The REIT Cap Rate Perspective

CenterSquare REAL ASSET INVESTMENT LEADERSHIP

CenterSquare's REIT Cap Rate Perspective presents the market pricing of $1.5 trillion of real estate in the U.S. REIT market, seeking to quantify the valuation gap between public and private markets. While at times the disparity may be temporary or driven by short term volatility, the forward discounting inherent in public markets can also offer investors insights as to the possible future direction of real estate values. In this report, we share our proprietary REIT implied cap rate results across sectors.

For a copy of CenterSquare's full REIT Cap Rate Perspective report, or to learn more about our strategies, please email contactus@centersquare.com.

Second Quarter 2020 Report Highlights

Repricing Reality

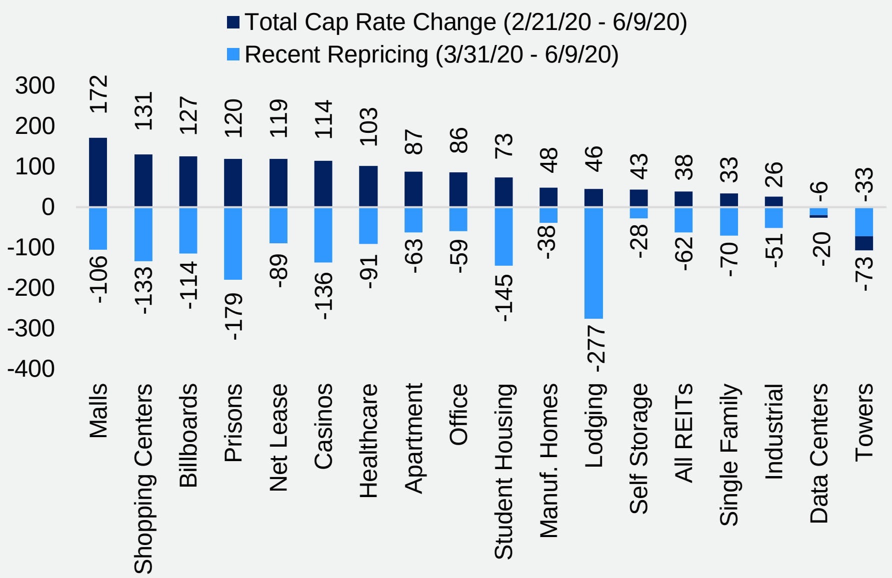
The stock market's initial reaction to the COVID-19 crisis was swift and dramatic; but over the last few months, the reality of the pandemic's impact on the economy has been more clearly realized. REITs have experienced disruption to varying degrees and equity market pricing now better reflects the current situation. This reality has been broadcast throughout the most recent earnings season and in conjunction with several conferences, where it informed expectations for future growth. We can apply these insights to forecast future private market pricing as capital starts to transact post-COVID-19 across property types.

After the initial knee-jerk market reaction, lodging has repriced most significantly. While the shelter-in-place orders and travel restrictions wiped out lodging demand almost overnight, traffic has started to return as economies have commenced reopening. Most importantly, the lodging sector should not be structurally challenged in the long-term once a COVID-19 vaccine is developed. While business and leisure travel will be slower to return as the economy climbs out of the recession, these activities will eventually resume with populations anxious to "get back to life" as we knew it.

However, this longer-term resiliency does not hold true with retail where we believe the structural challenges will be permanent in nature. This reality is most pronounced for malls where already troubled tenants are facing bankruptcy as a result of government-mandated closures that forced retailers to cease business. The shutdown also led to a step-change increase in e-commerce adoption, which we believe will remain at higher levels long-term. Post-COVID, surviving retailers will rationalize their physical footprint to optimize an omni-channel business model, which we anticipate will result in an approximate 25% reduction of retail square footage in the U.S. in the next several years. While this reckoning has been looming for some time, the COVID-19 crisis has accelerated this process past the tipping point.

In contrast, sectors with significant secular demand tailwinds have continued to demonstrate pricing resiliency. The virtual world we have been thrust into is dependent upon the connectivity offered by towers and data centers. As the workforce continues operating remotely - perhaps in some cases permanently -- we can expect to see greater demand for bandwidth provided by these sectors. Aging millennials who are working from home and have young families are looking for larger spaces and finding opportunities in single family rentals. As consumers permanently shift toward omni-channel retailing, sophisticated supply chains will continue to expand to accommodate additional inventory storage and resiliency. We believe these sectors will continue to be winners for the foreseeable future.

Change in Cap Rates



Source: CenterSquare Investment Management. Cap rates are based on CenterSquare public and private market cap rate estimates (2/21/20 –6/9/20). All REITs cap rates is the weighted average of the FNER Index.

The COVID-19 pandemic is rapidly developing globally, impacting the economy and real estate investments for which the duration, scale and severity remain unknown.

Sources: CenterSquare Investment Management, REIT Company reports. All data presented above is based on financials reported by companies within CenterSquare's REIT coverage universe (defined on page 3) during May 2020. All periods presented are ending May 2020 (i.e. 3 month change represents the change from financials reported in February 2020 to May 2020). REIT Implied cap rates are generated by a proprietary calculation that divides a company's reported net operating income ("NOI") adjusted for non-recurring items by the value of its equity and debt less the value of non-income producing assets. See full disclosures on page 3 for more information on calculation methodologies and stock universe used. See Important Disclosures at the end of this presentation.

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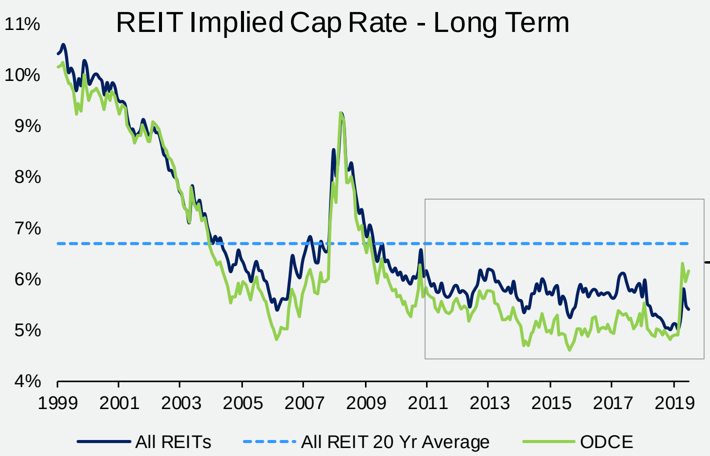
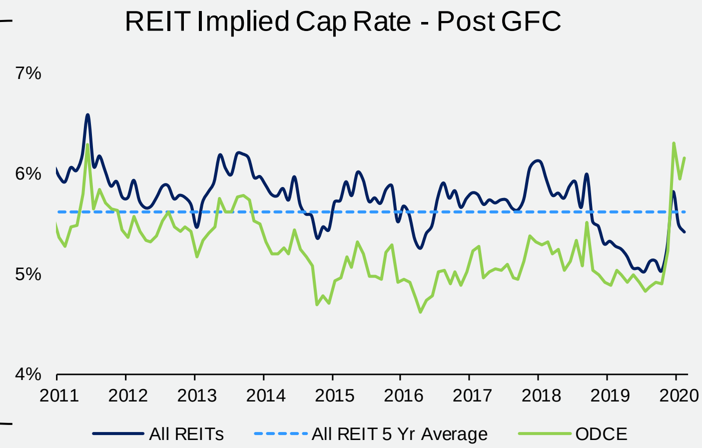
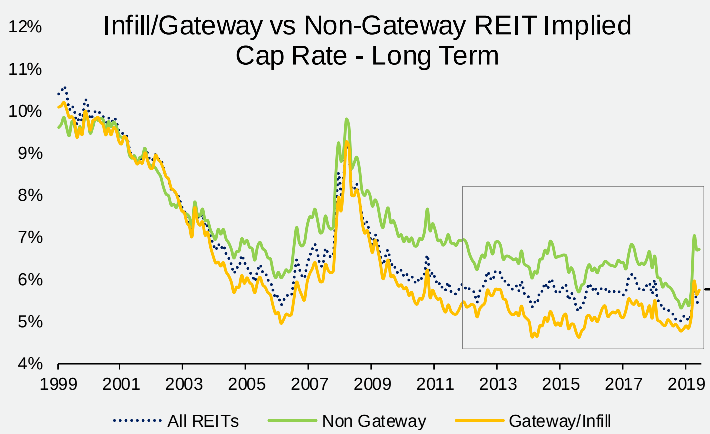
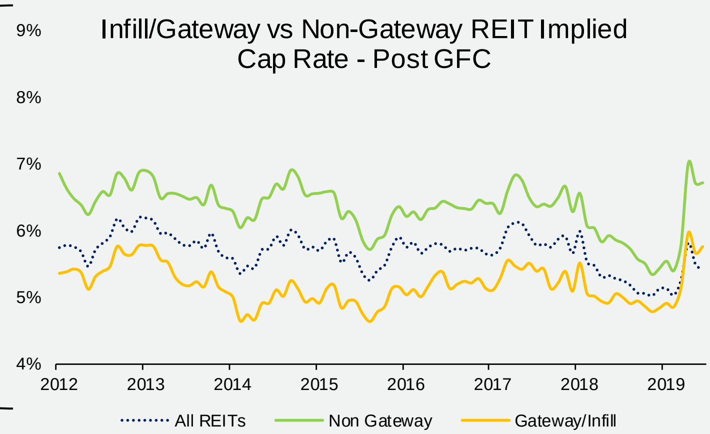
The Data:









Sector	REIT Implied Cap Rate	3 Mo. Change (bps)	12 Mo. Change (bps)	5 Yr Ave Implied Cap Rate	Private Market Cap Rate	REIT vs. Private Market Valuation Gap
Apartment	5.5%	(15)	87	5.0%	4.5%	(16.7%)
Industrial	4.0%	(116)	(48)	5.0%	3.9%	(4.0%)
Office	6.7%	(40)	110	5.5%	5.1%	(23.6%)
Retail	8.9%	40	265	6.1%	7.0%	(22.1%)
Hotel	9.5%	(170)	258	7.5%	5.9%	(38.1%)
Gateway/Infill	5.8%	(48)	70	5.1%	4.8%	(16.4%)
Non Gateway	6.7%	(50)	87	6.3%	5.5%	(18.2%)
REIT (Major Sectors)	**6.3%**	**(115)**	**101**	**5.5%**	**5.0%**	**(20.0%)**
REIT ODCE Proxy	**6.2%**	**(29)**	**113**	**5.1%**	**4.9%**	**(20.0%)**

Source: CenterSquare Investment Management, REIT Company reports. "All REITs" refers to CenterSquare's U.S. REIT coverage universe (defined on page 3). Data presented above is based on financials reported by companies within CenterSquare's REIT coverage universe during May 2020. All periods presented are ending May 2020 (i.e. 3 month change represents the change from financials reported in February 2020 to May 2020). REIT Implied cap rates are generated by a proprietary calculation that divides a company's reported net operating income ("NOI") adjusted for non-recurring items by the value of its equity and debt less the value of non-income producing assets. See full disclosures on page 3 for more information on calculation methodologies and stock universe used. See Important Disclosures at the end of this presentation.

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CenterSquare REIT Cap Rate Perspective Methodology

CenterSquare REIT Implied Cap Rates are based on a proprietary calculation that divides a company's reporting net operating income ("NOI") adjusted for non-recurring items by the value of its equity and debt less the value of non-income producing assets. The figures above are based on 1Q20 earnings reported in June 2020.

The universe of stocks used to aggregate the data presented is based on CenterSquare's coverage universe of approximately 200 U.S. listed real estate companies. Sector cap rates are market cap weighted. Sectors and market classifications are defined by the following:

Apartment: REITs that own and manage multifamily residential rental properties; Industrial: REITs that own and manage industrial facilities (i.e. warehouses, distribution centers); Office – REITs that own and manage commercial office properties; Retail – REITs that own and manage retail properties (i.e. malls, shopping centers); Hotel – REITs that own and manage lodging properties; Healthcare – REITs that own properties used by healthcare service tenants (i.e. hospitals, medical office buildings); Gateway – REITs with portfolios primarily in the Boston, Chicago, LA, NYC, SF, and DC markets; Non-Gateway – REITs without a presence in the gateway markets.

The REIT ODCE Proxy is a universe of REIT stocks built to resemble the NCREIF Fund Index – Open End Diversified Core Equity (ODCE). The ODCE, short for NCREIF Fund Index - Open End Diversified Core Equity, is the first of the NCREIF Fund Database products and is an index of investment returns reporting on both a historical and current basis the results of 36 open-end commingled funds pursuing a core investment strategy, some of which have performance histories dating back to the 1970s. The REIT ODCE Proxy is proprietary to CenterSquare and uses gateway/infill names in apartments, retail, industrial and office, and then weights them according to the ODCE index to create a proxy.

Private Market Cap Rates represent the cap rate achievable in the private market for the property portfolio owned by each company, and are based on estimates produced by CenterSquare's investment team informed by various market sources including broker estimates.

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Definition of Indices

FTSE Nareit Equity REITs Index "FNER"

The FTSE Nareit US Real Estate Index Series is designed to provide the most comprehensive assessment of overall industry performance, and includes all tax-qualified real estate investment trusts (REITs) that are listed on the New York Stock Exchange, the American Stock Exchange and the NASDAQ National Market List. The index constituents span the commercial real estate space across the US economy and provides investors with exposure to all investment and property sectors.

This benchmark is a broad-based index which is used for illustrative purposes only. The investment activities and performance of an actual portfolio may be considerably more volatile than these indices and may have material differences from the performance of any of this index.

One cannot invest directly in an index.

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CenterSquare Investment Management is headquartered in suburban Philadelphia, with offices in New York, Los Angeles, London and Singapore. CenterSquare is proud to manage investments on behalf of some of the world's most well-known institutional and private investors.

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