

SCREENPROJECT

SMART BUILD PORTUGAL

Market and Returns Benchmarking

Portugal · United Kingdom · France · Germany · Canada

DATA ROOM · SECTION 6 · SEPTEMBER 2026

PT closed dev. funds

17.18%

APFIPP index, 2024

Canadian value-add

18.4–20.0%

Realised net IRR, 3 funds

Europe best vintage

14.7–18.4%

INREV, 2011–2013

Fund unlevered target

9.0%

Project level

CONFIDENTIAL — All benchmark data in this document is drawn from published third-party sources, cited individually. No benchmark has been produced by SCREENPROJECT or by the Fund. Past performance of comparable funds is not an indicator of future returns for this Fund.

Purpose

This document positions the Fund's return objectives against published performance data for comparable vehicles in Portugal and in the principal markets from which the Fund's investors are being approached. It exists because a return target asserted without reference to market data invites the reasonable objection that it has been set rather than derived.

Three questions are addressed. First, what have comparable Portuguese vehicles actually delivered. Second, how does that compare with the European and North American markets an investor could deploy into instead. Third, what in the Portuguese market accounts for the difference.

01 PORTUGAL — THE DIRECT COMPARABLE

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1.1 The APFIPP Real Estate Index

The APFIPP Real Estate Index is the benchmark for real estate collective investment undertakings supervised by the CMVM. Revised in 2023 and expanded, it covered 72 funds at December 2024, representing the majority of assets under management in the Portuguese real estate fund market. It is calculated on the Laspeyres methodology and disaggregated into three sub-indices.

Category	1-year return	3-year	5-year	Funds
Total real estate	7.09%	5.27%	4.42%	72
Open-ended funds	4.81%	4.10%	3.61%	11
Closed-end — rental / income	7.38%	5.85%	5.32%	40
Closed-end — development	17.18%	9.05%	5.85%	21

Source: APFIPP, December 2024, as cited in the annual report of a CMVM-supervised management company. The CMVM does not publish individual fund returns; aggregate disclosure through the APFIPP index is the only publicly auditable source for this comparison in Portugal.

1.2 What the Index Does and Does Not Establish

- **Methodology.** The index measures annualised time-weighted return, not money-weighted internal rate of return. For development funds with short cycles and reinvestment, money-weighted IRR tends to exceed time-weighted return in appreciating markets, which suggests 17.18% may understate the effective IRR realised by investors in the category.
- **Cyclical.** The 3-year and 5-year figures for the development sub-index — 9.05% and 5.85% — are materially lower than the 1-year figure. The category is cyclical and 2024 was a strong year. A single year should not be read as a durable expectation.
- **Sample size.** Twenty-one funds is a small sample. Dispersion within the category is not published, so the distribution around the 17.18% mean is unknown.
- **Survivorship.** The index reflects funds that existed and reported. It does not capture vehicles that failed or were wound up early.

The honest reading is that 17.18% establishes the Portuguese development fund category as capable of delivering returns in that range in favourable conditions, not that it does so consistently.

1.3 Market Structure — An Under-Served Segment

Metric	Value	Implication
Active real estate funds in Portugal	321	A mature but crowded vehicle market
Total assets under management	€17,852 million	N2AM, August 2025
Share invested in completed income property	76%	The market is predominantly yield-oriented
Of which residential	6%	Residential income is a small share of a large yield market

Metric	Value	Implication
Closed-end development, residential focus	Minority	The segment the Fund occupies

The structural point is that Portuguese real estate funds overwhelmingly hold completed property for income. A closed-end vehicle that creates residential stock and sells it occupies a different position in the market, with a different return profile and a different risk profile.

02 EUROPE — INREV BENCHMARKS

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2.1 The INREV IRR Index

The INREV IRR Index measures since-inception internal rate of return for non-listed closed-end funds investing more than 90% of gross asset value in European real estate. Returns are net of fees and costs. The index is calculated on an equally-weighted basis by vintage year cohort. The Global IRR Index is produced jointly by INREV, ANREV and NCREIF and covers non-core strategies across Europe, Asia-Pacific and North America.

Vintage	Average SI-IRR	Observation
Pre-2001	14.7%	Mature funds; full cycle realised
2005–2007	≈3–5%	Deployed into the pre-crisis peak
2008	Wide dispersion	Top quartile 12.54%; bottom quartile –2.06%
2011–2013	14.2%–18.4%	Best vintage globally; peak 18.39% at 2013
2014–2016	≈12–15%	Continued favourable cycle
2017–2019	4.8%	Impacted by the 2022 rate shock
2020–2022	–5.7% to –2.6%	Deployed into the peak; recovering through 2024

Source: INREV Global IRR Index Q4 2024 (INREV / NCREIF / ANREV) and INREV IRR Index public releases 2020–2024.

2.2 The Vintage Lesson

The dominant determinant of realised return in this dataset is not strategy or manager. It is entry timing. The 2011–2013 cohort, deploying into the aftermath of the financial crisis when asset values had

corrected and competition for assets was minimal, delivered the best returns recorded. The 2005–2007 and 2020–2022 cohorts, deploying into peaks, delivered the worst.

2.3 Strategy Classification and Return Ranges

Returns in European non-listed real estate stratify consistently by strategy. The Fund belongs to the opportunistic and development category, not to core or core-plus.

Strategy	Typical IRR range	Characteristics
Core	5–8%	Stabilised income property, low leverage, minimal asset management
Core-plus	8–11%	Stabilised with modest repositioning or lease-up
Value-add	11–16%	Significant repositioning, refurbishment or re-letting
Opportunistic / development	15–20%	Ground-up development, planning risk, execution risk

Institutional preference has moved toward this end of the spectrum: the INREV Market Insights report of September 2024 recorded more than 75% of institutional investors expressing a preference for value-add or opportunistic European strategies for that year.

03 UNITED KINGDOM, FRANCE AND GERMANY

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3.1 United Kingdom

UK non-listed real estate funds are regulated by the FCA and analysed by the Association of Real Estate Funds with the Investment Property Forum. The post-2022 correction was more pronounced in the UK than elsewhere in Europe, with capital values falling 22% from the June 2022 peak (MSCI).

- Core strategies: 5–8% per annum in normal conditions; negative in 2022–2023.
- Value-add and residential development: 10–15% IRR target for closed-end funds launched in 2024–2025.
- The UK shares Portugal's structural housing shortage but has no equivalent of the 6% VAT incentive or of fund-level corporate tax exemption.
- The Reserved Investor Fund, approved in 2023, is intended to improve UK competitiveness for institutional vehicles; the first funds have no track record.

3.2 France

The French market is supervised by the AMF, with statistics maintained by ASPIM. Principal vehicles are OPCI for institutional investors and SCPI for retail.

- Transaction volumes fell to approximately €14 billion in 2023 from €28–29 billion in 2020–2022, a contraction of roughly 50%.
- Residential demonstrated resilience relative to offices, with institutional investors increasing exposure.
- Value-add strategies in residential and logistics: 9–13% IRR target.
- The ZAN regulation (Zéro Artificialisation Nette) constrains greenfield development, favouring urban rehabilitation — a structural parallel to the Portuguese rehabilitation incentive framework.

3.3 Germany

Historically the largest and most liquid market in continental Europe, Germany was the most severely affected by the rate cycle, with several large developers entering insolvency in 2023–2024.

- Value-add funds raising fresh equity in 2024–2025: 7–12% IRR target, constrained by bank financing availability.
- Opportunistic and distressed strategies: 13–17% IRR target, capitalising on assets from insolvent developers (CBRE Investment Management, 2024).
- Germany records the widest gap between target and realised return in the 2019–2022 vintages of any major European market.

3.4 Comparative Position

Market	Strategy	IRR range	Source
Portugal	Closed-end development	17.18% realised, 2024	APFIPP index
Europe (best vintage)	Value-add / opportunistic	14.7–18.4%	INREV IRR Index
Europe (2019+ vintages)	Value-add	–2.6% to 5%	INREV Q3 2024
United Kingdom	Value-add / development	10–15% target	AREF / IPF
France	Value-add	9–13% target	ASPIM / DWF 2024
Germany	Value-add	7–12% target	BVI / INREV
Germany	Opportunistic	13–17% target	CBRE IM 2024

Data for the United Kingdom, France and Germany represents market ranges compiled from public sources. Unlike the APFIPP index and INREV, these are not official audited indices with comparable granularity and should be treated as order-of-magnitude references.

04 CANADA — THE INVESTOR'S HOME BENCHMARK

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4.1 Why Canada Is Included

The Fund is being placed in part through a Canadian distribution channel. A Canadian institutional or high-net-worth investor evaluating this Fund will not compare it primarily against Portuguese alternatives; they will compare it against what they can obtain at home. This chapter sets out that comparison.

4.2 The Canadian Return Stratification

Vehicle	Return	Liquidity	Source
MSCI/REALPAC direct property index	6.0% p.a., 10-year	Illiquid	Unlevered institutional benchmark
Canadian listed REITs (TSX)	6.37% p.a., 10-year	Liquid	MSCI Canada IMI REITs Index
Pension fund real estate	7.3–9.2% p.a., 10-year	Illiquid	Morningstar DBRS, Aug. 2024
Private core / open-end funds	≈8–10% p.a.	Semi-liquid	Manager disclosure
Private value-add closed-end	18.4–20.0% net IRR	Illiquid	Hazelview, three completed funds
GTA condo development	20%+ net IRR target	Illiquid	Dancap, 2025 outlook

4.3 Institutional Real Estate Under Pressure

Canada's largest pension funds recorded their worst real estate year since the financial crisis in fiscal 2023/24. PSP Investments recorded –16%, CPP Investments –5%, OMERS –7.2% and CDPQ –3.6% in the first half of 2024. CPP Investments reduced its real estate allocation from 12% to 8% of total assets over five years.

This matters for the Fund's positioning. The repricing of institutional core real estate is precisely the condition under which allocators look toward specialist development managers with shorter cycles and clearer exit routes. The Ontario Teachers' chief executive observed that what had worked for thirty-five

years might not work for the next five to ten — a structural rethink of buy-and-hold real estate at institutional scale.

4.4 A Cautionary Canadian Case

Hazelview's Four Quadrant Global Real Estate Partners fund provides a counterpoint that a Canadian investor will likely be aware of. The C\$1.3 billion open-end vehicle, combining public and private equity and debt, targeted 8–10% annual returns. It returned +0.8% in 2022, –3.3% in 2023, –11.6% in 2024 and –13% in 2025, halted redemptions twice, and entered a strategic review in February 2026.

What It Illustrates

- **Structure.** Open-end structures with liquidity promises are vulnerable when private asset transaction volumes seize. A closed-end structure eliminates redemption risk by design — though at the cost of investor liquidity, which is itself a risk (see Data Room Section 4, Risk 7.1).
- **Diversification is not protection.** Diversified multi-asset vehicles with heavy leveraged private exposure can suffer severe capital destruction when assets reprice.
- **Focus.** Single-market, single-strategy focus with defined exit timelines produces cleaner risk assessment than diversified global multi-asset exposure — provided the single market and single strategy are the right ones.

05 WHAT ACCOUNTS FOR THE DIFFERENTIAL

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5.1 Market Conditions Specific to Portugal

Three features of the Portuguese market are available to any competent residential developer operating there. They are not proprietary to this Fund, but they do not exist in this combination in the comparator markets.

Feature	Portugal	UK / France / Germany
Housing deficit	465,000 units required by 2035; building at under 30% of estimated need	UK has a comparable shortage; France and Germany have more mature rehabilitation supply
VAT on new housing	6% on fractions at or below €660,982 under the 2026 Housing Tax Package	No equivalent reduced-rate regime for residential development
Fund-level corporate tax	Exempt under Article 22 of the Tax Benefits Statute	No equivalent vehicle-level exemption in the comparator markets

Quantified Market Data

Indicator	Value	Source
New homes required by 2035	465,000	European Commission JRC, 2024
Estimated annual need through 2029	70,000 / year	APPII, March 2026
Current construction pace	≈20,000 / year	APPII, March 2026
Homes completed, 2024	28,494	INE
Accumulated deficit, last decade	≈300,000	APPII, March 2026
Average national price	€2,168/sqm	INE, Local Housing Price Statistics, Q1 2026
Average Algarve price	€4,165/sqm, +8.3% YoY	Idealista Price Index, August 2026
National price growth, 2025	+16.8%	INE; average €2,076/sqm
Dwellings sold, H1 2025	84,247, +20% YoY	INE
Construction cost index	+7.2% YoY, June 2026	INE — labour +8.0%, materials +6.5%

5.2 Disciplines Specific to the Fund

Two elements of the return case are not market conditions but disciplines the Fund adopts. They are set out in full in Data Room Section 0 and their application to the initial pipeline is reconciled there.

Planning Certainty at Entry Acquisition restricted to land already subdivided or eligible for prior notification, removing discretionary licensing risk before capital is committed. Three initial pipeline assets do not currently evidence this route.	Acquisition Pricing Discipline Target of up to 15% below independently appraised value. Three initial pipeline assets are contracted above observed market comparables.	Off-Site Delivery Industrialised construction compressing the delivery cycle and reducing dependence on scarce on-site trades, against a national shortfall exceeding 90,000 construction workers.
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06 POSITIONING SUMMARY

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6.1 Consolidated Comparison

Vehicle / benchmark	Return	Liquidity	Risk
PT closed-end development (APFIPP 2024)	17.18%	Illiquid	Med-High
Canadian value-add realised (Hazelview)	18.4–20.0%	Illiquid	Med-High
Global opportunistic average (Preqin)	17.8%	Illiquid	High
Europe best vintage (INREV 2011–13)	14.7–18.4%	Illiquid	Medium
UK value-add / development	10–15%	Illiquid	Medium
France value-add	9–13%	Illiquid	Medium
Canadian pension real estate 10-year	7.3–9.2%	Illiquid	Low-Med
Germany value-add	7–12%	Illiquid	Med-High
Canadian listed REITs 10-year	6.37%	Liquid	Medium
MSCI/REALPAC Canada 10-year	6.0%	Illiquid	Low

6.2 Conclusions

1. The Fund's strategy class — closed-end residential development — has delivered returns in the 15% to 20% range in Portugal, Canada and globally in favourable conditions. A return objective in that range is within the observed band for the class and is not an outlier.
2. The differential between development and income strategies is consistent across markets: 17.18% against 7.38% in Portugal, 18–20% against 8–10% in Canada. The differential is compensation for development, execution and timing risk, and it is real risk rather than a pricing anomaly.
3. Entry timing is the dominant determinant of realised return in the INREV dataset. A 2027 first closing follows a correction of 19% in European and 22% in UK values, which is the position from which the best-performing vintage on record deployed.
4. Portugal offers three structural features — housing deficit, reduced VAT, fund-level tax exemption — not available in combination in the comparator markets. These are verifiable and are available to any competent operator in the market.
5. The Fund's own differentiating disciplines are adopted criteria rather than demonstrated characteristics of the initial pipeline. Data Room Sections 0, 2 and 4 set out where the pipeline diverges from them.

Sources

- APFIPP — Real Estate Index, December 2024 (72 funds); Bulletin of Risk and Return Measures for Real Estate AIFs.
- CMVM — Periodic Statistics on Real Estate Investment Funds.
- N2AM — Portuguese real estate fund market data, August 2025.

- INREV — Annual Fund Index 2024 (331 funds, GAV €317.4bn); IRR Index public releases 2020–2024; Market Insights, September 2024.
- INREV / NCREIF / ANREV — Global IRR Index Q4 2024 (398 funds, vintages pre-2001 to 2022).
- MSCI — European and UK capital value indices; MSCI/REALPAC Canadian Property Index; MSCI Canada IMI REITs Index.
- Preqin — Closed-end private real estate fund benchmarks by strategy.
- AREF / Investment Property Forum — UK fund performance.
- ASPIM — French collective real estate investment statistics; DWF Real Estate Insights 2024: France.
- BVI / CBRE Investment Management — German market and European opportunity outlook, 2024.
- Morningstar DBRS — Canadian pension fund real estate returns, August 2024.
- Hazelview Investments — private real estate track record, verified December 2025; Four Quadrant fund performance.
- Dancap Family Investment Office — 2025 real estate outlook.
- INE — Local Housing Price Statistics Q1 2026; Construction and Housing Statistics; Index of Construction Costs for New Housing, June 2026.
- Idealista — Price Index, Algarve, August 2026; national price reporting, April 2026.
- European Commission Joint Research Centre — Portuguese housing requirement to 2035.
- APPII — Portuguese construction pace and accumulated deficit, March 2026.
- Banco de Portugal — BPstat Euribor series; Boletim Económico 2/2026.
- Eurostat — European house price and household formation data.

Important Notice

All benchmark data in this document is drawn from published third-party sources, cited above. No benchmark has been produced, adjusted or selected for favourability by SCREENPROJECT. Where a source measures on a methodology different from the Fund's own projections — time-weighted rather than money-weighted return, unlevered rather than levered, gross rather than net of fees — that difference is noted in the text.

Past performance of comparable funds, whether referenced in this document or elsewhere, is not a guarantee or indicator of future returns for this Fund. Benchmark ranges for the United Kingdom, France and Germany are compiled from public sources and are not audited indices. An investment in the Fund may result in the loss of some or all of the capital invested.

This document should be read together with Data Room Section 4 (Risk Factors), which identifies risks specific to this Fund that no benchmark captures.

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