

The logo consists of the word "EUROPA" in a dark blue, sans-serif font, positioned to the left of a circular emblem. The emblem is composed of several concentric, curved lines that create a sense of motion or a stylized sunburst.

MAY 2023

EUROPA INVESTOR DAY

Value Add Asset Tour

Dutch Light Industrial Platform



VAF ASSET TOUR ITINERARY

City	Address	Arrival	Visit time	Departure	Duration
Dusseldorf	Hotel pick-up	08:30	00:15	08:45	01:15
Weert	Copernicusstraat 7	10:00	00:15	10:15	00:45
Venlo	Groot Egtenrayseweg 23	11:00	00:15	11:15	01:00
Dusseldorf	Hotel drop-off	12:15			

DUTCH LIGHT INDUSTRIAL PLATFORM

Investment Strategy

The business plan was to establish a distribution led warehouse platform with ARC Real Estate which aimed to capitalise on the strong performing 'last mile' segment of the logistics sector by acquiring good quality, distribution led warehouse assets which, once aggregated and stabilised, would form a liquid institutional quality portfolio.

DUTCH LIGHT INDUSTRIAL PLATFORM OVERVIEW



Investment Rationale

15 assets (13 income producing warehouses and 2 developments) located in prime Netherlands sub-markets, with a total floor area of 143,150 sq. metres and let to 23 tenants.

The business plan was to (i) invest in a capex repair programme, (ii) secure senior debt financing, and (iii) seek to purchase follow-on investments, thus increasing the equity commitment, in order to create a well-diversified distribution warehouse portfolio attractive to institutional investors.

To take advantage of the high demand for light industrial and logistics assets, an early opportunistic exit was negotiated with a Pan-European, investment manager in Q3 2022, despite not having implemented the full business plan.

The portfolio was sold for €146.1 million, reflecting a gross yield of 5.3%. Proceeds of €65.8 million and profits of €22.03 million were distributed to the Fund.

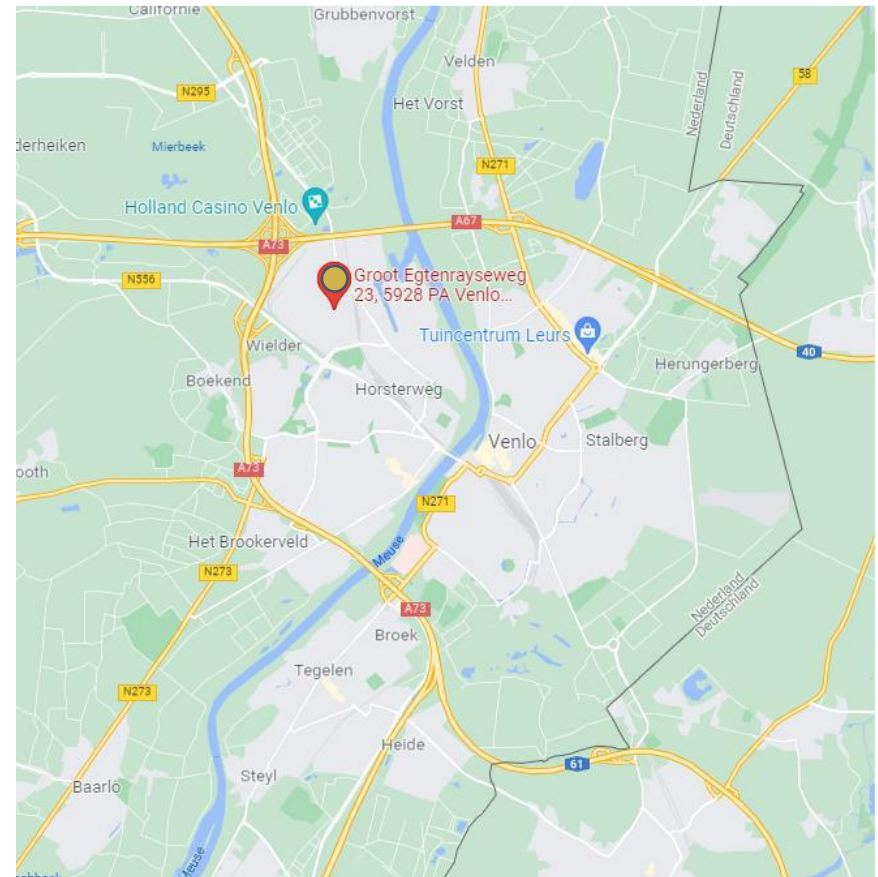
Location	Netherlands	Size / no. units	143,150 sq. m / 15
Sector	Light Industrial	Hold period	Dec 2020 – Jul 2022
Acquisition price / yield	€115.7 m / 6.69%	Exit price / yield	€146.1 m / 5.3%
Target IRR / EM (at acquisition)	16% IRR / 1.4x EM	Exit IRR / EM	63% IRR / 1.5x EM

DUTCH LIGHT INDUSTRIAL PLATFORM

ASSET FOCUS: VENLO

ASSET FOCUS: VENLO LOCATION

Groot Egtenrayseweg 23, Venlo



ASSET FOCUS: VENLO ASSET SUMMARY



Asset information – Venlo, Groot Egtenrayseweg 23

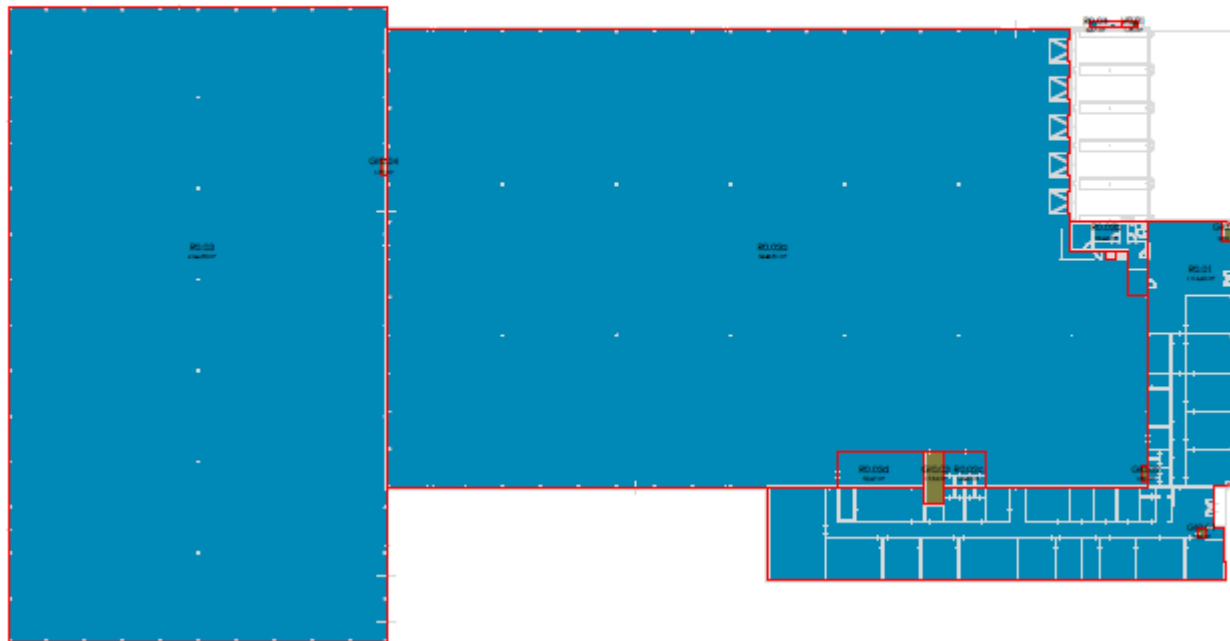
The asset was built in 1980 and extensively renovated in 2015 and comprises 11,367 sq. m of LFA. The asset has a site coverage of 76%, with a freehold land plot of 15,000 sq. m.

A good quality warehouse facility with a LFA of 9,869 sq. m and an adjoining office with a LFA of 1,495 sq. m (87% warehouse to office ratio). The warehouse area has a clear height ranging from 6.5-7.4 m. The technical specifications include a floor load capacity of 2,500 kg/sq. m, seven loading docks and three overhead doors. 100% occupied at acquisition, with a 3.75 year WALT. The tenants were CG International Forwarding B.V. (1.61%) and Gaston Schul Facilities B.V. (1.22%). Gaston Schul's space was being used as an archive. The BP was to terminate Gaston Schul early and let the space to CG International for a longer period. Due to an early sale, this plan was not implemented.

The Asset was acquired for a purchase price of €5.20 million, reflecting a low capital of €457/sq m, a day 1 GIY of 7.79% and a reversionary yield of 9.46%. The asset generated GRI of €405,000 per annum. The valuation ERV confirmed the rent to be 21.51% reversionary, and as such offered the opportunity to uplift the rent to market at lease expires. The asset was sold within six months after acquisition, as part of a portfolio sale.

Sector	Logistics	Gross Rental Income (Acq, €m pa)	0.41
Acquisition Period	Dec 2021	ERV	0.57
Construction year	1980 (2015)	Gross Initial Yield	7.8%
Area (sq. m)	11,367	Gross Reversionary Yield	9.5%
Occupancy (Acquisition / Current)	93.5% / 100%	Assets / Tenants	2 CG International Forwarding B.V. / Gaston Schul facilities B.V.
WALT (Acquisition, yrs)	3.75	Acquisition Rent (€ sq. m)	€36.48

ASSET FOCUS: VENLO FLOORPLAN



ASSET FOCUS: VENLO IMAGES

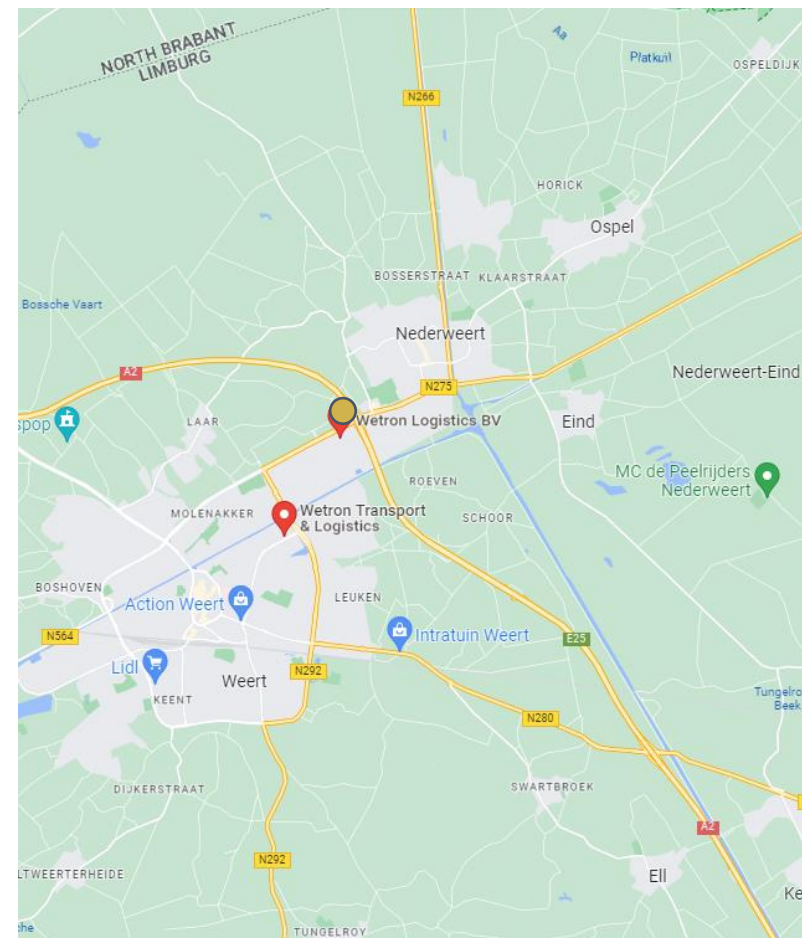


DUTCH LIGHT INDUSTRIAL PLATFORM

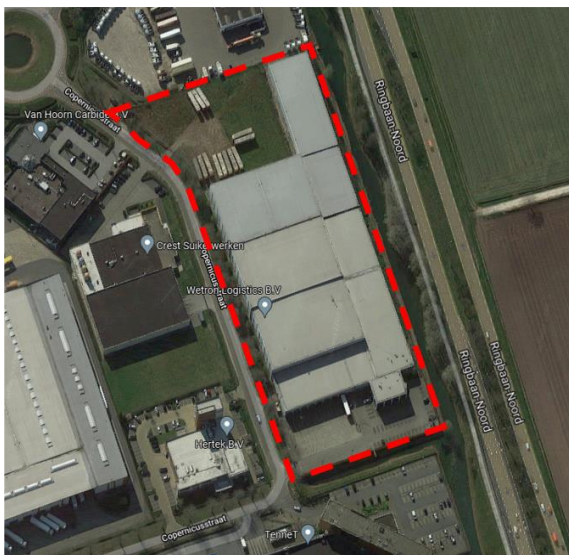
ASSET FOCUS: WEERT

ASSET FOCUS: WEERT LOCATION

Copernicusstraat 7, Weert



ASSET FOCUS: WEERT ASSET SUMMARY



Asset information – Venlo, Groot Egtenrayseweg 23

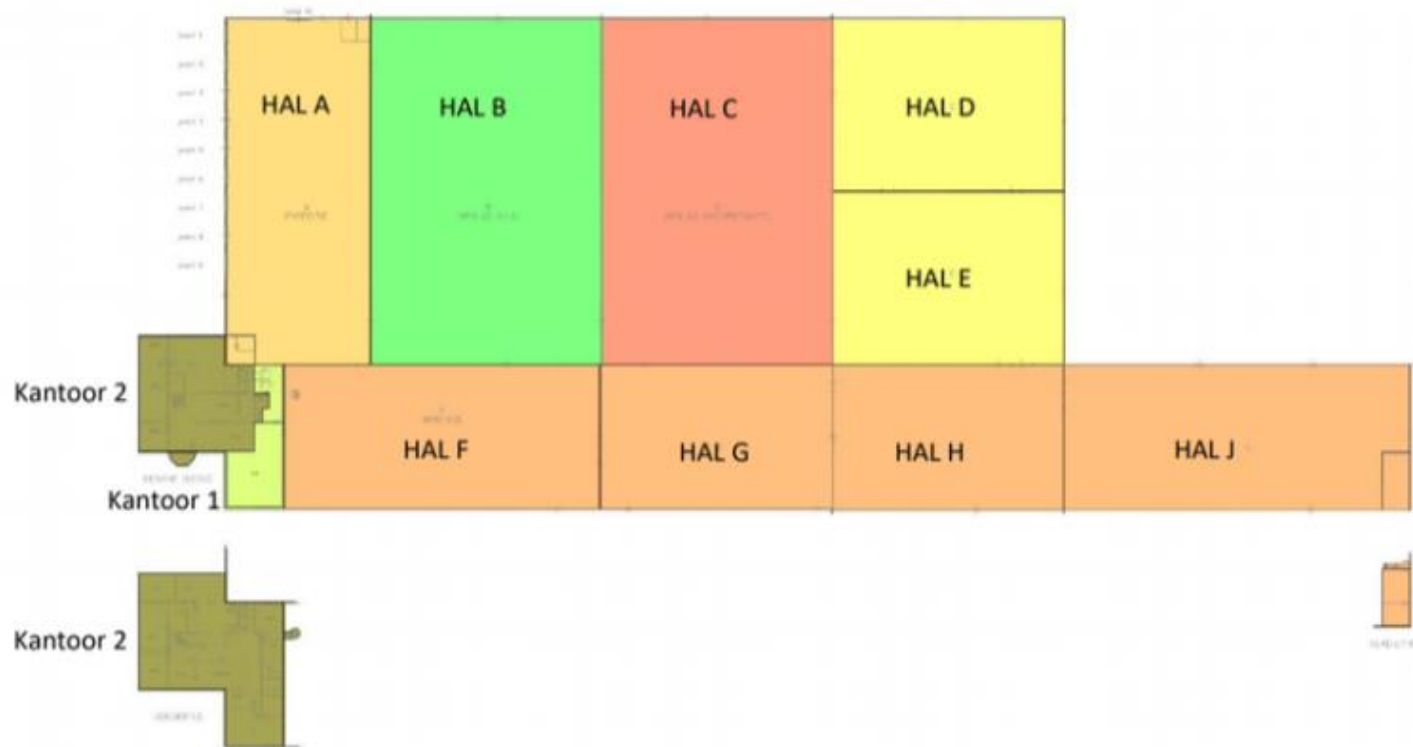
Built in 1995 and partially extended / refurbished in 1998 and 2000, the asset comprises 14,933 sq. m of LFA. Site coverage was 60% of a freehold land plot of 24,771 sq. m. The asset was a good quality warehouse facility with a LFA of 13,786 sq. m and an adjoining office with a LFA of 1,147 sq. m (8% office to warehouse ratio).

The warehouse area has a clear height of 11m. The technical specifications included floor load capacity of 5,000 kg/sq. m, eight loading docks and two overhead doors. The agreed purchase price represented a 6.27% GIY and a low capital value of €619/sq. m. The tenant confirmed their desire to remain at the property until the lease expiry in November 2028. The lease with Wetron had a break option in 2023 and the BP was regear of the lease in exchange for capex improvements.

The business plan was executed in a similar manner to the other occupied assets in the Platform, with i) income value enhancement through annual indexation; ii) capital expenditure works (€368,700) to rectify building defects, install LED lighting in the office area and repair roof and iii) asset value appreciation as a result of acquiring the asset at a low capital value and the sale of a reversionary asset as part of a wider portfolio (with a portfolio premium). The asset was sold within one month after acquisition, as part of this portfolio sale.

Sector	Logistics	Gross Rental Income (Acq, €m pa)	0.58
Acquisition Date	May 2022	ERV	0.60
Construction year	1995 (1998/2000)	Gross Initial Yield	6.3%
Area (sq. m)	14,933	Gross Reversionary Yield	6.5%
Occupancy (Acquisition / Current)	100%	Assets / Tenants	1 Wetron Logistics B.V.
WALB / WALT (Acquisition, yrs)	1.5 / 6.5	Acquisition Rent (€ sq. m)	€38.81

ASSET FOCUS: WEERT FLOORPLAN



ASSET FOCUS: WEERT IMAGES



DUTCH LIGHT INDUSTRIAL PLATFORM

Appendix: Logistics Prime Rents (JLL)

Record year in the Netherlands for rent increases in logistics real estate

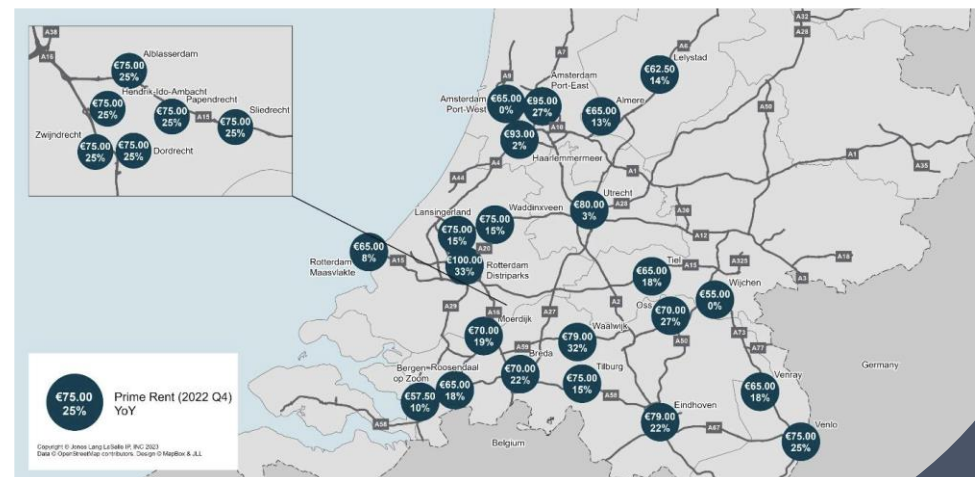


Based on recent data from our Research & Strategy department, the vacancy rate of logistics real estate will fall to a historically low level of approximately 1% in 2022. This scarcity on the occupier market has resulted in an accelerated rent increase in prime locations. The strong demand for logistics space was driven by global trends such as the continued growth of e-commerce as well as the restructuring of supply chains through on- and reshoring. In addition, the supply of logistics remained very limited during the year, due to the scarcity of building land, increasing legislation and regulations, as well as the sharply rising construction costs in combination with the increased returns, which slowed down the development pipeline of new construction in 2022. We will therefore see fewer deliveries in 2023 and, despite the somewhat declining demand on the user market, this will result in further mismatches between supply and demand.

Prime logistics rents in the Netherlands showed a record increase of approximately 25% Year on Year (YoY) in Q4 2022 and the Rotterdam region is one of the top 10 markets with the fastest rising rents in Europe (#2). Based on transactions observed by JLL in the occupier market, prime rents in the port of Rotterdam have increased in Q4 2022 by approximately 33% YoY.

The rental growth in the logistics real estate market and the growing scarcity of immediately available space in combination with the continuing demand is of course also interesting from an asset management and investment perspective. Currently, real estate investors not only add value by extending an expiring rental agreement at market conditions, but also take into account the potential rental growth in the market during the property purchase process. This means that many investors are looking for investment products with a so-called 'value add' component. This includes logistics real estate that is currently sublet and has a short-term lease. In this way, significant added value can be realized at an early stage during the investment horizon by anticipating forecasted rental growth.

Due to the further increasing mismatch between supply and demand for logistics space, rental growth in the logistics property market is expected to continue. This is despite the fact that it can be concluded from recent figures from Statistics Netherlands that confidence in the Dutch economy is negative and that consumer spending has fallen compared to last year. We expect real estate investors to continue to anticipate rental growth, but to focus primarily on the top logistics regions and to become more critical of the location and quality of investment products.





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Diederik Bakker

Managing Director, Asset Management

T: +31 (0) 6 1371 8630

E: dbakker@europacapital.com

Europa Capital LLP

42 Berners Street
London
W1T 3ND

T: +44 (0)20 7881 6800

F: +44 (0)20 7881 0501

www.europacapital.com