Developments in Global Value Chains and their Impact on Logistics Real Estate in Europe

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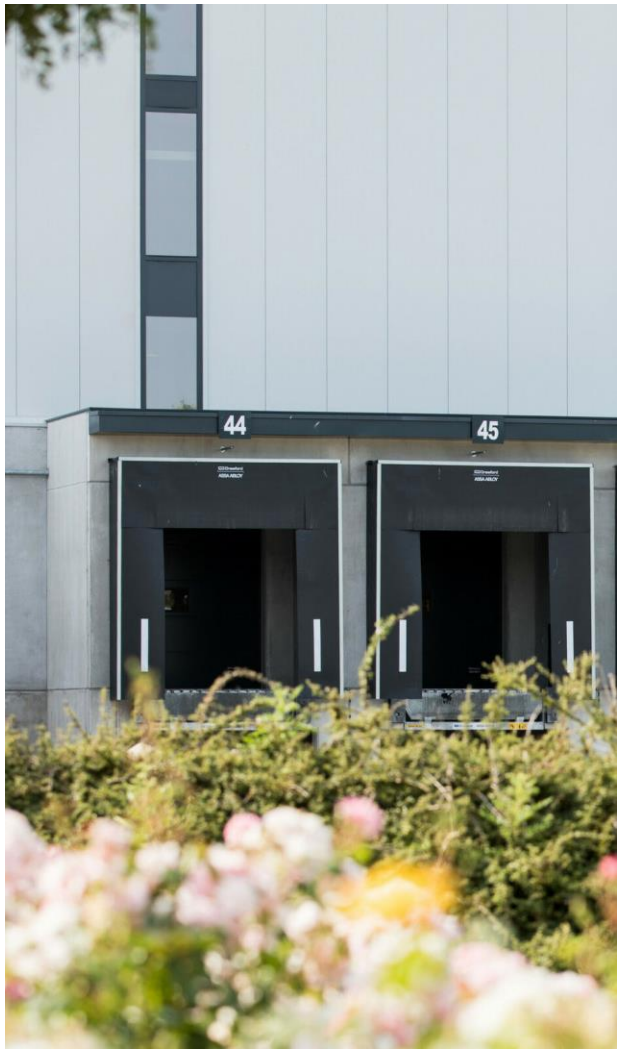
Agenda



1 Introduction BCI Global

2 Global Value Chain Drivers and Strategies

3 Deep-dive on Decentralization

4 Deep-dive on Risk

5 Deep-dive on Sustainability

6 Deep-dive on Location & Site Selection

7 Logistics Real Estate Europe

8 Q & A

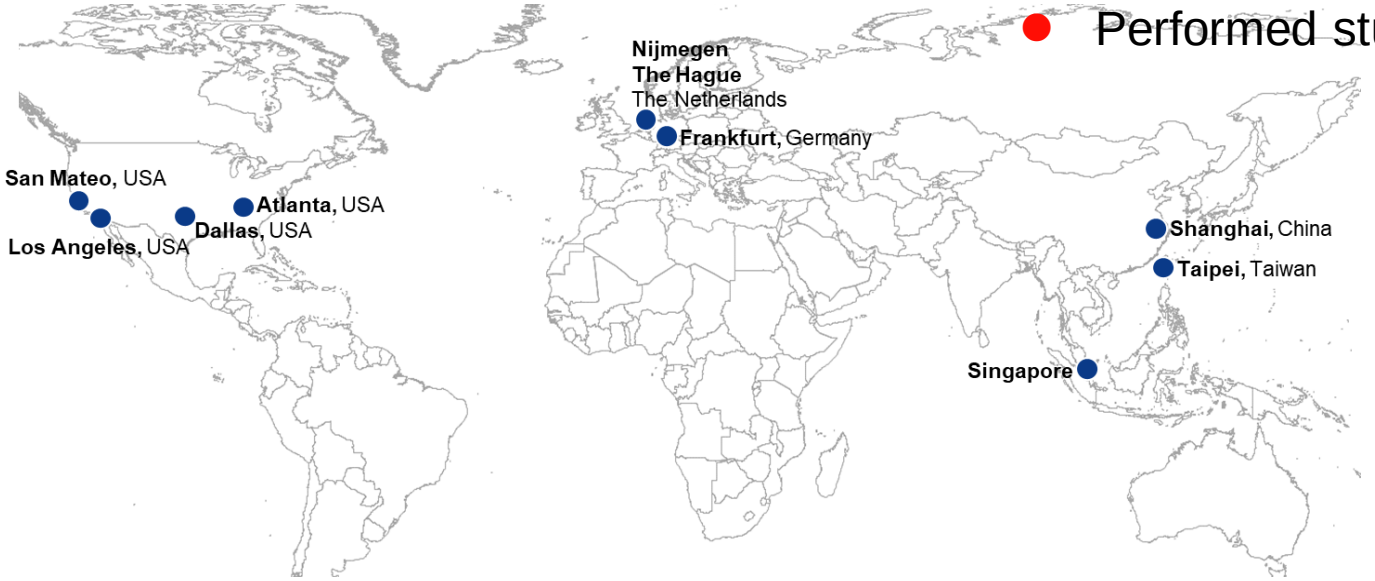
1 Introduction BCI Global

Corporate clients

- Manufacturing footprint strategy
- Location advice
- Supply chain optimization
- Business strategy development
- Strategic outsourcing
- Real estate strategy and projects

Profile

- Established in Nijmegen, the Netherlands in 1985
- Offices in
  - Europe: The Netherlands, Frankfurt
  - US: Atlanta, San Mateo, Los Angeles, Dallas
  - Asia: Shanghai, Singapore, Taipei
- 75 professionals
- Performed studies in more than 50 countries worldwide



Life Sciences

High Tech, ICT & Electronics

Industrial Products

Food & Beverages

Fashion & Apparel

Automotive Industry

Chemicals & Materials

Logistics Services Providers

BCI's Services for Logistics Real Estate Developers and Investors

	End user	Developer	Investor	Region/City
Development and Investment Strategy	• Supply chain design • Corporate real estate and location strategy	• Vision development • Acquisition strategy • Project strategy	• Investment strategy • Vision development • Allocation strategy	• Vision development • Planning of sites & office parks
Concept Development	• Advice on real estate concept	• Innovative property concepts • Development of masterplan	• Innovative property concepts or funds • Assessments of individual developments	• Innovative property concepts
Market Analysis/ Feasibility Study	• Plan assessment • In-depth labor market assessment • Site selection	• Market study • Target group analysis • City scans • Labor market assessment	• Market study • Risk-analysis • Labor market assessment • Investment advice • Fund screening	• Area development • Positioning of sites & parks
Marketing Support	• Disposition Co-location	• Development of marketing plan	• Development of vision on real estate marketing	• Marketing strategy and marketing plan

Logistics Real Estate Developers & Investors

2 Global Value Chain Drivers & Strategies

Uncertainty is the name of the game

How shockproof is your supply chain, really?

2024: Planning for Success Amid the Uncertainty

More Uncertainty Ahead for Supply Chains

Thriving in Uncertainty: The Antifragile Supply Chain

The Storm Before the Storm: Q1 2024 Supply Chain Outlook

Uncertainties and risks have been increasing already for multiple years

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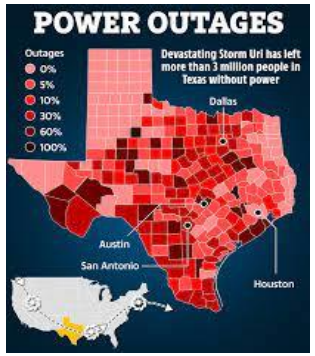

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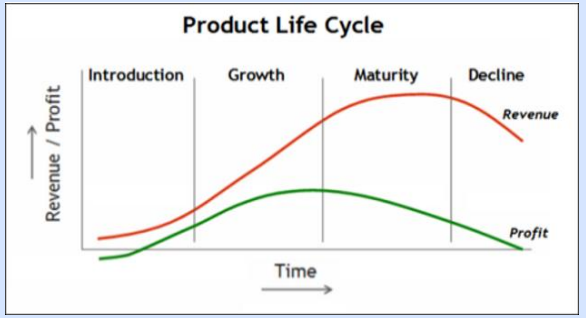
Global value chain interruptions have become a constant factor!

Different types of Drivers for Manufacturing and Supply Chain Optimization

Drivers	Influence of company	Main topics	
Internal		• Business growth • Product phase in/out • M&A's • Margin pressure	
Industry		• New competitors/disruptors • New manufacturing technologies • Changing customer requirements • Sustainability	
External		• Geopolitical developments • External risks • Inflation • Regulatory changes	

Typical Challenges leading to manufacturing and distribution footprint trade-offs

Five Key Challenges…..

- COGS/Total Cost to Serve
- Uncertainty/Risk Mitigation
- Labor quality and availability
- Carbon Footprint
- Agility/Flexibility

….. leading to typical manufacturing and distribution footprint trade-offs

- Economies of Scale of Concentration versus Customer Proximity
- Make or Buy
- Relocate or Automate
- Sustainable Footprint or Not
- Expand at current or relocate to new (low-cost) location
- Cost vs Quality vs Risk vs Carbon

Source: BCI Global

Typical questions companies ask themselves about their manufacturing footprint

- We have *xx* plants around the globe, how to determine the ***optimal number and locations of sites***?
- How will ***industry disruptions*** influence our footprint?
- What impact will the introduction of ***new manufacturing technologies*** have on our optimal footprint?
- ***Which product*** should we manufacture at ***which location(s)***?
- Should we produce closer to our (future) ***growth markets***?
- Should we ***consolidate manufacturing plants*** in a mature region as Europe?
- How to ***integrate*** the manufacturing footprint of a recently ***acquired company***?
- How can we ***reduce the level of risk*** in our manufacturing footprint (geopolitical risks, natural disaster risks, economic/financial risks)?
- How do we ***transform from today's situation to the optimal future footprint*** (investments, dispositions, change management, etc.)?

Typical questions companies ask themselves about their logistics / distribution networks

When was the last time we reviewed our supply chain? Should we regionalize my network?

Changes in Supply Chain in last two years?

Are we underserving our customers?

Within how many **days** are you expecting your **online order to be delivered**?

3.3 Days avg.

What is the right inventory level?

70% of companies invested in increasing end-2-end visibility in 2023

How can we reduce costs?

5-20% Expected savings from tendering

What about sustainability?

2024 2025 New regulatory guidelines in Europe and US

Source: BCI, Gartner, Sendcloud, CNBC

Companies are following the DE-5 Strategies

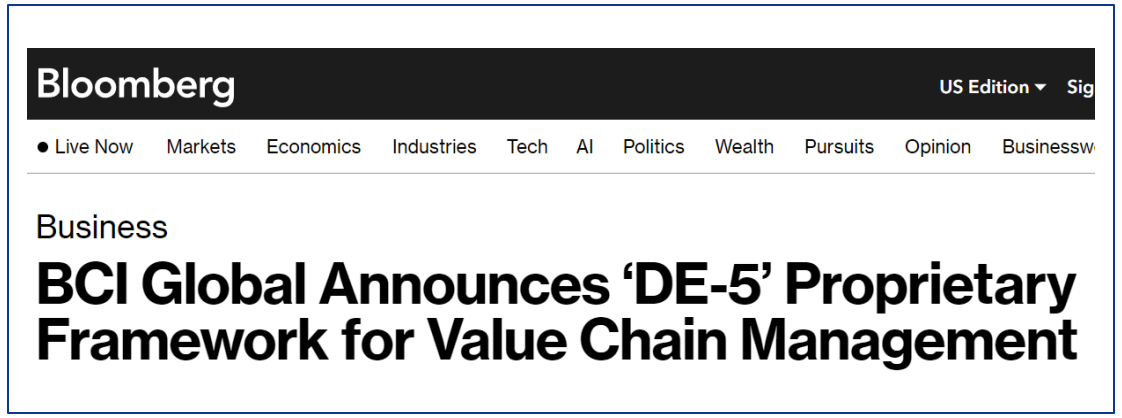
1 De-coupling China – Europe/US links

2 De-risking supply chains

3 De-single sourcing

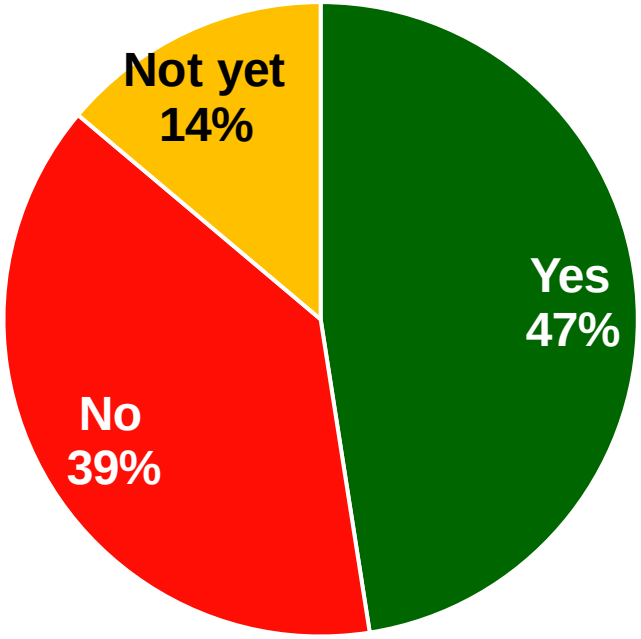
4 De-centralizing production

5 De-carbonization

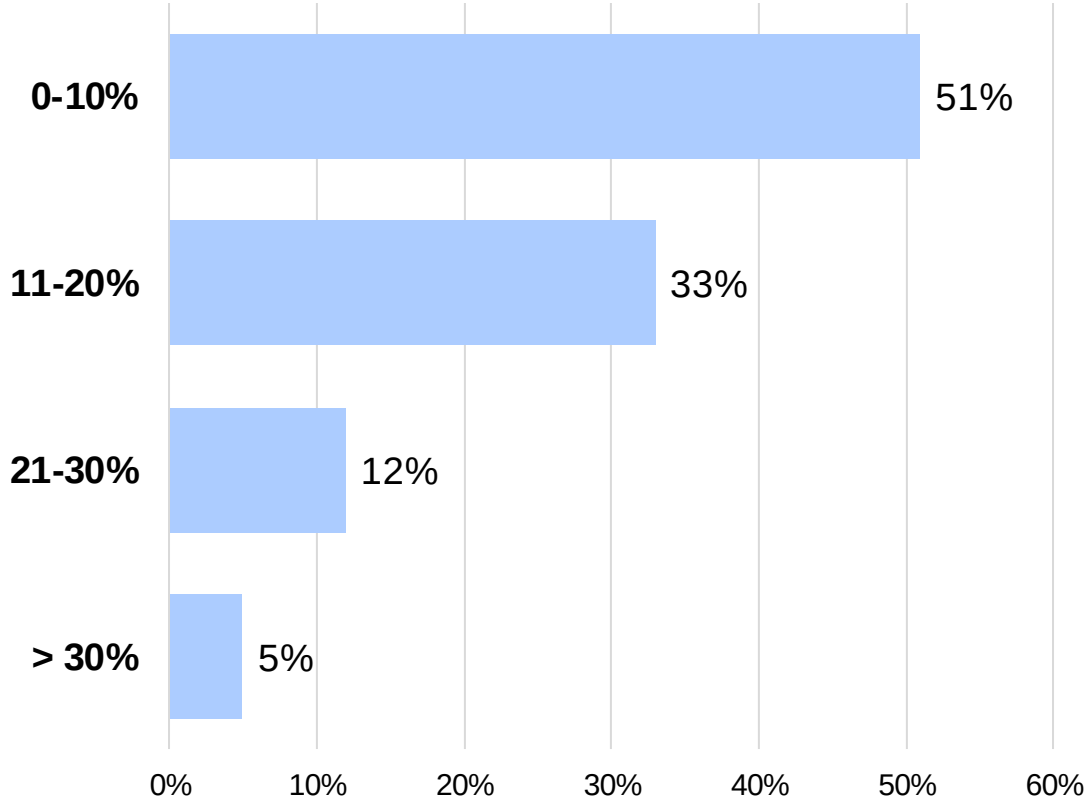


3 Deep-dive on Decentralization

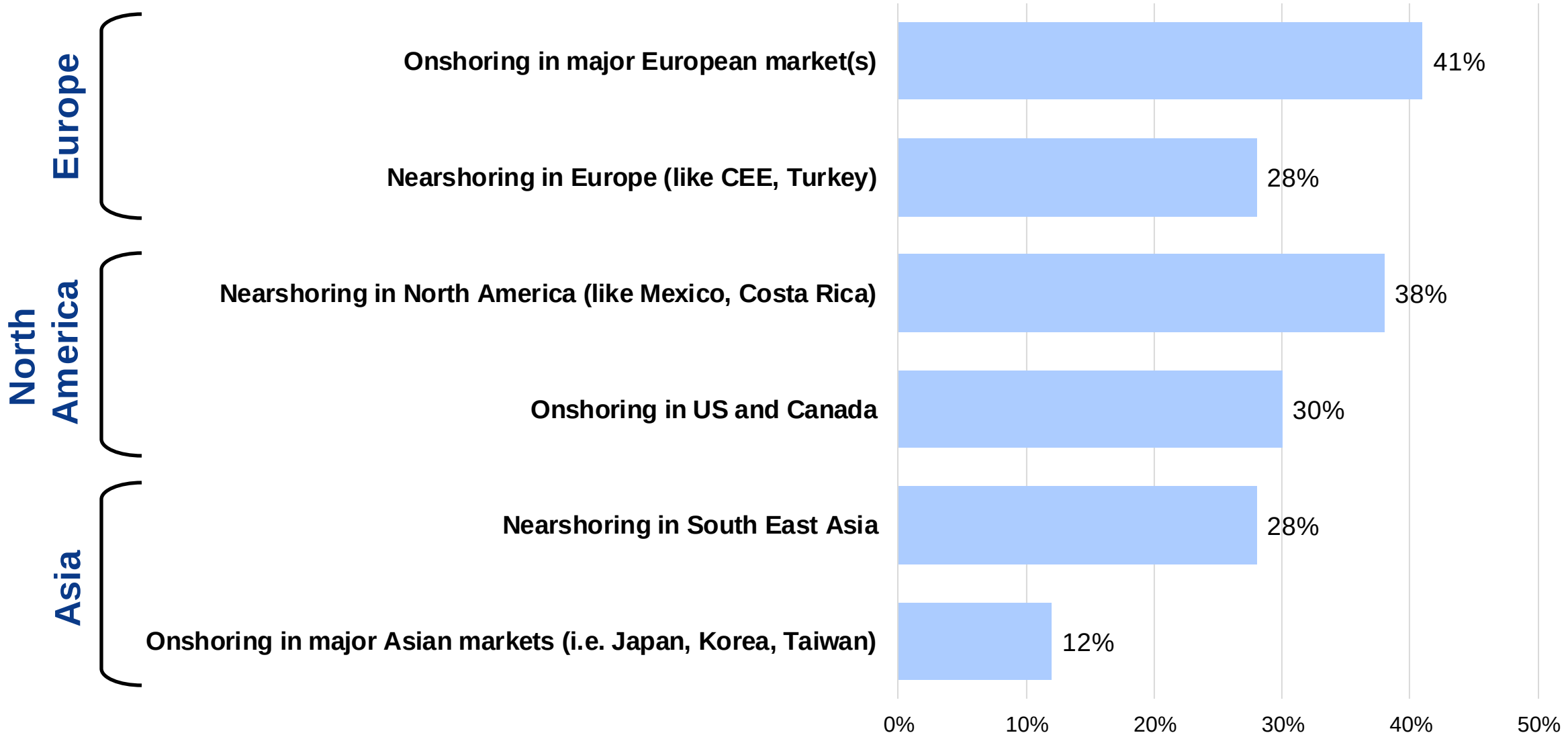
Did your company implement significant change(s) to your manufacturing footprint in the last 3 years in terms of production capacity or onshoring meaning in major markets (e.g. Western Europe, US) or nearshoring i.e. cost-effective production locations close to major market(s), like Mexico, Central and Eastern Europe?



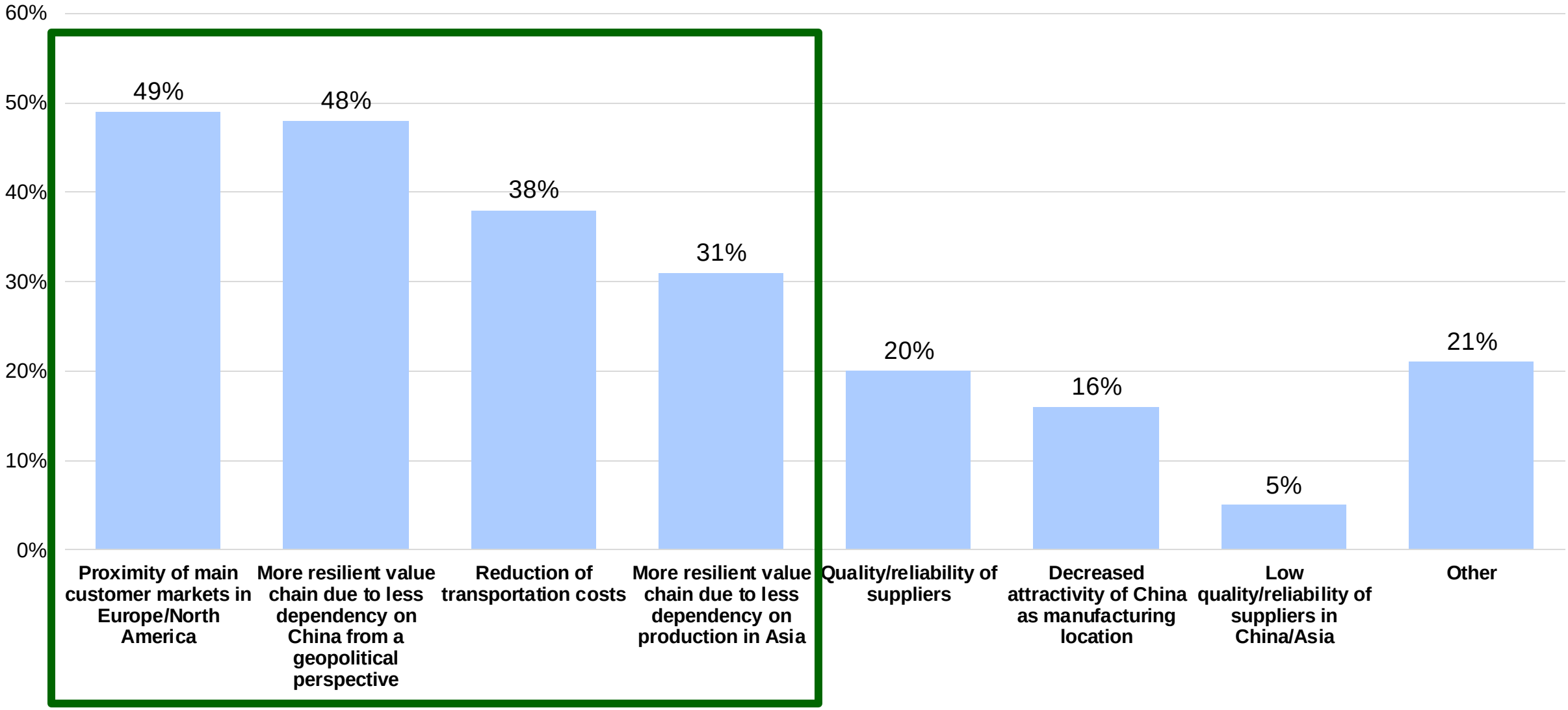
Volumes shifted from products made in China/Asia in the last 3 years



Which changes were implemented in the last 3 years or are in execution now?

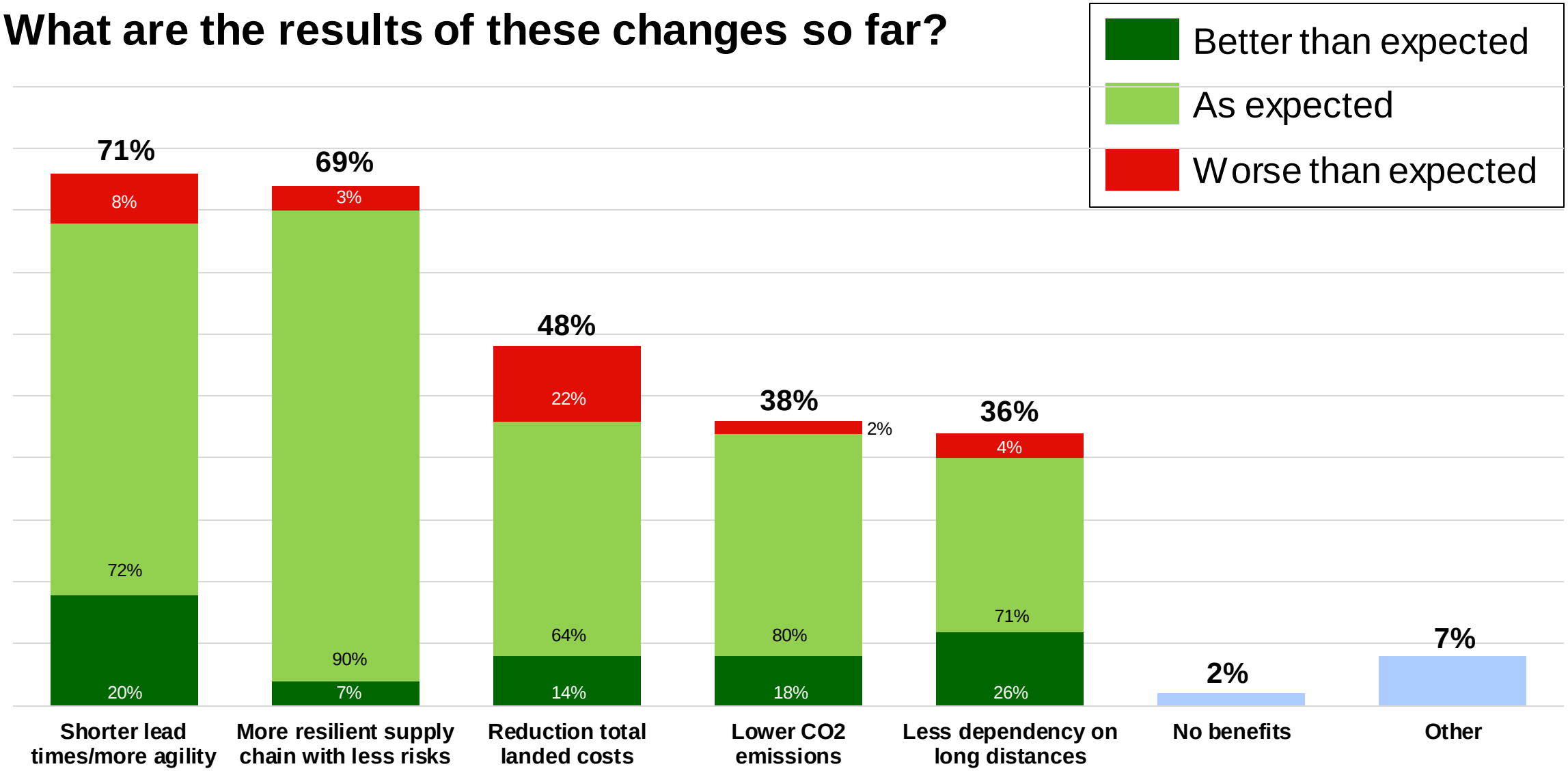


Drivers for decentralization

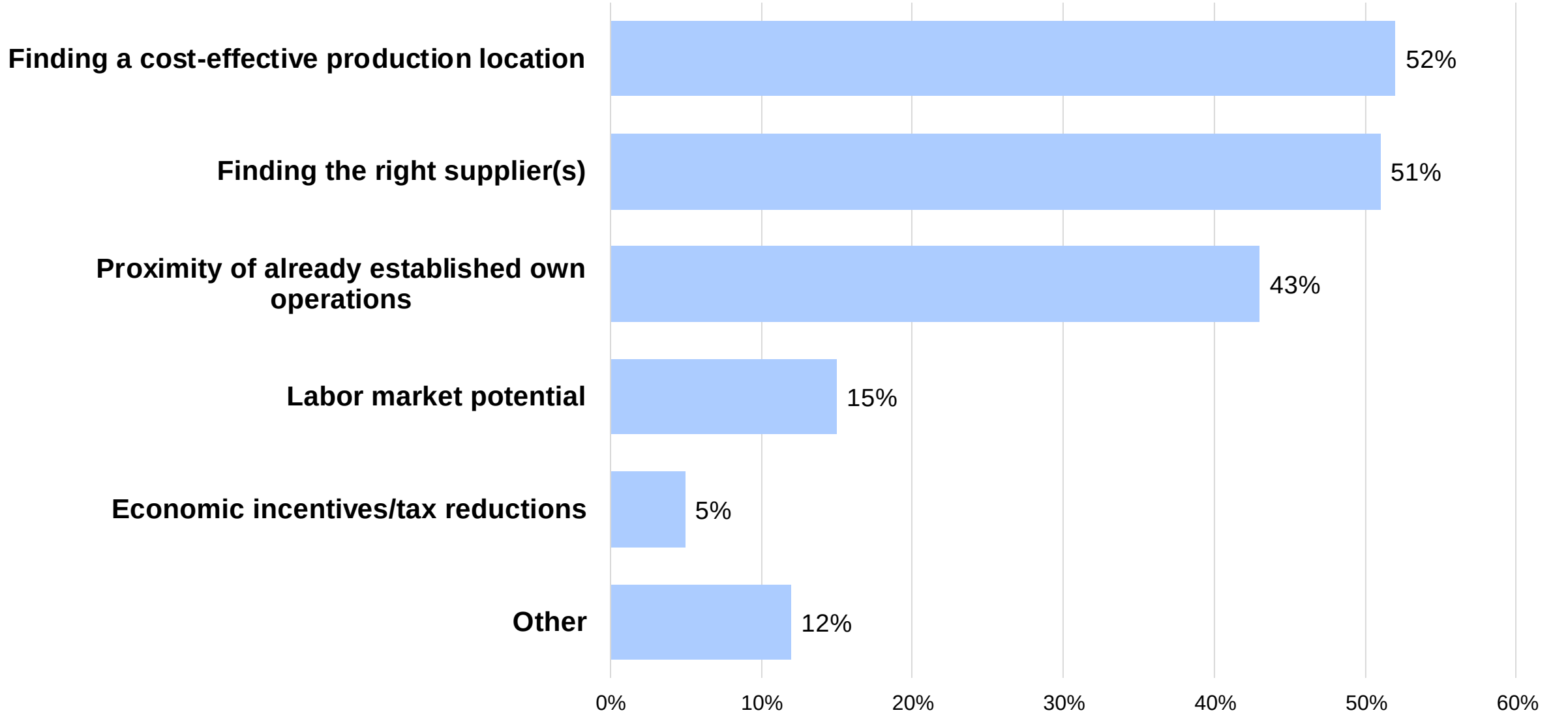


Benefits achieved

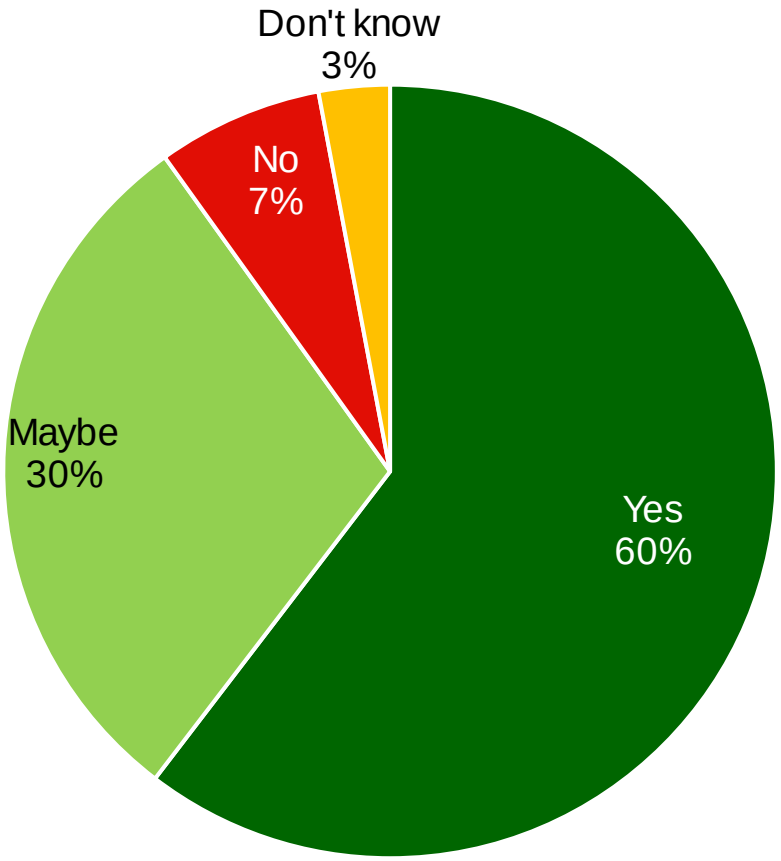
What are the results of these changes so far?



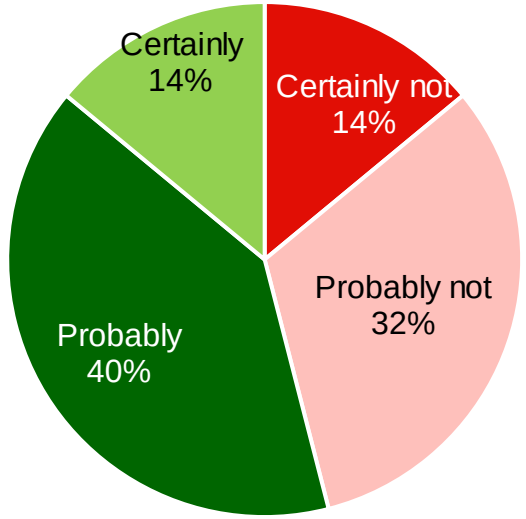
Key factors for success in making these changes



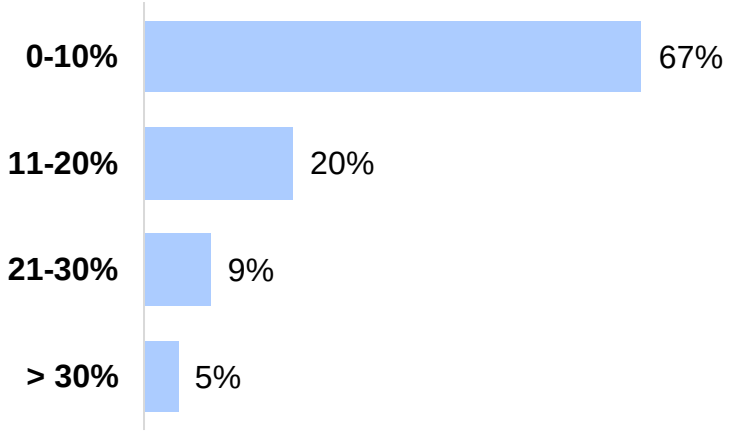
Does your company have (more) plans to change the manufacturing footprint in the next 3 years?



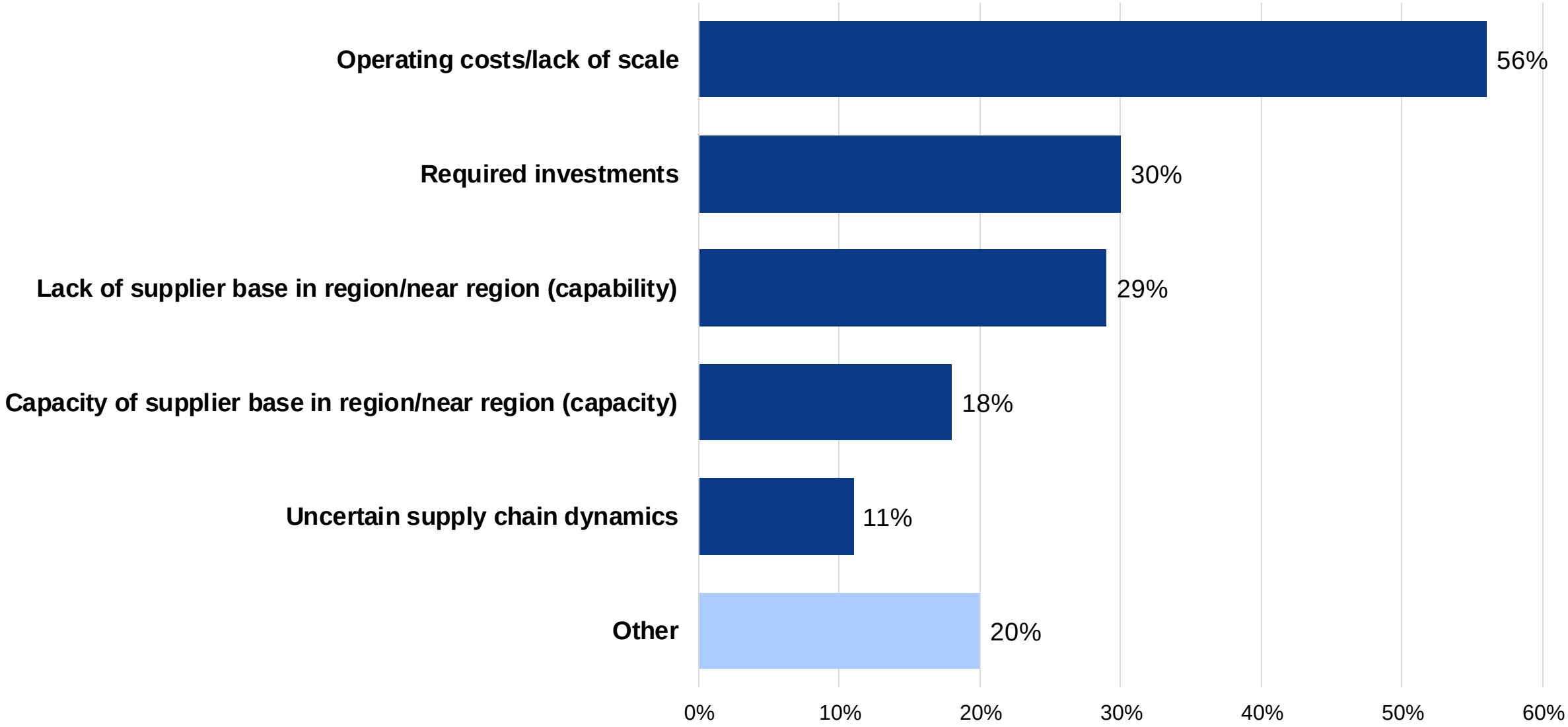
If yes or maybe, will your company consider changing your production facility for Europe and/or North America towards locations near these major market(s) or within major market(s)?



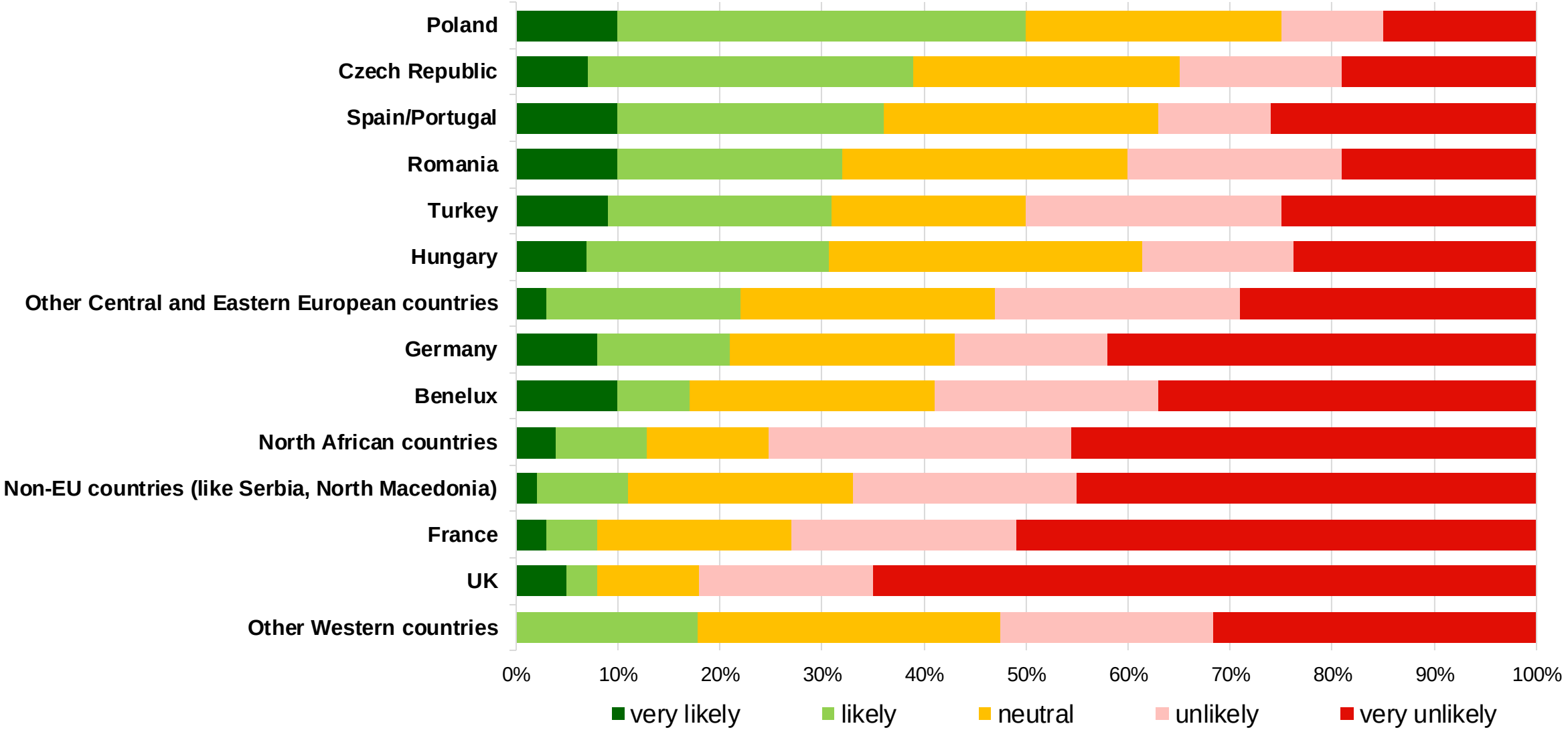
What production volumes are you expecting to shift away from China/Asia?



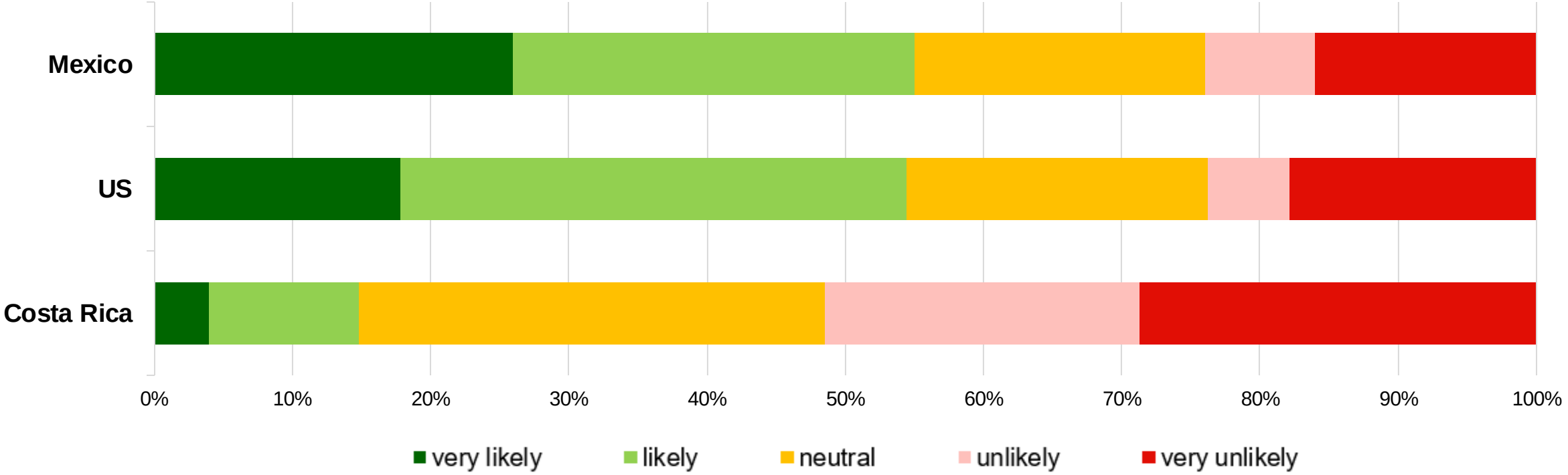
What are the main barriers for not considering nearshoring/onshoring?



What countries will you consider for onshoring/nearshoring to serve the European market?



What countries will you consider for onshoring/nearshoring to serve the US market?



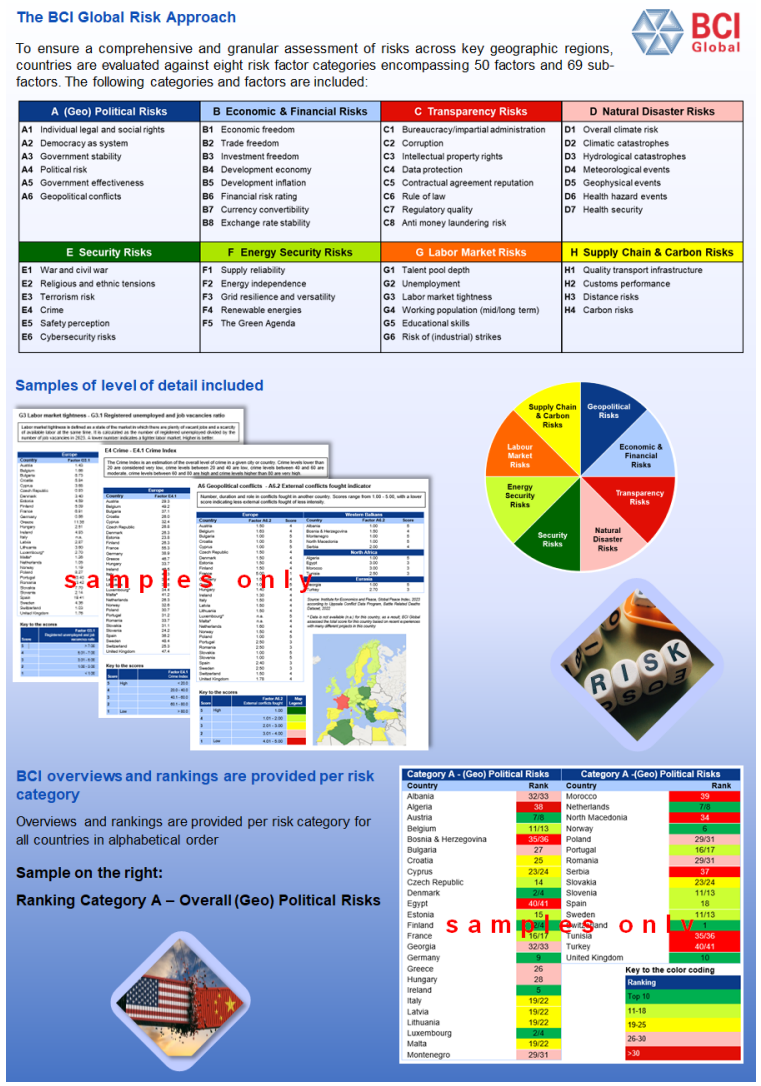
4 Deep-dive on Risk

BCI's location risk report

- Unique inventory of risk data
- 41 countries
- 50 risk factors

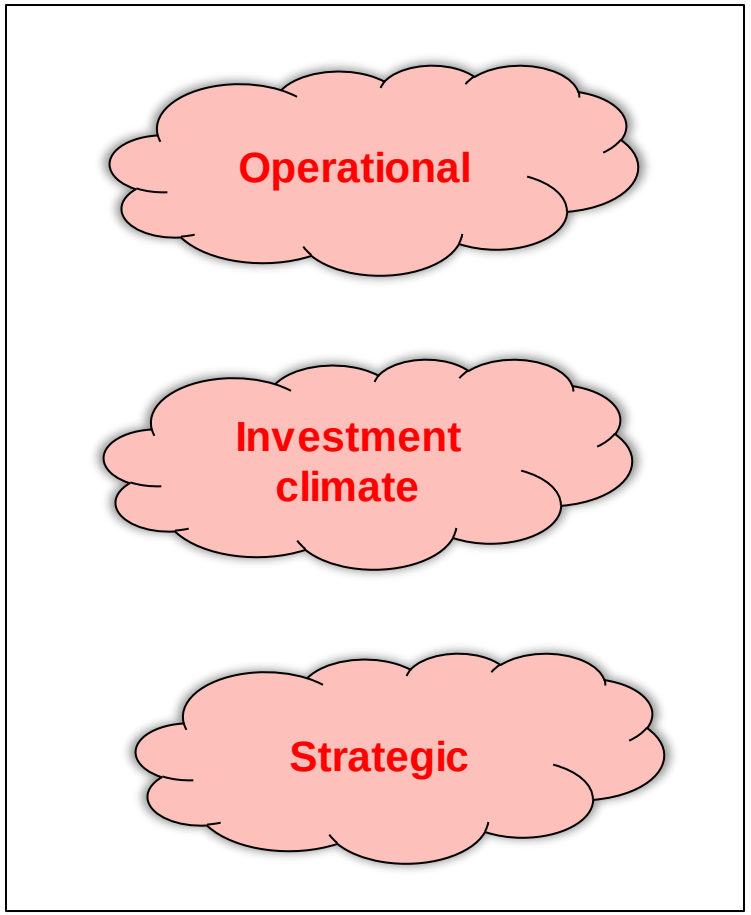
Available as of July 2024

NEW

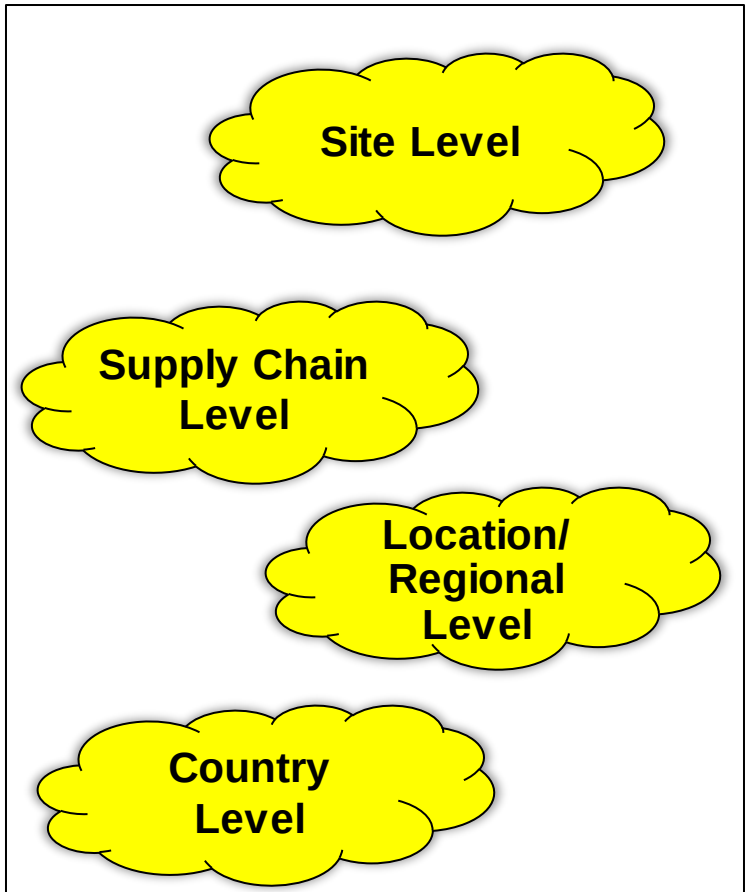


Assessing the Risk Profile of a Company

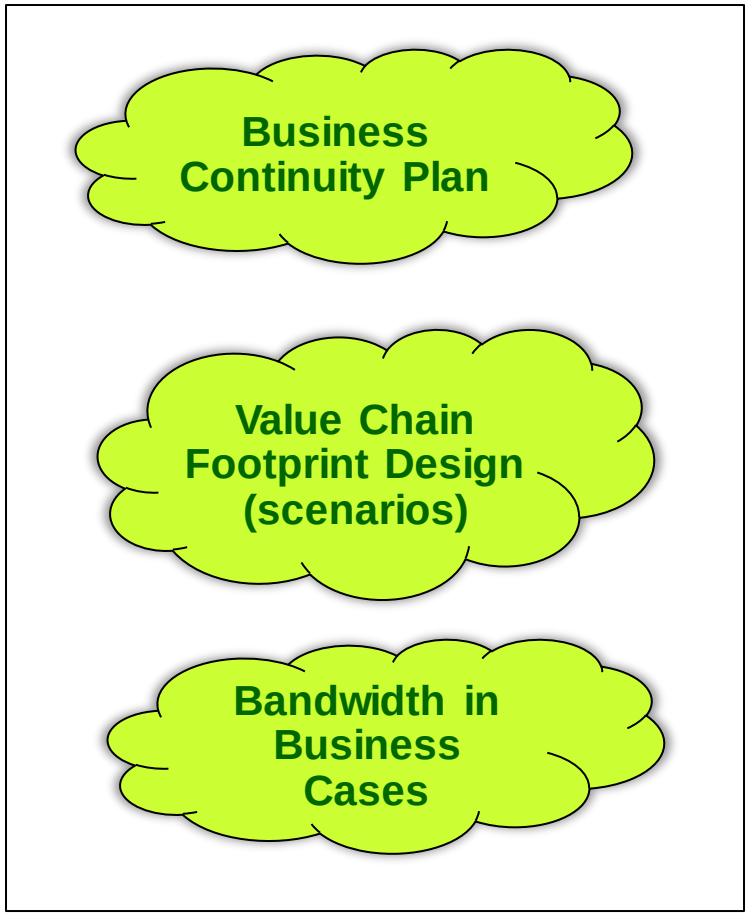
What risks ….



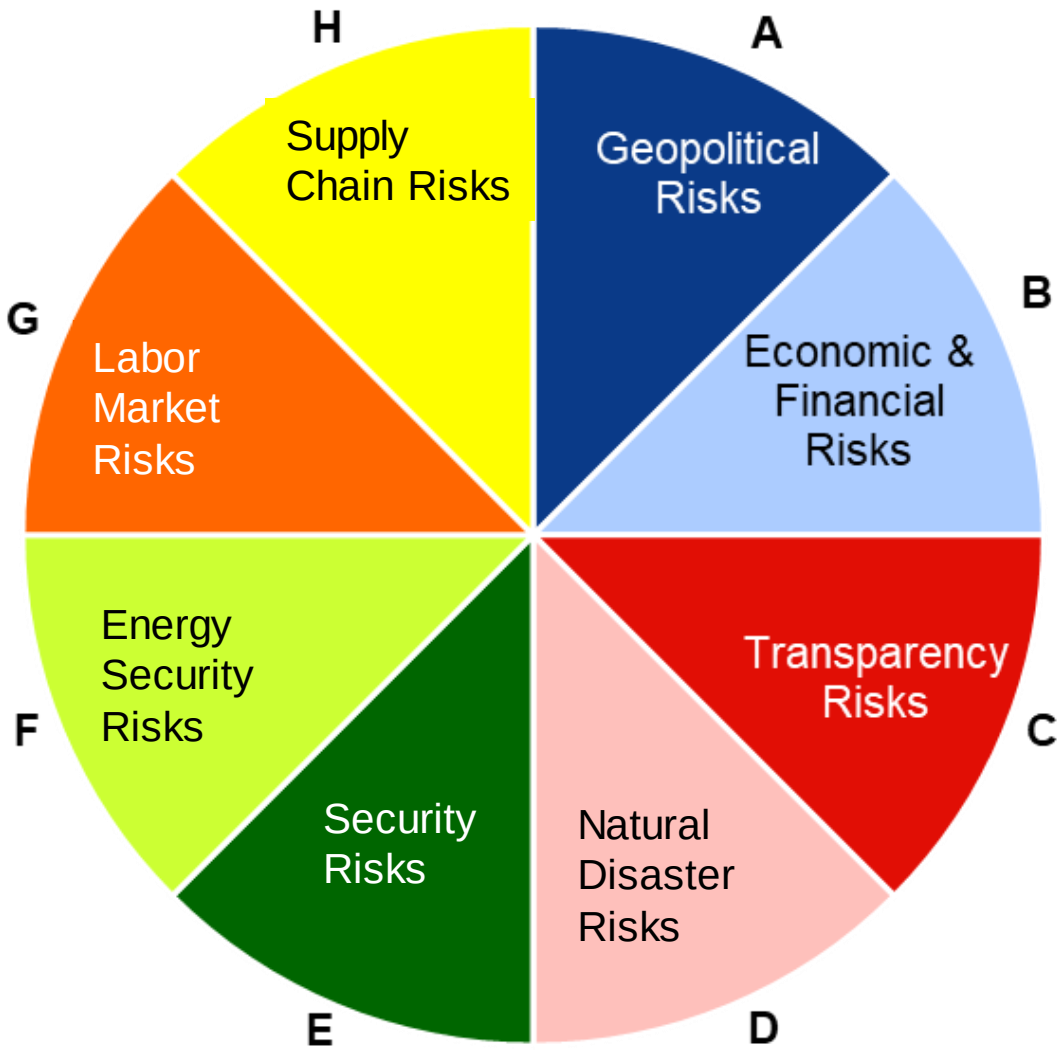
…. at what level ….



…. to be mitigated & building resilience



BCI's Integral Risk Assessment Method (IRAM)



IRAM: 8 Risk categories with 46 Risk factors

A (Geo) Political Risks

- Individual legal and social rights
- Democracy as system
- Government stability
- Government effectiveness
- Geopolitical conflicts

5

B Economic & Financial Risks

- Economic freedom
- Trade freedom
- Investment freedom
- Development economy
- Development inflation
- Financial risk rating
- Currency convertibility
- Exchange rate stability

8

C Transparency Risks

- Bureaucracy/impartial administration
- Corruption
- Intellectual property rights
- Data protection
- Contractual agreement reputation
- Rule of law
- Regulatory quality

7

D Natural Disaster Risks

- Overall climate risk
- Climatic catastrophes
- Hydrological catastrophes
- Meteorological events
- Geophysical events
- Health hazard events
- Health security

7

E Security Risks

- War and civil war
- Religious & ethnic tensions
- Terrorism risk
- Crime

4

F Energy Risks

- Supply reliability
- Energy independence
- Grid resilience & versatility
- Renewable energies
- The Green Agenda

5

G Labor Risks

- Talent pool depth
- Unemployment
- Ratio unemployment vacancies
- Working population (mid/long term)
- Educational skills

5

H Supply Chain Risks

- Quality transport infrastructure
- Customs performance
- Distance risks
- Delivery risks due to sensitivity geopolitical risks (A)
- Delivery risks due to natural disaster risks (D)

5

Risk assessment of Production / Logistics Locations (1/2)

Example				Potential impact on project/ company	Can be mitigated?	Risk assessment per location			
						Location A	Location B	Location C	Location D
A	(Geo) Political Risks	A1	Individual legal and social rights	●●●●					
		A2	Democracy as system	●●●					
		A3	Government stability	●●●					
		A4	Government effectiveness	●●●					
		A5	Geopolitical conflicts	●●●●					
B	Economic & Financial Risks	B1	Economic freedom	●●●					
		B2	Trade freedom	●●●					
		B3	Investment freedom	●●●					
		B4	Development economy	●●					
		B5	Development inflation	●●					
		B6	Financial risk rating	●					
		B7	Currency convertibility	●●					
		B8	Exchange rate stability	●●					
C	Transparency Risks	C1	Bureaucracy/impartial administration						
		C2	Corruption						
		C3	Intellectual property rights						
		C4	Data protection						
		C5	Contractual agreement reputation						
		C6	Rule of law						
		C7	Regulatory quality						

Potential impact ●●●● Critical ●●● Strong ●● Substantial ● Limited ○ Absent

Mitigation Yes completely; To a limited level; To a substantial level; Not at all

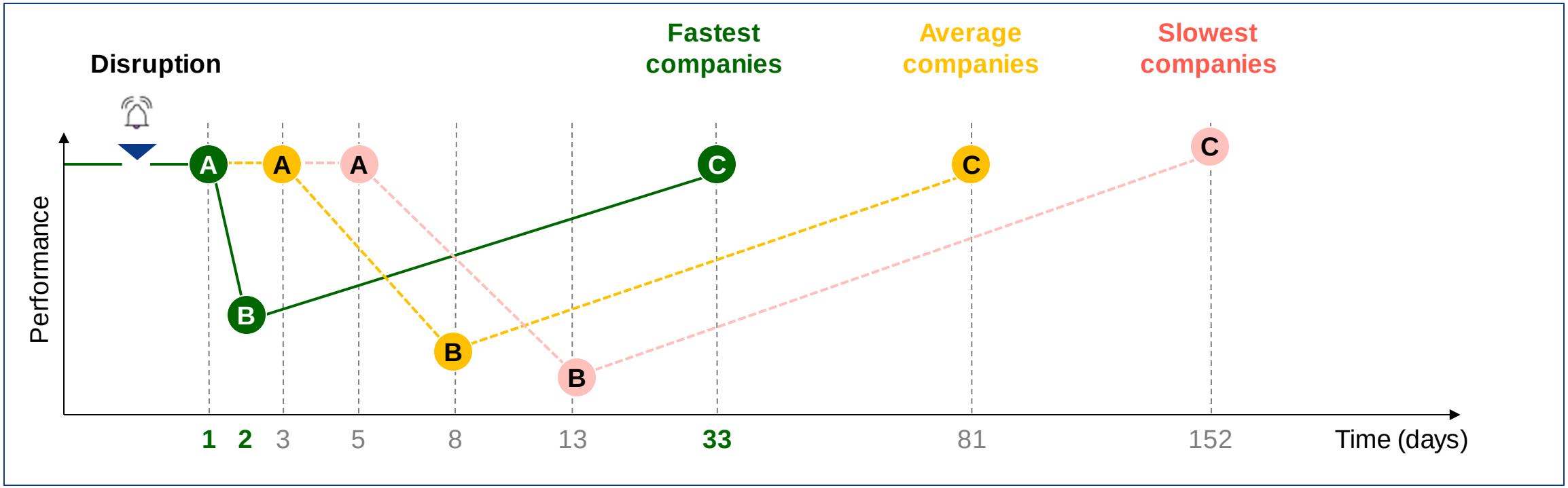
Assessment Low; Low/medium; Medium; Medium/high; High

Risk assessment of Production / Logistics Locations (2/2)

Example				Potential impact on project/ company	Can be mitigated?	Risk assessment per location			
						Location A	Location B	Location C	Location D
D	**Natural Disaster Risks**	D1	Overall climate risk						
		D2	Climatic catastrophes						
		D3	Hydrological catastrophes						
		D4	Meteorological events						
		D5	Geophysical events						
		D6	Health hazard events						
		D7	Health security						
E	**Security Risks**	E1	War and civil war						
		E2	Religious & ethnic tensions						
		E3	Terrorism risk						
		E4	Crime						
F	**Energy Risks**	F1	Supply reliability						
		F2	Energy independence						
		F3	Grid resilience & versatility						
		F4	Renewable energies						
		F5	The Green Agenda						
G	**Labor Risks**	G1	Talent pool depth						
		G2	Unemployment						
		G3	Ratio unemployment vacancies						
		G4	Working population (mid/long term)						
		G5	Educational skills						
H	**Supply Chain Risks**	H1	Quality transport infrastructure						
		H2	Customs performance						
		H3	Distance risks						
		H4	Delivery risks due to sensitivity geopolitical risks (A)						
		H5	Natural Disaster risks						

Resilient companies are alerted to disruptions faster, meaning they also understand, react to, and recover from disruptions sooner

Disruption refer to an event that has a material impact on the client, product, plant site or sales. Recovery refers to the time needed to reconfigure the supply chain in terms of planning and sourcing or restarting a production line or plant site



A Time to be alerted B Time to understand and react C Time to recover

Source: Tuma, c.s., 2023

5 Deep-dive on Sustainability

Leading Healthcare Giant Fresenius Establishes ESG Advisory Board

PATAGONIA'S NEXT CHAPTER:
EARTH IS NOW OUR ONLY SHAREHOLDER

Singapore to Introduce Mandatory Climate Reporting Beginning 2025

Manufacturers Accelerate ESG Strategies as Customer and Supplier Requirements Increase

IBM to Invest $45 Million in Climate Adaptation-Focused Social Impact Program

EU Parliament Agrees to Ban Unverified Green Product Claims

Lawmakers in the European Parliament voted 467-65 to approve a series if rules aimed at protecting consumers from greenwashing….

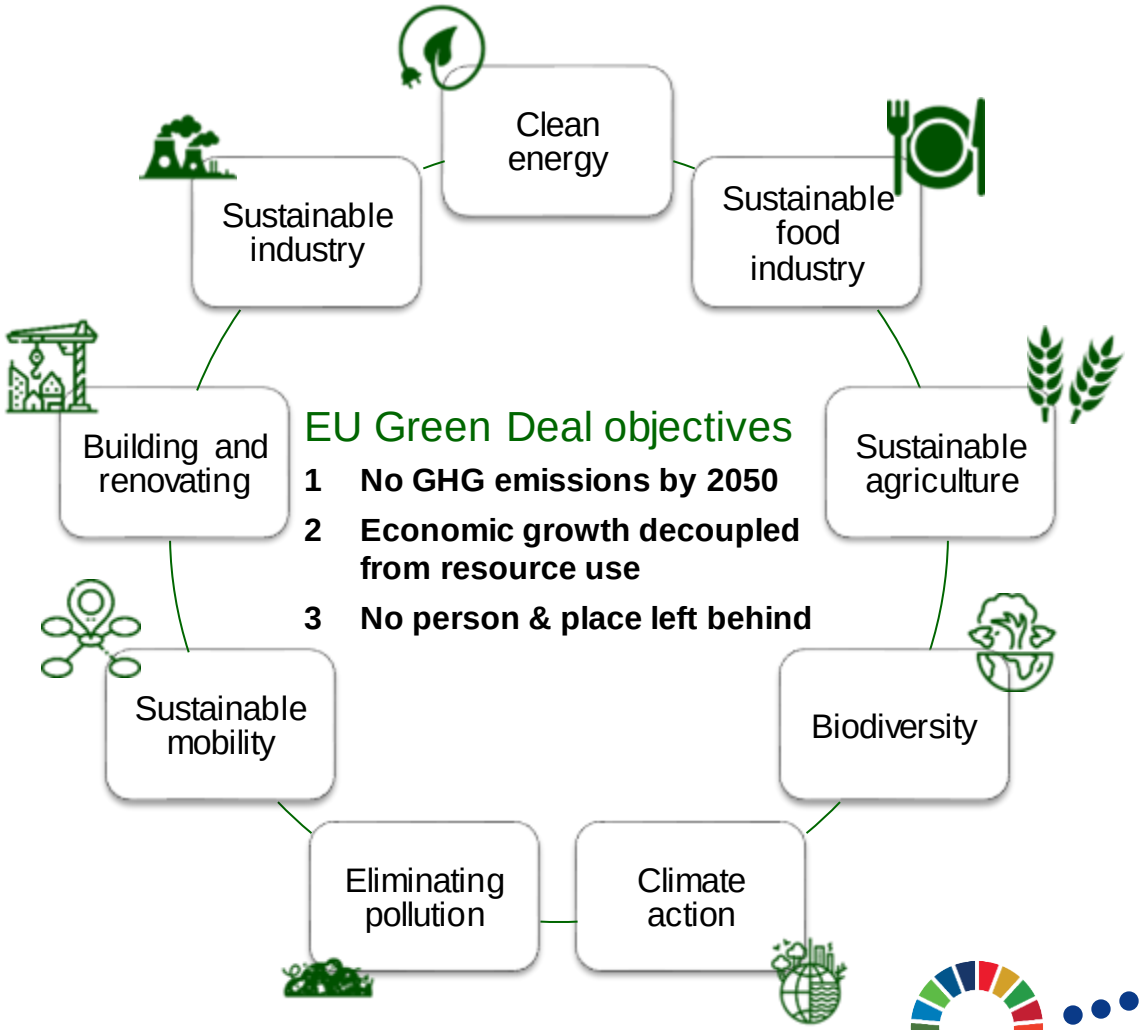
Starbucks: The Journey to Carbon-Neutral Green Coffee

Siemens bets on India's growth, move towards sustainability

Anti-ESG backlash in US prompts new trend: 'greenhushing

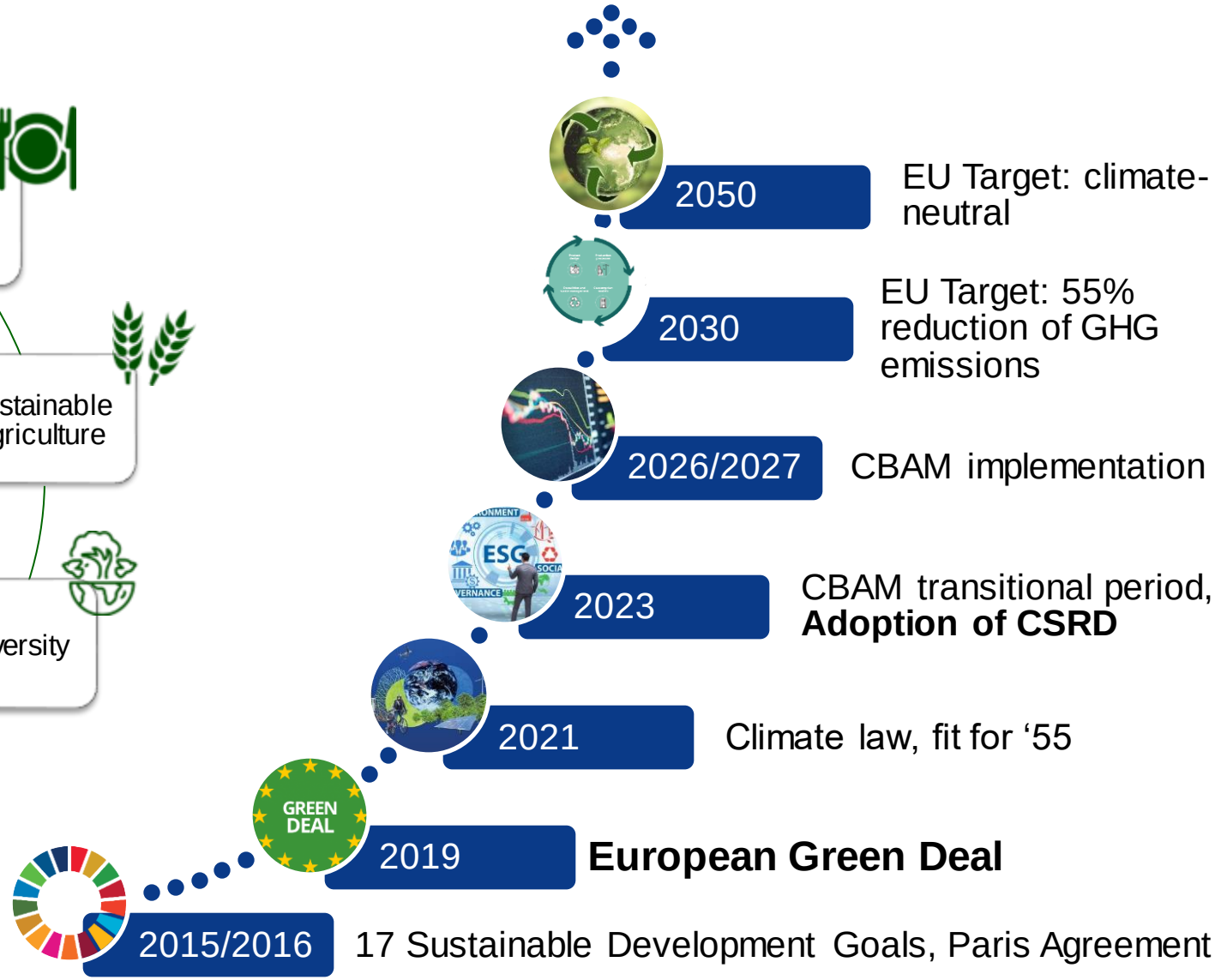
Fitch Appoints Marcy Block to New Role of Global Head of ESG Ratings

The bigger European picture



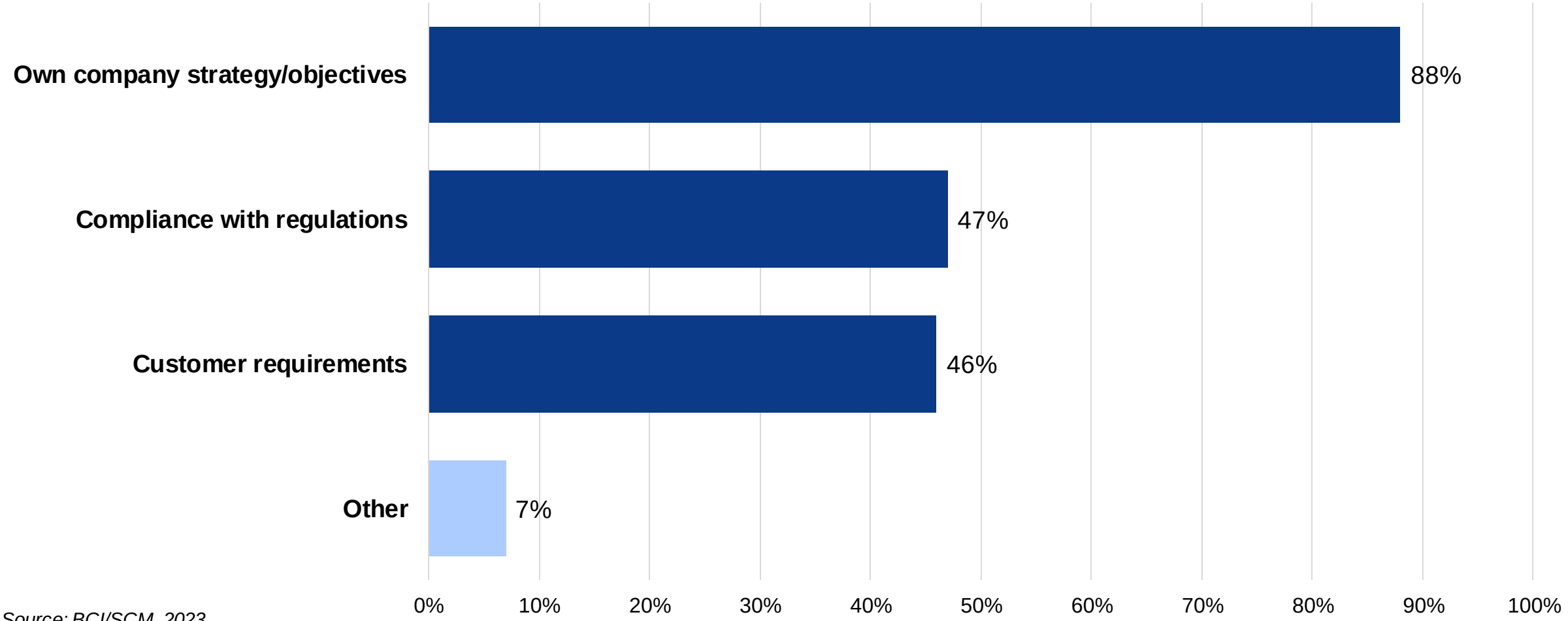
EU Green Deal objectives

1. **No GHG emissions by 2050**
2. **Economic growth decoupled from resource use**
3. **No person & place left behind**



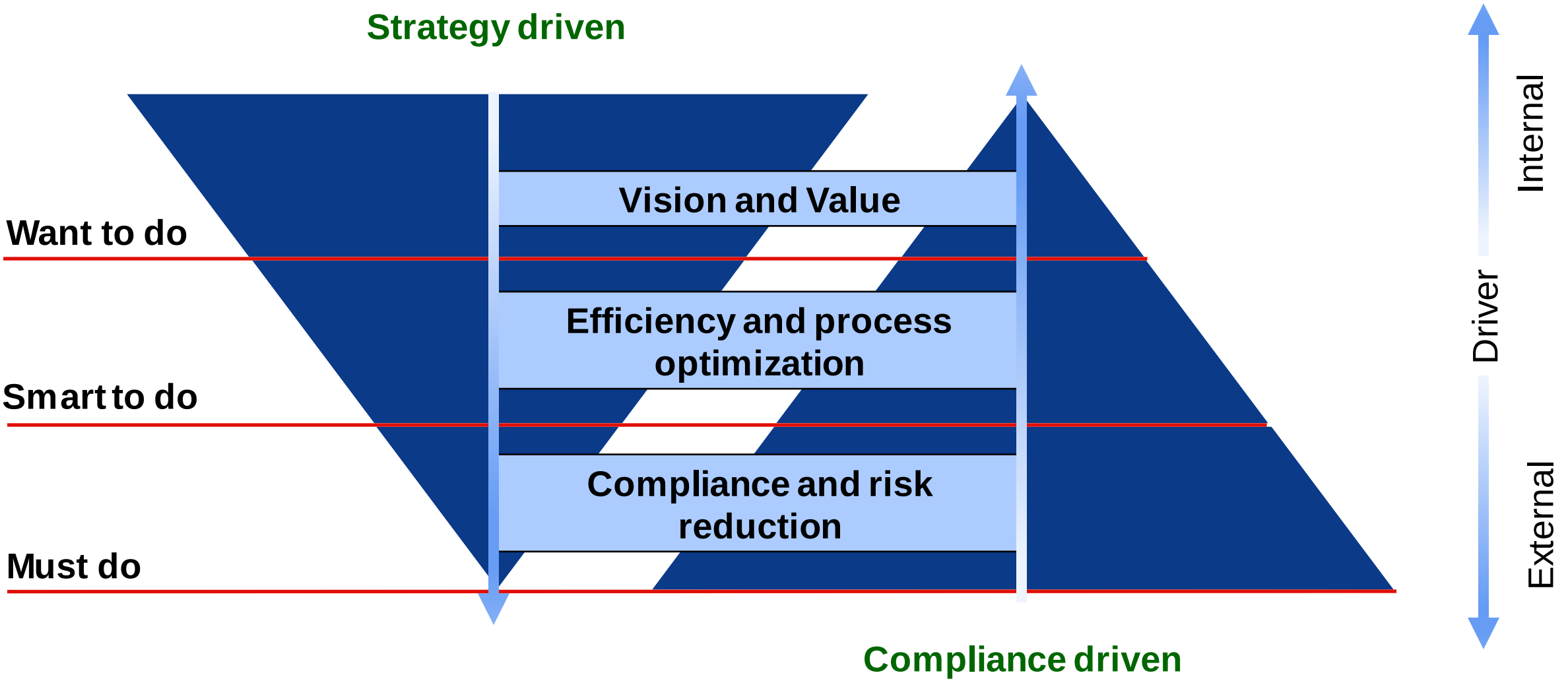
The Corporate Perspective

What are your organization's main drivers to decarbonizing your supply chain?



Source: BCI/SCM, 2023

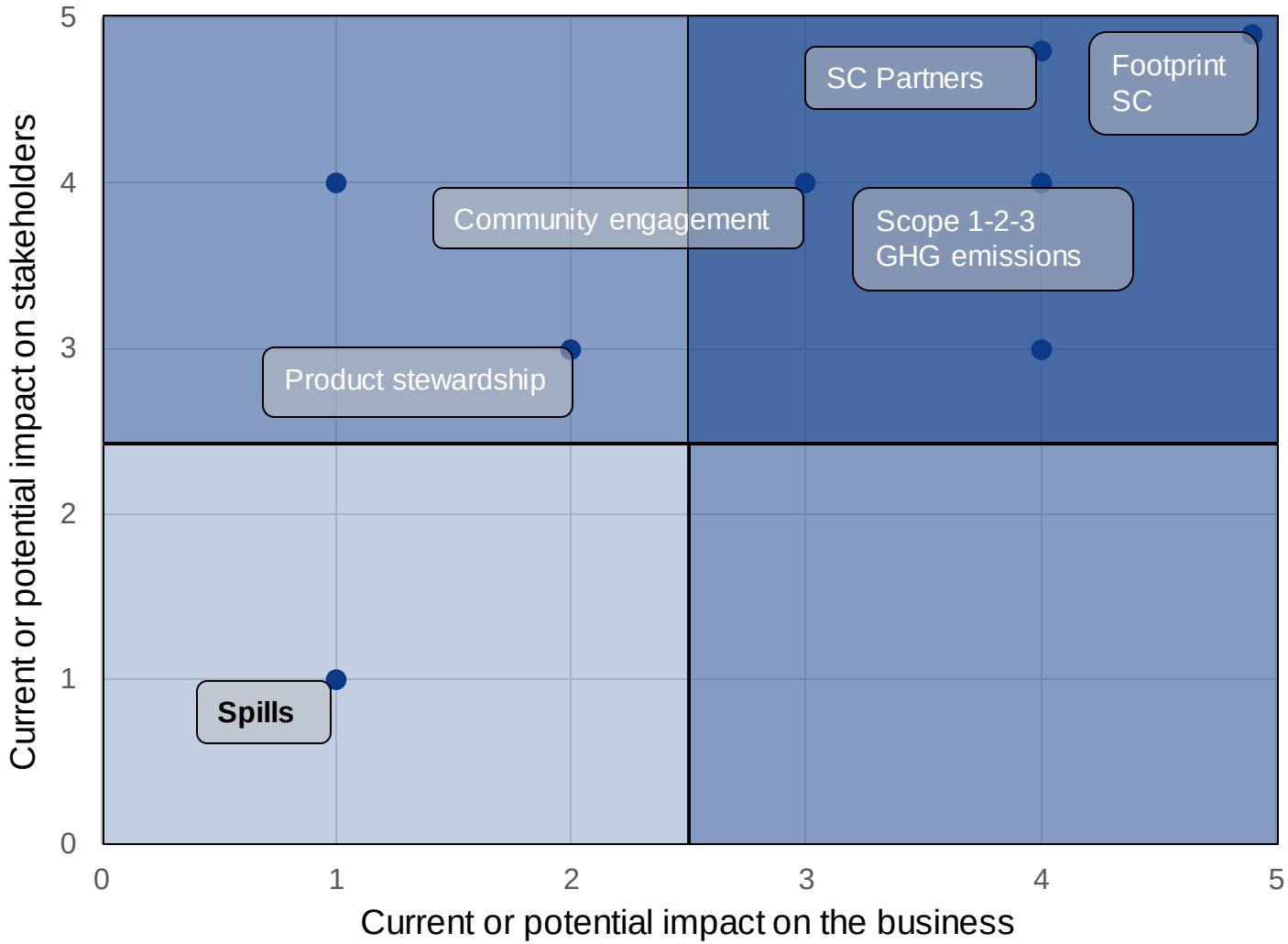
What level are you playing?



How to start? Identifying relevant ESG topics

Environment	Social	Governance
Climate change Do you have clear insights in your value chains' scope 1, 2 and 3 emissions?	**Own workforce** Do you consider your colleagues / employees as added value	**Business conduct** Does your C-suite take true responsibility for the ESG program?
Pollution Is there an additional element in your value chain which might not be part of ESRS E1? This might be company specific	**Workers in the value chain** Have you identified potential risk (human rights) with your value chain partners? I.e. suppliers abroad?	
Water & Marine Resources Does your company, positively or negatively affect biodiversity, water quality and marine life?	**Affected communities** Did you consider the village (and its inhabitants & contributions) next to the factory abroad when reshoring the facility?	
Biodiversity & ecosystems Does your company, positively or negatively affect biodiversity, water quality and marine life?	**Consumers and end-users** How do you value and utilize the input from your customers and the end users of your product?	
Resource use & circular economy To what extent is your product designed for reuse or recycling purposes?		

Plot the ESG topics on your framework and define strategy



Double Material*

These are the most important topics in relation to your ESG strategy and require attention in your plans

Material

If an element is not double material at a certain time, it might become in the (near) future: make sure to monitor!

Immaterial

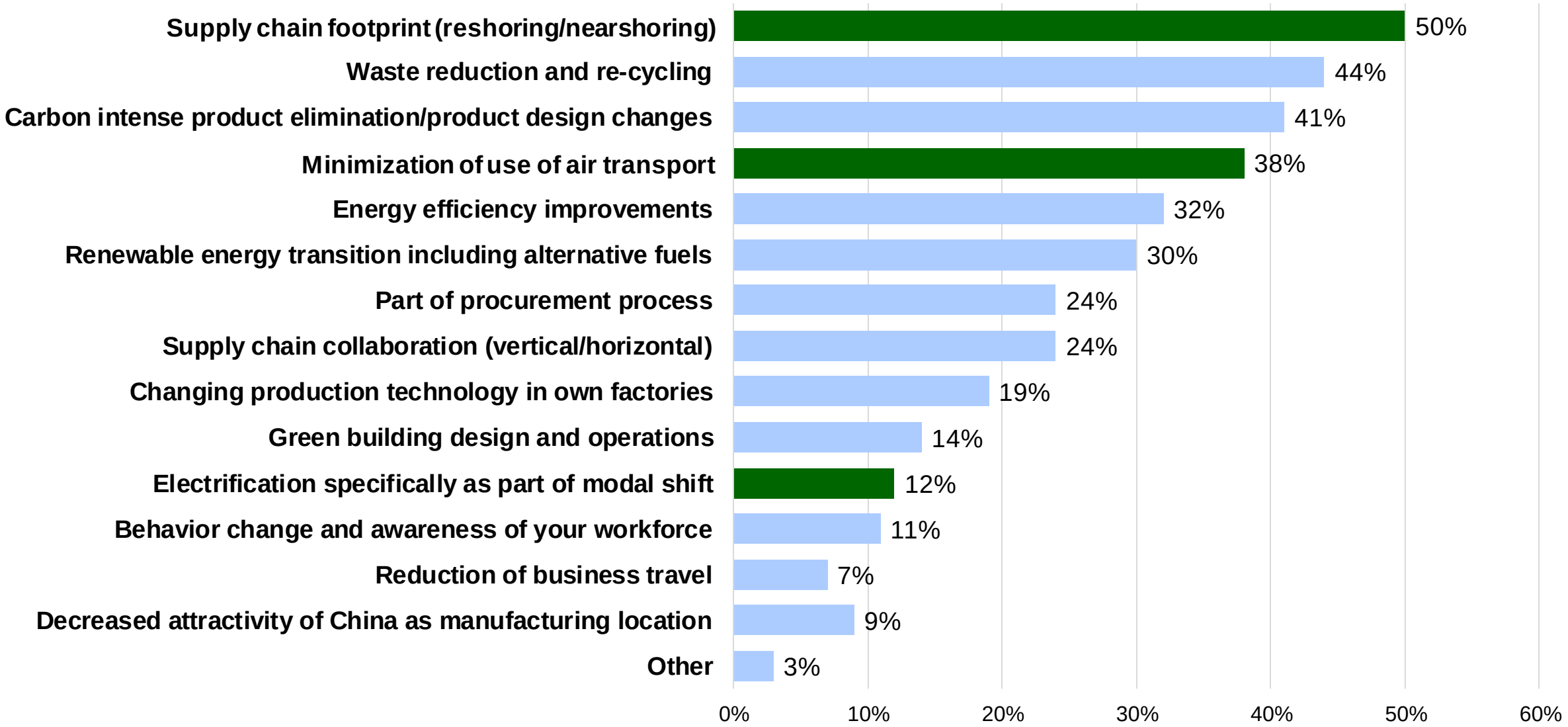
These elements are not of material impact to your company or its surroundings. Mention it as such but don't focus on them

** Definition of materiality:*
Measure of importance of decision-making information

Carbon emissions reduction measures

Level of measure	Example measures	Impact CO2	Impact €€	Impact L.T.	Risk
Strategic	1 Selecting suppliers closer to the manufacturing footprint **2 Redesign of SC network footprint (near-shoring)** 3 FG storage in market network (shorter last mile) 4 Green (warehouse) facilities	↓	↑↓	↓	↓
Tactical	1 Modal shift (air-ocean) **2 Electrification of fleet** 3 Order and service policy aligning 4 Hydrogen / synthetic fuel powered modalities 5 Asset pooling (horizontal / vertical) 6 Peer collaboration (higher fill-rate, final mile (city) hubs)	↓	↑↓	–	↑
Operational office	1 Multi-modal transportation 2 Modality loading factor 3 Routing of transport 4 Consolidation of multiple orders 5 Harmonizing service levels / lead-times 6 Direct shipments to skip nodes 7 Backhauling / return freight management	↓	↓	↑	↓
Operational ‘in the field’	1 Driving awareness and behaviour 2 Aerodynamics on freight carriers 3 Tire pressure	↓	↓	–	–

Which areas of your supply chain do you believe have the highest potential for carbon emission reductions?



Case Sustainability

Medical Products Manufacturer (1/2)

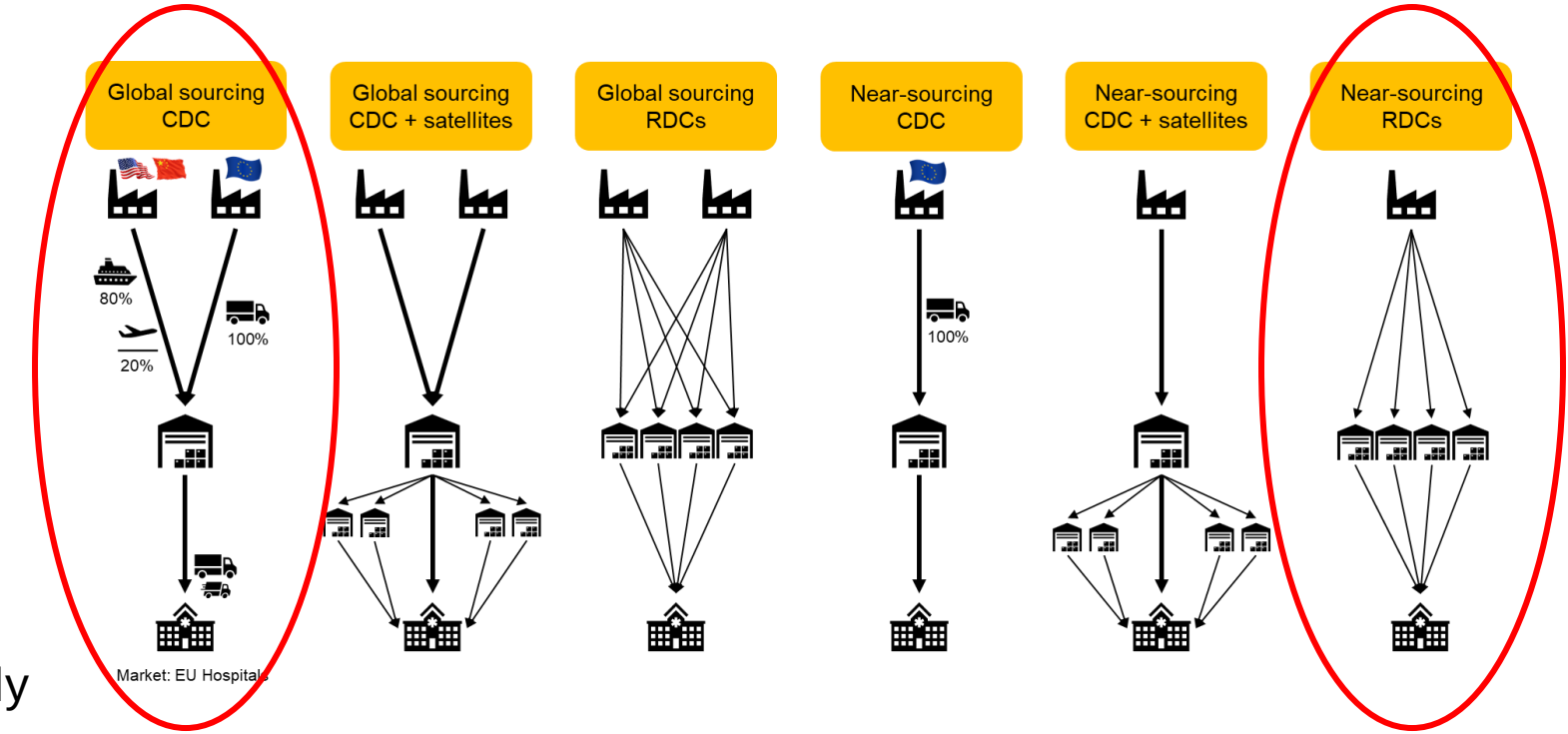
Situation

- Define per network scenario the impact and interrelation of
  - Costs
  - Lead times
  - Carbon footprint

Challenges

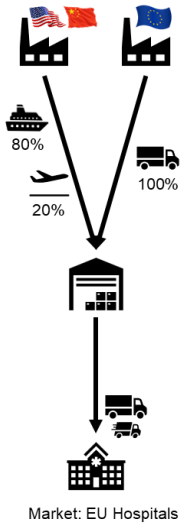
- Long supply chain, high freight and inventory capital costs
- Dependency on Asia for material supply
- Geopolitical risk
- Carbon footprint reduction

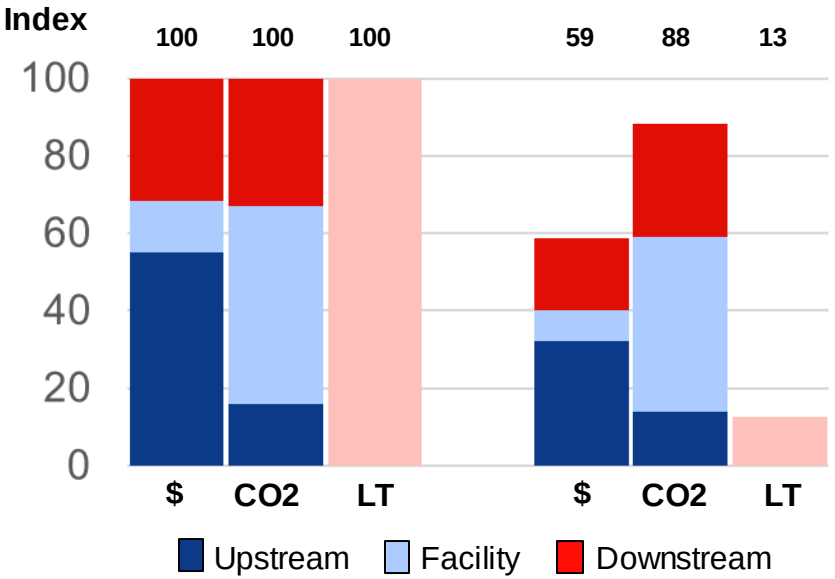
Scenarios

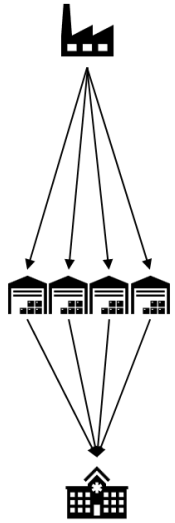


Global sourcing
CDC

Near-sourcing
RDCs







Insights and potential impact

Cost reduction	-40%
CO2 reduction	-20%
Lead-time reduction	-85%

- Upstream supply chain drives carbon emissions and overall lead time
- Downstream supply chain drives costs
- **Decentralization of manufacturing and distribution have significant impact on supply chain carbon emissions, costs, and lead-times**

6 Deep-dive on Location Selection

Filtering Process: narrowing down from long list to site level

Stage A
Start up:
Definition investment profile and location requirements

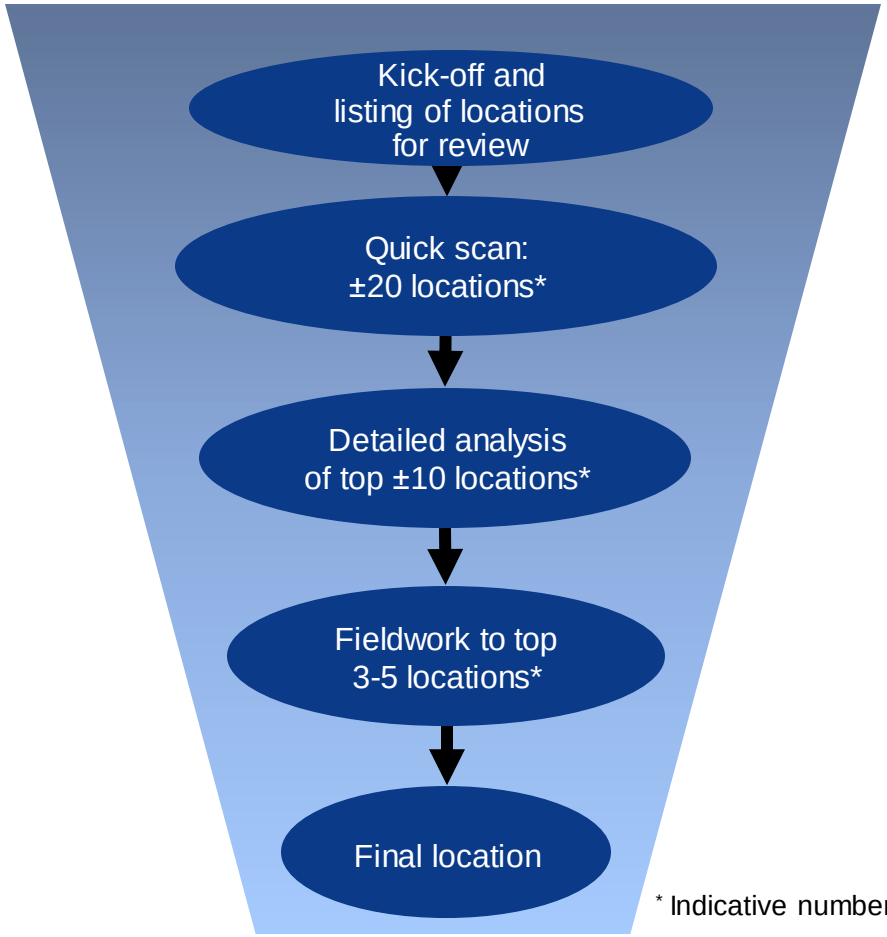
Stage B
Quick scan:
Limiting the search area to target areas

Stage C
In-depth assessment selected target areas

Stage D
Identification of sites and fieldwork

Stage E
Negotiations

Stage F
Final choice



* Indicative number

Location criteria are driven by Cost, Quality and Risk factors

In our site selection approach we use cost, quality and risk criteria to develop a complete assessment of regions & locations

Cost criteria	+	Quality criteria	+	Risk criteria
Such as: • Labor costs • Transportation costs • Real estate costs • Start up • (-/-) Incentives		**Such as:** • Labor availability & quality • Labor regulations • Business climate • Infrastructure & accessibility • Market access & positioning • Flexibility & timing		**Such as:** • Financial risk • Political risk • Legal risks • Risk of natural disasters
Total inflated 5 year cost		**Weighted quality score (1 = poor, 5 = excellent)**		**Total risk score (low-medium-high)**

Listing of Cost requirements for a manufacturing plant or warehouse

Cost Category		
One-time capital costs		
1 Land / Site	1.1 Land costs 1.2 Building costs	In USD / Euro In USD / Euro
Annual operating costs		
2 Labor	2.1 Total employers' costs manufacturing operator/working hours 2.2 Total employers' costs skilled engineer/working hours 2.3 Total employers' costs production plant manager/working hours	In USD / Euro In USD / Euro In USD / Euro
3 Distribution	3.1 Inbound transportation costs from suppliers 3.2 Outbound transportation costs to customers	In USD / Euro In USD / Euro
4 Utility costs	4.1 Annual utility costs (electricity, gas, water)	In USD / Euro
5 Taxes	5.1 Corporate income tax/tax deductions	In USD / Euro
6 Incentives (-/-)	6.1 Investment grants 6.2 Employment incentives 6.3 Training grants	In USD / Euro In USD / Euro In USD / Euro
Total		**In USD / Euro**

Costs are calculated in USD/Euro and forecasted for the next 5-10 years (including inflation, expected wages increase, etc.)

Listing of Quality requirements

Quality Category				
A Talent/ Labor	…%	A1	Manufacturing base	…%
		A2	Talent pool depth	…%
		A3	Competing employers	…%
		A4	New/expanding employers	…%
		A5	Population trends	…%
		A6	Cost of living	…%
B Labor regulations	…%	B1	Unionization degree	…%
		B2	Hiring/firing regulations	…%
C Proximity to markets/ accessibility	…%	C1	Proximity to markets	…%
		C2	Highways	…%
		C3	Railway connections	…%
		C4	Airport connections	…%
D Sites/buildings	…%	D1	Building availability	…%
		D2	Site availability	…%
		D3	Geographical considerations	…%
E Supplier availability	…%	E1	Local suppliers	… %
F Utilities	…%	F1	Electric power capacity/reliability	…%
		F2	Natural gas availability	…%
		F3	Telecommunications	…%
G Ease of implementation	…%	G1	Business climate ranking	…%
		G2	Fast track construction	…%
		G3	Ease of permitting	…%
	100%			

The quality requirements will be assessed using scores between 1 (poor) to 5 (excellent)

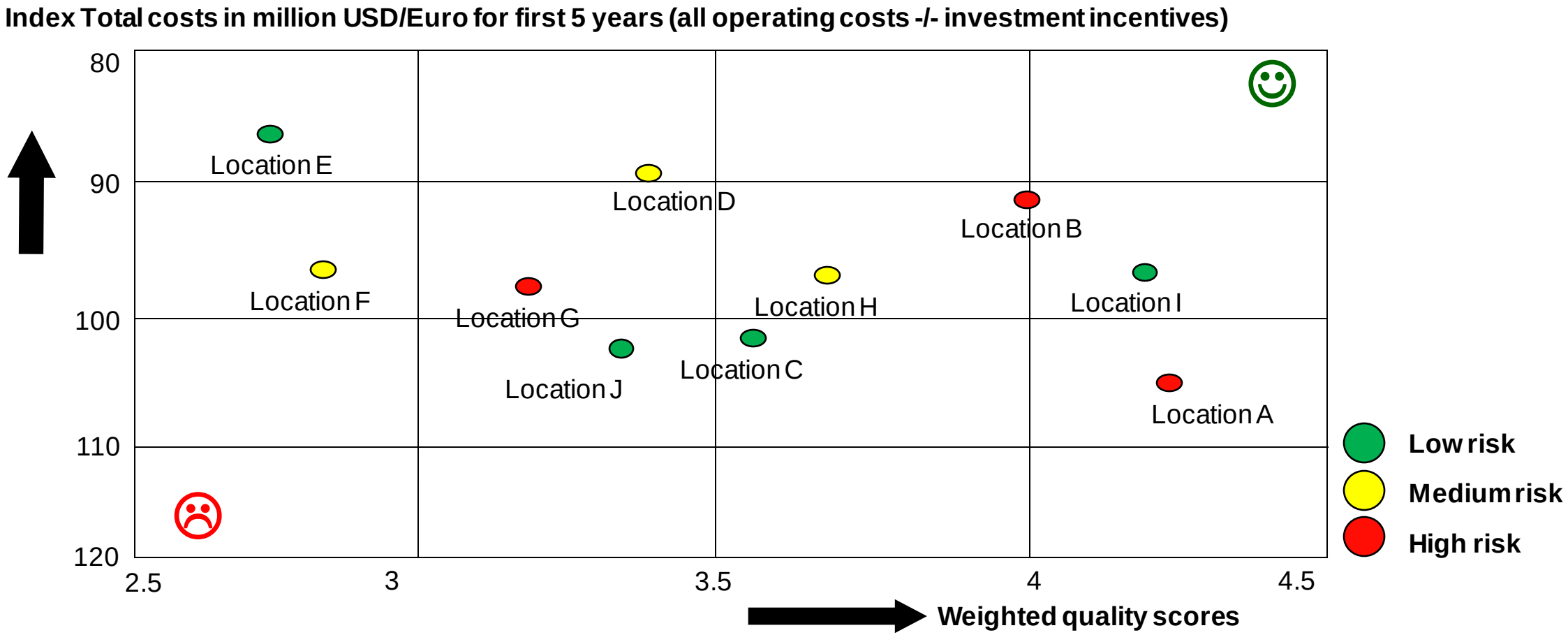
All data and scores will be made available to ensure transparency of the assessment process

Listing of Risk requirements

Risk Category				
A	**Political Risks**	…%	A1	Government stability/ democracy …%
			A2	Geopolitical conflicts …%
B	**Economic Risks**	…%	B1	Development economy …%
			B2	Inflation …%
C	**Financial Risks**	…%	C1	Financial risk rating …%
			C2	Currency convertibility …%
			C3	Exchange rate stability …%
D	**Legal Risks**	…%	D1	Patent infringements …%
			D2	Permits …%
			D3	Data protection …%
E	**Transparency Risks**	…%	E1	Corruption …%
			E2	Bureaucracy …%
F	**Security Risks**	…%	F1	Religious & ethnic tensions …%
			F2	Terrorism …%
G	**Natural Disaster Risks**	…%	G1	Climatic catastrophes …%
			G2	Hydrological catastrophes …%
			G3	Meteorological events …%
			G4	Geophysical events …%
			G5	Health hazards/ pandemics …%
		100%		

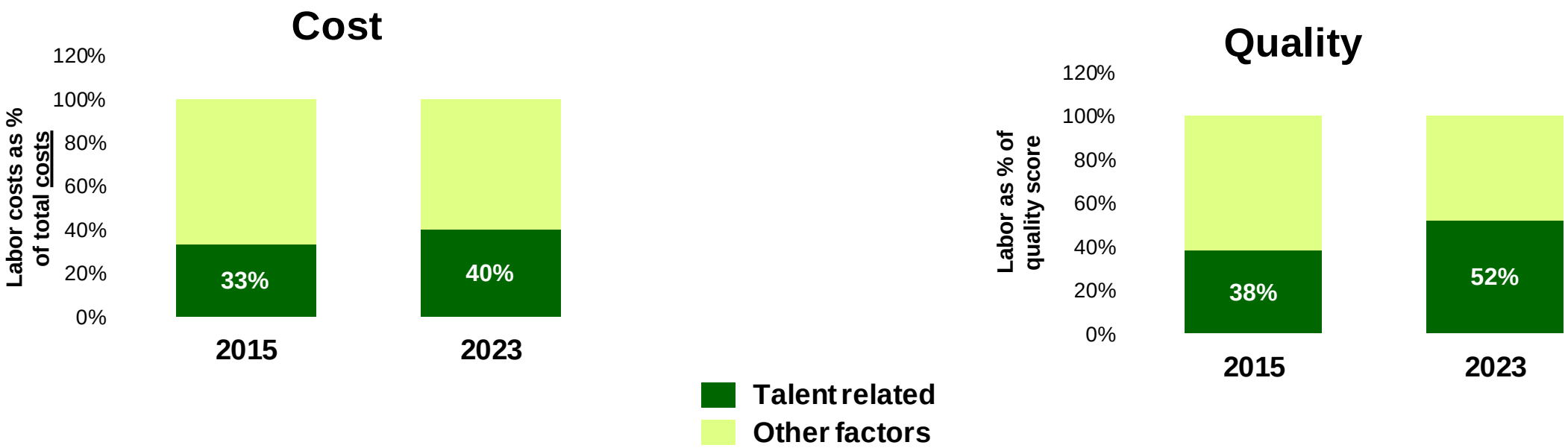
The Result: Cost-Quality-Risk matrix for decision-making

Example: Project specific site selection results for a production plant in perspective: cost-quality-risk assessment



The Critical Role of Talent

Sample of recent manufacturing & distribution projects of BCI Global



Impact of Talent Shortages on Location Decision Raises Questions

- Is the talent base at our current production locations large enough to double our production capacity?
- Can you identify ‘under the radar’ locations with enough potential to grow? Where are out-of-the-box location alternatives with less HR headaches?
- How can we forecast labor cost increase in the next 5 years to compare the business cases in our 4 final candidate locations?
- How to trade off ‘a small fish in a big pond’ versus ‘a big fish in a small pond’?
- Which offering do we have to make to become a preferred employer?
- What recruitment and training support can we negotiate from economic development organizations?

BCI's IDEAL-method for labor market analysis

In-DEpth Analysis of Labor markets

A Initial
B Plus
C Advanced
D IDEAL

Labor regulations/conditions

- Co-operation employment agencies
- Recruitment support
- Training programs

Availability of labor

Supply

- Basic statistics on working population and employment
- Forecast labor market (o.a. new entrants, migration)
- Local functioning of labor market: interviews to assess skills set, turnover rate, flexibility, etc.
- Policies for non-native workers/ communities
- Skills sets

Labor market feasibility of your manufacturing Project & Competitiveness positioning as employer (qualifiers & disqualifiers)

- Basic positioning
- Competitive positioning
- Front Running positioning

Demand

- Basic statistics on development economy, unemployment & vacancies
- Forecast economic development
- Forecast demand for personnel
- Forecast competition: additional employers/demand

Employers offering

- Earnings
- Secondary beneftis
- Fringe benefits
- Training / Reskilling
- Career path

- Cluster development organizations (PPP)
- Employment incentives & grants

Support authorities

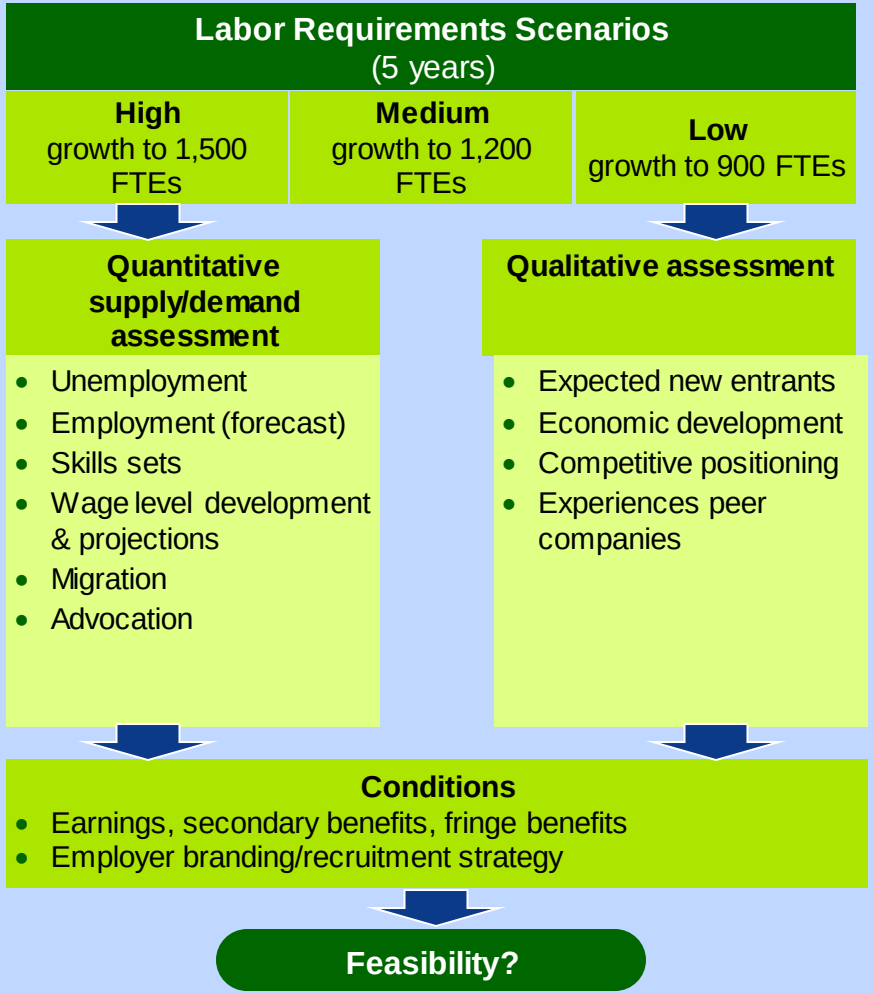
IDEAL Case Study (1/2)

Situation

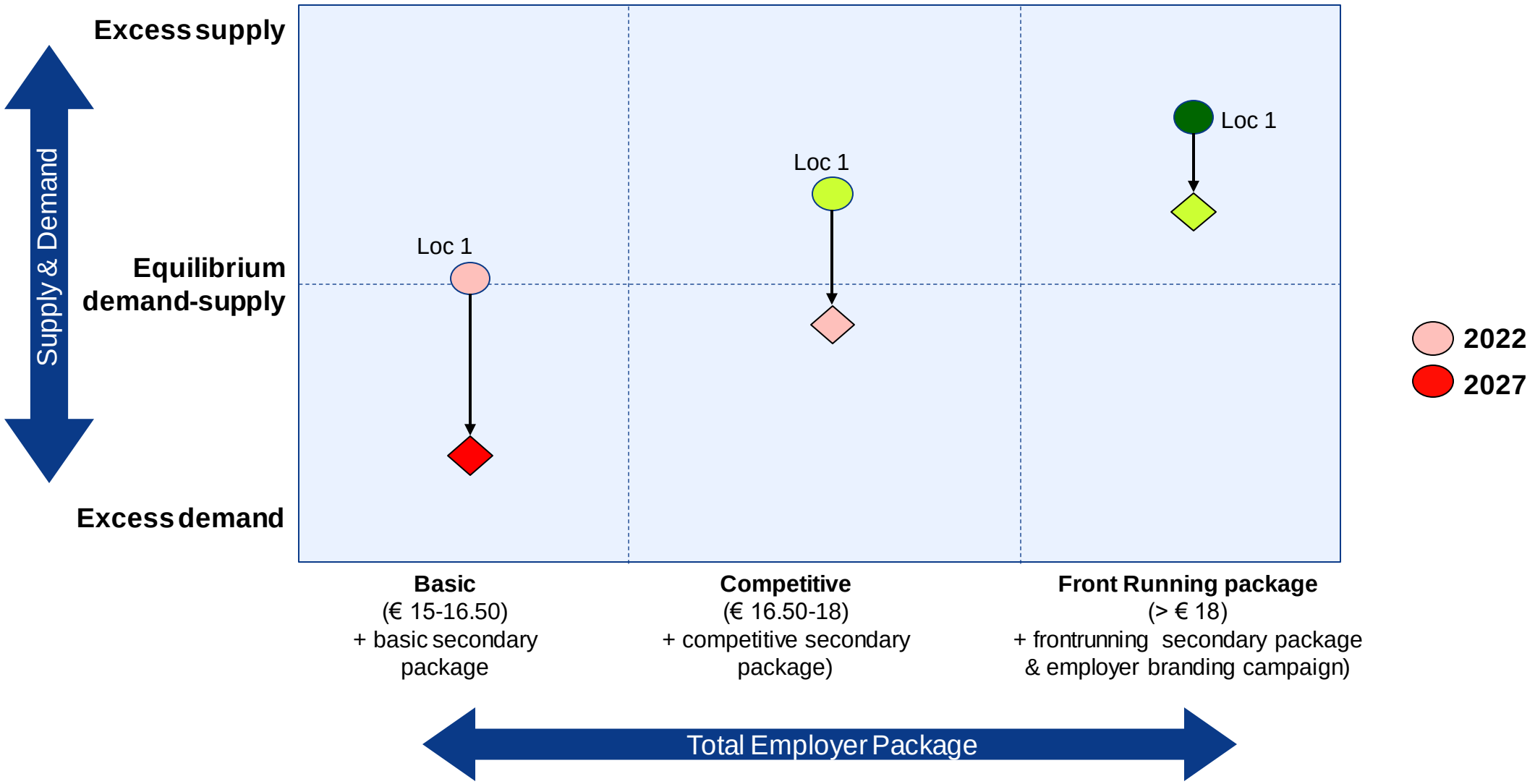
- Fast-growing FMCG / E-commerce company
- 750+ FTEs DC in County X
- Projecting significant growth in the next 5 years due to e-com boom
- Key questions

1. To what extent can the regional labor pool still facilitate the company's growth?
2. What impact will new entrants such as Amazon have in the local labor pool?
3. What is required for the company to remain a preferred employer in the region?

Approach

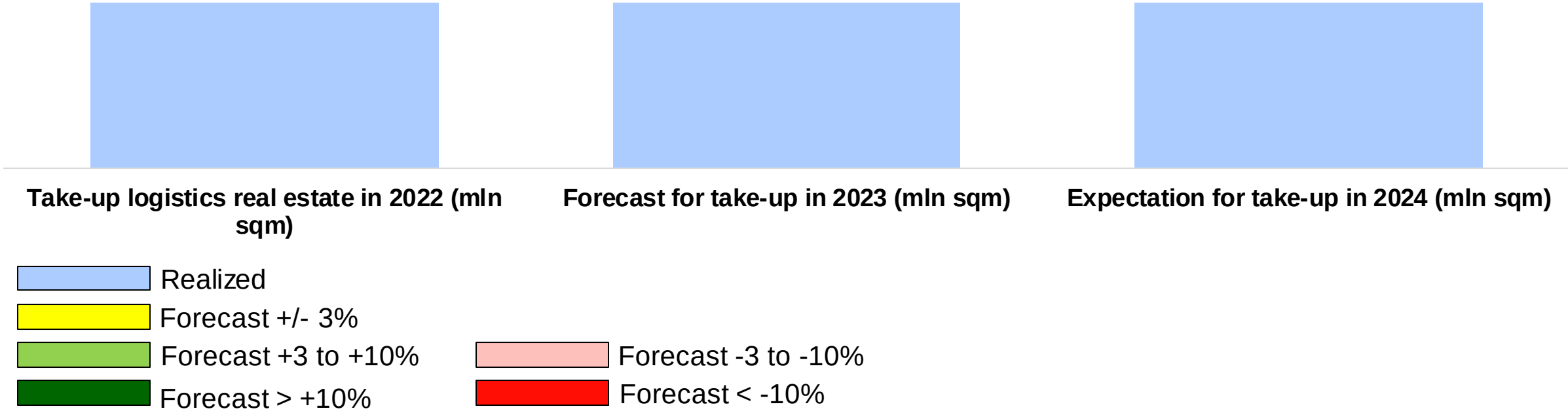


IDEAL Case Study (2/2)



7 Logistics Real Estate Europe

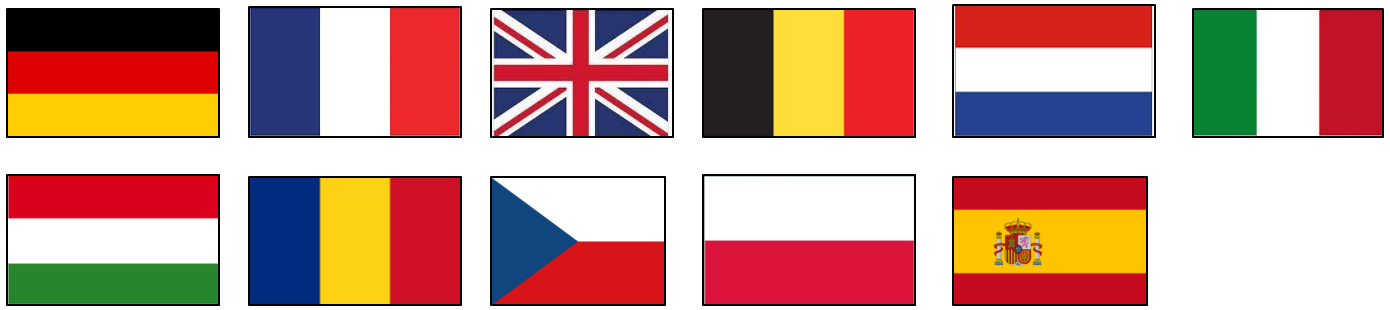
Two surveys among logistics real estate community in Europe (end of 2023; ~180 participants)
As base data for 2022 figures are used from CBRE/Garbe/JLL/Savills/C&W/Catella



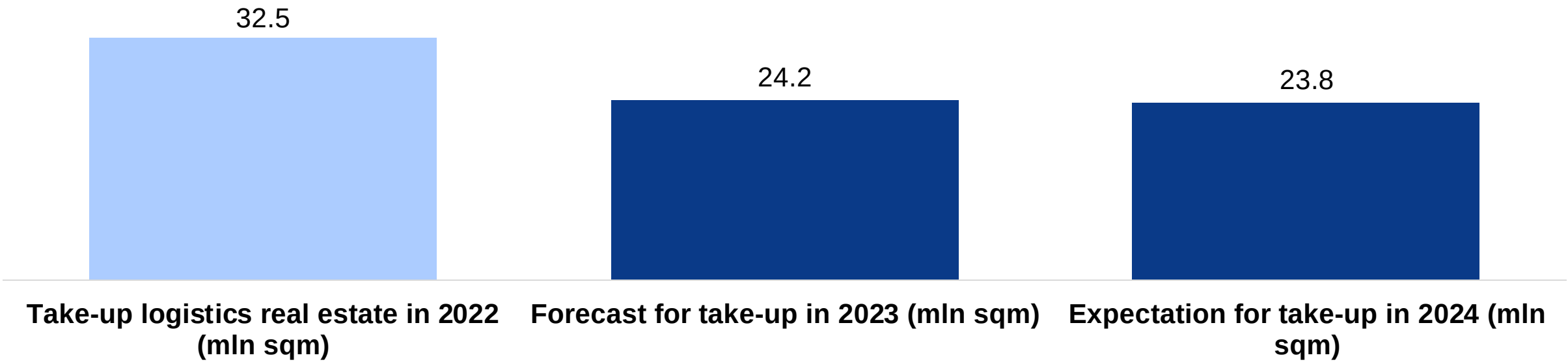
Disclaimer

- *Expectations – no guarantees*
- *Larger areas show bandwidth of data*
- *Be careful with high growth figures in small markets*

11 European Markets



Average estimation of the total take-up volume in 2023 and 2024 (mln sqm)



European overview take-up volume (mln sqm)

Take up in main markets stable in 2024, but > 25% less than in 2022

Country	Take-up logistics real estate in 2022 (mln sqm)	Forecasted take-up logistics real estate in 2023 (mln sqm)	Expected take-up logistics real estate in 2024 (mln sqm)	Change (2023-2024)
Belgium	1.2	0.9	0.9	0%
Czech Republic	1.1	0.7	0.7	0%
France	4.1	3.4	3.2	-6%
Germany	8.5	5.8	5.6	-3%
Hungary	0.3	0.4	0.4	0%
Italy	2.9	2.4	2.3	-4%
Netherlands	3.1	2.4	2.2	-8%
Poland	5.2	3.8	4.2	+10%
Romania	1.3	0.7	0.5	-28%
Spain	1.3	1.2	1.1	-8%
United Kingdom	3.5	2.5	2.7	+6%
	32.5	24.2	23.8	

Source: BCI Global, 2024

Prime warehouse rents per city - growth expectations 2023-2025

Rents substantial up in 2025 compared to 2023; substantial regional differences within countries

Country	City	Expected rent 2025 (Euro/sqm/year)	Growth 2023 – 2025 (%)
Germany	Hamburg	110	+10.2
	Cologne	106	+9.2
	Frankfurt	105	+7.8
	Greater Berlin	107	+5.0
	Munich	127	+7.9
France	Greater Paris	79	+11.0
	Lyon	73	+10.3
	Marseille	66	+9.8
United Kingdom	London-Heathrow	263	+5.0
	Manchester	128	+8.5
	Birmingham	132	+9.4
Belgium	Brussels	77	+9.6
	Antwerp	74	+9.3
	Genk/Hasselt	55	+9.0

Country	City	Expected rent 2025 (Euro/sqm/year)	Growth 2023 – 2025 (%)
The Netherlands	Amsterdam - Schiphol	109	+9.4
	Rotterdam	96	+12.8
	Venlo	79	+7.5
Italy	Milan	71	+9.2
	Rome	71	+8.8
Spain	Madrid	77	+4.6
	Barcelona	106	+16.9
Poland	Warsaw	67	+6.8
	Poznan	59	+7.5
	Katowice	66	+7.1
Czech Republic	Prague	98	+2.9
Romania	Bucharest	62	+10.7
Hungary	Budapest	75	+12.4

Net prime warehouse yields per city - expectations 2023-2025

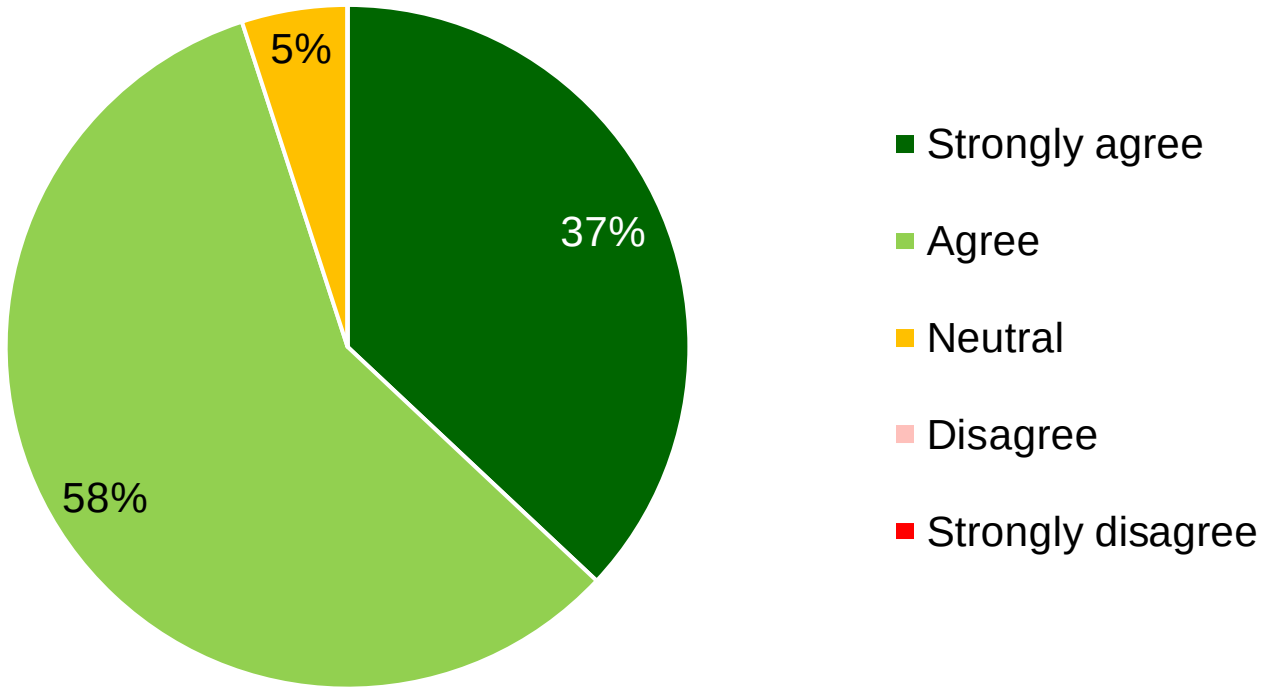
Yield increases show uncertainty in the markets; in 2024 yields are expected to stabilize

Country	City	Expected yields 2025 (%)	Development 2023 – 2025 (%)
Germany	Hamburg	4.5	+9.3
	Cologne	4.6	+7.0
	Frankfurt	4.5	+10.7
	Greater Berlin	4.5	+11.8
	Munich	4.4	+10.8
France	Greater Paris	4.7	+7.3
	Lyon	4.8	+7.3
	Marseille	4.9	+8.4
United Kingdom	London-Heathrow	5.0	+5.7
	Manchester	5.1	+4.9
	Birmingham	5.3	+2.9
Belgium	Brussels	4.9	+2.7
	Antwerp	5.0	+4.2
	Genk/Hasselt	5.3	+5.6

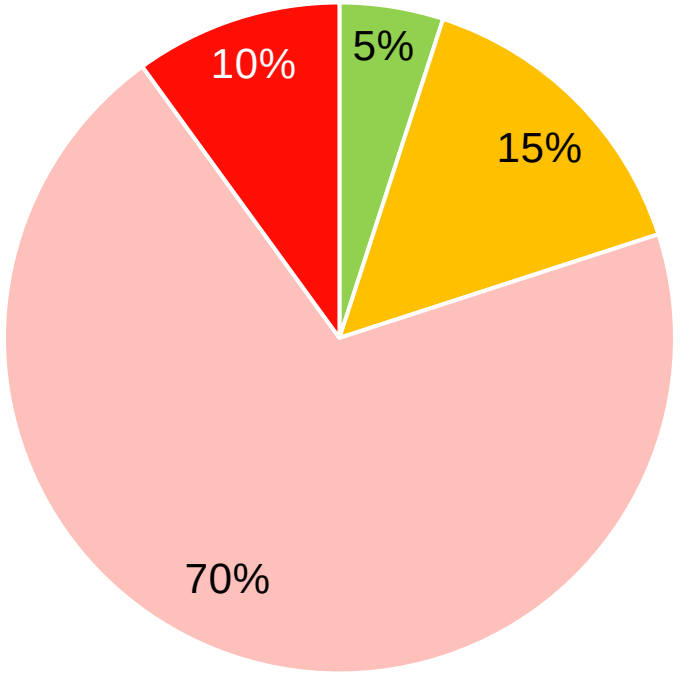
Country	City	Expected yields 2025 (%)	Development 2023 – 2025 (%)
The Netherlands	Amsterdam - Schiphol	4.8	+5.6
	Rotterdam	4.8	+4.6
	Venlo	4.8	+3.9
Italy	Milan	5.3	+7.3
	Rome	5.3	+6.6
Spain	Madrid	5.3	+4.3
	Barcelona	5.2	+4.6
Poland	Warsaw	6.4	+9.0
	Poznan	6.8	+4.0
	Katowice	6.8	+4.6
Czech Republic	Prague	5.3	+2.5
Romania	Bucharest	7.6	+3.8
Hungary	Budapest	7.0	+4.8

Statements (1/2)

Logistics real estate will be in the next 36 months a strong asset class with a favorable risk profile



The appetite of non-European investors for logistics real estate will decrease



Statements (2/2)

Developers & Investors

Reshoring of production/ assembly activities from China/Asia to Europe will have substantial impact on the take-up of industrial real estate in Europe

Strongly disagree	Disagree	Neutral	Agree	Strongly agree
0%	20%	40%	25%	15%

Tenants

Reshoring of production/assembly activities from China/Asia to Europe will increase substantially in the next 3 years

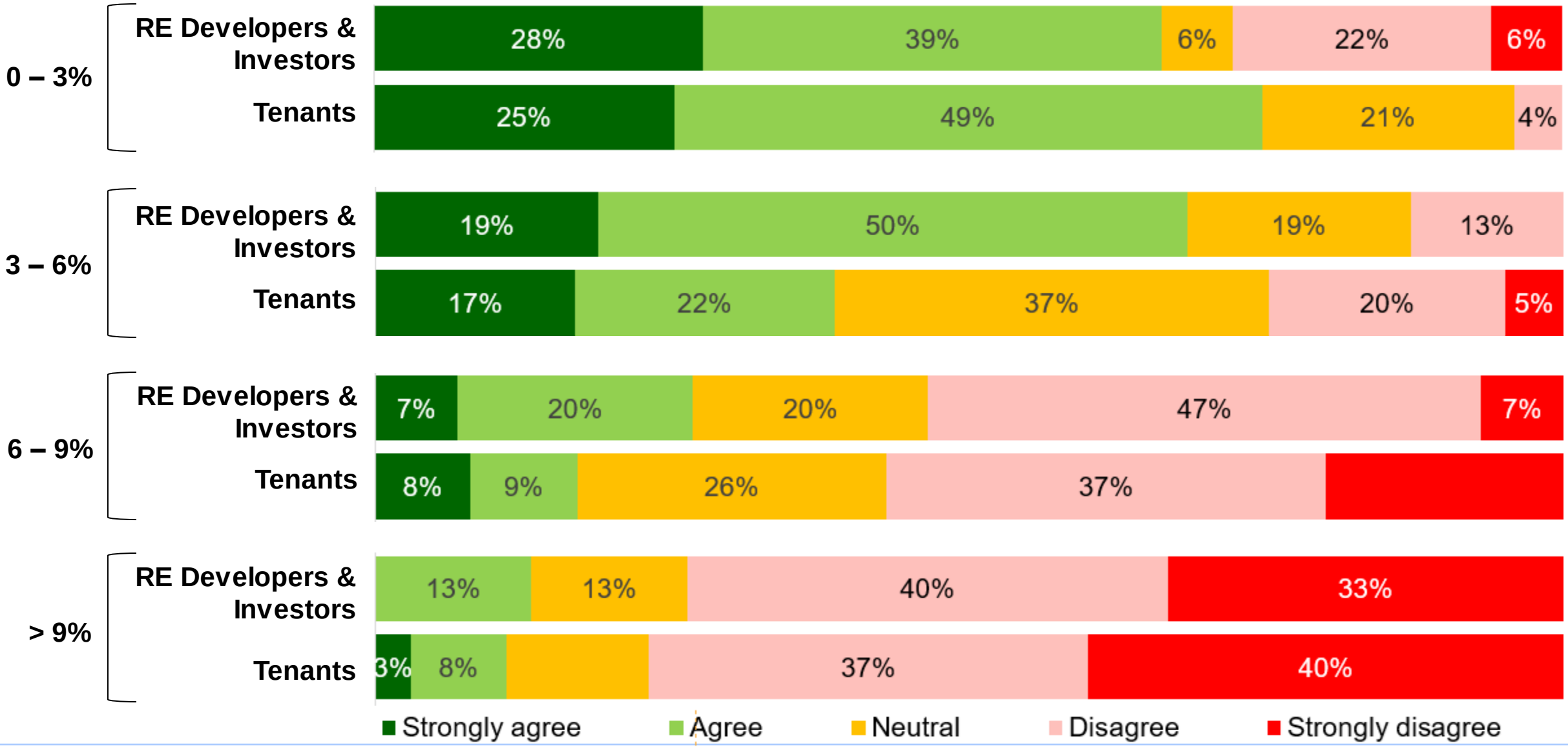
Strongly disagree	Disagree	Neutral	Agree	Strongly agree
1%	24%	25%	47%	3%

Tenants

The availability of warehouse workers will become the most important location factor in the next 3 years

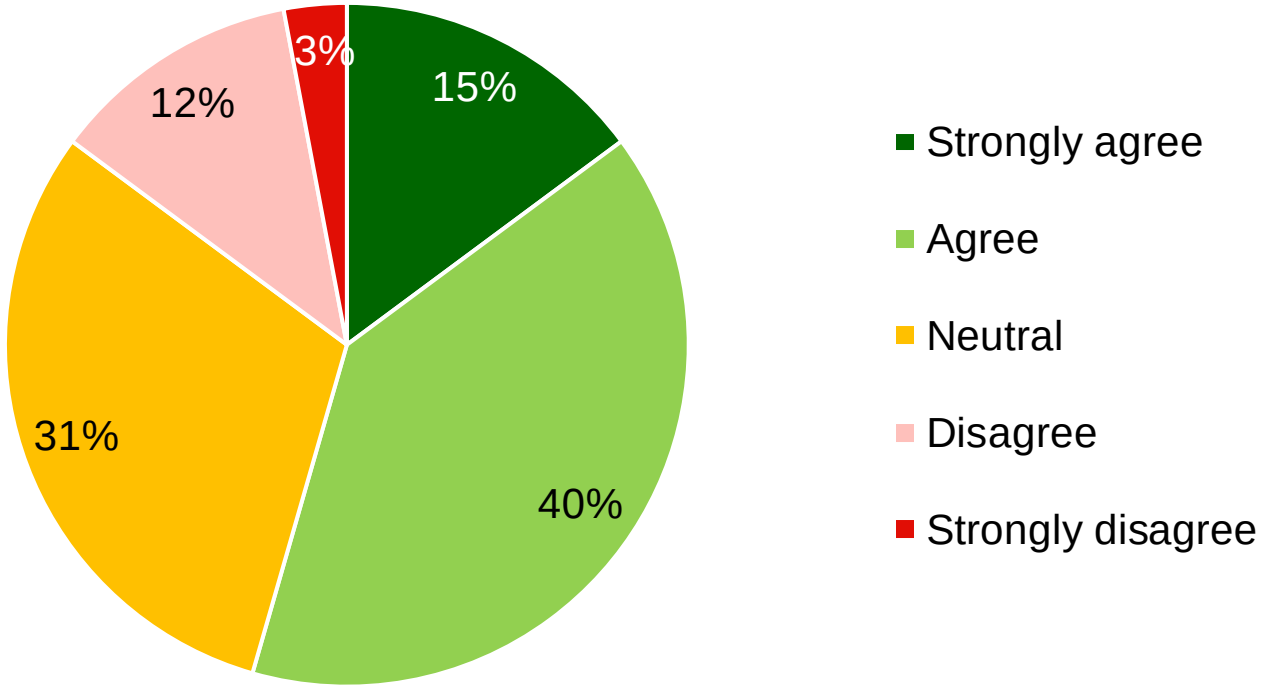
Strongly disagree	Disagree	Neutral	Agree	Strongly agree
0%	20%	20%	60%	0%

Tenants are prepared to pay higher lease costs if the warehouse is sustainable and energy neutral and complies with ESG regulations



Statement - Sustainability

BREEAM certification for warehouses (>15,000 sqm) should be obliged all over Europe



Source: RE Developers & Investors

BREEAM = Building Research Establishment Environmental Assessment Method

Expectations for Warehousing of Tenants

A Rent – Summary of the results

Increase 2-4% in 24 months	
Belgium	**Italy**
➢ Antwerp	➢ Milan
➢ Brussels	➢ Rome
➢ Genk	**United Kingdom**
France	➢ Birmingham
➢ Paris	➢ Manchester
Germany	**Czech Republic**
➢ Cologne	➢ Prague
➢ Hamburg	**Poland**
➢ Leipzig	➢ Katowice
Spain	➢ Poznan
➢ Madrid	➢ Warsaw

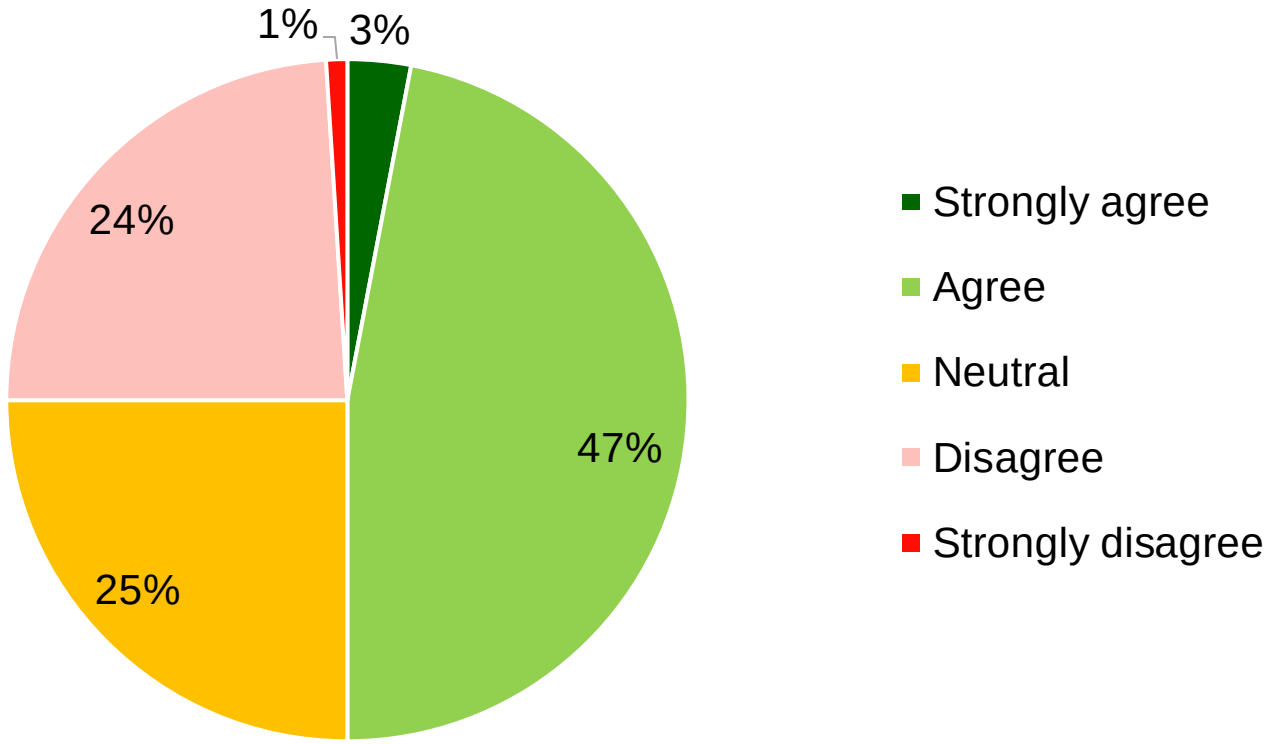
Increase >4% (>50% of responses) in 24 months
Barcelona
Lyon
Venlo
London
Budapest

Increase >6% (>25% of responses) in 24 months
Amsterdam
Rotterdam
Munich

B Availability of real estate – Summary of the results

Very hard to find	Hard to find			Easy to find
Amsterdam	**Netherlands**	**Germany**	**Poland**	Budapest
Paris	➢ Rotterdam	➢ Cologne	➢ Warsaw	Bucharest
London	➢ Venlo	➢ Hamburg	**United Kingdom**	Katowice
	Belgium	➢ Leipzig	➢ Birmingham	Poznan
	➢ Antwerp	➢ Munich	➢ Manchester	
	➢ Brussels	**Spain**		
	➢ Genk	➢ Barcelona		
	France	➢ Madrid		
	➢ Lyon	**Italy**		
	Czech Republic	➢ Milano		
	➢ Prague	➢ Rome		

The availability of warehouse workers will become the most important location factor in the next 3 years



Source: Survey Tenants

C Labor Cost – Summary of the results

Increase 2-4% in 24 months	
Belgium	**Spain**
➢ Antwerp	➢ Barcelona
➢ Brussels	➢ Madrid
➢ Genk	**Italy**
Germany	➢ Milan
➢ Cologne	➢ Rome
➢ Hamburg	**France**
➢ Leipzig	➢ Lyon
➢ Munich	

Increase >4% (>50% of responses) in 24 months
Amsterdam
Paris
Birmingham
London
Manchester
Prague
Bucharest
Katowice

Increase >9% (>15% of responses) in 24 months
Rotterdam
Venlo
Budapest
Poznan
Warsaw

D Labor Availability – Summary of the results

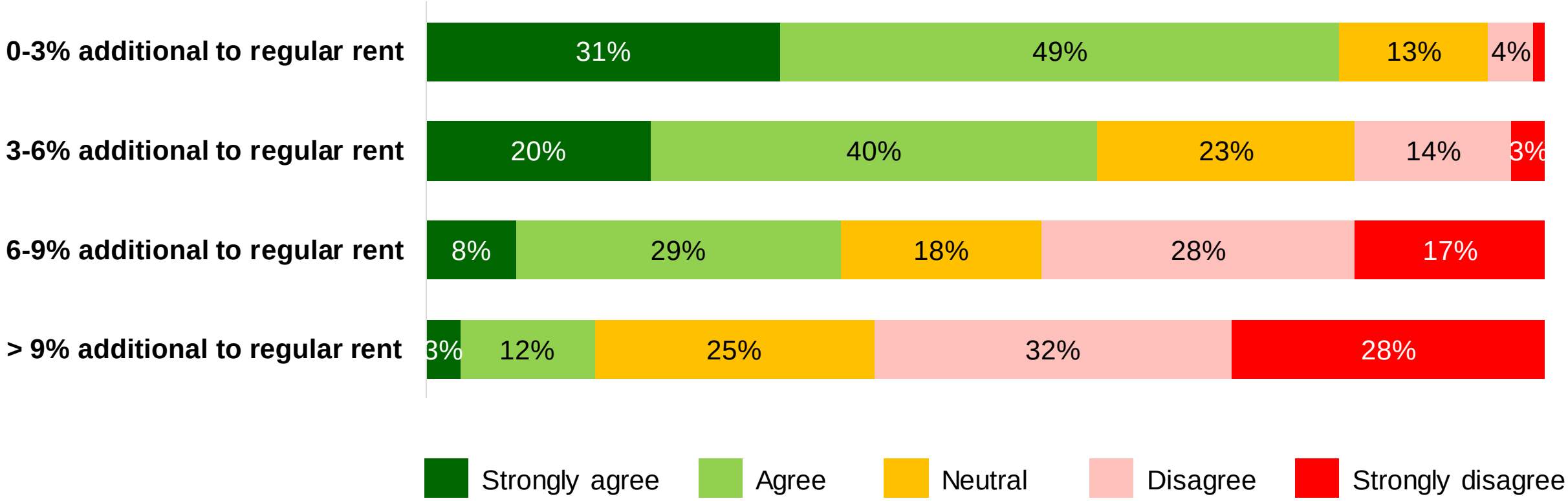
Very hard to find (>33% of responses)
Amsterdam
Paris
Munich
London

Hard to find		
Netherlands	**Germany**	**Czech Republic**
➢ Rotterdam	➢ Cologne	➢ Prague
➢ Venlo	➢ Hamburg	**United Kingdom**
Belgium	➢ Leipzig	➢ Birmingham
➢ Antwerp	**Spain**	➢ Manchester
➢ Brussels	➢ Barcelona	**Poland**
➢ Genk	➢ Madrid	➢ Warsaw
France	**Italy**	➢ Poznan
➢ Lyon	➢ Milan	
Hungary	➢ Rome	
➢ Budapest		

Easy to find
Bucharest
Katowice

Statement - Labor scarcity

Our company is prepared to pay higher operational costs if the warehouse is highly automated, to prevent dependency of scarce labor capacity

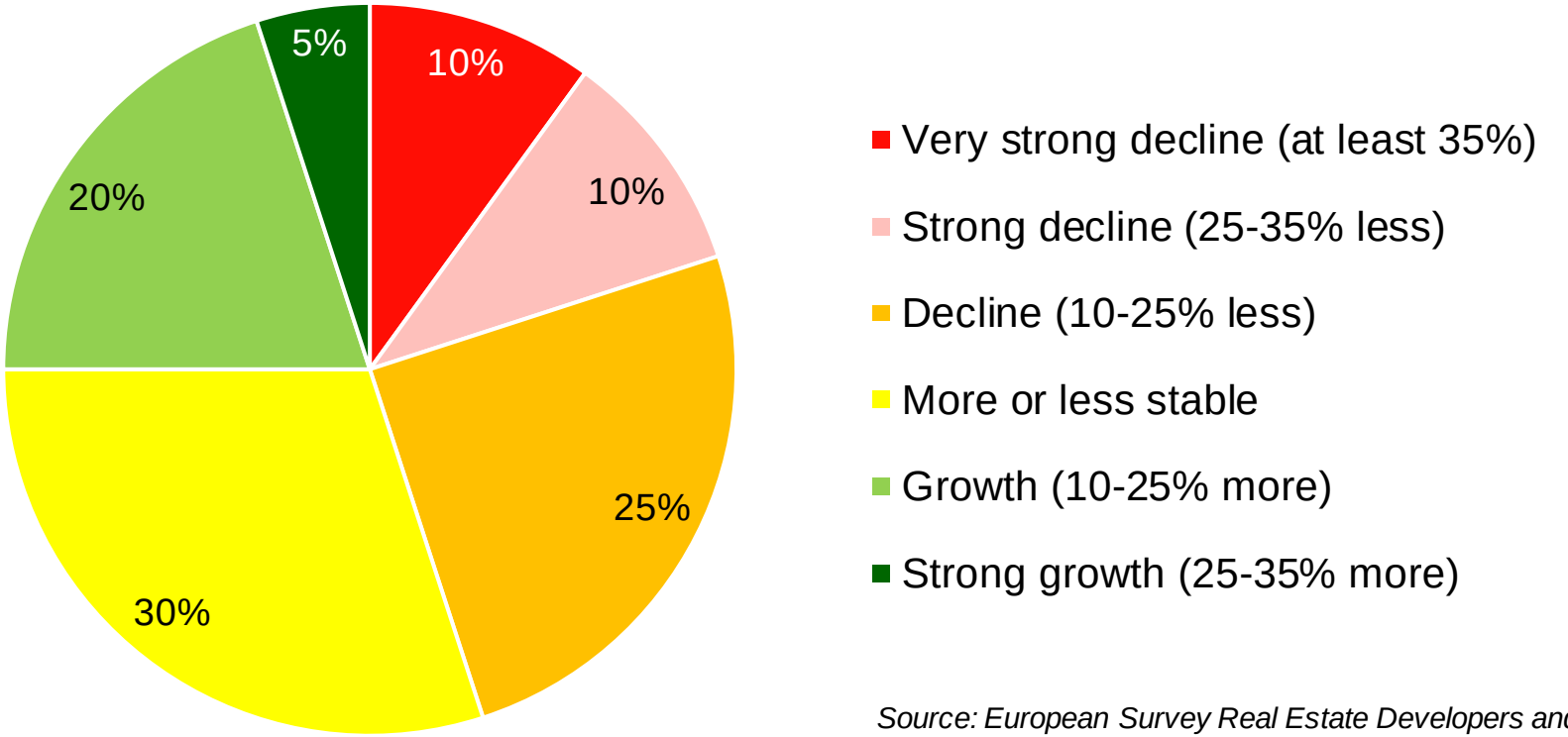


Source: Tenants

Mega distribution centers (>40,000 sqm)

Expectations for 2024 for the establishment of new mega distribution centers (> 40,000 sqm ; > 400,000 sqft) in Europe – compared with 2022

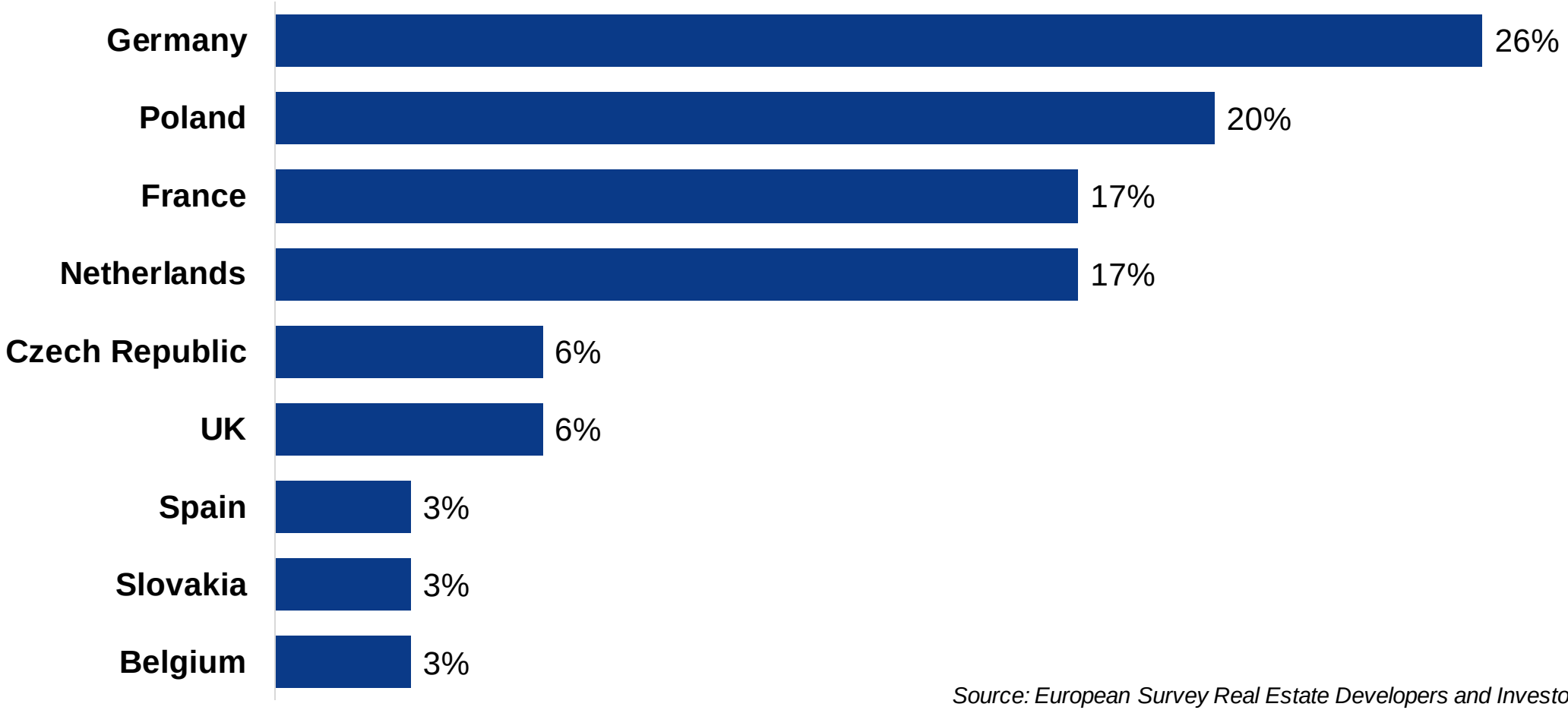
More moderate growth of mega distribution centers



Source: European Survey Real Estate Developers and Investors

Best European countries for new mega distribution centers (% of respondents)

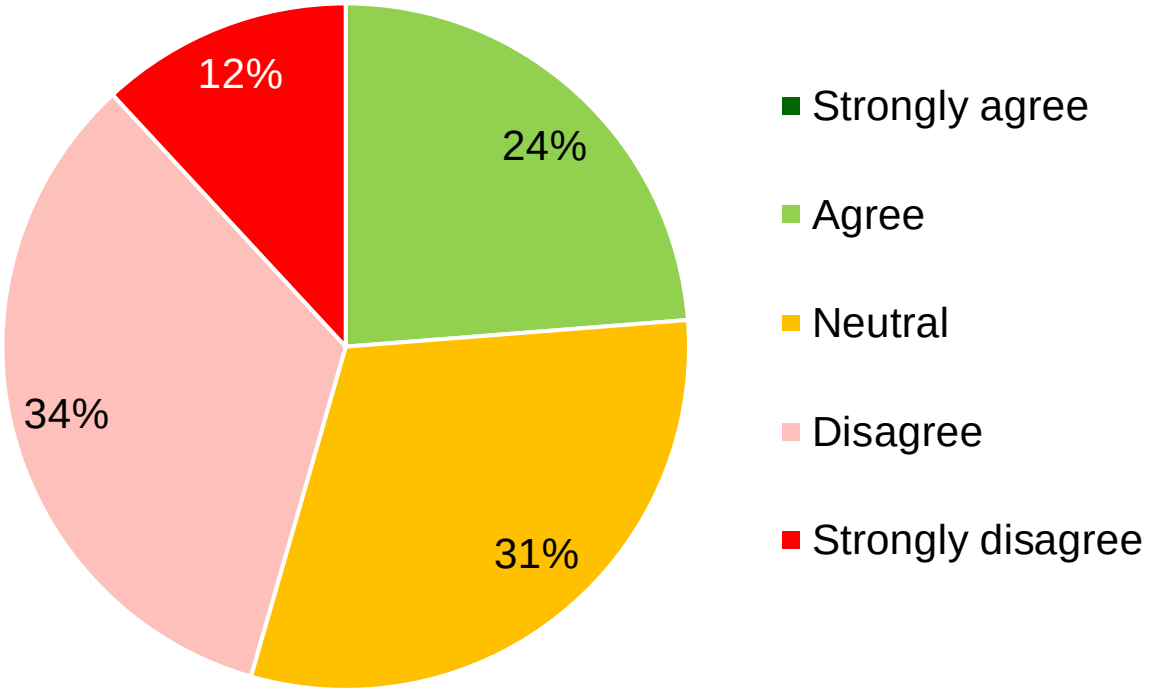
Germany, Poland, France and the Netherlands are seen as the **best European countries** to establish a new mega distribution center



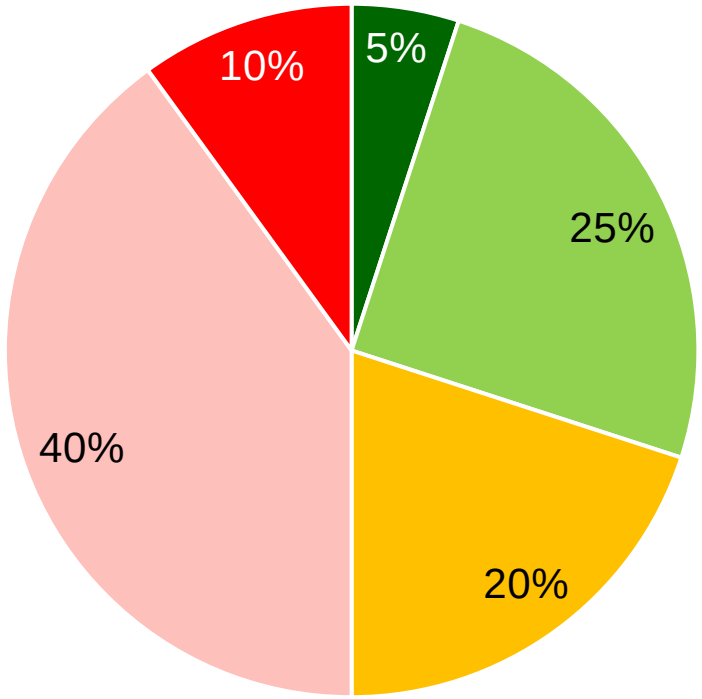
Source: European Survey Real Estate Developers and Investors

The opinion of pertinent authorities across Europe to stop the growth of mega distribution centers is understandable

Real Estate Developers & Investors Perspective



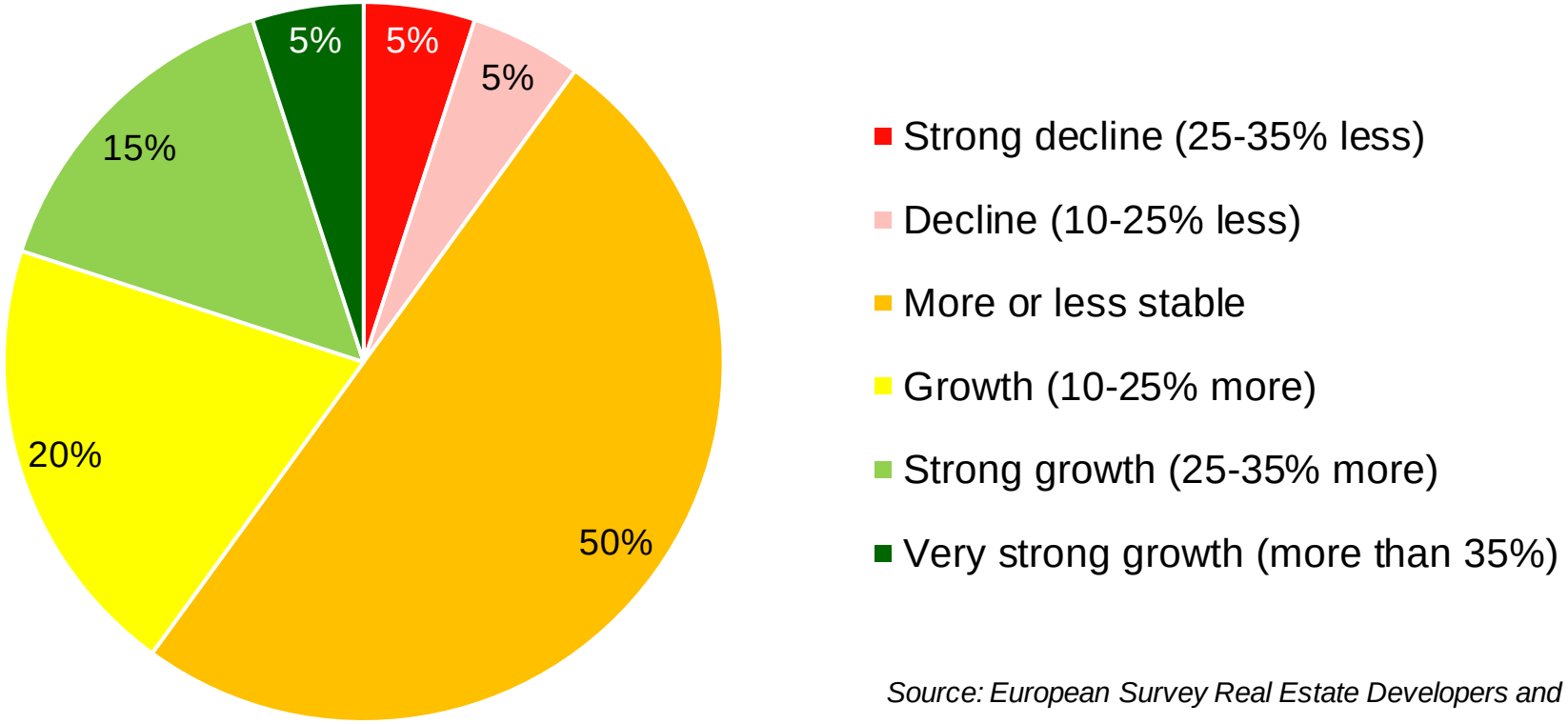
Tenants Perspective



City distribution centers (city hubs, last mile hubs)

Expectations for 2024 for the establishment of new city distribution centers (city hubs, last mile hubs) in Europe – compared with 2022

No fast growth of city distribution centers anymore



Source: European Survey Real Estate Developers and Investors

Q&A