

Sentiment Survey Q3 2020

Preview Results for Known Participants

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July 2020



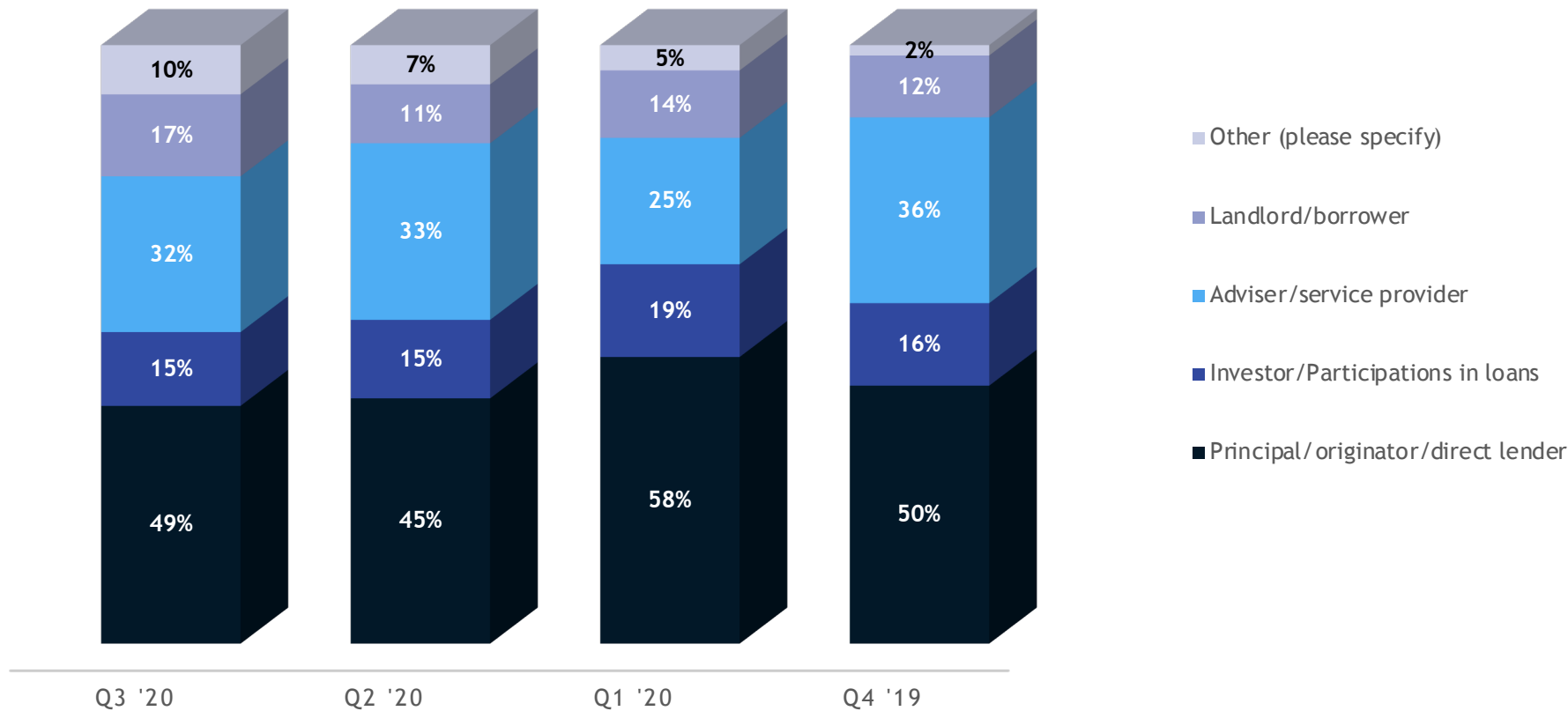
CREFC Europe

Key messages

- ▶ The Q3 survey had 67 participants and was live between 26 June and 15 July.
- ▶ The survey was running whilst most of Europe was emerging from lockdown and there was a better understanding of the potential longer-term impact of Covid-19 on the economy and real estate. Views on market conditions show diversity of opinion, partly driven by the breadth of types of participants and partly by weight placed on different drivers. More negative views on market conditions are driven more by views on the economic environment and real estate fundamentals, whereas more positive views on market conditions seem to be driven more by views on lenders' margins and lending terms.
- ▶ Differences of opinion extend to views on the real estate debt market, with a minority (27% in UK and 28% in Europe) – all either direct lenders or advisers – expressing positive views on the availability of debt. However, all borrowers in the survey across UK and Europe expect that there will be less debt available.
- ▶ This quarter the survey reveals a continued trend towards tightening of financial covenants. In the UK, 71% believe them to be tighter (vs. 46% in Q2) and in Europe 60% believe them to be tighter (vs. 39% in Q2).
- ▶ Compared with Q2, views this quarter are similar. The noteworthy changes are the perception of a continued improvement in lenders' margins and lending terms – more than 50% of respondents view these as better vs. c. 28% in Q2 and c.13% in Q1.
- ▶ Not surprisingly, participants are most pessimistic about hospitality (81%), retail (80%) and to a lesser extent offices (63%) and student accommodation (49%). Already strong throughout 2019, industrial/logistics is emerging as the clear winning sector out of the crisis (67% are optimistic about the sector). PRS shows strong resilience.
- ▶ Perceptions of growth prospects for banks, especially commercial banks, continue to be negative, whereas there is an improvement in views about growth prospects for debt funds.
- ▶ Perhaps as an indication that there is a degree of cautious optimism, albeit still small at this time, for opportunities arising out of the crisis, this quarter shows a slight uptick in perception of attractiveness of riskier assets and lending strategies. 51% see medium-to-high risk assets and 46% see medium-to-high risk lending types as most attractive (vs. 34% and 30% respectively in Q2).

Participation remains disappointing in light of number of individuals (200+) invited to respond. However, as with previous quarters, there is good breadth of types of participants.

| | | | | |
|---|-----------|-----------|-----------|-----------|
| Number of Participants | 67 | 65 | 61 | 56 |
| Who answered this question <i>(multiple answers are possible)</i> | 59 | 58 | 59 | 50 |

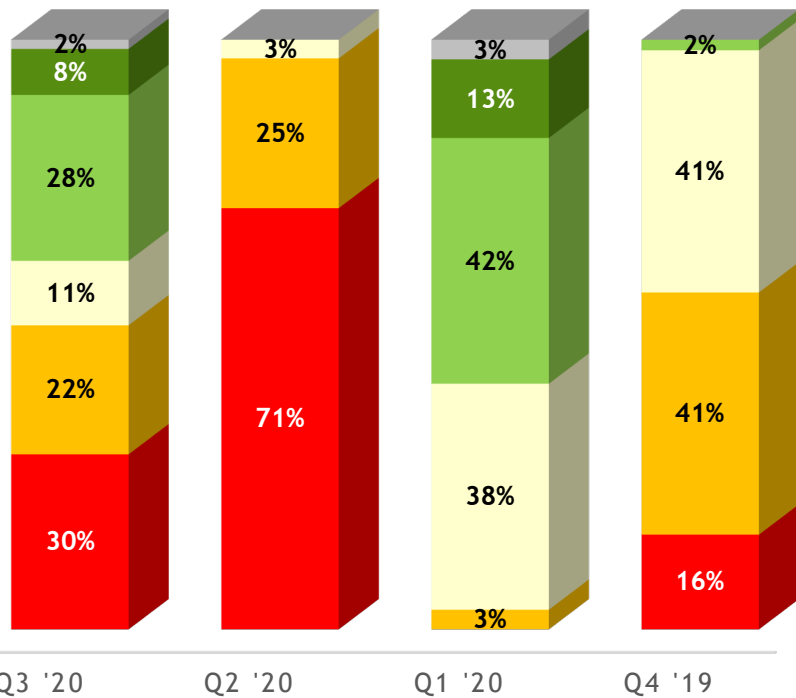


The survey was running whilst most of Europe was emerging from lockdown and there was a better understanding of the potential longer-term impact of Covid-19 on the economy and real estate. **Views on market conditions show diversity of opinion**, partly driven by the breadth of types of participants and partly by weight placed on different drivers.

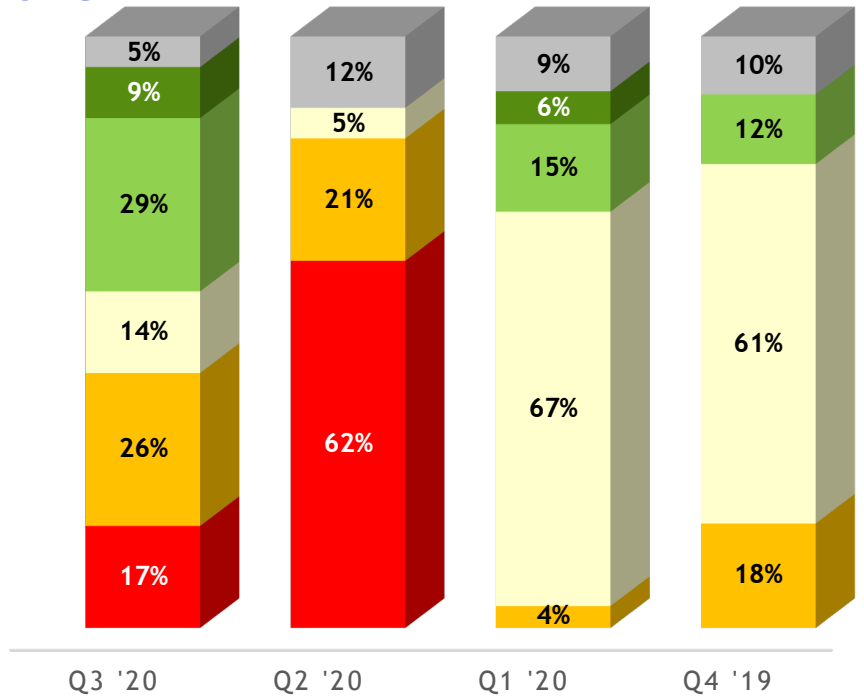
Question 1

From the perspective of your business or the business area in which you operate, how would you assess market conditions today compared with those of 3 months ago?

UK



Europe ex UK

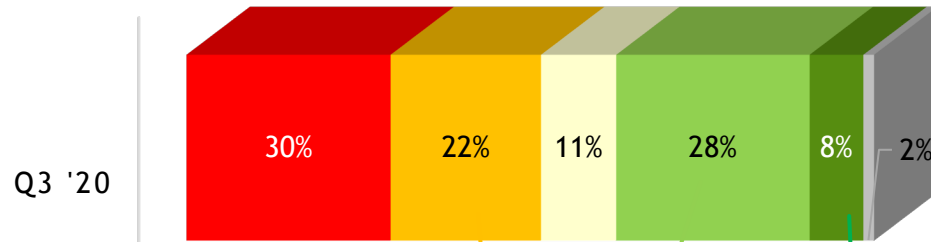


- Unclear/don't know/not applicable
- Significantly better
- Moderately better
- About the same
- Moderately worse
- Significantly worse

Respondents' views are shaped by the importance they place on different drivers. More **negative views on market conditions** are driven more by views on the economic environment and real estate fundamentals, whereas more positive views on market conditions seem to be driven more by views on lenders' margins and lending terms. (See correlation analysis in appendix)

Question 1 – cont'd

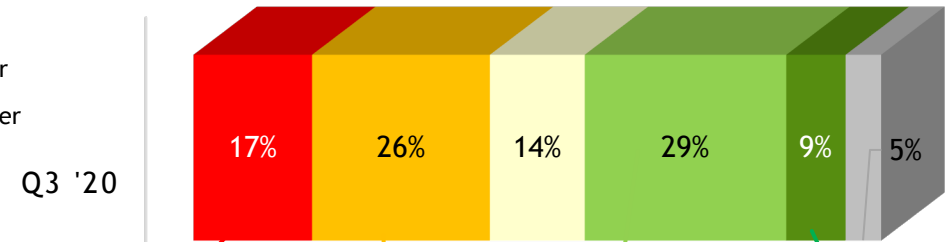
UK



Q3 '20



Europe ex UK



Q3 '20

- 37% are direct lenders and 32% are advisers
- 89% view economic environment as significantly worse
- 89% view real estate fundamentals as worse*
- 68% view liquidity of capital as worse*

- 50% are direct lenders and 39% are advisers
- 61% view lending terms as better*
- 55% view lenders' margins as better*

- 43% are direct lenders and 29% are borrowers
- 71% view economic environment as worse*
- 57% view real estate fundamentals as worse*

- 4 out of 5 are direct lenders
- 4 out of 5 view lenders' margins and lending terms as better*

- 40% are direct lenders and 30% are advisers
- 80% view economic environment as significantly worse
- 80% view real estate fundamentals as worse*

- 47% are direct lenders and 41% are advisers
- 65% view lenders' margins as better*
- 59% view lending terms as better*
- 35% view economic environment as moderately better

- 33% are direct lenders and 27% are borrowers
- 87% view economic environment as worse*
- 74% view real estate fundamentals as worse*
- 60% view liquidity of capital as worse*

- 4 out of 5 are direct lenders
- 4 out of 5 view lenders' margins and lending terms as better*

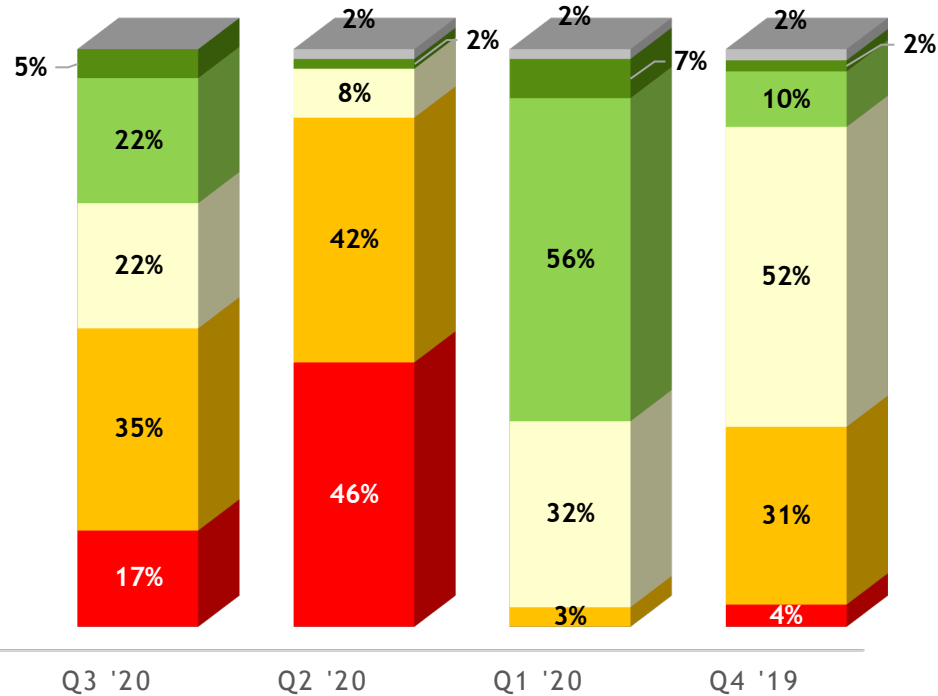
* Worse = moderately and significantly worse combined / Better = moderately and significantly better combined

Differences of opinion extend to views on the real estate debt market, with a minority (27% in UK and 28% in Europe) – all either direct lenders or advisers – expressing positive views on the availability of debt. However, **all borrowers** in the survey across UK and Europe expect that there will be less debt available.

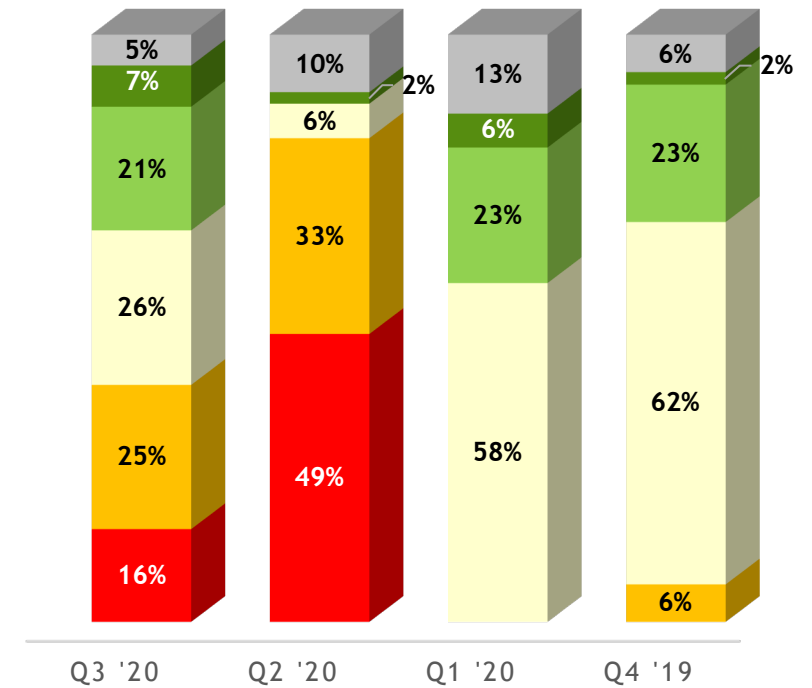
Question 5

What is your outlook for the availability of real estate debt over the next year, compared with the past 12 months?

UK



Europe ex UK



- Unclear/ don't know/not applicable
- Significantly more
- Moderately more
- About the same
- Moderately less
- Significantly less

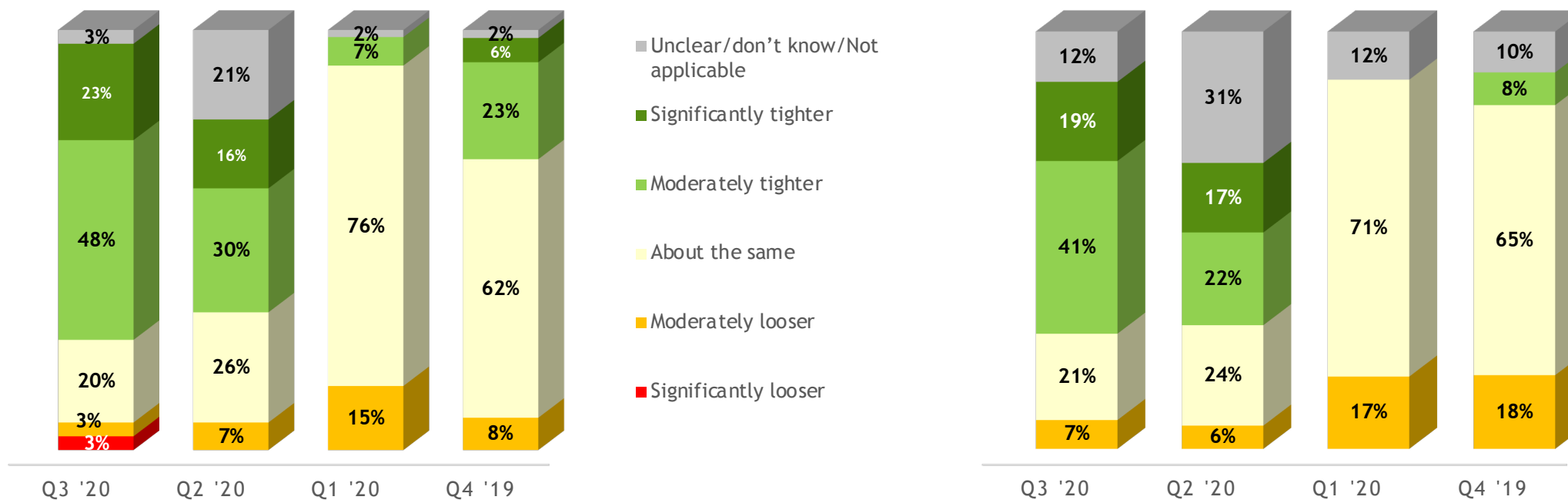
This quarter the survey reveals a **continued trend towards tightening of financial covenants**. In the UK, 71% believe them to be tighter (vs. 46% in Q2) and in Europe 60% believe them to be tighter (vs. 39% in Q2).

Question 2

From the perspective of your business or the business area in which you operate, how would you assess financial covenants (LTVs and ICRs) today compared with those of 3 months ago?

UK

Europe
ex UK



Compared with Q2, views this quarter are similar. The noteworthy changes are the **perception of a continued improvement in lenders' margins and lending terms** – more than 50% of respondents view these as better vs. c. 28% in Q2 and c.13% in Q1.

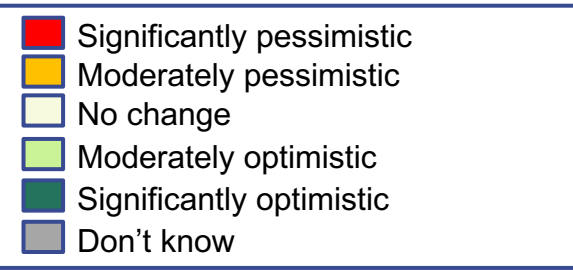
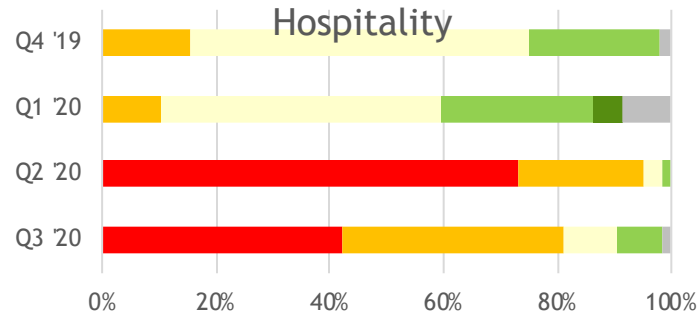
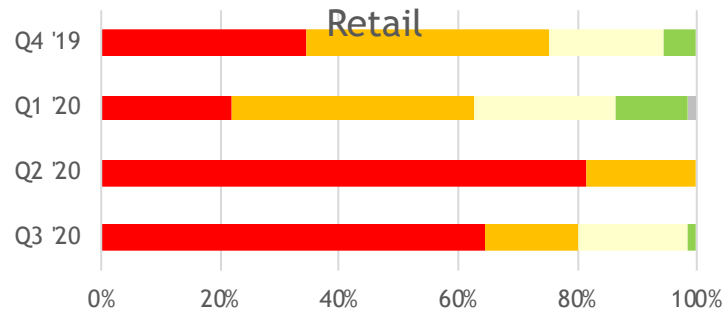
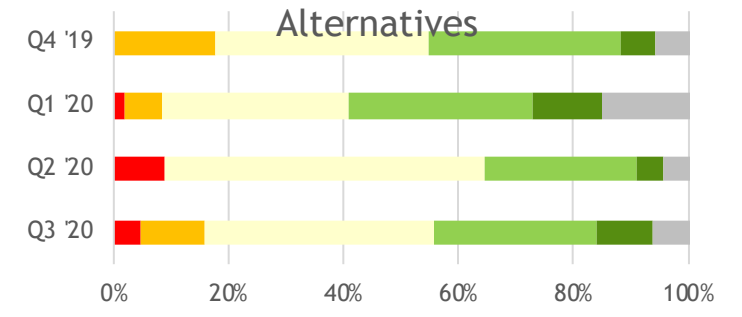
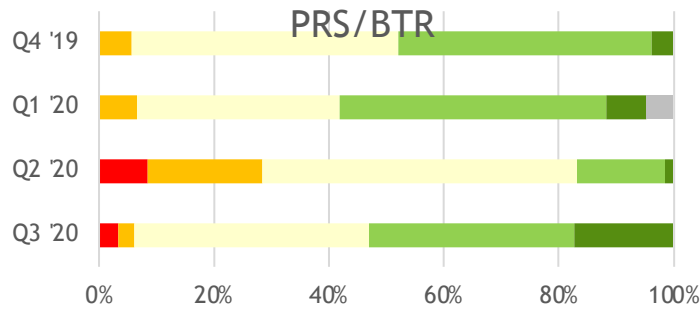
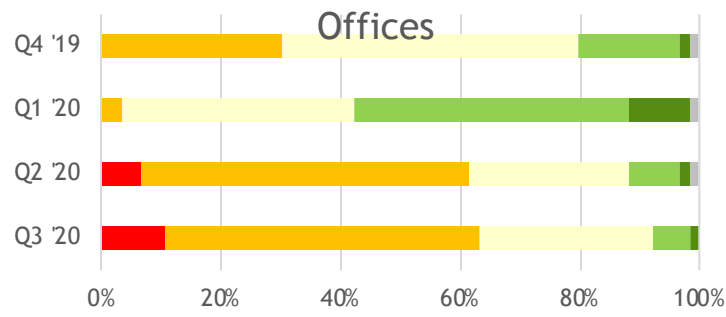
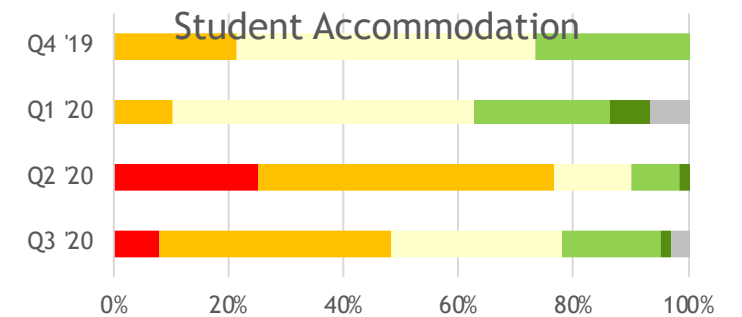
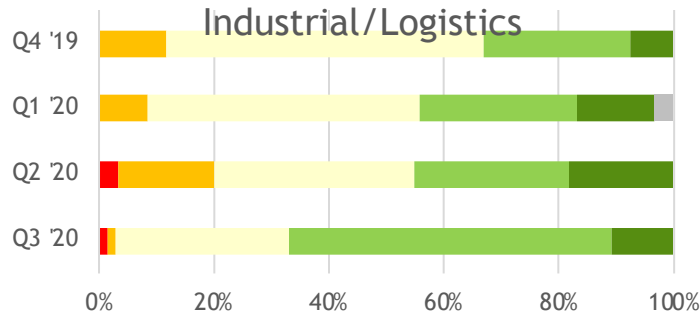
Question 4

From a generic lender's perspective, do you think that the situation is worse or better in each of these areas, compared with 3 months ago?



Not surprisingly, participants are most pessimistic about hospitality (81%), retail (80%) and to a lesser extent offices (63%) and student accommodation (49%). Already strong throughout 2019, industrial/logistics is emerging as the clear winning sector out of the crisis (67% are optimistic about the sector). PRS shows strong resilience.

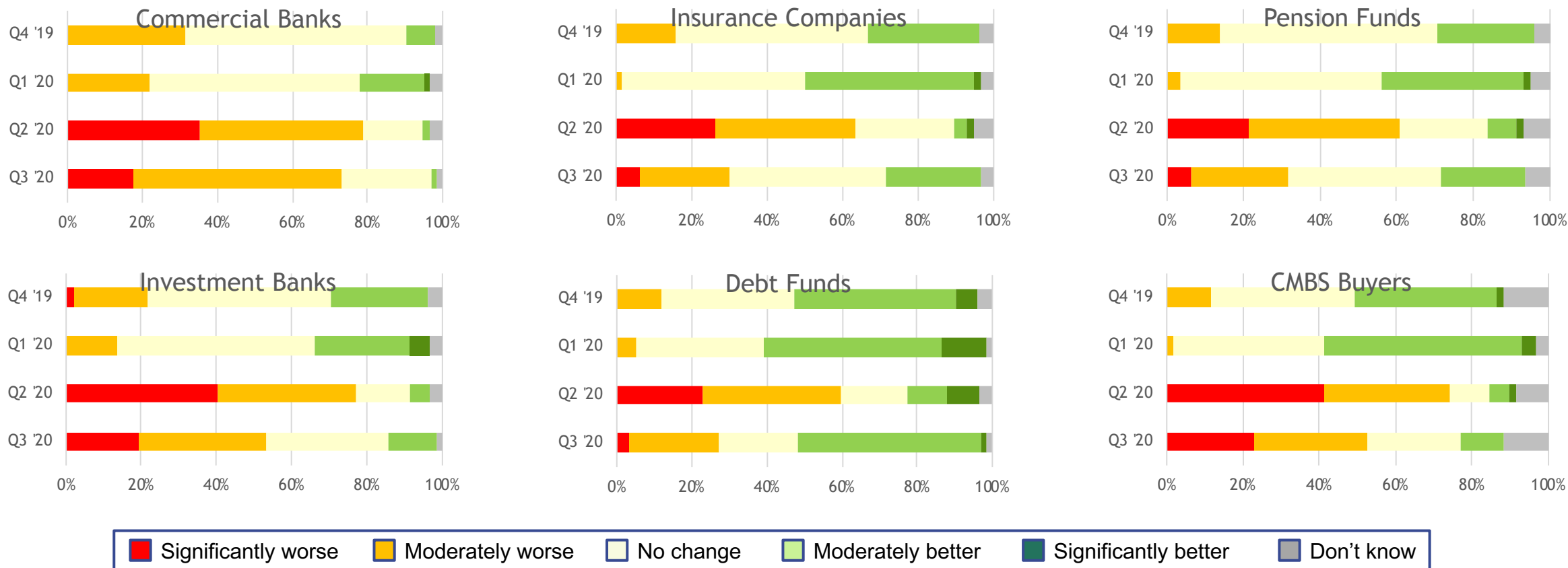
Question 3
From the perspective of your business or the business area in which you operate, how optimistic/pessimistic are you about fundamentals in the following segments, compared with 3 months ago?



Perceptions of growth prospects for banks, especially commercial banks, continue to be negative, whereas there is an improvement in views about growth prospects for debt funds.

Question 6

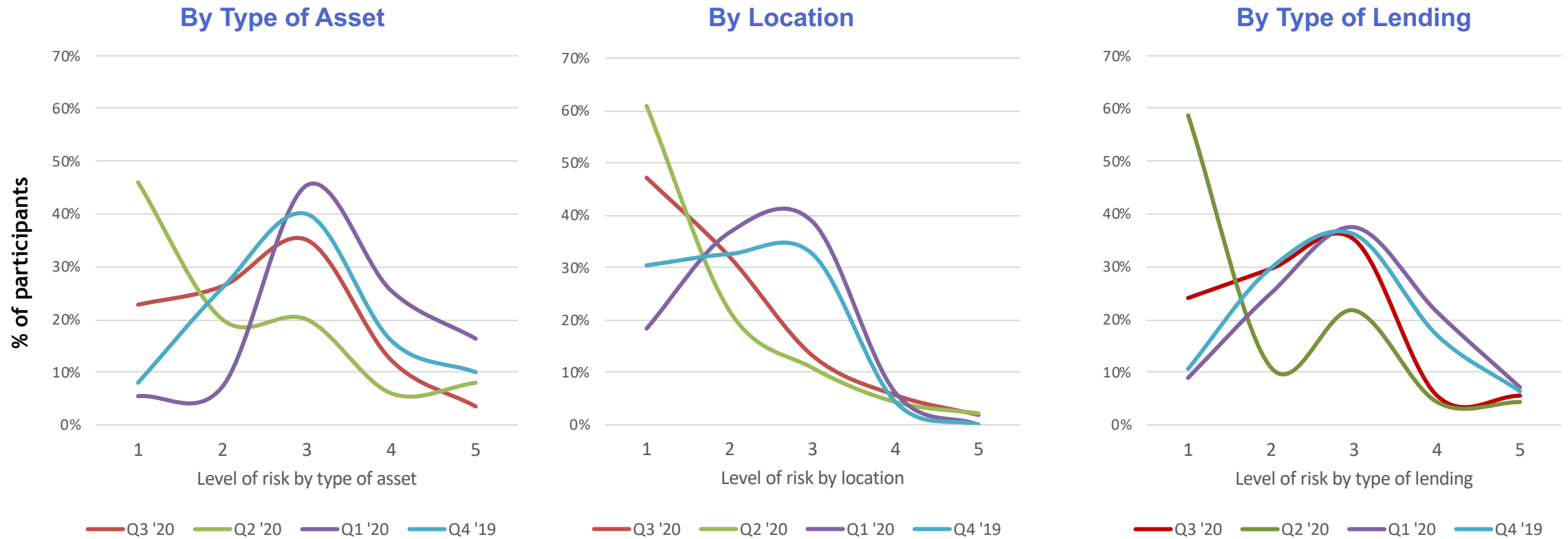
Where you have a view, do you think that the growth prospects of the following categories of market participant are worse or better compared with 3 months ago?



Perhaps as an indication that there is a degree of cautious optimism, albeit still small at this time, for opportunities arising out of the crisis, this quarter shows a **slight uptick in perception of attractiveness of riskier assets and lending strategies**. 51% see medium-to-high risk (3-5 on scale) assets and 46% see medium-to-high risk lending types as most attractive (vs. 34% and 30% respectively in Q2).

Questions 7-9

Where do you see the most attractive risk-adjusted returns over the next 3 months, on a scale of 1 to 5, where 1 = low risk and 5 = high risk?



A few selected comments about the market and the impact of the Covid-19 outbreak



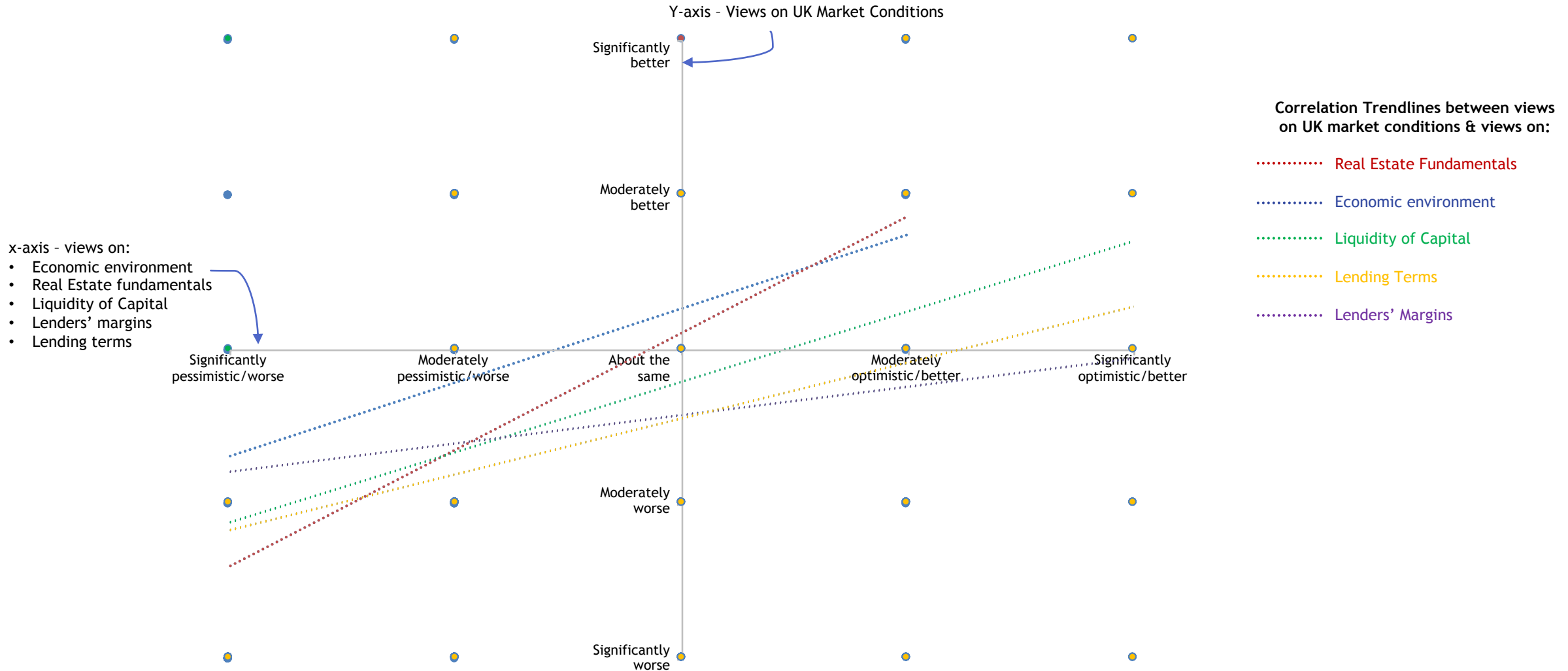
Appendices

Correlation Analysis

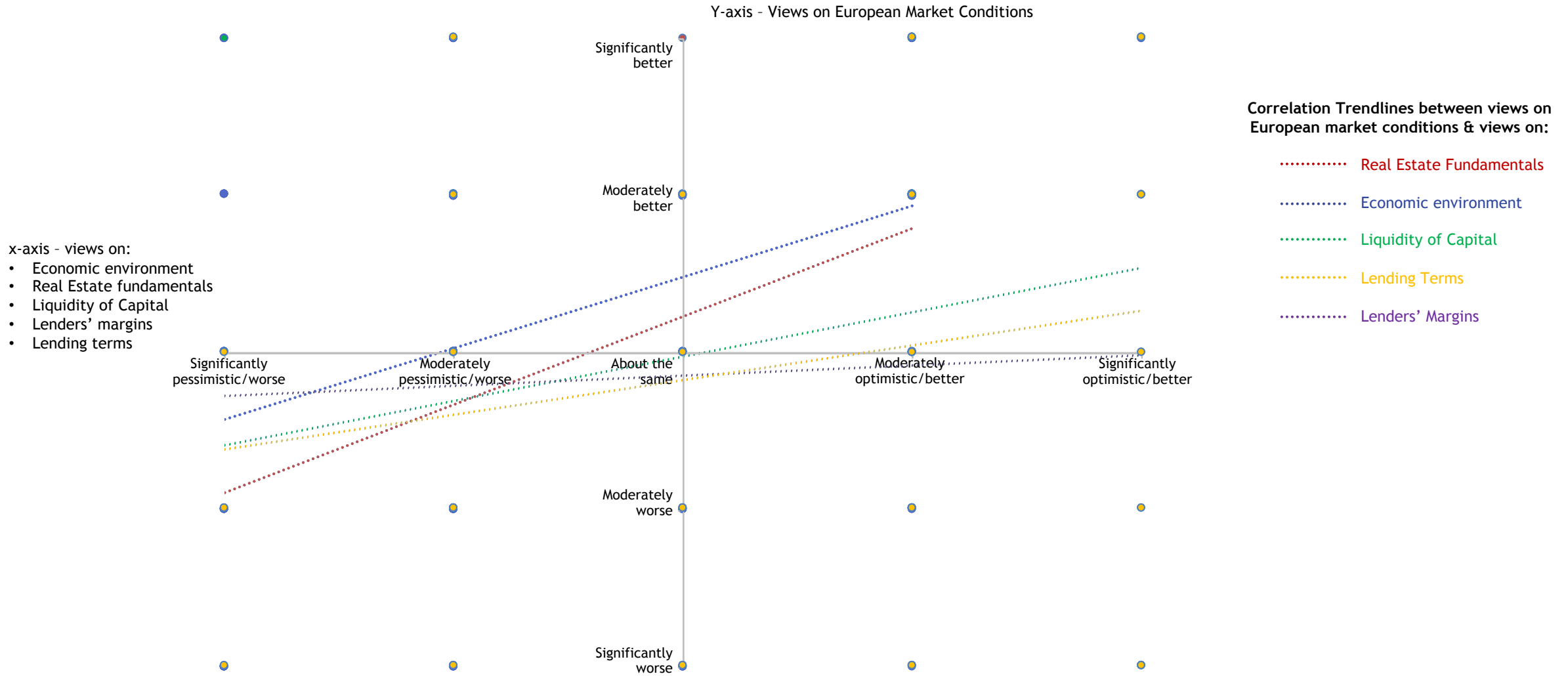
Historic Data

Appendix 1

An analysis of correlation trendlines (albeit limited by the relatively small statistical sample) shows that views on market conditions are most closely correlated to views on real estate fundamentals both for the UK...



...and Europe.



Appendix 2

Historic data: Views on market conditions and financial covenants in UK and Europe

From the perspective of your business or the business area in which you operate, how would you assess market conditions today compared with those of 3 months ago?

| UK | | Q3 '20 | Q2 '20 | Q1 '20 | Q4 '19 | Q3 '19 | Q2 '19 | Q1 '19 |
|--------------|-----------------------------------|--------|--------|--------|--------|--------|--------|--------|
| | Significantly worse | 30% | 71% | 0% | 16% | 4% | 8% | 3% |
| | Moderately worse | 22% | 25% | 3% | 41% | 45% | 57% | 51% |
| | About the same | 11% | 3% | 38% | 41% | 41% | 30% | 36% |
| | Moderately better | 28% | 0% | 42% | 2% | 9% | 3% | 6% |
| | Significantly better | 8% | 0% | 13% | 0% | 1% | 2% | 4% |
| | Unclear/don't know/not applicable | 2% | 0% | 3% | 0% | 0% | 0% | 0% |
| Europe ex UK | | Q3 '20 | Q2 '20 | Q1 '20 | Q4 '19 | Q3 '19 | Q2 '19 | Q1 '19 |
| | Significantly worse | 17% | 62% | 0% | 0% | 0% | 0% | 3% |
| | Moderately worse | 26% | 21% | 4% | 18% | 12% | 11% | 51% |
| | About the same | 14% | 5% | 67% | 61% | 59% | 64% | 36% |
| | Moderately better | 29% | 0% | 15% | 12% | 18% | 16% | 6% |
| | Significantly better | 9% | 0% | 6% | 0% | 1% | 0% | 4% |
| | Unclear/don't know/not applicable | 5% | 12% | 9% | 10% | 10% | 9% | 0% |

From the perspective of your business or the business area in which you operate, how would you assess financial covenants (LTVs and ICRs) today compared with those of 3 months ago?

| UK | | Q3 '20 | Q2 '20 | Q1 '20 | Q4 '19 | Q3 '19 | Q2 '19 | Q1 '19 |
|--------------|-----------------------------------|--------|--------|--------|--------|--------|--------|--------|
| | Significantly looser | 3% | 0% | 0% | 0% | 0% | 2% | 6% |
| | Moderately looser | 3% | 7% | 15% | 8% | 8% | 7% | 24% |
| | About the same | 20% | 26% | 76% | 62% | 72% | 33% | 44% |
| | Moderately tighter | 48% | 30% | 7% | 23% | 14% | 42% | 23% |
| | Significantly tighter | 23% | 16% | 0% | 6% | 0% | 2% | 0% |
| | Unclear/don't know/Not applicable | 3% | 21% | 2% | 2% | 6% | 14% | 3% |
| Europe ex UK | | Q3 '20 | Q2 '20 | Q1 '20 | Q4 '19 | Q3 '19 | Q2 '19 | Q1 '19 |
| | Significantly looser | 0% | 0% | 0% | 0% | 0% | 3% | 6% |
| | Moderately looser | 7% | 6% | 17% | 18% | 16% | 10% | 24% |
| | About the same | 21% | 24% | 71% | 65% | 61% | 68% | 44% |
| | Moderately tighter | 41% | 22% | 0% | 8% | 6% | 3% | 23% |
| | Significantly tighter | 19% | 17% | 0% | 0% | 0% | 0% | 0% |
| | Unclear/don't know/Not applicable | 12% | 31% | 12% | 10% | 17% | 18% | 3% |

Appendix 2

Historic data: Views on real estate sectors

From the perspective of your business or the business area in which you operate, how optimistic/pessimistic are you about fundamentals in the following segments, compared with 3 months ago?

| Offices | | Q3 '20 | Q2 '20 | Q1 '20 | Q4 '19 | Q3 '19 | Q2 '19 | Q1 '19 |
|---------|---------------------------|--------|--------|--------|--------|--------|--------|--------|
| | Significantly pessimistic | 11% | 7% | 0% | 0% | 1% | 0% | 0% |
| | Moderately pessimistic | 52% | 55% | 3% | 31% | 10% | 20% | 24% |
| | No Change | 29% | 27% | 39% | 50% | 68% | 56% | 60% |
| | Moderately optimistic | 6% | 8% | 46% | 17% | 20% | 24% | 15% |
| | Significantly Optimistic | 2% | 2% | 10% | 2% | 0% | 0% | 2% |
| | Don't know | 0% | 2% | 2% | 1% | 1% | 0% | 0% |

| PRs/BTR/Multi-Family | | Q3 '20 | Q2 '20 | Q1 '20 | Q4 '19 | Q3 '19 | Q2 '19 | Q1 '19 |
|----------------------|---------------------------|--------|--------|--------|--------|--------|--------|--------|
| | Significantly pessimistic | 3% | 8% | 0% | 0% | 0% | 0% | 2% |
| | Moderately pessimistic | 3% | 20% | 7% | 6% | 7% | 6% | 5% |
| | No Change | 41% | 55% | 35% | 46% | 43% | 43% | 31% |
| | Moderately optimistic | 36% | 15% | 47% | 44% | 33% | 37% | 46% |
| | Significantly Optimistic | 17% | 2% | 7% | 4% | 16% | 10% | 15% |
| | Don't know | 0% | 0% | 5% | 0% | 1% | 3% | 2% |

| Retail | | Q3 '20 | Q2 '20 | Q1 '20 | Q4 '19 | Q3 '19 | Q2 '19 | Q1 '19 |
|--------|---------------------------|--------|--------|--------|--------|--------|--------|--------|
| | Significantly pessimistic | 65% | 82% | 22% | 35% | 31% | 30% | 32% |
| | Moderately pessimistic | 15% | 18% | 41% | 40% | 52% | 51% | 63% |
| | No Change | 18% | 0% | 24% | 19% | 17% | 19% | 5% |
| | Moderately optimistic | 2% | 0% | 12% | 6% | 0% | 0% | 0% |
| | Significantly Optimistic | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| | Don't know | 0% | 0% | 2% | 0% | 0% | 0% | 0% |

| Student Accommodation | | Q3 '20 | Q2 '20 | Q1 '20 | Q4 '19 | Q3 '19 | Q2 '19 | Q1 '19 |
|-----------------------|---------------------------|--------|--------|--------|--------|--------|--------|--------|
| | Significantly pessimistic | 8% | 25% | 0% | 0% | 0% | 0% | 2% |
| | Moderately pessimistic | 41% | 52% | 10% | 21% | 13% | 18% | 18% |
| | No Change | 30% | 13% | 53% | 52% | 51% | 40% | 50% |
| | Moderately optimistic | 17% | 8% | 24% | 27% | 25% | 31% | 23% |
| | Significantly Optimistic | 2% | 2% | 7% | 0% | 9% | 6% | 6% |
| | Don't know | 3% | 0% | 7% | 0% | 3% | 4% | 2% |

| Industrial/logistics | | Q3 '20 | Q2 '20 | Q1 '20 | Q4 '19 | Q3 '19 | Q2 '19 | Q1 '19 |
|----------------------|---------------------------|--------|--------|--------|--------|--------|--------|--------|
| | Significantly pessimistic | 2% | 3% | 0% | 0% | 0% | 2% | 0% |
| | Moderately pessimistic | 2% | 17% | 8% | 12% | 17% | 12% | 11% |
| | No Change | 30% | 35% | 47% | 55% | 49% | 45% | 47% |
| | Moderately optimistic | 56% | 27% | 27% | 25% | 25% | 32% | 34% |
| | Significantly Optimistic | 11% | 18% | 14% | 8% | 6% | 9% | 8% |
| | Don't know | 0% | 0% | 3% | 0% | 3% | 0% | 0% |

| Alternatives (e.g. healthcare, senior) | | Q3 '20 | Q2 '20 | Q1 '20 | Q4 '19 | Q3 '19 | Q2 '19 | Q1 '19 |
|--|---------------------------|--------|--------|--------|--------|--------|--------|--------|
| | Significantly pessimistic | 5% | 7% | 2% | 0% | 0% | 0% | 2% |
| | Moderately pessimistic | 11% | 0% | 7% | 18% | 9% | 7% | 11% |
| | No Change | 40% | 42% | 32% | 37% | 45% | 45% | 36% |
| | Moderately optimistic | 29% | 20% | 32% | 33% | 31% | 36% | 30% |
| | Significantly Optimistic | 10% | 3% | 12% | 6% | 7% | 4% | 15% |
| | Don't know | 6% | 3% | 15% | 6% | 7% | 7% | 7% |

| Hospitality | | Q3 '20 | Q2 '20 | Q1 '20 | Q4 '19 | Q3 '19 | Q2 '19 | Q1 '19 |
|-------------|---------------------------|--------|--------|--------|--------|--------|--------|--------|
| | Significantly pessimistic | 42% | 73% | 0% | 0% | 1% | 2% | 3% |
| | Moderately pessimistic | 39% | 22% | 10% | 15% | 13% | 18% | 13% |
| | No Change | 9% | 3% | 49% | 60% | 50% | 55% | 61% |
| | Moderately optimistic | 8% | 2% | 27% | 23% | 29% | 20% | 18% |
| | Significantly Optimistic | 0% | 0% | 5% | 0% | 3% | 3% | 2% |
| | Don't know | 2% | 0% | 8% | 2% | 4% | 3% | 3% |

Appendix 2

Historic data: Views on market factors

From a generic lender's perspective, do you think that the situation is worse or better in each of these areas, compared with 3 months ago?

| Political environment | Q3 '20 | Q2 '20 | Q1 '20 | Q4 '19 | Q3 '19 | Q2 '19 | Q1 '19 |
|-----------------------|--------|--------|--------|--------|--------|--------|--------|
| Significantly worse | 19% | 15% | 2% | 29% | 20% | 23% | 33% |
| Moderately worse | 36% | 27% | 12% | 53% | 51% | 62% | 62% |
| No change | 36% | 32% | 7% | 14% | 24% | 11% | 3% |
| Moderately better | 9% | 15% | 47% | 4% | 1% | 2% | 0% |
| Significantly better | 0% | 10% | 31% | 0% | 0% | 0% | 0% |
| Don't know | 0% | 2% | 2% | 0% | 3% | 3% | 2% |

| Economic environment | Q3 '20 | Q2 '20 | Q1 '20 | Q4 '19 | Q3 '19 | Q2 '19 | Q1 '19 |
|----------------------|--------|--------|--------|--------|--------|--------|--------|
| Significantly worse | 53% | 87% | 0% | 4% | 1% | 4% | 2% |
| Moderately worse | 31% | 12% | 17% | 71% | 51% | 58% | 77% |
| No change | 2% | 2% | 36% | 25% | 40% | 30% | 20% |
| Moderately better | 14% | 0% | 41% | 0% | 6% | 4% | 0% |
| Significantly better | 0% | 0% | 5% | 0% | 0% | 0% | 0% |
| Don't know | 0% | 0% | 2% | 0% | 1% | 3% | 2% |

| Regulatory environment | Q3 '20 | Q2 '20 | Q1 '20 | Q4 '19 | Q3 '19 | Q2 '19 | Q1 '19 |
|------------------------|--------|--------|--------|--------|--------|--------|--------|
| Significantly worse | 8% | 3% | 0% | 2% | 1% | 1% | 2% |
| Moderately worse | 14% | 12% | 12% | 14% | 14% | 18% | 25% |
| No change | 66% | 75% | 79% | 82% | 81% | 72% | 67% |
| Moderately better | 13% | 8% | 5% | 0% | 1% | 3% | 3% |
| Significantly better | 0% | 2% | 0% | 0% | 0% | 0% | 0% |
| Don't know | 0% | 0% | 3% | 2% | 1% | 6% | 3% |

| Real estate fundamentals | Q3 '20 | Q2 '20 | Q1 '20 | Q4 '19 | Q3 '19 | Q2 '19 | Q1 '19 |
|--------------------------|--------|--------|--------|--------|--------|--------|--------|
| Significantly worse | 14% | 35% | 0% | 2% | 1% | 0% | 0% |
| Moderately worse | 52% | 48% | 10% | 33% | 34% | 33% | 43% |
| No change | 20% | 17% | 68% | 57% | 61% | 60% | 48% |
| Moderately better | 14% | 0% | 22% | 6% | 1% | 1% | 8% |
| Significantly better | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| Don't know | 0% | 0% | 0% | 2% | 1% | 6% | 2% |

| Liquidity of capital | Q3 '20 | Q2 '20 | Q1 '20 | Q4 '19 | Q3 '19 | Q2 '19 | Q1 '19 |
|----------------------|--------|--------|--------|--------|--------|--------|--------|
| Significantly worse | 11% | 43% | 0% | 0% | 0% | 1% | 0% |
| Moderately worse | 38% | 38% | 5% | 22% | 17% | 22% | 26% |
| No change | 28% | 10% | 42% | 58% | 69% | 51% | 49% |
| Moderately better | 20% | 5% | 49% | 14% | 13% | 19% | 21% |
| Significantly better | 2% | 0% | 3% | 4% | 0% | 0% | 0% |
| Don't know | 2% | 3% | 0% | 2% | 1% | 6% | 3% |

| Margins | Q3 '20 | Q2 '20 | Q1 '20 | Q4 '19 | Q3 '19 | Q2 '19 | Q1 '19 |
|----------------------|--------|--------|--------|--------|--------|--------|--------|
| Significantly worse | 5% | 17% | 0% | 0% | 0% | 0% | 2% |
| Moderately worse | 27% | 25% | 15% | 25% | 11% | 16% | 41% |
| No change | 11% | 19% | 69% | 47% | 63% | 45% | 34% |
| Moderately better | 39% | 14% | 14% | 27% | 24% | 28% | 16% |
| Significantly better | 16% | 15% | 0% | 0% | 0% | 0% | 0% |
| Don't know | 3% | 10% | 2% | 0% | 1% | 10% | 7% |

| Lending terms | Q3 '20 | Q2 '20 | Q1 '20 | Q4 '19 | Q3 '19 | Q2 '19 | Q1 '19 |
|----------------------|--------|--------|--------|--------|--------|--------|--------|
| Significantly worse | 6% | 15% | 0% | 0% | 0% | 0% | 0% |
| Moderately worse | 28% | 0% | 10% | 25% | 10% | 13% | 30% |
| No change | 16% | 24% | 75% | 55% | 67% | 58% | 49% |
| Moderately better | 36% | 17% | 12% | 20% | 20% | 21% | 18% |
| Significantly better | 14% | 10% | 0% | 0% | 0% | 0% | 0% |
| Don't know | 0% | 8% | 3% | 0% | 3% | 7% | 3% |

Appendix 2

Historic data: Views on debt availability in UK and Europe

What is your outlook for the availability of real estate debt over the next year, compared with how you saw it 3 months ago?

| UK | Q3 '20 | Q2 '20 | Q1 '20 | Q4 '19 | Q3 '19 | Q2 '19 | Q1 '19 |
|------------------------------------|--------|--------|--------|--------|--------|--------|--------|
| Significantly less | 17% | 46% | 0% | 4% | 0% | 6% | 2% |
| Moderately less | 35% | 42% | 3% | 31% | 39% | 48% | 32% |
| About the same | 22% | 8% | 32% | 52% | 49% | 32% | 42% |
| Moderately more | 22% | 0% | 56% | 10% | 10% | 10% | 24% |
| Significantly more | 5% | 2% | 7% | 2% | 0% | 0% | 0% |
| Unclear/ don't know/not applicable | 0% | 2% | 2% | 2% | 1% | 5% | 0% |

| Europe ex UK | Q3 '20 | Q2 '20 | Q1 '20 | Q4 '19 | Q3 '19 | Q2 '19 | Q1 '19 |
|------------------------------------|--------|--------|--------|--------|--------|--------|--------|
| Significantly less | 16% | 49% | 0% | 0% | 0% | 0% | 2% |
| Moderately less | 25% | 33% | 0% | 6% | 3% | 7% | 32% |
| About the same | 26% | 6% | 58% | 62% | 63% | 43% | 42% |
| Moderately more | 21% | 0% | 23% | 23% | 22% | 37% | 24% |
| Significantly more | 7% | 2% | 6% | 2% | 0% | 2% | 0% |
| Unclear/ don't know/not applicable | 5% | 10% | 13% | 6% | 11% | 11% | 0% |

Appendix 2

Historic data: Views on growth prospects

Where you have a view, do you think that the growth prospects of the following categories of market participant are worse or better compared with 3 months ago?

| Commercial banks | Q3 '20 | Q2 '20 | Q1 '20 | Q4 '19 | Q3 '19 | Q2 '19 | Q1 '19 |
|----------------------|--------|--------|--------|--------|--------|--------|--------|
| Significantly worse | 17% | 35% | 0% | 0% | 3% | 3% | 2% |
| Moderately Worse | 56% | 44% | 22% | 31% | 42% | 39% | 43% |
| No change | 24% | 16% | 56% | 59% | 44% | 48% | 43% |
| Moderately Better | 2% | 2% | 17% | 8% | 5% | 3% | 7% |
| Significantly better | 0% | 0% | 2% | 0% | 0% | 0% | 0% |
| Don't know | 2% | 4% | 3% | 2% | 6% | 6% | 5% |

| Investment banks | Q3 '20 | Q2 '20 | Q1 '20 | Q4 '19 | Q3 '19 | Q2 '19 | Q1 '19 |
|----------------------|--------|--------|--------|--------|--------|--------|--------|
| Significantly worse | 19% | 40% | 0% | 2% | 2% | 0% | 2% |
| Moderately Worse | 34% | 37% | 14% | 20% | 29% | 31% | 24% |
| No change | 32% | 14% | 53% | 49% | 50% | 48% | 41% |
| Moderately Better | 13% | 5% | 25% | 25% | 11% | 14% | 25% |
| Significantly better | 0% | 0% | 5% | 0% | 3% | 0% | 2% |
| Don't know | 2% | 4% | 3% | 4% | 6% | 8% | 7% |

| Insurance companies | Q3 '20 | Q2 '20 | Q1 '20 | Q4 '19 | Q3 '19 | Q2 '19 | Q1 '19 |
|----------------------|--------|--------|--------|--------|--------|--------|--------|
| Significantly worse | 6% | 26% | 0% | 0% | 0% | 3% | 0% |
| Moderately Worse | 24% | 37% | 2% | 16% | 9% | 8% | 12% |
| No change | 41% | 26% | 48% | 51% | 44% | 42% | 39% |
| Moderately Better | 25% | 4% | 45% | 29% | 38% | 38% | 42% |
| Significantly better | 0% | 2% | 2% | 0% | 2% | 2% | 0% |
| Don't know | 3% | 5% | 3% | 4% | 8% | 8% | 7% |

| Debt funds | Q3 '20 | Q2 '20 | Q1 '20 | Q4 '19 | Q3 '19 | Q2 '19 | Q1 '19 |
|----------------------|--------|--------|--------|--------|--------|--------|--------|
| Significantly worse | 3% | 23% | 0% | 0% | 0% | 0% | 0% |
| Moderately Worse | 24% | 37% | 5% | 12% | 14% | 11% | 14% |
| No change | 21% | 18% | 34% | 35% | 34% | 29% | 24% |
| Moderately Better | 48% | 11% | 47% | 43% | 43% | 46% | 59% |
| Significantly better | 2% | 9% | 12% | 6% | 6% | 8% | 2% |
| Don't know | 2% | 4% | 2% | 4% | 3% | 6% | 2% |

| Pension funds | Q3 '20 | Q2 '20 | Q1 '20 | Q4 '19 | Q3 '19 | Q2 '19 | Q1 '19 |
|----------------------|--------|--------|--------|--------|--------|--------|--------|
| Significantly worse | 6% | 21% | 0% | 0% | 0% | 0% | 0% |
| Moderately Worse | 25% | 39% | 3% | 14% | 12% | 11% | 12% |
| No change | 40% | 23% | 53% | 57% | 46% | 46% | 42% |
| Moderately Better | 22% | 7% | 37% | 25% | 34% | 32% | 35% |
| Significantly better | 0% | 2% | 2% | 0% | 2% | 2% | 5% |
| Don't know | 6% | 7% | 5% | 4% | 6% | 9% | 7% |

| CMBS buyers | Q3 '20 | Q2 '20 | Q1 '20 | Q4 '19 | Q3 '19 | Q2 '19 | Q1 '19 |
|----------------------|--------|--------|--------|--------|--------|--------|--------|
| Significantly worse | 23% | 41% | 0% | 0% | 0% | 5% | 0% |
| Moderately Worse | 30% | 33% | 2% | 12% | 14% | 8% | 25% |
| No change | 25% | 10% | 40% | 37% | 40% | 35% | 37% |
| Moderately Better | 11% | 5% | 52% | 37% | 28% | 29% | 28% |
| Significantly better | 0% | 2% | 3% | 2% | 3% | 6% | 2% |
| Don't know | 11% | 9% | 3% | 12% | 15% | 17% | 8% |

Appendix 2

Historic data: Views on risk-adjusted return expectations

Where do you see the most attractive risk-adjusted returns over the next 3 months, on a scale of 1 to 5, where 1 = low risk and 5 = high risk?

By type of asset

| UK | | Q3 '20 | Q2 '20 | Q1 '20 | Q4 '19 | Q3 '19 | Q2 '19 | Q1 '19 |
|----|---|--------|--------|--------|--------|--------|--------|--------|
| | 1 | 23% | 46% | 5% | 8% | 5% | 11% | 2% |
| | 2 | 26% | 20% | 7% | 26% | 20% | 13% | 14% |
| | 3 | 35% | 20% | 45% | 40% | 48% | 56% | 46% |
| | 4 | 12% | 6% | 25% | 16% | 16% | 14% | 25% |
| | 5 | 4% | 8% | 16% | 10% | 11% | 6% | 13% |

By location of asset

| UK | | Q3 '20 | Q2 '20 | Q1 '20 | Q4 '19 | Q3 '19 | Q2 '19 | Q1 '19 |
|----|---|--------|--------|--------|--------|--------|--------|--------|
| | 1 | 47% | 61% | 18% | 30% | 10% | 19% | 9% |
| | 2 | 32% | 22% | 37% | 33% | 42% | 37% | 39% |
| | 3 | 13% | 11% | 39% | 33% | 37% | 32% | 35% |
| | 4 | 6% | 4% | 6% | 4% | 10% | 10% | 11% |
| | 5 | 2% | 2% | 0% | 0% | 2% | 2% | 6% |

By type of lending

| UK | | Q3 '20 | Q2 '20 | Q1 '20 | Q4 '19 | Q3 '19 | Q2 '19 | Q1 '19 |
|----|---|--------|--------|--------|--------|--------|--------|--------|
| | 1 | 24% | 59% | 9% | 11% | 13% | 16% | 13% |
| | 2 | 30% | 11% | 25% | 30% | 23% | 30% | 17% |
| | 3 | 35% | 22% | 38% | 36% | 43% | 33% | 45% |
| | 4 | 6% | 4% | 21% | 17% | 16% | 16% | 17% |
| | 5 | 6% | 4% | 7% | 6% | 5% | 5% | 8% |



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