Commercial Real Estate Outlook 2024

FEBRUARY 2024

The state of real estate

2023 proved to be a difficult year for real estate. The global economy experienced a period of rising interest rates and elevated inflation. As a result, commercial real estate (CRE)[1] transaction volumes fell by 50% compared to pre-2022 levels.[2]

While inflation had a direct impact on the property sector through higher costs for building materials and energy, these pressures eased later in the year. However, the property sector's woes have been exacerbated by higher interest rates which have increased financing costs for property projects and reduced overall returns. Investors' return expectations have risen in tandem due to higher bond and equity yields.

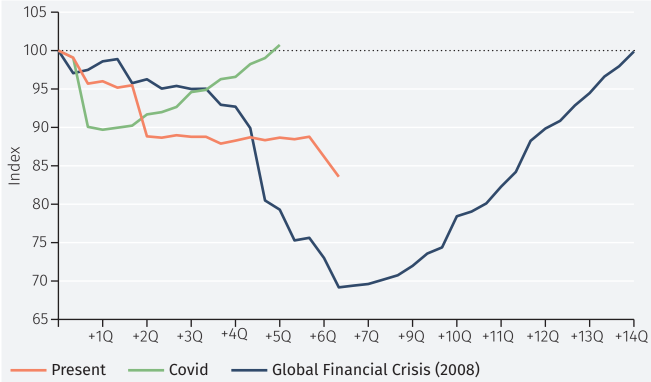
Where are we in the global commercial real estate cycle?

Central banks spent 2023 raising interest rates to fight inflation. Annualised inflation has slowed around the world and this trend is likely to continue. Our base case is that the global economy has a soft landing, though we remain vigilant to the risks surrounding this.[3] Against this backdrop, we believe interest rates are likely to fall in 2024 though the extent of declines will depend heavily on the incoming growth and inflation data.

Yields in the commercial property market have increased by 50-150bps since mid-2002, depending on the geographical, sectoral and location-related factors. With current higher yields across the property market, following a double-digit decline in global commercial property prices, it is possible that we are approaching the bottom of the market before the expected recovery takes its course.[4] Market participants are generally confident that the property investment landscape is improving. Property values are predicted to reach their lowest point in 2024, based on surveys conducted among investors and managers.[5]

The length of the market decline is difficult to predict. We are currently close to the length of the last CRE decline during the global financial crisis (see Figure 2). In comparison to this, lower debt levels, longer debt maturities and a higher proportion of fixed-rate debt, the likelihood of a decline of the same magnitude is less likely in our view.

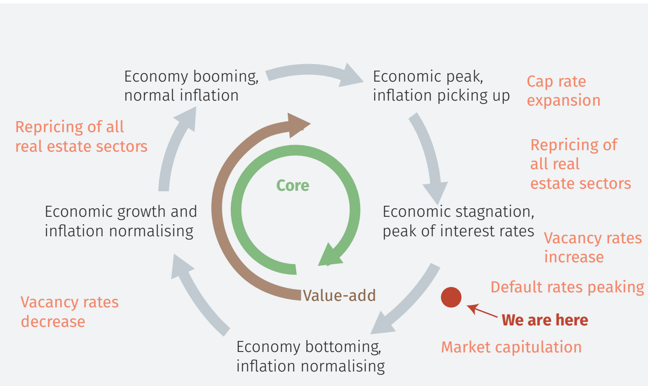
2. Real estate correction and recovery (Direct Property Index, US)



Source: CPPI (US), Q4 2023.

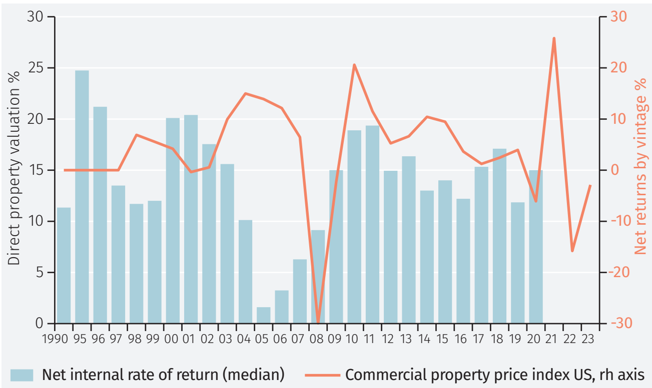
Investing in post-corrections has historically led to outperformance and we believe this opportunity is likely to be repeated in 2024 and 2025. Ongoing refinancing pressures, slowing economic growth and key industry megatrends, including sustainability concerns, should continue to drive mispricing in property markets. In our view, active real estate investing, unlike passive investing over the past decade, should benefit from value creation opportunities over the remainder of the decade. Historically, property investors have benefited from outsized returns following market declines (see Figure 3).

1. Real estate cycle and suitable real estate strategy



Source: EFG, Q4 2023

3. Value-add strategies – performance by a vintage year



Sources: Preqin (US Value-Add), CPPI (US), Data as at Q2 2023.

[1] Commercial Real Estate Sector (CRE) includes all real estate generating revenue from rents/leases. It includes residential real estate, classified under multifamily, single-family, lodging, manuf. home. Commercial real estate excludes non-commercial property, i.e., owner occupied or generating any income.
[2] CBRE Q3 2023 *Q2 Global Real Estate Investment Buffeted by Monetary Tightening.*
[3] We attach a 65% probability to a soft-landing scenario, a 25% probability to a hard landing scenario and a 10% probability to a scenario in which growth re-accelerates.
[4] According to the research by the BIS, 2017(*BIS Working Papers, No. 665, Interest rates and house prices in the United States and around the world*, by Gregory D Sutton, Dubravko Mihaljek and Agne Subelyte), past changes in interest rates on average do affect real house price changes in the expected direction.
[5] CBRE, Savills, JLL, and Knight Frank predict an improvement in the commercial real estate landscape for 2024.

Using industry data, Figure 3 shows the net returns by vintage of "value-add" private real estate funds in the US, compared to direct deal pricing (as measured by the commercial property price index, CPPI). A vintage year represents the year in which the private funds began making investments with the average period for a private closed-end fund investment being four years.

There is a clear pattern of outperformance for vintages that invested in the aftermath of the global financial crisis or recessions.[6] While the chart focuses on value-add portfolios, a similar pattern is evident when looking at core real estate funds.

Conviction investment drivers: 2024-2025

We believe the listed property market is likely to recover first, closing some of the valuation gaps and current 30-40% losses from the peak since 2022. As private funds have historically lagged the listed market by 6-18 months, they are likely to struggle for longer.

For now, EFG remains cautious on the commercial property sector as a whole. However, once the property market has bottomed out, we may lift our overall stance but note that there should still be selectivity within sub-sectors.

At EFG, while we think in terms of six broad sub-sectors – residential, industrial, retail, hotels, offices and niche[7] – we also look at how assets are positioned within smaller niches. In the industrial sector, for example, there is a significant difference in return prospects between big box, cold storage or last mile logistics. In other words, the details matter. So do different geographical aspects. We would favour residential, industrial and niche sub-sectors over office or retail.

Going forward, asset-specific returns will be driven by each asset's location, age, ability to grow net operating income and tenant quality, and will be strongly influenced by secular trends.

We have identified key trends that we believe will shape property investment in the short and medium term (see Figure 5 overleaf). In our view, the four key drivers are: value creation through market dislocation, demographic change and urbanisation, ESG requirements and technological change.

4. Real estate sector outlook 2024[7]

General CRE Outlook Remains Cautious

Asset Class	Sector	Comments
Equity Commercial Real Estate	Residential	Gateway cities or commutable locations with solid demographic parameters. Undersupply and ESG capex factors key. Selective approach within non-regulated locations.
	Office	Major uncertainty. Secularly challenged sector with a low growth, WFH, employment and high capex. Only prime Central Business District office with good access and high ESG standards will thrive. Underweight in general in the US. Selective in Europe and Asia.
	Retail	Consumer staples anchor tenants mitigate sector threads. Structural challenges through E-commerce. Corrected the most in 2020 and 2021, since then losses were limited. Generally still underweight, with a selective approach.
	Hotels	Leisure hospitality better suited than business sector. Revenues driven by economic activity.
	Industrial	E-commerce secular driver, last mile to large cities, business centers attractive, selective approach globally.
	Niche	Senior and student housing, medical office, self storage, workforce and mobile housing, camping, farmland and zoning land.
Debt	Senior	Senior or whole loans, max 50% LV, floating rates, 400-700bps over LIBOR/EONIA. End of rate hike cycle to watch. Junior debt at risk of equity-like valuation corrections.

Source: EFG, Q4 2023.
These views are purely macro driven views and do not reflect individual unique parameters of any individual property, characterised by the above sector.

[6] An example for 1995 and 1996, vintages that followed a correction in commercial property prices, parallel to the recession in the US that lasted from 1989 to 1991. Example, the vintage year 2005, i.e. funds which invested from 2005 until 2008 realized lower returns due to the property price correction in 2007-2008, CPPI (LHS). On the other hand, vintage year 2008, which deployed capital from 2008 until 2011, i.e. after the price correction, had better results than vintages 2005, 2006 and 2007. Vintages 2010-2011 realized extremely good performance, due to deploying capital through the years 2010-2015, at price levels below the global financial crisis, but also characterised by the Federal Reserve's zero-interest rate policy and hence cheap property financing, and yet at a solid property price growth, CPPI (LHS).

[7] Niche sub-sectors e.g., senior living, student housing, affordable living, medical office or storage.

5. Secular trends in commercial real estate[8]

Sector	Events and trends		ESG aspects
Residential	Big cities	Gateway cities and commutable locations	
	Demographic changes	Migration, Urbanisation, Aging Population	
	Lack of new supply	Growth of construction costs > Inflation; Supply chains disruptions	
Industrial	E-commerce, digitalisation	Different geographic market penetrations levels	
	Supply chain resilience	Last mile logistics	
	Production moving onshore	Strategic infrastructure related logistic networks with access to population and labour	
Office	ESG expenditures	Obsolete peripheral office will need substantial capex	
	Work from home / flexible office	Newer more flexible assets, hybrid work accommodative	
	Prime locations	Periphery / low quality office to disappear or reprice down	
Retail	E-commerce challenged, defensive consumer staples retail to prevail	(+) Drive-through, medical wellness, quick service restaurants, essentials	
	Leisure aspects in city centres in decline	(-) Non-essentials: footwear, apparel, theatres, electronics	

Sources: EFG, European Commission report on Macroeconomic and Other Benefits of Energy Efficiency, Deloitte, MSCI, UBS, BREEAM, Knight Frank, CBRE, September 2023.

Key takeaways:

- EFG maintains a cautious view on commercial real estate. Our most likely macroeconomic forecast base case, of a soft landing and falling interest rates, means that the end of the decline in commercial property valuations is likely to come in 2024.
- Publicly traded REITs are likely to recover first, leaving the private property market several months behind in terms of price recovery.
- Value-add strategies have historically benefited the most from the post-correction recovery.
- Industrial, residential and some niche sub-sectors are more likely to recover overall than retail or office sub-sectors.
- However, specific individual property parameters are more likely to determine the recovery in property values than a pure sector classification.
- Key secular trends will determine the recovery trajectory of individual properties, sub-sectors and geographies.
- While ESG trends and certification are an important global imperative, some sub-sectors are more capital intensive to become ESG compliant than others. In general, ESG certified and compliant properties or funds tend to have better performance characteristics than non-compliant vehicles.

[8] The ESG aspects column highlights an importance of ESG factors for each sub-sector. While in general ESG is one of the key factors impacting the entire real estate sector, the ESG related capital expenditures are expected to be higher within an office sector, relative to a residential sector. At the same time the rental/lease elasticity per capital expenditure is higher for office and industrial sectors, rather than for residential, hence three ESG icons, compared to a single one of the residential sector.

Important disclaimers

This document has been produced by EFG Asset Management (UK) Limited for use by the EFG International ("EFG Group" or "EFG") worldwide subsidiaries and affiliates within the EFG Group. EFG Asset Management (UK) Limited is authorised and regulated by the UK Financial Conduct Authority, registered no. 07389736. Registered address: EFG Asset Management (UK) Limited, Park House, 116 Park Street, London W1K 6AP, United Kingdom, telephone +44 (0)20 7491 9111.

This document has been prepared solely for information purposes. The information contained herein constitutes a marketing communication and should not be construed as financial research or analysis, an offer, a public offer, an investment advice, a recommendation or solicitation to buy, sell or subscribe to financial instruments and/or to the provision of a financial service. It is not intended to be a final representation of the terms and conditions of any investment, security, other financial instrument or other product or service. The content of this document is intended only for persons who understand and are capable of assuming all risks involved. Further, this document is not intended to provide any financial, legal, accounting or tax advice and should not be relied upon in this regard. The information in this document does not take into account the specific investment objectives, financial situation or particular needs of the recipient. You should seek your own professional advice (including tax advice) suitable to your particular circumstances prior to making any investment or if you are in doubt as to the information in this document.

The information provided in this document is not the result of financial research conducted by EFGAM's research department. Therefore, it does not constitute investment or independent research as defined in EU regulation (such as "MIFID II" or "MIFIR") nor under the Swiss "Directive on the Independence of Financial Research" issued by the Swiss Banking Association or any other equivalent local rules.

The value of investments and the income derived from them can fall as well as rise, and you may not get back the amount originally invested. Past performance is no indicator of future performance. Investment products may be subject to investment risks, involving but not limited to, currency exchange and market risks, fluctuations in value, liquidity risk and, where applicable, possible loss of principal invested.

Although information in this document has been obtained from sources believed to be reliable, no member of the EFG group represents or warrants its accuracy, and such information may be incomplete or condensed. Any opinions in this document are subject to change without notice. This document may contain personal opinions which do not necessarily reflect the position of any member of the EFG group. To the fullest extent permissible by law, no member of the EFG group shall be responsible for the consequences of any errors or omissions herein, or reliance upon any opinion or statement contained herein, and each member of the EFG group expressly disclaims any liability, including (without limitation) liability for incidental or consequential damages, arising from the same or resulting from any action or inaction on the part of the recipient in reliance on this document.

EFG and its employees may engage in securities transactions, on a proprietary basis or otherwise and hold long or short positions with regard to the instruments identified herein; such transactions or positions may be inconsistent with the views expressed in this document.

The availability of this document in any jurisdiction or country may be contrary to local law or regulation and persons who come into possession of this document should inform themselves of and observe any restrictions. This document may not be reproduced, disclosed or distributed (in whole or in part) to any other person without prior written permission from an authorised member of the EFG group.

Financial intermediaries/independent asset managers who may be receiving this document confirm that they will need to make their own independent decisions and in addition shall ensure that, where provided to end clients/investors with the permission from the EFG Group, the content is in line with their own clients' circumstances with regard to any investment, legal, regulatory, tax or other considerations. No liability is accepted by the EFG Group for any damages, losses or costs (whether direct, indirect or consequential) that may arise from any use of this document by the financial intermediaries/independent asset managers, their clients or any third parties.

Comparisons to indexes or benchmarks in this material are being provided for illustrative purposes only and have limitations because indexes and benchmarks have material characteristics that may differ from the particular investment strategies that are being pursued by EFG and securities in which it invests.

The information and views expressed herein at the time of writing are subject to change at any time without notice and there is no obligation to update or remove outdated information.

Independent Asset Managers: in case this document is provided to Independent Asset Managers ("IAMs"), it is strictly forbidden to be reproduced, disclosed or distributed (in whole or in part) by IAMs and made available to their clients and/or third parties. By receiving this document IAMs confirm that they will need to make their own decisions/judgements about how to proceed and it is the responsibility of IAMs to ensure that the information provided is in line with their own clients' circumstances with regard to any investment, legal, regulatory, tax or other consequences. No liability is accepted by EFG for any damages, losses or costs (whether direct, indirect or consequential) that may arise from any use of this document by the IAMs, their clients or any third parties.

If you have received this document from any affiliate or branch referred to below, please note the following:

Bahamas: EFG Bank & Trust (Bahamas) Ltd is licensed by the Securities Commission of the Bahamas pursuant to the Securities Industry Act, 2011 and Securities Industry Regulations, 2012 and is authorised to conduct securities business in and from The Bahamas including dealing in securities, arranging dealing in securities, managing securities and advising on securities. EFG Bank & Trust (Bahamas) Ltd is also licensed by the Central Bank of The Bahamas pursuant to the Banks and Trust Companies Regulation Act, 2000 as a Bank and Trust company. Registered office: Goodman's Bay Corporate Centre West Bay Street and Sea View Drive, Nassau, The Bahamas.

Bahrain: EFG AG Bahrain is a branch of EFG Bank AG as licensed by the Central Bank of Bahrain (CBB) as Investment Business Firm Category 2 and is authorised to carry out the following activities: a) Dealing in financial instruments as agents; b) Arranging deals in financial instruments; c) Managing financial instruments; d) Advising on financial Instruments; and e) Operating a Collective Investment Undertaking. Registered address: EFG AG Bahrain Branch, Manama / Front Sea / Block 346 / Road 4626 / Building 1459 / Office 1401 / P O Box 11321 Manama -- Kingdom of Bahrain.

Cayman Islands: EFG Wealth Management (Cayman) Ltd, is licensed and regulated by the Cayman Islands Monetary Authority ("CIMA") to provide securities investment business in or from within the Cayman Islands pursuant to the Securities Investment Business Law (as revised) of the Cayman Islands. Registered Office: Suite 3208, 9 Forum Lane, Camana Bay, Grand Cayman KY1-1003, Cayman Islands. EFG Bank AG, Cayman Branch, is licensed as a Class B Bank and regulated by CIMA. Registered Office: EFG Wealth Management (Cayman) Ltd., Suite 3208, 9 Forum Lane, Camana Bay, Grand Cayman KY1-1003, Cayman Islands.

Cyprus: EFG Cyprus Limited is an investment firm established in Cyprus with company No. HE408062, having its registered address at Kennedy 23, Globe House, 6th Floor, 1075, Nicosia, Cyprus. EFG Cyprus Limited is authorised and regulated by the Cyprus Securities and Exchange Commission (CySEC).

Dubai: EFG (Middle East) Limited is regulated by the DFSA. This material is intended "for professional clients only". Registered address: EFG (Middle East) Limited DIFC, Gate Precinct 5, 7th Floor PO Box 507245 - Dubai, UAE.

Greece: EFG Bank (Luxembourg) S.A., Athens Branch is an non-booking establishment of EFG Bank (Luxembourg) S.A. which is authorised to promote EFG Bank (Luxembourg) S.A.'s products and services based on the EU freedom of establishment pursuant to a license granted by the Luxembourg financial supervisory authority "CSSF". Registered address: 342 Kifisias Ave. & Ethnikis Antistaseos Str. - 154 51 N. Psychiko, General Commercial Registry no. 143057760001.

Hong Kong: EFG Bank AG, Hong Kong branch (CE Number: AFV863) ("EFG Hong Kong") is authorized as a licensed bank by the Hong Kong Monetary Authority pursuant to the Banking Ordinance (Cap. 155, Laws of Hong Kong) and is authorized to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities in Hong Kong. Registered address: EFG Bank AG Hong Kong branch, 18th floor, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong. To the fullest extent permissible by law and the applicable requirements to EFG Hong Kong under the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission, EFG Hong Kong shall not be responsible for the consequences of any errors or omissions herein, or of any information or statement contained herein. EFG Hong Kong expressly disclaims any liability, including (without limitation) liability for incidental or consequential damages, arising from the same or resulting from any action or inaction on the part of the recipient in reliance on this document.

Liechtenstein: EFG Bank von Ernst AG is regulated by the Financial Market Authority Liechtenstein. Registered address: EFG Bank von Ernst AG Egertastrasse 10 - 9490 Vaduz, Liechtenstein.

Jersey: EFG Wealth Solutions (Jersey) Limited is regulated by the Jersey Financial Services Commission in the conduct of investment business under the Financial Services (Jersey) Law 1998.

Luxembourg: EFG Bank (Luxembourg) S.A. is authorised by the Ministry of Finance Luxembourg and supervised by the Commission de Surveillance du Secteur Financier (CSSF). EFG Bank (Luxembourg) S.A. is Member of the Deposit Guarantee Fund Luxembourg (F.G.D.L. - Fonds de Garantie des Dépôts Luxembourg) and Member of the Luxembourg Investor Compensation Scheme (S.I.I.L. - Système d'Indemnisation des Investisseurs Luxembourg). R.C.S. Luxembourg no. B113375. Registered address: EFG Bank (Luxembourg) S.A. - 56, Grand-Rue, L-1660 Luxembourg.

Portugal: EFG Bank (Luxembourg) S.A. - Sucursal em Portugal is authorised and supervised by Banco de Portugal (register 280) and the CMVM, the Portuguese securities market commission, (register 393) for the provision of financial advisory and reception and transmission of orders. EFG Bank (Luxembourg) S.A. - Sucursal em Portugal is a non-booking branch of EFG Bank (Luxembourg) S.A., a public limited liability company incorporated under the laws of the Grand Duchy of Luxembourg, authorised and supervised by the CSSF (Commission de Surveillance du Secteur Financier). Lisbon Head Office: Avenida da Liberdade n.° 131 - 6° Dto., 1250 - 140 Lisboa. Porto agency: Avenida da Boavista, n.° 1837 - Escritório 6.2, 4100-133 Porto. Companies Registry Number: 980649439.

Monaco: EFG Bank (Monaco) SAM is a Monegasque Limited Company with a company registration no. 90 S 02647 (Répertoire du Commerce et de l'Industrie de Monaco). EFG Bank (Monaco) SAM is a bank with financial activities authorised and regulated by the "Autorité de Contrôle Prudentiel et de Résolution" (French Prudential Supervision and Resolution Authority and by the "Commission de Contrôle de Activités Financières" (Monegasque Commission for the Control of Financial Activities). Registered address: EFG Bank (Monaco) SAM, Villa les Aigles, 15, avenue d'Ostende – BP 37 – 98001 Monaco (Principauté de Monaco), telephone: +377 93 15 11 11. The recipient of this document is perfectly fluent in English and waives the possibility to obtain a French version of this publication.

People's Republic of China ("PRC"): EFG Bank AG Shanghai Representative Office is approved by China Banking Regulatory Commission and registered with the Shanghai Administration for Industry and Commerce in accordance with the Regulations of the People's Republic of China for the Administration of Foreign-invested Banks and the related implementing rules. Registration No: 310000500424509. Registered address: Room 65T10, 65 F, Shanghai World Financial Center, No. 100, Century Avenue, Pudong New Area, Shanghai. The business scope of EFG Bank AG Shanghai Representative Office is limited to non-profit making activities only including liaison, market research and consultancy.

Singapore: EFG Bank AG, Singapore branch (UEN No. T03FC6371J) is licensed as a wholesale bank by the Monetary Authority of Singapore pursuant to the Banking Act 1970, an Exempt Financial Adviser as defined in the Financial Advisers Act 2001 and an Exempt Capital Markets Services Entity under the Securities and Futures Act 2001. This advertisement has not been reviewed by the Monetary Authority of Singapore. Registered address: EFG Bank AG Singapore Branch, 79 Robinson Road, #18-01, Singapore 068897. This document does not have regard to the specific investment objectives, financial situation or particular needs of any specific person. This document shall not constitute investment advice or a solicitation or recommendation to invest in this investment or any products mentioned herein. EFG Singapore and its respective officers, employees or agents make no representation or warranty or guarantee, express or implied, as to, and shall not be responsible for, the accuracy, reliability or completeness of this document, and it should not be relied upon as such. EFG Singapore expressly disclaims any liability, including (without limitation) liability for incidental or consequential damages, arising from the same or resulting from any action or inaction on the part of the recipient in reliance on this document. You should carefully consider, the merits and the risk inherent in this investment and based on your own judgement or the advice from such independent advisors whom you have chosen to consult, evaluate whether the investment is suitable for you in view of your risk appetite, investment experience, objectives, financial resources and circumstances, and make such other investigation as you consider necessary and without relying in any way on EFG Singapore.

Switzerland: EFG Bank AG, Zurich, including its Geneva and Lugano branches, is authorised and regulated by the FINMA. Registered Office: EFG Bank AG, Bleicherweg 8, 8001 Zurich, Switzerland. Registered Swiss Branches: EFG Bank SA, 24 quai du Seujet, 1211 Geneva 2, and EFG Bank SA, Via Magatti 2, 6900 Lugano.

United Kingdom: EFG Private Bank Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. EFG Private Bank Limited is a member of the London Stock Exchange. Registered company no. 02321802. Registered address: EFG Private Bank Limited, Park House, 116 Park Street, London W1K 6AP, United Kingdom, telephone +44 (0)20 7491 9111.

USA:

EFG Asset Management (Americas) Corp ("EFGAM Americas") is a U.S. Securities and Exchange Commission ("SEC") registered investment adviser providing investment advisory services. Registration with the SEC or any state securities authority does not imply any level of skill or training. EFGAM Americas may only transact business or render personalized investment advice in those states and international jurisdictions where it is registered, has notice filed, or is otherwise excluded or exempted from registration requirements. An investor should consider his or her investment objectives, risks, charges and expenses carefully before investing. For more information on EFGAM Americas, its business practices, background, conflict of interests, fees charged for services and other relevant information, please visit the SEC's public investor information site at: https://www.investor.gov. Also, you may visit: https://adviserinfo.sec.gov/firm/summary/158905. In both of these sites you may obtain copies of EFGAM Americas's most recent Form ADV Part 1, Part 2 and Form CRS. EFGAM Americas Registered address: 701 Brickell Avenue, Suite 1350 – Miami, FL 33131.

EFG Capital International Corp. ("EFG Capital") is a U.S. Securities and Exchange Commission ("SEC") registered broker-dealer and member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC"). Securities products and brokerage services are provided by EFG Capital. None of the SEC, FINRA or SIPC, have endorsed this document or the services and products provided by EFG Capital and its U.S. based affiliates. Registered address: 701 Brickell Avenue, Ninth Floor & Suite 1350 – Miami, FL 33131.

EFG Capital and EFGAM Americas are affiliated by common ownership under EFGI and maintain mutually associated personnel. The products and services described herein have not been authorized by any regulator or supervisory authority, and further are not subject to supervision by any regulatory authority outside of the United States. Please note the content herein was produced and created by EFG Bank AG/EFG Asset Management (UK) Limited (as applicable). This material is not to be construed as created or otherwise originated from EFG Capital or EFGAM Americas. Neither EFGAM Americas nor EFG Capital represent themselves as the underlying manager or investment adviser of this Fund/ product or strategy.

EFG Asset Management (North America) Corp. ("EFGAM NA") is a US Securities and Exchange Commission (SEC) Registered Investment Adviser For more information on EFGAM NA Corp, its business, affiliations, fees, disciplinary events, and possible conflicts of interests please visit the SEC Investment Advisor Public Disclosure website (https://adviserinfo.sec.gov/) and review its Form ADV.

Information for investors in Australia:

For Professional, Institutional and Wholesale Investors Only.

This document has been prepared and issued by EFG Asset Management (UK) Limited, a private limited company with registered number 7389736 and with its registered office address at Park House, Park Street, London W1K 6AP (telephone number +44 (0)20 7491 9111). EFG Asset Management (UK) Limited is regulated and authorized by the Financial Conduct Authority No. 536771.

EFG Asset Management (UK) Limited is exempt from the requirement to hold an Australian financial services licence in respect of the financial services it provides to wholesale clients in Australia and is authorised and regulated by the Financial Conduct Authority of the United Kingdom (FCA Registration No. 536771) under the laws of the United Kingdom which differ from Australian laws.

This document is personal and intended solely for the use of the person to whom it is given or sent and may not be reproduced, in whole or in part, to any other person.

ASIC Class Order CO 03/1099

EFG Asset Management (UK) Limited notifies you that it is relying on the Australian Securities & Investments Commission (ASIC) Class Order CO 03/1099 (Class Order) exemption (as extended in operation by ASIC Corporations (Repeal and Transitional Instrument 2016/396) for UK Financial Conduct Authority (FCA) regulated firms which exempts it from the requirement to hold an Australian financial services licence (AFSL) under the Corporations Act 2001 (Cth) (Corporations Act) in respect of the financial services we provide to you.

UK Regulatory Requirements

The financial services that we provide to you are regulated by the FCA under the laws and regulatory requirements of the United Kingdom which are different to Australia. Consequently any offer or other documentation that you receive from us in the course of us providing financial services to you will be prepared in accordance with those laws and regulatory requirements. The UK regulatory requirements refer to legislation, rules enacted pursuant to the legislation and any other relevant policies or documents issued by the FCA.

Your Status as a Wholesale Client

In order that we may provide financial services to you, and for us to comply with the Class Order, you must be a 'wholesale client' within the meaning given by section 761G of the Corporations Act. Accordingly, by accepting any documentation from us prior to the commencement of or in the course of us providing financial services to you, you:

- warrant to us that you are a 'wholesale client';
- agree to provide such information or evidence that we may request from time to time to confirm your status as a wholesale client;
- agree that we may cease providing financial services to you if you are no longer a wholesale client or do not provide us with information or evidence satisfactory to us to confirm your status as a wholesale client;

and agree to notify us in writing within 5 business days if you cease to be a 'wholesale client' for the purposes of the financial services that we provide to you.