

## First Quarter 2022

CenterSquare's REIT Cap Rate Perspective seeks to quantify the valuation gap between public and private markets, offering investors insights as to the possible future direction of real estate values through our proprietary REIT implied cap rate results across sectors.

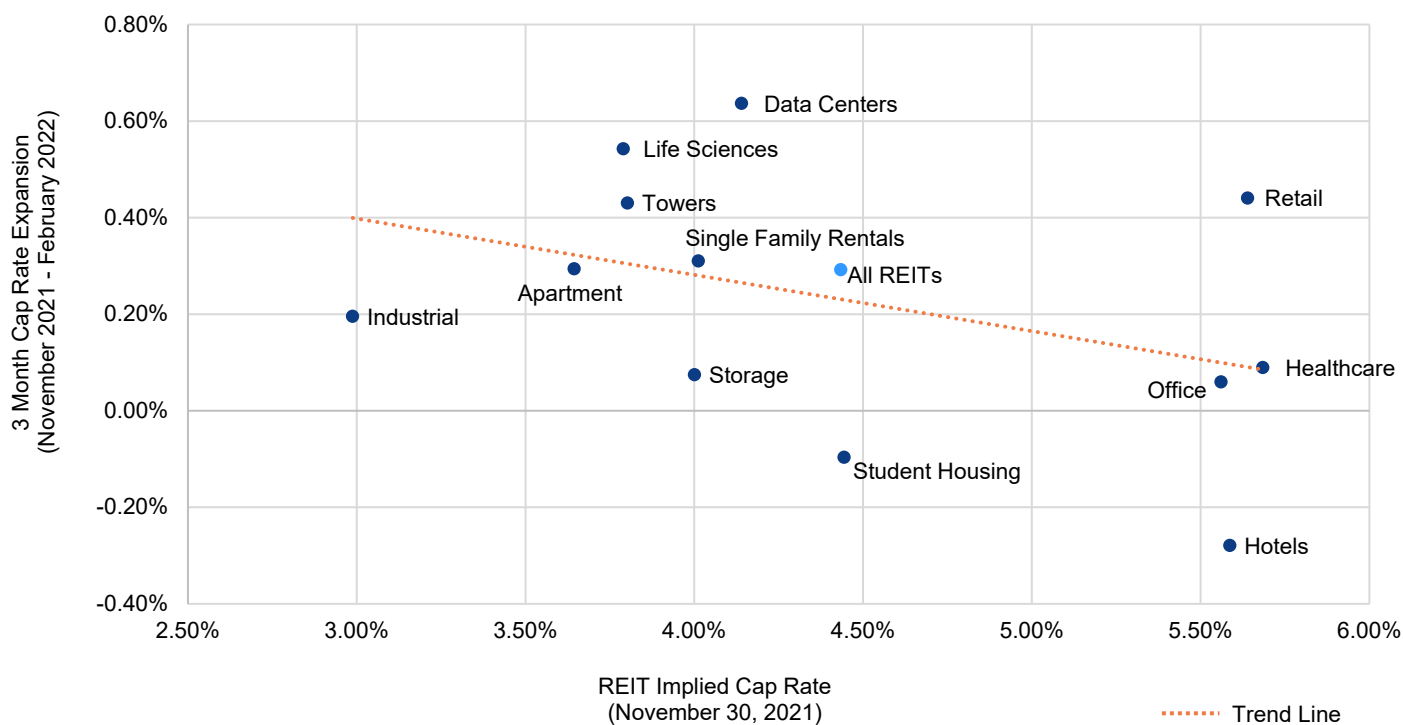
### REIT Market Pricing Implies Moderation in Real Estate Valuations

Following a strong 2021 for real estate and REITs, 2022 has brought new challenges and complexities. Persistent inflation is not only leading to higher interest rates, but subsequently a potential for slowing economic growth. On the other hand, U.S. real estate will likely prove to be a safe haven for investors during a time of heightened geo-political uncertainty. As such, we have already seen U.S. REITs outperform the broader U.S. equity market so far this year.

However, we have also seen cap rate expansion for real estate as implied by the public markets over the three months ending in February 2022, with the FTSE Nareit All Equity REITs (FNER) index implying a 3.1% decrease in real estate values. This decrease is primarily driven by sectors more exposed to technology. Towers and data centers have seen valuations decrease about 8.7% and 11.5%, respectively, while implied valuations for core real estate sectors are only 2.1% lower.

The dispersion in the REIT implied cap rates correction across different property types is notable. The correction has been less acute for those sectors that began the re-rating with higher cap rates, providing a wider spread to debt costs. And despite their lower cap rates heading into this year, industrial, apartments and storage have appeared slightly more resilient during this re-rating as fundamental drivers are enabling these sectors to capture meaningful pricing power and provide an inflation hedge for investors. While the absolute magnitude of any actual changes in real estate values may be overstated by short term market volatility, directionally the signals from the REIT market imply to us that cap rates have bottomed for this cycle, and private market returns should moderate, especially for secular growth sectors characterized by lower cap rates.

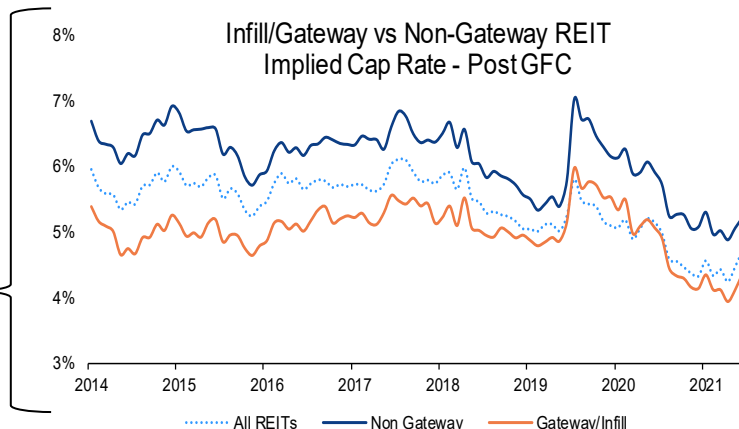
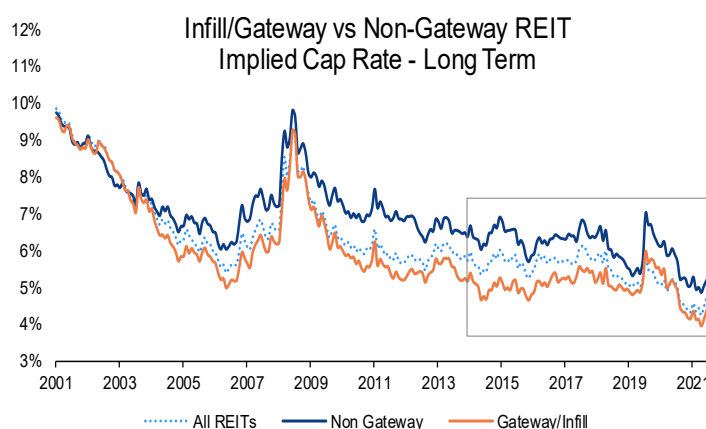
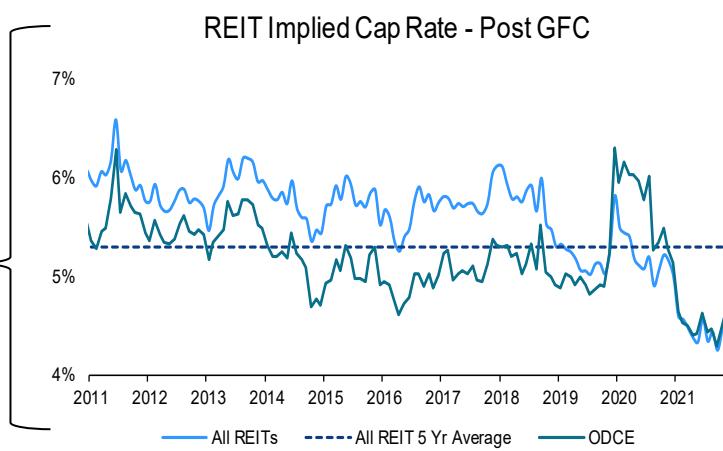
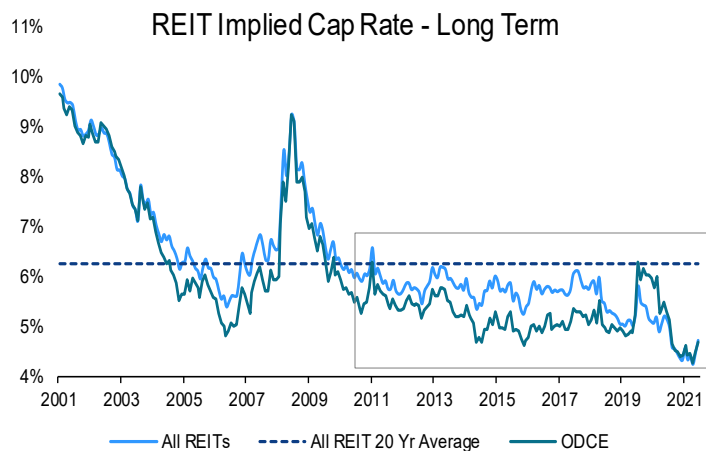
### 3 Month Cap Rate Expansion



Source: CenterSquare, as of February 28, 2022. All REITs = FTSE Nareit All Equity REITs (FNER) Index.

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 March 2022. 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.

## The Data:



Sector	REIT Implied Cap Rate	3 Mo. Change (bps)	12 Mo. Change (bps)	5 Yr Avg Implied Cap Rate	Private Market Cap Rate	REIT vs. Private Market Valuation Gap
Apartment	3.94%	29	(89)	4.77%	3.60%	-8.5%
Industrial	3.18%	20	(92)	4.22%	3.19%	0.2%
Office	5.62%	6	(64)	5.72%	5.03%	-10.5%
Retail	6.08%	44	(4)	6.48%	5.86%	-3.6%
Hotel	5.31%	(28)	(28)	6.70%	6.02%	13.5%
Gateway/Infill	4.37%	25	(69)	5.04%	4.12%	-5.7%
Non Gateway	5.22%	20	(69)	5.99%	5.14%	-1.6%
All REITs	4.73%	29	(43)	5.99%	4.51%	-4.5%
REIT ODCE Proxy	4.70%	23	(58)	5.12%	4.38%	-6.9%

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 March 2022. All periods presented are ending March 2022 (i.e. 3 month change represents the change from financials reported in December 2021 to March 2022). 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.

## 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 1Q22 earnings reported in March 2022.

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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Because the investment strategies concentrate their assets in the real estate industry, an investment is closely linked to the performance of the real estate markets. Investing in the equity securities of real estate companies entails certain risks and uncertainties. These companies experience the risks of investing in real estate directly. Real estate is a cyclical business, highly sensitive to general and local economic developments and characterized by intense competition and periodic overbuilding. Real estate income and values may also be greatly affected by demographic trends, such as population shifts or changing tastes and values. Companies in the real estate industry may be adversely affected by environmental conditions. Government actions, such as tax increases, zoning law changes or environmental regulations, may also have a major impact on real estate. Changing interest rates and credit quality requirements will also affect the cash flow of real estate companies and their ability to meet capital needs.

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## Definition of Indices

### FTSE Nareit All Equity REITs Index "FNER"

The FTSE Nareit All Equity REITs Index is a free-float adjusted, market capitalization-weighted index of U.S. equity REITs. Constituents of the index include all tax-qualified REITs with more than 50 percent of total assets in qualifying real estate assets other than mortgages secured by real property.

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.

A direct investment in an index is not possible.

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Founded in 1987, CenterSquare Investment Management is an independent, employee-owned real asset manager focused on listed real estate, private real estate equity and private real estate debt investments. As a trusted fiduciary, our success is firmly rooted in aligning our interests with those of our clients, partners and employees. CenterSquare is headquartered in suburban Philadelphia, with offices in New York, Los Angeles, London and Singapore. With \$15 billion in assets under management (March 2022), our firm and subsidiaries are proud to manage investments on behalf of some of the world's most well-known institutional and private investors.



For a copy of CenterSquare's full REIT Cap Rate Perspective report, or to learn more about our strategies, please contact:

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