

Fourth Quarter 2021

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.

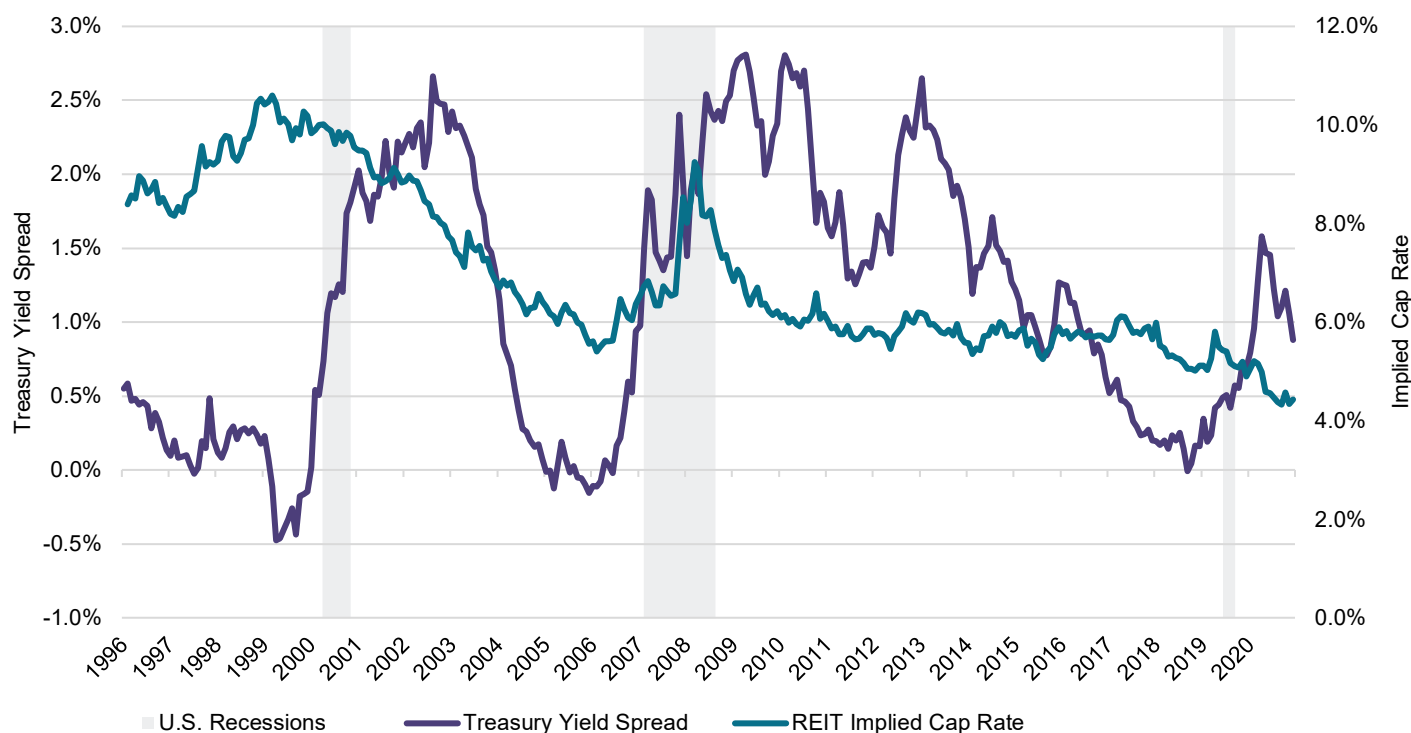
2022 Outlook: Possible Mid-Cycle Slowdown Positioned to Solidify Secular Trends

During the last two years, the world has witnessed an economic weather pattern unlike anything we have ever experienced in the past. The pandemic has changed consumer behaviors and forced a re-evaluation of the value proposition for the spaces we occupy. As we enter the third calendar year of a world in which COVID is very much a part, it's worth examining how future economic conditions could impact real estate valuations.

The Fed has pivoted from supporting growth to offsetting inflation. In the last month, despite elevated inflation data, 10-year treasury yields have declined nearly 15bps. At the same time, 2-year treasury yields have increased close to 30bps, flattening the curve overall, a scenario which could continue into next year. As a result, we believe the narrative for 2022 will include a midcycle slowdown. While we do not think this slowing will actually eventuate, the market focus could shift to concerns of a policy error and even recession risk. Though unusual in a period of slowing growth, the inflation momentum should persist, albeit at a more moderate level.

We have used our proprietary data to empirically test how cap rates are likely to respond to a flatter yield curve. We have found that alternative housing (single family rentals, manufactured homes, student housing), industrial and apartments tend to be more resilient in such an environment. Those sectors facing secular headwinds like office and retail find themselves on the other end of the spectrum, with lower and even negative correlations with the curve's slope. Therefore, it could be that a modification in the macro backdrop actually leads to a reinforcement, rather than a change, of current private real estate pricing trends.

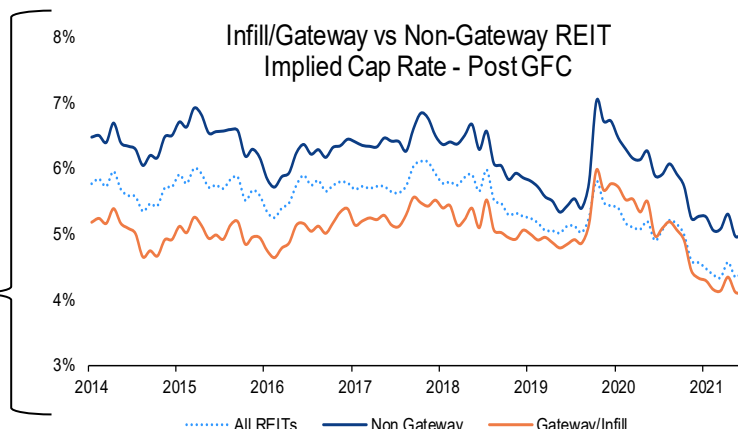
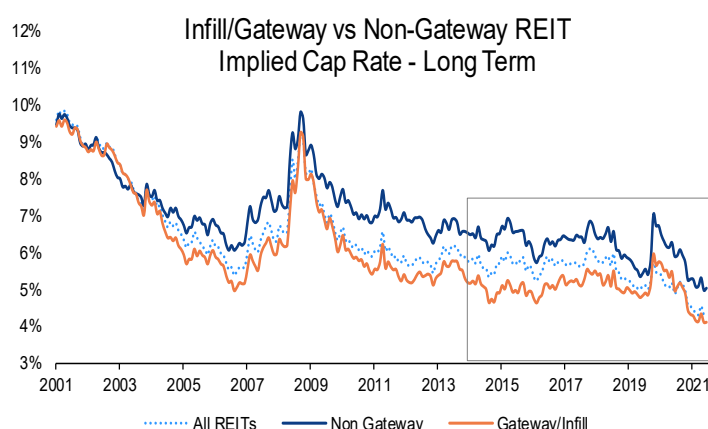
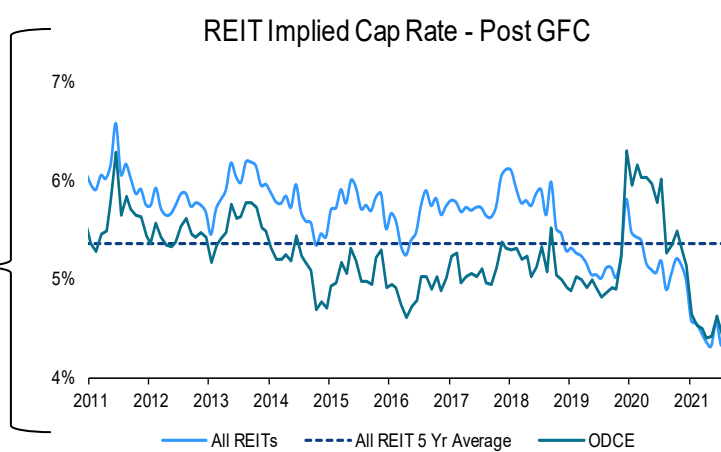
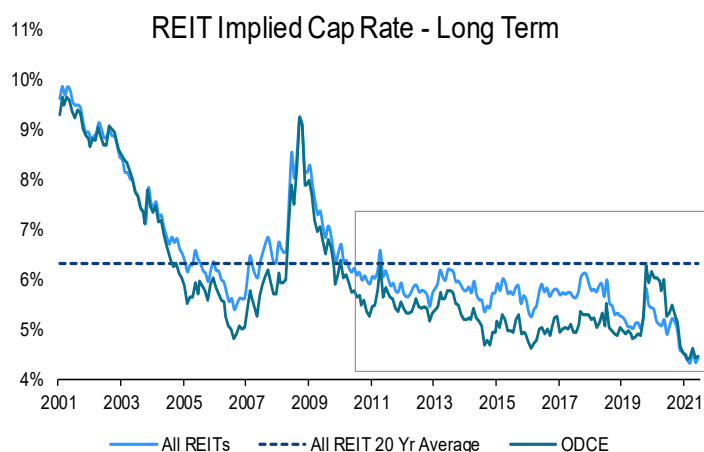
Treasury Yield Spread vs. REIT Implied Cap Rate



Source: CenterSquare and Federal Reserve Bank of St. Louis, December 16, 2021.
Treasury Yield Spread is 10 year-2 year Treasury Yields.

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 December 2021. All periods presented are ending December 2021 (i.e. 3 month change represents the change from financials reported in September 2021 to December 2021). 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	3.64%	0	(143)	4.84%	3.57%	-2.1%
Industrial	2.99%	(21)	(74)	4.33%	3.20%	7.0%
Office	5.56%	18	(40)	5.70%	5.02%	-9.6%
Retail	5.64%	(12)	(110)	6.47%	5.83%	3.4%
Hotel	5.59%	43	347	6.81%	6.00%	7.5%
Gateway/Infill	4.12%	(2)	(86)	5.08%	4.12%	0.1%
Non Gateway	5.02%	(6)	(87)	6.05%	5.14%	2.3%
All REITs	4.43%	10	(47)	6.05%	4.47%	0.7%
REIT ODCE Proxy	4.47%	4	(79)	5.14%	4.37%	-2.3%

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 December 2021. All periods presented are ending December 2021 (i.e. 3 month change represents the change from financials reported in September 2021 to December 2021). 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 4Q21 earnings reported in December 2021.

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.

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 (December 2021), 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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