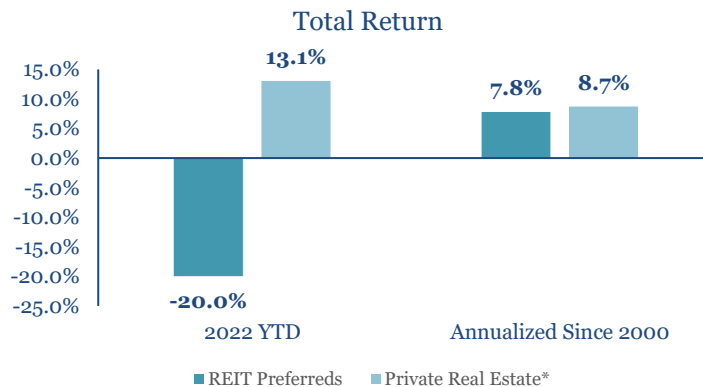


Public REIT Preferreds Offer An Intriguing Value Opportunity Versus Private Real Estate

- REIT Preferred sector now trades at ~9.0% yield with a 35% upside to par
- The overall cap rate for private real estate* is 3.7%
- Historically, the public REIT preferred and private markets have had similar returns so now is the time to take advantage of the price disparity



Source: LDR Capital Management Propriety Database, NCREIF, Bloomberg as of 9/30/2022

Potential Outcomes Going Forward

- *Interest rates remain high or go higher*
 - Direct real estate: Cap rates revert to higher levels. In turn, private market values likely would decline
 - REIT Preferreds: Given 2022 price performance, higher interest rates have already been (partially or fully) reflected to some degree

OR

- *Interest rates fall back down due to an economic slowdown/recession*
 - Direct Real Estate: Appear to already imbed these lower cap rates
 - REIT Preferreds: Yields and prices likely rally

Four Benefits of Public REIT Preferreds**

- Significant Valuation Gap Between REIT Preferreds and Private Real Estate
 - REIT Preferreds are now priced at 35% upside to par value
 - In contrast, direct real estate may only be beginning to experience cap rate reversion and price adjustment
- Yield Pick-up
 - REIT Preferred Asset Class yield now stands at ~9.0%
 - In contrast, private REITs distribute 4.5% – 5%, according to latest reports
- Well Covered Public REIT Preferred Dividends
 - 10x free cash flow coverage (after accounting for debt service and recurring capital expenditures)
- Liquidity and “Real Time” Pricing in Public Markets
 - Most all REIT Preferreds are traded on listed exchanges with transparency of value and NAV

*Private Real Estate refers to the NFI-ODCE Index which is an index of investment returns reporting on both a historical and current basis the results of 38 open-end commingled funds pursuing a core investment strategy primarily investing in private equity real estate. Private Real Estate cap rates are calculated based on appraisals which are generally lagging.

**Please refer to the LDR Database Definitions section on the last page of this presentation. Please refer to our Use of Indices disclosure on the last page of this presentation for more information about the Indices discussed.

DISCLAIMERS AND DISCLOSURES

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LDR Database Definitions

LDR’s calculations regarding REIT preferreds that are described in this letter are derived from its proprietary database of REIT preferreds, which is described in this paragraph. LDR seeks to track performance and various valuation metrics for all REIT publicly-traded preferreds issued in North America that are currently outstanding. This database does not include \$1000-par preferreds, as they are not exchange listed. Otherwise, LDR believes that its database captures the universe of publicly-traded REIT preferreds in North America that are currently outstanding. However, the LDR proprietary database does not include historical data, so references to historical yields and returns prior to 9/30/22 are based on relevant indices as noted. Overall issuance data, where noted, includes U.S. and Canada-issued fixed-rate and convertible REIT preferreds. Yield data includes only U.S.-issued fixed-rate preferreds. All pricing and trading data for the database are derived from Bloomberg.

Use of Indices

Market index information shown herein is for illustrative purposes only and is included to show relative market performance and other metrics for the periods indicated. The indices presented herein are not representative of any LDR account and no such account will seek to replicate an index. Market participants cannot invest directly in an index, the index is not actively managed, not subject to management fees, broker commissions or other expenses, and investors should not rely on them as accurate means of comparison.

The ETFs used with calculating the Preferred ETFs flow are iShares U.S. Preferred Stock ETF, PowerShares Preferred Portfolio ETF, First Trust Preferred Securities and Income ETF, PowerShares Financial Preferred Portfolio ETF, Invesco Variable Rate Preferred ETF,