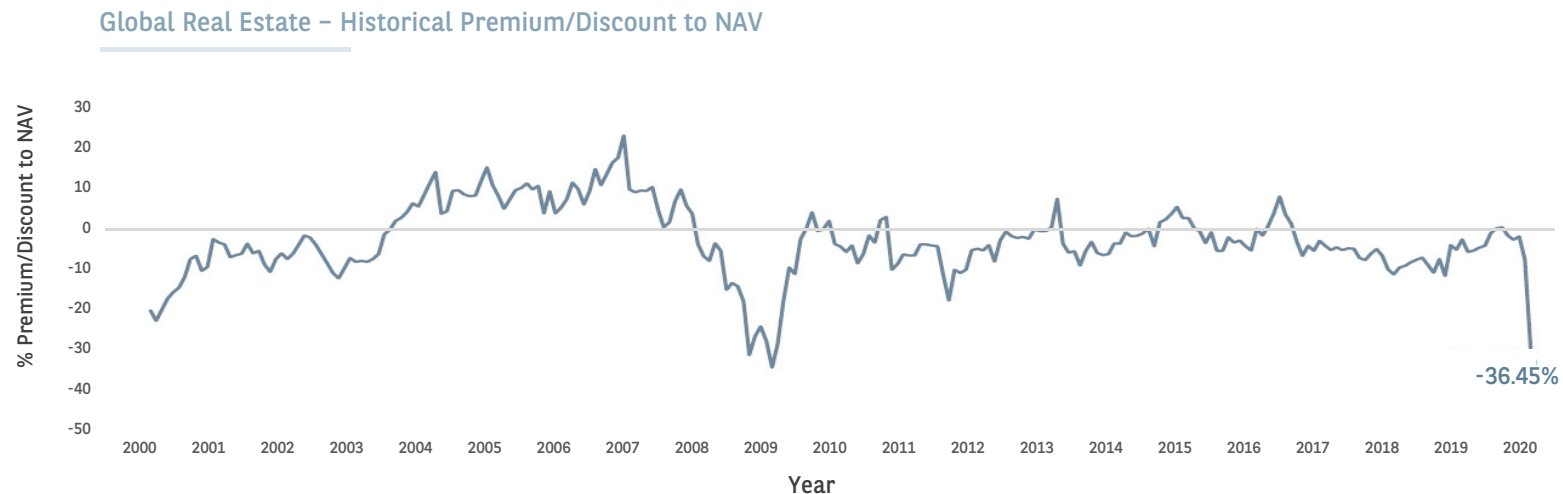
Weighted Average Term to Maturity (In months)



Source: Brookfield Public Securities Group, NAREIT T-Tracker, S&P Global Market Intelligence. Data represents all listed US Equity REITs – Q1 2020

Listed Real Estate – Opportunities Amid COVID-19 Volatility

With recent decrease in stock prices, REITs have been trading at meaningful discounts to their underlying value



MAIN REAL ESTATE OPPORTUNISTIC INVESTORS HAVE STARTED TO RESERVE SOME CAPITAL TO BENEFIT FROM THE ARISING OPPORTUNITIES IN THE PUBLIC MARKET, **IN A LONG TERM VIEW**

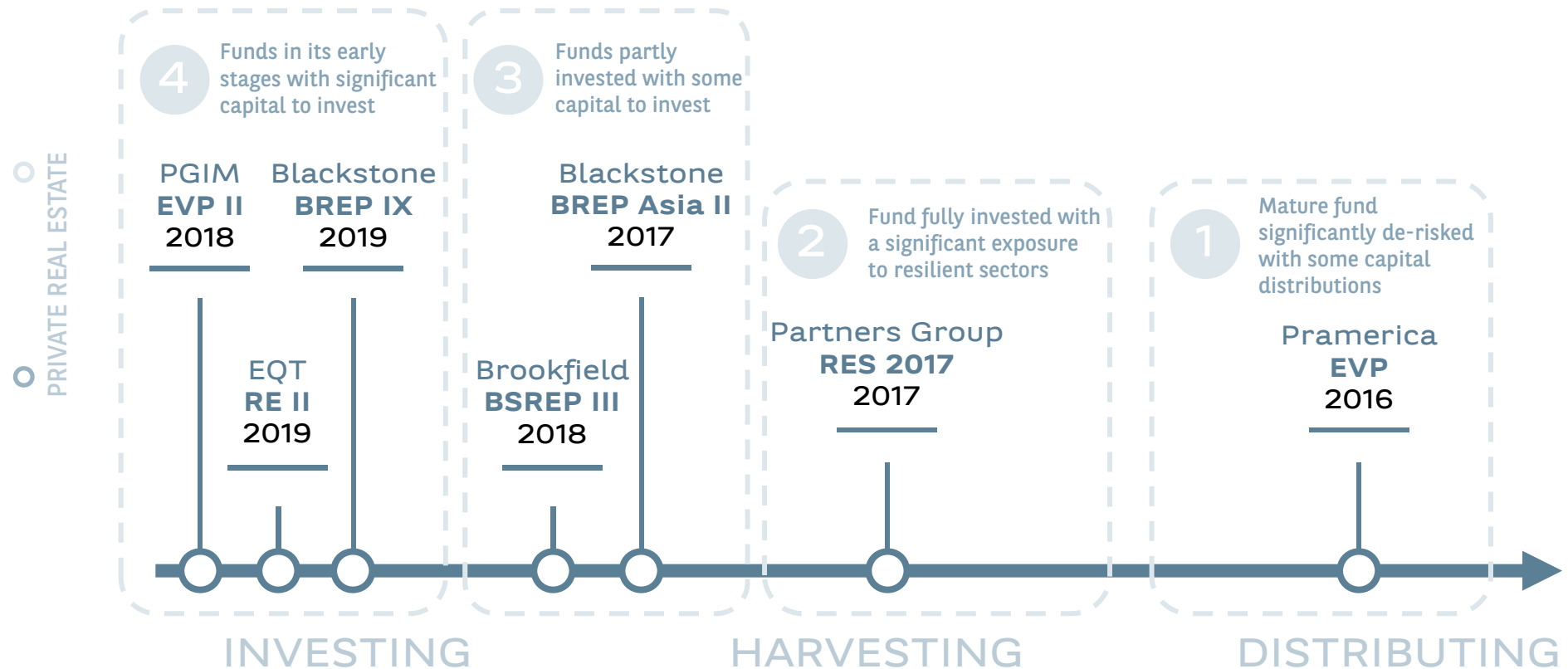
Source: UBS Global Real Estate Research. Brookfield Public Securities Group Research – Q1 2020

Part II | PRIVATE REAL ESTATE



Our Private Real Estate Portfolio – Some Impacts to be Mitigated

Our real estate funds being at different maturity stages, the analysis of our portfolio from a COVID-19 impact perspective can be split into four groups. The impact on valuations is expected in Q2 2020 figures rather than in Q1 2020 figures



Source: BNP Paribas Wealth Management – Q1 2020

Our Private Real Estate Portfolio – Expected Capital Calls & Distributions

We have asked our GPs to give us updated figures with respect to their expected capital calls and distributions in the coming months

Master Fund	Feeder Fund	Master Fund Level				Feeder Fund Level			
		Expected Capital Call	Date	Expected Distribution	Date	Expected Capital Call	Date	Expected Distribution	Date
Pramerica EVP	PrivAccess II REEV	6.5%	Sep. 2020	10.0%	Aug. 2020	6.5%	Sep. 2020	10.0%**	Sep. 2020
Partners Group RES 2017	PrivAccess III REGS 3	-	-	-	-	-	-	-	-
Blackstone BREP Asia II	PrivAccess V REA 2	1.5%	April 2020	-	-	0.0%	-	-	-
Brookfield BSREP III	PrivAccess VII REGO 3	5.0%	March 2020	-	-	5.0%	May 2020	-	-
PGIM EVP II	PrivAccess VIII REEV 2	-	-	-	-	-	-	-	-
Blackstone BREP IX	PrivAccess IX REG 9	7.5%	March 2020	-	-	7.5%	March 2020	-	-
EQT RE II	PrivAccess X ERE 2	20.0%	April 2020	-	-	0.0%*	-	-	-

Timelines and amounts of distributions and capital calls are estimated and are subject to changes from the Master Funds

* The Feeder Fund has already called enough cash at closing early March 2020, hence no need for an additional capital call to Feeder Fund investors

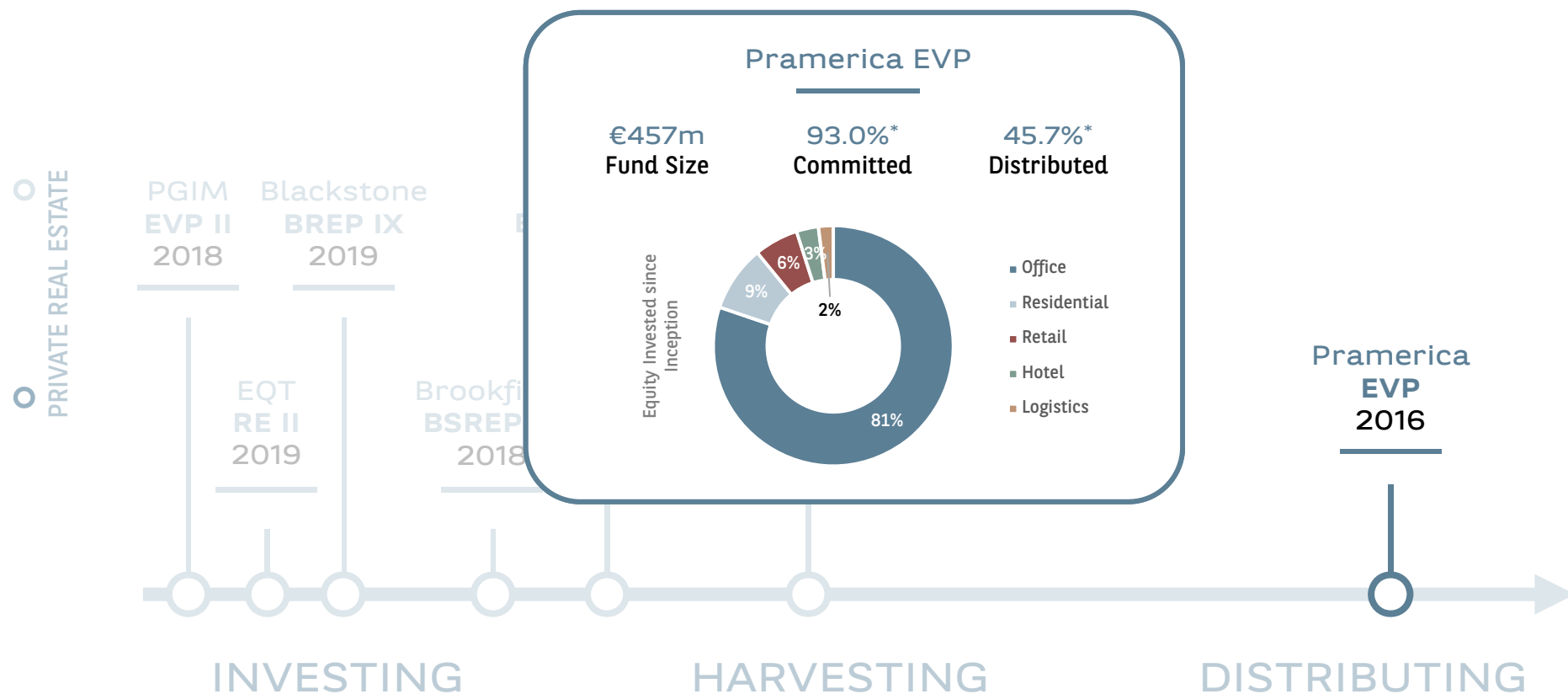
** A Letter of Intent has been signed post-Covid-9 on M Campus with exclusivity, but the deal is not signed and closed yet

Source: BNP Paribas Wealth Management – Q1 2020

1

Group 1 – Seasoned Fund with Already Some Distributions

Pramerica EVP, a mature fund significantly de-risked with some distributions – 45.7% of the fund - and a value creation already crystallised for most of its assets – 2.2x gross MOIC on realized investments



* As of 31.12.2019

Source: BNP Paribas Wealth Management & PGIM – Q1 2020

1

Group 1 – Focus on Pramerica EVP

€119.2m Feeder Fund
€45.0m Direct Orders



Pramerica EVP

€457m
Fund Size

93.0%*
Committed

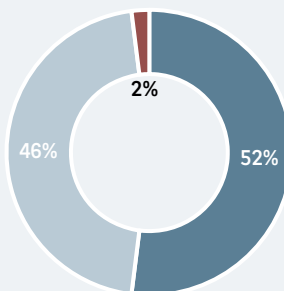
45.7%*
Distributed

14
Investments

4
Realizations

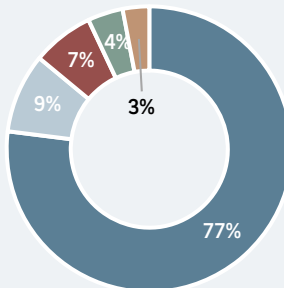
49%*
LTV

Portfolio Unrealized Value
by Geography



■ France
■ Germany
■ Italy

Portfolio Unrealized Value
by Sector



■ Office
■ Residential
■ Retail
■ Hotel
■ Logistics



Returns as of Q4 2019

33%
Projected Gross IRR**

1.8x
Projected Gross EM**

KEY TAKEAWAYS

1

EVP portfolio is significantly de-risked with 4 investments already realized and c.45% of the capital given back to investors

2

Two additional investments are secured and de-risked from a sale perspective as Junghof Plaza is under a binding forward sale agreement and the German Residential Portfolio is almost fully sold

3

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

4

Pramerica EVP has benefited from a prudent use of leverage with room vis-à-vis financing covenants of its investments and an average debt maturity over 2 years

* As of 31.12.2019

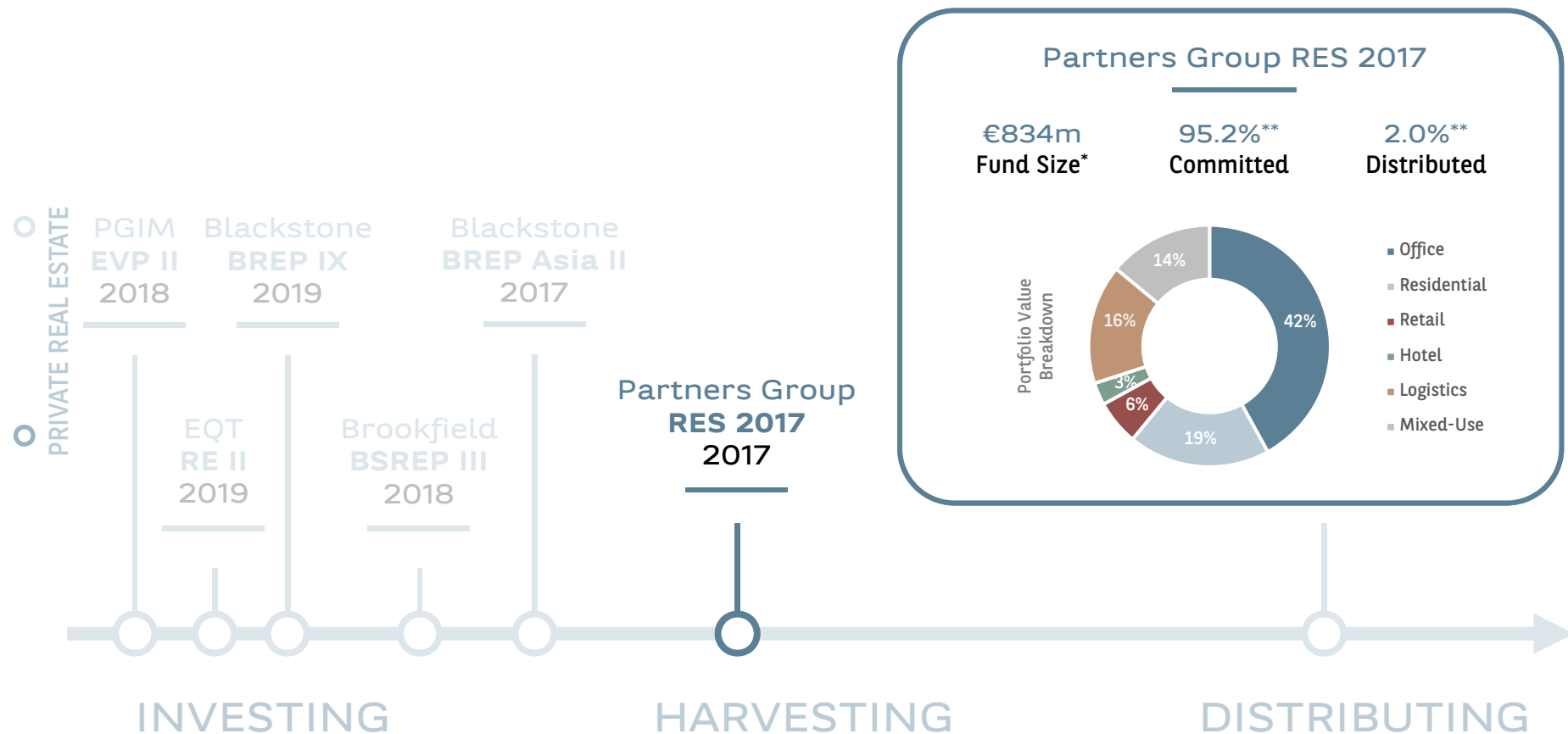
** Subject to an impact from the COVID-19 situation

Source: BNP Paribas Wealth Management & PGIM – Q1 2020

2

Group 2 – Fund Fully Invested & Exposed to Resilient Sectors

Partners Group RES 2017, potentially more impacted though benefiting from a very granular portfolio bought with a discount being a secondary fund



* For Sleeve EUR C RAIF. With other sleeves, total above €2.0b

** As of 31.12.2019

Source: BNP Paribas Wealth Management & Partners Group – Q1 2020

2

Group 2 – Focus on Partners Group RES 2017

€91.2m Feeder Fund
€20.0m Direct Orders



Partners Group RES 2017

€834m*
Fund Size

95.2%**
Committed

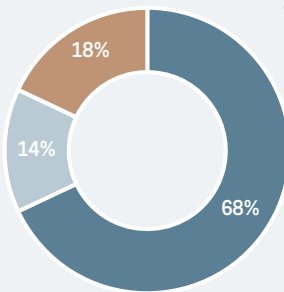
2.0%**
Distributed

35
Investments

-
Realizations

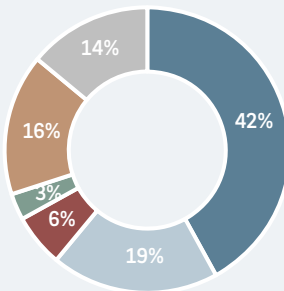
20%**
LTV
(at fund level only
through bridge financing)

Portfolio Unrealized Value
by Geography



■ US
■ Europe
■ Asia

Portfolio Unrealized Value
by Sector



■ Office
■ Residential
■ Retail
■ Hotel
■ Logistics
■ Mixed Use



Returns as of Q4 2019

21%
Current Gross IRR

1.2x
Current Gross EM

KEY TAKEAWAYS

1

Partners Group RES 2017 portfolio is invested mainly in the **office, residential and logistics** sectors – 77% of the fund – with a **strong diversification** and long-term contracted leases

2

Being **massively invested in the current markets**, Partners Group portfolio might suffer more than peers less exposed and having available capital to benefit from the market dislocation

3

Partners Group RES 2017, as a **secondary fund**, benefits from a great & **granular portfolio of assets mostly bought at a discount** – giving therefore additional downside protection

4

Partners Group RES 2017 portfolio **mainly located in the US** – 68% of the fund – in regions where lockdown measures have not been taken yet

* For Sleeve EUR C RAIF. With other sleeves, total above €2.0b

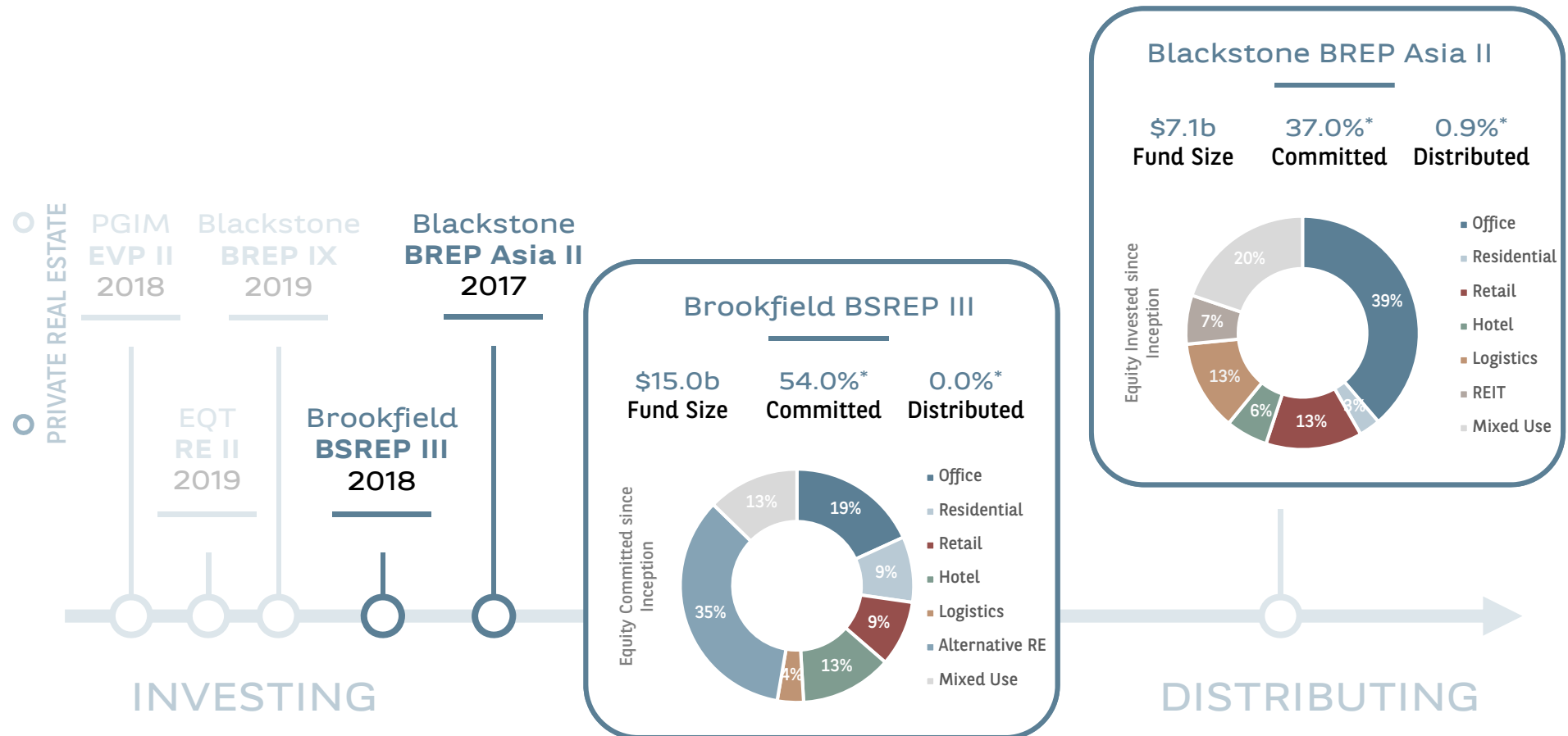
** As of 31.12.2019

Source: BNP Paribas Wealth Management & Partners Group – Q1 2020

3

Group 3 – Funds already quite committed but with a high dry powder

Blackstone BREP Asia II and Brookfield BSREP III, both already quite committed to current markets but with a significant amount of available capital



* As of 31.12.2019

Source: BNP Paribas Wealth Management, Brookfield & Blackstone – Q1 2020

3

Group 3 – Focus on Brookfield BSREP III

\$155.7m Feeder Fund
\$50.0m Direct Orders



Brookfield BSREP III

\$15.0b
Fund Size

54.0%**
Committed

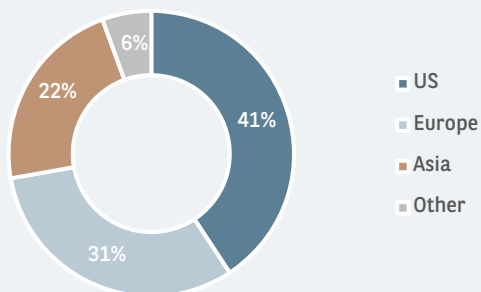
0.0%**
Distributed

31
Investments

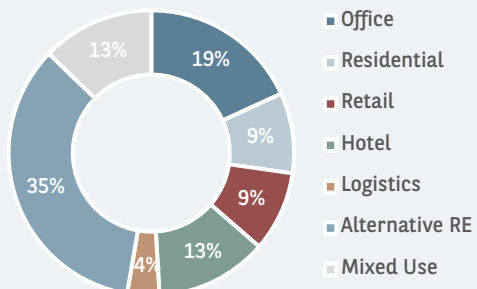
-
Realizations

60%**
LTV

Portfolio Commitments
by Geography



Portfolio Commitments
by Sector



Returns as of Q4 2019

n.m.*
Current Gross IRR

n.m.*
Current Gross EM

KEY TAKEAWAYS

1

BSREP III portfolio 54% committed to diversified investments in terms of sector and geography

2

Overall, Brookfield has built a strong and diversified portfolio with a significant exposure to resilient asset classes - 45% of the fund - such as office, logistics or residential and has the ability to protect its assets, if need be, thanks to a large amount of available capital

3

BSREP III portfolio partially impacted by the current situation, mainly due to its exposure to the hospitality sector - 13% - and to student housing - 30% - with a significant drop in the occupancy rate

4

Brookfield having a large amount of dry powder aims to benefit from the current dislocation in public markets in take-to-private opportunities

* The fund being too recent, returns are not meaningful yet

** As of 31.12.2019

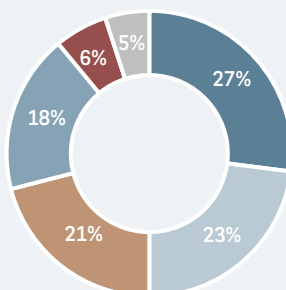
Source: BNP Paribas Wealth Management & Brookfield – Q1 2020

3

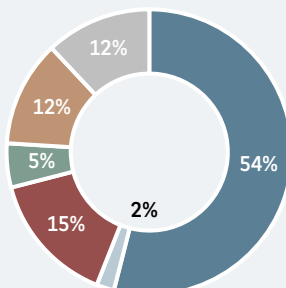
Group 3 – Focus on Blackstone BREP Asia II

\$110.0m Feeder Fund
- Direct Orders

Blackstone BREP Asia II

\$7.1b
Fund Size37.0%**
Committed0.9%**
Distributed31
Investments-
Realizations61%**
LTVPortfolio Unrealized Value
by Geography

- India
- China
- Hong Kong
- Australia
- Japan
- Maldives

Portfolio Unrealized Value
by Sector

- Office
- Residential
- Retail
- Hotel
- Logistics
- Mixed Use



Returns as of Q4 2019

10%
Current Net IRRn.c.*
Current Net EM

KEY TAKEAWAYS

1

BREP Asia II has a **large exposure to office** - 54% of the fund - **across the major markets in Asia**

2

Blackstone expects a **limited impact** of the COVID-19 situation being **largely exposed to resilient asset classes** - 80% of the fund. Blackstone retail properties are **predominantly non-discretionary** retails and remain open during the health crisis

3

The investment in **hotels in the Maldives** represents the **major impact in the portfolio** - 5% of the fund: 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.

4

Having a large amount of cash available, Blackstone is **looking closely at opportunities** coming from the public market dislocation

* Not communicated by the asset manager

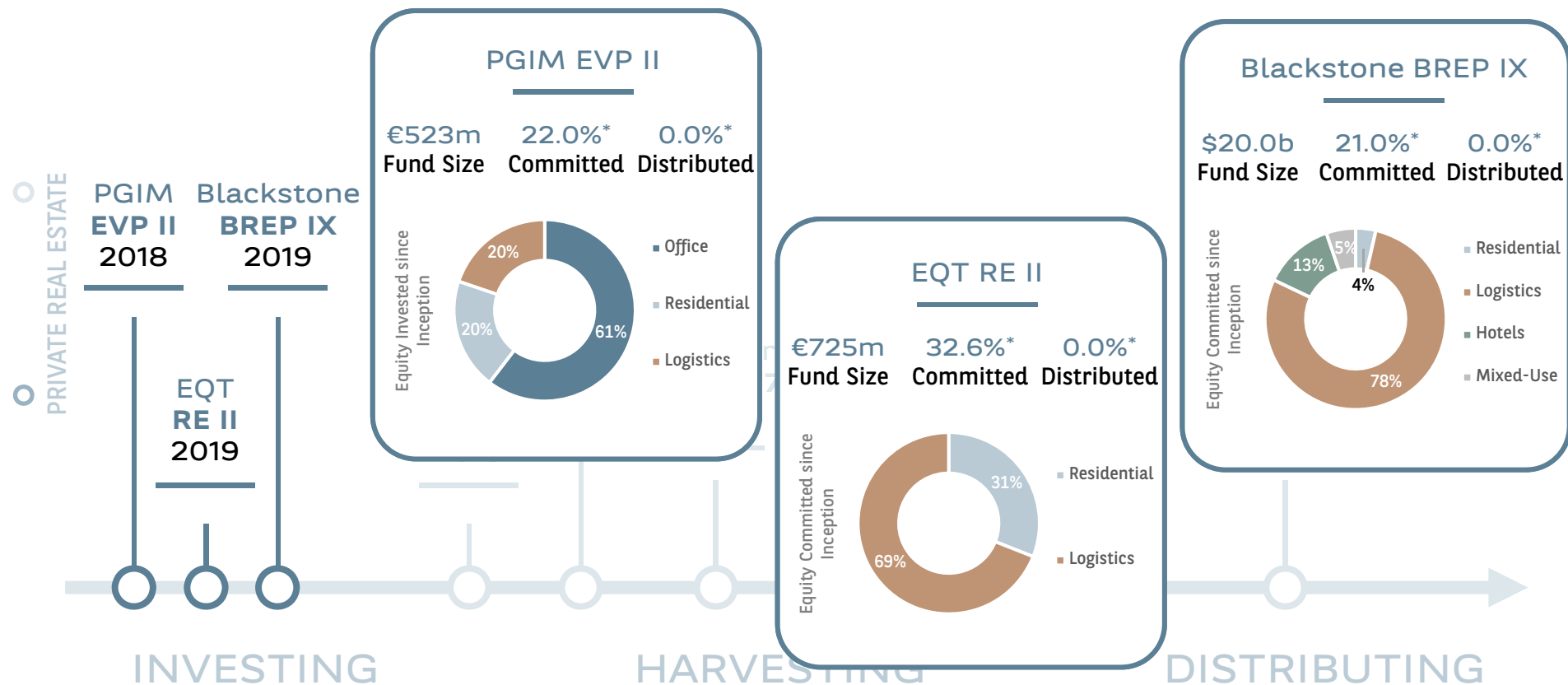
** As of 31.12.2019

Source: BNP Paribas Wealth Management & Blackstone – Q1 2020

4

Group 4 – Recent Funds with Significant Amount of Dry Powder

PGIM EVP II, Blackstone BREP IX and EQT RE II, a large part of dry power available – between 68% and 79% - with capital already invested in the most resilient sectors – logistics, affordable residential & office



* As of 31.12.2019

Source: BNP Paribas Wealth Management, EQT, Blackstone & PGIM – Q1 2020

4

Group 4 – Focus on PGIM EVP II

€103.9m Feeder Fund
€25.0m Direct Orders



PGIM EVP II

€523m
Fund Size

22.0%**
Committed

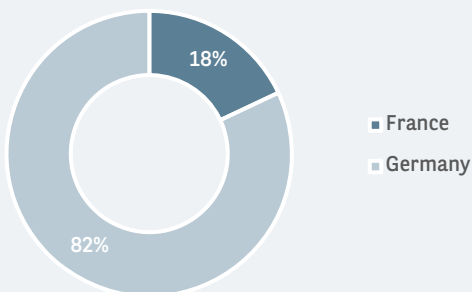
0.0%**
Distributed

3
Investments

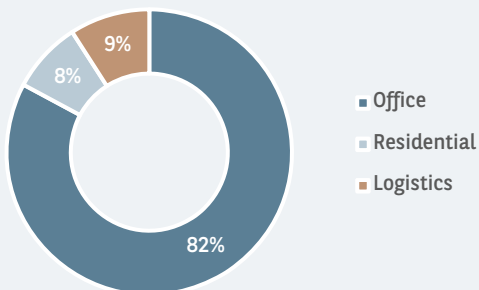
-
Realizations

49%**
LTV

Portfolio Unrealized Value
by Geography



Portfolio Unrealized Value
by Sector



Returns as of Q4 2019

n.m.*
Projected Gross IRR

n.m.*
Projected Gross EM

KEY TAKEAWAYS

1

PGIM has committed 22% of the fund size to three investments – keeping therefore a **great amount of dry powder** to benefit from the market dislocation

2

In EVP II, 3 investments have been made in **resilient and defensive sectors** – office, residential and logistics – in Europe main countries

3

A **slowdown** is to expect in the coming months on the **real estate investment activity** due to the lockdown period in most European countries

4

Benefiting from a **significant amount of dry powder**, PGIM is looking closely at opportunities, in particular from distressed situations. A **4th deal** – a logistics development in Germany – has been **signed** but not closed yet

* The fund being too recent, returns are not meaningful yet

** As of 31.12.2019

Source: BNP Paribas Wealth Management & PGIM – Q1 2020

4

Group 4 – Focus on Blackstone BREP IX

\$192.8m Feeder Fund
\$108.0m Direct Orders



Blackstone BREP IX

\$20.0b
Fund Size

21.0%***
Committed

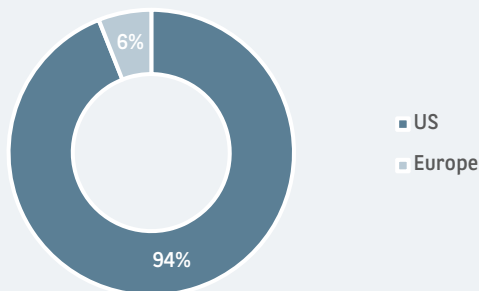
0.0%***
Distributed

6
Investments

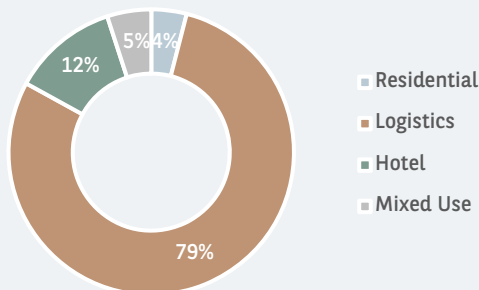
-
Realizations

76%***
LTV

Portfolio Unrealized Value
by Geography



Portfolio Unrealized Value
by Sector



Returns as of Q4 2019

n.m.*
Current Net IRR

n.c.**
Current Net EM

KEY TAKEAWAYS

1

BREP IX is a \$20b mega-fund, 21% committed, hence benefiting from a large amount of dry powder

2

Majority of investments so far have been made in the logistics sector – 79% of the fund – which benefit from the very strong ecommerce activity due to the lockdown period in most countries across the world

3

BREP IX has a non-significant exposure to hospitality assets – 12% of the fund – which will suffer from the current situation as these assets are currently closed

4

Benefiting from a large amount of available capital, Blackstone intends to seize the arising opportunities in the public market – for take-to-private transactions for instance. As an illustration, Blackstone has already called \$1.0b in BREP IX last capital call

* The fund being too recent, returns are not meaningful yet ** Not communicated by the asset manager *** As of 31.12.2019 Source: BNP Paribas Wealth Management & Blackstone – Q1 2020

4

Group 4 – Focus on EQT RE II

€75.5m Feeder Fund
€10.0m Direct Orders



EQT RE II

€740m
Fund Size

32.6%**
Committed

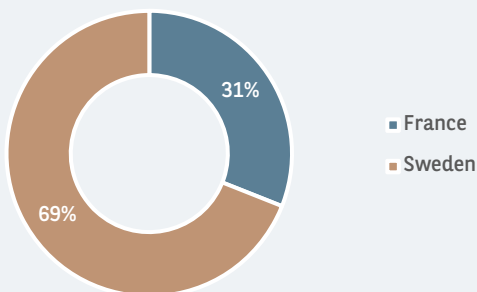
0.0%**
Distributed

3
Investments

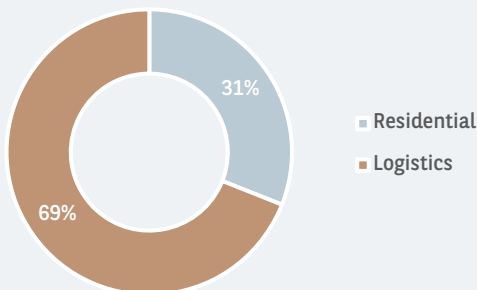
-
Realizations

53%**
LTV

Portfolio Unrealized Value
by Geography



Portfolio Unrealized Value
by Sector



Returns as of Q4 2019

n.m.*
Current Gross IRR

n.m.*
Current Gross EM

KEY TAKEAWAYS

1

EQT RE II fundraising is still on-going with an expected final closing end of May 2020 at €1.0b. As such, EQT will benefit from an estimated **dry powder of €600m-€800m**

2

With this amount of dry powder, EQT is in a position to **benefit from opportunities in the public market** – as an illustration they already have increased their exposure to the Stendörren deal

3

EQT RE II have been **investing in resilient sectors** – logistics and residential which are part of the sectors less impacted by the COVID-19 situation

4

Some deals might be secured in the near-term but EQT is **cautious on the market reaction post-crisis**

* The fund being too recent, returns are not meaningful yet

** As of 31.12.2019

Source: BNP Paribas Wealth Management & EQT – Q1 2020

Private Real Estate – What's Next ?

Key takeaways on our private real estate portfolio and our vision on the opportunities to come

○ FOR THE **2 FUNDS** – OUT OF 6 – **ALREADY FULLY INVESTED**, WE CONSIDER THESE FUNDS AS **DEFENSIVE** THANKS TO THEIR EXPOSURE TO RESILIENT ASSET CLASSES, THEIR PORTFOLIO DIVERSIFICATION AND TO A VALUE CREATION ALREADY CRYSTALLISED FOR MOST OF THE ASSETS

○ FOR THE **REMAINING 4 FUNDS**, ALL THE FUNDS BENEFIT FROM A **50%+ DRY POWDER** AND WILL BE ABLE TO BENEFIT FROM THE CURRENT MARKET DISRUPTION

○ ALL FUNDS HAVE A **CONSERVATIVE LEVERAGE APPROACH** WITH NO MAJOR ISSUES EXPECTED IN TERMS OF COVENANT BREAKS OR MARGIN CALLS

○ THE NEXT REAL ESTATE FUND EXPECTED FOR MARKETING FROM SEP. 2020 TO DEC. 2020

KKR REAL ESTATE PARTNERS EUROPE II

AIFM

Fund available in all the BNPP WM sites

€750m

Already raised for the fund, likely to reach €1b

85%

Of available capital to be able to seize forthcoming opportunities

15%

Invested in two logistics assets in France, hence a granular and defensive portfolio in the current context

KKR

Seasoned team and integrated platform to take advantage from public-to-private opportunities

Source: BNP Paribas Wealth Management & KKR – Q1 2020

Part III

FOCUS ON BNPP REIM PRODUCTS



BNPP REIM Products – COVID-19 Impact

SPF 1 and SPF 2 will be hit the hardest by the COVID-19 situation while OPCI and SCPI vehicles will face a limited impact thanks to an exposure to core and resilient asset classes

CLOSED-ENDED FUNDS

SPF 1

- Fund impacted by the lockdown situation in France, with most of the assets currently closed – except non-discretionary retails such as Casino shops
- No financing issues to be expected on the near-term
- Fund liquidation is likely to be postponed given the current situation which has delayed most of the scheduled sales

SPF 2

- Like SPF 1, the fund has been impacted by the lockdown situation in France, with most of the assets currently closed
- Fund performance is expected to be impacted with the slowdown in the retail activity

OPCI

OPCI Diversipierre

- OPCI Diversipierre could have been more impacted due to the poor performance of equity markets
- Though, the OPCI Diversipierre benefits from the relatively limited size of its equity pocket – c.15% of the vehicle – and from its exposure to the French core real estate market – which has shown a good resilience so far, especially in the office sector
- 2019 performance: 8.9% - well ahead the expectations of 4-5%
- YTD performance as of mid-March 2020: -3.5% (vs -35.0% for the sole equity pocket)

SCPI

SCPI Acimmo-Pierre

- €150m collected so far in 2020 for a c.€3b vehicle size
- Vehicle mainly invested in resilient and defensive asset classes across France which hence will limit the impact of the COVID-19 situation on the vehicle annual valuation – performed at the end of the year

SCPI Opus Real

- Exposure to the hospitality sector – an hotel in Germany accounting for 1/3 of the NAV – might weight on the vehicle performance
- Though, rents of the assets are guaranteed by the mother company of the operating company

Source: BNP Paribas Wealth Management & BNPP REIM – Q1 2020

