QuotedData

BY MARTEN & CO

INVESTOR

2020 Real Estate Review

Annual review | January 2021

Kindly sponsored by Aberdeen Standard Investments

Riding out the rollercoaster

The 2020 rollercoaster saw more downs than ups and at times felt like a pandemic induced freefall. Lockdowns, tiers and plenty of U-turns meant investing in property was not for the faint hearted. Positivity returned at the end of the year, though, with a vaccine breakthrough.

Retail, leisure and hospitality sectors were forced to close for large parts of the year, and when they did open it was at reduced capacity. Inevitably some businesses were unable to pay rent, while others collapsed into administration. The impact on property companies was stark and rent collection, for so long a certainty, became the all-important metric. Waivers, deferments, and re-negotiations followed. Dividend suspensions swept the listed property sector as income dived.

It wasn't all bad, though. The industrial and logistics sector flourished as the stay-at-home mantra forced a whole new cohort into online retailing. Companies focused on logistics assets thrived as the fundamentals of the sector played out.

The eagerly awaited vaccine breakthrough and the subsequent rollout fuelled an 11.8% jump in property company share prices in the final quarter of the year, as hope of a return to some form of normality rose. However, there remain many unknowns for property born out of trends that were formed and accelerated during the pandemic – not least for the office sector. QuotedData's annual real estate review rounds-up the events of 2020 and looks at the prospects for 2021.

In this issue

- **Performance data** – Social housing specialists and logistics-focused companies dominated the top performers as they were able to prove a resilient level of income
- **Corporate activity** – More than £3bn was raised during the year including the launch of a new REIT
- **Major news stories** – Former shopping centre giant Intu Properties crashed into administration

Best performing companies in price terms in 2020

	Chg. on year (%)
Triple Point Social Housing REIT	24.2
Aberdeen Standard European Logistics Income	20.3
CEIBA Investments	19.0
Sigma Capital Group	15.9
Civitas Social Housing	14.8

Property sector performance*

Time period 31/12/2019 to 31/12/2020

Source: Bloomberg, Marten & Co. Note *: Average share price of listed property companies rebased to 100

Biggest property companies at end of 2020

	Market cap	Chg. on year (%)
SEGRO	£11.4bn	15.5
Land Securities	£5.1bn	(30.3)
British Land	£4.6bn	(21.5)
UNITE Group	£4.2bn	(8.8)
Derwent London	£3.5bn	(22.2)

QuotedData

BY MARTEN & CO

Contents

Click here for our December 2020 monthly real estate roundup

Click here for our November 2020 monthly real estate roundup

Click here for our October 2020 monthly real estate roundup

Click here for our Q3 2020 quarterly real estate roundup

Analysts

Richard Williams
rw@martenandco.com

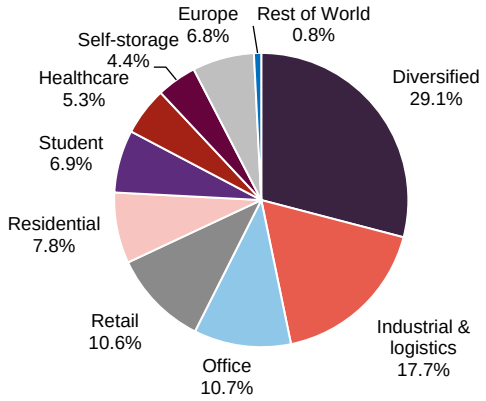
Matthew Read
mr@martenandco.com

James Carthew
jc@martenandco.com

The property sector in 2020

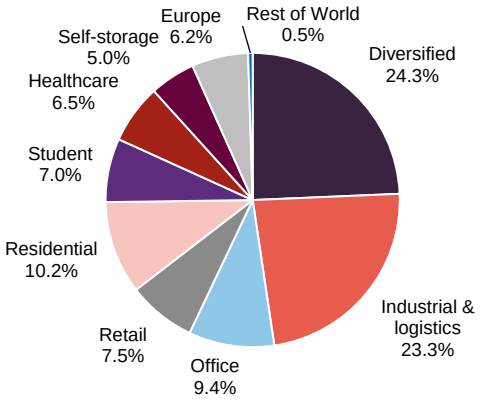
The impact of the COVID-19 pandemic on property has been reflected in the total market capitalisation of listed property companies and real estate investment trusts (REITs) during 2020. Overall, the sector shrank by 15%, or £13.1bn, to £75.5bn.

Figure 1: Property market cap at start of 2020 by sector. Total: £88.6bn



Source: Bloomberg, Marten & Co

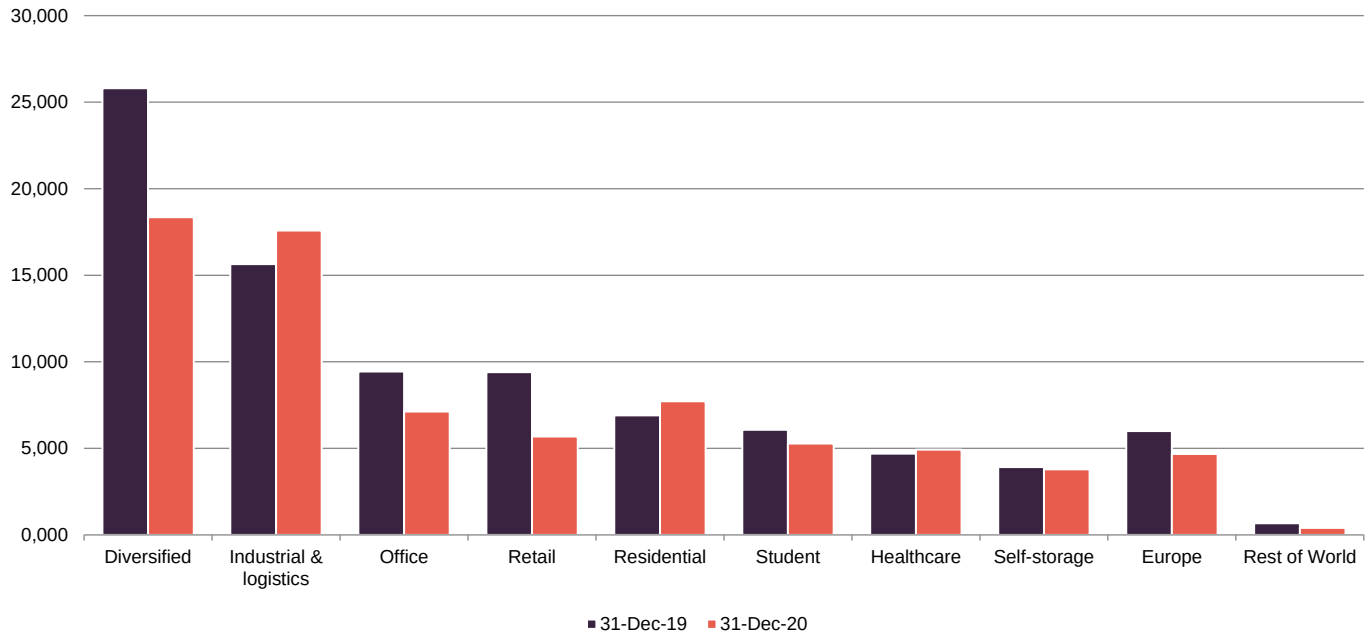
Figure 2: Property market cap at end of 2020 by sector. Total: £75.5bn



Source: Bloomberg, Marten & Co

A breakdown of the property sub-sectors, illustrated in Figures 1 and 2, show that companies focused on the industrial & logistics sector have grown in popularity during the year, having benefited from an increase in online retailing.

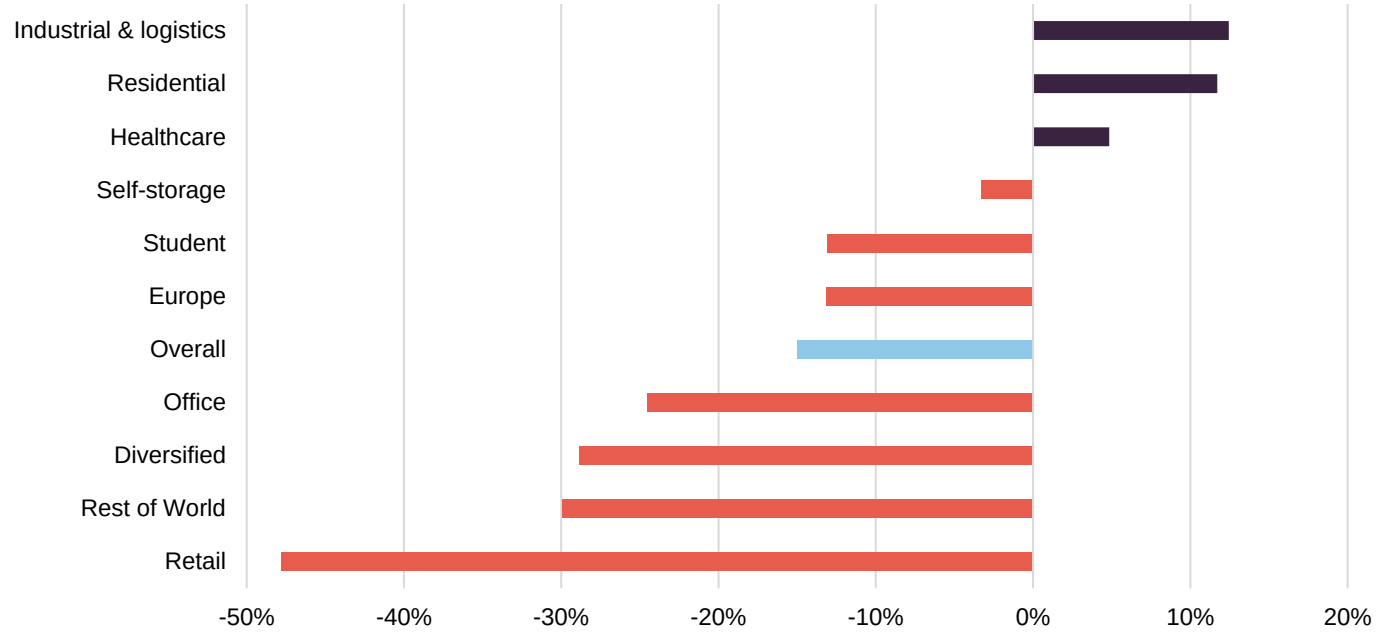
Figure 3: Property sector market capitalisations (£m)



Source: Bloomberg, Marten & Co

This is also shown in Figure 4, where the market cap of the seven companies focused on the industrial & logistics sector increased by 12.5%. There were just two other sub-sectors that increased market capitalisation during the year – residential and healthcare. Both of these sectors have seen strong rent collection figures during the year, which can't be said for other sectors that were badly affected by lockdowns.

Figure 4: Market capitalisation change by sector over 2020



Source: Bloomberg, Marten & Co

The most severely affected has been the retail sector. Having been in decline for a number of years, the sector lost a further 48% of its market capitalisation in the year as lockdown hampered rent collection rates. The pandemic was the final nail in the coffin of shopping centre owner Intu Properties, which went into administration in June (more info on page 10). Generalist (diversified) property companies, which own property in various sectors, also had a tough year, with market capitalisations falling by 28%. With most people working from home during the pandemic, the future of the office has been much debated and office-focused companies lost 24% of their value in the year.

Fund performance data

Best performing property companies

Figure 5: Best performing companies in price terms in 2020

	%
Triple Point Social Housing REIT	24.2
Aberdeen Standard European Logistics Income	20.3
CEIBA Investments	19.0
Sigma Capital Group	15.9
Civitas Social Housing	14.8
Tritax Big Box REIT	12.8
Warehouse REIT	8.5
SEGRO	5.6
Sirius Real Estate	5.5
Stenprop	4.2

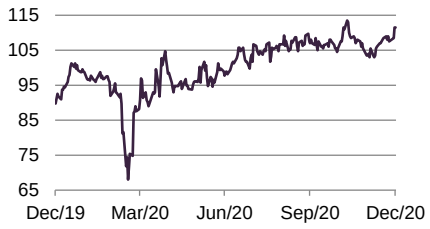
Source: Bloomberg, Marten & Co

Figure 6: Best performing companies in NAV terms in 2020

	%
Warehouse REIT	12.5
Schroder European REIT	12.4
Phoenix Spree Deutschland	10.6
Aberdeen Standard European Logistics Income	9.2
Safestore	7.8
Sirius Real Estate	6.5
Tritax EuroBox	5.3
Assura	5.0
Supermarket Income REIT	4.1
Helical	3.9

Source: Marten & Co

Figure 7: Triple Point share price over 2020



Source: Bloomberg, Marten & Co

The top performing property companies in price terms during the year were generally industrial & logistics landlords, for reasons mentioned earlier, and social housing specialists. It is a fund from the latter category that topped the price moves during 2020. Triple Point Social Housing REIT saw its share price increase 24.2% over the year. The social housing sector has performed strongly during the crisis, with government-backed income proving resilient. Fellow social housing REIT Civitas Social Housing also made the top 10 with a 14.8% rise.

A total of five industrial & logistics focused companies made the top 10 price movers, with Aberdeen Standard European Logistics Income (ASLI) recording a 20.3% gain. The company has benefitted from strong net asset value (NAV) growth during the year as it looks to expand its European portfolio.

Tritax Big Box REIT's share price increased 12.8%, with its development capabilities shining through and complementing its established investment portfolio. Warehouse REIT also had a year of strong growth, recording the largest NAV move among property companies, of 12.5%.

Cuban real estate investor CEIBA Investments saw a 19% jump in its share price, mainly off the back of Joe Biden's win in the US presidential election. The Trump administration had implemented strong sanctions against Cuba, including banning US residents from travelling to the country. It is expected that President Biden will reverse these measures.

Figure 8: Sirius share price over 2020

Source: Bloomberg, Marten & Co

German business park owner Sirius Real Estate also had a strong year, with share price growth of 5.5% and NAV growth of 6.5%. The German economy has performed better than most other European countries during the pandemic and the office sector has been a beneficiary.

Private rented sector and residential development specialist Sigma Capital Group's share price was boosted by news in September that it had launched a £1bn joint venture with EQT Real Estate, the real estate platform of global investment firm EQT, which will see it deliver 3,000 private rental homes in Greater London.

Worst performing companies

Figure 9: Worst performing companies in price terms in 2020

	%
Hammerson	(82.4)
Capital & Regional	(72.4)
U and I Group	(65.1)
Drum Income Plus REIT	(60.0)
NewRiver REIT	(57.8)
Panther Securities	(53.9)
Town Centre Securities	(48.4)
Grit Real Estate Income	(45.7)
Capital & Counties	(44.6)
Shaftesbury	(38.5)

Source: Bloomberg, Marten & Co. Note: Excludes Intu which fell into administration

Figure 10: Worst performing companies in NAV terms in 2020

	%
Capital & Regional	(35.2)
NewRiver REIT	(29.9)
U and I Group	(26.3)
Shaftesbury	(24.3)
Hammerson	(23.8)
Ediston Property	(20.9)
British Land	(19.0)
RDI REIT	(18.3)
Grit Real Estate Income	(18.0)
Capital & Counties	(17.9)

Source: Marten & Co

Figure 11: Hammerson share price over 2020

Source: Bloomberg, Marten & Co

It is no surprise that it was retail landlords that topped the chart of worst performing property companies, in both price and NAV terms. It is, however, quite shocking at just how much their share price has fallen. Shopping centre owners Hammerson and Capital & Regional were especially bad. Hammerson had a very busy year treading water, completing a rights issue and share consolidation plan during September, as well as announcing a new chief executive. It hopes work to shore up its balance sheet, including several chunky asset sales, will prevent it from following the same fate as rival Intu. Meanwhile, NewRiver REIT, which owns shopping centres, retail parks and pubs, has been hit hard during the pandemic and lost 57.8% in value.

U and I Group's share price reached an all-time low during the year as it continues to battle against declining land and development values across its portfolio. Its NAV has plummeted 26.3% in the year and its share price by 65%.

African-focused company Grit Real Estate was another victim of the pandemic as its retail and hospitality exposure weighed on its NAV and a wide discount opened up.

The lockdown took its toll on the giants of London's West End, Capital & Counties and Shaftesbury, which have been hit hard by muted tourist numbers.

Significant rating changes

Figures 12 and 13 show how premiums and discounts have moved over the course of the year.

Figure 12: Biggest percentage point changes to ratings in 2020 – the 10 greatest improvements

Company	Sector	Premium/(discount) at 31/12/2019 (%)	Premium/(discount) at 31/12/2020 (%)	Difference (percentage point)
Triple Point Social Housing REIT	Residential	(14.6)	5.8	20.4
CEIBA Investments	Rest of World	(38.9)	(19.0)	19.9
Civitas Social Housing	Residential	(15.1)	(3.0)	12.1
Tritax Big Box REIT	Logistics	(1.5)	8.4	9.9
Aberdeen Standard European Logistics Income	Europe	(4.3)	5.4	9.7
SEGRO	Logistics	26.7	32.0	5.3
Urban & Civic	Residential	(4.3)	0.2	4.5
Stenprop	Industrial	(9.7)	(5.9)	3.8
Urban Logistics REIT	Logistics	(0.1)	1.0	1.1
Impact Healthcare REIT	Healthcare	1.1	1.7	0.6

Source: Bloomberg, Marten & Co

The boost in Triple Point Social Housing REIT's share price saw it move from a pretty sizeable discount at the start of the year to finish the year on a premium to NAV of 5.8%. Meanwhile, Civitas Social Housing's discount narrowed, but it is still trading at a discount.

Likewise, CEIBA Investments' share price gains saw its discount narrow during the year by almost 20 percentage points, ending the year on a discount of 19%.

Industrial & logistics specialists feature heavily in the greatest rating improvements in 2020, with Tritax Big Box REIT, ASLI and Urban Logistics REIT moving from slight discounts to premium ratings. SEGRO saw its substantial premium increase over the year to 32%.

Urban & Civic, the residential master developer, saw its rating move to a slight premium after a £506m takeover bid by the Wellcome Trust (see page 10) boosted its share price.

Figure 13: Biggest percentage point changes to ratings in 2020 – the 10 greatest deteriorations

Company	Sector	Premium/(discount) at 31/12/2019 (%)	Premium/(discount) at 31/12/2020 (%)	Difference (percentage point)
Grit Real Estate Income	Rest of World	(7.6)	(59.1)	(51.5)
Drum Income Plus REIT	Diversified	(9.5)	(59.4)	(49.9)
Hammerson	Retail	(48.6)	(94.6)	(46.0)
U and I Group	Diversified	(32.5)	(73.4)	(40.9)
Capital & Regional	Retail	(30.2)	(70.2)	(40.0)
Panther Securities	Diversified	(26.1)	(59.2)	(33.1)
NewRiver REIT	Retail	(17.8)	(50.5)	(32.7)
Workspace	Offices	6.5	(23.5)	(30.0)
GCP Student Living	Student accom.	13.3	(16.6)	(29.9)
Capital & Counties	Retail	(10.6)	(39.7)	(29.1)

Source: Bloomberg, Marten & Co

Most of the companies to feature in Figure 13 have been covered off earlier in the worst performing companies' section. Additional entrants include Workspace, which owns a portfolio of flexible office space in London – a sector that has an uncertain future given the changes to working practices during the pandemic.

Student accommodation specialist GCP Student Living lost its premium rating during the year following a chaotic return to university and the threat of rent boycotts by students that have been forced to study off-campus.

Major corporate activity

Fundraises

Just over £3bn was raised by property companies during 2020, including the launch of a new REIT.

Despite the impact of COVID-19 on the real estate sector, property companies raised more than £3bn during the course of the year – eclipsing the £1.7bn raised in 2019. That included the launch of Home REIT, which is focused on providing a portfolio of homeless accommodation. It launched in October, raising £240.5m in an initial public offering.

The biggest fundraise was by industrial and logistics giant SEGRO, which raised £680m in in June in a share placing "to take advantage of ecommerce trends that are accelerating as a result of the covid-19 pandemic". Logistics companies dominated fund raising activity in the year, with Urban Logistics REIT raising more than £220m in two separate placings during the year, Warehouse REIT securing £153m and LondonMetric Property raising £120m in an oversubscribed placing.

Also busy in the fundraising department was Supermarket Income REIT, which raised £339.8m across two hugely oversubscribed placings in the year. Healthcare property specialists Assura Group and Primary Health Properties both completed significant raises during the year of £185m and £140m respectively.

Student accommodation specialist Unite raised £300m in a placing in June to "accelerate growth opportunities" in London and prime provincial markets, while private-rented residential specialist Grainger raised £186.7m through a placing to fund acquisitions and developments.

West End landlord Shaftesbury tapped the market for completely different reasons, raising £307m in October to shore up its balance sheet having been particularly badly impacted by COVID-19 enforced lockdowns on its retail and leisure portfolio.

Buybacks

A number of property companies that saw their rating swing to significant discounts to NAV bought back shares to narrow the discount.

Schroder REIT commenced a share buyback programme during the year, taking advantage of its wide discount (of around 50%).

Meanwhile, Phoenix Spree Deutschland, Stenprop, Standard Life Investments Property Income Trust, Real Estate Investors and Conygar Investment Company also returned money to shareholders through smaller share buybacks.

Hibernia REIT, which owns commercial and residential properties in Dublin, commenced a €25m share buyback programme that it said would return to shareholders the proceeds from the sale of 77 Sir John Rogerson's Quay.

Major appointments

There were a number of major appointments in the property sector during the year.

Unite Group, the student accommodation specialist, announced Richard Huntingford as its new chairman. Huntingford, who is chairman of Future Plc, will take over from Phil White on 1 April 2021.

Standard Life Investments Property Income Trust's chairman Robert Peto stepped down from the board. He was replaced as chairman by James Clifton-Brown.

Schroder REIT's fund manager Duncan Owen stepped down as global head of real estate at Schroders at the end of the year. He has become a special advisor to the company.

Six new chief executives were appointed to property companies during the year

Meanwhile, Land Securities, British Land, Hammerson, St Modwen, Empiric Student Property and Harworth Group appointed new chief executives.

Land Securities appointed St Modwen's Mark Allan as chief executive, replacing Robert Noel. St Modwen replaced Allan with Centrica Consumer chief executive Sarwjit Sambhi, effective from 2 November 2020.

British Land's chief financial officer Simon Carter succeeded Chris Grigg as chief executive on 18 November 2020. Retail landlord Hammerson appointed Rita-Rose Gagné as new chief executive replacing David Atkins.

Meanwhile, Duncan Garrood took up the position of chief executive at Empiric Student Property on 28 September and Lynda Shillaw took the hot seat at Harworth Group.

Mergers and acquisitions and major trades

In February, Hansteen Holdings was acquired and taken private by Blackstone for £500m. Hansteen shareholders received 116.5p per share – an 18.1% premium to its three-month average price at the time of the bid in December 2019.

In November, master developer Urban and Civic agreed terms on a recommended £506m cash offer for the company by the Wellcome Trust. The price was a huge premium to its prevailing share price and just above its NAV.

Capital & Counties acquired a 26.3% shareholding in rival West End landlord Shaftesbury for £436m in May, buying the shares owned by Hong Kong billionaire Samuel Tak Lee. Capital & Counties also participated in Shaftesbury's £307m fundraise in October and now owns 25.24% of the company.

Redefine Properties sold its 29.42% stake in RDI REIT to affiliates controlled by Starwood Capital Group.

Glenstone Property acquired 11,855,461 shares in Alternative Income REIT through a tender offer, equivalent to 14.73% of the company.

Liquidations, de-listings and trading cancellations

In one of the biggest property company casualties in recent history, shopping centre owner Intu Properties collapsed into administration in June. The company was in dire straits even before the COVID-19 pandemic having built up £4.5bn of debt. It was also facing rent reduction demands from dozens of struggling retailers during the coronavirus crisis.

Summit Properties cancelled the trading of its shares on AIM in March 2020 and following a recommended final cash offer, Daejan Holdings also announced plans to de-list.

Other major corporate activity

Hammerson completed a rights issue (and 1 for 5 share consolidation programme) in September raising £552m that it used, along with proceeds of the sale of its 50% stake in VIA Outlets, to pay down debt.

SEGRO listed its shares on Euronext Paris in a secondary listing. It said the listing would ensure it could maintain an efficient holding structure for its continental European assets following the Brexit transition period. Hammerson now also has a secondary listing, on the Euronext Dublin stock exchange, guaranteeing it an EU equivalent trading venue.

Grit Real Estate completed its delisting from the Johannesburg Stock Exchange, making London its primary listing and Mauritius its secondary. It also converted to a sterling quotation on the London Stock Exchange.

Primary Health Properties internalised its management with the acquisition of its manager Nexus Tradeco for £33.1m. It said it would save £4m a year in fees.

Gresham House bought the manager of Residential Secure Income REIT, TradeRisks Limited. Gresham paid £7m upfront and up to £4m more, subject to the achievement of certain performance targets.

Alternative Income REIT appointed M7 Real Estate as its new investment adviser. The company made the appointment after the previous manager, AEW, departed in February. The company tweaked its investment policy following a review by M7, which is a leading specialist in the pan-European, regional, multi-let real estate market.

Major news stories

- **Aberdeen Standard Investments** (ASI) announced it was acquiring a 60% interest in Tritax Management, the fund manager behind Tritax Big Box REIT and Tritax EuroBox. The move comes as it looks to strengthen its offering in the growing logistics real estate market, where it already has a listed fund in Aberdeen Standard European Logistics Income.
- **Urban & Civic** agreed terms on a recommended £506m cash offer for the company by the Wellcome Trust. The price was a huge premium to its prevailing share price and just above its NAV.
- **Capital & Counties** acquired a 26% shareholding in rival West End landlord Shaftesbury, in what could be the first steps in a long-mooted merger of the two groups.
- **Tritax EuroBox** refined its acquisition strategy to a more value-add approach, acquiring assets earlier in the development process or with leasing events and vacant land.
- **Regional REIT** announced it would sell all non-office assets – mainly industrial and retail worth £146m - after a strategic review. It said it would recycle the

proceeds into acquiring office assets as well as potentially undertaking a share buyback programme.

- **Secure Income REIT** decided to stick with Travelodge at its 123 sites (it could have evicted them as part of the hotel group's CVA) after sales and re-letting exercises came up short. Under the terms of the CVA, Secure Income REIT will receive 70% of normal rents from Travelodge in 2021.
- **British Land** sold a 75% stake in a portfolio of three offices in London's West End (10 Portman Square, Marble Arch House and York House) for £401m, reflecting a blended net initial yield of 4.32%.
- **Land Securities** sold 1 & 2 New Ludgate, located next to the Old Bailey, for £552m, ahead of valuation, and bought an office development opportunity at 55 Old Broad Street for £87m.
- **Schroder European REIT** forward sold Boulogne-Billancourt office in Paris for €104m. The deal delivered a net profit of 35% and increased the company's NAV by 15%.
- **Tritax Big Box REIT** pre-let a 2.3m sq ft of logistics space at its Littlebrook development in Dartford, east London, to Amazon.

Selected QuotedData views

- **An unlikely saviour of shopping centres**

The solution to filling the vast amount of vacant space in shopping centres could come from an unlikely source in logistics. Mall owners in the US have reportedly been in talks with Amazon to convert vacant department store space into distribution hubs. The idea makes perfect sense for both parties.

- **Working from home or back to work?**

The debate around the future of the office continues to rage with the government on a campaign to get people back to the office. But is there an appetite among employees and even employers to get back to the office?

- **What next for Debenhams and Arcadia landlords**

After two more former high street stalwarts crashed into administration, exposed property companies were left with a conundrum of what to do with the space.

- **The valuation game**

Valuers of property assets were accused of being in denial about office values during the pandemic, when rent and demand for space has fallen. A review of the valuation process is underway.

Outlook for 2020

Here are a few recent comments from managers and directors on how events may unfold in 2021, drawn from our latest real estate roundup.

Richard Shepherd-Cross, investment manager, Custodian REIT:

"As we see increasing confidence in the collection of contractually deferred rents and once landlords can formally pursue non-payers, positive sentiment towards the income credentials of commercial real estate investment is likely to return. In a low return environment, where dividends are under pressure across all investment markets, we believe that property returns will look attractive and the search for income and long-term capital security will bring many investors back to real estate. We expect further tenant failures as government support packages are withdrawn, the lockdown and subsequent restrictions bite and while CVAs remain legal, if questionable, practice, but this is likely to be heavily weighted towards the retail sector and should not diminish the overall appeal of real estate."

Sir Julian Berney Bt., chairman of Schroder European REIT:

"Faced with a global pandemic such as COVID-19 and ongoing political risk such as Brexit, it is impossible to accurately forecast with any degree of confidence how European economies and real estate markets will perform this year. In the face of uncertainty, we believe there will continue to be caution amongst occupiers, investors and banks, which will put downward pressure on rents and values in the short-term, particularly in certain sectors such as retail. We expect the consequences of COVID-19 to continue to present a challenging market backdrop for the foreseeable future and lead to long-term and permanent structural changes affecting how we live, work and play, particularly for leisure and shopping centres."

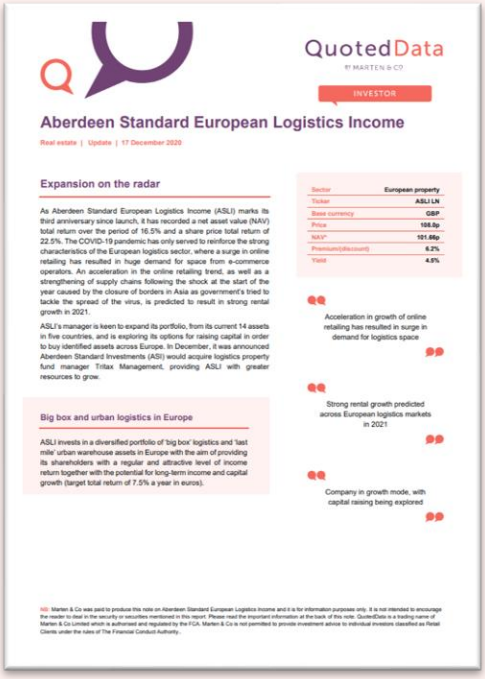
Brian Bickell, chief executive of Shaftesbury:

"In the year ahead, the widespread distribution of effective vaccines will bring a gradual return of confidence and activity across the West End and, a recovery in domestic footfall and spending. At the present time, it is not possible to predict at what point conditions will improve but it is likely social distancing and other restrictions, with the risk of further lockdowns, will continue into the spring and possibly early summer, putting further financial strain on occupiers. The overhang of unusually high vacancy across the West End will take time to be absorbed."

William Hill, chairman of Ediston Property:

"Irrespective of whether the economy gets back to where it was, we will be using real estate in a different way to that pre-crisis. Some of the change was already in the pipeline. Mega trends relating to the climate crisis, demographics, digitalisation, disruption from new technologies (such as robotics), the emphasis on health and well-being and the circular economy were all there before. The post COVID-19 'reset' will accelerate the pace of many of these changes. Other changes will be new and reflect risk management against future pandemics. Retail warehouses have a high proportion of essential retail tenants, a defensive convenience led bias, rents at affordable levels and it fits well into the new retail economy, including retailers' omnichannel strategies."

Recent real estate research notes



QuotedData
BY MARTEN & CO
INVESTOR

Aberdeen Standard European Logistics Income

Real estate | Update | 17 December 2020

Expansion on the radar

As Aberdeen Standard European Logistics Income (ASLI) marks its third anniversary since launch, it has recorded a net asset value (NAV) total return over the period of 16.5% and a share price total return of 22.5%. The COVID-19 pandemic has only served to reinforce the strong characteristics of the European logistics sector, where a surge in online retailing has resulted in huge demand for space from e-commerce operators. An acceleration in the online retailing trend, as well as a strengthening of supply chains following the shock at the start of the year caused by the closure of borders in Asia as government's tried to tackle the spread of the virus, is predicted to result in strong rental growth in 2021.

ASLI's manager is keen to expand its portfolio, from its current 14 assets in five countries, and is exploring its options for raising capital in order to buy identified assets across Europe. In December, it was announced Aberdeen Standard Investments (ASI) would acquire logistics property fund manager Tritax Management, providing ASLI with greater resources to grow.

Sector	European property
Ticker	ASLI LN
Base currency	GBP
Price	108.8p
NAV*	101.66p
Premium/(discount)	6.2%
Yield	4.9%

Big box and urban logistics in Europe

ASLI invests in a diversified portfolio of 'big box' logistics and 'last mile' urban warehouse assets in Europe with the aim of providing its shareholders with a regular and attractive level of income return together with the potential for long-term income and capital growth (target total return of 7.5% a year in euros).

"Acceleration in growth of online retailing has resulted in surge in demand for logistics space"

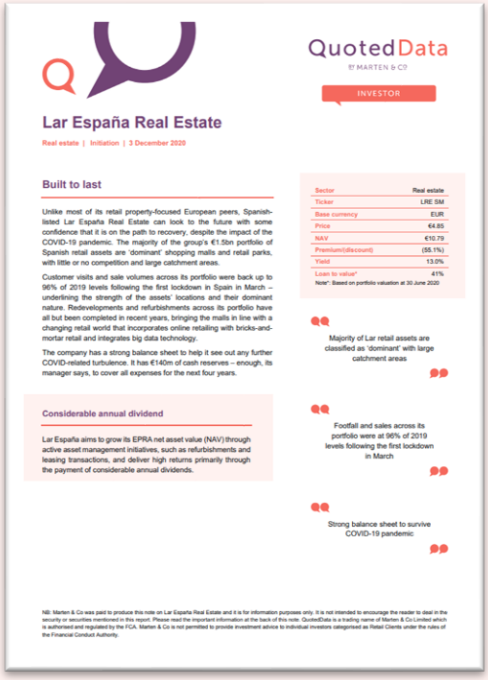
"Strong rental growth predicted across European logistics markets in 2021"

"Company in growth mode, with capital raising being explored"

NB: Marten & Co was paid to produce this note on Aberdeen Standard European Logistics Income and it is for information purposes only. It is not intended to encourage the reader to deal in the security or securities mentioned in this report. Please read the important information at the back of this note. QuotedData is a trading name of Marten & Co Limited which is authorised and regulated by the FCA. Marten & Co is not permitted to provide investment advice to individual investors classified as Retail Clients under the rules of The Financial Conduct Authority.

An annual overview note on Aberdeen Standard European Logistics Income (ASLI). The group's manager is exploring growth avenues to take advantage of strong fundamentals in the European logistics sector.

An initiation note on Lar España Real Estate (LRE SM). The Spanish listed REIT has a €1.5bn portfolio of dominant retail assets in key locations in Spain. The performance of its assets post the first lockdown and its strong balance sheet suggests a robust recovery in 2021.



QuotedData
BY MARTEN & CO
INVESTOR

Lar España Real Estate

Real estate | Initiation | 3 December 2020

Built to last

Unlike most of its retail property-focused European peers, Spanish-listed Lar España Real Estate can look to the future with some confidence that it is on the path to recovery, despite the impact of the COVID-19 pandemic. The majority of the group's €1.5bn portfolio of Spanish retail assets are 'dominant' shopping malls and retail parks, with little or no competition and large catchment areas.

Customer visits and sale volumes across its portfolio were back up to 96% of 2019 levels following the first lockdown in Spain in March – underlining the strength of the assets' locations and their dominant nature. Redevelopments and refurbishments across its portfolio have all but been completed in recent years, bringing the malls in line with a changing retail world that incorporates online retailing with bricks-and-mortar retail and integrates big data technology.

The company has a strong balance sheet to help it see out any further COVID-related turbulence. It has €140m of cash reserves – enough, its manager says, to cover all expenses for the next four years.

Sector	Real estate
Ticker	LRE SM
Base currency	EUR
Price	€4.85
NAV	€10.70
Premium/(discount)	(55.1%)
Yield	13.0%
Loan to value*	41%

Note*: Based on portfolio valuation at 30 June 2020

Considerable annual dividend

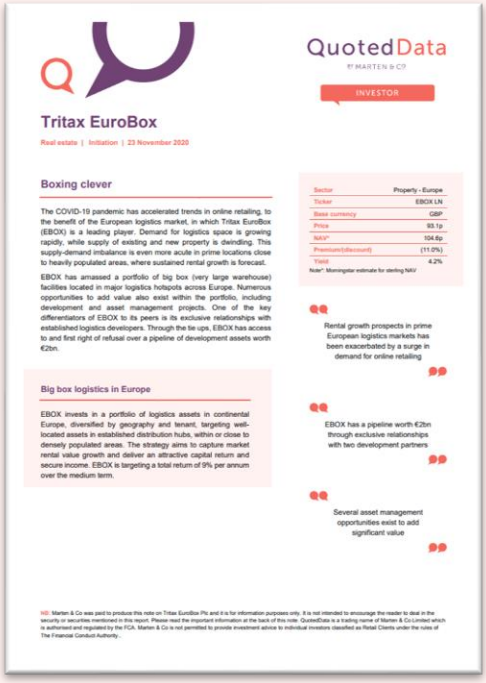
Lar España aims to grow its EPRA net asset value (NAV) through active asset management initiatives, such as refurbishments and leasing transactions, and deliver high returns primarily through the payment of considerable annual dividends.

"Majority of Lar retail assets are classified as 'dominant' with large catchment areas"

"Footfall and sales across its portfolio were at 96% of 2019 levels following the first lockdown in March"

"Strong balance sheet to survive COVID-19 pandemic"

NB: Marten & Co was paid to produce this note on Lar España Real Estate and it is for information purposes only. It is not intended to encourage the reader to deal in the security or securities mentioned in this report. Please read the important information at the back of this note. QuotedData is a trading name of Marten & Co Limited which is authorised and regulated by the FCA. Marten & Co is not permitted to provide investment advice to individual investors categorised as Retail Clients under the rules of the Financial Conduct Authority.



QuotedData
BY MARTEN & CO
INVESTOR

Tritax EuroBox

Real estate | Initiation | 23 November 2020

Boxing clever

The COVID-19 pandemic has accelerated trends in online retailing, to the benefit of the European logistics market, in which Tritax EuroBox (EBOX) is a leading player. Demand for logistics space is growing rapidly, while supply of existing and new property is dwindling. This supply-demand imbalance is even more acute in prime locations close to heavily populated areas, where sustained rental growth is forecast.

EBOX has amassed a portfolio of big box (very large warehouse) facilities located in major logistics hotspots across Europe. Numerous opportunities to add value also exist within the portfolio, including development and asset management projects. One of the key differentiators of EBOX to its peers is its exclusive relationships with established logistics developers. Through the tie ups, EBOX has access to and first right of refusal over a pipeline of development assets worth €2bn.

Sector	Property - Europe
Ticker	EBOX LN
Base currency	GBP
Price	93.1p
NAV*	104.6p
Premium/(discount)	(11.0%)
Yield	4.2%

Note*: Morningstar estimate for sterling NAV

Big box logistics in Europe

EBOX invests in a portfolio of logistics assets in continental Europe, diversified by geography and tenant, targeting well-located assets in established distribution hubs, within or close to densely populated areas. The strategy aims to capture market rental value growth and deliver an attractive capital return and secure income. EBOX is targeting a total return of 9% per annum over the medium term.

"Rental growth prospects in prime European logistics markets has been exacerbated by a surge in demand for online retailing"

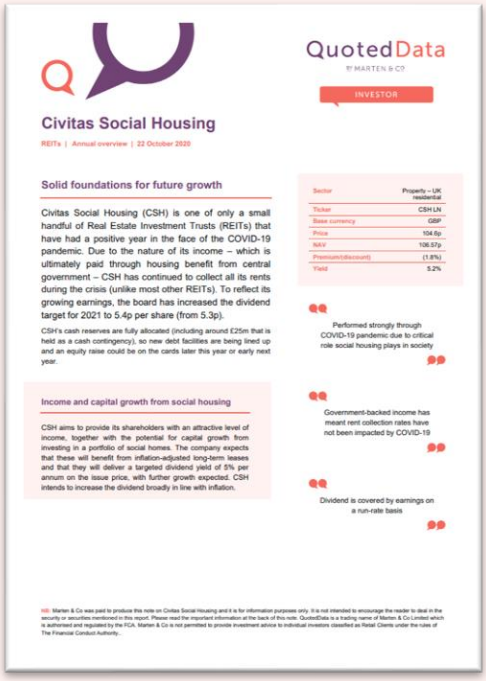
"EBOX has a pipeline worth €2bn through exclusive relationships with two development partners"

"Several asset management opportunities exist to add significant value"

NB: Marten & Co was paid to produce this note on Tritax EuroBox Plc and it is for information purposes only. It is not intended to encourage the reader to deal in the security or securities mentioned in this report. Please read the important information at the back of this note. QuotedData is a trading name of Marten & Co Limited which is authorised and regulated by the FCA. Marten & Co is not permitted to provide investment advice to individual investors classified as Retail Clients under the rules of The Financial Conduct Authority.

An initiation note on Tritax EuroBox (EBOX). The company's European big box logistics portfolio has performed well during the COVID-19 pandemic as a surge in online retailing has resulted in an uptick in demand for logistics space. Its exclusive relationships with developers give it plenty of room to grow.

An annual overview note on Civitas Social Housing (CSH). The company has been one of the best performing REITs and property companies during the covid-19 pandemic, owing to its indirect government-backed leases.



QuotedData
BY MARTEN & CO
INVESTOR

Civitas Social Housing

REITs | Annual overview | 22 October 2020

Solid foundations for future growth

Civitas Social Housing (CSH) is one of only a small handful of Real Estate Investment Trusts (REITs) that have had a positive year in the face of the COVID-19 pandemic. Due to the nature of its income – which is ultimately paid through housing benefit from central government – CSH has continued to collect all its rents during the crisis (unlike most other REITs). To reflect its growing earnings, the board has increased the dividend target for 2021 to 5.4p per share (from 5.3p).

CSH's cash reserves are fully allocated (including around £25m that is held as a cash contingency), so new debt facilities are being lined up and an equity raise could be on the cards later this year or early next year.

Sector	Property – UK residential
Ticker	CSH LN
Base currency	GBP
Price	104.6p
NAV	106.57p
Premium/(discount)	(1.8%)
Yield	5.2%

Income and capital growth from social housing

CSH aims to provide its shareholders with an attractive level of income, together with the potential for capital growth from investing in a portfolio of social homes. The company expects that these will benefit from inflation-adjusted long-term leases and that they will deliver a targeted dividend yield of 5% per annum on the issue price, with further growth expected. CSH intends to increase the dividend broadly in line with inflation.

"Performed strongly through COVID-19 pandemic due to critical role social housing plays in society"

"Government-backed income has meant rent collection rates have not been impacted by COVID-19"

"Dividend is covered by earnings on a run-rate basis"

NB: Marten & Co was paid to produce this note on Civitas Social Housing and it is for information purposes only. It is not intended to encourage the reader to deal in the security or securities mentioned in this report. Please read the important information at the back of this note. QuotedData is a trading name of Marten & Co Limited which is authorised and regulated by the FCA. Marten & Co is not permitted to provide investment advice to individual investors classified as Retail Clients under the rules of The Financial Conduct Authority.

QuotedData

BY MARTEN & CO

IMPORTANT INFORMATION

This note was prepared by Marten & Co (which is authorised and regulated by the Financial Conduct Authority).

This note is for information purposes only and is not intended to encourage the reader to deal in the security or securities mentioned within it.

Marten & Co is not authorised to give advice to retail clients. The research does not have regard to the specific investment objectives financial situation and needs of any specific person who may receive it.

This note has been compiled from publicly available information. This note is not directed at any person in any jurisdiction where (by reason of that person's nationality, residence or otherwise) the publication or availability of this note is prohibited.

Accuracy of Content: Whilst Marten & Co uses reasonable efforts to obtain information from sources which we believe to be reliable and to ensure that the information in this note is up to date and accurate, we make no representation or warranty that the information contained in this note is accurate, reliable or complete. The information contained in this note is provided by Marten & Co for personal use and information purposes generally. You are solely liable for any use you may make of this information. The information is inherently subject to change without notice and may become outdated. You, therefore, should verify any information obtained from this note before you use it.

No Advice: Nothing contained in this note constitutes or should be construed to constitute investment, legal, tax or other advice.

No Representation or Warranty: No representation, warranty or guarantee of any kind, express or implied is given by Marten & Co in respect of any information contained on this note.

Exclusion of Liability: To the fullest extent allowed by law, Marten & Co shall not be liable for any direct or indirect losses, damages, costs or expenses incurred or suffered by you arising out or in connection with the access to, use of or reliance on any information contained on this note. In no circumstance shall Marten & Co and its employees have any liability for consequential or special damages.

Governing Law and Jurisdiction: These terms and conditions and all matters connected with them, are governed by the laws of England and Wales and shall be subject to the exclusive jurisdiction of the English courts. If you access this note from outside the UK, you are responsible for ensuring compliance with any local laws relating to access.

No information contained in this note shall form the basis of, or be relied upon in connection with, any offer or commitment whatsoever in any jurisdiction.

Investment Performance Information: Please remember that past performance is not necessarily a guide to the future and that the value of shares and the income from them can go down as well as up. Exchange rates may also cause the value of underlying overseas investments to go down as well as up. Marten & Co may write on companies that use gearing in a number of forms that can increase volatility and, in some cases, to a complete loss of an investment.

QuotedData is a trading name of Marten & Co, which is authorised and regulated by the Financial Conduct Authority.

123a Kings Road, London SW3 4PL
0203 691 9430

www.QuotedData.com

Registered in England & Wales number 07981621,
2nd Floor Heathmans House,
19 Heathmans Road, London SW6 4TJ

Edward Marten (em@martenandco.com)

David McFadyen (dm@martenandco.com)

Alistair Harkness (ah@martenandco.com)

Matthew Read (mr@martenandco.com)

James Carthew (jc@martenandco.com)

Shonil Chande (sc@martenandco.com)

Richard Williams (rw@martenandco.com)