

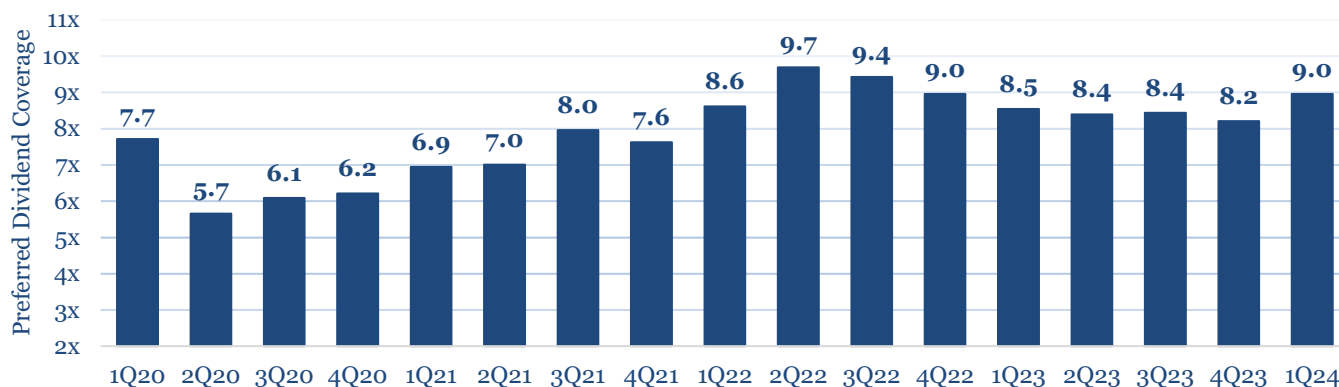
Key Takeaways

- REIT Q1.2024 preferred credit standing and coverage remain solid.
- REIT Q1.2024 earnings and operating results were stable.
- REIT balance sheets and access to liquidity remains strong.
- Access to public capital markets is a major differentiator vs. private real estate.

REIT Q1.2024 Preferred Credit Standing and Coverage Remains Solid

- REIT Preferred coverages remain steady; cash flow solidly covers dividends by a high 9.0 times.
- Credit losses remain de minimus, with only 3.8% in cumulative losses over the last 25+ years.

REIT Preferred Universe Dividend Coverage



Calculated as free cash flow after maintenance capital expenditures, divided by preferred coupon payments.
Source: LDR Capital Management, company reports.

REIT Q1.2024 Earnings and Operating Results Were Stable

- Q1.24 earnings reports were largely positive. REIT earnings growth (as measured by Funds From Operations per share) averaged +4% from a year ago; analysts' consensus estimates call for slowing but positive 2.4% growth in 2024 according to Bloomberg consensus.
- Q1.24 net operating income growth for REITs was 3.1% year over year.

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REIT Balance Sheets and Access to Liquidity Remains Strong

- Current debt/EBITDA levels for the REIT universe are approximately 5.7x, below previous market peaks.
- Total REIT debt of ~\$446 billion is only 35% of the \$1.3 trillion in REIT common equity.

Access to Public Capital Markets a Key Differentiator vs. Private Real Estate

- Even as private real estate capital remains in flux, public REITs continue to access capital with \$23.2 billion of capital raised in 2024 to date, consisting of \$19 billion of senior debt, \$458 million of preferred equity, and \$3.7 billion of common equity.

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LDR Database Definitions

LDR's calculations regarding REIT preferreds described herein are derived from its proprietary database, which strives to track the performance and valuation metrics for all currently outstanding publicly-traded REIT preferreds issued in North America (excluding \$1000-par preferreds, as they are not exchange-listed). LDR's 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 indicated, includes U.S. and Canada-issued fixed-rate and convertible REIT preferreds. Yield data consists only of U.S.-issued fixed-rate preferreds. All pricing and trading data for the database are derived from Bloomberg.

Use of Indices

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

Indices

REIT Preferreds is based on the LDR Capital Management proprietary database. Overall Preferreds are represented by the ICE BofA Core Plus Fixed Rate Preferred Securities Index, which tracks the performance of fixed U.S. dollar-denominated preferred securities issued in the U.S. domestic market. Bloomberg US Aggregate Bond Index tracks the performance of investment grade, U.S. dollar-denominated, fixed-rate taxable bonds, including Treasuries, government-related and corporate securities, MBS, ABS and CMBS. High Yield Bonds are represented by the ICE BofA BB US High Yield Index which tracks the performance of the U.S. dollar-denominated below investment grade corporate debt rate BB1 through BB3 publicly issued in the U.S. domestic market. Investment Grade Bonds use the ICE BofA BBB US Corporate Index which tracks the performance of U.S. dollar-denominated investment grade corporate debt rates BBB1 through BBB3 publicly issued in the U.S. domestic market. Municipal Bonds use the Bloomberg Municipal Bond Total Return Index, which covers the USD-denominated long-term tax-exempt bond market. The TNX Index represents the U.S. 10-Year Treasury. NFI-ODCE Index stands for Open-end Diversified Core Equity index, which is a capitalization weighted index that tracks the return of open-end core real estate funds. Qualified Dividend Income ("QDI") are ordinary dividends that meet specific criteria to be taxed at the lower long-term capital gains tax rate of 20% rather than at the higher tax rate for an individual's ordinary income.