
Going global in core real estate

Sorca Kelly-Scholte, Head of EMEA Pensions Solutions & Advisory

Paul Kennedy, Head of Strategy & Portfolio Manager, European Real Estate

Going global preserves and enhances the case for real estate

Diversification

Diversify further across sectors and regions

Income

Further stabilize income through diversification

Inflation linkage

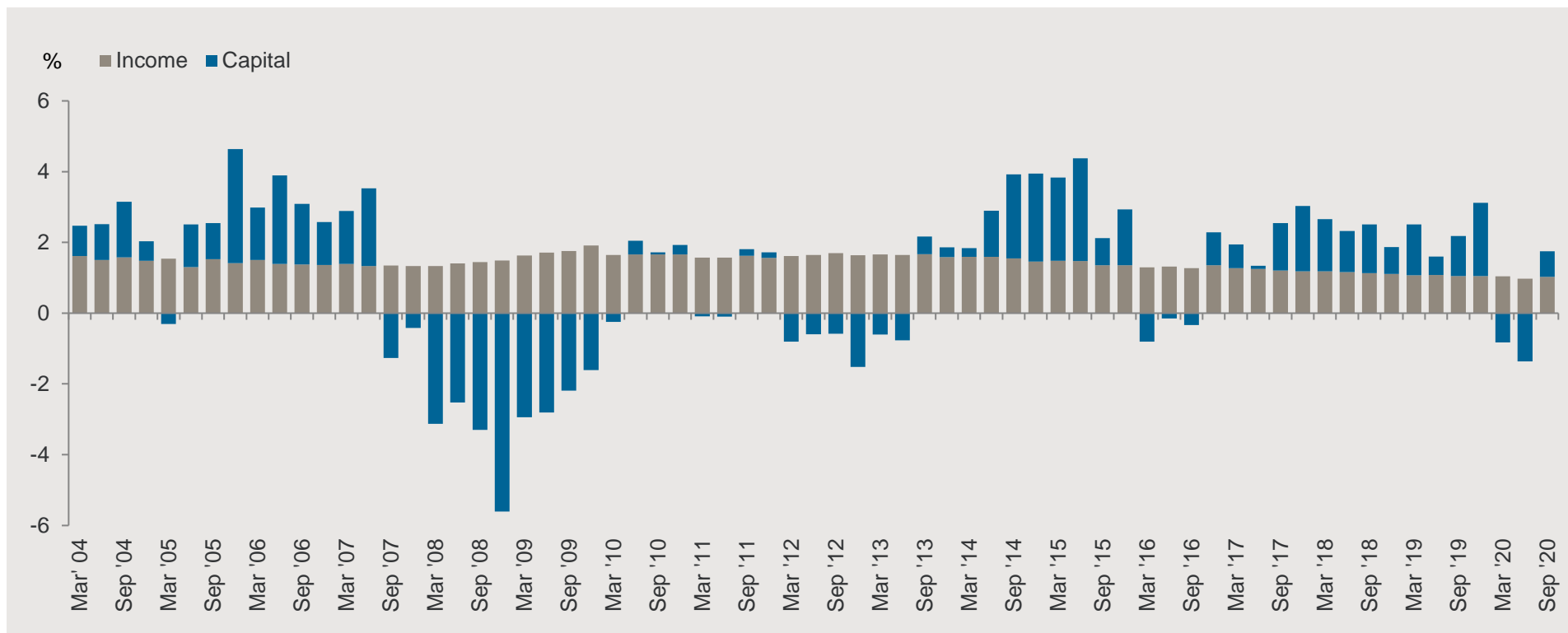
Long-term inflation linkage remains intact

Return

Access global value add opportunities

Income is the engine of return and diversification in real estate

EUROPEAN REAL ESTATE CAPITAL APPRECIATION AND INCOME RETURNS (MAR 2004-SEP 2020)

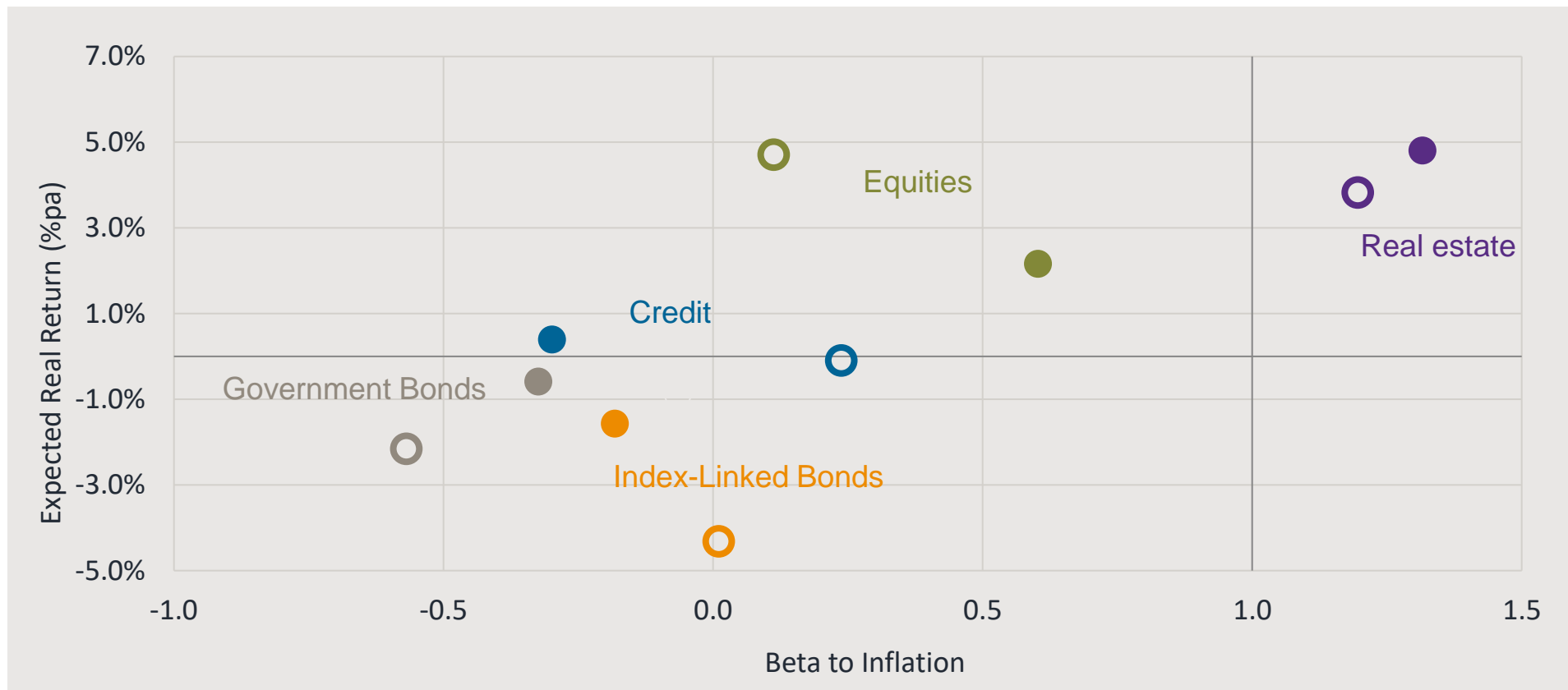


Source: MSCI (Dec 2020). Date are from the MSCI Pan European Real Estate Funds Index (PEPFI) and reflect the return from the pan-European universe of real estate funds in Euros after leverage and fees but before investor specific taxes. This index reflects an institutional quality portfolio dominated by core assets.

Past performance is not a reliable indicator of current and future results.

Globalising real assets does not compromise inflation linkage

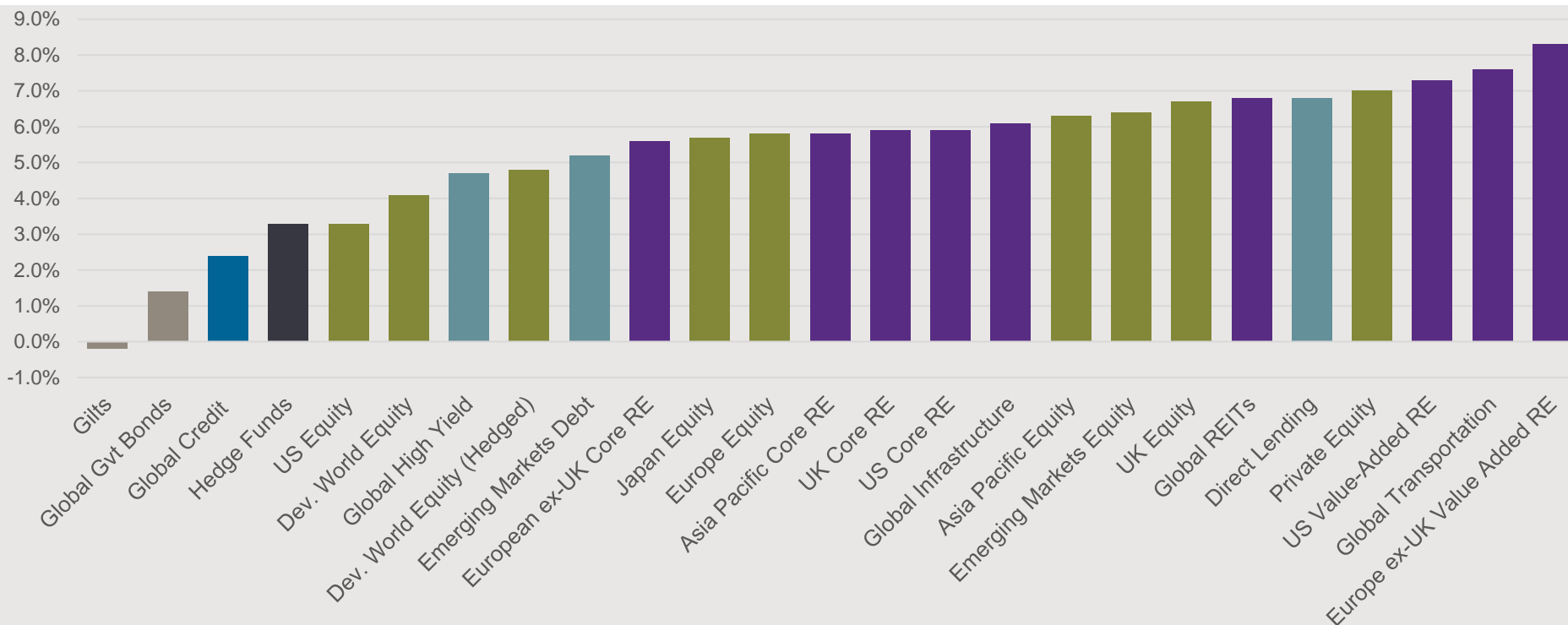
BETA TO INFLATION, SELECTED ASSET CLASSES, GBP



Source: J.P. Morgan Asset Management 2021 Long-Term Capital Market Assumptions; data as of 30 of September 2020. White centre = domestic only, Solid colour = global. Beta calculations do not allow for any potential time lag in correlation of illiquid assets to inflation. **Forecasts are not a reliable indicator of future performance.**

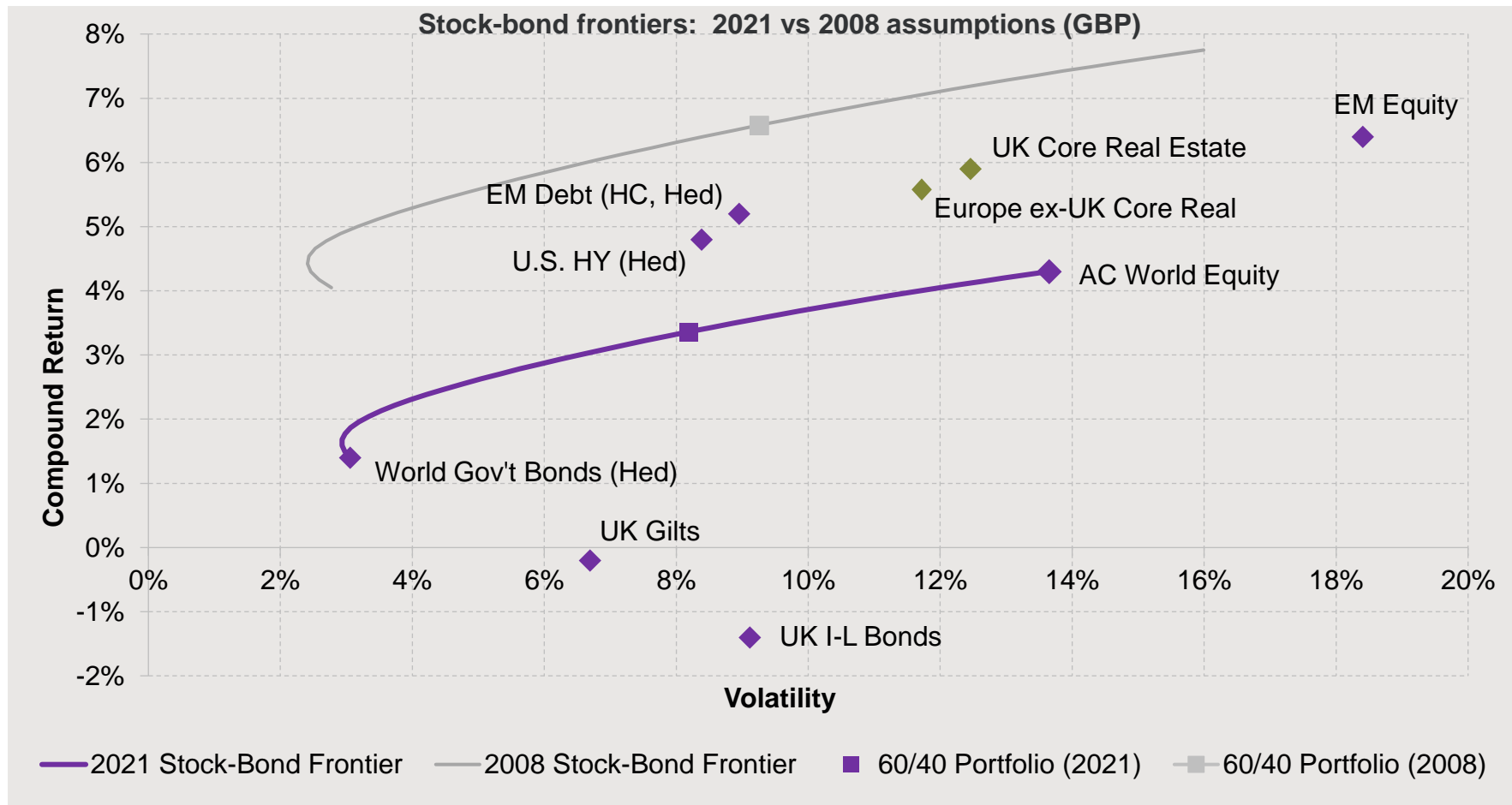
Real asset return expectations compete with equity return expectations

EXPECTED RETURNS, SELECTED ASSET CLASSES, GBP



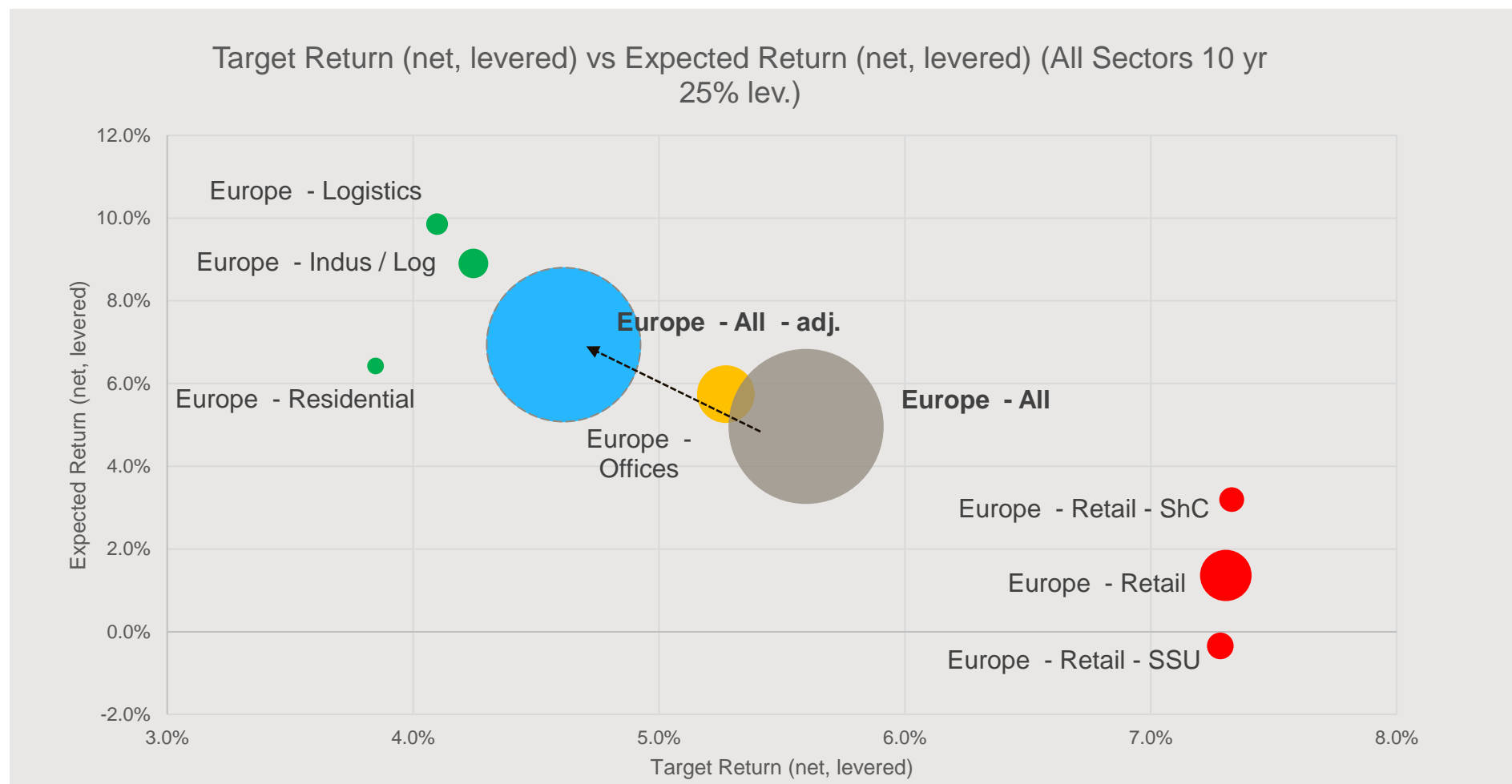
Source: J.P. Morgan Asset Management, 2021 Long-Term Capital Markets Assumptions as at September 2020, for illustrative purposes only. All fixed income classes as well as US Core Real estate, Direct Lending, Global REITs, Hedge Funds, global infrastructure and global transportation hedged back to GBP. **Forecasts are not a reliable indicator of future performance.**

Over the long-term real estate remain accretive to multi-asset portfolios



Source: J.P. Morgan Asset Management; estimates as of September 2020 and September 2019. *EM: Emerging Markets; DM: Developed Markets

Reweightings boosts 'beta' expected returns by 2% p.a., while also reducing risk



Source: J P Morgan Asset Management as at June 2021. Total Returns are in Euros after fees.

Opinions, estimates, forecasts, projections and statements of financial market trends that are based on current market conditions constitute our judgment and are subject to change without notice. There can be no guarantee they will be met.

J.P.Morgan
Asset Management

European Real Estate: Sector Themes



RETAIL

Undergoing structural change

- E-commerce
- Model uncertainty
- Obsolescence
- Re-positioning



RESIDENTIAL

Undersupply in most markets

- Diversification
- Fundamentals
- Institutionalisation
- Hybrid working



OFFICE

Changing occupier needs

- Core narrowing
- Shift to hybrid working
- Limited 'new' supply
- Obsolescence



LOGISTICS

Record take up & improving cash flow

- E-commerce
- Supply limitations
- Cash flow quality
- Lease length

Forecasts, projections and other forward looking statements are based upon current beliefs and expectations. They are for illustrative purposes only and serve as an indication of what may occur. Given the inherent uncertainties and risks associated with forecasts, projections and other forward statements, actual events, results or performance may differ materially from those reflected or contemplated. Diversification does not guarantee investment returns and does not eliminate the risk of loss. Opinions, estimates, forecasts, projections and statements of financial market trends that are based on current market conditions constitute our judgment and are subject to change without notice. There can be no guarantee they will be met.

Disclosures

Indices do not include fees or operating expenses and are not available for actual investments.

Forecast is not a reliable indicator of future performance.

The information herein employs proprietary projections of expected returns as well as future estimates of future volatility. The relative relationships and forecast contained herein are based upon proprietary research and developed through analysis of historical data and capital markets theory. The estimates have certain inherent limitations and unlike an actual performance record, they do not reflect actual trading, liquidity constraints, fees or other cost. References to future returns are not promises or even estimates of actual returns a client portfolio may achieve.

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Past performance is not necessarily a reliable indicator of current and future performance.

Total returns assumes reinvestment of any income. The deduction of an advisory fee reduces an investor's return. Actual account performance will vary on individual portfolio security selection and the applicable fee schedule. Fees are available upon request. The following is an example of the effect of compounded advisory fees over a period of time on the value of a client's portfolio: A portfolio with a beginning value of \$100 million, gaining an annual return of 10% per annum would grow to \$259 million after 10 years, assuming no fees have been paid out. Conversely, a portfolio with a beginning value of \$100 million, gaining an annual return of 10% per annum, but paying a fee of 1% per annum, would only grow to \$235 million after 10 years. The annualized returns over the 10 year time period are 10.00% (gross of fees) and 8.91% (net of fees). If the fee in the above example was 0.25% per annum, the portfolio would grow to \$253 million after 10 years and return 9.73% net of fees. The fees were calculated on a monthly basis, which shows the maximum effect of compounding.

Hypothetical performance results have many inherent limitations, some of which are described below. No representation is being made that any account will or is likely to achieve profits or losses similar to those shown. In fact, there are frequently sharp differences between hypothetical performance results and the actual results subsequently achieved by any particular trading program. One of the limitations of hypothetical performance results is that they are generally prepared with the benefit of hindsight. In addition, hypothetical trading does not involve financial risk, and no hypothetical trading record can completely account for the impact of financial risk in actual trading. For example, the ability to withstand losses or to adhere to a particular trading programme in spite of trading losses is material points which can also adversely affect actual trading results. There are numerous other factors related to the markets in general or to the implementation of any specific trading programme which cannot be fully accounted for in the preparation of hypothetical performance results and all of which can adversely affect actual trading results.

Simulated performance

Performance calculation is simulated and no guarantee can be given that the strategy/product will perform accordingly (as based also on other factors that may not be part of the simulation).

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