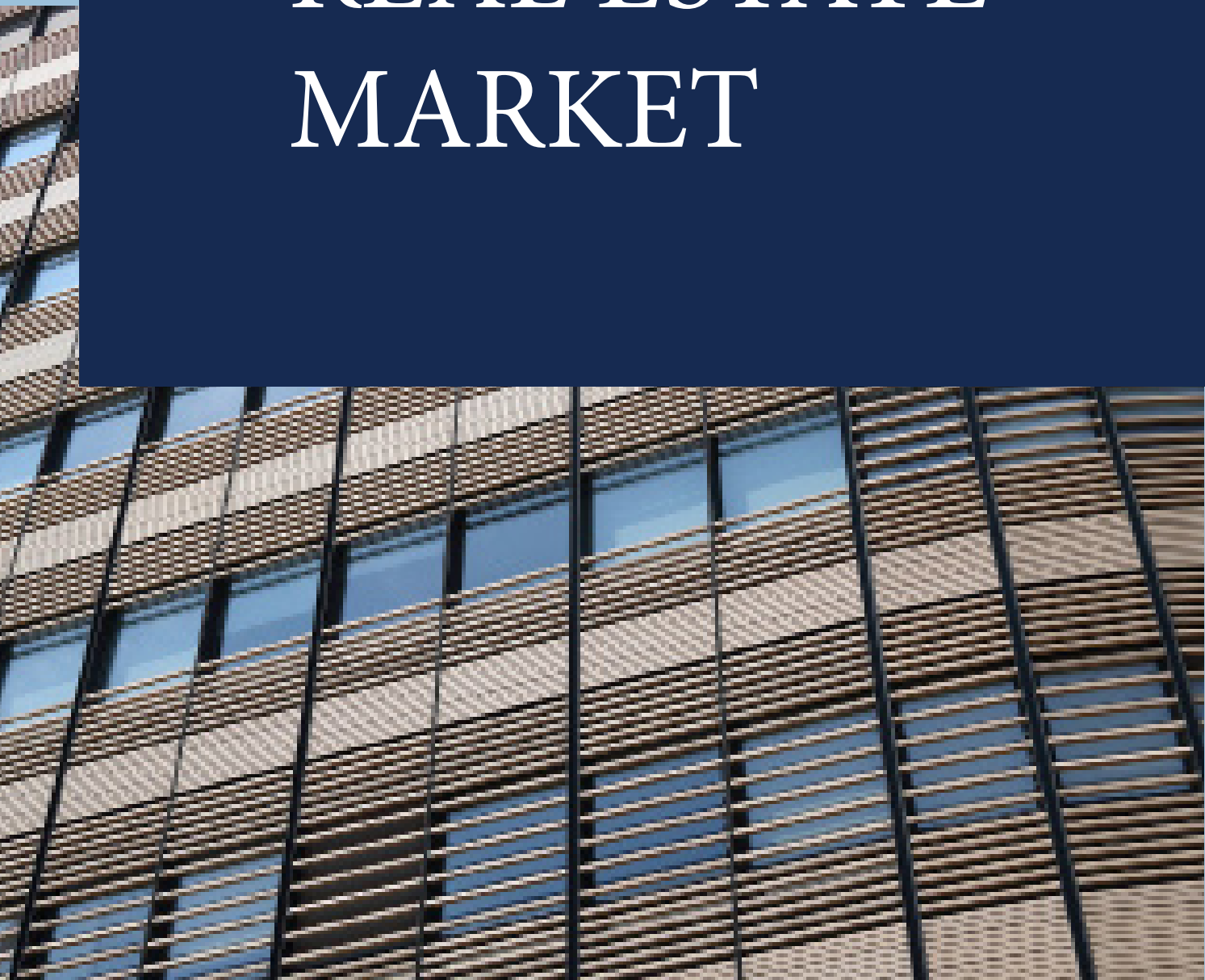


2021 BELGIAN REAL ESTATE MARKET



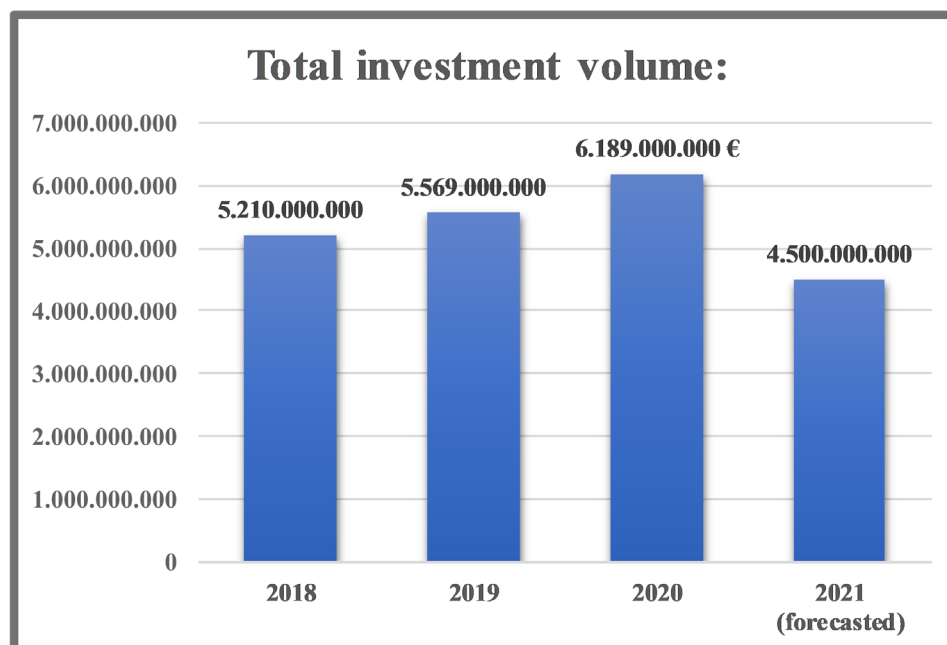
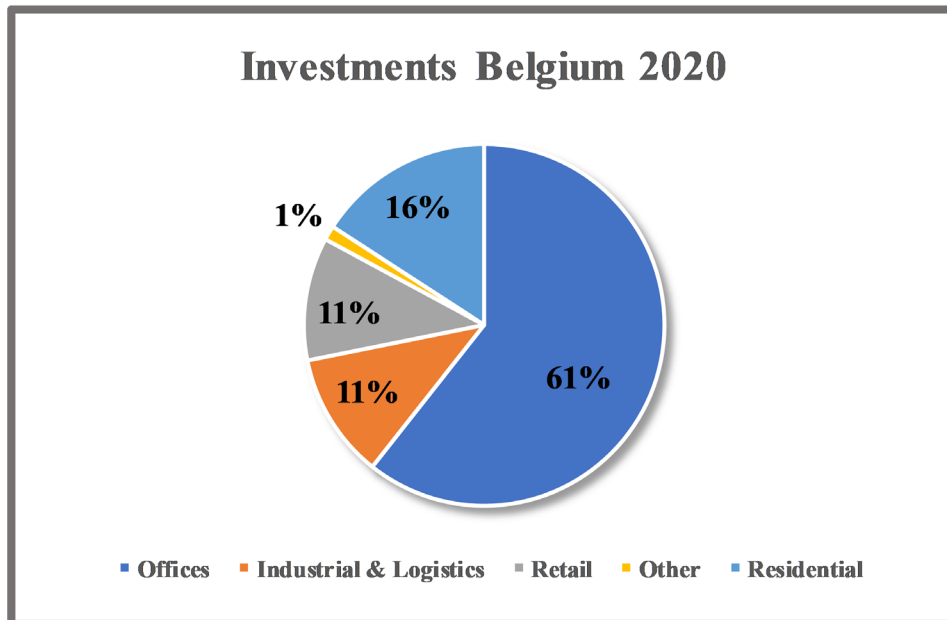
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Latest Trends

- Prices for logistics have risen (+6%);
- Prices for residential have risen (+2% (+6% last year), +20% in 5 years);
- Prices for offices are shy (big spread between recent certified BREEAM projects and older existing buildings);
- Prices for retail are overall balanced between out-of-town retail surviving and high street retail and shopping centers that are suffering.

Investments over the sectors were distributed as follows in 2020:



The total invested volume in 2020 amounted to 6.189.000.000 €, which was still exceptionally high in Belgium. This was mostly due to the exceptional deal for the Finance Tower in Brussels that was sold for 1.2 billion € to Koreans. Since then, European investments have decreased by 40% during the 1st trimester of 2021.

Macroeconomic Indicators

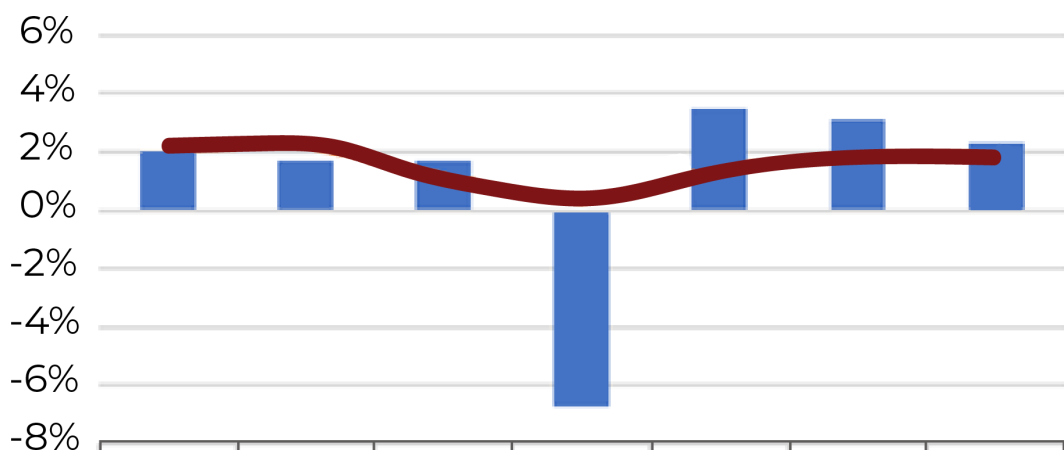
BELGIUM



Population:	11.493.000
Unemployment:	7,40%
Hourly Labor Cost:	16,43 (approx.)

Unemployment in Belgium is at 5.6% and is expected to rise to 7.4% in 2021.

GDP decline was 6.7% for 2020. It is forecasted to rise again in 2021.

Belgium GDP Growth and Inflation



	2017	2018	2019	2020	2021 (forecast ed)	2022 (forecast ed)	2023 (forecast ed)
 GDP Growth	2%	1,70%	1,70%	-6,70%	3,50%	3,10%	2,30%
 Inflation	2,13%	2,30%	1,20%	0,30%	1,50%	1,90%	1,90%

Evolution in the Different Real Estate Segments



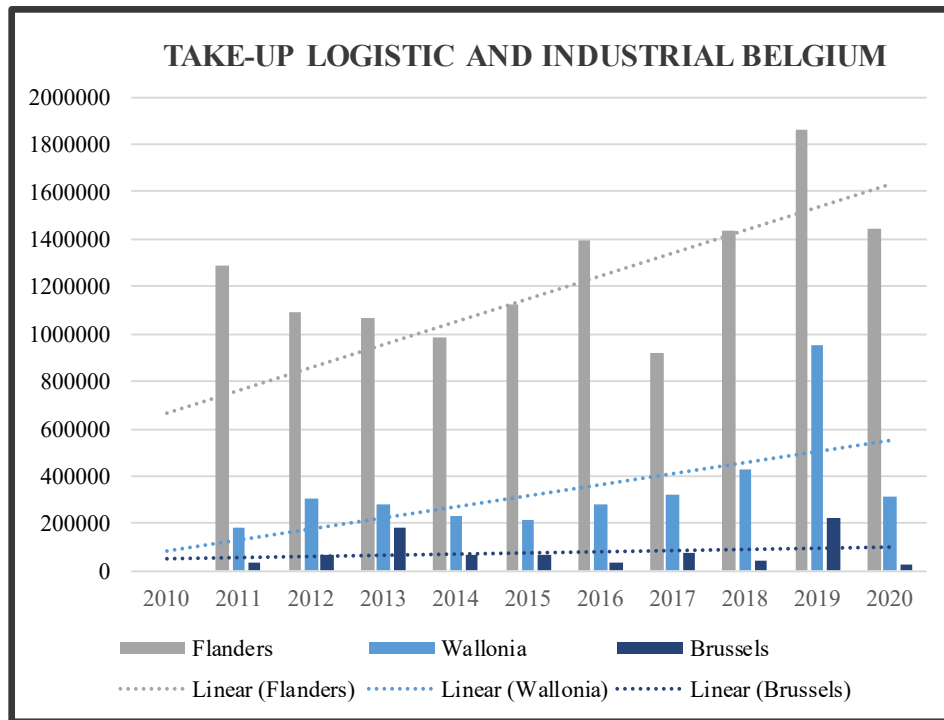
Logistics: Logistics take up increased by +6% in 2020.

More stock was/is needed due to E-commerce and Covid distribution chain. Quickly a lot of logistic spaces were rented out. In Belgium logistics spaces are much sought after on the golden triangle Antwerp-Brussels-Ghent, since they are on important axes for further distribution in Belgium and for the rest of Europe. Limburg (in the North-East) is developing too. The logistics spaces are predominantly in Flanders, more than Wallonia and (logically) more than in Brussels. Logistic spaces are mostly rented (62% of the transactions) than sold to end-users.

The biggest transaction of the year was the logistics portfolio of AG Real Estate sold to Prologis for 127 million.

In the semi-industrial sector, more smaller spaces have been let and sold than usual. The average transaction was for 1.100 m² (1.600 m² before). In 2020 there were more deals, but the invested volume was smaller due to this phenomenon. The semi-industrial sector has become a dynamic market. There is a big demand for small business units.

The vacancy in logistics and semi-industrial premises is almost none, at least very low at the moment. It has become more a built-to-suit market too. Due to short construction schedule buildings are built on demand and not in advance, which again keeps the vacancy low.



MARKET OVERVIEW				
LOGISTICS BELGIUM				
Key Figures				
Stock (m²)	In construction (m²)	Projects 2021-2024 (m²)	Vacancy (%)	Evolution of the vacancy
40.031.000	169.000	758.000	1,5%	↘
RENTAL MARKET				
Take up (m²) (2019)	Take up (m²) (2020)	Prime rent (€/m²/jr.)	Average rent (€/m²/jr)	Evolution of the rental market
2.052.000	1.779.000	52		↗
INVESTMENTS MARKET				
Total investments in logistics in 2019 (€)	Total investments in logistics in 2020 (€)	Prime yield (%)		Evolution of the yields
440.000.000	673.000.000	4,50%		↘

Offices: The take up in the office market has dropped by 35%.

Activity in the office market has slowed down. In 2020 new projects had been put on hold as well as the permits. Developers are also waiting and hesitant to build new offices since teleworking is mandatory for the moment and will be tolerated more in the future.

On the other hand meeting spaces will be even more searched for, training areas and closed offices too. Also more and more sustainability rules have to be taken into account. New, modern office buildings are therefore easily rented and older buildings more than ever left aside.

MARKET OVERVIEW				
OFFICES BELGIUM				
Key Figures				
Stock (m ²)	In construction (m ²)	Projects 2021-2024 (m ²)	Vacancy (%)	Evolution of the vacancy
19.236.000		1.049.000	7,6%	↗
RENTAL MARKET				
Take up (m ²) (2019)	Take up (m ²) (2020)	Prime rent (€/m ² /jr.)	Average rent (€/m ² /jr)	Evolution of the rental market
825.000	590.000	* 320		=
<i>* found in the European District in Brussels.</i>				
INVESTMENTS MARKET				
Total investments in offices in 2019 (€)	Total investments in offices in 2020 (€)	Prime yield (%)		Evolution of the yields
2.500.000.000	4.150.000.000	4,00%		↗

Retail

Out-of-town retail is the most resilient, high street shopping and shopping centers are under downward pressure due to Covid restrictions. Non essential shops were closed due to Covid during the 2 more strict lockdowns in March 2020 and January 2021 and restricted in number of clients (1 per 100 m²) in between.

Restaurants and bars have been closed since October 2020 until May 2021 and had been closed between March and June 2020 too, which put a lot of pressure on this sector.

Out-of-town retail is more resilient, due to the already lower rents, bigger and more flexible spaces and ease of access and parking spaces. Out-of-town retail, especially food retailing, observed an increase in transactions and investment volumes and have stable yields. High streets and shopping centers have been closed twice by lockdowns and with the e-commerce getting more attention, investors are not eager to invest in this segment. More flexibility in retail spaces and rental contracts are expected. Decoration, home furniture and food & beverage are the most active sectors in 21Q1.

Retail prime yields are as follows: 4.25% (main street) – 4.70% (shopping center) – 5.5% (out-of-town). In stock would be approximately 96.000 m². High street prime rent fell from 2.000 €/m²/y to 1.600 €/m²/y.

“Consumer Price Index 1.7%, Core inflation in Belgium stands at 0,4% in 2020, well below the 2% ECB target. It should be around 1.7% for 2021 and 1.9% for 2022 and 2023.”

MARKET OVERVIEW				
RETAIL BELGIUM				
Key Figures				
Stock (m ²)	In construction (m ²)	Projects 2021-2024 (m ²)	Vacancy (%)	Evolution of the vacancy
11.059.000	237.200		* 11,0%	↗
<i>*16% high streets, 6% both shopping and out of town</i>				
RENTAL MARKET				
Take up (m ²) (2019)	Take up (m ²) (2020)	Prime rent (€/m ² /jr.)	Average rent (€/m ² /jr)	Evolution of the rental market
435.400	415.400	160 out-of-town, 1.150 shopping center		↘
INVESTMENTS MARKET				
Total investments in retail in 2019 (€)	Total investments in retail in 2020 (€)	Prime yield (%)		Evolution of the yields
900.000.000	672.000.000	4,00%		↘

Residential

Covid-19 impact on the residential market remained limited thanks to government help for temporarily unemployed workers. A lot of private investors have sleeping money and prefer to invest in real estate than leave their money in the bank. The interest rate is very low at +-1,40%.

In 2020 Covid-19 implied even less offer due to slowed down constructions and longer terms for permits (terms to get a permit have an average of 2 years in Brussels). This pushes the prices higher and implied that real estate prices have jumped in Belgium in 2020.

The average house costs +- 281.705 €. This is a rise in price of +1,7% from 2020 to 2021 and was an increase of +6% from 2019 to 2020. When taking a 5 year spread we observe an increase of 20% in residential prices (13-14% excl. inflation).

- Average house in Flanderes: +- 314.360 €
- Average house in Wallonia: +- 208.330 €
- Average house in Brussels: +- 483.970 €, double as much as in Wallonia

26.9% of Belgian residences are appartements. (Around 60% of Brussels residentials are appartments.)

Also the age of appartments are different according to the region in Belgium:

- In Flanders 32,4%,
- In Wallonia 21,4% and in
- Brussels only 6,8% was built after 1981.

Conclusion

Until now, aside from high street shops, Covid-19 has had a limited impact on the real estate market. The real consequences will appear in the coming year and will require in-depth knowledge of the conceptual and technical potential of existing assets as well as a correct assessment of the huge ongoing changes in end-user needs.