2025

HOUSE VIEW

European Property
Market Outlook

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EXECUTIVE SUMMARY

We are pleased to present our **2025 European House View**. This publication is produced each year and serves two essential purposes. First, it highlights our outlook for the European economy and the commercial real estate (CRE) sector as well as significant trends and opportunities. Secondly, it presents our key conviction themes and preferred investment strategies.

REPORT HIGHLIGHTS:

1. The eurozone **economy has entered a better phase** with economic recovery, low unemployment, and more moderate inflation. We expect the nascent recovery to continue over the next 12 months – albeit growth is likely to remain modest and uneven.

2. CRE investment transactions appear to be finding a floor after a period of decline with market participants optimistic about recovery. We believe **values in favored sectors such as logistics and residential are stabilizing** and will bring greater convergence in buyers' and sellers' price expectations.

3. Occupier markets remain resilient, with growing polarization between best-in-class assets and the rest of the market. Reduced supply in **logistics** and **housing** driven by lower development activity will lead to increased demand for modern space. We also expect significant demand for **data centers** driven by the ever-growing need for data storage, computing power, and networking.

4. Regulatory measures following the Global Financial Crisis, compounded by recent economic volatility, have significantly constrained traditional sources of **CRE debt** capital and in our view, is presenting a strategic opportunity for debt funds to leverage market dynamics and address capital shortfalls.

1. EUROPEAN ECONOMIC OUTLOOK

As we evaluate the European real estate market, we find ourselves navigating a complicated economic landscape filled with mixed signals for investors. **We believe we are now at a turning point, and that the market will enter a period of gradual economic recovery, albeit growth will remain modest.** The prevailing economic theme revolves around declining inflation that paves the way for interest rate cuts and lays the foundations for a broader upturn in the economy.

> "We are cautiously optimistic about a potential market upswing and remain well positioned to grow areas of our business based on supply/demand imbalances or strong long-term fundamentals."
>
> JUSTIN HILDEBRANDT, Senior Managing Director, Head of Europe

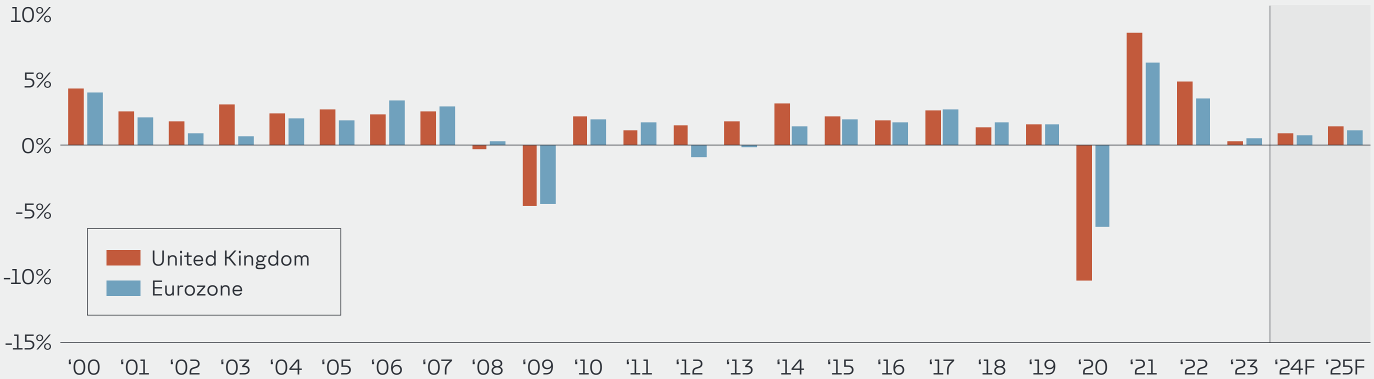
ECONOMIC GROWTH FORECAST

The European economy is gradually emerging from a period of stagnation. Eurozone GDP grew by 0.5% in the first half of 2024, the strongest performance since Q3 2022 when the energy crisis started. Eurozone GDP grew by 0.7% in 2024 and is expected to rebound to 1.2% in 2025 (**Exhibit 1**). The UK economy is estimated to have grown by 0.9% in 2024, with growth of 1.4% expected in 2025.[1]

Private consumption was the main catalyst for growth in 2024 and the consumer's health and sentiment should continue to drive overall macro-economic performance. **As inflation decelerates, real wage growth should support a rebound in consumption and sentiment.** Private consumption in the eurozone is expected to grow by 1.5% in 2025, up from 0.9% in 2024.[2] Sentiment indices remain just below average levels, but have maintained an upward trajectory reflecting improved confidence in industry, services, and retail trade.[3]

As we look ahead over the next 12 months, we expect the constraints on the European economy to start to lift and for a new growth cycle – albeit still fragile and moderated, creating new tailwinds for commercial real estate investment.

EXHIBIT 1: REAL GDP GROWTH (ACTUAL vs. FORECASTED)

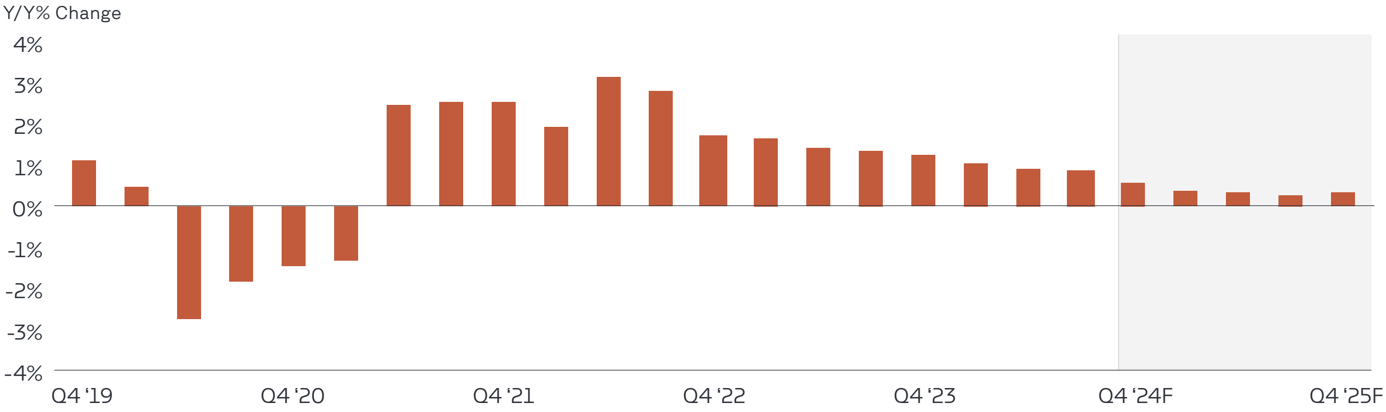


Source: Oxford Economics, December 2024

EASING LABOR MARKET CONDITIONS

Labor markets may be important in determining the path of growth over the coming months. Wages accelerated by 5.4% in Q3 2024 from 3.6% in the previous quarter as workers continued to press for compensation for incomes lost to the recent spike in inflation.[4] On the one hand, wage growth should underpin households' purchasing power and support economic recovery. However, hiring intentions appear to be easing in most eurozone countries which is expected to weigh on real incomes and the outlook for consumers. Growth in employment is expected to slow in comparison with recent years (**Exhibit 2**) which may alleviate inflationary pressures; however, ongoing geopolitical uncertainties pose further potential downside risk to the outlook.

EXHIBIT 2: EUROZONE EMPLOYMENT GROWTH EXPECTED TO EASE



Source: Oxford Economics, December 2024

1. Oxford Economics, December 2024
2. Ibid
3. European Commission. Business & Consumer Survey August 2024.
4. Eurostat, Q3 2024

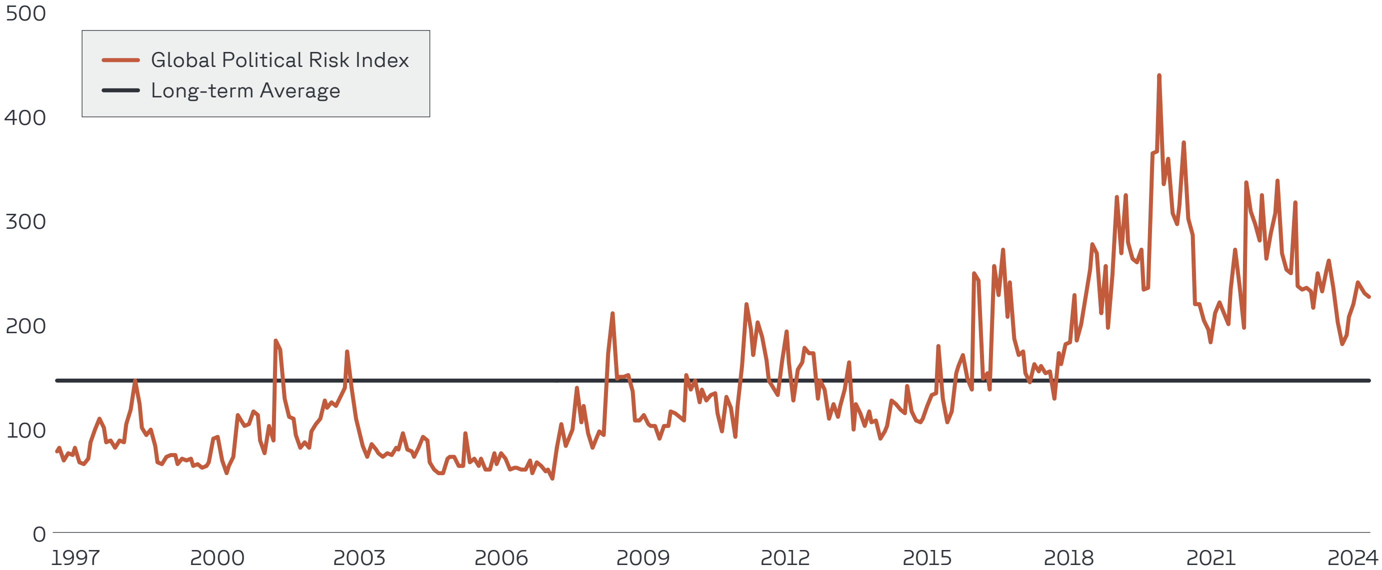
POLITICAL FRAGMENTATION

Globally, elevated political uncertainty remains a key source of risk (**Exhibit 3**). Conflict has unfolded on European borders dominating the political agenda. Russia's war of aggression on Ukraine is continuing, while the Israel-Hamas conflict is destabilizing many of Europe's southern neighbors. **Geopolitical developments will likely result in increased volatility and could be a catalyst for market corrections over the coming years.**

The coexistence of these two conflicts poses problems to the EU's coherence and credibility. While Ukraine has gained support from many Western nations, some tensions persist within Europe. **European parliamentary elections as well as several national elections have seen a shift in a more populist, protectionist, and turbulent direction.** As a result, the new European Parliament is more fragmented than the previous one, which will have an important bearing on its ability to steer policies.

While the political landscape can affect real estate markets through taxation and planning policy, among other things, the wider economic backdrop is the primary driver of performance. Nevertheless, we remain conscious of the changing political backdrop and potential for disruption and resulting reduced capital flows.

EXHIBIT 3: GLOBAL ECONOMIC POLICY UNCERTAINTY INDEX



Source: Global Economic Policy Uncertainty Index, October 2024

INFLATION AND INTEREST RATES

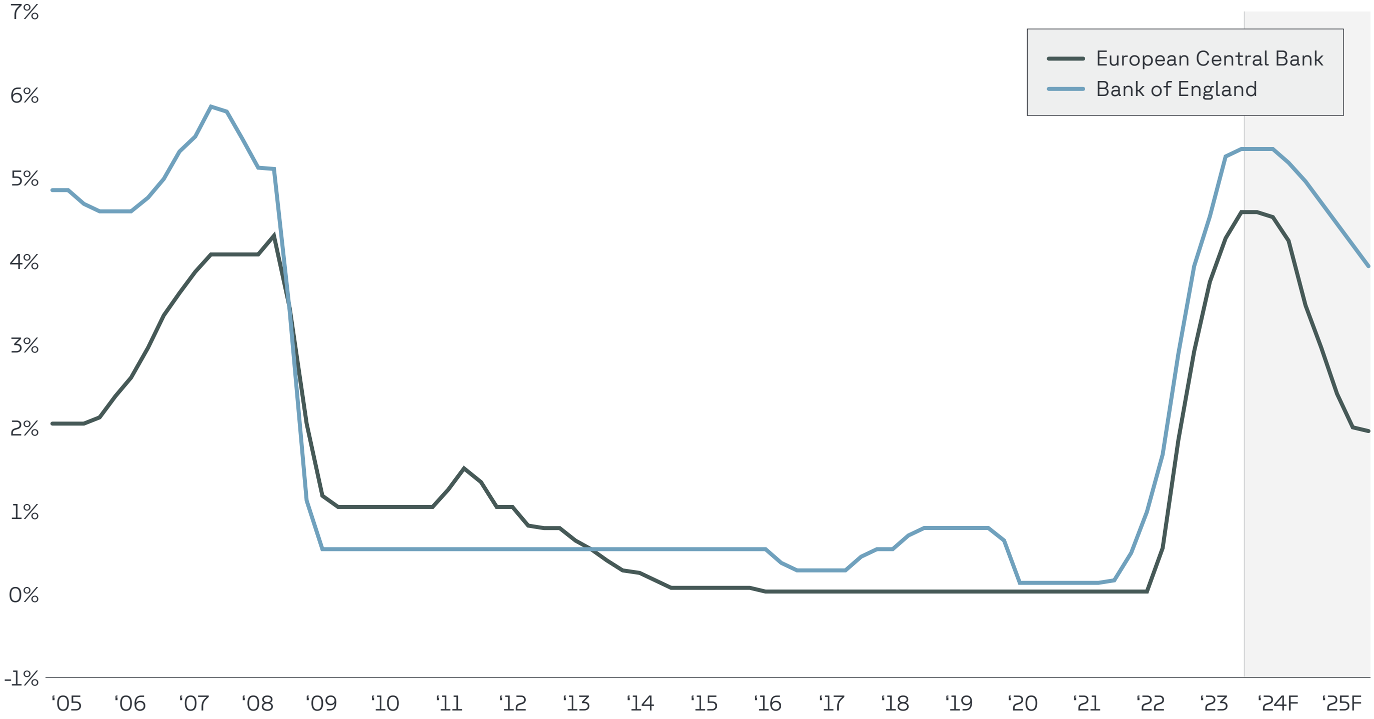
There has been good progress towards reducing inflation across the major European economies. This has largely reflected the diminishing effect of energy and food prices, as well as an easing in pressures coming from global supply chains. We still expect inflation to undershoot the European Central Bank's (ECB) 2% target in H1 2025.[5]

Falling inflation has opened the door to interest rate cuts, with the ECB cutting policy rates several times since the easing cycle began in June 2024. Despite growing confidence in the inflation outlook, there are residual worries about domestic inflation and wage pressures. We think that the ECB will continue to favor a gradual approach to cutting interest rates; however, growing confidence in the inflation outlook should embolden the policy committee to make further cuts (**Exhibit 4**).

Meanwhile, in the UK we think inflation is expected to remain close to the central bank's 2% target throughout the rest of this year. The pace of interest rate cuts will be somewhat dependent on pay growth and wider services inflation. The UK monetary policy committee has indicated that this is going to be a gradual easing cycle, however, recent data around slowing wage growth has tilted the risks in favor of faster UK interest rate cuts.

We expect the long-term interest rate environment will be very different from the post-GFC years. The pace of rate cuts in Europe is likely to be steady and data-driven, rather than rapid and based on sentiment. However, real incomes should receive some reprieve as disinflation continues and interest rates ease. Households appear to still be holding substantial excess savings they accumulated during the pandemic. The household saving rate has risen to the highest rate since 2021 (15.7%), fueled primarily by growth in household incomes.[6] Historical norms suggest households have scope to save less – a prospect that interest rate cuts and a more stable macroeconomic outlook should support.

EXHIBIT 4: CENTRAL BANK POLICY RATES (2005-2025)



Source: Oxford Economics, December 2024

We expect the long-term interest rate environment will be very different from the post-GFC years. The pace of rate cuts in Europe is likely to be steady and data-driven, rather than rapid and based on sentiment.

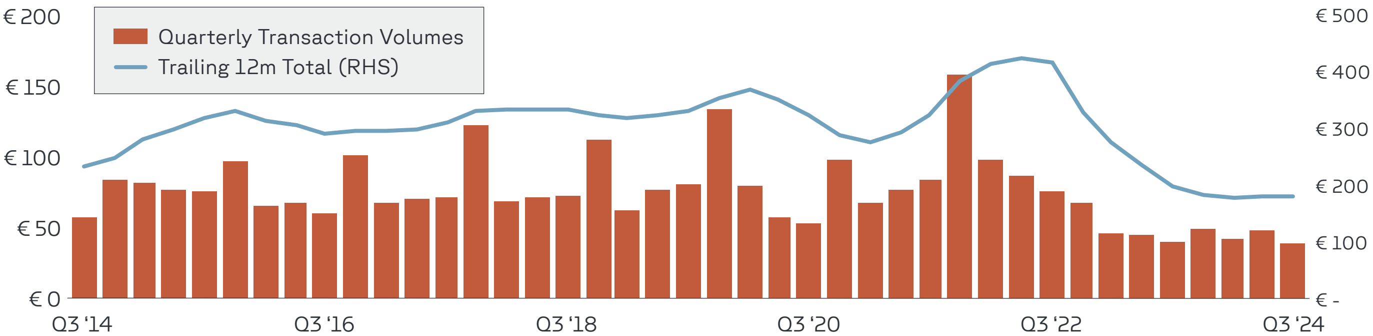
5. Oxford Economics. Eurozone: ECB isn't ready for a series of back-to-back rate cuts yet. September 12, 2024
6. Eurostat, October 2024

TRENDS, OPPORTUNITIES, AND STRATEGIES

Evaluating CRE Market Conditions

Commercial real estate (CRE) investment is showing signs of recovery from the slowdown sparked by elevated inflation and higher interest rates. Sales of CRE in Q3 2024 were on par with the level recorded in the same period of 2023 (**Exhibit 5**). We are optimistic that the evidence from the data and sentiment from market participants indicates that the market is past the worst of the downturn. **We expect to see a gradual increase in investment activity over the next 12 months, with easing financing pressures, allowing buyers and sellers to converge.**

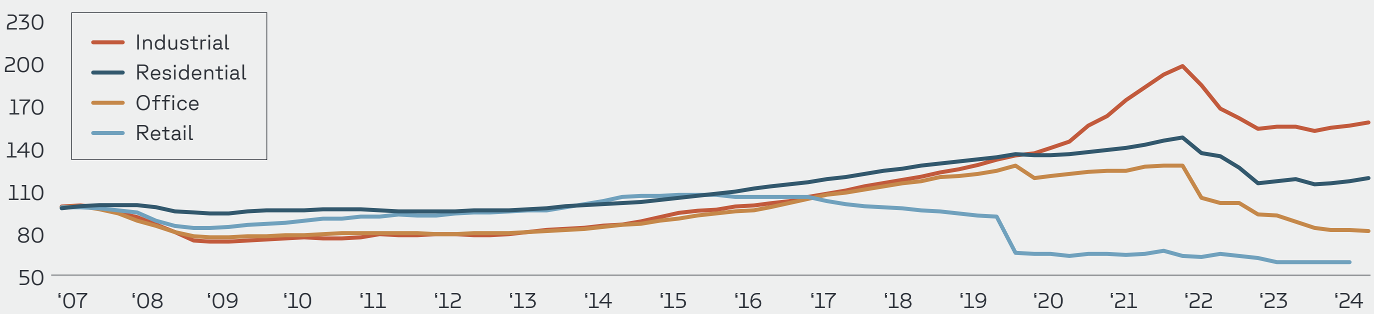
EXHIBIT 5: EUROPEAN CRE INVESTMENT VOLUMES (€ BILLIONS)



Source: MSCI Real Assets, Q3 2024

Clarity on new price levels should also support deal activity. **Real estate markets in Europe have materially adjusted to the higher interest rate and the lower growth environment.** The Green Street Commercial Property Price Index, which measures pricing of a broad swathe of Pan-European commercial properties, has fallen 25% since pricing peaked in 2022 (**Exhibit 6**).[7] In fact, in comparison to prior cycles we have found that the European markets adjusted values much more rapidly than the United States, and as a result may lead the US in recovery, a marked change from its usual expected lag to the US. Values have started to recover in 2024 and while the overall trend is positive, not all sectors within CRE experienced the same trajectory. The office sector continues to face challenges, with values falling further in 2024. This divergence highlights the nuanced nature of the market's recovery, with certain sectors poised for growth while others grappled with ongoing challenges. Nevertheless, for most property types, we think pricing has probably hit its low.

EXHIBIT 6: EUROPEAN COMMERCIAL PROPERTY PRICE INDEX



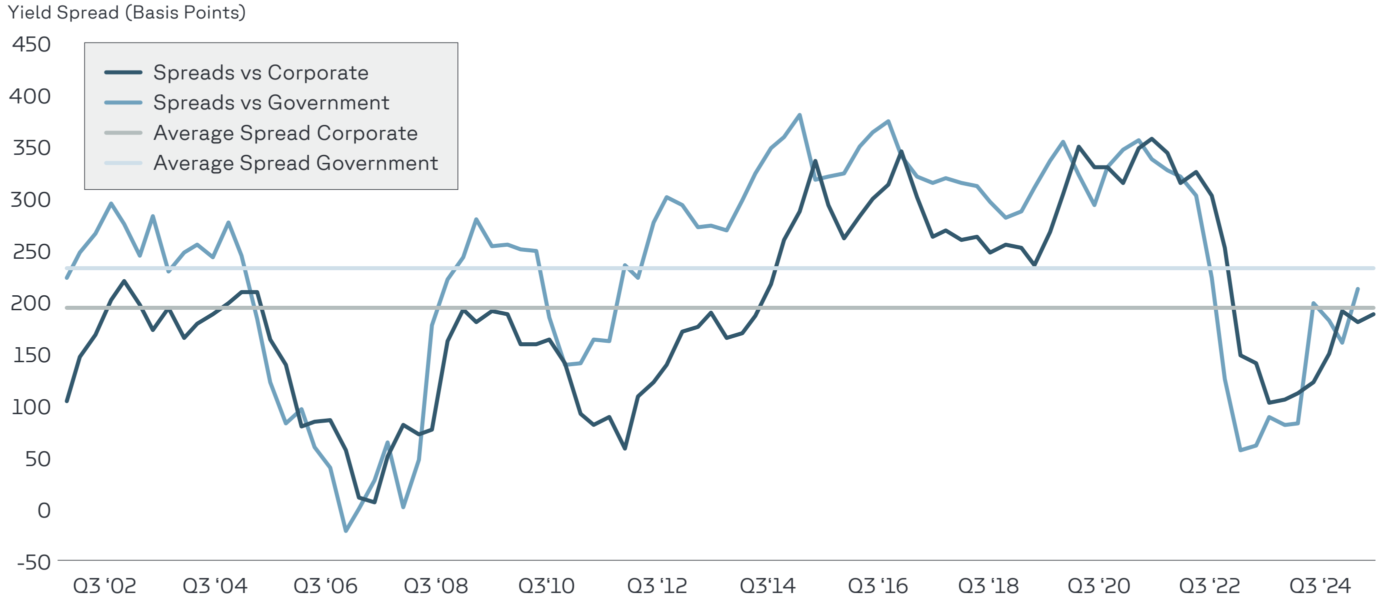
Source: Green Street, Q3 2024

It is our expectation that European real estate markets should recover further, and the next 12 months provide what we believe is an attractive entry point for investors. Occupier markets have held up relatively well, notwithstanding some challenges in the office sector. Moreover, falling interest rates should reduce pressure on pricing and could stimulate investment activity. After the global financial crisis (GFC), real estate yields moved out for around 21 months. Yields have increased for 27 months so far in the current market downturn, taking the two market corrections towards a similar duration.[8] While some parts of the market are still being treated with caution, notably offices, this provides further comfort that CRE values in the right sectors and right geographies have bottomed out and in some cases, such as in logistics and housing, we are seeing some signs of yield compression from trough levels.

7. Green Street. Pan-European Commercial Property Price Index. July 2024
8. CBRE. European All Property Yield Index. Q3 2024

The spread between real estate yields and fixed-income bonds fell considerably during 2021/22 but has since recovered to more healthy long-term levels. The relative value of all-property prime yield spreads versus eurozone government bond yields is hovering at around 200 basis points as of Q3 2024, in line with the 20-year average. CRE has also outperformed investment-grade corporate bonds by roughly 230 bps annually, on average, over the past 20 years. As shown in **Exhibit 7**, capitalization rate spreads for European real estate assets are broadly on a par with their 20-year average. Despite recent volatility in bond markets, we believe European CRE is on the road to recovery with investors starting to take greater interest in investing.

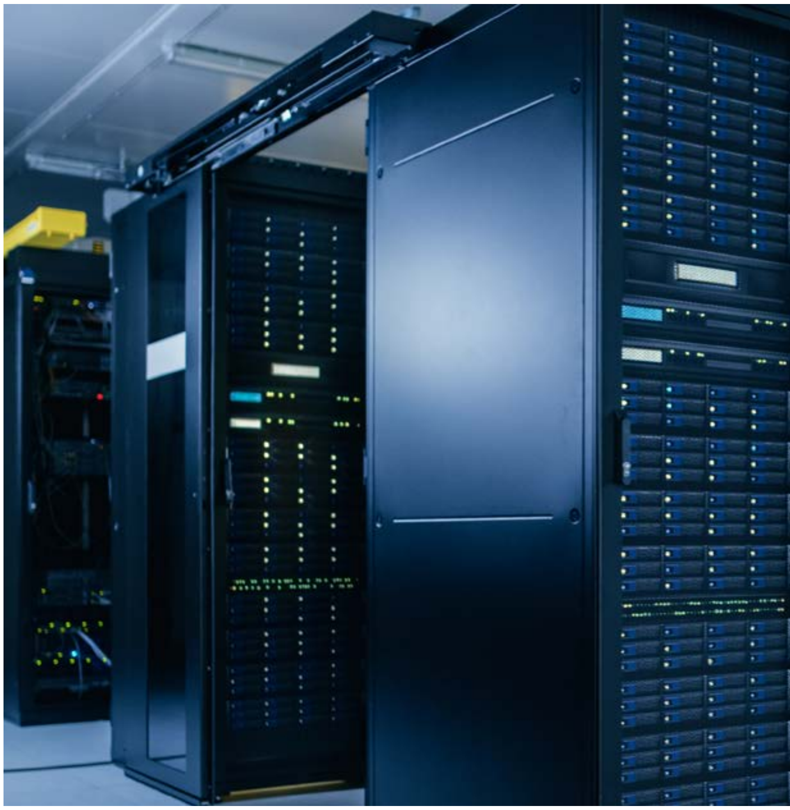
EXHIBIT 7: EUROPEAN CAPITALIZATION RATE SPREADS TO 10-YEAR TREASURY & BAA CORPORATE BONDS



Source: CBRE, Bloomberg Q3 2024

2. COMMERCIAL REAL ESTATE OPPORTUNITIES AND STRATEGIES

We believe Europe's CRE investment market is at an inflection point that should restore the traditional importance of development and value-add capabilities as well as those associated with hands-on asset management. We will continue our emphasis on value creation and investment themes driven by strong demand and growth characteristics, such as rental housing, and the intersection of real estate and technology in the digital economy.



Technology and Real Estate

In light of the ongoing market volatility, our conviction around the **intersection of real estate and technology** has grown even stronger. We believe our investments in logistics and data centers in Europe will continue to benefit from the combination of strong demand driven by the digital economy and limited supply.

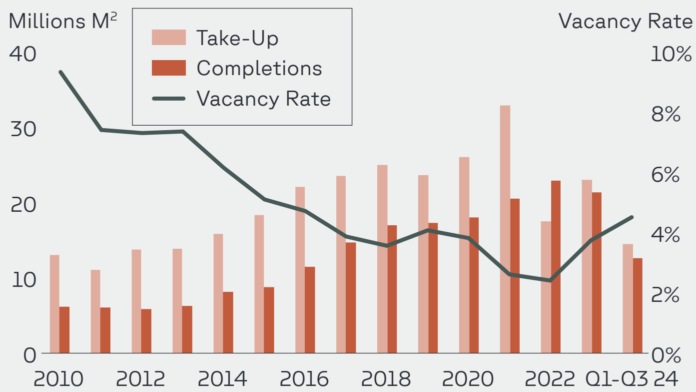
Our primary investment focus in Europe continues to be logistics. Despite economic headwinds, persisting supply-demand imbalances have contributed to strong rental growth. **We expect three key secular themes to underpin demand for modern logistics space:**

- Continuation of e-commerce tailwinds and further adoption
- Reconfiguration of supply chains and on/near/reshoring
- Need for operational efficiency and sustainability

As referenced in our recent **RESEARCH PAPER**, these themes hold potential for driving demand for modern quality logistics stock which we believe strongly favors a development-led strategy.

Leasing activity has moderated since the pandemic peak but remains above the previous decade's average.[9] **According to a recent survey of occupiers, almost 60% are planning to expand their European logistics footprint.**[10] The moderation in leasing activity has only had a minor impact on the vacancy rate which increased to 4.5% in Q3 2024 (**Exhibit 8**), although the rental growth rate is slowing. Delivery of new supply continued to fall, and completions during the third quarter of 2024 marked the lowest quarterly figure seen in over 14 quarters.[11] Logistics rents increased by 3.7% annualized in Q3 2024. While this represents strong performance, the pace slowed from 7.9% in 2023.[12] We expect rental growth to remain above the long-term average and above inflation in 2025, as supply in good locations remains tight.

EXHIBIT 8: EUROPEAN LOGISTICS FUNDAMENTALS



Source: CBRE, September 2024

We anticipate vacancy rates will remain low given the combination of strong demand and constraints on development. Persisting supply-demand imbalances have contributed to strong rental growth, and we believe market rents will continue to increase, albeit at a moderated pace, due to strong demand and the scarcity of available modern space. **We believe the current capital reallocation to the logistics sector is set to last and will be supportive of the market in the medium and longer term.**

Since 2014, Affinius Capital has invested in European logistics, mainly through development. Alongside our wholly owned affiliate Mountpark, we are well positioned to deliver complex logistics development projects throughout the UK and Europe. Owning affiliates such as Mountpark, allows us to unlock unique opportunities and execute on higher returning development. Our strategically located network of logistics projects currently spans six countries, providing access across Europe's major supply-chain corridors. Healthy occupancy levels, and a compelling spread between the cost of new development and the market value of stabilized assets, provide a compelling investment opportunity.

The market has matured over the last decade, but there is further to go with Europe providing one-third as much warehouse space per capita as North America. **Development provides an opportunity to mitigate the risks of physical obsolescence.** Over 60% of Europe's warehouses are over 10 years old, which means that many do not comply with the latest energy performance and ESG standards.[13]

New, state-of-the-art logistics facilities that meet occupier requirements including higher clear heights, deeper truck courts, better site maneuverability, and a greater focus on sustainability and employee welfare, will have characteristics that improve second-generation renewal and re-letting probability.

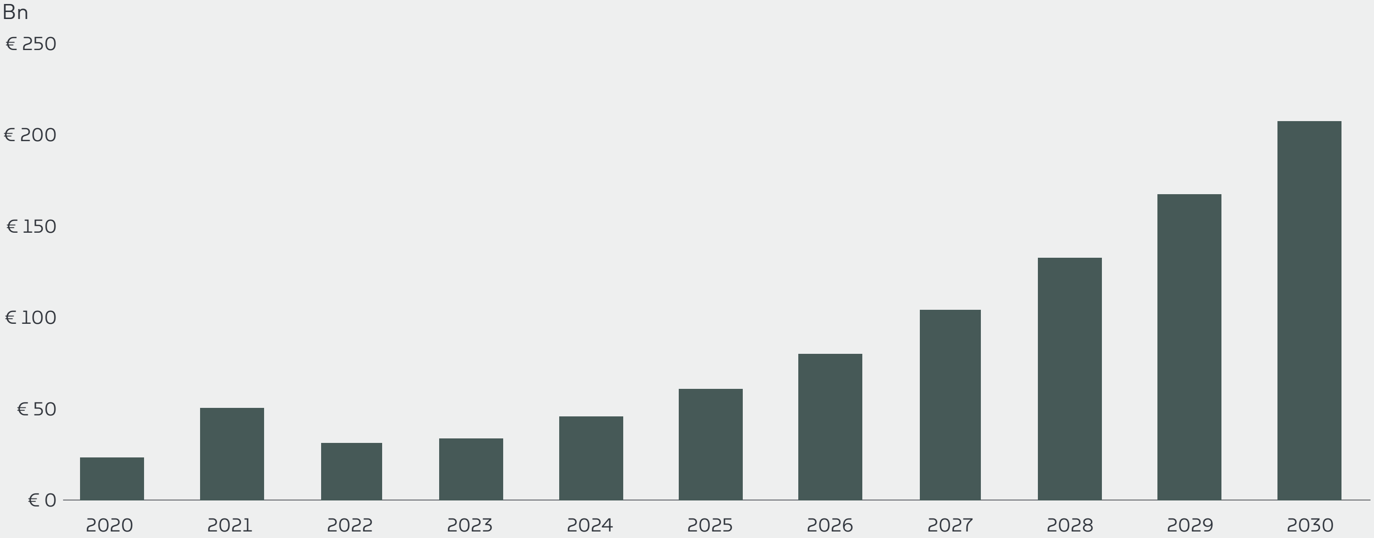
Logistics assets have repriced significantly but remain supported by solid structurally driven fundamentals, further solidifying the case for potential outperformance on income and appreciation. There continues to be a general shortage of modern, energy-efficient stock and we maintain our preference for high barrier to entry regional locations and/or assets facilitating last-touch distribution in proximity to urban environments. We believe pricing still adequately reflects a premium for development risk, and, with rent growth and stabilized prime yields and construction costs, will become increasingly accretive. As ever, site selection is critical, but we believe now is a good time for development and controlling a significant land bank in the next wave will be a good vintage for investment. **The combination of having a significant consented land bank available for development, well-capitalized development partnerships, and long-term relationships with occupiers allows us to deliver best-in-class buildings that will remain resilient as we progress through the real estate cycle.**

9. CBRE. Q3 2024. Europe defined as Belgium, Czech Republic, France, Germany, Italy, Netherlands, Poland, Spain, U.K.
10. CBRE. Power of Three European Summit May 2024.
11. CBRE. Q3 2024.
12. CBRE. European Industrial Rent Index. Q3 2024
13. JLL, Warehousing Retrofitting. May 2024.

4. DATA CENTERS

Driven by the ever-growing need for data storage, computing power, and networking, data centers are large beneficiaries of the expansion in technology. **Artificial intelligence (AI) advancements are projected to significantly drive future data center demand.** The European AI market is expected to reach €57bn this year, up by 32% compared to 2024, and then show an annual growth rate of 28% until 2030 (**Exhibit 9**).[14] We think there will be opportunities to capitalize on the exponential growth in demand for data center capacity in Europe and believe it pairs well with our existing logistics business.

EXHIBIT 9: MARKET SIZE OF EUROPEAN ARTIFICIAL INTELLIGENCE



Source: Statista, March 2024

The FLAPD markets — Frankfurt, London, Amsterdam, Paris, and Dublin — continue to be the top markets with respect to operational IT capacities. Europe's top five markets combined take-up of data center space (135 MW) exceed the new supply added in Q3 2024 (133 MW). Data center providers are struggling to keep up with strong demand for capacity. This is largely due to the lack of available land and power for data centres in Europe. Vacancy across the five primary markets has fallen below 10% for the first time, marking the third straight quarter that vacancy declined.[15] These markets are facing challenges including limited land availability, power constraints, and stringent sustainability regulations, which has led to the emergence of strong secondary markets where power is more available and hyperscalers can accommodate their immense demand. Examples of strong secondary markets include Milan, Madrid, the Nordics, and Scotland. **Despite an increased number of data center deliveries over the next four years, the European market is expected to remain largely undersupplied.** We believe this will support continued rises in building and rental costs.

Data center development remains a central pursuit, addressing the critical need between supply and demand fueled by the surge in cloud computing and AI applications. In the coming years, the demand for data is expected to be substantial, presenting a strategic advantage for platforms ready to serve major cloud providers and hyperscalers with a vertically-integrated investment platform. Data centers appear well-positioned to withstand future uncertainties. The sector benefits from strong growth and with its mission critical role, it is more shielded from potential economic and political headwinds.

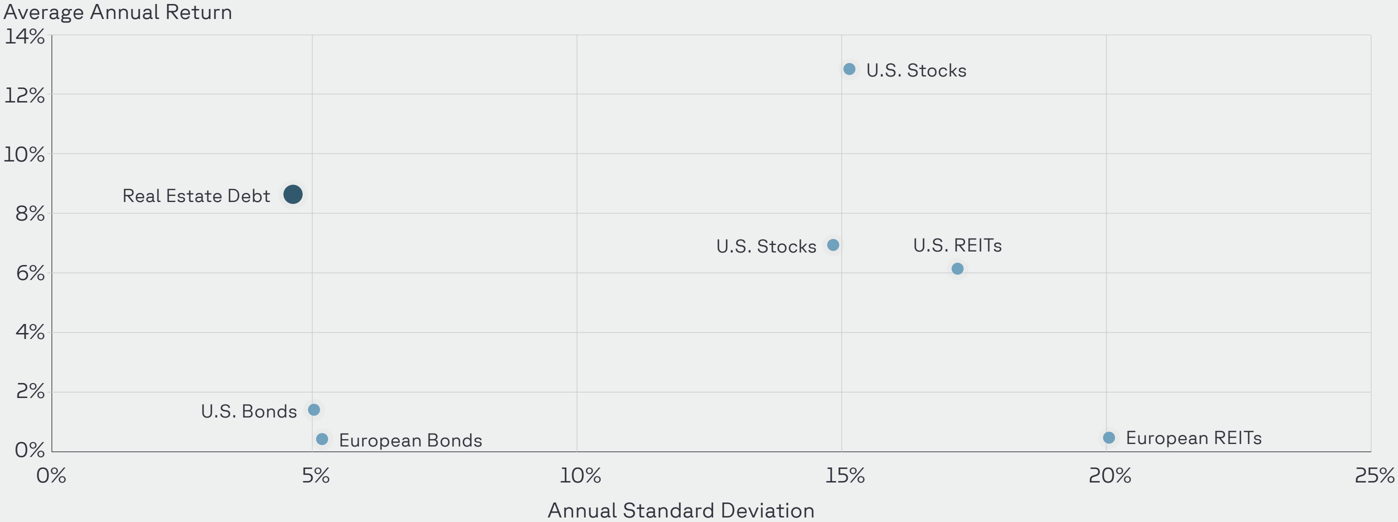
Given our experience in assembling a logistics land bank, we see further potential in unlocking data center development opportunities where we can access sufficient power. Our vertically integrated platform allows Affinius and our data center affiliate, Corscale, to control the entire development process, from design and construction to leasing and operations.

14. Statista, Artificial Intelligence Europe. March 2024
15. CBRE. Europe Data Centres Figures Q3 2024

5. REAL ESTATE LENDING

Lending for real estate in Europe has typically been the domain of banks, life insurance companies, and some pension funds. However, **regulatory changes have reduced appetite and structural capability to lend in scale among traditional lenders for balance sheet lending, especially for value-add and development strategies.**

EXHIBIT 10: RETURN/RISK COMPARISON OF ASSET CLASSES, 10 YEARS TO Q2 2024

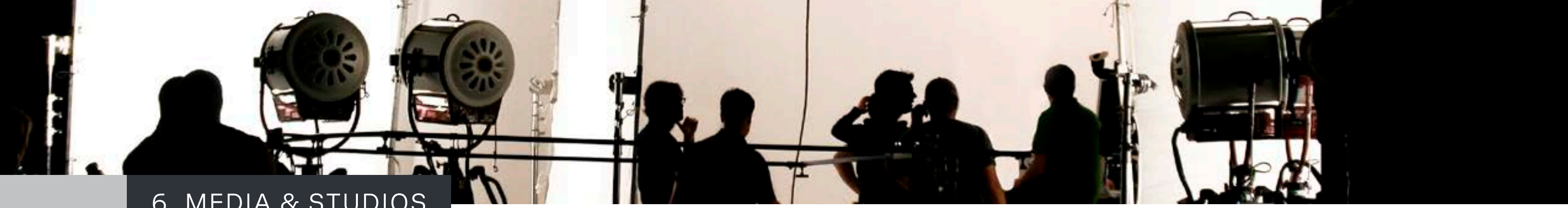


Source: Bloomberg, Preqin, NAREIT,. Note: All returns are total returns. Real Estate Debt is based on global debt fund performance from Preqin, U.S. stocks is S&P 500, European stocks is S&P Europe 350, U.S. bonds is Bloomberg U.S. Aggregate, European bonds is Bloomberg EuroAgg Index, U.S. REITs is U.S. NAREIT All-Equity index, European REITs is FTSE EPRA NAREIT Europe REITs index.

One aspect of the regulatory environment is the Basel Framework, which is designed to ensure banks hold adequate capital and liquid assets to meet expected outflows. With banks and other traditional lenders struggling to navigate the strict regulatory environment, a gap remains between borrower needs and credit availability. **We believe there continues to be an opportunity for alternative lenders to fill this void, create velocity, and capitalize on the robust demand in the commercial lending sector.**

Our **RESEARCH** shows that the opportunity for investors in real estate debt in 2025 is compelling, and alternative lenders are poised to further expand their market share. The debt opportunity today takes advantage of a looming debt fund gap and attractive pricing. The rapid rise in interest rates across Europe and correction in market values has constrained traditional lending as lenders seek to maintain debt service coverage ratios (DSCR) and lower LTV ratios. The new regulatory environment has paradoxically caused banks to welcome these non-bank lenders into the market, as the banks can take senior security positions in loans arranged by non-bank lenders and get far better regulatory and capital reserve treatment as compared to being the (lead) lender. Historically, as seen in previous credit cycles, what we believe are the most promising investment opportunities tend to emerge during challenging market conditions because well-capitalized lenders have the power to negotiate more favorable terms. Reduced competition, especially for development loans and loans tied to value-add properties, provides alternative lenders with the opportunity to implement high-yield strategies while improving downside protection.

We expect the development of credit products in Europe will stand as a strong complement to our existing European equity strategies and vice versa. **The opportunity within the European CRE debt market not only appears highly favorable in the current market environment but also boasts an impressive decade-long track record of delivering strong returns relative to other asset classes.** **Exhibit 10** provides a comprehensive view of the risk-adjusted returns offered by real estate credit when compared to various asset sectors.



6. MEDIA & STUDIOS

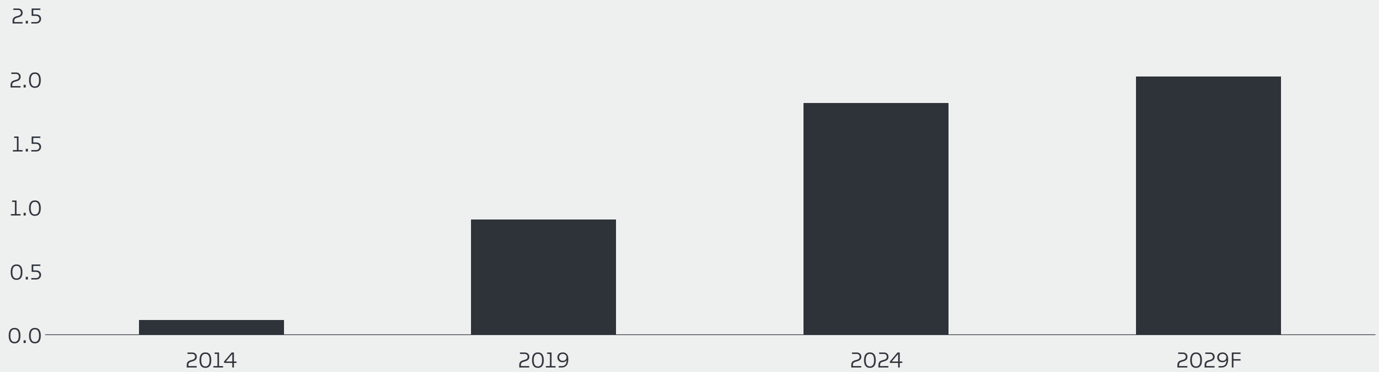
The rise of streaming platforms like Netflix, Amazon Prime, and Disney+ has transformed media consumption by offering on-demand access that untethers audiences from traditional schedules and physical formats.

Enabled by smartphones, tablets, and smart TVs, these platforms provide unparalleled convenience and flexibility. Additionally, similar to other online content, they leverage AI-driven algorithms to deliver personalized recommendations, enhancing engagement by catering to individual preferences. Currently there are an estimated 1.8 billion paid online streaming subscriptions worldwide and projected to reach over two billion globally in the next five years (**Exhibit 11**). The current trajectory is a marked slow-down from the doubling in global subscriptions from 2019 to 2024, accelerated by pandemic viewing shifts. The rise of digital content and streaming platforms increased demand for studio space, as streamers ramped up original content production to compete for subscribers. This surge in production added a new layer of demand to an already competitive market, with traditional studios and streamers vying for limited space. Consequently, the need for modern, scalable facilities has fueled investments in studio expansion and infrastructure upgrades.

After a full shutdown of production activity during the pandemic that impacted 2020 and 2021, the industry's recovery faced significant headwinds in 2023 and 2024, due to strikes and other labor issues that corresponded with significant pressure from Wall Street for the content providers to pivot from a "growth at any cost" approach to an approach focused on ROI and profitability.

However, demand for original content has remained resilient and we continue to believe premier studio properties in the top global markets are well-positioned to capitalize on the recovery. The future of this sector will be shaped by evolving technologies that favor vertically integrated platforms. These platforms combine operational expertise with ownership of the most strategically located and technologically advanced facilities, creating a competitive advantage that goes beyond scale. This integration enables faster production cycles, better resource utilization, and seamless alignment with evolving consumer demands, particularly in a world increasingly dominated by streaming and global distribution.

EXHIBIT 5: NUMBER OF PAID GLOBAL VIDEO STREAMING SUBSCRIPTIONS (BILLIONS)



Source: Ampere Analysis, December 2024

16. Ampere Analysis. Global streaming subs set to reach 2bn by 2029. December 2024

7. HOUSING

Europe is grappling with a shortage of housing, due to a lack of funding, lengthy planning procedures, and rising demand. **Strong growth in household formation over the last decade has led to an increased need for housing.** Demographic trends including an aging population and a rise in the number of single-person households are also reshaping housing demand. The number of single-person households increased by 21% from 2013 to 2023.[17]

MULTIFAMILY

The level of maturity in Europe's multifamily market differs between countries. However, the overall trend is that significantly more rental housing is needed, and continued densification in and around major cities sets the stage for long-term growth. The increase in mortgage rates has made renting relatively more affordable than home ownership. Average Eurozone mortgage interest rates rose to over 5.00% in 2023, a level not seen since 2009. Rates have fallen slightly since then, but remain elevated (**Exhibit 12**).

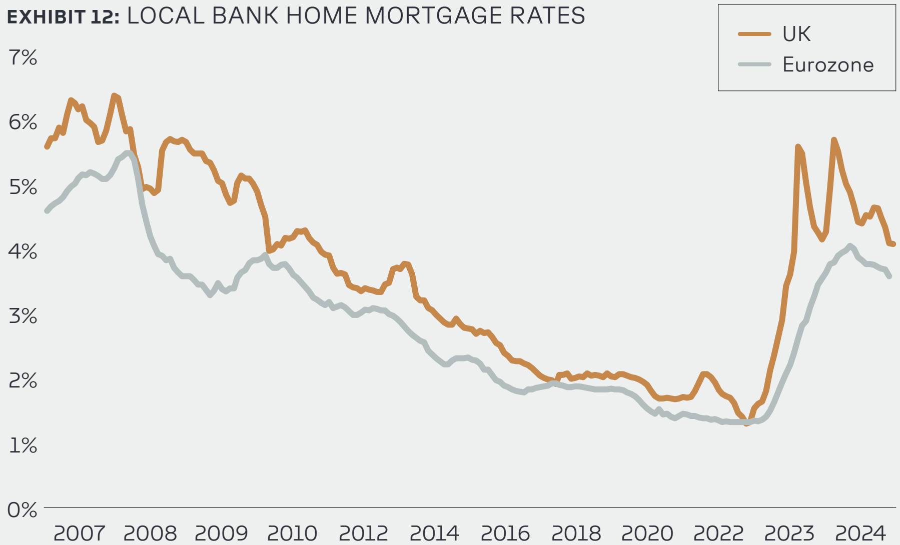
Rents have also increased but to a lesser extent than mortgage repayments. This is having a notable impact on the housing market and affecting the relative attractiveness of owning versus renting a home. We expect demand for the private rented sector to increase as more households struggle to afford a mortgage in the current lending environment.

We see a growing opportunity to develop institutional-quality multifamily residences in select European markets based on compelling demographics and supply/demand factors, in particular in the UK. Our recent paper on the UK BUILD-TO-RENT SECTOR highlights the opportunity to develop high-quality, professionally managed rental accommodation in a market where rental growth and occupancy remain strong. The UK has consistently failed to meet house-building targets, resulting in a housing supply gap the size of London (4.3 million homes), which is staggering considering the size of the UK population at 67 million.[18] This has led to strong house price inflation, which combined with elevated mortgage interest rates has pushed home ownership out of reach, pushing many towards renting for longer. We feel that the Build-to-Rent sector has an opportunity to not just meet this critical need but also provide an option for consumers to be renters by choice rather than necessity with access to high-quality and flexible rental accommodation.

Rental demand is also underpinned by favorable demographics and structural changes happening both in consumer acceptance and lifestyle choices. A substantial share of the housing stock in Europe is older than 50 years with many buildings in use today that are hundreds of years old. Many of the residential buildings have been constructed before the 1960s when energy building regulations were very limited. **We anticipate demand for newer multifamily product to increase, as consumers realize the benefits of purpose-built apartments.**

According to the latest INREV Investment Intentions Survey, residential took a solo top position for the first time as the most preferred sector to invest in across Europe over the next two years.[19] Institutional ownership of purpose-built for-rent residential has become more mainstream, but there are still opportunities to develop a high-quality modern product. **We have strong conviction in the build-to-rent (BTR) sector across leading UK towns and cities.** We see a compelling opportunity for us to leverage our multifamily expertise in the UK, as well as in other European markets.

EXHIBIT 12: LOCAL BANK HOME MORTGAGE RATES



Source: Bank of England, European Central Bank. November 2024. Note: UK rate is 5 year (75% LTV) fixed rate mortgage

17. Eurostat. Household Composition Statistics. May 2024
18. Bloomberg. UK's Housing Crisis Needs a London-Sized City to Fix it. June 25, 2024
19. INREV. Investment Intentions Survey 2024

CONCLUSION

Cooling inflation and the likelihood of further rate cuts in 2024 support the recovery of Europe's real estate markets in 2025. **We expect the next 12 months to be a good vintage year for real estate investment with interest rates moving beyond their peak, solid occupier fundamentals, and diminishing development pipelines.**

European logistics, data centers and housing remain key investment strategies. Logistics assets have repriced significantly and remain supported by solid, structurally driven fundamentals. Data center development remains a central pursuit, addressing the critical need for new supply that is being fueled by the surge in cloud computing and AI applications. **Owning affiliates such as Mountpark and Corscale allows us to unlock unique opportunities and execute on higher returning development.** Europe's housing market also provides a compelling investment opportunity because of strong demand, undersupplied markets, and relatively secure income streams. The relatively nascent nature of markets in the UK in particular, provides an attractive entry point for investment. We also see what we believe are attractive return opportunities in **European real estate debt**. Retreating capital from traditional sources provides significant opportunities for alternative investors to step in and capitalize on the lack of liquidity, most notably in the credit space.

We are cautiously optimistic about a potential market upswing and remain well-positioned to grow areas of our business based on supply/demand imbalances or strong long-term fundamentals. Market cycles are becoming more compressed as technology drives transparency, and investors must be ready to move quickly to deploy capital when compelling opportunities arise. This tactical agility, coupled with long-term strategic conviction, is the key to managing through this dynamic cycle and achieving sustained value.

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