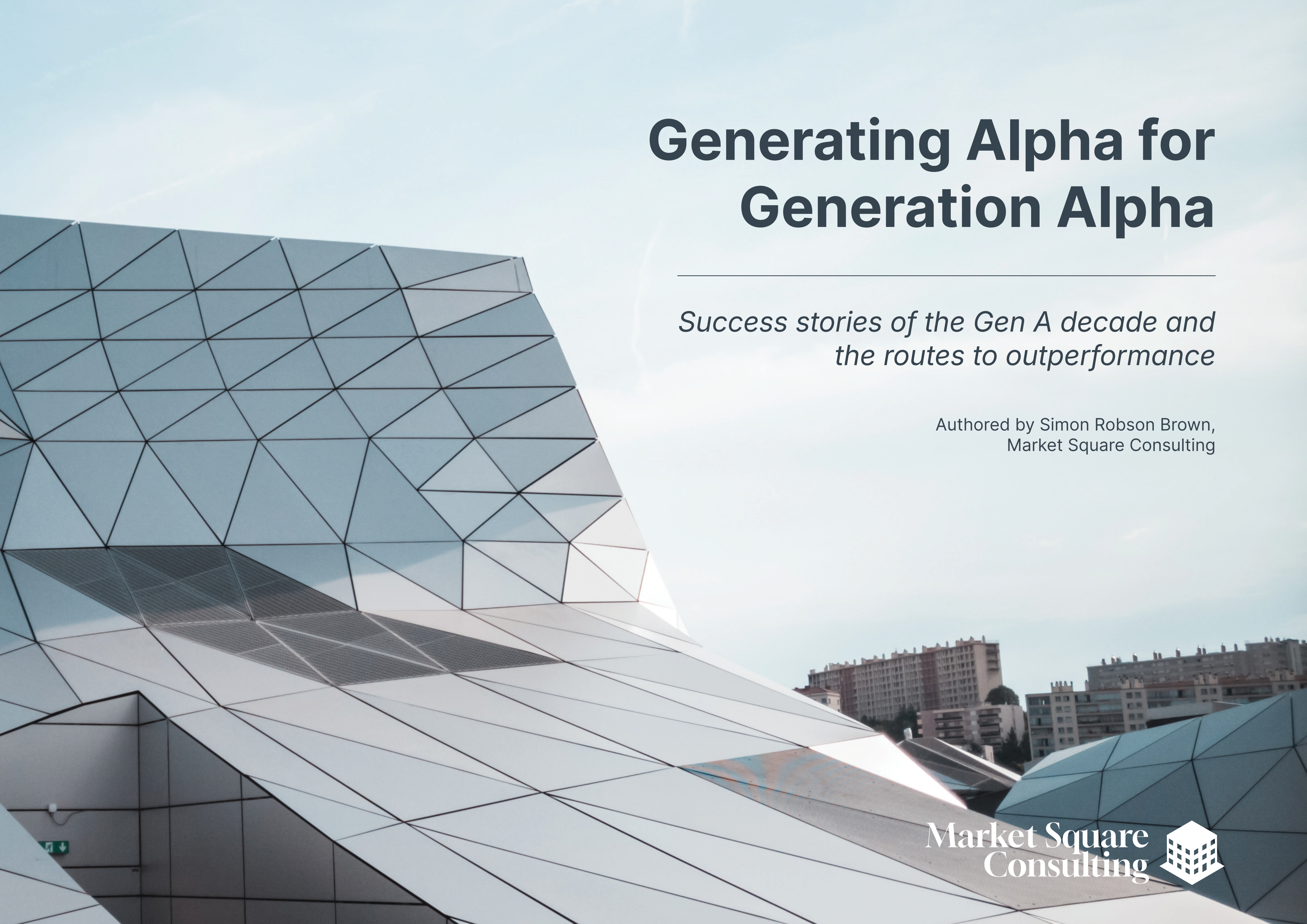

Generating Alpha for Generation Alpha

Success stories of the Gen A decade and the routes to outperformance

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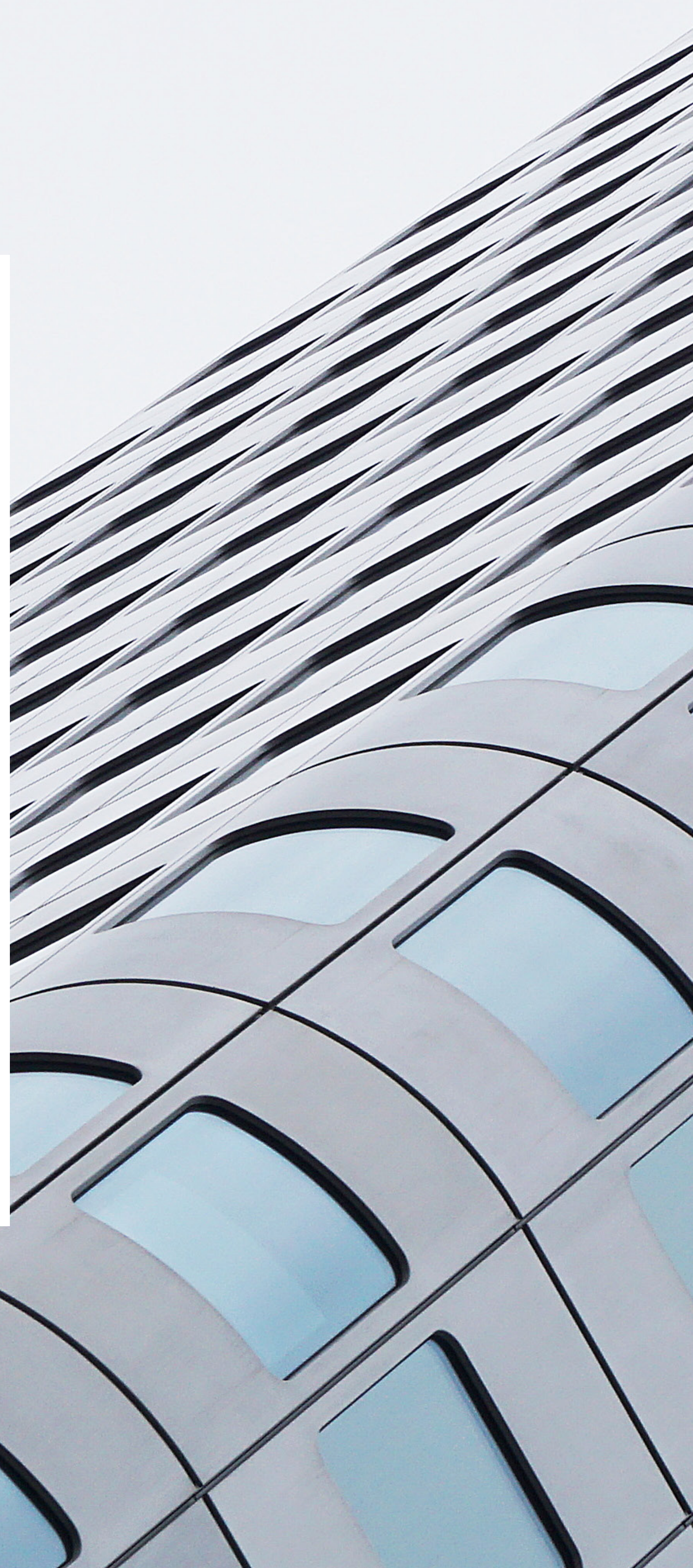
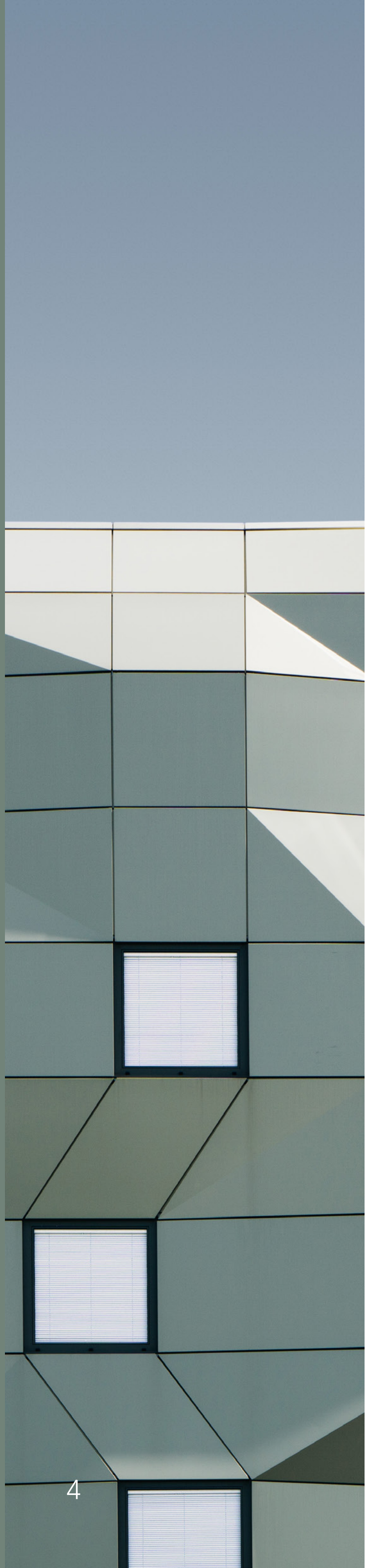




Executive summary

This report is neither an opinion nor a recommendation by EPRA on any company's performance or strategies and is presented by an independent 3rd party to highlight trends and narratives that have been successful in the listed real estate universe in Europe over the past decade. The companies are selected to provide geographical and sectoral diversity to illustrate the point.

	Wihlborgs	safestore	WDP	CA IMMO	UNITE STUDENTS
Strategic Consistency	✓	✓	✓	✓	✓
Early Positioning for Structural Growth	✓	✓	✓	✓	✓
Scalable, Efficient Operating & Development Platforms	✓	✓	✓	✓	✓
Discounted Opening NAV Valuation				✓	
Reference Shareholder	✓		✓	✓	
Regular Equity Issuance			✓		✓
Special Dividends				✓	

These successes serve as a counterpoint to the prevailing scepticism.

Listed Real Estate is a proven asset class, providing liquidity to illiquid direct real estate and providing competitive access to capital. Pioneered and refined in the US, it is however fair to say that the experience of European Listed Real Estate has been more varied since the REIT structures gained traction in the early 2000s. From 2014 to 2021, the FTSE EPRA Nareit Developed Europe index returned over 7% per annum, and the best performing companies returned multiples of that. Following the Covid-19 pandemic, the return of inflation in 2022 posed a significant challenge to capital consumptive and levered real estate, particularly in the sectors where rental income was regulated or fixed for the medium term, squeezing real returns. Much of the earlier equity performance reversed, but not all of it for all the companies. Despite the macroeconomic headwinds, some still produced strong equity returns over the full decade 2014 to 2024.

These successes serve as a counterpoint to the prevailing scepticism.

This report highlights five companies that outperformed the broader market. These "Famous Five" were selected based on two criteria:

1. continuous inclusion in the FTSE EPRA Nareit Developed Europe index over the decade, and
2. clearly differentiated paths to outperformance.

Their diversity, in asset focus, geographic footprint, strategic model, and capital approach, demonstrates that there is no single formula for success. The five companies, ranked in reverse order of performance, are:

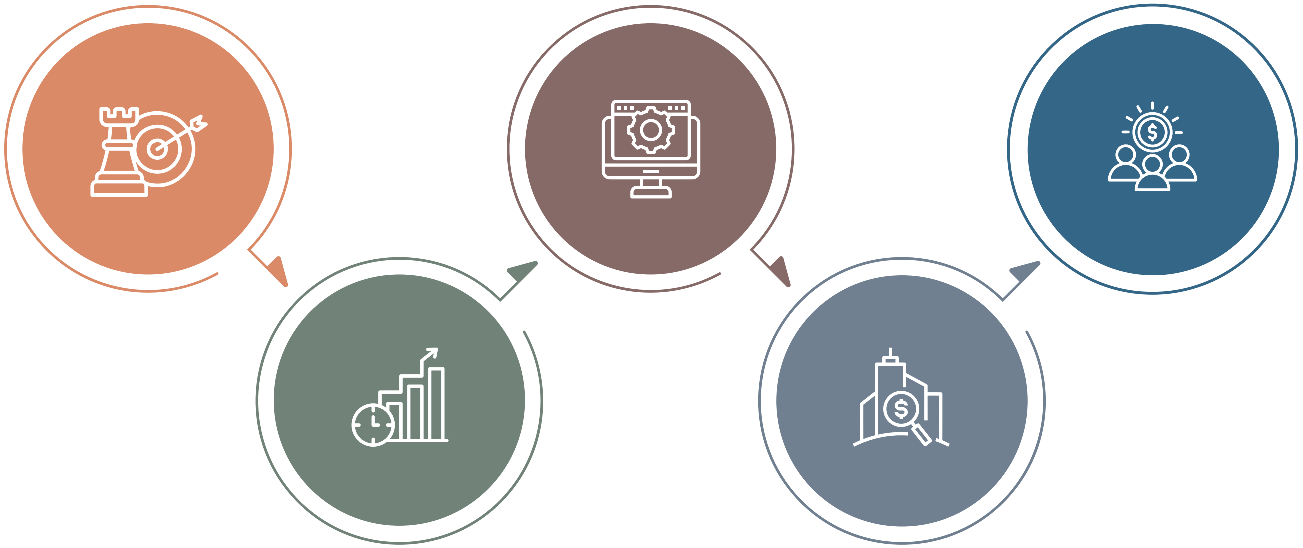
- **Unite Group,**
- **CA Immo,**
- **Warehouses de Pauw,**
- **Safestore, and**
- **Wihlborgs,**

the last of which achieved a remarkable 15% annualised total return over the period.

The European listed real estate sector is often maligned. It has its risks, particularly in times of rising rates and inflationary pressures. Yet, as the "Famous Five" demonstrate, it can also be a powerful vehicle for long term value creation when managed with strategic discipline, sector insight, and operational excellence.

Common themes behind long term outperformance

While each of the five followed a unique route to success, several shared characteristics stood out as drivers of long-term outperformance:



1 *Strategic consistency*

In all cases, a clearly articulated and consistently executed strategy was central to success. Whether the focus was on a specific asset type, such as student accommodation, self-storage, logistics, or offices, or a tight geographic concentration, these companies did not waver. Strategy was not just about assets, but also about financing decisions. Some companies chose to grow through regular equity issuance, others relied on internally generated funds and sustainable use of debt. Importantly, once a direction was chosen, it was maintained through cycles. Management consistency played a role as well: CEOs were often long tenured and promoted from within, helping to preserve culture and institutional memory.

2 *Early positioning for structural growth*

Market timing plays a role in all investments, but the most successful real estate companies demonstrated foresight. Management identified long-term structural demand trends and positioned their businesses accordingly, often years in advance. This strategic anticipation promoted deep sector knowledge and relationships, which enabled early access to profitable development and acquisition opportunities. The combination of specialisation and ecosystem familiarity consistently proved to be a competitive advantage.

3 *Scalable, efficient operating and development platforms*

In real estate sectors characterised by short lease terms, such as self-storage and student accommodation, the ability to manage tenant churn, optimise pricing, and run scalable platforms became a key differentiator. The best performers had well-developed operating platforms that combined technology, analytics, and customer service to drive value. All had, to varying degrees, profitable development pipelines, augmenting returns.

4 *Reasonable opening valuations*

Not all equity performance can be attributed to management. Equity market conditions at the outset of the investment period matter as well. Companies that started the decade undervalued, either due to investor scepticism towards the ability of management to execute or broader market negative sentiment to an asset class, had a tailwind as performance expectations were exceeded. The Famous Five benefited from entering the decade with reasonable price-to-earnings or price-to-NAV ratios given the subsequent growth, although only one was noticeably discounted. Other companies fell away in the ranking as the opening valuation proved too rich to be supported by what were reasonable subsequent operating growth rates.

5 *Stable long-term reference shareholders*

While not a universal requirement for outperformance, the presence of a long-term, supportive reference shareholder proved beneficial. Such investors not only provided confidence to the broader market but also acted as a stabilising force during periods of volatility. In some cases, their involvement facilitated capital raises. Where private equity firms were involved, their presence kept speculation of take-private transactions alive, which in turn supported share price performance.

Outperformance in this sector is the result of years of thoughtful positioning, smart capital allocation, and a deep understanding of both tenants and markets. For investors willing to look beyond short-term volatility and take a nuanced view, listed real estate in Europe can be a competitive and compelling investment.

The Gen A Decade: Context & trends

Listen up, equity investors. Did you know that between the end of 2014 and 2022, Alphabet was outperformed by Warehouse de Pauw? And Safestore's return was in spitting distance of Apple Inc's? Amazon and Microsoft weren't too far ahead, either. Meta Platforms' return was decidedly old world, outperformed by dozens of listed property companies.

- *2015* — Chinese stock market turbulence
- *2016* — Brexit
- *2017* — Trump 1.0 election
- *2020* — COVID
- *2022* — War in Ukraine; War in Gaza; End of global disinflation

Glossing over, for now, the less than salubrious inflationary years of 2023 and 2024, and the untouchability of Nvidia, European Listed Real Estate has garnered criticism as an asset class, and not all of it is warranted. The top performers in the sector have shone, against a difficult economic background.

The years 2015 to 2024 was quite a decade, socially, economically and politically, an era that witnessed the birth of tech-savvy, Covid-impacted Generation Alpha.

With the Sovereign Debt Crisis abating by 2014, confidence was returning. However, the Chinese stock market turbulence from mid-2015 brought the first economic jitters, and the unexpected Brexit vote in mid-2016 suggested a change in the established geopolitical order. This was confirmed by the election of Trump 1.0. Climate change, and the need for decisive action, became more evident. No one needs reminding of the impact of Covid, or the devastating wars in Ukraine and Gaza. The sudden end of global disinflation in 2022 resulted in shock waves that continued to the end of the Gen A decade. Globalisation gave way to geopolitical upheaval.

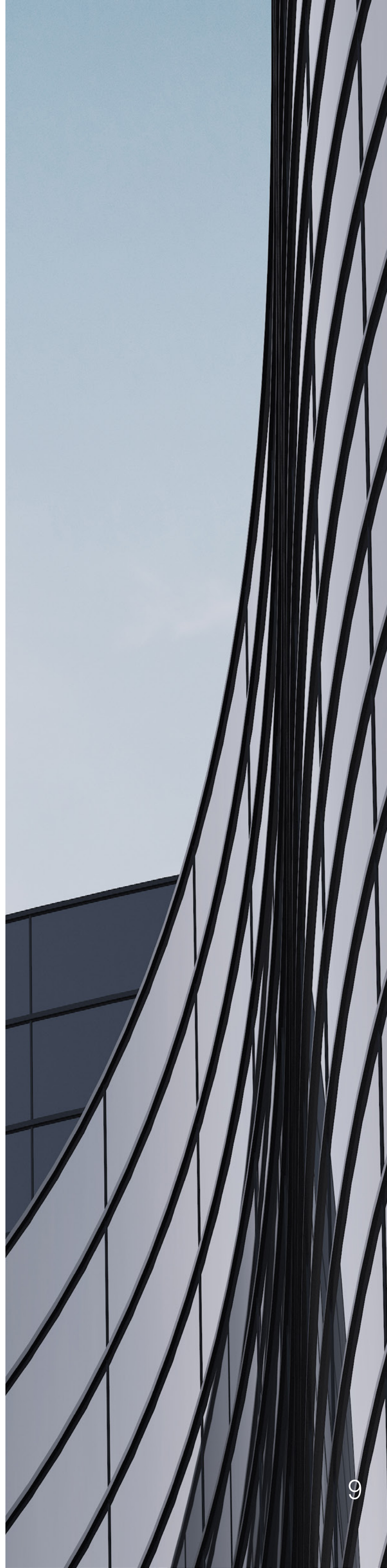
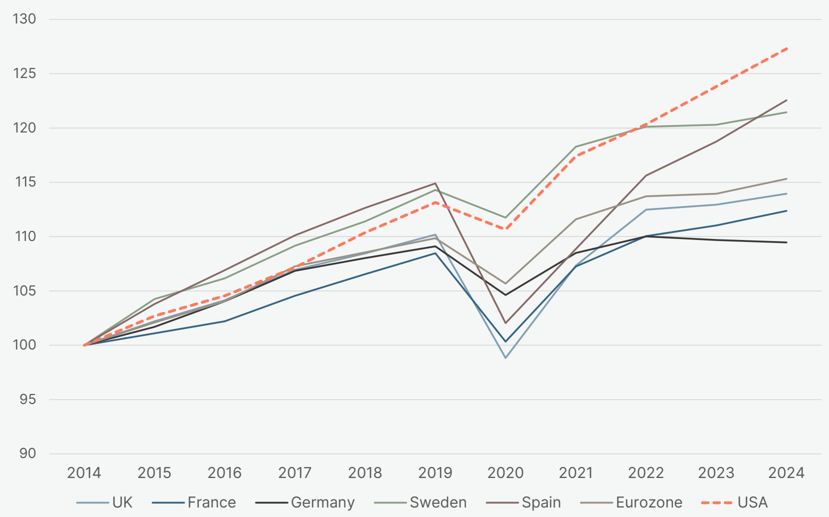
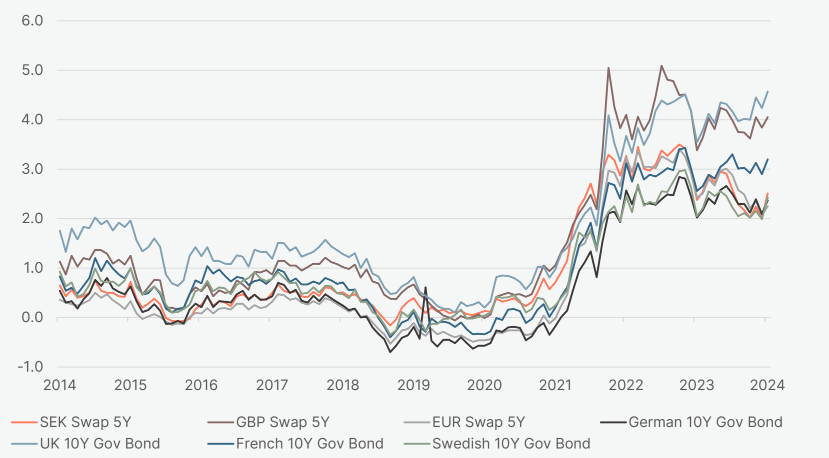


Figure 1: GDP progression (rebased)



Source: Bloomberg

Figure 2: Interest rate step change



Source: Bloomberg

Perhaps the Gen A economic challenges did not quite sink to the prolonged murky depths of the Global Financial Crisis, but it was close. The Covid-19 lockdowns were clearly very painful, but the recovery relatively swift. Still, GDP growth through the decade ***(see Figure 1)*** in Europe was anaemic at c1.5%, with Germany lagging at +0.9% per annum and Spain leading at +2.0% per annum, all comparing unfavourable to the USA's +2.4% per annum.

While some real estate companies were initially tech stock beating, it's time to 'fess up; the end of the Gen A decade proved a very tricky time to generate alpha for shareholders of European listed real estate equities. It wasn't a great back drop for anyone, but traditional sectors with high capital consumption were especially challenged, just as the Magnificent Seven accelerated, and in a couple of cases, went ballistic. The more debt in the capital stack, the shorter the expiry and fixed interest rate profile of that debt and the more exposure to sticky inflationary environments, the more difficult it was.

If rental income could not immediately flex due to five year upward only rent reviews, or tight market regulation, the issues compounded.

In terms of the FTSE EPRA Nareit Developed Europe index absolute performance, the decade was split firmly in two: the years of low interest rates (2014 to 2021; the deep sell off during the Covid-19 lock downs had largely reversed by mid-2021), and the years of inflation (2021-2024). No real estate company was immune.

Figure 3: FTSE EPRA Nareit Developed Europe index performance – Total returns in local currencies

Total Returns 2014-2021	Total Return	Annualised
EPRA Europe	61.75%	7.11%
US REITs	77.57%	8.55%
UK	42.46%	5.18%
Sweden	283.08%	21.13%
EPRA ex UK	78.95%	8.66%
Germany	121.52%	12.02%
France	15.90%	2.13%

Total Returns 2021-2024	Total Return	Annualised
EPRA Europe	-27.84%	-10.30%
US REITs	-8.71%	-2.99%
UK	-33.37%	-12.65%
Sweden	-36.32%	-13.96%
EPRA ex UK	-25.40%	-9.30%
Germany	-33.06%	-12.51%
France	10.64%	3.43%

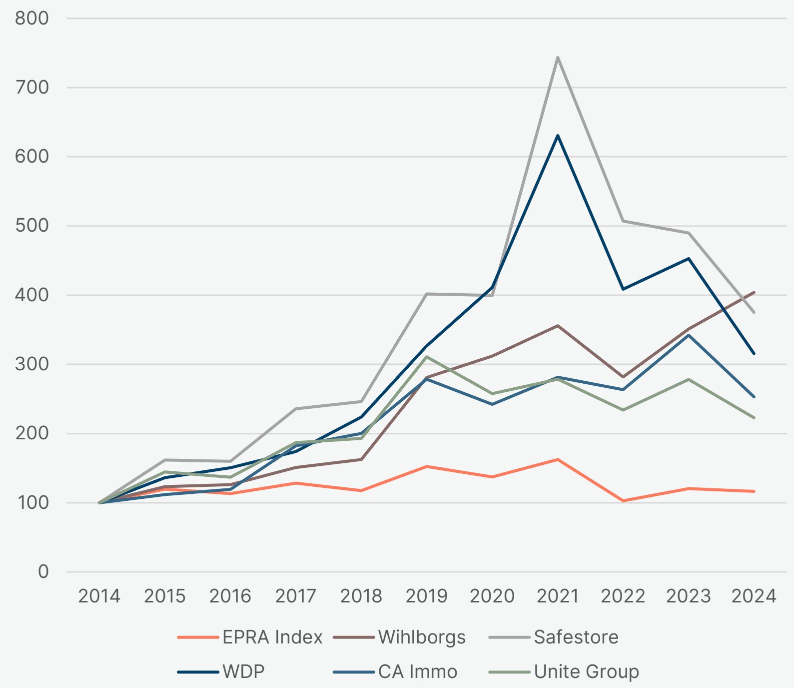
Total Returns 2014-2024	Total Return	Annualised
EPRA Europe	16.71%	1.56%
US REITs	62.11%	4.95%
UK	-5.07%	-0.52%
Sweden	143.94%	9.32%
EPRA ex UK	33.50%	2.93%
Germany	48.27%	4.01%
France	28.23%	2.52%

Source: FTSE EPRA Nareit

But here is the thing. Double digit percentage annual returns over the decade were achieved by some companies while the wider FTSE EPRA Nareit Developed Europe index returned low single figures.

Which companies achieved such competitive returns, and how did they do it? Here we explore The Famous Five of the sector, and the various epic voyages charted.

Figure 4: The Famous Five rebased total return performance



Source: Bloomberg

The ground rules for inclusion in this review were twofold. Firstly, candidates needed to be present in the FTSE EPRA Nareit Developed Europe index throughout the decade. Idiosyncratic privatisations (e.g. Alstria), takeovers by other index constituents (e.g. Gagfah), or IPOs (e.g. Shurgard) that missed some of the fun, were excluded. Other growing companies that reached the thresholds to enter the FTSE EPRA Nareit Developed Europe index during the decade were also excluded, which leaves some stellar performers like Sagax, Catena, VGP, Sirius and Montea to be reviewed another day. Secondly, the sources of outperformance should be differentiated in some way to demonstrate that there is more than one route to success, reflecting a variety of geographies, asset types, corporate structures and capital market strategies.

This review is therefore not one of the very top five performers (notably Balder, Segro and Dios were in the top performing mix too). Instead, it is the story of a range of performers that together demonstrate that European listed real estate can perform exceptionally well, with investors left happy and hungry for more. Despite tricky macro and sector headwinds, there is always a way to make the most of the opportunities and add significant value. Perhaps they provide pointers to identify the outperformers of the next ten years, the best placed to navigate, exploit and overcome the inevitable surprises.

The Famous Five – Company case studies

5 Unite Group

UNITE STUDENTS

2,000
employees

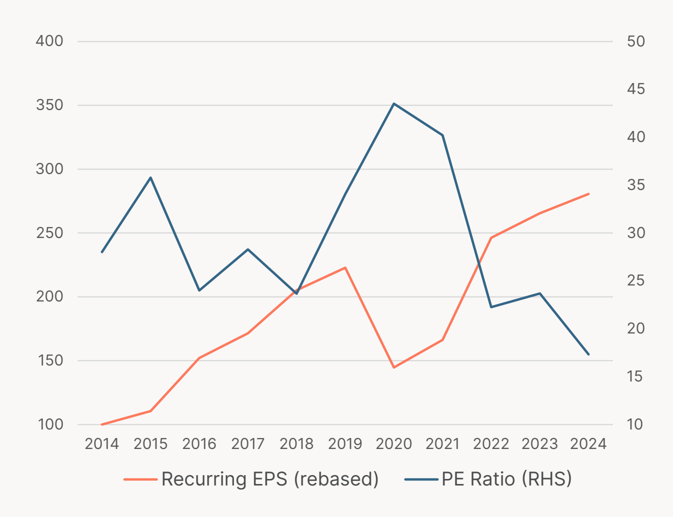
8.4%
10-year annualised return

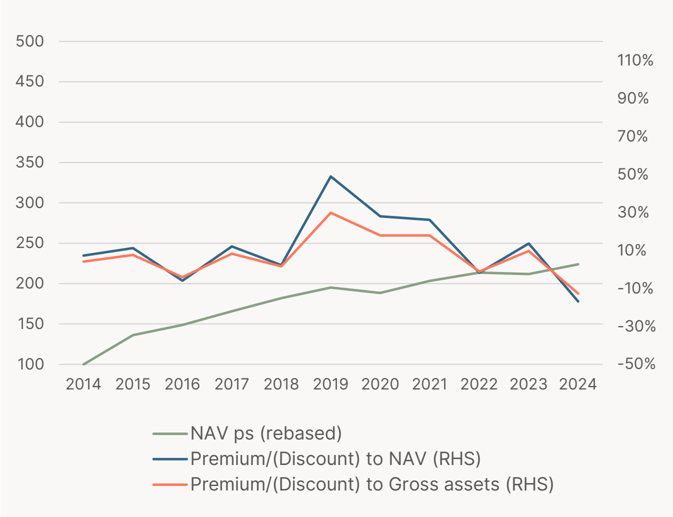
+298%
10 year Real Estate portfolio growth

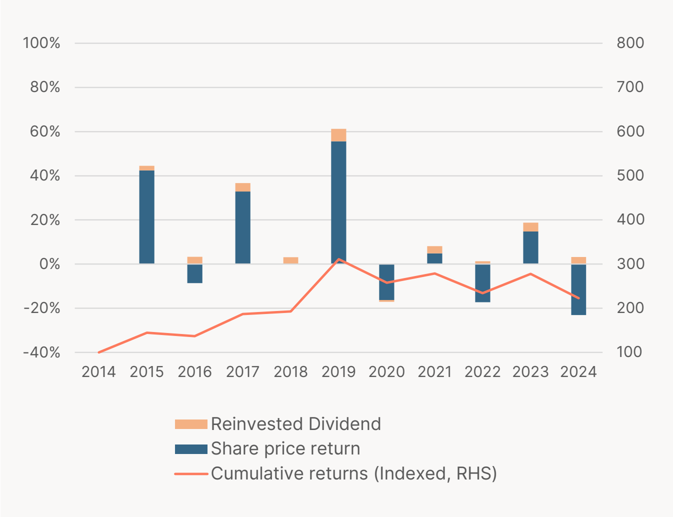
Our first protagonist, with an annualised total return of over 8%, is Unite Group, the largest provider of student accommodation in the UK. Controlling 68,000 beds in 153 assets in 23 towns and cities, it works with over 60 university partners. It would take 186 years for one person to sample the nocturnal delights of each room. One third of Unite's asset ownership is held in two off balance sheet vehicles: a specialist fund, The Unite UK Student Accommodation Fund (USAF) in which Unite holds a 28% stake, and a 50:50 joint venture with GIC, called the London Student Accommodation Joint Venture (LSAV).

Unite Group was founded by sector pioneer Nicholas Porter in 1991, maxing out, as legend has it, a credit card or two and operating from a temporary building on a car park. At only 21 years old, Mr Porter saw a growing demand for student accommodation, and launched the business in Bristol, the town of his schooling. The first asset opened in 1992, a conversion of an old office. Unite listed on London's AIM in 1999 and graduated to the main market a year later.

Figures 5-8: Per share growth (rebased) and related equity multiples; break down of shareholder returns

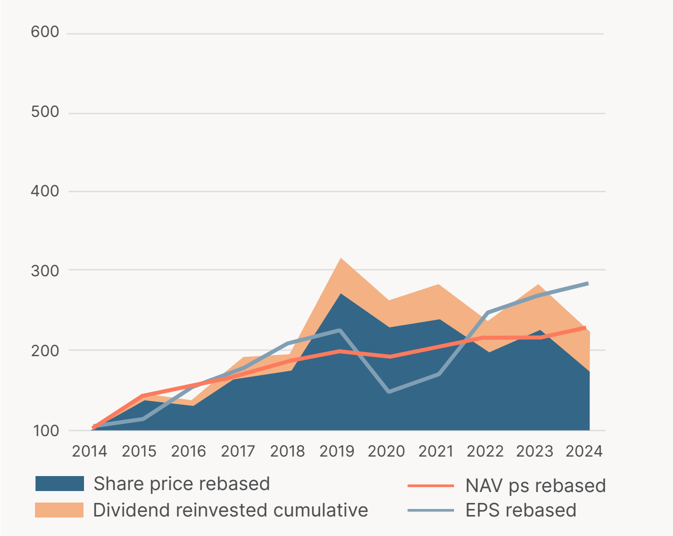






Those early days were inevitably volatile and Unite suffered growing pains. A strategy of investing in Nurses' NHS accommodation proved a mixed success, as did an experiment of using prefabricated modular construction methods with factory in Stroud, which closed in 2012. Burdened with too much leverage, the shares traded at a significant discount to NAV in the earlier years. However, step by step these issues were confronted, and by 2006 Unite was a leading investor and operator with over 30,000 beds under management. The launch of the UK Student Accommodation Fund that year, which allowed the company an exit route for completed developments and deleveraging, as well as access to greater asset management fees, created a firm platform for growth. Unite became a member of the FTSE100 in 2022, just over 30 years since its conception and has been constituent of the FTSE EPRA Nareit Developed Europe index since 2001.

Unite's "Gen A" decade of share price performance was split firmly into two equal halves. Up to the end of 2019, ahead of Covid, the performance was spectacular, with an annual return of 25% per annum. Covid was of course a particular challenge for the Student Accommodation sector. Its one-year lease lengths (mitigated in Unite's case by "nomination agreements", lettings direct to some universities)



Sources: Company reports, Market Square Consulting estimates, Bloomberg

+4.4%

Unite's average annual portfolio revaluation

8.4%

p.a. NAV ps growth over a decade

12%

average absolute rental income growth per year

8%

average investment in new development as % of opening asset valuation

alongside the socially and politically sensitive client base, led to a cancellation of the dividend at the peak of the crisis. Doubling down with the acquisition of the GBP 1.4 billion Liberty Living in 2019 was unfortunate timing. The shares never fully recovered post Covid, with a negative return ever since – relegating Unite into still highly creditable 5th place amongst our stars.

But what went so right in those earlier years?

Unite has proven to be an excellent all-rounder. In the illustrious company of our Famous Five, no one operating or performance statistic tops the list, but all are competitive, and management has been adept in constantly developing the asset base, consolidating the industry and using the equity market for what it is for: raising new equity to fund growth.

This all-round success reflects the structurally growing nature of Student Accommodation demand, its low beta to cyclicality, and the strength of the UK University ecosystem, fully fulfilling Nicholas Porter's prescient theory. It also reflects on a string of highly proficient senior management that was recruited from within the business.

Take asset revaluations. On average, Unite's annual portfolio revaluation has been +4.4%. This included a very strong performance in 2015, when a number of portfolios were sold in the wider market at yields 50bps to 75bps tighter than that reported in 2014; Unite's reported yield reduced from 6.3% in 2014 to 5.6% in 2015. This heralded a prolonged period of yield reduction into the sub 4% zone by 2020, establishing the asset class as a leading alternative real estate sector. Profitable development with a c200bps yield advantage over investment yields was the thick layer of revaluation gain icing on the top. Mix in an average loan to value leverage of 33% over the decade, this resulted in a highly satisfactory NAV return of 8.4% including retained income – the same as the share's total return.

Better still was earnings growth. A record of highly consistent like-for-like rental income growth of between 3% and 4% was punctured by Covid, and strong growth in recent years has not quite reached the previous trajectory. However, net rental income growth was bolstered by developments and acquisitions in the eight to 10 strongest submarkets, pushing rental income up by nearly 12% per year. Operating efficiencies through the scalability of the platform added another 1% to that with the recurring admin expense halving per unit of rent in the decade as the portfolio expanded. Unique in our top five, management fee income from the joint ventures funds two thirds of the annual overheads. Weighted to the first half of the decade, Unite has invested on average an impressive 8% per year of its investment portfolio in new development. These have yielded strong cash flows, around 7% yield on cost.

As a REIT since 2017, UNITE is compelled to pay dividends in return for tax exempt earnings and capital gains, and c80% of recurring income has been paid out (outside of Covid induced liquidity constraints). The quid pro quo is that the equity markets are supposed to be open to fund growth and in Unite's case, they have been.

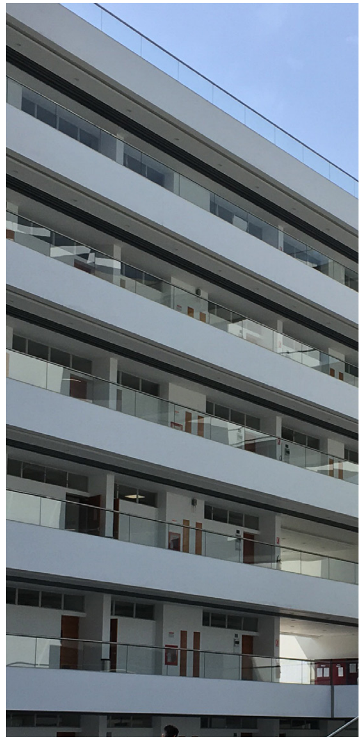
Management has been bold and successful in tapping equity markets, with most external asset growth funded this way, through regular 10% annual non-pre-emptive equity placings. In addition, there was a large equity issue in 2019 with the transformative acquisition of the GBP 2.0 billion Liberty Living business at a yield of 5.3%. Crucially, these equity issues were achieved at competitive pricing, with most being accretive to Net Asset Value per share immediately, and only the 2024 issue at a single digit discount with the promise of strong earnings growth.

Around GBP 2.8 billion of net acquisitions and development capex over the decade has been matched by GBP 2.3 billion of equity issuance, priming the on-balance sheet real estate portfolio value from GBP 970 million at the end of 2014 to GBP 4.6 billion in 2024. Like-for-like revaluations and development surpluses did the rest.

Earnings per share growth is the noisy product of organic rental growth, external portfolio expansion, the benefit of leverage (when the average interest rate is below the net operating income yield) and improving operating efficiency in the nominator. A reduction in the average cost of debt is also helpful (Unite's average cost of debt reduced from 4.7% in 2014 to 3.6% in 2024 and overshooting on the low side in the meantime). This is offset by the increased share count from the equity issues in the denominator. With all of that in the mix, the EPS growth was an attractive 11% per annum.

Of course, the total return of a listed company's share is unlikely to be exactly equal to the underlying NAV per share and recurring EPS metrics. Buyers and sellers of the equity can create sometimes significant disconnect over the shorter term, and Unite's equity valuation multiples have been volatile. Between 2014 and 2019, the year of the Liberty Living acquisition that increased the number of beds by 50%, the NAV premium moved up from +7% to an impressive +49% while the recurring PE Ratio increased from 28x to 34x, creating supernormal positive returns for investors over that time frame, building on the strong operating metrics. But from 2019 to 2024, those operating metrics grew into the premium rating, which evaporated. The PE Ratio dopped to 17x as annual earnings growth dipped below 10%, and the share price has returned little, not helped by necessary investment in fire safety of cladding. A case of too much, too fast. This derating occurred despite management reducing financial leverage to the lowest of our five companies, down to a modest 24% loan to value.

However, management cannot control the rating; the financial metrics have, with the notable exception of the Covid era, been consistently strong and reliable.



The institutionalisation of the chosen asset class, close partnerships with the university customers, an offering tailored to the needs of the student, consistently low vacancy rates, the effective tapping of the equity markets, the ability to source profitable developments with on-time delivery, the improving efficiency of the operating platform aided by one punchy M&A deal and the use of third party capital through Joint Ventures, leveraging the operating platform to earn management fee income against a backdrop of reducing leverage and corporate risk: Unite's success stories here are multiple and a masterclass of full suite of REIT opportunities.

4 CA Immo

222
employees

9.7%
10-year annualised return

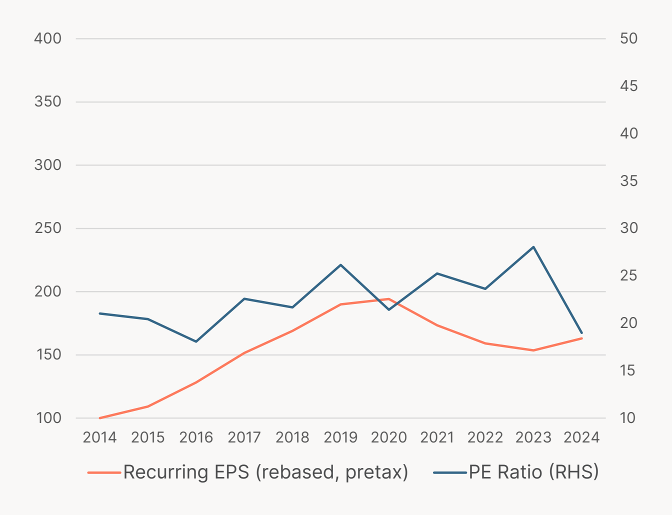
+39%
10 year Real Estate portfolio growth

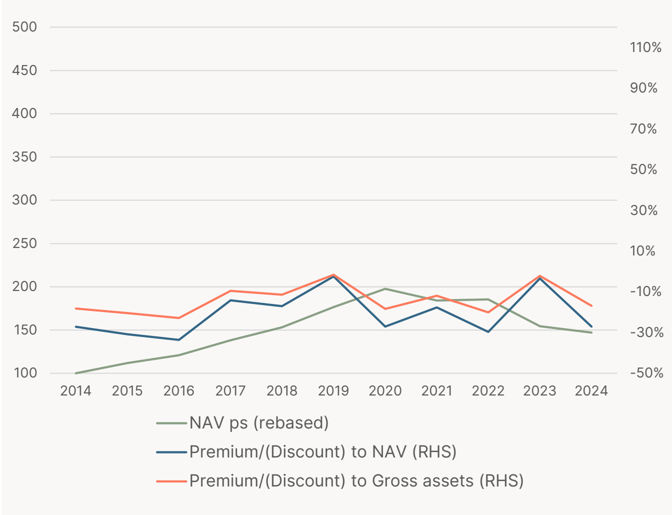
With a slug of generous rounding up, our next champion achieved the threshold of double-digit total shareholder returns. Yet it is the name with the fewest equity research column inches to unit of outperformance, stealthily under the radar for many (but not all).

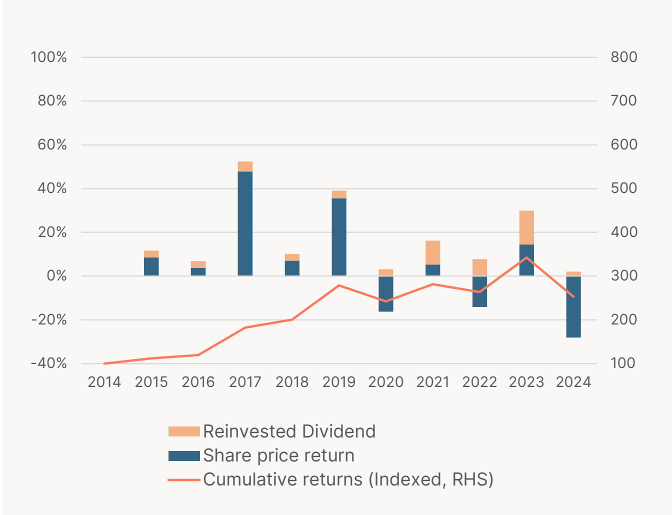
CA Immo's route to outperformance was unusual. It was at least as much to do with the actions of the controlling shareholders' capital allocation decisions as with the underlying real estate and operations. It is a story of fractious behind-the-scenes take over strategies and private equity muscle, with minority shareholders holding on tight.

Listed in 1987, CA Immo is an office investor and developer, headquartered and listed in Vienna, and it is currently the only Austrian constituent in the FTSE EPRA Nareit Developed Europe index, which it joined in 2005. It is relatively unusual within the listed real estate market for its Central European exposure, much of which was acquired through the 2011 takeover of the EUR 1.5 billion Europolis, the property subsidiary of ÖVAG, diversifying somewhat away from its German and Austrian exposure. An earlier defining historic milestone was the EUR1 billion acquisition in 2007 of Vivico Real Estate, a subsidiary of Deutsche Bahn, providing CA Immo with a long runway of development opportunities and expertise.

Figures 9-12: Per share growth (rebased) and related equity multiples; break down of shareholder returns





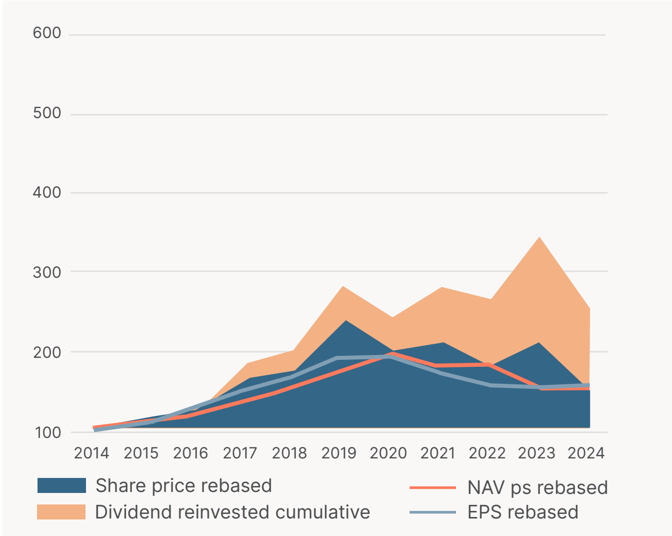


Amongst this illustrious company of top performers, CA Immo's financial KPI performance appears relatively lack lustre. It is in fifth position in terms of growth rates for all of the following: net rental income (+4.6% pa), recurring earnings per share (+5.0% pa), asset revaluations (+3.1% pa) and NAV per share growth (+3.9% pa). But this is rather missing the point.

While CA Immo owns a portfolio of high-quality offices, and is a successful developer, it has a differentiated story related to the corporate wrapper rather than the real estate, with three key elements:

1. *27% discount to NAV*

   The first is that CA Immo started the Gen A decade at a meaningful 27% discount to NAV and has remained discounted to various degrees. All the other four names were trading premiums from the outset, with the equity market already correctly anticipating the higher growth rates. These all suffered a derating in multiples to various degrees that CA Immo avoided. CA Immo's growth rates were not sector leading, but the equity market pricing did not get ahead of them.



Sources: Company reports, Market Square Consulting estimates, Bloomberg

+4.6%

net rental income growth p.a.

+5.0%

recurring earnings per share growth p.a.

+3.1%

asset revaluations p.a.

+3.9%

NAV per share growth p.a.

2 *Tussle between rival reference shareholders*

The second is the historically unstable and acrimonious tussle between rival reference shareholders, now resolved with Starwood Capital as the dominant and solid backer, raising hopes of further corporate action.

3 *Extraordinary dividend payments*

The third is the extraordinary dividend payments made. Starwood enacted a change in the capital structure, using the discounted rating to shareholders' advantage. It is the only company in our list that outperformed partially by taking extraordinary equity capital out of the business.

It is worth reflecting on CA Immo's convoluted shareholder history at this point, as it's a key part of CA Immo's story. Back at the start of our Gen A decade in 2014, Unicredit sold a 16% shareholding at EUR 18.50 per share to Boris Mint's O1 Group, the property investment vehicle of the Russian oligarch. The following year, O1 Group increased its holding, bidding in the market at EUR 18.30 per share, increasing its stake to 26%. Also in 2015, and in a concert party with O1 Group, CA Immo bid for a 13.5% stake in Immofinanz, whose management angrily responded with a counterbid for a 29% stake CA Immo. Neither bid was successful against a backdrop of acrimonious lawsuits. In August 2016, the battle ended peacefully with O1 Group's 26% shareholding transferring to Immofinanz at EUR 23.50 per share, at a punchy 35% premium to the then share price, and a 7% premium to the NAV. This transaction included the four "golden" shares that each give a right to nominate a member of the Supervisory Board. But plans for the merger of Immofinanz and CA Immo faltered following dissent by other minority shareholders.

These transactions completed at ever higher share prices, which was not unhelpful for minority shareholders who were along for the ride. Stability, and even higher share prices, were achieved with Starwood Capital stepping up in July 2018 to buy Immofinanz's stake at EUR 29.50 per share. By 2021, Starwood had increased its stake further to 29.99% and announced a takeover bid for the whole company at EUR 34.44 per share, subsequently raised to EUR 37 per share. Another Austrian company in the mix, S Immo, tendered its 6% share, and with other shares purchased, official control passed to Starwood. This triggered a change in control clause within the convertible debt, which converted to equity. At this point, Starwood held 58% of the company and held the four registered "golden" shares. More recently Starwood has continued to top up its holding, and by December 2024 the shareholding was up to 62% as a share buyback policy started in 2022, again in an effort to crystallise value inherent in the discount to NAV.

This rather prolonged corporate ownership story attracted newspaper column inches, if not much broker research which prefers to concentrate on underwritable operational issues rather than binary takeover speculation. Still, the market could not help but speculate on Starwood's long-term intentions, and whether a full privatisation of CA Immo might eventually happen, providing an element of support to the share price.

With Starwood now the controlling majority shareholder, and with the shares trading at a persistent discount to NAV, it is understandable that it wondered what it could do to crystallise some value and reduce its capital commitment. Taking equity out of the capital stack is one way to try to do that, either through special dividends, or share buy backs. CA Immo and Starwood has done both.

If large tranches of equity capital are removed at par from a company that is trading at a discount to NAV, value can be created if a similar discount to NAV is subsequently maintained on the reduced equity base, despite the higher leverage in the business. The higher leverage can also increase the IRR if all goes well in the future, an argument well-rehearsed by the Private Equity industry.

Three large special dividends of around EUR 2.50 per share each have returned a total of EUR 750 million to shareholders since 2020, in addition to the regular dividend. The LTV ratio has increased from 34% in 2019 to 38% as at the end of 2024, with the forced conversion of the EUR 280 million convertible bond keeping a lid on the LTV ratio going higher.

So, did Starwood's gamble of instigating such an equity return pay off for minority shareholders? Well, overall, yes. Here CA Immo is, after all, amongst the sector's star performers over the decade. The discount to NAV started the decade at -27%, was at -27% at the end of 2020 before the first special dividend and finished the decade at .... -27% despite the LTV leverage increasing. Taking equity out the business at par did not hurt the already soft rating, the discount was effectively closed on the equity withdrawn and the strategy worked.

Pulling it all together: the opening soft equity valuation, high quality office assets with CPI indexation rental clauses, decent earnings growth from that indexation (and augmented largely by spectacular brownfield developments in Berlin's Europacity), purposeful capital allocation decisions by active shareholders (taking capital out of a business trading at a discount), related bid speculation, and well-executed asset sales to maintain liquidity... the result is an unusual yet successful cocktail of double digit total returns to equity holders.

NB: As an "operating company" and not a REIT, tax leakage is an issue for CA Immo. Recurring Tax leakage has varied significantly, obscuring the true growth of core earnings. A similar issue sits on the balance sheet, but this is more clearly disclosed as a deferred tax liability and can be adjusted for. To erase potential misleading volatility from the tax impact, it has been removed from this analysis from both the income statement and balance sheet with the aim of resulting in more meaningful underlying growth metrics.

3 Warehouses De Pauw

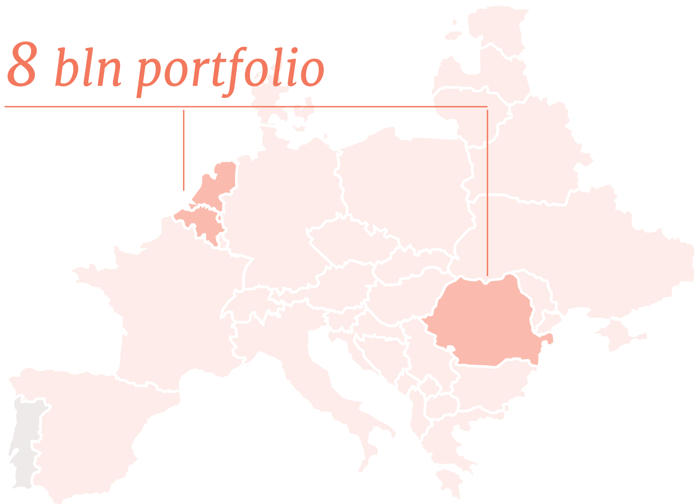
128
employees

12.2%
10-year annualised return

+426%
10 year Real Estate portfolio growth

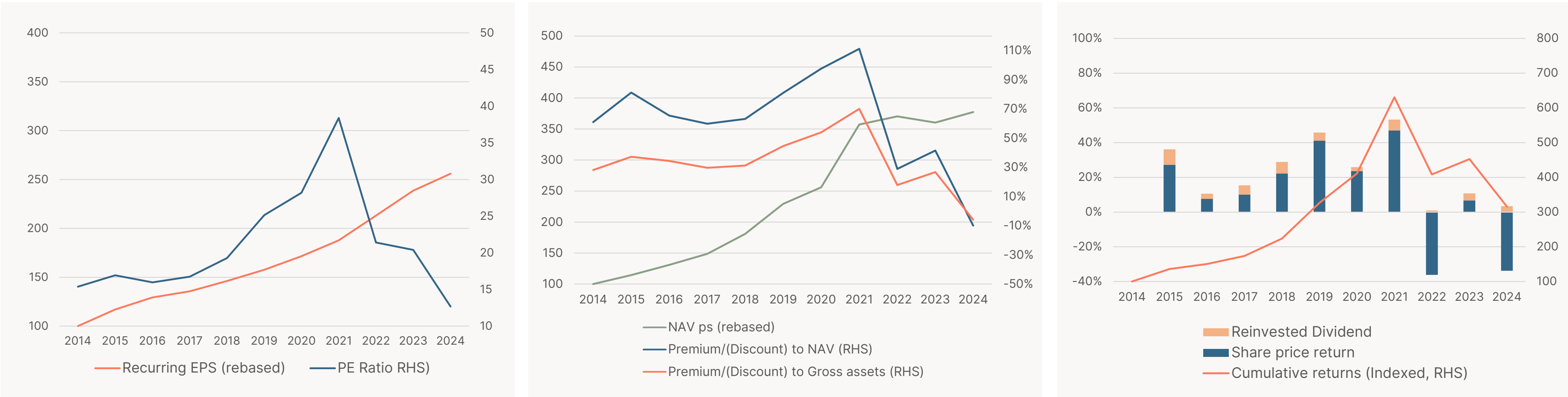
The spotlight now shines on the biggest hitters, the unambiguous double-digit performers. If you didn't expect CA Immo to make the top five, you probably did expect a logistics investor to appear. It has been the sector of the decade, enjoying a warm tail wind for those with the foresight to secure early exposure.

Starting with relatively high property yields helped, and the rise of space-intensive e-commerce, limited supply, supply chain modernisation and disruptions during Covid, along with short development turnaround timelines, resulted in the logistics sector being the darling of the decade. Just as retail and latterly offices stumbled, it cemented itself as a core asset class. Investment volumes and rental values soared - at least until the inflationary environment took hold in mid-2021.



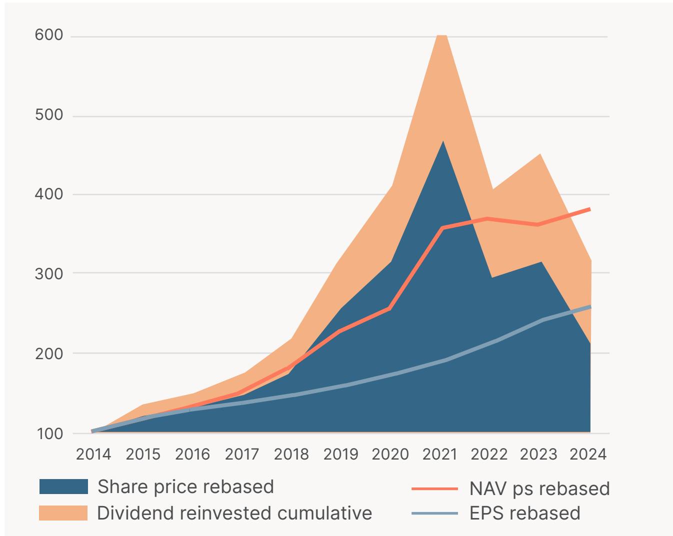
Warehouses de Pauw (WDP), perhaps more than any other, maxed out the opportunity with patience and unwavering consistency, and now owns an EUR 8 billion portfolio across Benelux and Romania.

Figures 13-16: Per share growth (rebased) and related equity multiples; break down of shareholder returns



The original business that become WDP (and Montea - the two businesses split in 1977) was founded in Wolvertem, Belgium by Jos de Pauw in the late 1960s. Starting as an opportunistic property trader of redundant factories, it evolved into an industrial investor. In 1975 Jos' son, Tony, joined the family company at the end of his schooling, working within a team of five in the basement of the family home. Over the next two decades with business grew, gaining scale and a reputation as a developer and investor, and in 1995 Joost Uwnets, a banking advisor to the company, and Tony hatched plan to list the company. Joost took up the CFO position in June 1999 with the successful flotation, and became co-CEO in 2010, and the sole CEO in 2024. The floatation allowed expansion into The Netherlands in 2000 and WDP debuted in Romania in 2008. The company entered the FTSE EPRA Nareit Developed Europe index in 2004 and the Bel-20 in 2019.

One of the major factors influencing future returns of a listed equity is the opening equity rating. If the market is too exuberant at the outset about future growth prospects, or perhaps management over promises, under performance will follow even if the operating performance is competitive with peers.



Sources: Company reports, Market Square Consulting estimates, Bloomberg

+9.9%

recurring EPS growth p.a.

6%

average share count increase p.a.

13.5%

earnings and dividend growth in 2022

-10%

NAV discount by the end of 2024

In the case of WDP, it had the most unusual set of opening valuation metrics at the end of 2014. On the one hand, the earnings yield was a competitive 6.5%, bettered only in this illustrious company by Sweden's Wihlborgs, and a nearly twice that of the lowest yielder, Unite Group. This was pushed along by a high level of cash generation from the asset base, and a competitive cost of debt.

On the other hand, the equity market considered the reported property yield of 7.3% as too conservative and applied a significant 28% uplift to the value of the assets in the equity rating. With above-average balance sheet leverage of 50% loan to the conservative reported asset valuation, this translated into a very large 61% premium to NAV per share. Effectively, the market was ignoring the reported NAV and balance sheet leverage, focussing on earnings, earnings growth, and net debt to EBITDA, and it was proved right to do so.

Let's do the same and concentrate on earnings, as arguably the stellar NAV per share growth was not the primary driver of shareholder returns.

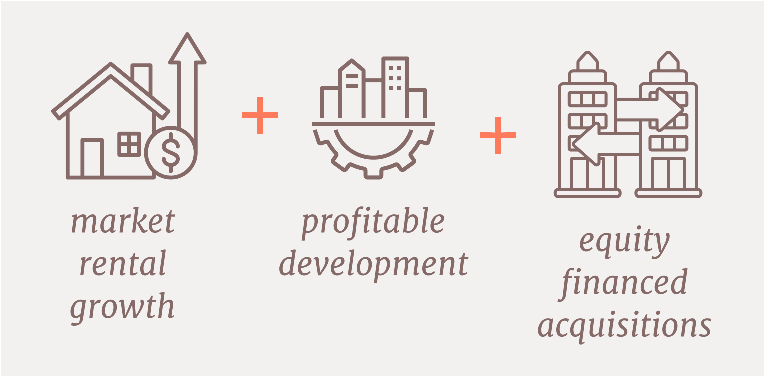
While WDP is in third place for recurring EPS growth at 9.9%, what is standout is the consistency of that growth. Despite the economic challenges outlined in the introduction, WDP has grown earnings per share every single Gen A year. The growth rate was highest in 2015 at 17% and bottomed at 4.8% in 2017. None of the other four companies under review have managed to stay in growth territory every year.

Rental indexation clauses across its leases was certainly an important factor in achieving this growth. However, it was also achieved through constant and relentless portfolio curation, expansion and development.

Development capex was a major contributor to returns. In only two years in the decade did WDP spend less than 10% of its opening portfolio value on development (2021: 8% and 2023: 5%). The company was an early mover in installing photovoltaics on the roofs of its warehouses and is aiming for a solar capacity of 350-megawatt peak by 2027. Importantly, disposals have been minimal, with visits to the equity markets providing all the funding required and keeping debt metrics within the required tolerance.

More than any other company in our list, WDP has dipped into the equity market to fund growth, with the number of shares increasing between 3% (2017) and 15% (2016) every year, and averaging at a 6% pa increase. This has been through a mixture of equity placings, scrip dividends and, unusually, purchases of real estate from corporate occupiers with new equity (contribution in kind).

The mix of market rental growth, profitable development and equity financed acquisitions has been a potent cocktail. By way of illustration, let's take a recent year of strong earnings growth. In 2022, earnings (and dividend) grew by 13.5%.



In that year, 500,000 sqm of development was completed, costing EUR 300 million at a gross initial yield of 6.7%, all fully let, 100bps above the then reported gross yield of the investment portfolio. Investing some of that capital in higher yielding Romania tickled up the development yields. 55 MWp of solar capacity was added. Vacancy rates were sub 1%, a slight reduction on the previous year. EUR 475 million of equity was raised, of which EUR 175 million was from a contribution in kind, and EUR 300 million of primary equity was raised in an Accelerated Bookbuild at a c15% premium to NAV. The average interest rate on the debt book troughed at 1.9%, where it has remarkably stayed until the end of 2024. Of course, the growth in earnings in any one year is also the annualisation of actions of the previous years, but nonetheless 2022 provides a good snapshot of WDP's breadth and depth, all achieved against a very difficult geopolitical and macroeconomic backdrop.

Like Unite Group, WDP's management has pulled many of the levers available, in the capital markets and operationally. Also like Unite, the shares derated significantly into the close of the decade. Between 2014 and 2021 the annualised shareholder return was a heady 30%, when the shares were trading at a 2.6% recurring EPS yield, a 70% premium to gross assets and a 111% premium to NAV per shares. The derating from 2022 to 2024 has been significant and tough, particularly given the consistency of earnings growth: by the end of 2024 the recurring EPS yield was 7.9% and the NAV discount was at -10%.

Unlike Unite, but like CA Immo in the latter half of the decade, WDP had a significant and stable shareholder, providing an element of confidence to free-float investors. The de Pauw family has been diluted slightly in recent years as the company's asset base increased to EUR 8 billion and market capitalisation EUR 4 billion, but it still holds around 21% of the equity, down from 26% in 2014. Notably the family continues to participate in equity issues, taking 10% of the December 2023 placing at a 26% premium to NAV. This is in stark contrast to the shareholders of CA Immo that have taken capital out of that business.

As a REIT, WDP has always had a high payout ratio of 80%. Reinvested dividends have therefore been an important part of the total return story, and the equity market has been willing to return the favour with fresh equity when asked. Reinvested dividends compensated for the derating of the equity multiple over the years in the total return mix.

A model of consistency in management, strategy and income growth, WDP is a prime example of the potential of listed real estate vehicles to produce long-term, income-focused, low volatility returns, whilst searching for and investing in sustainable, renewable energy solutions.

2 Safestore

safestore™

810
employees

14.1%
10-year annualised return

+333%
10 year Real Estate portfolio growth

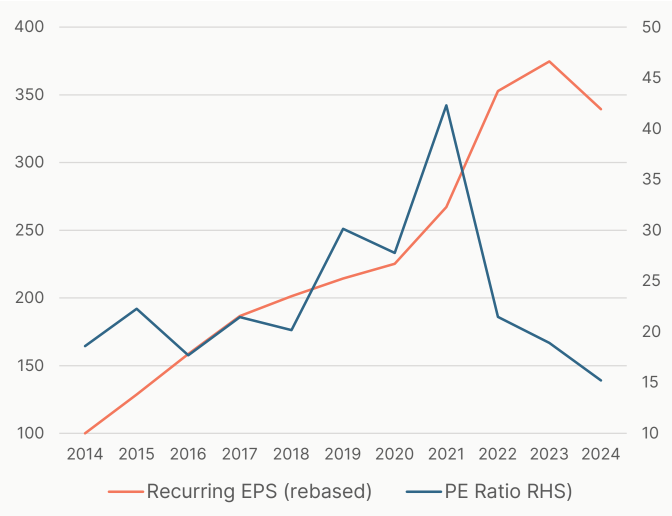
Our runner up, self-storage investor, developer and operator Safestore, is the second short lease length, operationally intensive business of our five. It is evident that a well-executed, public facing, operationally intensive product offering is a way to achieve longer term outperformance.

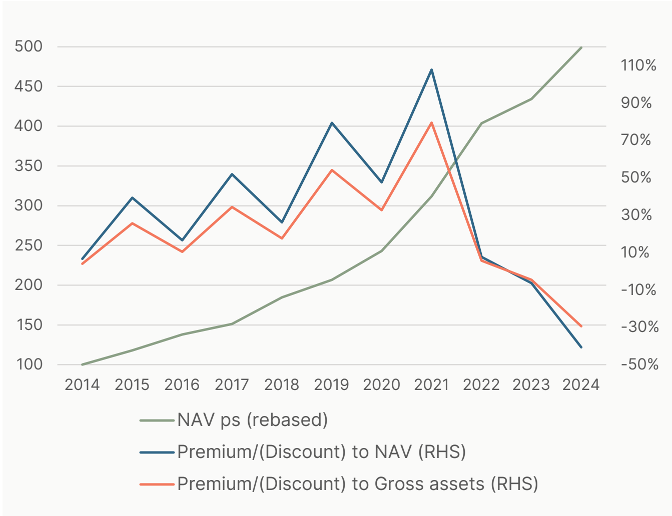
Founded in the UK in 1998 with three stores in London, and listed on AIM the same year, Safestore's first dalliance with the listed markets did not last long. In 2003 it was privatised by the then CEO Steve Williams in a GBP 40 million buyout, backed by Bridgepoint. The transformative acquisitions of Mentmore plc, trading under the "Spaces" brand, and the Une Pièce en Plus business in Paris, both in 2004, resulted in Safestore becoming the largest provider of self-storage in the UK and the second largest in Europe. Further acquisitions in the next couple of years set the business up for a second flotation in 2007 on the LSE's main market with a market capitalisation of GBP 450 million and led the company to become a member of the FTSE EPRA Nareit Developed Europe index in March 2011. Bridgepoint sold half its stake in the IPO and sold out of the reminder in 2011. Frederic Vecchioli, who founded the French business in 1998, was appointed CEO in 2013.

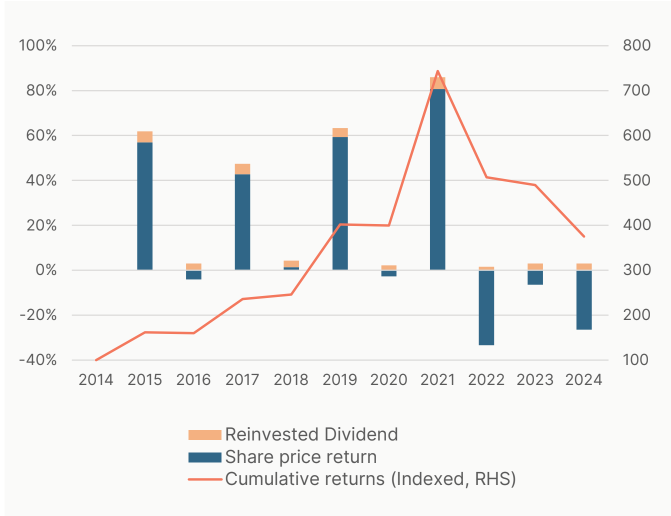
With an emphasis on new development, complemented by further corporate acquisitions (Space Maker in 2016, Alligator in 2017, Fort Box and Spain's Ohmybox! in 2019), Safestore is now the UK's largest self-storage group with 202 stores across the UK and Continental Europe. 130 of those stores are in the UK, and 30 in Paris. The remainder are spread around The Netherlands, Belgium, Spain and Germany.

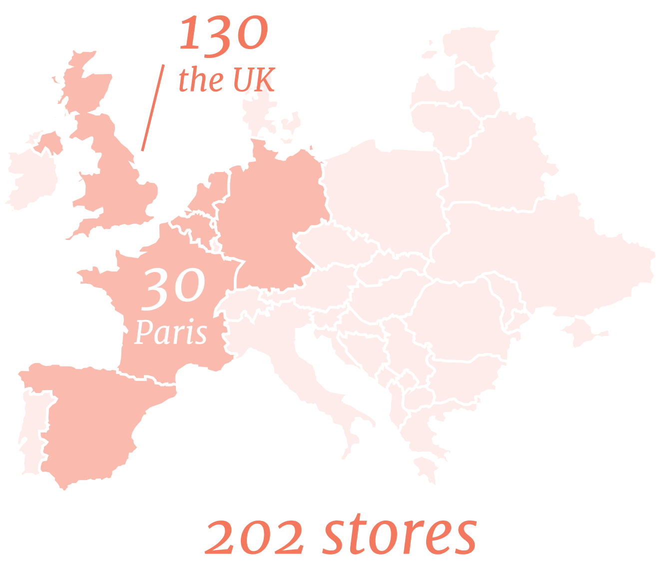
The rise of self-storage within the real estate universe has not been discussed as intensely as that of logistics, but it has been no less impressive.

Figures 17-20: Per share growth (rebased) and related equity multiples; break down of shareholder returns

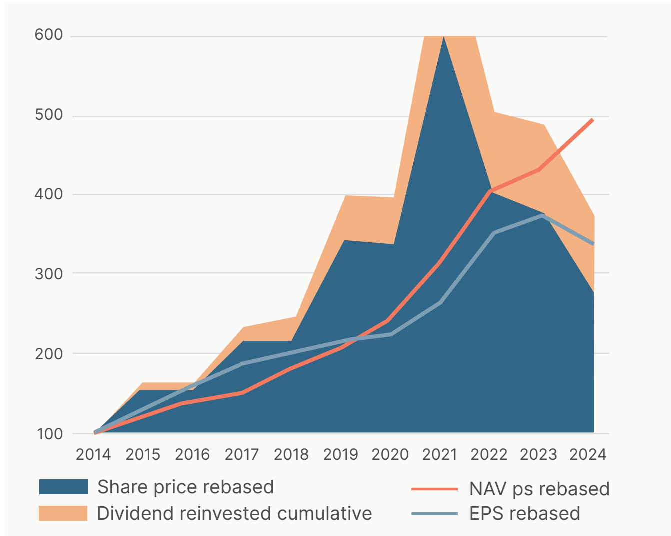








The European self-storage market is young, with the first store opening in 1980. Growth has been strong and by 2024 there were 9,575 stores in operation, according to FEDESSA, totalling 16.5 million sqm gross. This was more than double the 7 million sqm provision in 2014. Drivers of that growth ranged from e-commerce, last mile corporate demand to increased retail demand from urbanisation and high and rising housing costs. According to FEDESSA, transaction volumes are rising with 2024 the fifth successive year of consecutive investment records, up to around EUR 1.4 billion. 37% of Europeans remain unaware of self-storage, so opportunities remain.



Sources: Company reports, Market Square Consulting estimates, Bloomberg

13%

earnings growth over the decade p.a.

9%

total revenue growth per annum p.a.

4%

average asset expenditure on new development

61%

net operating margin, increase of 3 percentage points

In the same vein as WDP, Safestore has always been an earnings growth centred business model. Self-storage assets are less of a commodity than other real estate classes. The value is as much in the brand, marketing and operating platform as it is in the bricks and mortar, with stores located as they need to be close to high-traffic and high-visibility locations, which tend to be suburban and sometimes unlovely. With the sector's high turnover of customers, with churn rates between 60% and 70% per year across the industry, Self-storage requires curation and careful yield management, balancing rate and occupancy with constant oversight and calibration.

Whilst that yield management is like that of a hotel, the operations and economics are very different. Staff levels are minimal, as is power and water usage. Room preparation for a new tenant takes little time, and when occupied, no time at all. The operational efficiency is high and asset depreciation is low. Like Unite Group and WDP, let's concentrate once again on earnings.

Safestore's earnings growth has been extraordinary, growing by 13% pa at the recurring EPS level during the Gen A decade. The backbone of this growth has been, as you might expect, through net rental income growth.

Core, like-for-like rental income growth has reflected the rise of self-storage as an asset class, and Safestore's ability to influence and access that growth. Rate growth per sq ft has risen on average by 3.2% per year with the post pandemic inflationary squeeze being reflected in high-rate growth (+11.5% in 2022). Like-for-like occupancy has also increased, resulting in a 6.2% annualised increase in like-for-like total revenue.

Add in debt-funded development income and acquisitions, and total revenue growth has been 9% per annum.

The significant development pipeline (Safestore has spent on average 4% of its asset base on new development each year), has been key source of earnings growth and is highly cash generative. The land acquired for self-storage can be relatively inexpensive, the cost of building a unit is low, and planning consent can be secured relatively easily due to the uncontentious locations. Construction timetables are short, although it does take time for a new development to reach effective full occupancy. Safestore has a record of double-digit cash-on-cash returns on store investment, a leader across the listed real estate universe.

The GBP 42 million acquisition of Space Maker Stores in June 2016 was achieved at a 9.4% net operating income yield, with a further growth opportunity from the vacancy, while the GBP 56 million September 2017 purchase of Alligator yield was at 7.7%. Both deals were debt financed and highly accretive and had scope for improved operational efficiency on Safestore's platform. The EUR 17.3 million acquisition of Spain's Ohmybox! in December 2019 was at a lower yield of 5.2%, but the 68% occupancy had scope for improvement, and the acquisition formed the base for strategic expansion in Spain. Management's strategic acceptance of leasehold assets, where the freehold is held by a third party and Safestore pays rent for access and resale, has increased both operating leverage and its ability to secure external acquisitions.

Operational excellence and efficiency played its part as the portfolio has expanded, adding another 1.8% to recurring earnings p.a, and the administration cost per unit of rent halved in the decade on the back of Safestore's scalable platform, and the net operating margin increasing from 58% to 61%.

The effective tax rate also reduced from 12% in 2014 to 4%; Safestore is a REIT, so rental income is tax exempt, but sales of other products such as insurance are taxable. A major differentiator between WDP, and Unite Group, is that Safestore has not troubled the equity markets for new capital. The last raise was completed in 2014, when new shares equalling 9.9% of the shares in issue were placed at GBP 1.75 per share. There was no share count dilution in our decade under review.

Safestore's absolute debt levels have therefore increased to fund this growth, but reducing interest rates from 4.3% in 2014 to sub 2% by 2022 insulated in the income statement.

More recently, the cost of debt has risen back close to 4% which, mixed with the first decline in rents, resulted in the one and only year of earnings decline for Safestore in the Gen A decade.

In summary, Safestore's journey has been similar to Unite Group's. Strong like-for-like rental growth from a growing asset class that responded to operational excellence, profitable development and accretive external acquisitions.

Where they differ is that Safestore's development and acquisition yields were slightly higher, and were funded by accretive debt, while Unite Group used equity; and Unite was harder hit by Covid, having doubled down on the Liberty Living acquisition in late 2019.

Like WDP and Unite Group, the equity derating since 2021 has been brutal, with the P/E reducing from 42x to 15x, but underlying earnings continued to increase over that time, and still resulted in exemplary shareholder returns over the decade.

1 Wihlborgs

228
employees

15%
10-year annualised return

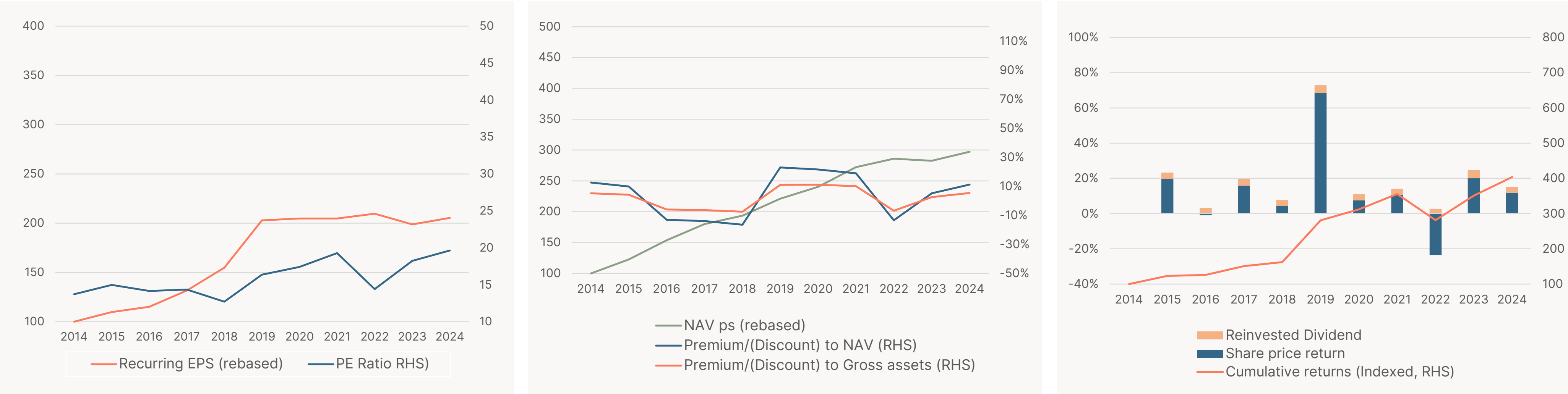
+149%
10 year Real Estate portfolio growth

With no more ado, we move on to our winner, with a 15% annualised total return and the lowest volatility to boot: Sweden's, or more specifically, Öresund's Wihlborgs.

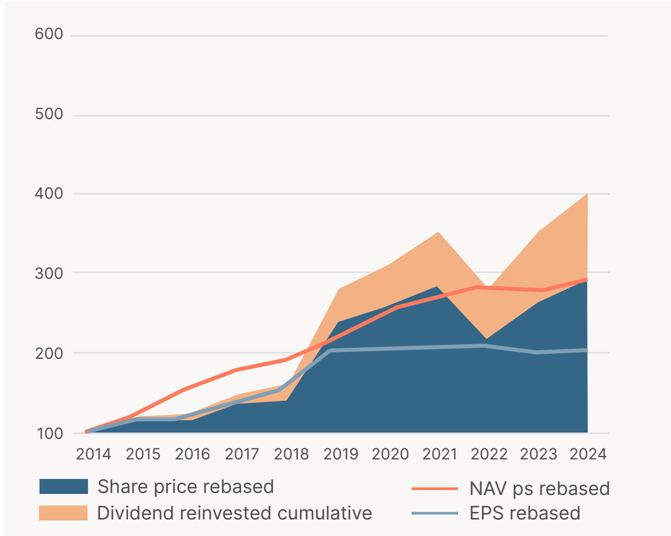
It was a close-run thing: both WDP and Safestore were significantly ahead in terms of shareholder returns all the way from the start of 2015 to 2023. However, the material derating of those two from 2022 knocked them off the top two spots in 2024. Wihlborgs leaned to the line for the win, the only company amongst our five to provide a positive shareholder return in 2024 by some margin. With this strong final year of performance, it was also the only company of the five to return a positive shareholder return from the end of 2019, the last year before Covid.

Wihlborgs' history goes back further than its illustrious peers, to 1924 when Olof Persson Wihlborg founded a construction company that soon acquired land to expand into house building in Malmö. Economically the area was challenged in the '70s and '80s when the ship building industry declined and ultimately closed. By 1985 Wihlborgs was a pure real estate investment vehicle, expanding into Lund. In 2000, when the Öresund Bridge opened to Denmark, the entire region was linked, and greater opportunities arose. Wihlborgs exploited this through predominantly office acquisitions and development and acquired, in a JV, the old industrial docklands for redevelopment. The Stockholm assets, acquired in 1998, were separated into Fabege in 2005, and in May that year Wihlborgs was listed on the Stockholm Stock Exchange, and it continued acquiring assets in Malmö, Lund and Helsingborg. By 2014, Wihlborgs was firmly established in Denmark (the first Danish asset was acquired in 1996), and ramped up development in and around Malmö and Helsingborg.

Figures 21-24: Per share growth (rebased) and related equity multiples; break down of shareholder returns



As we review our top performer, in its centenary year, now-common themes resonate.



Sources: Company reports, Market Square Consulting estimates, Bloomberg

1 *Consistency*

The first theme is consistency. Wihlborgs has been committed to the Öresund region for 100 years, and since the 1990s has benefited from the economic revival and competitive advantages of the area. A well-educated workforce graduating from a network of universities fuelled a strong knowledge-based economy. In Copenhagen and Malmö, Wihlborgs has been exposed to two of the most densely populated areas in Scandinavia. The bridge has knit the area together, and the Fehmarn Belt tunnel under construction between Denmark and Germany will further enhance connectivity. Wihlborgs knows the landscape like no other, and while it focusses on offices, it also develops education facilities, manufacturing and logistics facilities. It invests in the Öresund ecosystem.

+4.6%

like-for-like rental income increase p.a.

+13.7%

leading like-for-like rental income growth in 2022 p.a.

7.8%

annualised net rental income growth p.a.

3.2%

asset growth per annum p.a.

2 *Solid operating metrics*

This robust economic base promoted the second theme: solid operating metrics. Disclosure is thin in the early part of the decade, but from 2017 to 2024 like-for-like rental income increased by 4.6% pa, a result of both the decent economics of the area, but also the high level of indexation in the rental leases. A sector leading +13.7% like-for-like rental income growth was reported in the peak inflation year 2022. The more forward looking and uniquely Swedish measure of "net lettings", the sum of prelets, including in the development pipeline, and notices of departures, was positive in each year in our decade, and has been negative for only one quarter (the first quarter in 2015) since 2008. The portfolio value has increased every year since 2005, and the dividend increased every year for 16 years.

Wihlborg's annualised net rental income growth has been excellent at 7.8%, but in fact is not a leader in our highly performing pack. The consistency of returns, however, has allowed a meaningful equity rerating, as the high initial recurring earnings yield reduced from 7.3% to 5.1% at the end of 2024. The lack of equity issuance, a similar strategy to Safestore, resulted in no share count dilution. The rising cost of debt in the latter years has taken a chunk out of the net income, causing recurring earnings to flat line, but the nervous negative share price performance in 2022 was more than reversed in 2023 and 2024.

The balance sheet metrics tell a similar story. Good asset growth of 3.2% per annum is only the fourth best in this company, very similar to that of the high-quality office investor, CA Immo. But the unchallenged higher leverage and retained profit for profitable reinvestment allowed the 13% premium to NAV per share witnessed in 2014 to stick.

3 *Operating platform*

The third theme is the operating platform. While the operational intensity is not at the level required by Unite Group or Safestore, its specialist geography and local knowledge reflects similar attributes. The company's value-generating clusters require coordination and direction.

4 *Relatively unstretched opening valuation metrics and strong cash generation*

The fourth theme is the relatively unstretched opening valuation metrics and strong cash generation. The 2014 recurring EPS yield of 7.3% provided a beneficial start point, albeit built on relatively high leverage; the EBITDA yield was slightly less eye catching but still competitive at 5.4%. The 5.8% property yield at that point has proven relatively stable. There was no derating of the shares during the period, a privilege shared only with CA Immo.

5 *Development*

The fifth theme is development. Compared to its four peers Wihlborgs' development pipeline has been slighter smaller, with on average 3% of the opening capital value of the real estate being invested each year. But those developments are chosen carefully, executed and let well. Consistent incremental accretive acquisitions have also pushed earnings along. Management is innovative, with the world's first building constructed with fossil-free steel, delivered in 2024.

6 *Presence of a reference shareholder*

The sixth and final of the recurring themes is the presence of a reference shareholder. One time CEO and Chairman of Wihlborgs, Erik Paulsson and family own 11% of Wihlborgs via the Backahill investment vehicle. With no equity issues, the family has not had to invest further to show support, but the shareholding has been consistent, and increased from 10.3% in 2014, providing stability and confidence amongst the shareholder base.

One area, importantly, that differentiates Wihlborgs from its non-Swedish peers is the above average level of debt financing, and within that the high level of floating rate debt (50% in Wihlborg's case). For the equity holder, leverage is a great thing, building on long term economic growth, augmenting returns and pushing institutional real estate into double digit IRR territory.... until it suddenly isn't. When debt rating agencies and the bond markets take the headlines, trouble beckons for the equity holder. The rescue rights issues seen through the Great Financial Crisis in the UK were the most memorable example of this, but Continental European companies have been caught out too.

Not so for Wihlborgs. Its >10% net debt to EBITDA and c50% LTV ratios have been relatively consistent through the decade and caused little issue. While the share price wobbled in 2022 (down 21%) as interest rates rose and the bond market deteriorated, Wihlborgs pivoted successfully to the supportive Nordic banks and Danish mortgage institutions. Long term, bilateral banking relationships held firm, even as interest cover dipped to 2.5x in 2024, approaching management's minimum target of 2x. Shareholder confidence soon returned. Management's eschewing of hybrid debt and D shares kept the debt structure simple and the surprises to a minimum.

At no point in our decade did Wihlborgs raise new equity, either to reload for acquisitions and development, despite its frequent premium rating to NAV (as was the case for WDP and Unite Group), nor to provide comfort to its debt holders.

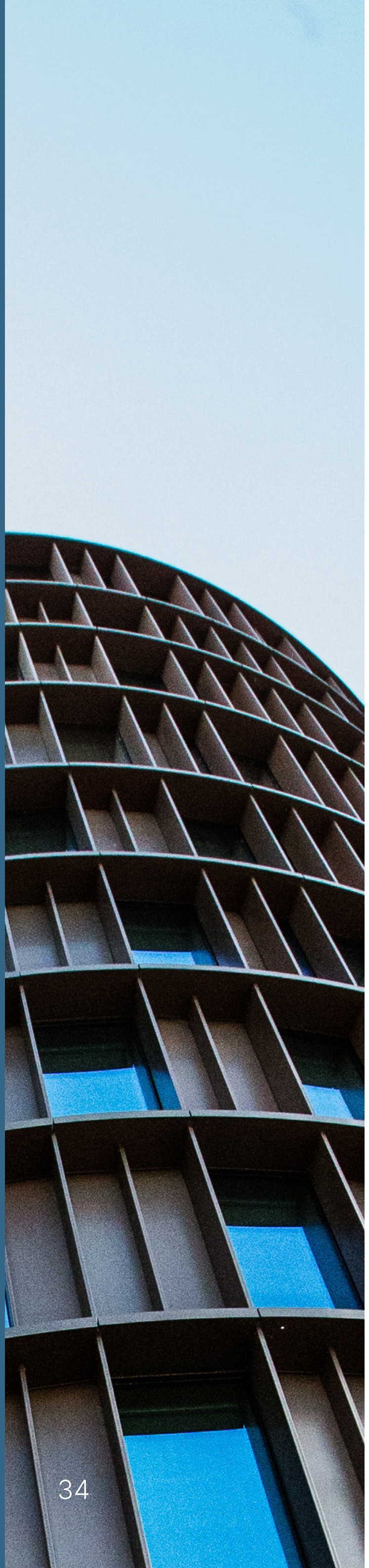
Unique in this company, if not to its Swedish peers, is that Wihlborgs showed some REIT-like characteristics while unable to be a REIT in Sweden. Swedish real estate companies tend to have tax loss-carry forwards which can be used to offset the recurring cash tax leakage. Wihlborgs had the ability to retain half its net cash flow for reinvestment, while not suffer the usual full rates of corporation tax.

In summary, Wihlborgs performed above nearly all the others in the FTSE EPRA Nareit Developed Europe Index over the Gen A decade by utilising nearly all the beneficial investment themes: high levels of cash generation, effective operating platform, accretive investments, profitable development, supportive shareholder base and consistency of strategy and management. Only premium rated equity issuance was avoided in favour of a heavy sprinkling of uncontested leverage, a neat extra dynamic that allowed Wihlborgs to pip its peers at the post.

Final thoughts

These Famous Five, and the other similar top performers not reviewed here including those that entered the FTSE EPRA Nareit Developed Europe index after 2014, are proof that the listed real estate vehicle can produce excellent shareholder returns.

Fortunes fluctuate, but shareholders can benefit from a company’s exposure to high quality real estate portfolios, top performing operating platforms, competitive and timely access both debt and, for some, equity capital, and specialist management relationships to refill the development hopper. Of course, like any top performing business, many strands must work together, and it can take years to position those strands effectively. But if management succeeds in doing so, listed real estate can be truly competitive and deserves a greater share of the real estate investment universe and equity investors' attention.



Appendix

Notes: Returns are in local currency.

Operational metrics used are the author's estimates derived from the published annual reports of the companies under review. Where disclosure is available, adjustments are made to EPS and NAV ps to improve comparability. There may be some differences between the author's calculations and the EPRA BPR. For example, material surrender premiums and performance fees are excluded from the author's recurring EPS metric, yet are often included in the 2014 to 2024 EPRA EPS disclosure. Differences in company disclosure may exist regarding real estate capex.

To aid comparability, the asset revaluations quoted are calculated using data as presented in the disclosed asset value reconciliation in the Annual Reports & Accounts. This includes non-like-for-like development cap ex, acquisitions and disposals in the denominator, and therefore the revaluation percentage may not equate to a company's disclosed like-for-like disclosure in any one year.

Where disclosed, joint ventures are proportionately consolidated.

Figure 25: Annual breakdown of shareholder returns

Wihlborgs	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	10 year total return	10 year annualised return
Share price return		19.8%	-0.9%	15.9%	4.3%	68.5%	7.5%	10.8%	-23.8%	20.1%	11.9%	193.7%	11.4%
Reinvested Dividend		3.5%	3.2%	3.9%	3.4%	4.4%	3.5%	3.3%	2.7%	4.6%	3.1%	110.6%	3.6%
Cumulative returns (Indexed)	100.0	123.3	126.1	151.0	162.6	281.1	311.9	355.8	281.7	351.2	404.0	304.3%	15.0%

Safestore	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	10 year total return	10 year annualised return
Share price return		57.0%	-4.1%	42.7%	1.4%	59.3%	-2.7%	80.6%	-33.4%	-6.5%	-26.5%	179.5%	10.8%
Reinvested Dividend		4.9%	3.0%	4.7%	2.9%	4.0%	2.2%	5.3%	1.6%	3.1%	3.0%	93.6%	3.2%
Cumulative returns (Indexed)	100.0	161.9	160.0	235.9	246.1	401.9	399.7	743.4	507.1	489.8	375.1	273.1%	14.1%

WDP	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	10 year total return	10 year annualised return
Share price return		27.2%	7.6%	10.1%	22.2%	41.2%	23.6%	47.0%	-36.2%	6.7%	-33.8%	113.1%	7.9%
Reinvested Dividend		9.0%	3.0%	5.3%	6.7%	4.6%	2.3%	6.3%	1.0%	4.1%	3.5%	101.3%	4.3%
Cumulative returns (Indexed)	100.0	136.2	150.6	173.8	224.1	326.7	411.3	630.5	408.6	452.7	315.5	214.4%	12.2%

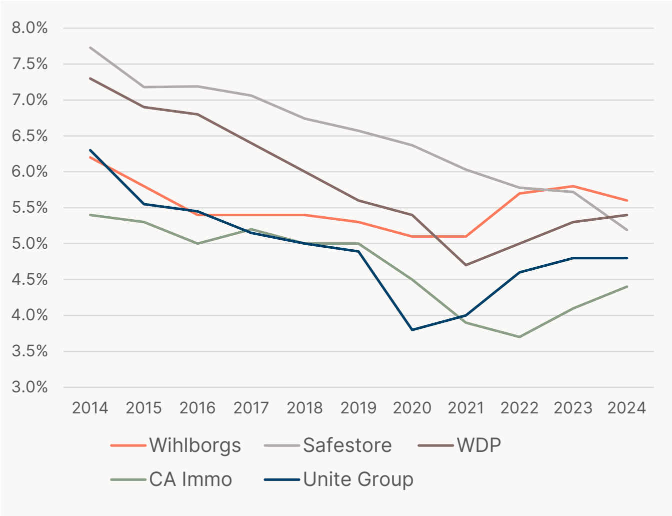
CA Immo	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	10 year total return	10 year annualised return
Share price return		8.6%	3.8%	47.8%	7.0%	35.6%	-16.3%	5.3%	-14.1%	14.5%	-28.1%	50.4%	4.2%
Reinvested Dividend		3.1%	3.1%	4.7%	3.0%	3.5%	3.2%	10.9%	7.7%	15.4%	2.0%	102.5%	5.5%
Cumulative returns (Indexed)	100.0	111.7	119.4	182.1	200.4	278.7	242.1	281.3	263.4	342.2	252.9	152.9%	9.7%

Unite Group	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	10 year total return	10 year annualised return
Share price return		42.4%	-8.6%	32.8%	-0.1%	55.6%	-16.2%	4.9%	-17.3%	14.7%	-23.0%	72.6%	5.6%
Reinvested Dividend		2.1%	3.3%	3.9%	3.2%	5.6%	-0.9%	3.2%	1.3%	4.1%	3.2%	49.9%	2.7%
Cumulative returns (Indexed)	100.0	144.5	136.8	187.1	192.9	310.9	257.7	278.6	234.0	278.0	223.0	122.5%	8.4%

EPRA	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	10 year total return	10 year annualised return
Share price return		16.2%	-8.3%	9.3%	-11.7%	25.2%	-12.9%	15.1%	-38.9%	12.6%	-7.1%	-17.5%	-1.9%
Reinvested Dividend		3.4%	2.9%	4.0%	3.3%	4.6%	2.9%	3.2%	2.2%	4.8%	3.7%	34.0%	3.4%
Cumulative returns (Indexed)	100.0	119.6	113.2	128.3	117.5	152.5	137.3	162.4	102.8	120.6	116.5	16.5%	1.5%

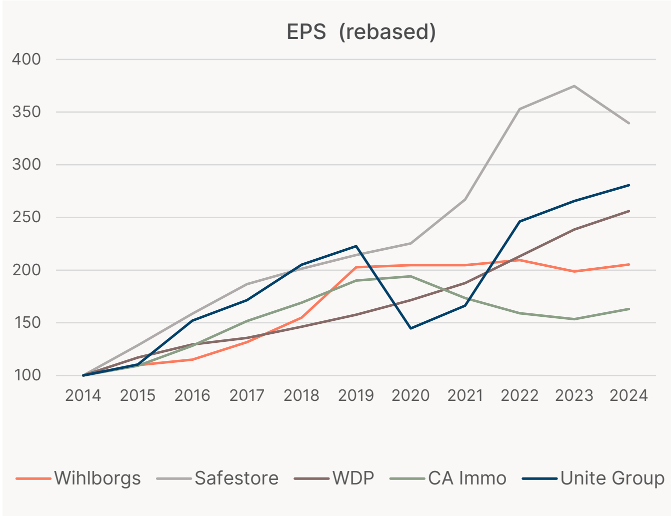
Source: Bloomberg

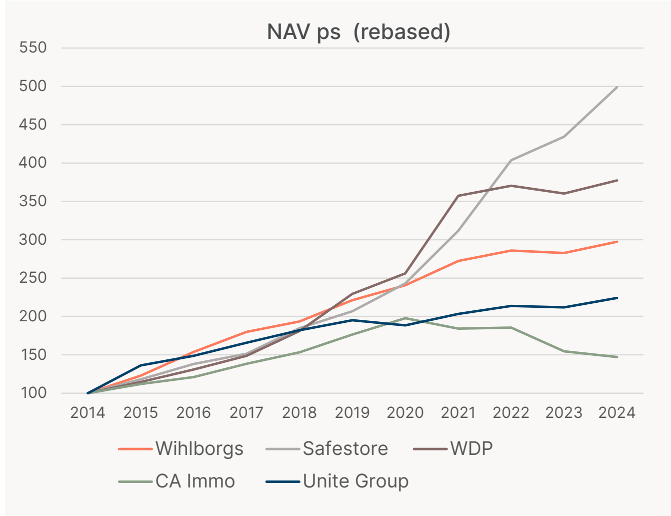
Figure 26: The evolution of reported property yields

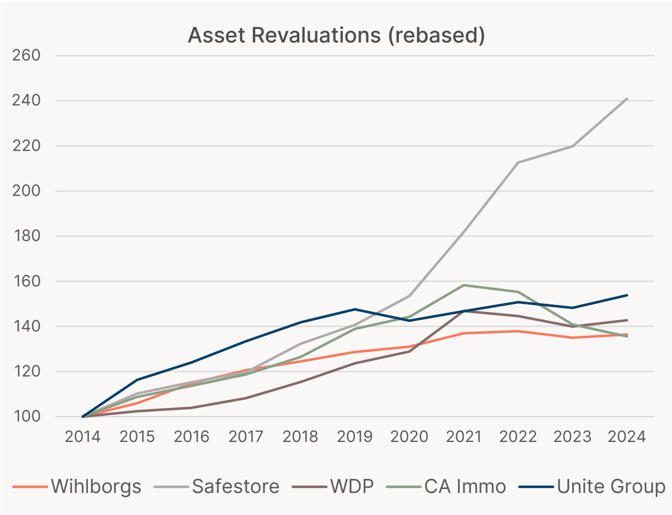


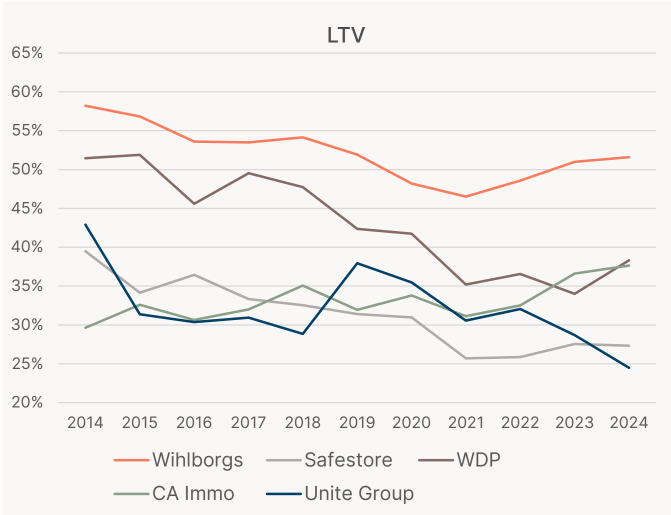
Source: Company reports

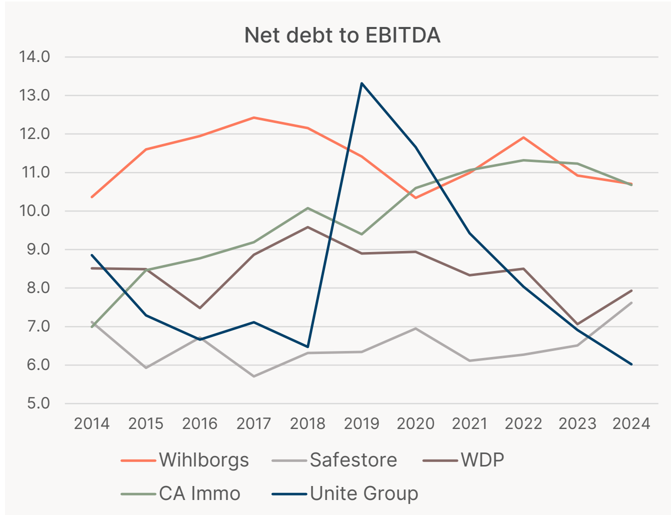
Figures 27-31: Rebased per share KPIs, asset revaluations and debt metrics











Source: Market Square Consulting estimates, Company reports

Figure 32: Unite Group: Break down of share price total return performance by valuation KPI metric

NAV based 10 year total return breakdown pa	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	NAV ps based 10Y
Asset revaluation	16.3%	6.6%	7.6%	6.3%	4.0%	-3.4%	2.9%	2.7%	-1.7%	3.8%	4.4%
Leverage effect	12.3%	3.0%	3.3%	2.8%	1.6%	-2.1%	1.6%	1.2%	-0.8%	1.5%	2.4%
Retained profit	0.8%	1.5%	1.4%	1.5%	1.6%	3.0%	1.3%	1.9%	1.4%	1.5%	1.6%
Other (e.g. JVs, perf fees, equity issues)	6.7%	-1.9%	-0.8%	-0.9%	0.0%	-1.0%	2.1%	-0.7%	0.2%	-1.1%	0.0%
NAV ps Growth pa	36.1%	9.2%	11.5%	9.7%	7.3%	-3.4%	7.9%	5.1%	-0.8%	5.7%	8.4%
Reinvested dividends pa	3.5%	3.1%	3.5%	4.0%	1.3%	1.5%	2.7%	3.7%	3.8%	4.1%	3.1%
Rerating/(Derating)	4.9%	-17.6%	21.7%	-10.7%	52.6%	-15.2%	-2.5%	-24.8%	15.8%	-29.5%	-3.2%
Total Return pa (Share price + dividends)	44.5%	-5.3%	36.7%	3.1%	61.2%	-17.1%	8.1%	-16.0%	18.8%	-19.8%	8.4%

Earnings based 10 year total return breakdown pa	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	EPS based 10Y
Rental income growth	2.0%	5.7%	5.1%	17.9%	19.1%	32.7%	5.3%	20.1%	5.7%	8.6%	11.9%
Admin cost (in)efficiencies	9.0%	7.1%	4.2%	-1.5%	-1.9%	-25.3%	2.0%	13.0%	2.9%	-0.8%	1.0%
Leverage effect	15.2%	15.2%	7.4%	10.9%	7.5%	3.1%	5.1%	19.4%	3.3%	2.3%	8.8%
Interest expense reduction/(increase)	-3.2%	2.5%	0.7%	4.6%	-2.9%	-14.1%	1.0%	0.2%	3.5%	4.6%	0.2%
Share count (increase)	-10.9%	-3.1%	-5.2%	-11.6%	-9.0%	-34.9%	-4.6%	-0.2%	-4.0%	-10.4%	-9.0%
Other (e.g. higher tax expense, minority interests)	-1.7%	10.3%	0.6%	-0.7%	-4.2%	3.3%	6.1%	-4.3%	-3.5%	1.3%	-2.0%
EPS Growth pa	10.4%	37.7%	12.8%	19.7%	8.6%	-35.1%	15.0%	48.1%	7.8%	5.7%	10.9%
Opening EPS yield	3.6%	2.8%	4.2%	3.5%	4.2%	2.9%	2.3%	2.5%	4.5%	4.2%	3.5%
Rerating/(Derating)	30.5%	-45.8%	19.8%	-20.1%	48.4%	15.0%	-9.2%	-66.6%	6.5%	-29.7%	-6.0%
Total Return pa (Share price + dividends)	44.5%	-5.3%	36.7%	3.1%	61.2%	-17.1%	8.1%	-16.0%	18.8%	-19.8%	8.4%

Figure 33: CA Immo: Break down of share price total return performance by valuation KPI metric

NAV based 10 year total return breakdown pa	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	NAV ps based 10Y
Asset revaluation	8.8%	4.5%	4.4%	6.6%	9.9%	3.8%	9.8%	-1.9%	-9.3%	-3.7%	3.1%
Leverage effect	3.7%	2.2%	1.9%	3.1%	5.3%	1.8%	5.0%	-0.9%	-4.5%	-2.2%	1.5%
Retained profit	-0.1%	1.4%	1.1%	0.1%	0.9%	0.8%	-12.7%	3.0%	-6.9%	0.7%	-1.3%
Other (e.g. JVs, perf fees, equity issues)	-0.6%	0.0%	6.9%	1.0%	-0.9%	5.7%	-8.9%	0.4%	4.0%	0.3%	0.6%
NAV ps Growth pa	11.9%	8.1%	14.3%	10.8%	15.2%	12.1%	-6.8%	0.6%	-16.7%	-4.9%	3.9%
Reinvested dividends pa	2.1%	2.1%	2.5%	2.7%	2.7%	2.6%	8.1%	6.2%	8.8%	3.0%	4.3%
Rerating/(Derating)	-2.2%	-3.3%	35.7%	-3.4%	21.2%	-27.8%	14.9%	-13.2%	37.7%	-24.2%	1.5%
Total Return pa (Share price + dividends)	11.7%	6.9%	52.5%	10.1%	39.1%	-13.1%	16.2%	-6.4%	29.9%	-26.1%	9.7%

Earnings based 10 year total return breakdown pa	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	EPS based 10Y
Rental income growth	5.3%	8.5%	11.1%	7.2%	11.1%	7.6%	-4.7%	-0.7%	-2.7%	4.9%	4.6%
Admin cost (in)efficiencies	-7.0%	-11.5%	3.5%	-0.9%	3.9%	-8.3%	2.1%	2.8%	0.1%	-0.4%	-1.6%
Leverage effect	-2.0%	-2.3%	6.6%	2.5%	4.7%	-0.2%	-0.8%	0.8%	-1.1%	2.2%	1.0%
Interest expense reduction/(increase)	14.2%	13.2%	-0.3%	3.4%	-3.9%	0.5%	-3.0%	-1.0%	-3.0%	-0.3%	2.1%
Share count (increase)	-5.4%	3.0%	1.8%	0.3%	0.0%	0.0%	-5.5%	-2.2%	2.0%	0.6%	-0.5%
Other (e.g. higher tax expense, minority interests)	4.1%	6.5%	-4.4%	-1.0%	-3.4%	2.7%	1.2%	-7.9%	1.1%	-0.8%	-0.6%
EPS Growth pa	9.2%	17.4%	18.2%	11.5%	12.4%	2.2%	-10.7%	-8.2%	-3.5%	6.1%	5.0%
Opening EPS yield	4.8%	4.9%	5.5%	4.4%	4.6%	3.8%	4.7%	4.0%	4.2%	3.6%	4.4%
Rerating/(Derating)	-2.3%	-15.4%	28.7%	-5.9%	22.0%	-19.1%	22.2%	-2.1%	29.2%	-35.8%	0.3%
Total Return pa (Share price + dividends)	11.7%	6.9%	52.5%	10.1%	39.1%	-13.1%	16.2%	-6.4%	29.9%	-26.1%	9.7%

Source: Bloomberg, Market Square Consulting estimates

Figure 34: WDP: Break down of share price total return performance by valuation KPI metric

NAV based 10 year total return breakdown pa	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	NAV ps based 10Y
Asset revaluation	2.4%	1.5%	4.1%	6.7%	7.2%	4.1%	13.9%	-1.5%	-3.2%	2.0%	3.6%
Leverage effect	2.5%	1.6%	3.4%	6.5%	6.6%	3.0%	10.0%	-0.8%	-1.9%	1.0%	3.2%
Retained profit	4.0%	3.2%	2.7%	2.8%	2.5%	2.1%	2.4%	2.0%	2.0%	2.0%	2.6%
Other (e.g. JVs, perf fees, equity issues)	5.6%	7.8%	3.6%	5.6%	10.6%	2.4%	13.1%	4.1%	0.3%	-0.3%	4.9%
NAV ps Growth pa	14.5%	14.2%	13.7%	21.6%	26.8%	11.7%	39.5%	3.7%	-2.8%	4.7%	14.2%
Reinvested dividends pa	10.2%	9.5%	8.8%	8.3%	7.3%	6.2%	6.1%	5.0%	5.4%	6.0%	7.3%
Rerating/(Derating)	11.5%	-13.2%	-7.1%	-1.0%	11.7%	8.0%	7.6%	-43.9%	8.2%	-41.0%	-9.3%
Total Return pa (Share price + dividends)	36.2%	10.6%	15.4%	28.9%	45.8%	25.9%	53.3%	-35.2%	10.8%	-30.3%	12.2%

Earnings based 10 year total return breakdown pa	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	EPS based 10Y
Rental income growth	22.8%	12.3%	8.8%	20.6%	16.0%	12.5%	15.3%	13.5%	11.4%	18.3%	15.1%
Admin cost (in)efficiencies	0.9%	1.8%	2.9%	-4.1%	-0.7%	-0.7%	-0.4%	4.7%	0.6%	-1.8%	0.3%
Leverage effect	8.9%	4.3%	3.5%	3.5%	3.7%	3.0%	3.1%	3.4%	2.0%	2.3%	3.8%
Interest expense reduction/(increase)	-1.9%	-2.7%	3.5%	-4.9%	-4.2%	0.8%	-0.5%	-1.4%	0.7%	0.2%	-1.3%
Share count (increase)	-10.6%	-4.5%	-14.2%	-3.2%	-4.7%	-5.9%	-5.1%	-3.7%	-9.2%	-7.7%	-6.8%
Other (e.g. higher tax expense, minority interests)	-3.0%	-0.7%	0.3%	-4.1%	-2.2%	-0.9%	-2.9%	-3.0%	6.5%	-4.1%	-1.2%
EPS Growth pa	17.0%	10.5%	4.8%	7.8%	7.9%	8.8%	9.5%	13.5%	12.0%	7.2%	9.9%
Opening EPS yield	6.5%	5.9%	6.3%	6.0%	5.2%	4.0%	3.5%	2.6%	4.7%	4.9%	5.0%
Rerating/(Derating)	12.7%	-5.8%	4.3%	15.1%	32.8%	13.1%	40.3%	-51.3%	-5.9%	-42.4%	-2.6%
Total Return pa (Share price + dividends)	36.2%	10.6%	15.4%	28.9%	45.8%	25.9%	53.3%	-35.2%	10.8%	-30.3%	12.2%

Source: Bloomberg, Market Square Consulting estimates

Figure 35: Safestore: Break down of share price total return performance by valuation KPI metric

NAV based 10 year total return breakdown pa	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	NAV ps based 10Y
Asset revaluation	10.3%	4.5%	3.8%	10.6%	6.3%	9.1%	18.5%	16.9%	3.4%	9.7%	9.2%
Leverage effect	6.7%	2.3%	2.2%	5.3%	3.0%	4.2%	8.3%	5.9%	1.2%	3.7%	4.3%
Retained profit	4.0%	4.0%	3.9%	3.4%	2.6%	2.3%	2.7%	2.6%	1.9%	1.3%	2.9%
Other (e.g. JVs, perf fees, equity issues)	-2.9%	6.2%	-0.4%	2.8%	0.0%	2.0%	-1.2%	4.1%	1.1%	0.2%	1.1%
NAV ps Growth pa	18.0%	17.0%	9.5%	22.1%	11.9%	17.6%	28.3%	29.5%	7.6%	14.8%	17.4%
Reinvested dividends pa	4.4%	4.5%	4.7%	4.9%	4.4%	4.1%	4.7%	4.4%	3.4%	3.2%	4.3%
Rerating/(Derating)	39.4%	-22.7%	33.2%	-22.7%	47.0%	-22.3%	53.0%	-65.7%	-14.4%	-41.5%	-7.6%
Total Return pa (Share price + dividends)	61.9%	-1.1%	47.4%	4.3%	63.3%	-0.5%	86.0%	-31.8%	-3.4%	-23.4%	14.1%

Earnings based 10 year total return breakdown pa	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	EPS based 10Y
Rental income growth	3.5%	12.9%	12.6%	10.8%	6.5%	6.7%	25.3%	16.1%	3.1%	-3.8%	9.1%
Admin cost (in)efficiencies	9.1%	2.3%	0.4%	-4.7%	-0.2%	-1.0%	-9.1%	11.2%	9.2%	0.4%	1.8%
Leverage effect	6.1%	4.8%	2.9%	1.1%	0.9%	0.8%	2.3%	3.6%	1.4%	-0.5%	2.3%
Interest expense reduction/(increase)	5.5%	2.7%	1.3%	1.6%	-0.3%	-1.0%	-0.9%	-1.5%	-4.2%	-4.5%	-1.5%
Share count (increase)	-2.7%	-0.3%	-0.5%	-0.3%	-0.1%	-0.1%	-0.2%	0.0%	-3.0%	-0.5%	-0.8%
Other (e.g. higher tax expense, minority interests)	7.2%	1.0%	0.9%	-0.6%	-0.3%	-0.3%	1.1%	2.9%	-0.3%	-0.5%	2.1%
EPS Growth pa	28.7%	23.3%	17.6%	7.9%	6.5%	5.1%	18.6%	32.1%	6.2%	-9.4%	13.0%
Opening EPS yield	5.4%	4.5%	5.7%	4.7%	5.0%	3.3%	3.6%	2.4%	4.7%	5.3%	4.4%
Rerating/(Derating)	27.8%	-28.9%	24.1%	-8.2%	51.9%	-8.9%	63.8%	-66.3%	-14.3%	-19.3%	-3.3%
Total Return pa (Share price + dividends)	61.9%	-1.1%	47.4%	4.3%	63.3%	-0.5%	86.0%	-31.8%	-3.4%	-23.4%	14.1%

Source: Bloomberg, Market Square Consulting estimates

Figure 36: Wihlborgs: Break down of share price total return performance by valuation KPI metric

NAV based 10 year total return breakdown pa	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	NAV ps based 10Y
Asset revaluation	6.0%	8.3%	5.1%	3.2%	3.4%	1.8%	4.5%	0.7%	-2.1%	1.0%	3.2%
Leverage effect	8.3%	10.9%	5.8%	3.7%	4.0%	2.0%	4.2%	0.6%	-2.0%	1.0%	3.8%
Retained profit	5.3%	4.3%	4.1%	4.4%	5.5%	4.4%	3.5%	2.8%	2.3%	2.4%	3.9%
Other (e.g. JVs, perf fees, equity issues)	3.2%	1.7%	2.1%	-3.7%	1.4%	0.6%	1.0%	0.8%	0.6%	0.7%	0.7%
NAV ps Growth pa	22.7%	25.2%	17.1%	7.6%	14.3%	8.7%	13.3%	5.0%	-1.2%	5.2%	11.5%
Reinvested dividends pa	4.2%	3.7%	3.2%	3.3%	3.7%	3.8%	3.9%	3.6%	3.5%	3.6%	3.6%
Rerating/(Derating)	-3.6%	-26.7%	-0.5%	-3.2%	54.9%	-1.5%	-3.1%	-29.4%	22.3%	6.3%	-0.2%
Total Return pa (Share price + dividends)	23.3%	2.3%	19.8%	7.7%	72.9%	11.0%	14.1%	-20.8%	24.6%	15.1%	15.0%

Earnings based 10 year total return breakdown pa	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	EPS based 10Y
Rental income growth	3.0%	3.8%	13.4%	13.3%	10.0%	3.6%	-0.8%	6.4%	17.6%	8.8%	7.8%
Admin cost (in)efficiencies	-0.3%	1.0%	-0.3%	-0.4%	0.3%	0.2%	-0.6%	-0.1%	1.0%	0.3%	0.1%
Leverage effect	1.5%	2.1%	5.7%	5.3%	3.4%	0.7%	-0.2%	1.0%	3.9%	5.2%	2.8%
Interest expense reduction/(increase)	3.7%	-1.4%	-2.5%	0.7%	7.7%	0.4%	0.7%	-4.1%	-25.5%	-6.4%	-3.2%
Share count (increase)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other (e.g. higher tax expense, minority interests)	2.0%	-0.6%	-2.1%	-1.3%	9.5%	-3.9%	0.9%	-0.9%	-2.2%	-4.7%	-0.1%
EPS Growth pa	9.8%	4.8%	14.4%	17.7%	30.9%	1.0%	0.0%	2.3%	-5.1%	3.3%	7.5%
Opening EPS yield	7.3%	6.7%	7.1%	7.0%	7.9%	6.1%	5.7%	5.2%	6.9%	5.5%	6.5%
Rerating/(Derating)	6.2%	-9.2%	-1.7%	-17.0%	34.1%	3.9%	8.3%	-28.3%	22.8%	6.3%	1.0%
Total Return pa (Share price + dividends)	23.3%	2.3%	19.8%	7.7%	72.9%	11.0%	14.1%	-20.8%	24.6%	15.1%	15.0%

Source: Bloomberg, Market Square Consulting estimates

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