



Ireland Property Market Review and Outlook

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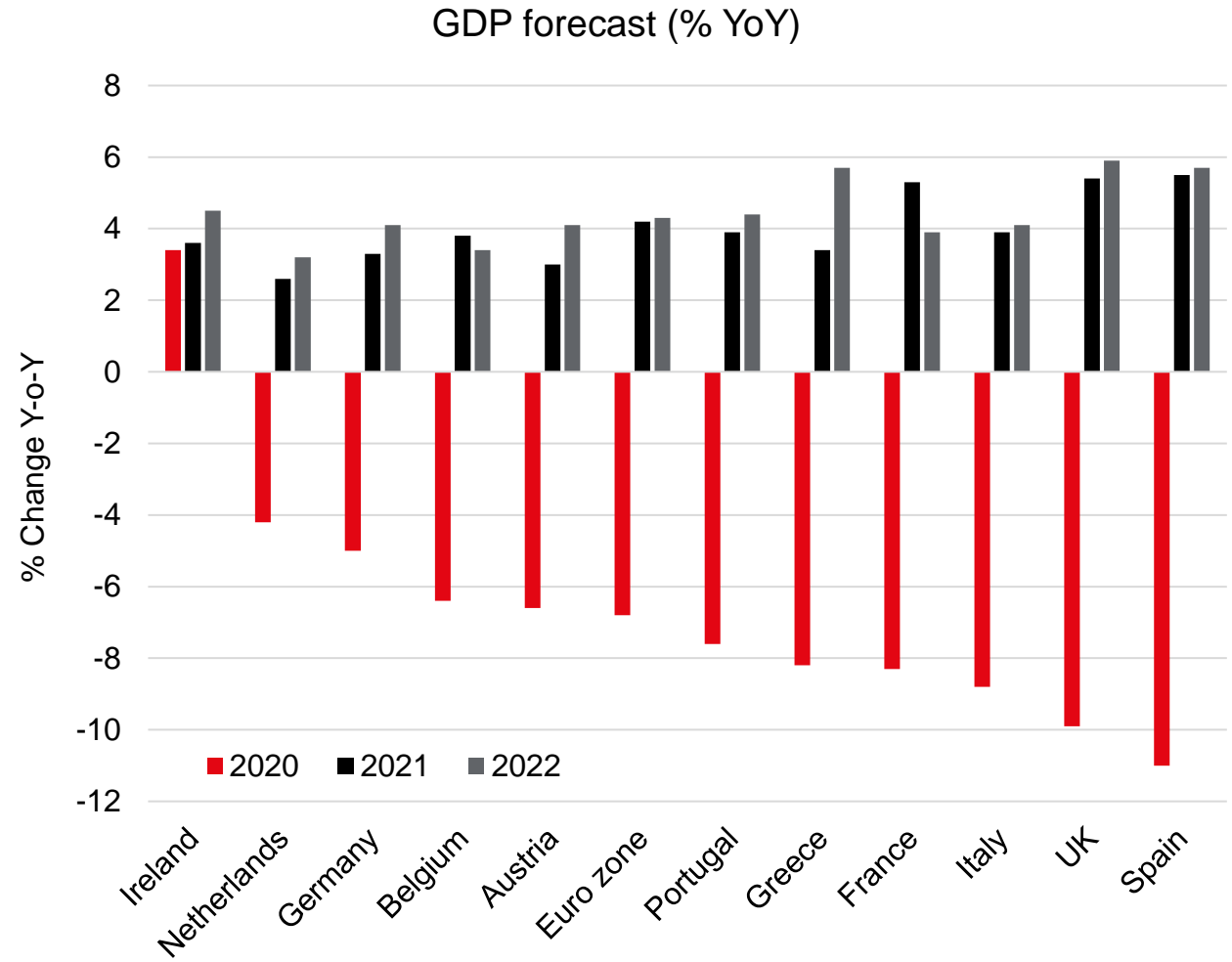
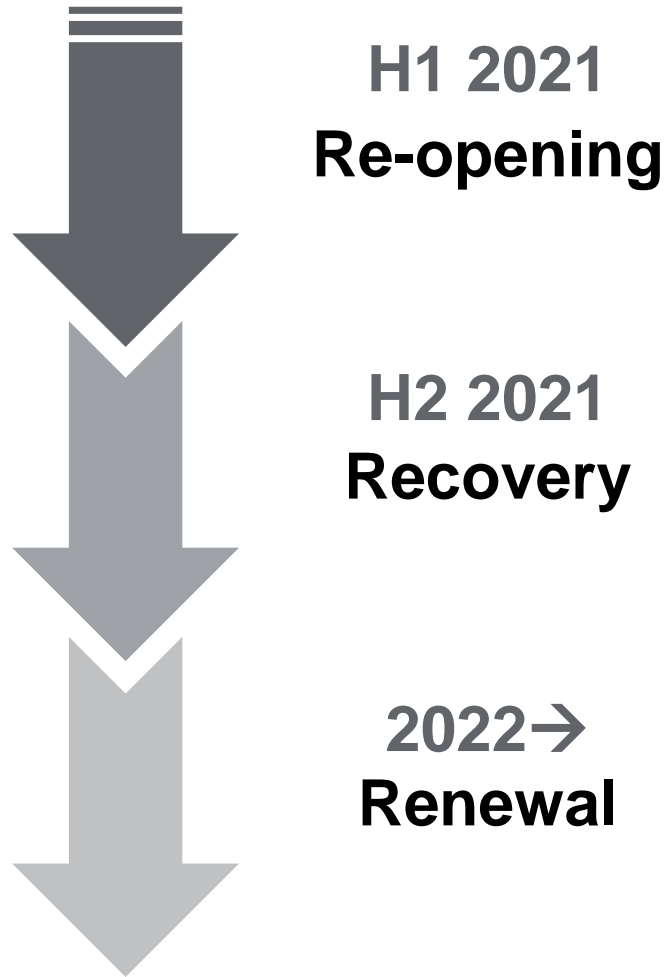




Economics

Economy | Improving prospects as the year goes on

Vaccine rollout sets the foundation from which a recovery will gain traction



Source: JLL; Consensus Forecasts, April 2021.

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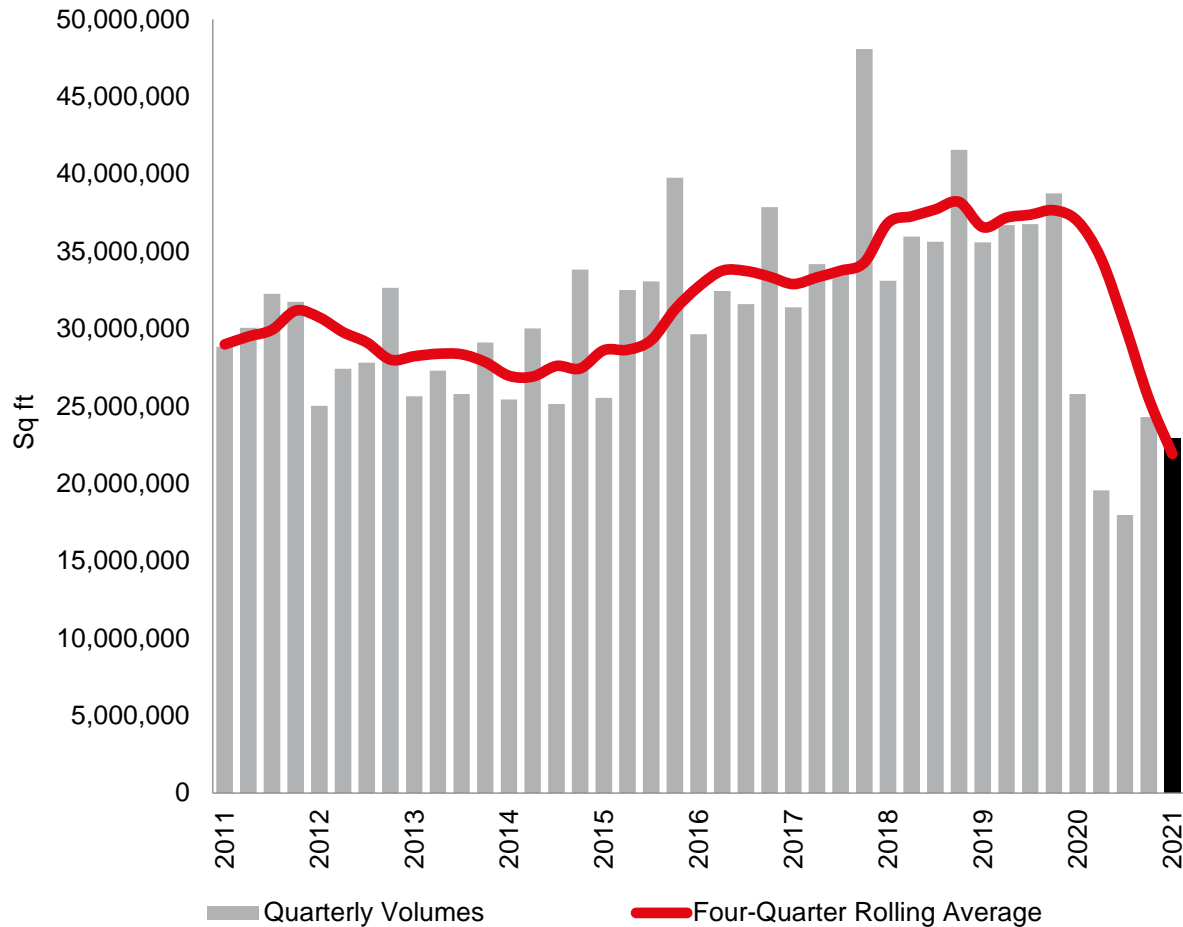
Offices

Q1 2021 European Offices | Take-up volumes down 11% y-o-y

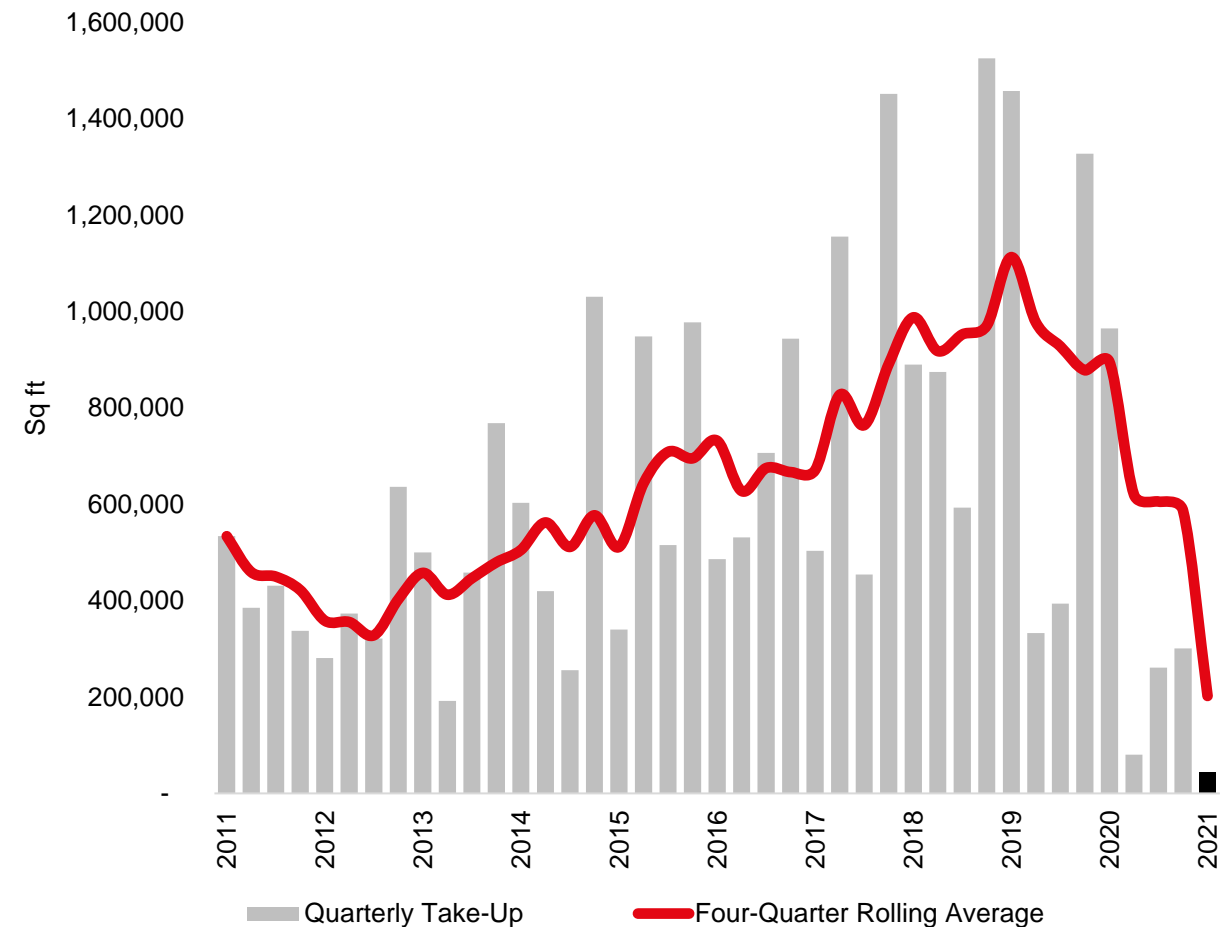


European quarterly office-up weak, but sentiment is improving

Quarterly EMEA Office Take-Up Volumes



Quarterly Dublin Office Take-Up Volumes



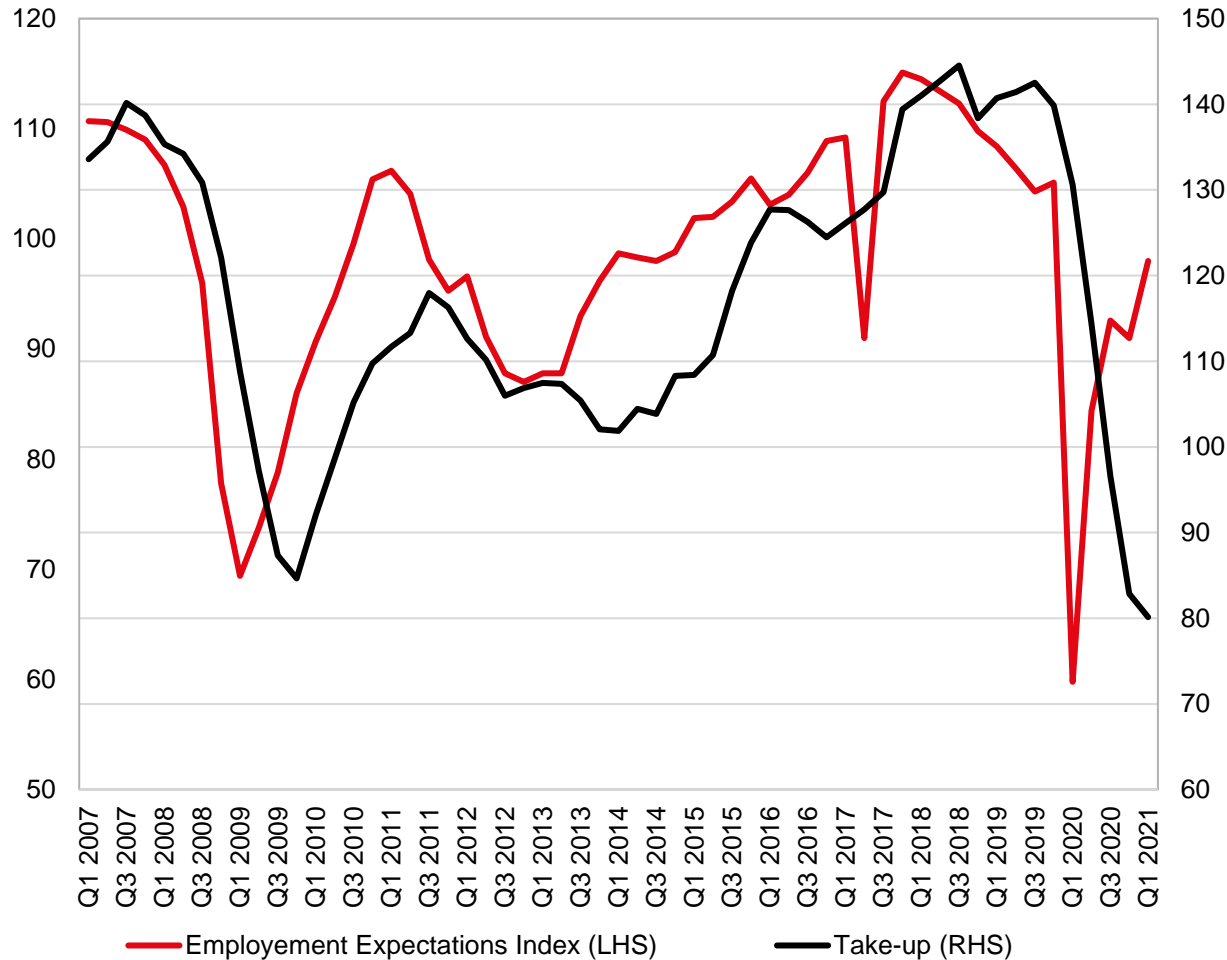
Source: JLL Research

Employment | sentiment improves sharply in March

March Employment Expectations Index around -7% from pre-COVID level



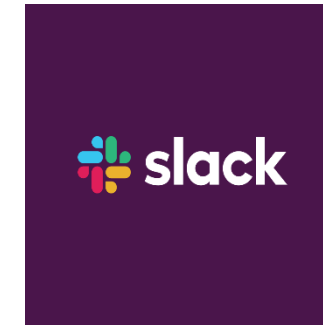
Employment Expectations



Source: JLL Research / EC



1,600 jobs



1,500 jobs

stripe

1,000 jobs



400 jobs



300 jobs



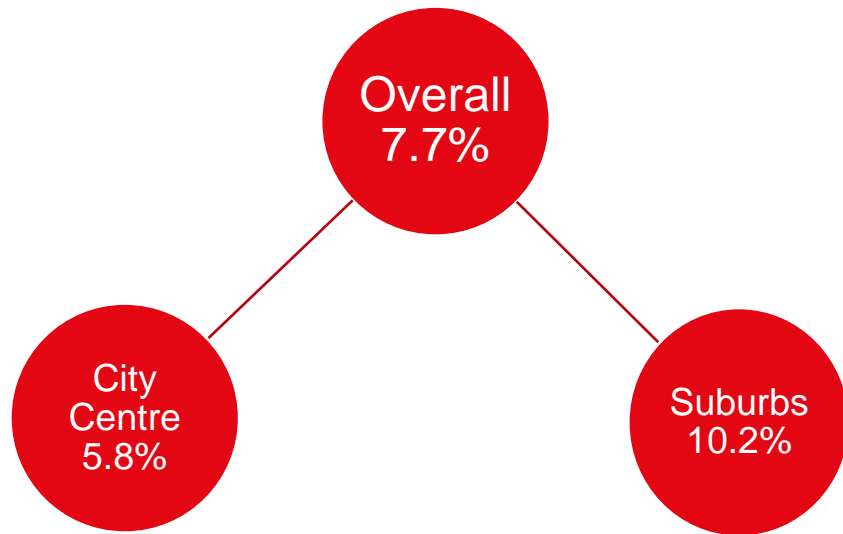
300 jobs

Source: Metrikus.io

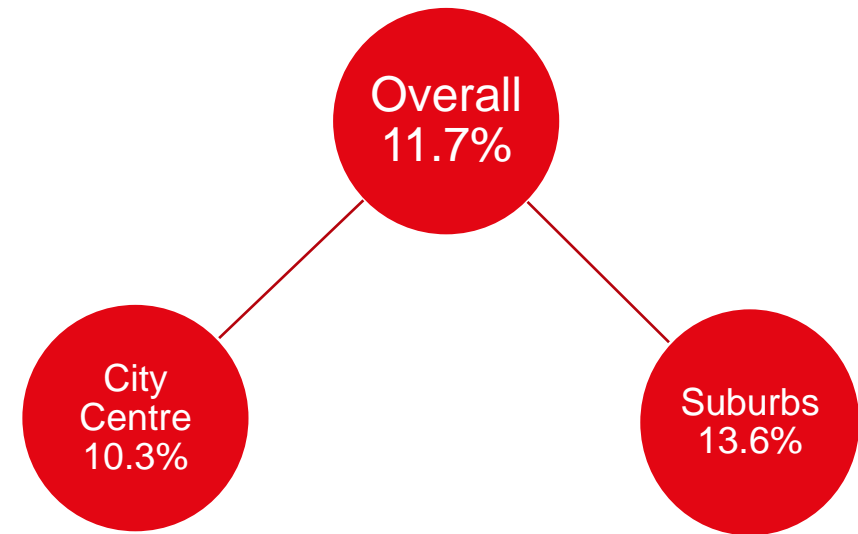
Supply | Vacancy increases driven by sub-let space



Q1 2020 Vacancy Rates



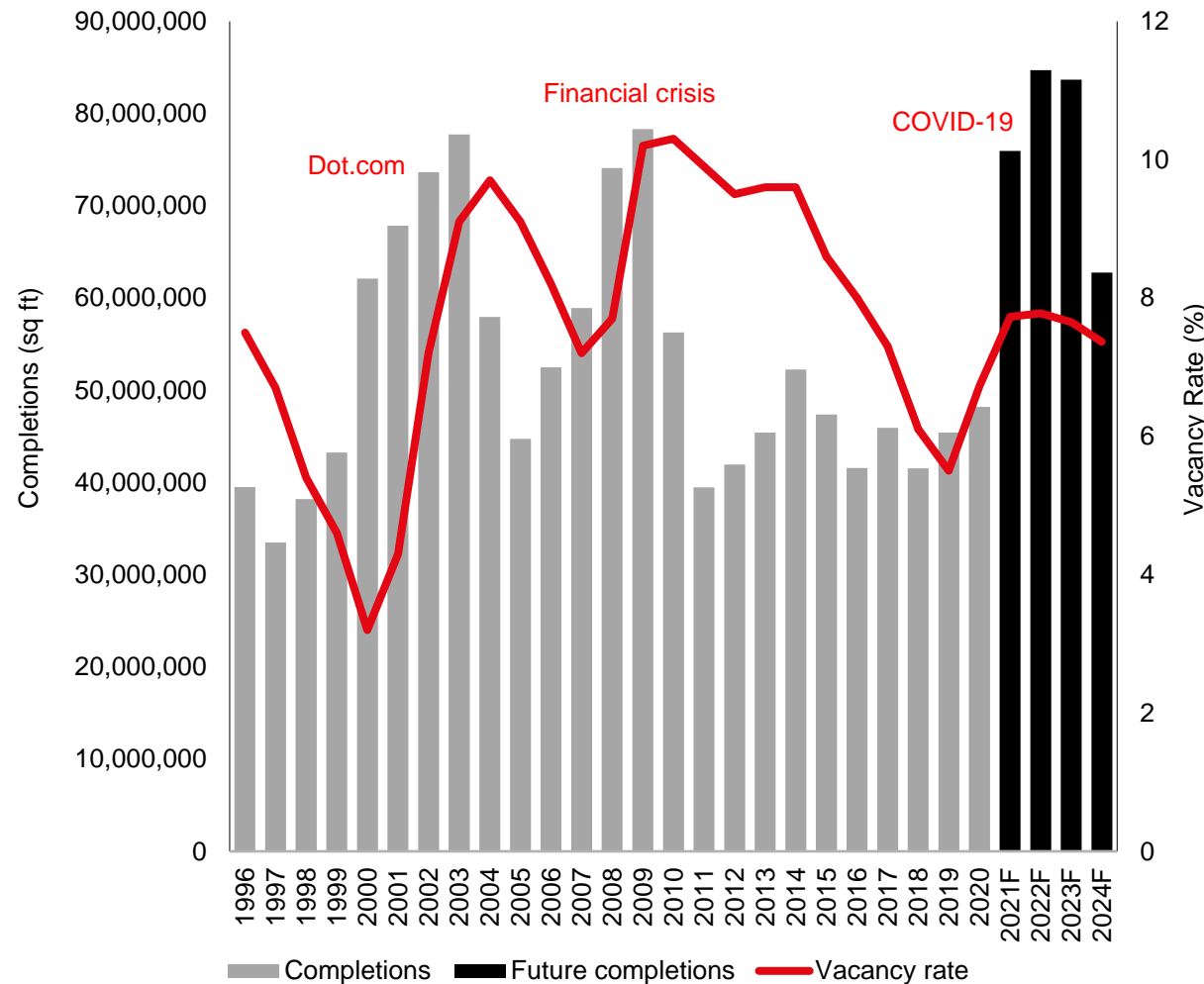
Q1 2021 Vacancy Rates



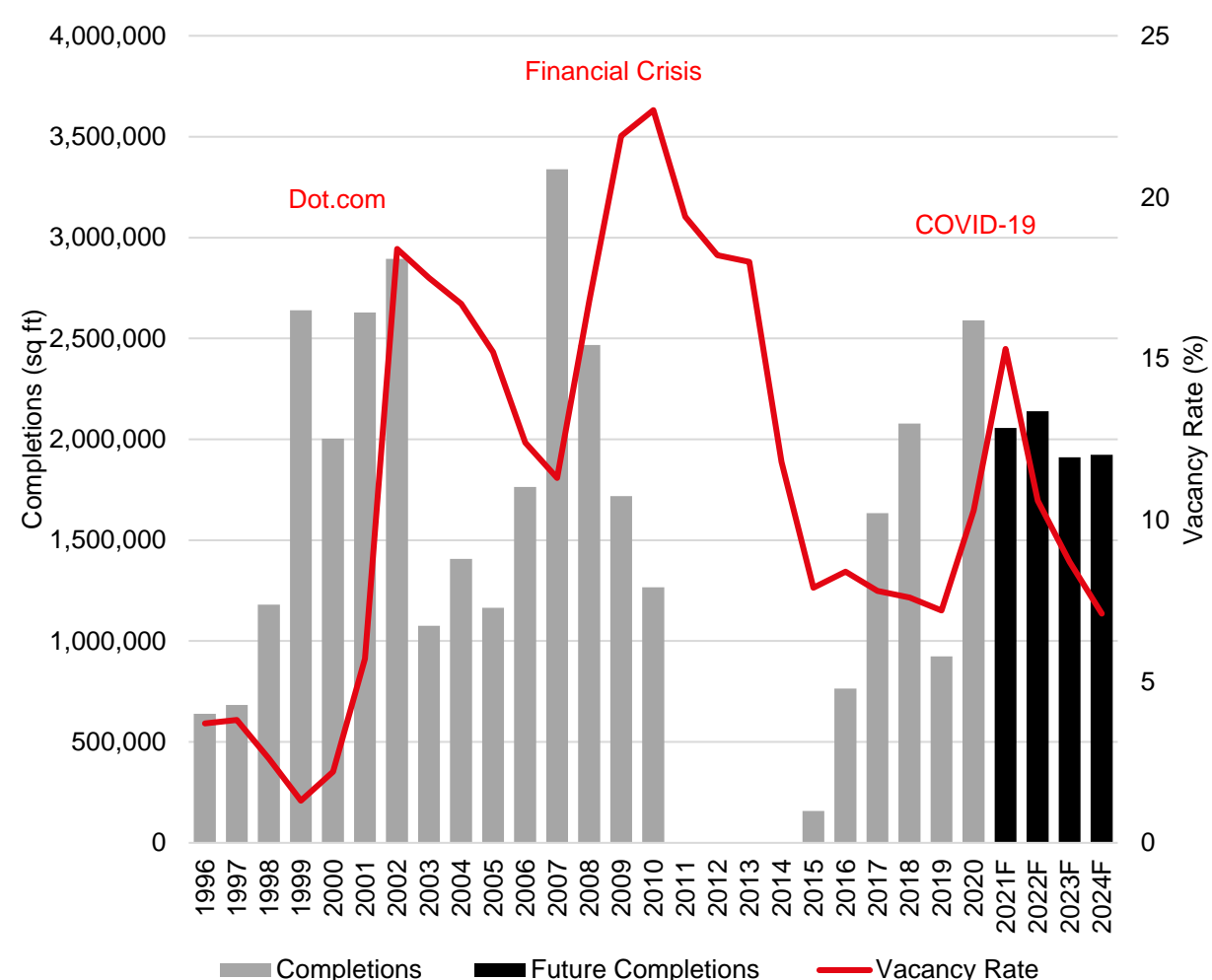
Future Supply | Pipeline of office development



EMEA Office Development Pipeline



Dublin Office Development Pipeline

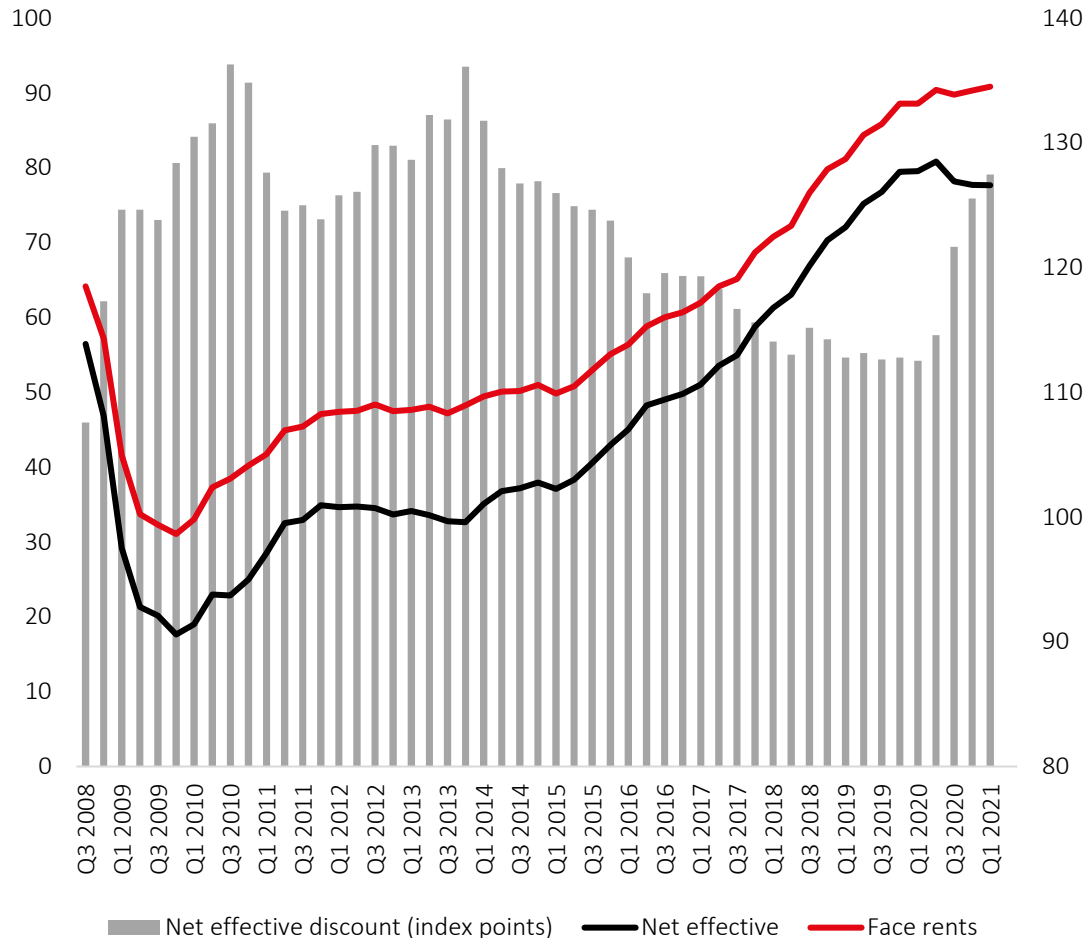


Rents | Prime office rents remain resilient



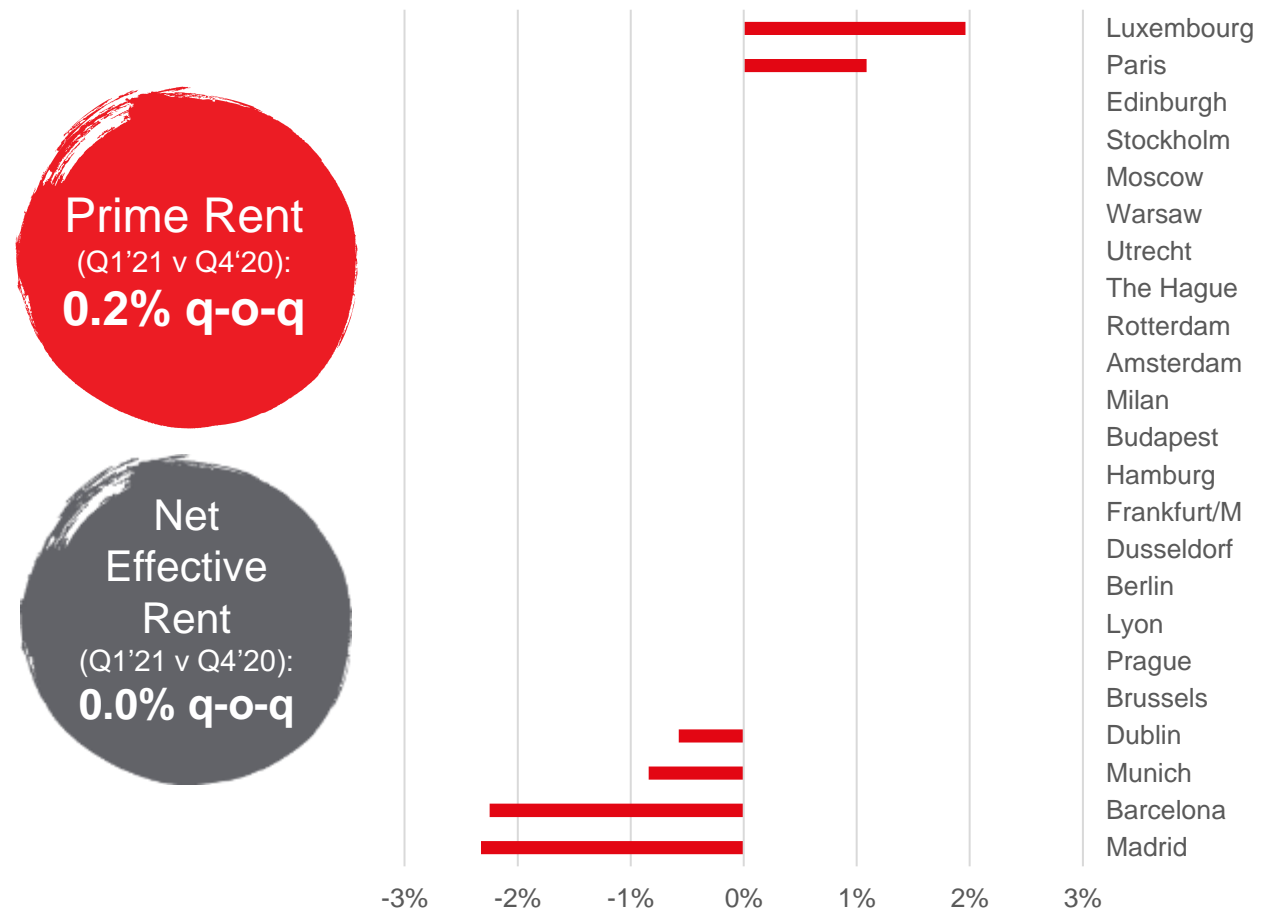
The lack of available Grade A supply is at the root of the resilient performance

Net Effective Office Rent (Index) v Prime Face Rent (Index)



Source: JLL Research

Net Effective Office Rents (Q1 '21 v Q4 '20)



Hybrid Working | What are corporate clients asking?



What does '**hybrid**' mean for my organization?

What does the new **workplace design** look like?

What **services** will companies need to provide in the new workplace?

How should the **CRE organization** be structured to support the new workplace?

What future **financial investments** are needed?

What are the **RE footprint** implications?

How do we orchestrate a '**hybrid workplace**'?

What **technology** will be needed to enable work, worker and the new workplace?

What **changes** are necessary and how do we **navigate** the change?

How do organizations **unlock work from anywhere**?

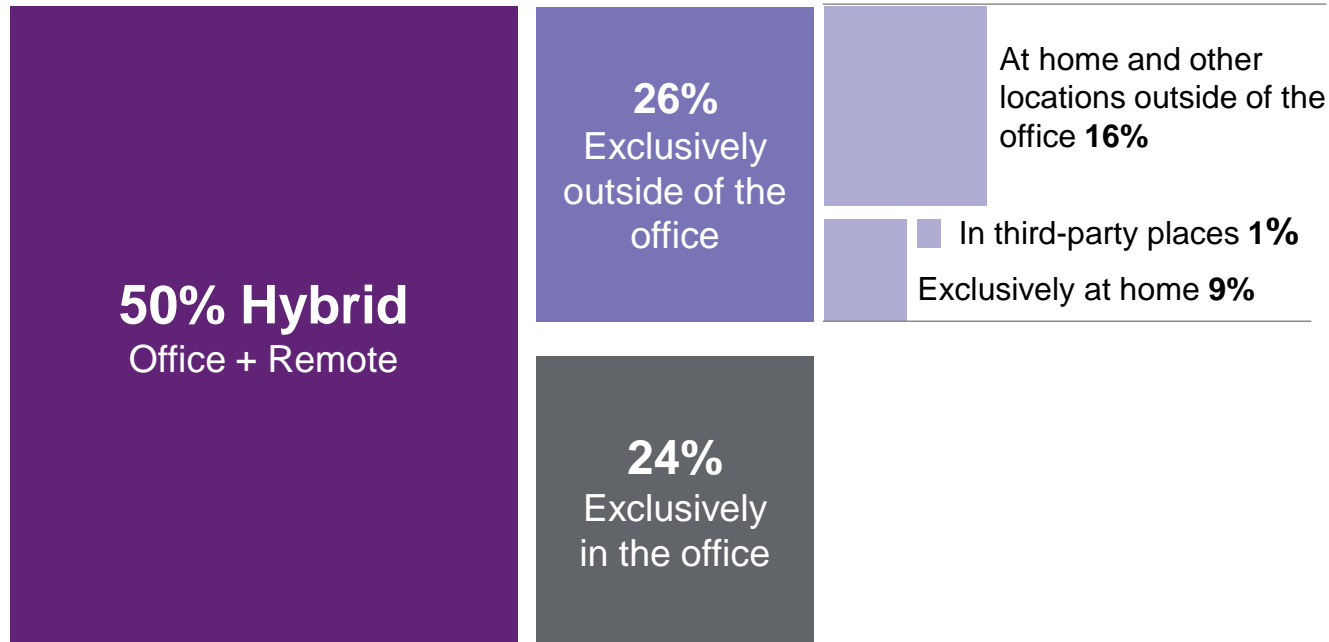
A hybrid future | Remote work is here to stay

The question is how it's integrated and optimised



Employee perspective: Remote work frequency after Covid-19*

2.4 days on average



**How many days a week would you like to work remotely from home after Covid-19?*

Source: JLL Human Experience 2020 survey. Survey size = 2033.

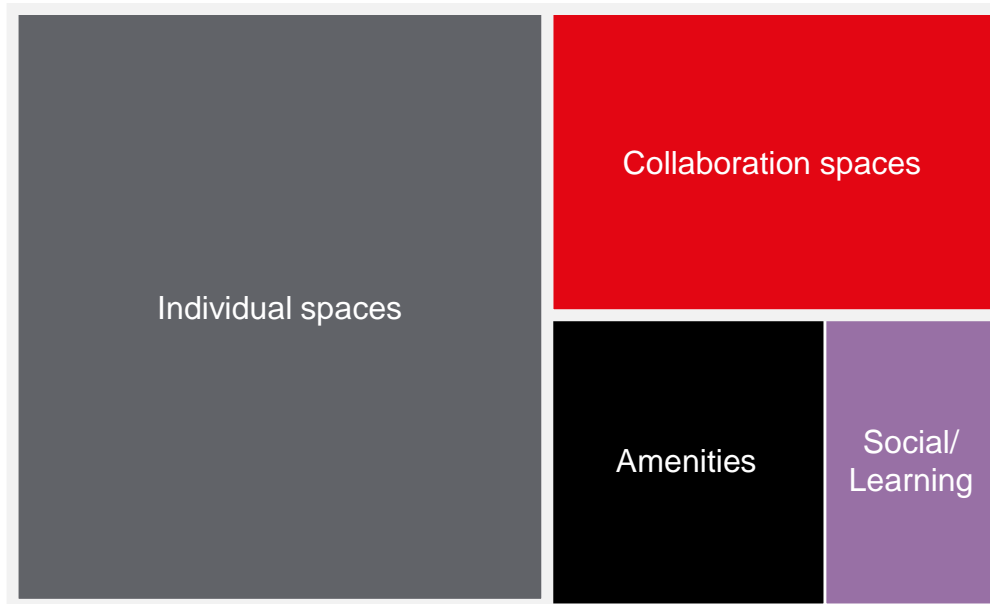
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“Hybrid” workplace ecosystems



Change | The Change Forecast for the Workplace of the Future

Historical Office/Workplace Allocation



60-70% Individual & Support Spaces

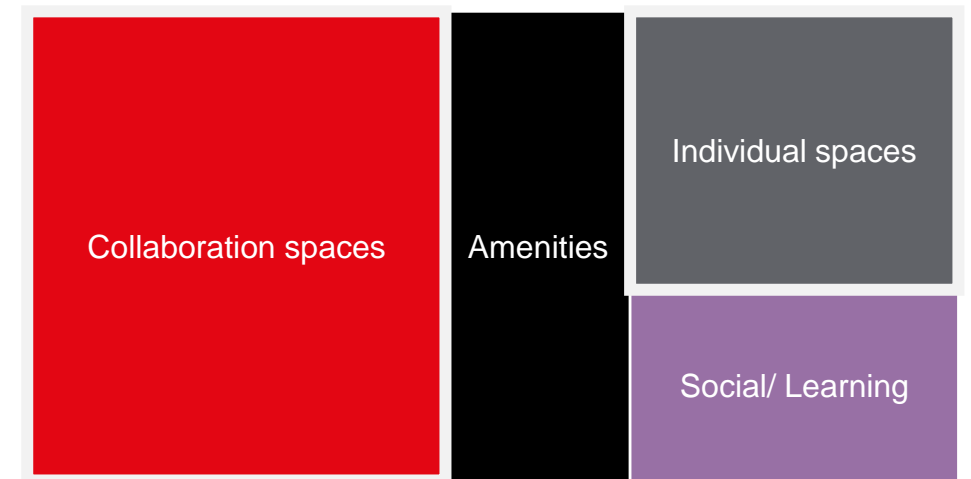
30-40% Collaborative & Social Spaces

PERSONAS:

- 1/5 days at office per week
- 2/5 days at office per week
- 3/5 days at office per week
- 4/5 days at office per week
- 5/5 days at office per week

ELASTICITY

Future Office/Workplace Allocation



50-70% Collaborative & Social Spaces

Fixed Day
Gravity day
Team Day
Community Days
Learning Days
Well-being days

30-50% Individual & Support Spaces

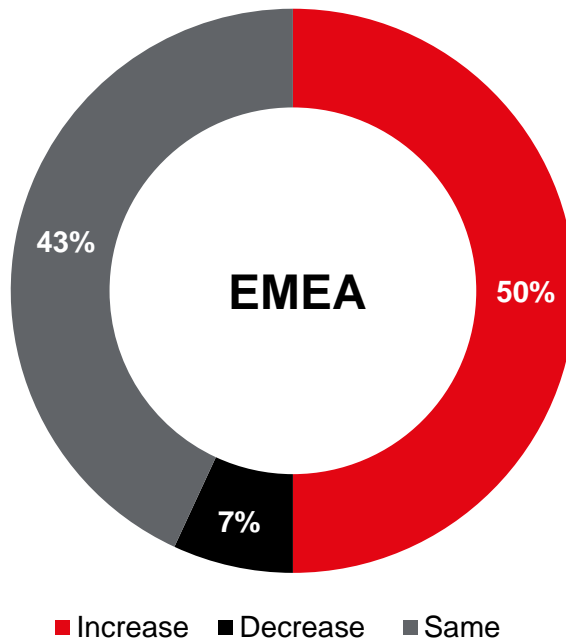
Wellness Program
Brand Awareness Initiatives
Community Building
New Technology Ecosystem
Knowledge Sharing
& Learning Action Plan

Market Polarisation | Flight to quality

Focus on health, wellness & employee experience to drive demand for high quality smart buildings



Future corporate demand:
Impact on **Higher Quality Spaces**
in the portfolio



Resilient assets will command a premium



1 Broadgate



540,000 sq ft.



14,214 sq. m. retail connecting Finsbury Avenue Square with retail at 100 Liverpool Street and the Broadgate Circle.



Broadgate amenities include: Independent food options, Everyman cinema and Italian food market Eataly.



Direct access to Crossrail station. Located near major transport and amenity points



Life Carbon Design Approach
BREEAM Outstanding



WiredScored Platinum.

Due to Covid-19 crisis, how will the quality of your footprint change in the medium to long term?

Sample : EMEA = 160

Source: JLL, Covid-19 EMEA Occupier Sentiment Survey, September 2020.

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2021 Predictions | Key themes for 2021



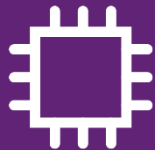
A Hybrid Future



Health Imperative



Race to Zero



Digital Leap



Reimagination beyond
Real Estate



Cost vs Value

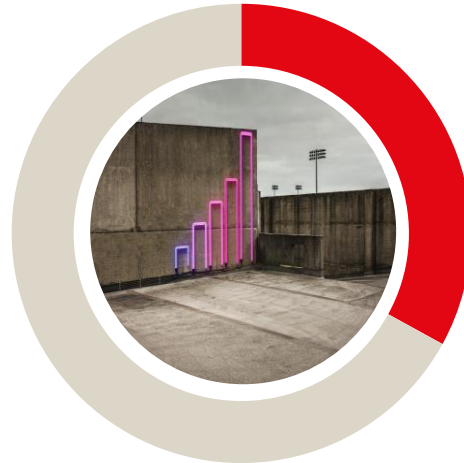


Retail

Retail | Release of consumer pent-up demand



Consumer hesitation
to visit retail places
to be lifted



Pent-up demand to drive
trade volumes



Retail sales to shift back
from online channels to
physical stores in 2021



Younger generation is
keen to socialise once
lockdown measures ease

Retail | Key drivers of recovery

Pent-up demand and social consumption to drive recovery in retail spending



Job Retention Schemes

3.5m people in the EU-27 plus UK are forecast to lose their jobs during the pandemic. This compares with 10.3m during the GFC and Eurozone debt crisis.



Personal Savings

Eurozone and UK households have saved **€665bn** more in 2020 than in 2019, according to HSBC.



Shopping Intentions

42% of European shoppers plan to splurge once restrictions are lifted, according to McKinsey & Company's Europe Consumer Pulse Survey.



Tourism

Global volume of air travelers forecast to return to 2019-levels **by 2023**, according to OEF.



Ecommerce and pure-play operators



ESG / Sustainability



Flexibility



Industrial & logistics

Ongoing occupier demand across Europe for:



Large fulfilment centres



Parcel hubs and local parcel delivery centres



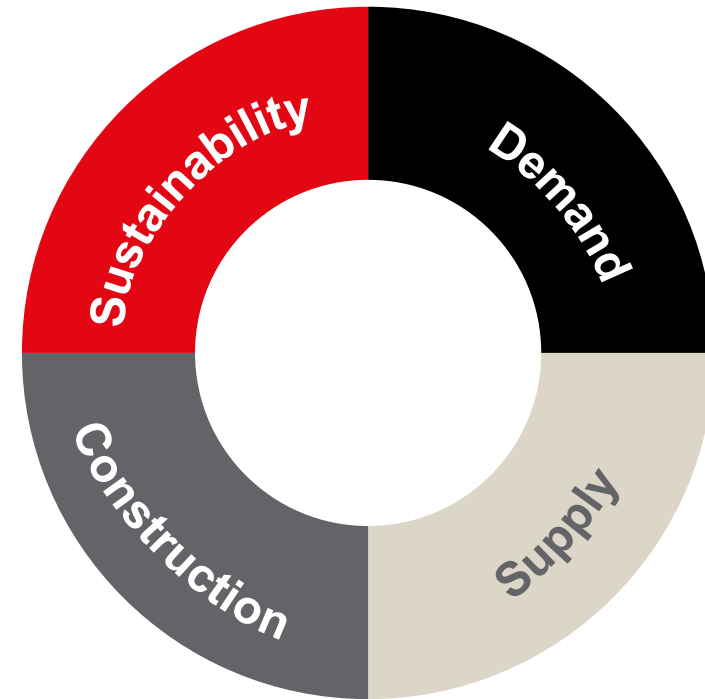
Last mile depots and micro-fulfilment / hyper local centres



Facilities for online grocery fulfilment



Facilities for delivery of larger items – white goods, furniture, etc.



Logistics | Sustainability

Assets that do not meet sustainability requirements risk becoming stranded



Climate change and disruptive weather events pose significant threats to global supply chains



Major corporates will increasingly seek to decarbonise their logistics (transport and buildings) in order to:

- Reduce their energy costs
- Meet regulatory demands
- Satisfy customers and shareholders



Logistics space needs to support green transport modes



The real estate focus will expand beyond operational energy efficiency to adopt a 'whole life embodied carbon' approach and embrace wider ESG goals.



DPD – Electric- only distribution hub near St James' Park, London



Capital Markets

Ireland | Key Trends

Resilience and stability across Irish Investment market



Ireland's investment market – resilient



Q1 2021 - €1.2bn across 31 transactions



Sector-specific demand

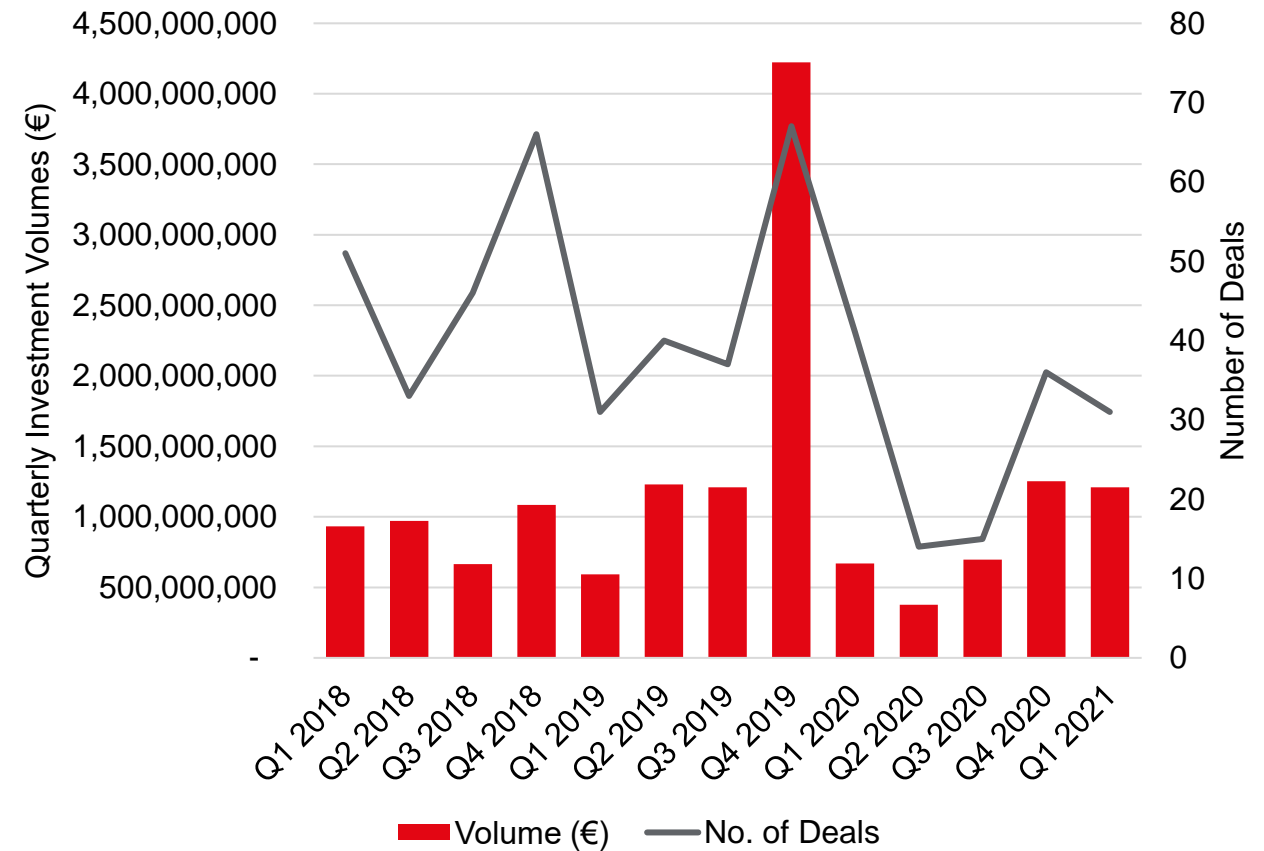


Overseas investors dominate



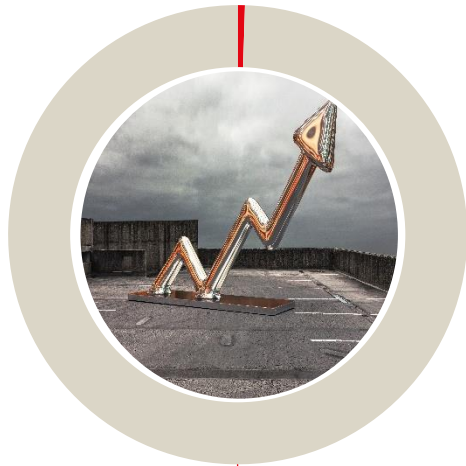
Values steady

Quarterly Volumes and Number of Deals



Ireland | H2 2021 will show continued stability

Resistance in 2020 will continue into 2021



Year-end volumes of
€3-4 billion



Large-scale
opportunities



Demand assumption



PRS / Logistics / Offices
focus

Capital Markets | Uneven market conditions evident

Variations in market performance across EMEA

€53bn

Q1 2021
EMEA investment
volumes

-17%

YoY change
(Q1 '21 v. Q1 '20)

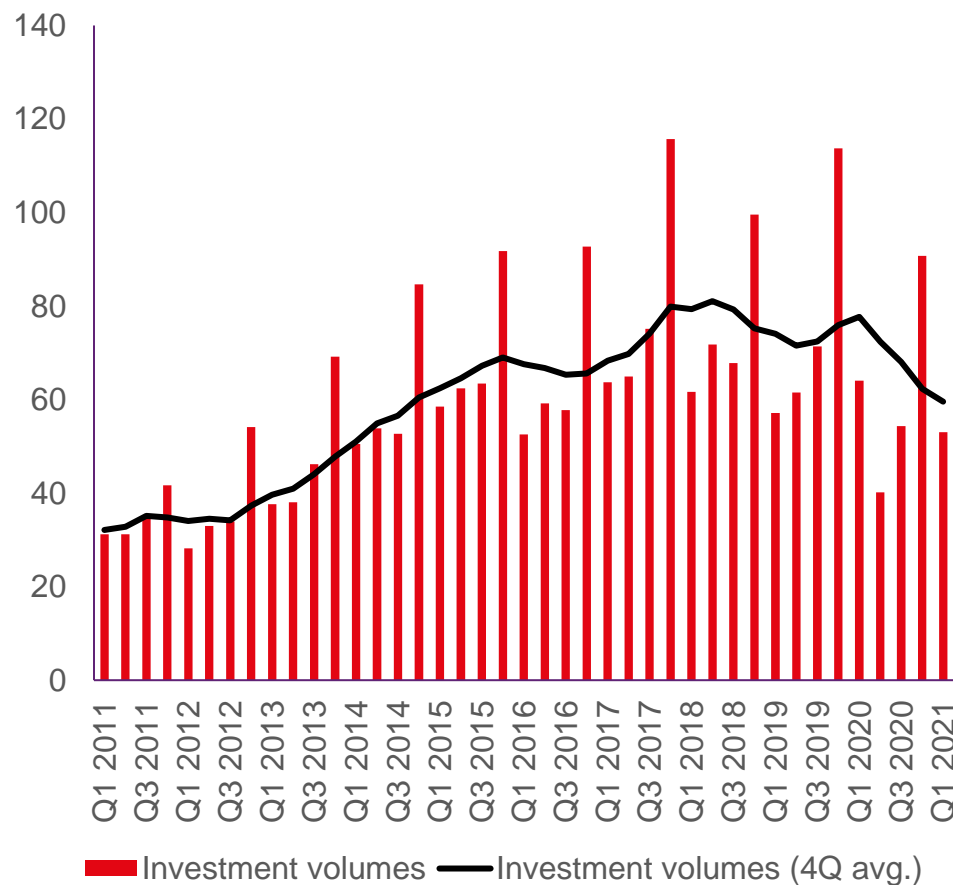
-41%

QoQ change
(Q1 '21 v. Q4 '20)

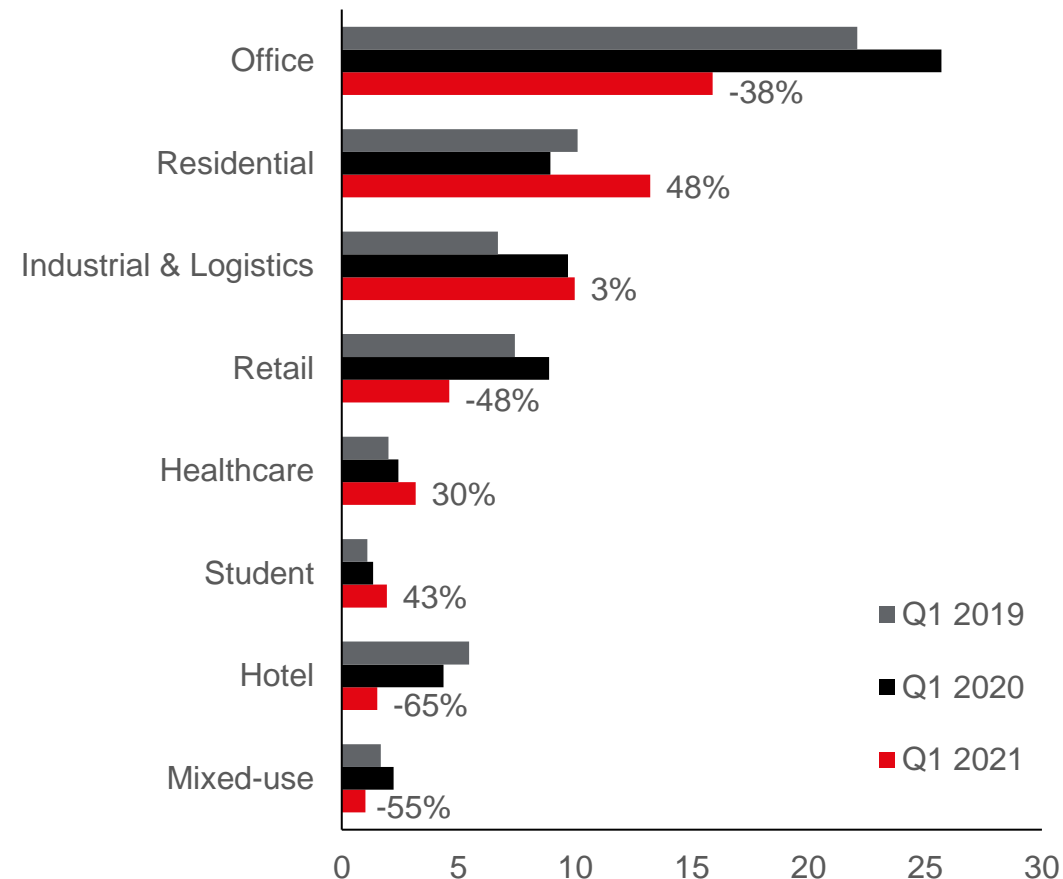
€238bn

Total investment
activity since Covid
(Q2 2020-present)

EMEA Investment Volumes (€bn)



Q1 2021 EMEA Sector Performance



- How will the **value** of my portfolio be impacted?
- How can I optimize **my assets prior to sale**?
- What are my **competitors** doing in the space?
- How can I **integrate ESG** into our acquisition DD process?
- What can I do beyond a building **certificate or EPC rating**?
- How do I underwrite the **capex** required for NZC?
- What is my **downside risk** by 2030 without taking action now

Estimated build cost premium on pursuing certification

LEED Standards

- Certified: +2.5%
- Silver: +3.5%

BREEAM

- Outstanding: +10%

WELL Standards

- Silver: +1-3%
- Gold: +2-5%
- Platinum: +5-10%

Estimated cost savings pursuing ESG ratings

10% rent premium

BREEAM Outstanding buildings (Central London)
JLL Central London Report

Almost 100% pre-leased¹ or shorter void periods for lease up

BREEAM Outstanding buildings
JLL Central London Report

20%-40% savings

Cost savings in operating building with green building to net zero strategies

Conclusions



Summary | The future is... different



Sustainability and ESG are a theme common across real estate

Tech and data – understanding buildings / usage / consumers / residents

COVID has accelerated change within the real estate industry

Research and insight to drive innovation and ability to stay ahead of the curve





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Thank you





Sustainability | In the spotlight

Sustainability and ESG are a theme common across real estate



The pandemic has reminded us of the fragility of our society and ecosystem, and will drive increased focus on sustainability & ESG topics



The ever growing importance of ESG will define the shape of the real estate recovery



Corporate requirements are driving the agenda – the *pull* factor is ever strengthening



Regulatory *push* will get stronger too, but is not in the vanguard of change



The pandemic has thrown health & wellness into the spotlight, where it will remain.

Source: JLL

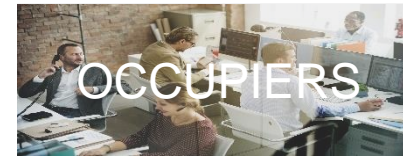
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Sustainability will take centre stage once more as policy agendas turn green



Investors will battle to give ESG a commercial underpinning



CRE will need to embed net zero strategies as occupiers reimagine portfolios in 2021



Assets that do not reach sustainability requirements risk becoming stranded



Retailers with sustainability at their core will outperform in the years to come



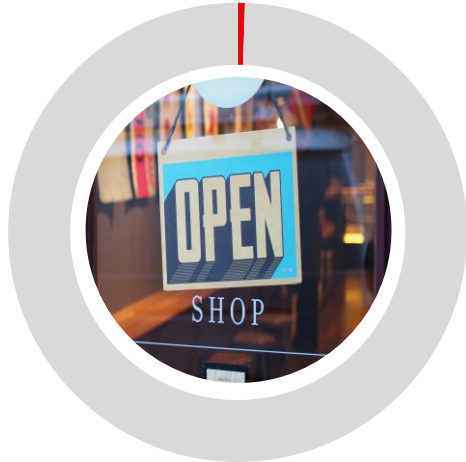
Sustainability must be at the heart of operating strategies and customer experience



ESG investment success will be better defined and better measured in Living sectors

Economics | Behavioural legacy

Many behavioural changes will stick; eventually they will become the norm



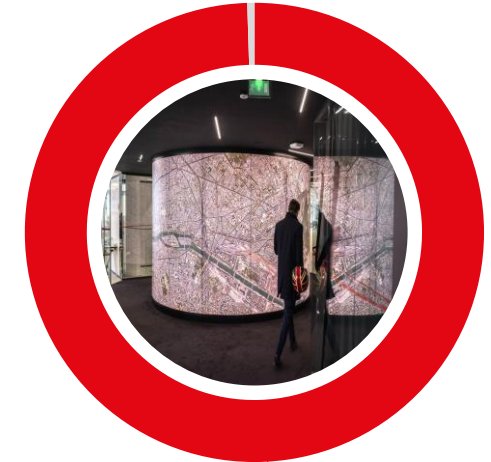
New user groups have accelerated the trend toward use of **e-commerce** and online services



Millions have experienced **home-working and flexible working**; partial adoption will become the new normal rather than the exception



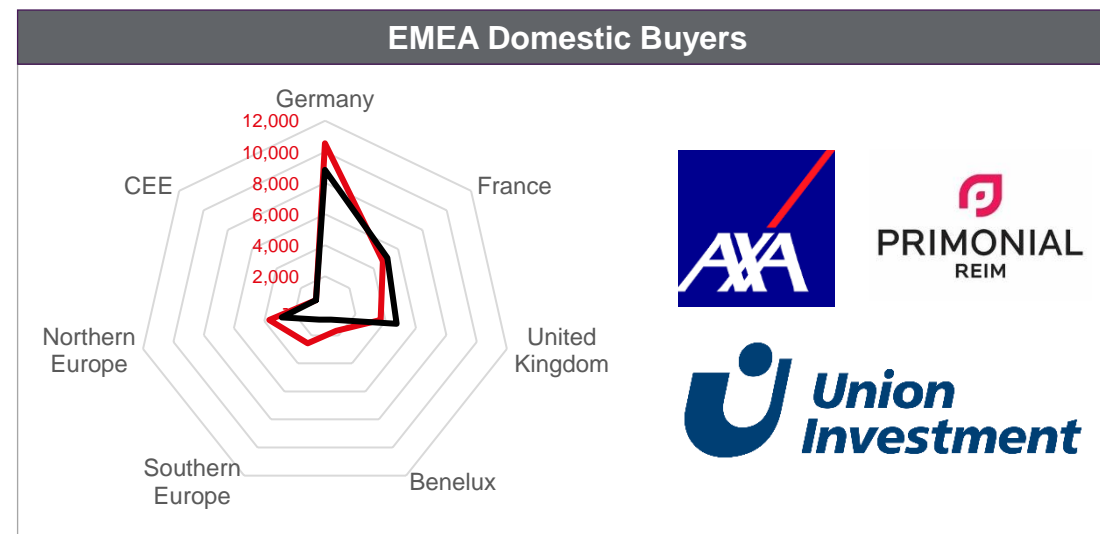
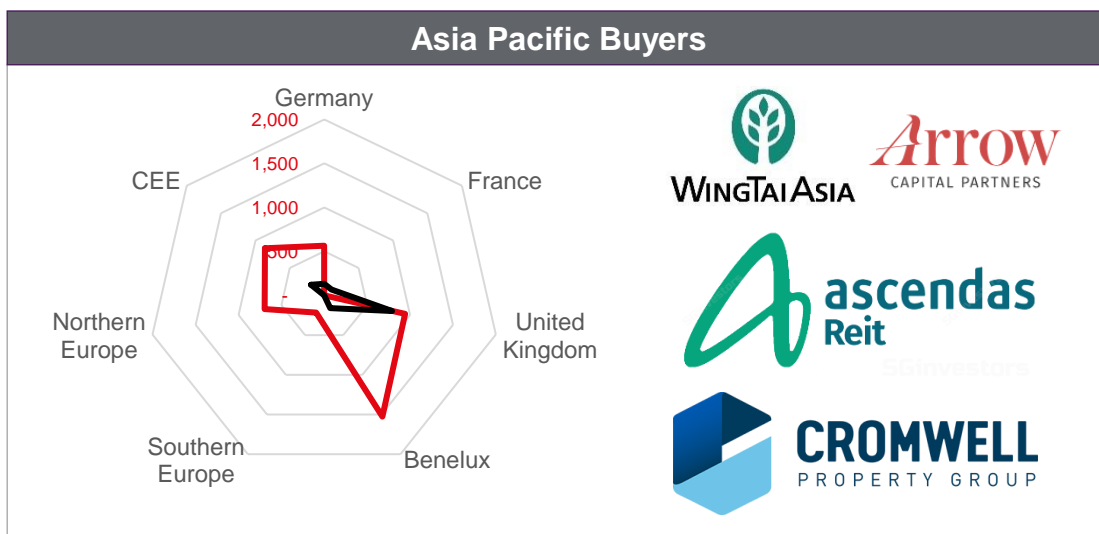
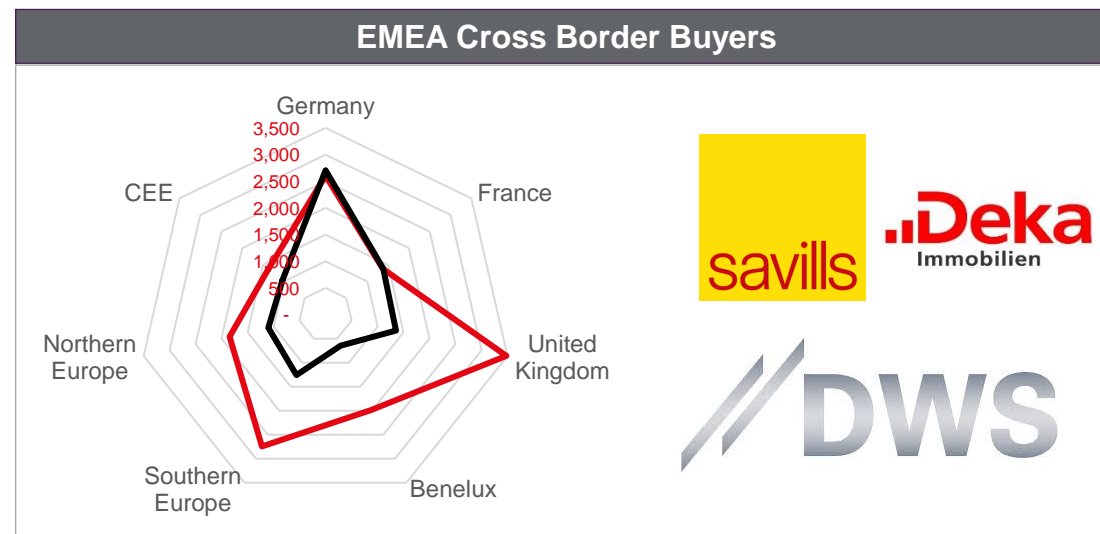
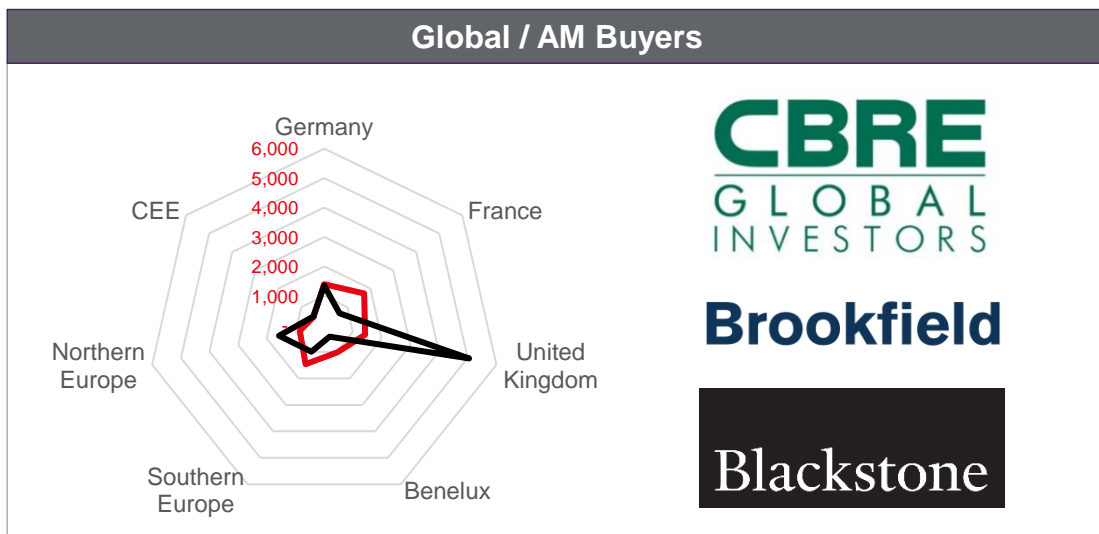
Consumers are revisiting their **housing preferences**. Changes are manifesting and will accelerate as economies recover



Changes to working and living patterns will alter **commuting patterns**. Flexibility and variety will be the new normal.

Capital Markets | Germany remains the most liquid market

But international buyers opted for UK logistics and offices instead



■ Q1 2021 ■ Q1 2020 Volumes in €m

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Living

Living | Stable cash flows driving capital pressure

More capital than ever will target the sector, with strategic priorities increasingly important



Resilience of the sector has been proven

96%+ residential rental collection according to JLL UK survey* of 55k+ units

High reported rent collection by major healthcare RE owners across Europe

Little-to-no outward yield movement, some compression seen in multifamily markets



Relative attractiveness of Living sectors

Rising allocations to Living – over 25% of direct real estate investment in EMEA for 2020 Q1-3

Attraction driven by strong fundamentals, supply-demand imbalance, stable cash flows, demographic and urbanisation trends, and many more...




Lack of available stock to purchase

Investment grade stock lacking across all three major sub-sectors

Growing importance of forward funding and development financing as a route to market

Quality of new build stock is more attractive for investors across Living spectrum

Investment in, or purchase of, developers to build new Living assets that meet investor needs



Balancing Living asset exposure

Investors stretching across the Living spectrum, exploring other sub-sectors to create balanced return profile

Tie-ins with operators to learn from expertise, particularly in student and healthcare



Mid-market residential outperforming

Given financial fallout from Covid-19 and reduced demand for high cost urban properties, affordable residential will perform better than premium rentals

Impacts across sectors of previously assumed rent growth based on growing incomes, though less relevant for healthcare.

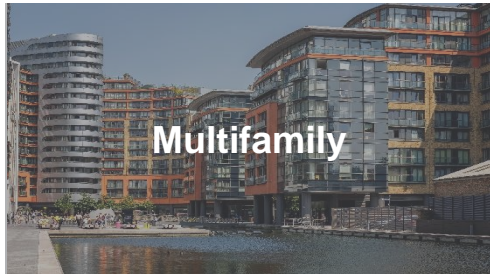
* September 2020.

Living | Market consolidation

Consolidation will occur, but for different reasons across the Living sectors



- Uncertain cash positions in the short-run favour **better capitalised**, larger entities
- New build stock in continental Europe to be funded by larger institutions and **established players**
- High competition for **platform consolidation** deals



- Desire for **stabilised assets** and operational platforms continues to be a hotly contested segment for the market
- Partnerships and M&A offer a potential sidestep to a tightening yield profile in core markets



- Drive towards **efficiency and scale** of healthcare real estate, particularly care homes and senior housing
- **Government focus** on the sector will provide additional impetus to develop better stock
- **Reputation risks** still weigh on new entrants.

Living | Operational focus

Investors that emphasise providing best-in-class operational services will drive portfolio values



Delivering **true customer service** through amenities, convenience services, health & safety, and blended uses that animate space and new resident connections



Balancing **rental growth** and **occupancy** will be more nuanced than in the recent past



Brand and reputation building will become more distinctive - consumers are more discerning than ever



Consumer demand **flexing towards perceived quality** – location, operations and overall service offer.

Living | Sustainability and ESG

In 2021 ESG investment success will become better defined and better measured



Driven by investors & shareholders

Imposed by government policy and tacit pressure

Demanded by discerning occupiers



- Increased demand for **environmental accreditation** of Living assets as well as lower energy costs
- Further capital commitments to **green investment funds**
- Capital expenditure dedicated to improving **portfolio environmental credentials**

- Appetite for socially beneficial asset classes – **affordable housing, healthcare**
- **Collaboration** with public sector partners in developing new stock

- Investors want better transparency and understanding of **ESG** and **Impact Investing metrics**
- **Modern methods of construction** to play a larger role in development of new stock.

Living | Technology

Tech use by property managers and operators will become more pervasive; some may be left behind



- Customer expectations driving tech usage
- Soft tech more important than hard tech – investors averse to picking ‘winners’ and ‘losers’
- Innovation driven by coliving and high-quality multifamily operators
- Tech solutions for senior and care home residents developing quickly
- Digital communities and connectivity growing in importance in post-Covid-19 era



Customer service



Property management

- Generally low-key tech enhancements to improve property and asset management
- Adaptability, flexibility and update-ability are key components for properties of the future
- Monitoring technology increasingly woven into fabric of buildings
- MMC & digital twin construction techniques will enable better building performance and monitoring
- Technology to facilitate ESG enhancements such as dynamic energy use management.

Living | The future is human

Those who understand their tenant base best will perform best



The best operators and most successful investors will focus on **data harvesting**, using both building and resident information to curate living environments

Machine learning technology will support more flexible and personal **customer experience** and become better at iterating preferences



Granular data will optimise **convenience as a service**, but it needs flexibility to take advantage of data-led insights

Cross-sector learnings to **drive innovation** across Living, with more flexible and mutable tenant bases.