



M&A and Strategic Transactions Monitor

March 2022



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REIT capital markets, M&A and strategic transactions

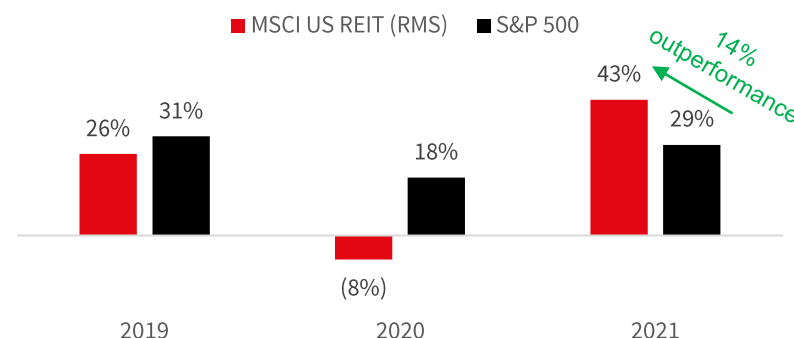
M&A and strategic transactions



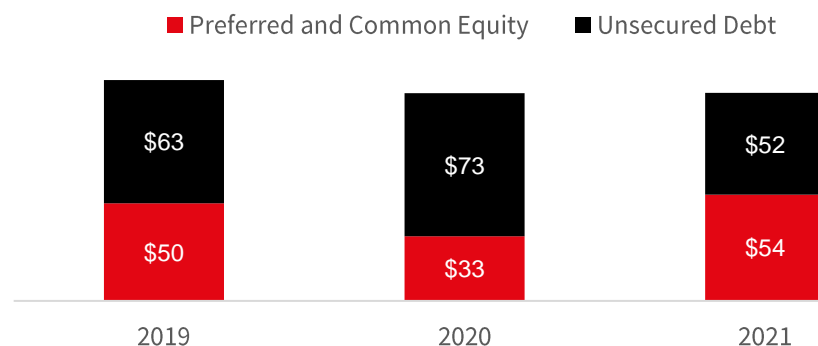
1. 2021 in review and 2022 performance to date

- I. 2021 was among the strongest years on record for REITs, **with a total return of 43%**; outpacing the **S&P 500 by over 14%**
- II. REITs traded at an **average premium of 11% to NAV**, and this favorable cost of capital resulted in robust equity issuance volume
- III. REITs utilized the accumulated war chest to be a significant participant in commercial real estate acquisitions market
- IV. In 2022, the headlines have been dominated by potential headwinds impacting the markets, including inflation fears, rising interest rates and geopolitical concerns

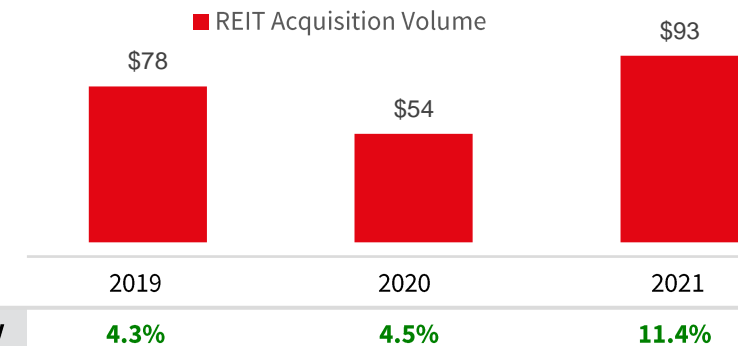
2021 was amongst the strongest recorded year for REITs



REIT capital raising in 2021 was robust⁽¹⁾ (\$B)



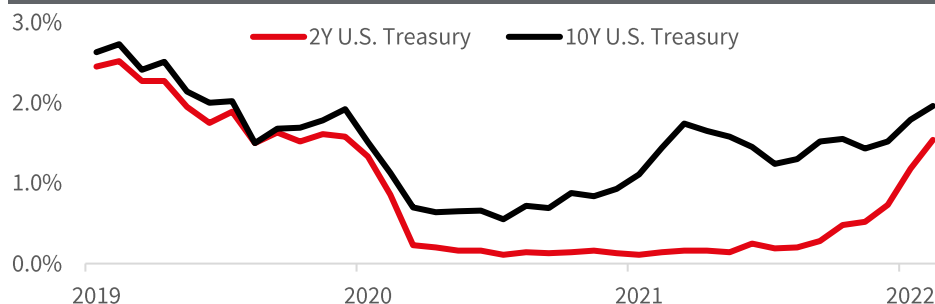
REITs have been acquirers given favorable cost of capital (\$B)



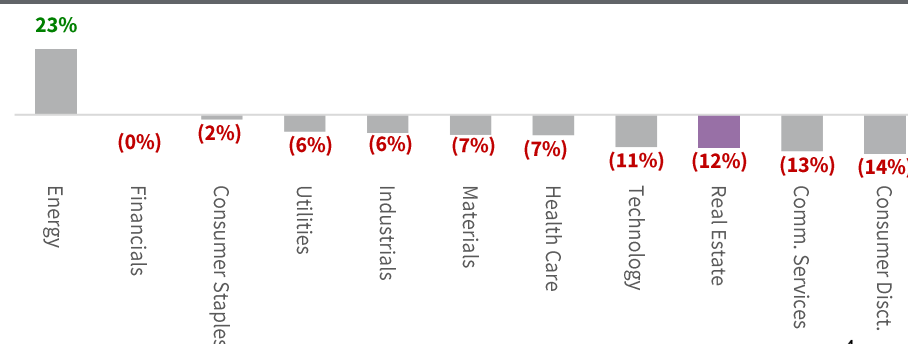
Avg. P/(D) to NAV

4.3% 4.5% 11.4%

Rising rates due to a more persistent inflation concern is a headwind



The broader markets, including REITs have sold off in 2022



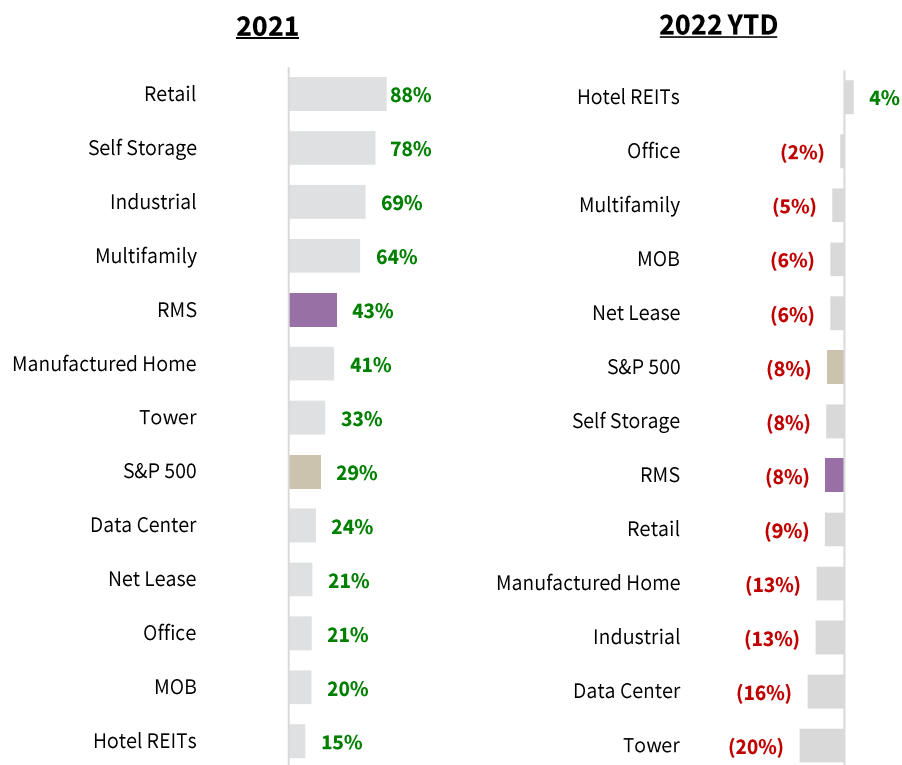
Source: SNL Financial, NAREIT, Green Street, JLL Research, Wall Street Journal
 (1) Includes follow-on equity, At-The-Market issuance, IPO and unsecured debt issuance

M&A and strategic transactions



1. 2021 in review (cont'd)

- I. All REIT sectors **posted positive returns in 2021** led by retail, industrial, multifamily and self storage sectors
- II. The positive dynamics on the ground have not yet translated into the stock price performance in 2022 as all REIT **subsectors have sold off YTD 2022** as market headwinds (inflation, rising rates and Russia's invasion of Ukraine) are the forefront of market participants' minds
- III. **REITs have underperformed the market**, led by data center and tower REITs. In addition, the inflation concerns are visible in the performance, given shorter WALT REITs have generally fared better



2. Robust M&A and strategic reviews activity

- I. **Retail: Cedar Realty Trust (NYSE: CDR)** announced the sale of the Company and its assets in a series of transactions that will result in net proceeds to the shareholders of more than **\$29 per share in cash**
 - The estimate net proceeds represents a **71% premium** to unaffected price on Sep. 9, 2021
 - JLL acted as CDR's financial advisor on the transactions
- II. **Data Center: CyrusOne (NASDAQ: CONE)** to be acquired by **KKR (NYSE: KKR)** and **Global Infrastructure Partners** in **\$15B all-cash** deal
 - Offer price represents a **25% premium** to CONE's unaffected closing price on Sep. 27, 2021
- II. **Data center: American Tower (NYSE: AMT)** to acquire **CoreSite Realty (NYSE: COR)** in **\$10.1B all-cash** transaction
 - Offer price represents a **6% premium** to COR's unaffected closing price on Nov. 8, 2021
- III. **MOB: Healthcare Realty Trust (NYSE: HR)** and **Healthcare Trust of America (NYSE: HTA)** have agreed to merge in an **all-stock \$8.2B** deal
 - Offer price represents an **18% premium** to HTA's unaffected price on Feb. 24, 2022
- IV. **Hotel: CorePoint Lodging (NYSE: CPLG)** to be acquired by **Highgate / Cerberus JV** in **\$1.5B all-cash** transaction
 - Offer price represents a **42% premium** to CPLG's unaffected closing price on July 13, 2020
- V. **Industrial: Industrial Logistics Properties (NASDAQ: ILPT)** acquired **Monmouth Real Estate (NYSE: MNR)** in **\$4B all-cash** transaction
 - Offer price represents a **24% premium** to MNR's unaffected closing price on Dec. 18, 2020

M&A and strategic transactions



2. Robust M&A and strategic reviews activity (cont'd)

VII. Industrial: LXP Industrial Trust (NYSE: LXP) initiated a strategic review process in light of a recent take-private offer from **Land & Buildings Investment Management (L&B)**

VIII. Multifamily: Preferred Apartment Communities (NYSE: APTS) to be acquired by **Blackstone REIT ("BREIT")** in **\$5.8B all-cash** transaction

- Offer price represents a **39% premium** to APTS unaffected closing price on Feb. 9, 2022
- JLL advised BREIT on the transaction

IX. Multifamily: Bluerock Residential Growth REIT (NYSE: BRG) to be acquired by an affiliate of **Blackstone** in **\$3.6B** transaction

- Shareholders to receive **\$24.25 in cash plus shares** of Bluerock Homes Trust, Inc., BRG's single family rental business spin-off, with an estimated NAV of **\$5.60** per share

X. Multifamily: Resource REIT to be acquired by **BREIT** in **\$3.7B all-cash** transaction

- Offer price represents a **63% premium** to Resource REIT's most recently published NAV of \$9.06/share

XI. Office: Paramount Group (NYSE: PGRE) received an unsolicited offer of \$12 per share from **Monarch Alternative Capital**

XII. Self Storage: SmartStop Self Storage REIT to acquire **Strategic Storage Growth Trust II** in **\$280M all-stock** transaction

XIII. Net Lease: W.P. Carey (NYSE: WPC) to acquire **Corporate Property Associate 18** for **\$2.7B**

3. Alternatives garnering significant private capital

I. Cold storage: Lineage Logistics raised **\$1.7B** in new equity from strategic partners bringing total equity raised since Jan 2020 to **\$6.0B**

II. Cold storage: Cold Summit Development, a premier developer, owner and operator of best-in-class cold storage facilities across US formed a strategic partnership with an investor

- JLL advised Cold Summit on the transaction

III. Outdoor storage: J.P. Morgan Global Alternatives formed **\$700MM** JV with **Zenith IOS** to acquire outdoor storage properties

IV. Self storage: YourStorageUnits formed a strategic partnership with an investor encompassing over **\$300M** in capital

- JLL advised YourStorageUnits on the transaction

V. Self storage: KKR (NYSE: KKR) launched a self storage platform: **Alpha Storage Properties**, with the purchase of **16** self storage assets valued at **\$300M** in the last few months

VI. Self storage: Starwood Real Estate Income Trust and Morningstar Properties formed a self storage JV by recapitalizing **25** assets consisting of **1.8MM SF**

VII. Gaming: Realty Income (NYSE: O) to acquire **Encore Boston Harbor Resort and Casino** for **\$1.7B** from **Wynn Resorts (NASDAQ: WYNN)** in a sale-leaseback transaction valued at a 5.9% initial cap rate

VIII. Gaming: Blackstone (NYSE: BX) sold the Cosmopolitan to a consortium led by Stonepeak Partners, Cherng Family Trust and BREIT for **\$5.6B**; **MGM resorts (NYSE: MGM)** purchased operations of the asset for **\$1.6B** and will enter a 30-year lease with the new owners

IX. Seniors housing: KeyBank Real Estate Capital launched **\$750MM** healthcare real estate fund with **Welltower (NYSE: WELL)** to focus on seniors housing and skilled nursing facilities

X. Life sciences: Tishman Speyer and **The National Pension Service of Korea** partner on **\$1.5B life science** and proptech focused platform

M&A and strategic transactions



3. Alternatives garnering significant private capital (cont'd)

- XI. MOB: Diversified Healthcare Trust (NASDAQ: DHC)** entered into a **\$703MM** JV at **5.0%** cap rate for **10** properties; **2** global institutional investors each acquired a **41%** and **39%** equity interest for **\$100.7MM** and **\$95.8MM**, respectively
- XII. Manufactured housing: UMH Properties, Inc. (NYSE: UMH)** entered into a JV agreement with **Nuveen Real Estate**; JV launched with initial capital commitment of **\$170MM**
- XIII. Single family rental: MORE Residential and Stockbridge** announced the formation of a single-family rental JV with **\$4B** in buying power
- XIV. Student housing: Global Student Accommodation** provided **\$1.6B** of initial seed assets consisting of **15,000 units** to form a JV with **Morgan Stanley Real Estate Investing**

4. Industrial and multifamily dominate traditional asset class partnership formation activity

- I. Industrial: Arden Group** formed a multi-tenant industrial platform, Arden Logistics Parks, seeded with a **\$800MM** portfolio consisting of **7MM SF** across **30** industrial parks; **Arcapita** acquired a **49%** interest and committed growth capital with the goal of growing the JV to **\$2B** in GAV
 - JLL advised Arden Group on the transaction
- II. Industrial: Singapore's Mapletree** invested **\$3B** across 2 US logistics portfolios totaling **141** properties
- III. Industrial: Investcorp** and two sovereign wealth funds established a **\$550MM** industrial RE JV vehicle with **\$1.6B** of buying power
- IV. Industrial: Bridge Industrial** and **PSP Investments** created a **\$550MM** U.S. warehouse JV with options for partners to re-up an additional **\$550MM** for a total equity commitment of **\$1.1B**

- V. Industrial: Realterm** has liquidated **Realterm Logistics Fund II** by selling 22 high-flow through logistics assets encompassing **1.8MM SF** in the fund's portfolio
- VI. Industrial: LXP Industrial Trust (NYSE: LXP)** announces recapitalization of a **22-property, \$550MM** special purpose industrial portfolio consisting primarily of manufacturing assets through a sale to a new JV with **Davidson Kempner**; LXP will retain a **20%** stake in the JV
- VII. Industrial: Rockpoint Group** and **BEB Capital** announced **\$1B** industrial focused JV, which consists of **660,000 SF** to date and is **100% leased**
- VIII. Industrial: Brookfield** and **ATCAP Partners** formed a JV to acquire a **3.5MM SF, 51-property** industrial portfolio
- IX. Multifamily: CPPIB** and **LMC (an affiliate of Lennar Inc.)** formed a **\$979MM** JV to develop multifamily assets across high-growth U.S. markets
- X. Multifamily: The Finger Companies** sold US multifamily portfolio of **20** properties encompassing **13,000 units** for **\$2.9B** to a venture led by **Greystar**
 - JLL advised The Finger Companies on the transaction
- XI. Multifamily: Greystar** sold flagship US multifamily fund consisting of **30** properties encompassing **10,000 units** for **\$3.6B** to **Ivanhoe Cambridge**
- XII. Multifamily: Lincoln Property – Cadillac Fairview JV** raised additional **\$1B** for U.S. multifamily fund, increasing total capital raised to **\$1.8B**
- XIII. Multifamily: Harrison Street** formed **\$1.5B** build-to-rent JV with **Core Spaces**
- XIV. Various: RXR** and **Hudson Realty** formed a national lending platform, **RXR – Hudson**, that aims to finance more than **\$2B** in deals across residential, industrial and healthcare-related sectors

M&A and strategic transactions



5. Retail platforms in demand given proven COVID resiliency of the sector

- I. **GIC** committed **\$500MM** to **RPT Realty's (NYSE: RPT)** R2G platform, allowing the platform to scale up to **\$1.7B** with an accelerated portfolio transformation and enhanced fee income stream
- II. **Kimco Realty Corp. (NYSE: KIM)** acquired the remaining **70%** interest in a portfolio of **6** Publix-anchored, Sunbelt region shopping centers consisting of **1.2MM SF** from its existing JV partner for **\$426MM**, and subsequently contributed the portfolio to a **50/50** JV with **Blackstone Real Estate Income Trust (BREIT)**

– JLL advised KIM on the transaction

- III. **Donahue Schriber** is reportedly close to being acquired by **First Washington Realty** and **CalPERS** for more than **\$3B**

6. Asset management platforms continue to be in demand

- I. **Affiliated Managers Group (NYSE: AMG)** acquired a majority equity interest in **Abacus Capital Group**
- II. **Apollo Global Management (NYSE: APO)** acquired the U.S. wealth-distribution and asset management businesses (\$5B in AUM) of **Griffin Capital** in a push to reach wealthy individuals
- III. **QuadReal** has acquired a **46%** ownership in **Ranger Global** and invests **\$1B** as foundation for a new strategic partnership that provides access to opportunistic investments across high-growth vehicles

7. Large portfolio deals contribute to record CRE deal activity

- I. **Affordable housing: Harbor Group** acquired a portfolio of **8** NC workforce housing communities for **\$475MM**, with plans of investing **\$21.9MM** to renovate 25% of the interior units

- II. **Hotel: Blackstone** and **Starwood** JV bought **111** extended-stay hotels under the WoodSpring Suites brand for **\$1.5B** from **Brookfield Asset Management (NYSE: BAM)**

- III. **Hotel: Summit Hotel (NYSE: INN)** acquired a portfolio of **27** hotels through its existing JV with **GIC** for **\$822MM**

- IV. **Industrial: EQT's** real estate unit sold **70.5MM SF** US industrial portfolio assembled by **Exeter Property Group** in a **\$6.8B** deal to an investor group led by **GIC**

- V. **Industrial: Blackstone** acquired **\$2.8B** of logistics assets in two transactions from **Cabot Properties**

– BREIT acquired a **102-property, 15.2MM SF** portfolio across PA, FL and NY, while BX European Core+ fund acquired the remaining **22** properties

- VI. **Industrial: CBRE Investment Management** acquired a portfolio of logistics assets encompassing **28MM SF** for **\$4.9B**

- VII. **Industrial: Ares Management** bought **2** US industrial portfolios comprising **75** properties totaling **11.9MM SF** for **\$1.7B**

- VIII. **Industrial: Copper Property CTL** divested JCPenney distribution center portfolio consisting of **10.1MM SF** for **\$557.2MM**; generating a blended disposition yield of **6.4%** in an all-cash transaction

- IX. **Industrial: Taurus** closed a **\$424MM** recapitalization of its **4.0MM SF** portfolio of 58-property last-mile logistics buildings across U.S.

- X. **Industrial: Starwood Capital** acquired an **11-asset** industrial portfolio consisting **2MM SF** in Phoenix for **\$407MM**

M&A and strategic transactions



7. Large portfolio deals contribute to record CRE deal activity (cont'd)

XI. Industrial: Equus Capital Partners acquired a **75-property, 5.4MM SF** multi-tenant industrial portfolio from **Prologis** for **\$900MM**

XII. Industrial: Investcorp acquired **64** industrial assets totaling **5.6MM SF** for **\$640MM**, growing **Investcorp's** US industrial real estate holdings to **\$3.5B**

XIV. Self storage: Public Storage (NYSE: PSA) closed the acquisition of **All Storage**, a high-quality self storage portfolio consisting of **56** properties and **7.5MM net rentable SF**, for **\$1.5B**

XV. Self storage: CubeSmart (NYSE: CUBE) acquired all of **LAACO's** outstanding partnership units for **\$1.69B**, expanding its portfolio with the addition of **59** assets from the **Storage West** platform owned by **LAACO**

XVI. Medical office: Physicians Realty (NYSE: DOC) acquired a **15-property, 1.5MM SF** US MOB portfolio for **\$764.3MM**

XVII. Multifamily: Blackstone (NYSE: BX) to acquire **\$1B+** San Diego apartment portfolio consisting of **66** apartment complexes, with plans to invest **\$100MM** in capital improvements

XVIII. Multifamily: RREAF acquired a portfolio of **21** multifamily assets in the US Sunbelt region for **\$534MM**

XIX. Multifamily: Starwood Real Estate Income Trust (SREIT) acquired a multifamily portfolio of **15,460** units across **62** communities from San Diego-based **Strata Equity Group**; the portfolio's assets are located in **27** markets across **10** states, primarily in the Southeast

XXII. Multifamily: Starwood Capital acquired a portfolio of **6** apartment communities consisting of **2,278** units in the Triangle area in North Carolina from **PGIM** for **\$565MM**

XXIII. Net lease: iStar (NYSE: STAR) announced the sale of a portfolio of its owned and managed net lease assets for **\$3.1B** to an affiliate of **Carlyle's Global Credit** platform; the portfolio consists **18.3MM SF** of office, entertainment, and industrial properties across the US

XXIV. Net lease: Ares Management acquired **Capital Automotive LLC** from **Brookfield Asset Management** for **\$3.8B**

XXV. Office: JBG Smith (NYSE: JBG) and **Fortress Investment Group** formed a **\$580MM** JV to recapitalize **7** office assets

XXVI. Office: Arch Street Capital Advisors and **Orion Office REIT (NYSE: ONL)** formed a JV to acquire long-term leased, single-tenant office assets in the range of **\$10-60MM**; JV has acquired **6** assets for **\$227MM** to date

XXVII. Office/Hotel: Mack-Cali Realty (NYSE: CLI) sold NJ office & hotel portfolio for **\$1B+** as part of CLI's repositioning strategy to be MF focused

XXVIII. Office: Easterly Government (NYSE: DEA) formed a **53-47** JV with an unnamed investor acquired a **10-property** portfolio fully leased to the **Department of Veterans Affairs** for **\$635.6MM**

XXIX. Seniors housing: Welltower (NYSE: WELL) acquired **4** US seniors housing portfolios in **\$1.3B** transaction

XXX. Student housing: Harrison Street sold **\$1.9B** in student housing assets to **Global Student Accommodation** and **The Scion Group**

Prominent themes in public capital markets

Prominent themes in **public** capital markets

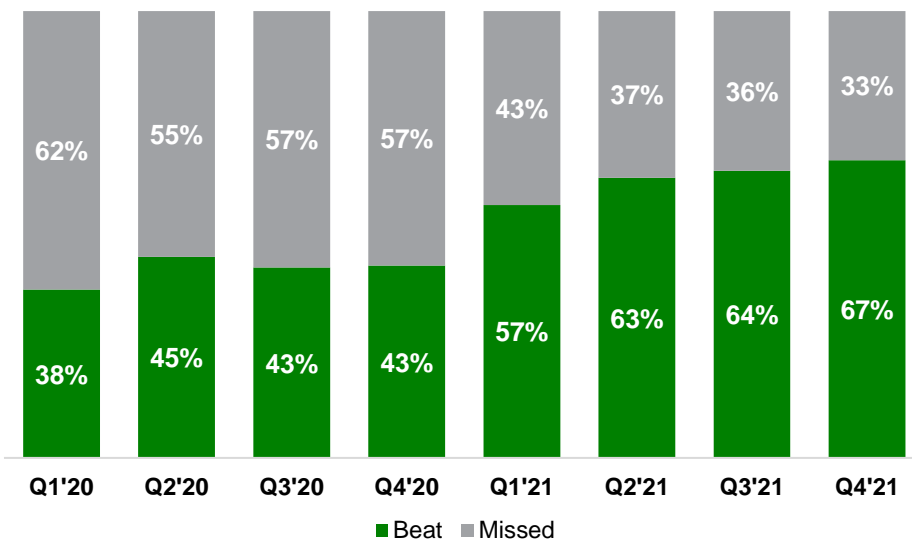


1. Strong REIT earnings supported by positive operating fundamentals and financial position

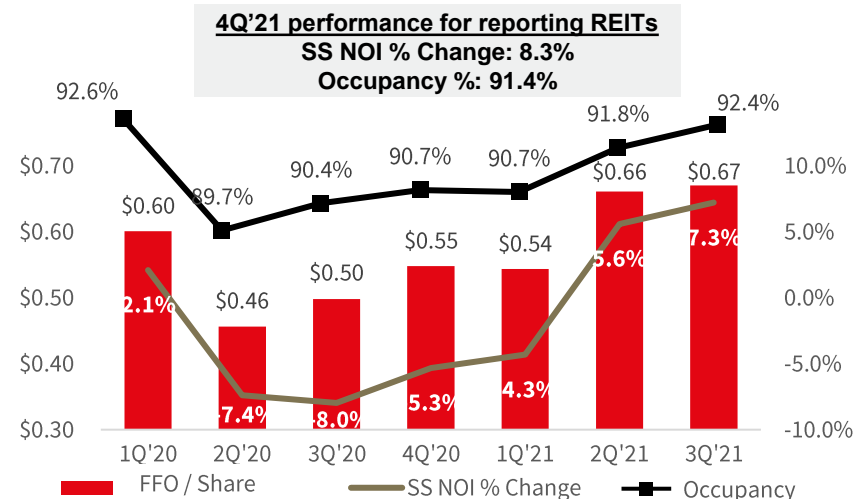
- Equity REITs posted a strong 3Q and early indications on 4Q 2021 earnings results are positive with continued “beat” of consensus estimates
- REIT fundamentals support the positive performance:
 - **Occupancy is returning to 1Q2020** levels while FFO growth surpassed 1Q’20, signaling improved operating efficiencies
 - Back-to-back quarters of **positive operating fundamentals** improved visibility of REIT bottom line growth going into 2022
 - REITs continue to **de-lever** and refinance existing debt, further **improving their debt metrics and in turn cost of capital**

Strong 2021 FFO results for REITs

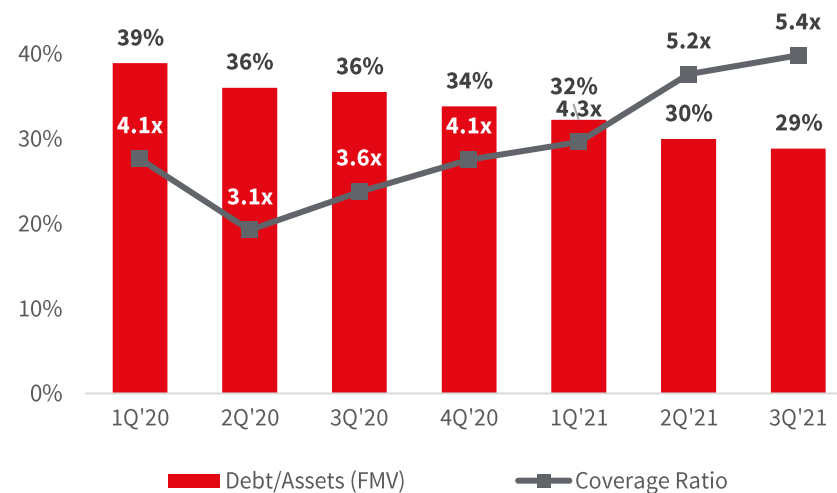
64% of REITs reported in 3Q 2021 results that beat analysts’ FFO estimates, continuing the growing trend since 1Q’20



REITs posted consistently strong results over 2021



REITs’ leverage position continues to improve further



Prominent themes in **public** capital markets



2. Large REITs outperform over long term

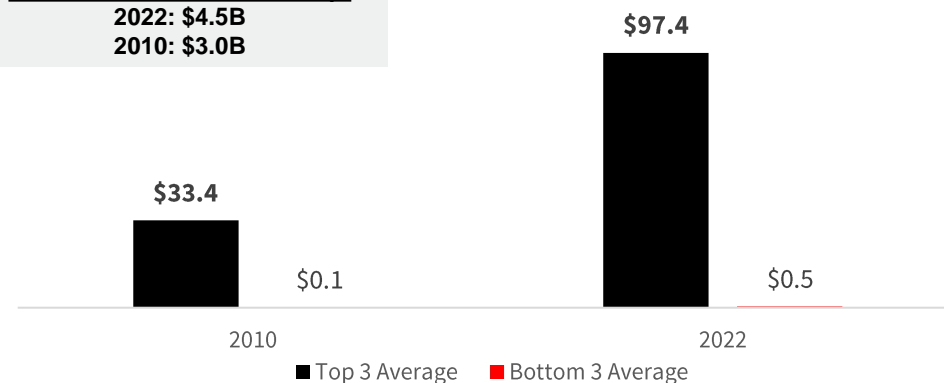
- REITs have grown exponentially over the last 2 decades and today the largest **3 REITs on average own \$100B+ in assets**
- Size advantages are apparent and consistent with observations beyond REIT- world – e.g., ability to leverage overhead expenses and raise capital at a lower cost, among others
- Not surprisingly, shareholders invested in the larger REITs have **benefited** over the long term when comparing intra-sector returns vs. smaller REITs
- In addition, public markets provide a **premium valuation** to larger REITs as evidenced by the **positive difference in the average long-term premium to NAV** that larger REITs have traded at vs. smaller REITs

Average total market cap – Top 3 largest and smallest REITs (B)⁽¹⁾

Median REIT total market cap:

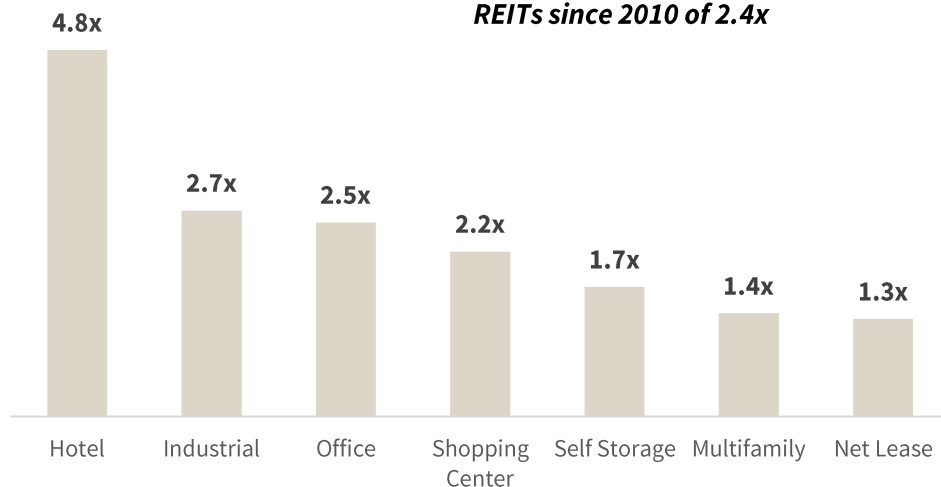
2022: \$4.5B

2010: \$3.0B



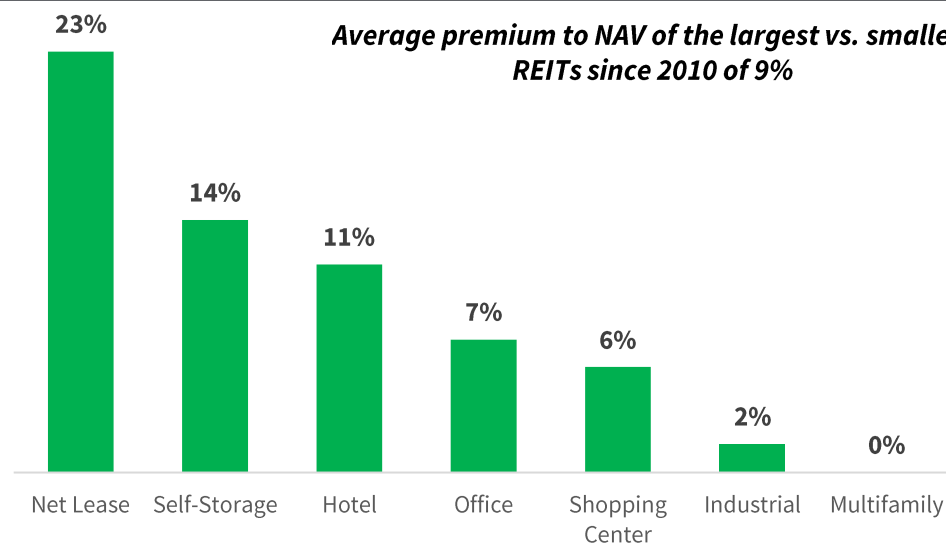
Total shareholder return since 2010 – Outperformance of top 3 largest REITs vs. bottom 3 smallest REITs by sector⁽²⁾

Average outperformance of the largest vs. smallest REITs since 2010 of 2.4x



Average P/D to NAV since 2010 – Positive difference in top 3 largest and bottom 3 smallest REITs by sector⁽³⁾

Average premium to NAV of the largest vs. smallest REITs since 2010 of 9%



Source: SNL Financial, NAREIT, Green Street

Note: Top 3 largest and smallest REITs by market cap

(1) 2010 top 3: SPG, EQR, BXP; 2010 bottom 3: PW, CORR, BRT; 2022 top 3: PLD, SPG, EQIX; 2022 bottom 3: PINE, FREVS, PSTL

(2) Includes only REITs that have existed since 2010; Industrial top 3: PLD, DRE, FR; bottom: PSB, IND; Shopping Center top 3: KIM, REG, FRT; bottom 3: CDR, UBA, RPT; Multifamily top 3: EQR, AVB, MAA; bottom: BRT, CSR; Office top 3: BXP, VNO, KRC; bottom 3: FSP, EQC, ALX; Net Lease top 3: O, WPC, NNN; bottom 3: LXP, GTY, GOOD; Hotel top 3: HST, SVC, RHP; bottom 3: SOHO, HT, DRH; Self Storage top 3: PSA, EXR; bottom: CUBE, LSI

(3) Green Street universe only; Industrial top 3: PLD, DRE, EGP; bottom: FR, PSB; Shopping Center top 3: KIM, REG, FRT; bottom 3: ROIC, SITC, AKR; Multifamily top 3: EQR, AVB, MAA; bottom 3: CPT, ESS, UDR; Office top 3: BXP, VNO, KRC; bottom 3: VRE, BDN, PDM; Net Lease top: O, STOR; bottom: SRC, NNN; Hotel top: HST, PEB; bottom: DRH, SHO; Self Storage top: PSA, EXR; bottom: CUBE

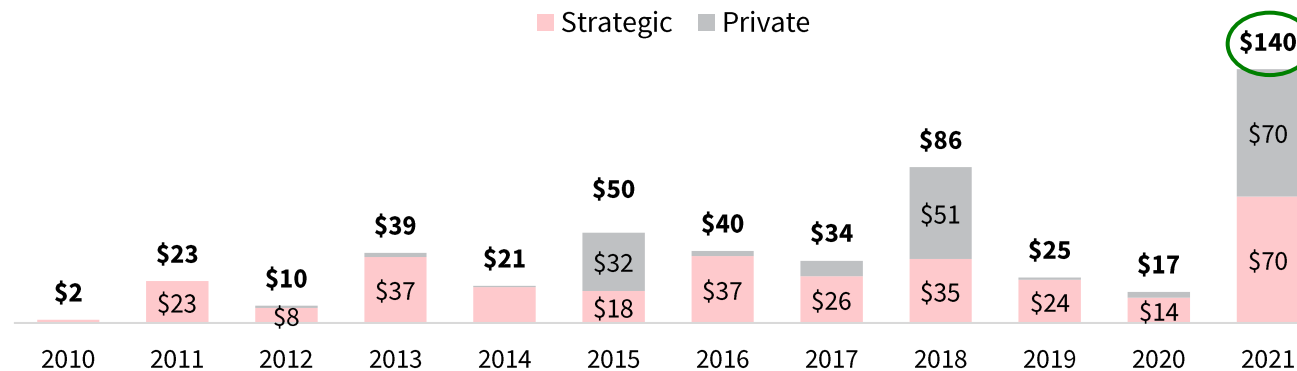
Prominent themes in **public** capital markets



3. REIT M&A volume sets record of \$140B in 2021, driven by larger and narrowly marketed deals

- **2021 was a record year for REIT M&A with \$140B of transaction volume shared evenly between take-privates and strategic mergers**
- Take-privates: record fundraising by real estate private equity firms and investment managers supported deal activity. In-favor asset classes such as industrial and data center witnessed public market exits at significant premiums to NAV (**WPT Industrial: +32%, CyrusOne + 33%**), meanwhile strategic reviews of select REITs in more challenged sectors resulted in take-privates, potentially maximizing value for shareholders (Columbia Property Trust, CorePoint Lodging)
- Strategic mergers: wide premiums to NAV for select best-in-class REITs facilitated expansion through transformative stock-for-stock mergers or cash acquisitions
- Deal dynamics: average transactions in 2021 were nearly 2x the size of deals from the prior decade and more often involved limited marketing efforts

REIT M&A volume by year and acquiror profile



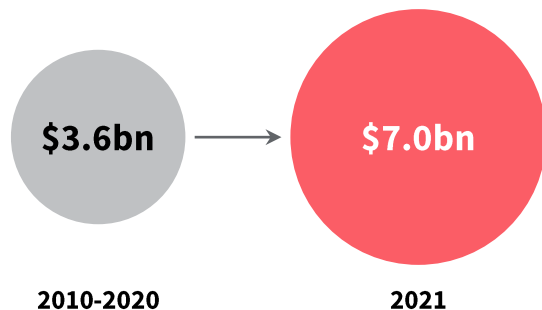
Key M&A participants

Private capital highly active



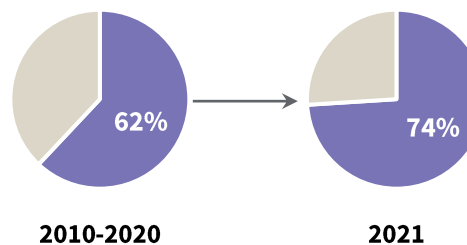
Larger deals driving record volume

Average deal size (GAV)



Smaller marketing processes the “norm”

% of deals negotiated or with limited marketing ⁽¹⁾



Large cap REITs building scale



Source: SNL Financial, Green Street, company press releases

(1) Negotiated deals involve only one potential bidder prior to signing a merger agreement. Limited marketing deals generally involve a small number of bidders (less than 10) and a fluid process (i.e., no formal call for offer dates)

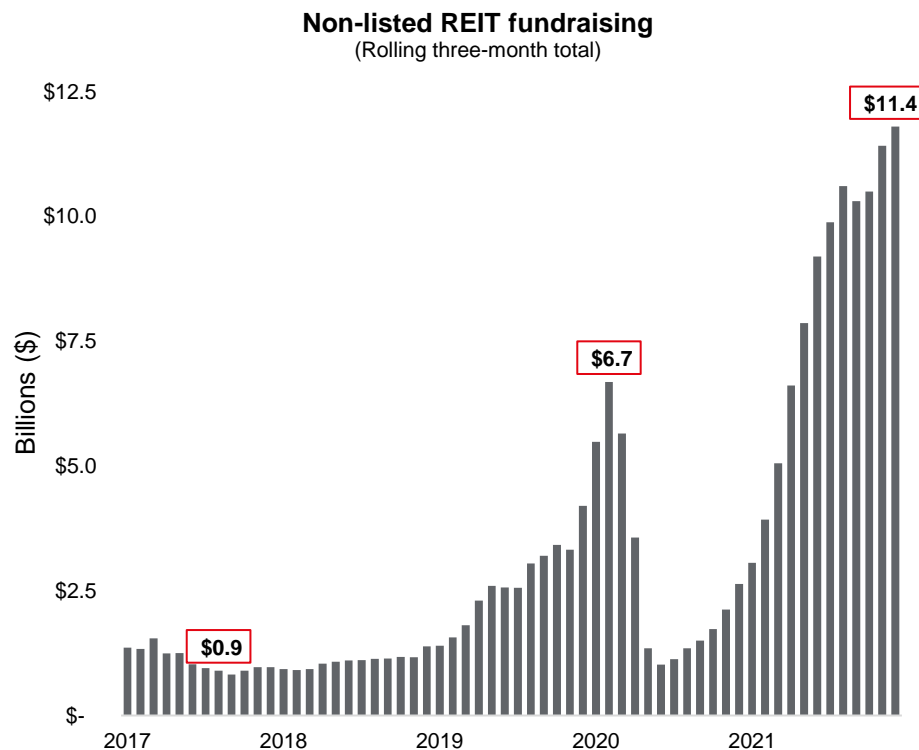
Prominent themes in **public** capital markets



4. Rise of perpetual capital vehicles further bolstering CRE liquidity outlook

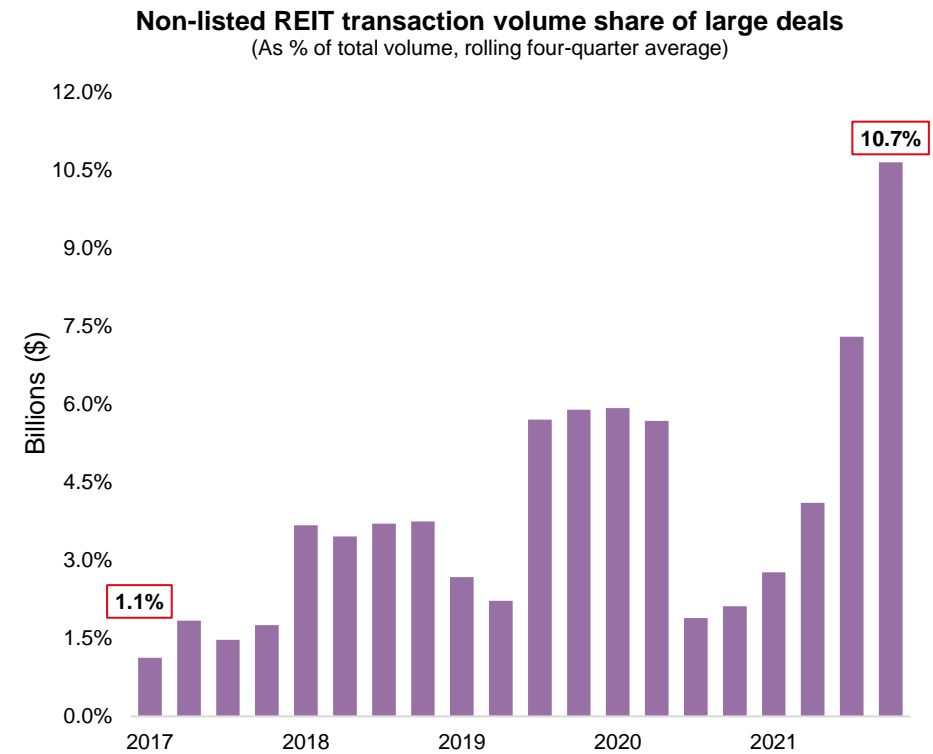
- The proliferation of perpetual-life vehicles like non-listed REITs and evergreen funds serves as a stabilizing force in commercial real estate markets
- Fast-growing funds/investors such as **Blackstone Real Estate Income Trust (BREIT)** are increasing competition for single-asset and portfolio deals (including REIT M&A) across a wide array of property types as the need to scale persists
- A number of established global asset managers are following suit by **introducing their own REIT vehicles** to attract the **massive pool of capital being raised in the retail channels** by players that have established a strong track record in a relatively short period

Direct-access fundraising far exceeds pre-COVID-19 levels



Source: JLL Research, Robert A Stanger & Co, Inc., Real Capital Analytics
Note: Transactions \$250 million+

Non-listed REITs playing more prominent role in CRE markets



Prominent themes in **public** capital markets



5. Market reaction to Fed interest rate hikes – A historical context

- A review of the last four Fed “rate hike cycles” reveals sector performance can vary widely and sheds light on expectations in the current rate environment
- Moderately high inflation and strong economic growth were present during each of the cycles
- REITs and commercial real estate on average posted **positive performance** across periods
- REITs underperformed private CRE during the cycles, but significantly outperformed coming out of cycles
- Heavily influenced by broad economic activity, industrial sector outperformed all sectors
- **Strong performance** across **apartments and self storage**, which benefit from shorter duration leases, is reflective of the relatively high inflationary environment

Overview of Fed Rate Hike Cycles

	1	2	3	4	
Fed Rate Hike Period:	94 - '95	99 - '00	'04 - '06	'15 - '19	Average
Duration (mos.)	12	11	24	38	21
# of FFR Hikes	7	6	17	9	10
Total Δ in FFR (bps)	300	175	425	213	278
Δ in 10-Year UST (bps)	152	39	49	42	71
GDP Growth	3.5%	5.2%	3.3%	2.4%	3.6%
CPI	2.9%	3.4%	3.5%	1.9%	2.9%

Public REIT Total Returns (NAREIT) ⁽¹⁾

REIT Sector	Median Total Return During Last 4 Cycles	Median Total Return Next 12 Months
All REITs	5.5%	19.8%
Apartment	10.1%	20.3%
Health Care	8.6%	19.2%
Hotel	2.3%	26.0%
Industrial	20.3%	18.8%
Manufactured H.	1.6%	27.0%
Office	5.7%	19.2%
Retail	0.5%	9.6%
Self Storage	5.3%	22.0%

Private Real Estate Total Returns (NCREIF) ⁽²⁾

Property Sector	Median Total Return During Last 4 Cycles	Median Total Return Next 12 Months
All Property Types	10.1%	5.5%
Apartment	12.0%	9.6%
Hotel	9.8%	12.1%
Industrial	14.3%	10.2%
Office	10.1%	12.1%
Retail	7.8%	10.2%

Source: NAREIT, NCREIF, Federal Reserve Board, S&P Global, US Bureau of Economic Analysis

(1) Represents the median annualized total return performance of each FTSE NAREIT sector index over the time periods noted

(2) Represents the median annualized total return performance of each NCREIF property sector index over the time periods noted; NCREIF total return data is lagged by six months

Prominent themes in **public** capital markets

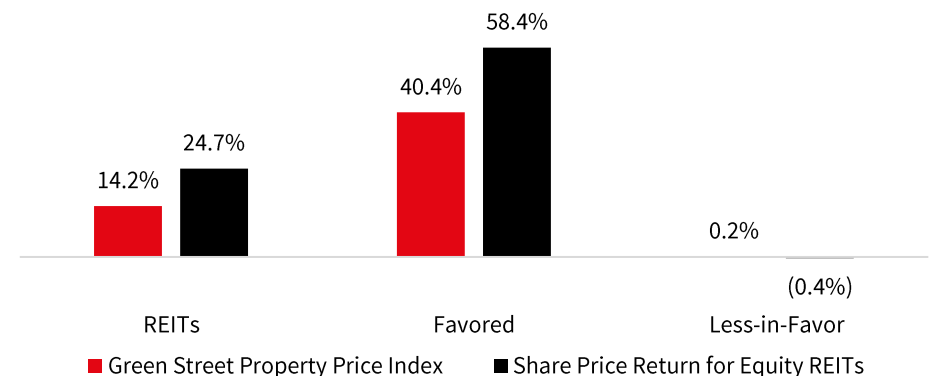


6. Divergence in public and private commercial real estate prices driven by favored asset classes

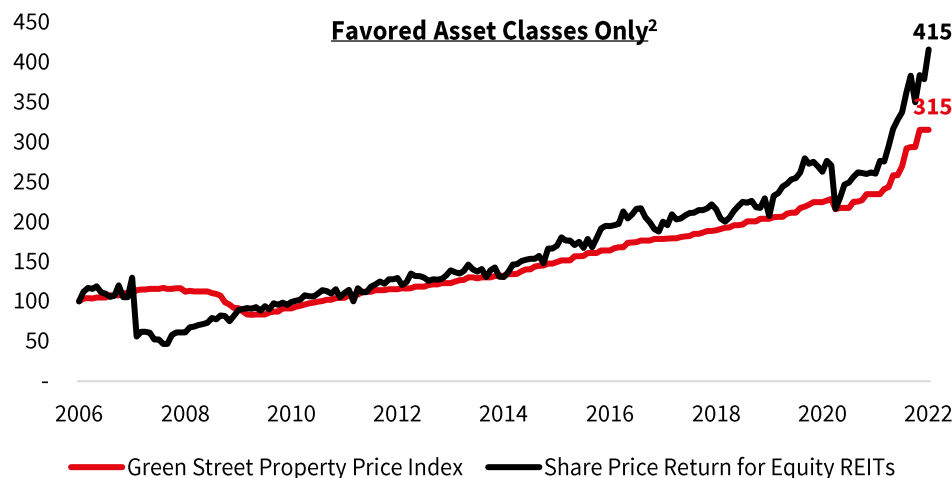
- Since 2006, private real estate pricing as measured by property price increases tracked by Green Street has generally **outperformed REITs** as measured by average price returns for REITs
- However, since 2020, **average price returns for REITs have increased by over 10% vs.** price returns in the private real estate market
- The in-favor asset classes are the biggest drivers of the trend, **with price increases for REITs far outpacing** private market pricing, after having closely followed each other over the last 15 years till 2020
- On the other end, the gap in **pricing of private real estate and public REITs** in the less-in-favor asset classes has generally been stagnant
- In-favor asset classes are garnering an exceedingly wide investor pool and breaking pricing records regularly

Public markets driven outperformance almost entirely attributed to favored assets classes since 2020

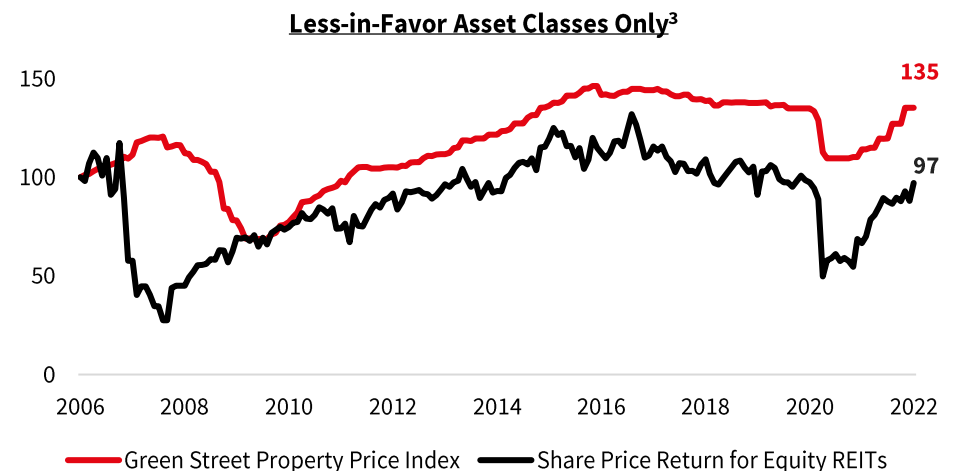
Price Increase across Public and Private Markets for CRE¹



Public markets have rewarded the in-favor asset classes more than private markets to date



The gap in public and private market prices for relatively less-in-favor asset classes has widened



Source: SNL, Green Street

(1) Represents RMZ price returns; private market represents Green Street property price index

(2) In-favor sectors include apartment, industrial, manufactured home, self storage and life science

(3) Less-in-favor sectors include mall, office, strip center and hotels

Prominent themes in private capital markets

Prominent themes in **private** capital markets

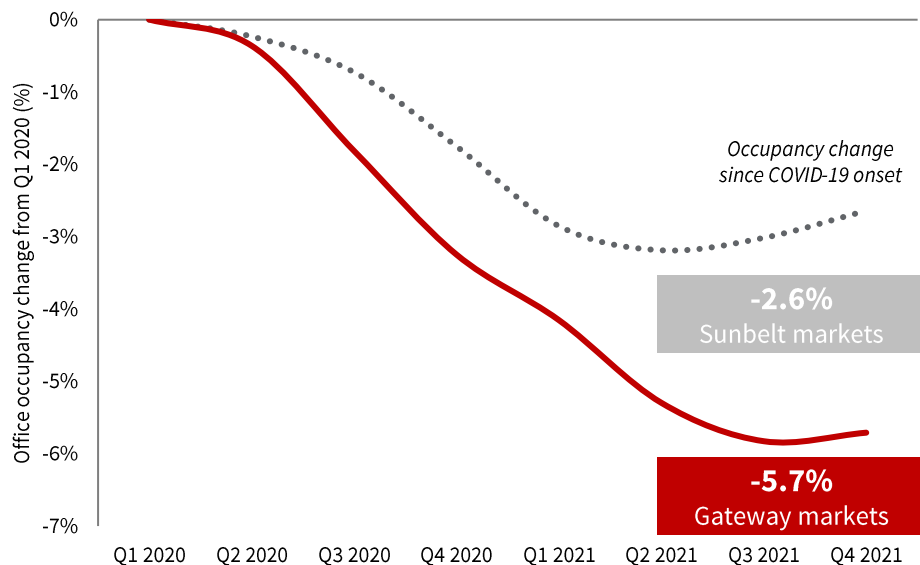
1. Coastal gateway office showing signs of rebounding capital markets interest

Hudson Yards – New York Hudson Commons (Office)	
	
Seller	Cove, Baupost
Buyer	CommonWealth Partners
Price (\$ PSF)	\$1,032.3M (\$1,475)

Los Angeles North CBS Studio Center	
	
Seller	ViacomCBS
Buyer	Hackman, Square Mile
Price (\$ PSF)	\$1.85B (\$1,540)

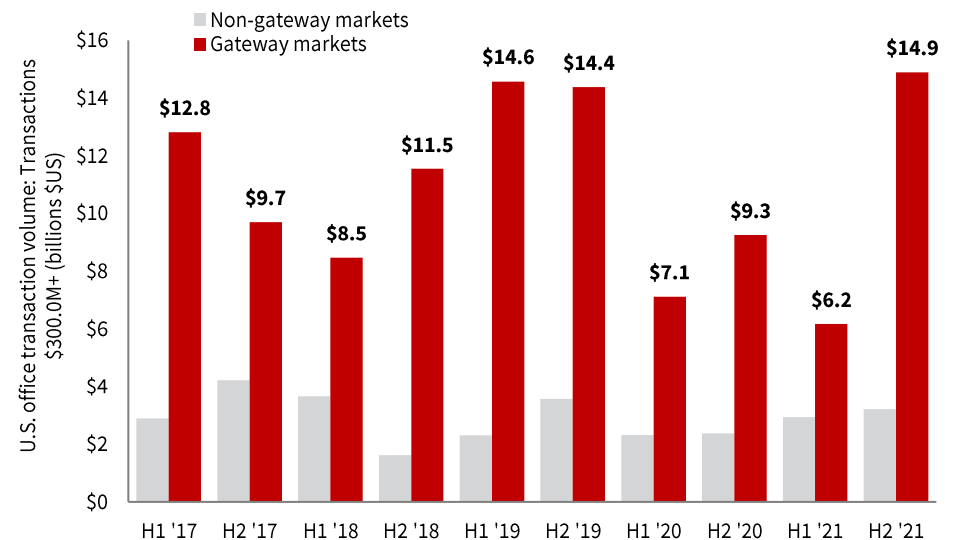
Water Street Corridor – New York 100 Pearl Street	
	
Seller	GFP, Northwind, TPG
Buyer	CommerzReal
Price (\$ PSF)	\$850.0M (\$878)

Gateway markets starting to see office occupancy recover



Source: JLL Research, Real Capital Analytics

Office transactions of scale in gateways rebounded notably in late 2021



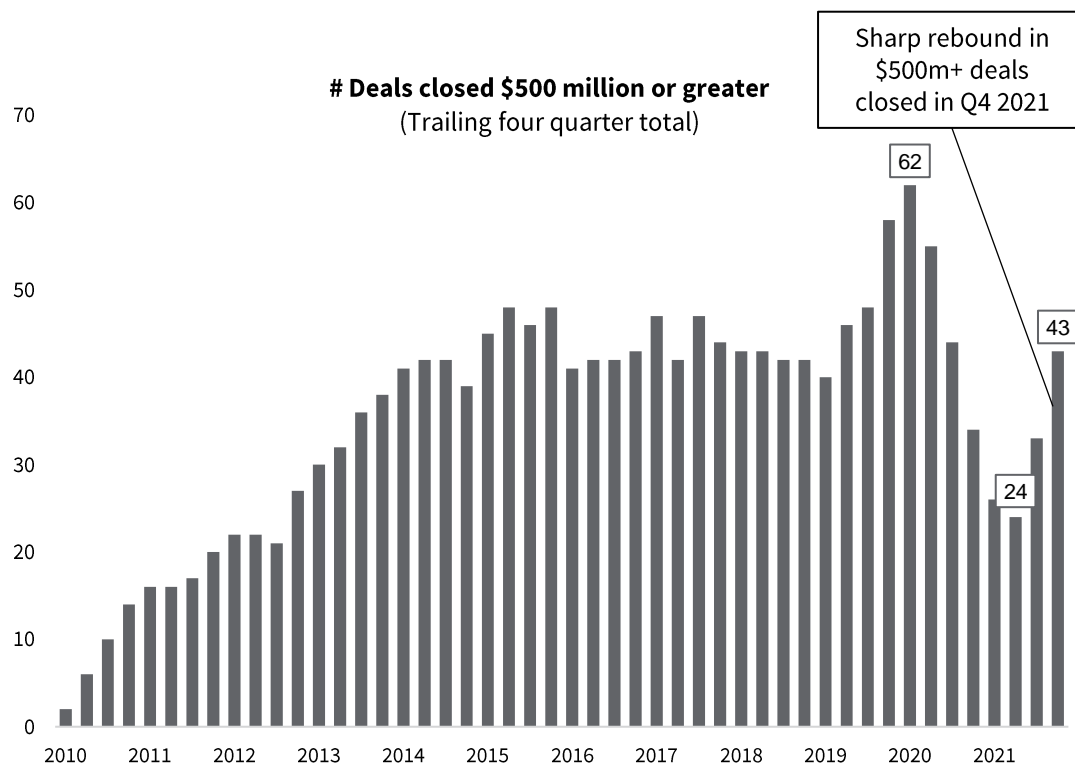
Prominent themes in **private** capital markets



2. Exceptional momentum around opportunities of scale leading to more groups pursuing portfolio monetization

- The fourth quarter of 2021 saw a sharp rebound in the number of transactions priced **\$500MM** and above
- As dry powder earmarked for commercial real estate investment continues to grow, there is a growing urgency among large investors to deploy capital efficiently
- As discussed in “**Rise of perpetual capital vehicles further bolstering CRE liquidity outlook**” theme on prior pages, non-listed REITs are accounting for an ever-larger share of the large deals

Strong appetite for large portfolio deals evident



Source: JLL Research, Real Capital Analytics

Today vs. prior megadeal record

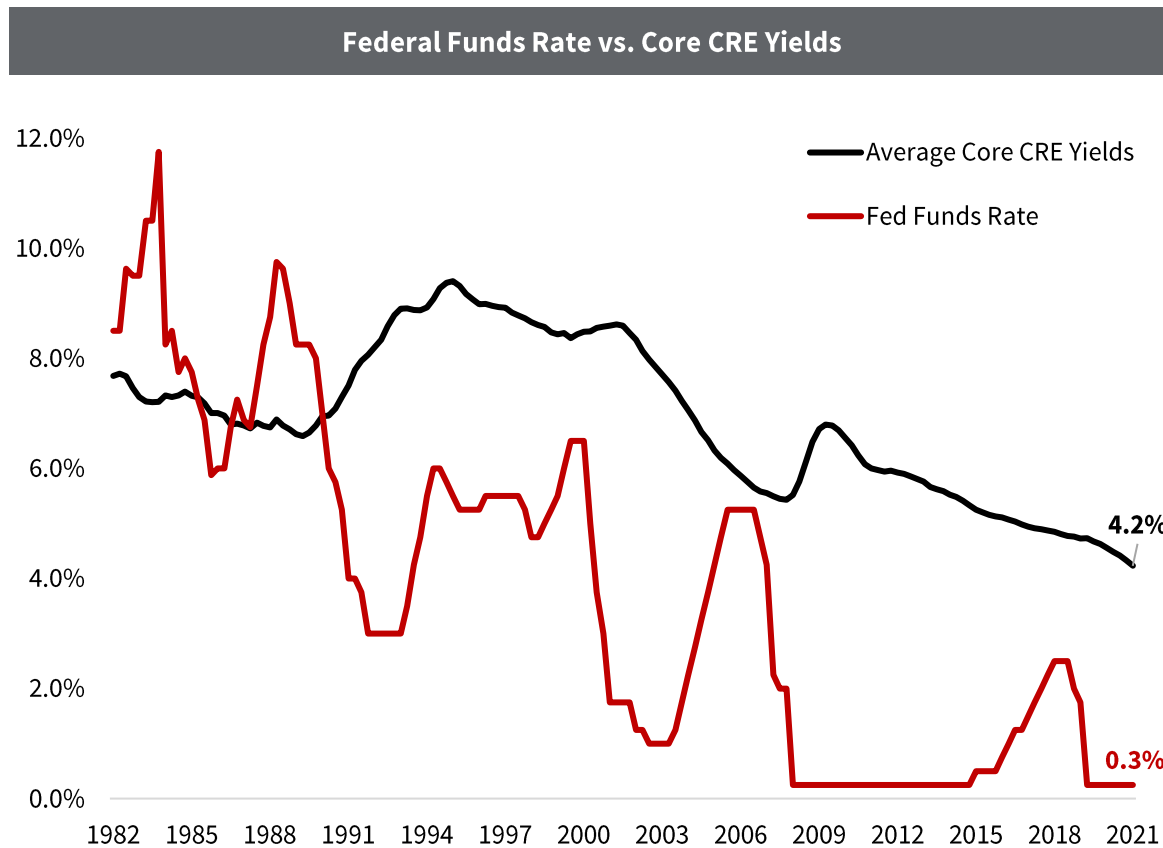
	Q4 2019 (Prior Record)	Q4 2021
Megadeal Count (\$500m+)	28	28
QoQ Growth (Trailing four-quarter average)	6.9%	30.3%
Megadeal Volume	\$27.4B	\$33.4B
QoQ Growth (Trailing four-quarter average)	-6.2%	89%

Prominent themes in **private** capital markets



3. Fed fund rates and commercial real estate yield

- Historical analysis suggests weak relationship between Fed rate hike cycles and CRE yields
- Strong performance fundamentals expected to continue to drive pricing



Source: JLL Research, National Council of Real Estate Investment Fiduciaries, Bloomberg Finance L.P.

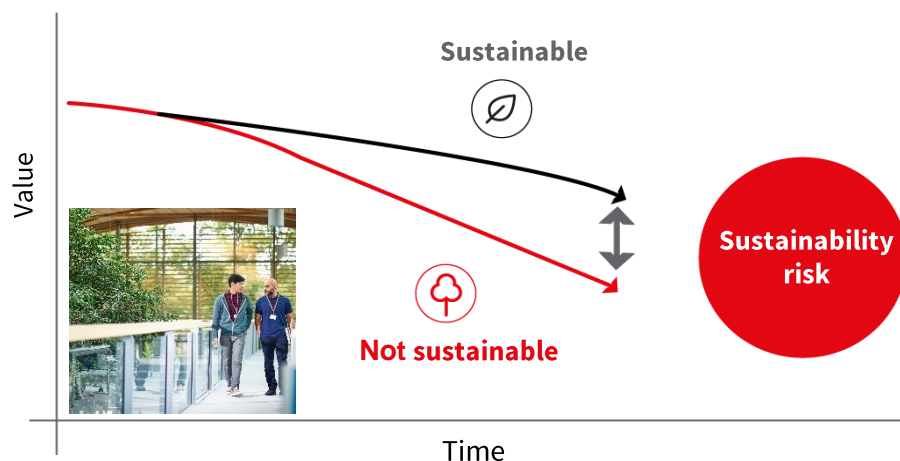
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Rate Hike Impact on Cap Rates		
Period	▲ Fed Funds Rate	▲ CRE Yields (+6 months)*
1982-1984	+325 bps	-40 bps
1986-1989	+390 bps	-30 bps
1993-1995	+300 bps	+50 bps
1998-2000	+175 bps	-10 bps
2004-2006	+425 bps	-170 bps
2015-2018	+225 bps	-55 bps

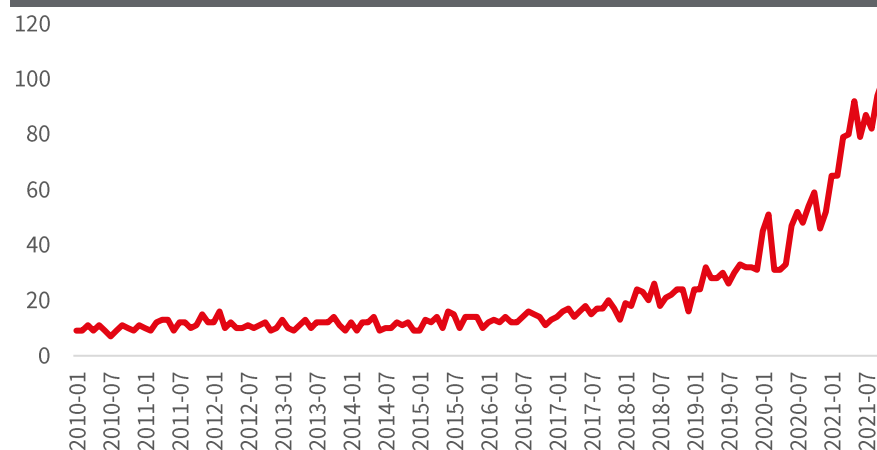
*Change in cap rates from beginning of rate-hike cycle through six-months after cycle peak

Prominent themes in **private** capital markets

4. ESG is no longer a trend, but a structural revolution



Search interest of the term ESG is growing on Google



Source: JLL Research, Prequin

Focus on Environmental, Social and Governance (ESG) factors has gained significant traction, becoming a guiding principle for CRE investment management. Tenants and investors seeking to leverage built environment to bring positive and sustainable change, fostering health and prosperity of the planet and people. COVID-19 has accelerated the importance of ESG in the built environment, and the need for real estate to promote fulfillment through spaces that support health, wellbeing, safety and security. The built environment represents 39% of carbon emissions and thus has a big role to play.

Institutional investors lead in adopting ESG policies and frameworks

Investor	Investment Policy Including ESG Issues	Fund Offerings Sold as ESG-Themed	Dedicated ESG Investment Staff	Monitoring Portfolio Companies Using ESG KPIs	Tracking of GHG Emissions
DWS Group	Yes	Yes	Yes	Yes	Yes
Patrizia	Yes	Yes	Yes	Yes	Yes
MetLife	Yes	Yes	Yes	Yes	Yes
Brookfield	Yes	No	Yes	Yes	Yes
Dexus	Yes	No	Yes	Yes	Yes
Blackstone	Yes	Yes	Yes	Yes	Yes
ARA	Yes	No	Yes	Yes	Yes
CBREI	Yes	No	Yes	Yes	Yes
Union Investment	Yes	Yes	Yes	Yes	Yes
BentallGreenOak	Yes	No	Yes	Yes	Yes
AEW	Yes	No	Yes	Yes	Yes
JP Morgan	Yes	Yes	Yes	Yes	No
LaSalle	Yes	No	Yes	Yes	No
Clarion Partners	Yes	No	Yes	Yes	Yes
Morgan Stanley	Yes	No	Yes	Yes	No
Mapletree Investments	Yes	No	Yes	No	Yes
Principal Real Estate	Yes	No	Yes	Yes	No
Tishman Speyer	Yes	No	No	No	No

Property sector spotlight:

Self storage

Property sector spotlight: Self storage

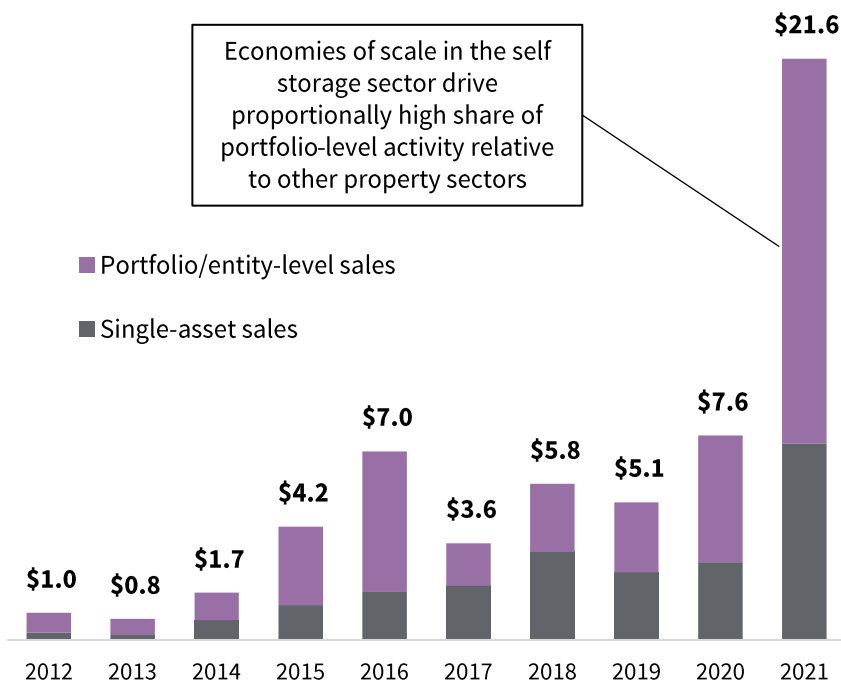


Exceptionally strong fundamentals are driving a flood of capital to self-storage; sector is an inflation hedge; development pipeline hampered in near-term by supply chain constraints

- Fears of new supply dragging down rents were set aside at the onset of COVID-19 as pandemic-related impacts (business closures, remote work, surging home sales and relocations) drove self storage demand, leading to record rent and occupancy gains in 2020 and 2021 for the sector
- Migration patterns have driven outperformance in non-coastal markets; however, coastal market fundamentals have been buttressed over the past 18 months by barriers to new supply
- Short lease durations and strong pricing power on the part of operators given record high occupancy position the self storage sector as an attractive destination for capital in search of an inflation hedge

Record self storage liquidity in 2021

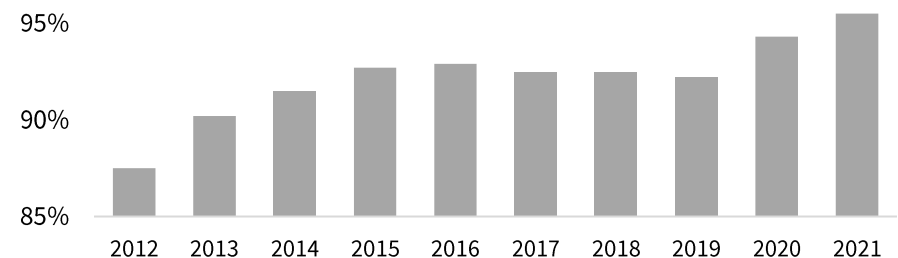
Annual transaction volume (\$B)



Note: Transactions \$5 million+
Source: JLL Research, Real Capital Analytics, Green Street

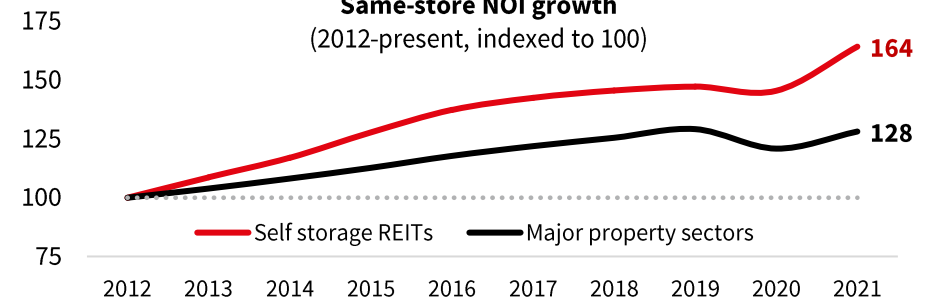
Sticky occupancy due to high switching costs

Occupancy (REITs)



Self storage NOI growth far outpaces major property sectors

Same-store NOI growth (2012-present, indexed to 100)



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Dominant capital markets presence across the globe



Americas

 **#1 ranked** | **#2 ranked**
Total Debt
Originations | Investment Sales
Advisory

 **\$196B**
In 2021 Capital
Markets Volume



5 Bryant Park



PHT Portfolio



ARTIC Hotel Portfolio



Prudential
Plaza



Hammes
Portfolio

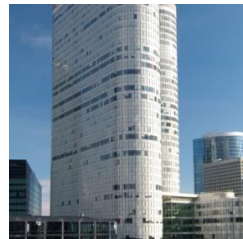


Shops at
Crystals

EMEA

 **#2 ranked**
Investment
Sales Advisory

 **\$85B**
In 2021 Capital
Markets Volume



Couer Defense, Paris



Chelsea Barracks, London



Blanchardstown,
Dublin



Tower 185,
Frankfurt



Plumtree,
London

Asia Pacific

 **#3 ranked**
Investment
Sales Advisory

 **\$34B**
In 2021 Capital
Markets Volume



Quay Quarter
Tower



Jinqiao Life Hub, Shanghai



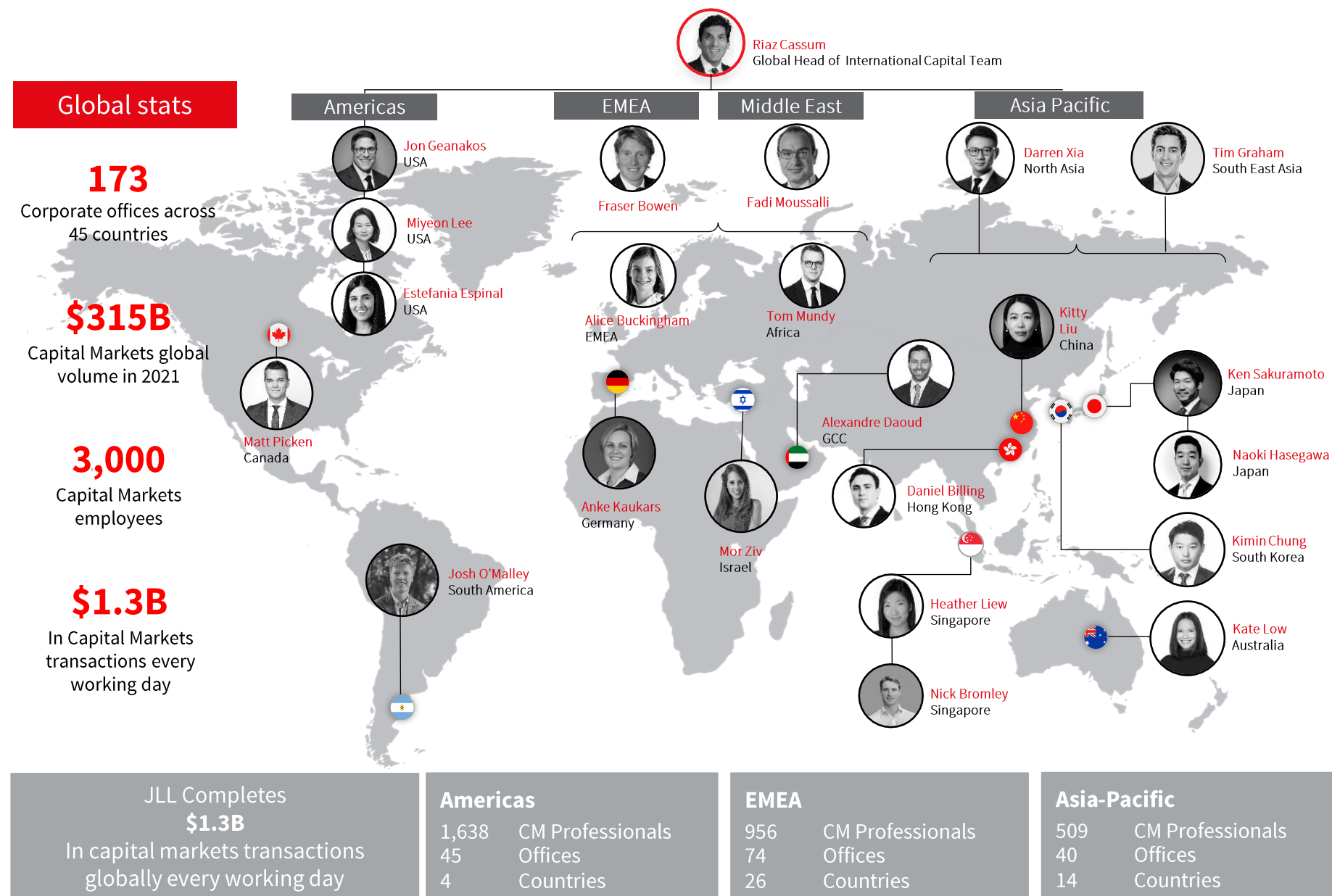
Asia Square Tower 2,
Singapore

Source: RCA

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JLL Securities, Capital Markets and Research teams



M&A and Corporate Advisory

Steve Hentschel

Head of M&A and
Corporate Advisory

steve.hentschel@am.jll.com



Ted Flagg

Senior Managing Director

ted.flagg@am.jll.com



Sheheryar Hafeez

Managing Director

sheheryar.hafeez@am.jll.com



Christopher Shea

Managing Director

chris.shea@am.jll.com



Strategic Capital Raising

Dan Cashdan

President & Senior MD

dan.cashdan@am.jll.com



Doug Bond

Senior Managing Director

doug.bond@am.jll.com



Michael Joseph

Senior Managing Director

michael.joseph@am.jll.com



Andrew Troisi

Managing Director

andrew.troisi@am.jll.com



International Capital Coverage

Riaz Cassum

Global International Capital Lead

riaz.cassum@am.jll.com



Jon Geanakos

Americas - International
Capital Regional Lead

jon.geanakos@am.jll.com



Capital Markets Research

Sean Coghlan

Global Director

sean.coghlan@am.jll.com



Lauro Ferroni

Senior Director

lauro.ferroni@am.jll.com



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