3Q'24 Update – REIT Preferred Credit Metrics

January 2025

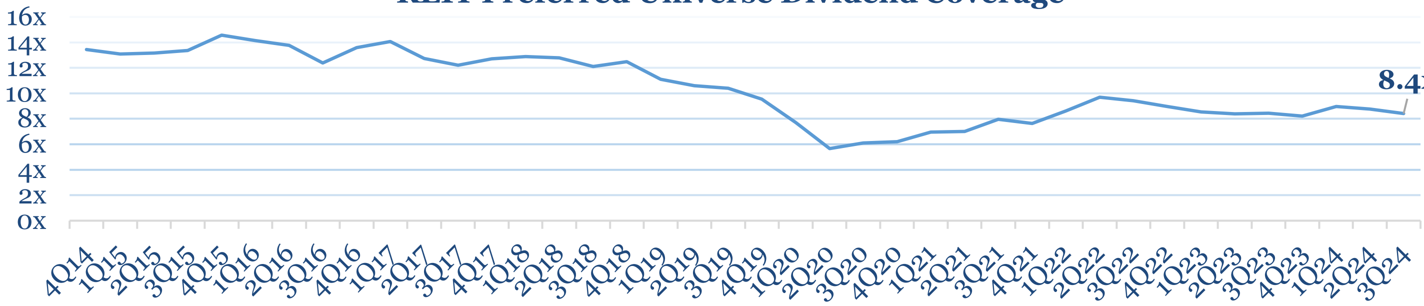
OVERVIEW

- *REIT preferred dividend coverage levels remain high*
- *REIT balance sheets carry relatively low leverage*
- *Significant access to public capital markets provides liquidity and credit backing for REIT preferreds*
- *Low historic defaults within REIT preferred asset class continues to be present*
- *Investors seeking higher yielding, high quality income can look to REIT preferreds for potential opportunities*

I. REIT Preferred Dividend Coverage Levels Remain High

- Weighted average preferred dividend coverage for the REIT universe is stable at 8.4x[1] as of 3Q'24
  - High coverage even after assuming the payment of debt service and recurring capital maintenance expenditures

REIT Preferred Universe Dividend Coverage

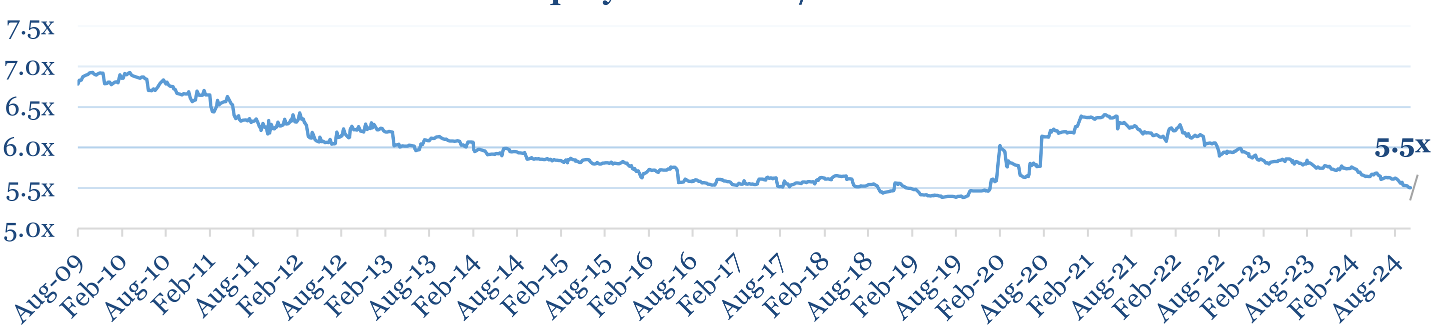


[1] Calculated as free cash flow after maintenance and capital expenditures, divided by preferred coupon payments.
Source: LDR Capital Management's proprietary database was initiated in 2014. Data as of 3Q'2024

II. REIT Balance Sheets Carry Relatively Low Leverage

- REIT debt levels stand near multi-decade lows with debt/NAV of ~30.7%[2] and debt/EBITDA levels of just 5.5x[3] as of 3Q'24

Equity REITs Debt/EBITDA



[2] Source: NAREIT debt/market assets as of 3Q'2024.
[3] Historical average data is from 3Q'2009 – 3Q'2024. Source: Green Street Research as of 3Q'2024.

III. Significant Access to Public Capital Markets Provides Liquidity and Credit Backing for REIT Preferreds

- In 2024, REITs raised $40.8 billion of unsecured debt, $30.4 billion of common equity, and $857 million of preferred stock.[4]

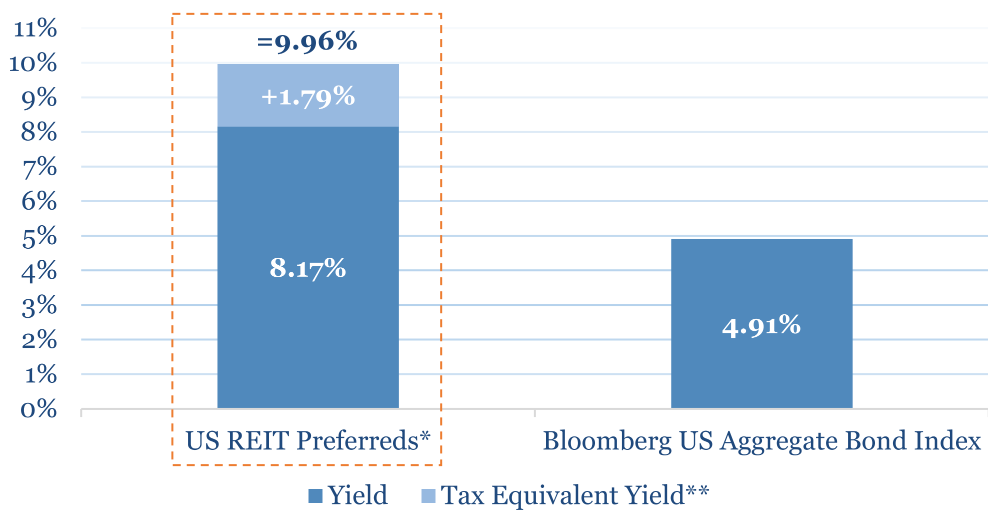
IV. Low Historic Defaults Within REIT Preferred Asset Class Continues to be Present

- REIT preferreds cumulative loss over the past ~25 years has been just 3.9% of total par issued, translating to just 0.16% of credit loss per annum[5]

V. High Quality Tax Equivalent Yields

- REIT preferreds offer higher tax equivalent yields than traditional fixed income categories

Tax Equivalent Yield Advantage
As of 12/31/2024



[4] REIT unsecured debt and common equity issuance is from "NAREIT Industry Financial Snapshot" as of 11/30/2024 and REIT preferred stock issuance is from LDR Capital Management's proprietary database as of 12/31/2024.
[5] Based on LDR Capital Management's proprietary database of REIT preferreds as of 12/31/2024. Cumulative credit losses for equity and mortgage REIT preferreds (including missed dividend payments).
[*] Based on LDR Capital Management's proprietary database of REIT preferreds. Yield accounts for fixed-to-floating preferreds that will become floating within the next 12 months; the adjustment is made using the current 3-month rate plus the contractual spread. Source: LDR Capital Management, Bloomberg. As of 12/31/2024.
[**] Tax Equivalent Yield calculation is based on a 40.8% tax rate (37% highest federal income tax bracket plus the 3.8% Medicare surcharge which went into effect in December 2015). Tax treatment of distributions will vary; investors should consult a tax advisor to determine if an investment is appropriate for them. As of 12/31/2024. Hypothetical illustration does not factor in each investor's actual federal tax rate which will vary depending on income, deductions, and investments. The tax information displayed is current but subject to change. Investors should consult their tax advisor to understand how changes in tax legislation may affect them. These calculations are for illustrative purposes only and do not include any fees or expenses associated with investing in a Fund, which will impact performance. Past performance is not indicative of future results, including the ability to pay dividends.

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There are several risks associated with investing in real estate of which investors must be aware, which may include, but are not limited to, fluctuations in the value of underlying properties, defaults by borrowers or tenants, market saturation, changes in general and local operating expenses, and other economic, political or regulatory occurrences affecting companies in the real estate industry. In addition to those in general, investing in REITs involves certain other risks related to their structure and focus, which can include, but are not limited to, dependency upon management skills, limited diversification, the risks of locating and managing financing for projects, heavy cash flow dependency, possible default by borrowers, the costs and potential losses of self-liquidation of one or more holdings, the risk of a possible lack of mortgage funds and associated interest rate risks, overbuilding, property vacancies, increases in property taxes and operating expenses, changes in zoning laws, losses due to environmental damages, changes in neighborhood values and appeal to purchasers, the possibility of failing to maintain exemptions from registration under the Investment Company Act of 1940 and, in many cases, relatively small market capitalization, which may result in less market liquidity and greater price volatility. REITs are also subject to the risk that the real estate market may experience an economic downturn generally, which may have a material effect on the real estate in which the REITs invest and their underlying portfolio securities. Investors should carefully consult all offering and legal documents to ensure suitability before investing.

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

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. 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.
US REIT Preferreds is based on the LDR Capital Management's proprietary database.