M&A and Strategic Transactions

Monitor

December 2024

JLL SEE A BRIGHTER WAY

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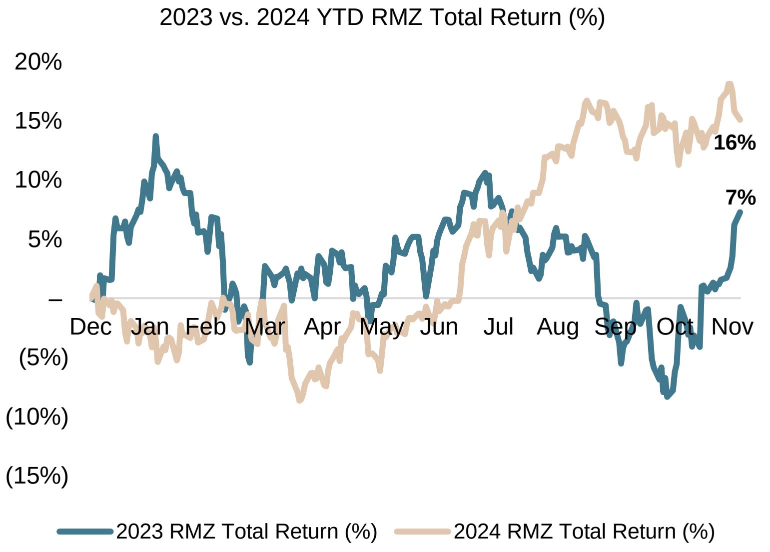
REIT Capital Markets, M&A and Strategic Transactions

REIT Capital Markets Spotlight – REITs Have Had a Solid Year

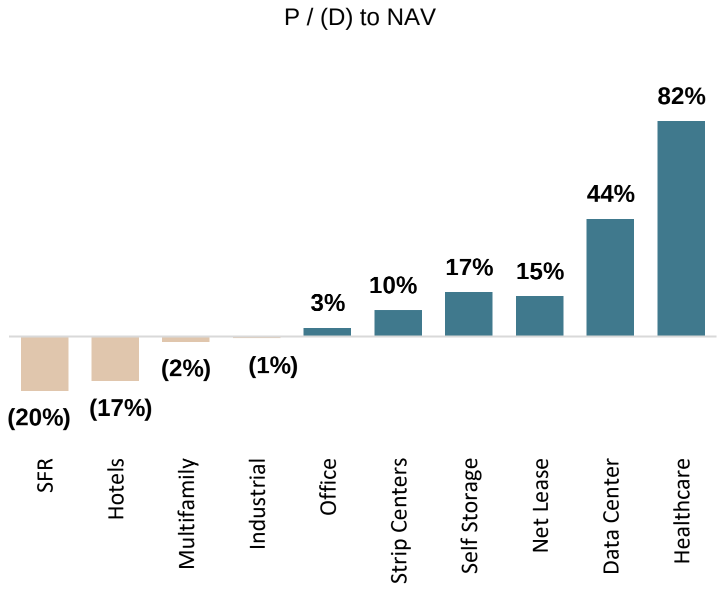
1) REIT 2024 performance: Despite recent volatility, REIT performance rebounded in 2024

- REIT returns in 2024 YTD have been more favorable than 2023 as the Federal Reserve began the long-awaited the rate cuts, the market traded up following the November election
- As a result, several sectors are trading at a premium to NAV, including, notably, office REITs, which have not traded at a premium to NAV since 2015
- Performance for 2024 was buoyed by office, data center and healthcare REIT sectors vs. in 2023 where data center, hotels and single-family rental REITs outperformed

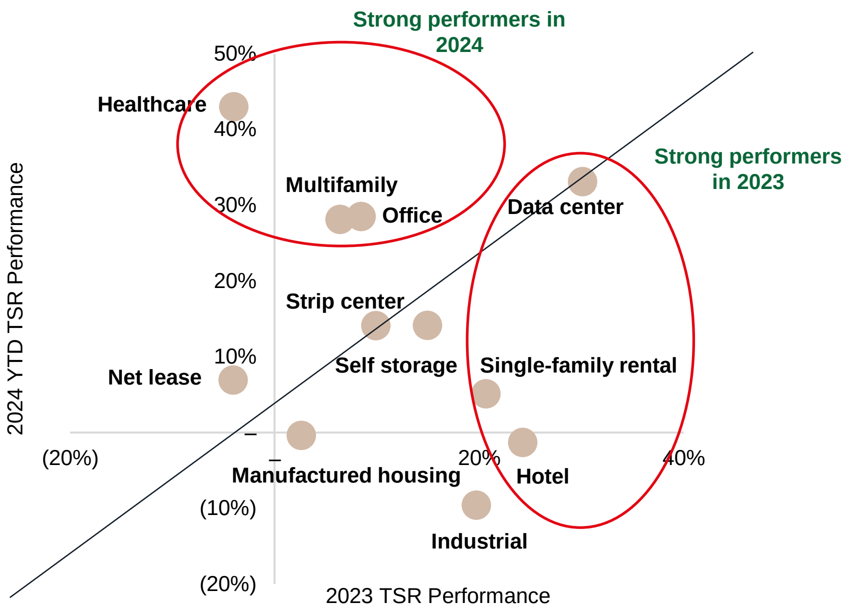
REIT returns rebounded in 2024 after posting negative returns in the first half of the year



Several REIT sectors are trading at a premium to NAV



Office, data center and healthcare are the strongest performers in 2024 YTD



Source: Green Street, SNL Financial
Note: The following REITs are included in Healthcare: WELL, DOC, HR, OHI, VTR, MPW, SBRA, AHR

M&A and Strategic Transactions – Platform M&A and Capital Raising

- **Alliance Residential Company**, one of the largest US multifamily developers, sold a **minority stake** in its development and construction platform to **Daiwa House**
- **Blackstone**, through its BREP X fund, announced the **$4.0bn** acquisition of **Retail Opportunity Investments Corp. (Nasdaq: ROIC)**, a grocery-anchored shopping center REIT. The transaction priced at a **34% premium** to unaffected stock price and a **5% premium** to research NAV
- **Western Wealth Capital** raised **$200mm** of equity from **StepStone Group** to recapitalize a portfolio of 11 multifamily assets with moderate leveraged sized for the current market cycle and provide additional growth capital for future investments
  - **JLL** advised Western Wealth on the transaction
- **Legal & General ("L&G")** acquired a minority stake in **Taurus Investment Holdings**, a diversified real estate private equity firm, and committed **$200mm** of growth capital for multifamily deployment
- **ECI Group** raised **$600mm** of growth equity capital across two new partnerships: $350mm from **Almanac Realty Investors** to pursue multifamily acquisitions and development in the Southeast; and $250mm from **InterVest Capital Partners** and in a JV with Smith Hill Capital to pursue multifamily subordinated credit investments
  - **JLL** advised ECI on both transactions
- Global travel technology company **OYO** acquired **G6 Hospitality** from **Blackstone** for **$525mm**. G6 Hospitality is the economy lodging franchisor and parent company of the Motel 6 and Studio 6 brands with nearly 1,500 locations in the US and Canada
  - **JLL** advised Blackstone on the transaction
- **Hyatt** (NYSE: H) acquired the brands and most of the affiliates of **Standard International**, the parent company of The Standard and Bunkhouse Hotels brands, for **$150mm**, with a potential earnout up to **$185mm**
- **Blackstone**, through various vehicles, and **CPP Investments** announced the **A$24bn** (**$16bn USD**) acquisition of **AirTrunk**, the largest data center platform in the Asia Pacific region with 11 sites in Australia, Japan, Hong Kong and Singapore, from **Macquarie Asset Management** and **PSP Investments**
- **Jamestown** acquired the Atlanta-based **mixed-use subsidiary of North American Properties**, a real estate owner/operator and services entity, and made an investment in select assets managed by the platform
- **FIBRA Prologis (BMV: FIBRAPL 14)**, an affiliate of Prologis (NYSE: PLD), secured majority control of **FIBRA Terrafina (BMV: TERRA 13)**, a public REIT with 42.2mm SF of industrial real estate across Mexico, with 77% ownership following a series of tender offers made by FIBRA Prologis
- **Almanac Realty Investors** acquired a **passive, minority stake** in **Dermody Properties**, a logistics investment, development and management firm
- Goldman Sachs's **Petershill** acquired a **strategic, passive, minority stake** in **Pennybacker Capital Management**. Pennybacker is a diversified real estate and infrastructure investment manager with $4bn of AUM
- **Partners Group** acquired a **minority stake** in **Trinity Investments**, a hospitality-focused real estate investor and fund manager, and committed **$500mm** of growth capital to Trinity's platform in the US and Europe
  - **JLL** advised Trinity Investments on the transaction
- **Pretium,** one of the largest owners and operators of single-family rental assets in the US, acquired **BH Management Services**, which manages over 114,000 multifamily units in 31 states nationwide

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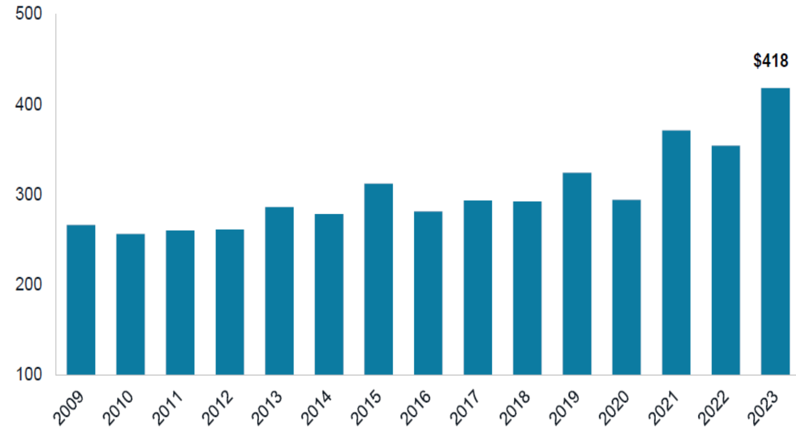
M&A and Strategic Transactions – Investment Manager Consolidation

- **Blackrock** announced the **$12bn** acquisition of **HPS Investment Partners**, a private credit platform with $117bn in AUM across various debt products
- **Blue Owl (NYSE: OWL)** acquired **IPI Partners** for **$1.0bn** from **ICONIQ** and **Iron Point Partners** in a cash and stock transaction. IPI is a vertically integrated digital infrastructure fund manager with $10.5bn of AUM and over 50 investment professionals. Blue Owl will partner with ICONIQ to accelerate IPI's future growth
- **Ares Management (NYSE: ARES)** acquired the international business of GLP Capital Partners, excluding its China operations ("**GCP International**"), for **$3.7bn** in a cash and stock transaction. GCP International is vertically-integrated industrial, data center and self storage investment manager and operator with $44bn of AUM. The transaction nearly doubles Ares's real estate AUM to $96bn globally
- **Ares Management (NYSE: ARES)** acquired **Walton Street Capital Mexico**, an industrial real estate management platform with $2.1bn AUM and over 15 investment professionals
- **Guardian Life** increased its passive, minority stake in **HPS Investment Partners**, a global credit investment firm with $117bn of AUM, and transferred management of $30bn of credit and real estate debt and equity assets to HPS as well as committed to up to additional investment originations in the next several years
- **BNP Paribas** (ENXTPA: BNP) entered into exclusive negotiation to acquire the investment management business of AXA (ENXTPA: CS) ("**AXA IM**") and its investment solutions subsidiary Select in a **€5.4bn** cash transaction. AXA has €859bn AUM with €227bn in AXA IM Alts and would more than double BNP's AUM to €1.5tn
- **The Riverside Company** and a group of co-investors to acquire **The Townsend Group** from **Aon (NYSE: AON)**. The Townsend Group provides global real estate and real asset investment advisory services on $218bn of assets

Average size of funds to reach their final close
US$ million



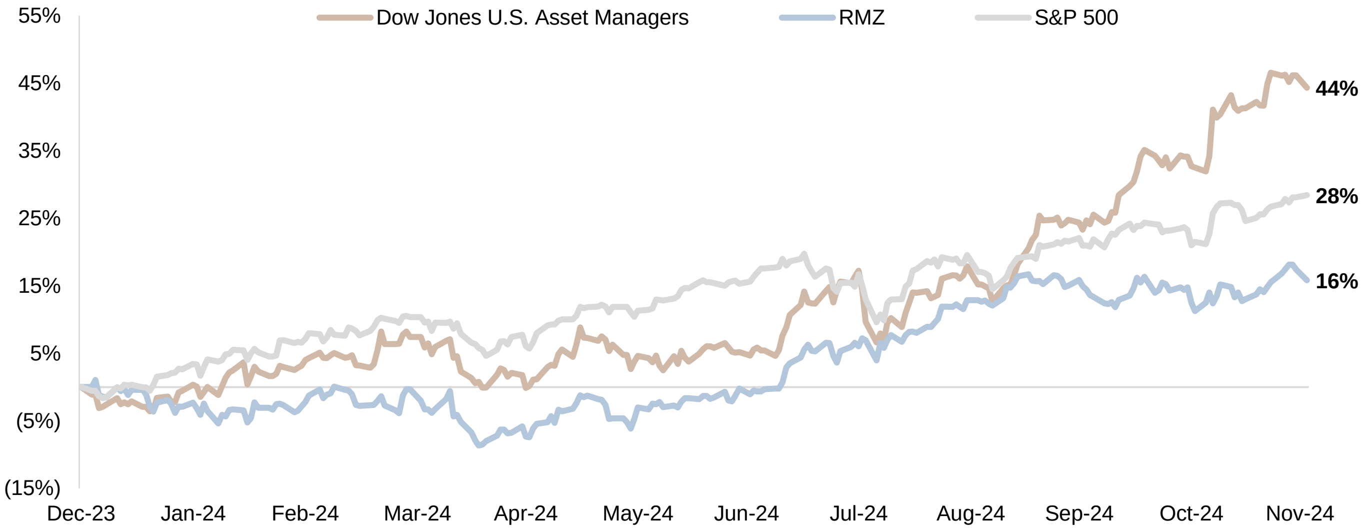
Blackstone Real Estate Partners X
April 2023 close
~$30bn

Brookfield Strategic Real Estate Partners IV
May 2024 close
~$15bn

Starwood Distressed Opportunity Fund XIII
March 2024 first close
~$10bn

Blue Owl Real Estate Fund IV
March 2024 close
~$5bn

Asset Manager total returns have outpaced REITs and the broader market in 2024



Source: SNL Financial, Preqin

M&A and Strategic Transactions – Portfolio and JV Activity

Living

- **Brookfield Properties** acquired a **$845mm** portfolio of 8 multifamily properties comprising 4,143 units across 4 states to **Blackstone Real Estate Income Trust (BREIT)**
- **Standard Communities** acquired a **$1bn** affordable housing portfolio comprising over 60 properties in California, Arizona, Texas and Colorado
- **The Scion Group**, in partnership with an institutional investor, acquired a **$893mm** portfolio of student housing properties across 13 universities and 11 states from various **Harrison Street** vehicles
- **Equity Residential (NYSE: EQR)** acquired a **$964mm** portfolio of 11 multifamily properties across Atlanta, Dallas and Denver from various **Blackstone** vehicles
- **TPG** acquired a **$740mm** manufactured home community portfolio from **CAPREIT (TSX: CAR.UN)** comprising 75 communities throughout Canada. The transaction included seller financing and increases the REIT's focus on simplifying its story to pure play apartments
- **KKR** acquired a **$2.1bn** portfolio of recently-built, Class A, multifamily properties in coastal and sunbelt markets from a closed-end fund sponsored by **Quarterra**
  - **JLL** advised Quarterra on the transaction
- **Brookfield** acquired a **$1.5bn** portfolio of multifamily properties from **Starwood** comprising 7,300 units across various US markets
- **Invitation Homes (NYSE: INVH)** formed a joint venture with **Lennar-subsidiary Quarterra**, **Centerbridge** and other institutional investors, whereby INVH agreed to **provide management services** to the Upward America venture for a portfolio of 4,400 single-family homes in the Southeast and acquired a **minority stake** in a portfolio of Upward America single-family homes

Living (cont.)

- **KKR** acquired a **$1.6bn** portfolio of purpose-built student housing properties across 14 public universities and 10 states from **Blackstone's BREIT**

Healthcare

- **Ventas (NYSE: VTR)** acquired a **$725mm** senior living portfolio of 20 independent living, assisted living and memory care facilities from **Chicago Pacific Founders**. The transaction comes on the heels of strong outperformance by healthcare REITs YTD, with the sector now trading at +80% premiums to NAV
  - **JLL** advised Chicago Pacific Founders on the transaction
- **CareTrust REIT (NYSE: CTRE)**, in partnership with a JV partner, acquired a **$500mm** portfolio of 31 nursing facilities in the southeast
- **Unity Medical** and **Varde Realty** acquired a **$674mm** portfolio of 58 medical outpatient buildings across 16 states from **Healthpeak (NYSE: DOC)**

Logistics

- **Brookfield** acquired a **$1.3bn** infill light industrial portfolio comprising over 14.6mm SF in 20 high-growth markets from funds managed by **DRA Advisors**
- **Plymouth Industrial REIT** (NYSE: PLYM) formed a strategic partnership with **Sixth Street**, raising **$250mm** from the investment firm in exchange for a majority interest in a seed portfolio of Chicago industrial assets and $140mm of non-convertible cumulative, perpetual preferred units in PLYM. Sixth Street was also issued detachable warrants as part of the transaction
- **EQT Exeter** acquired 33 distribution buildings encompassing 5mm square feet in 12 US markets

Office

- **SL Green Realty Corp. (NYSE: SLG)** sold an **11.0%** equity interest in their trophy office asset, One Vanderbilt, to Mori Building Co., Ltd at a gross valuation of **$4.7bn**

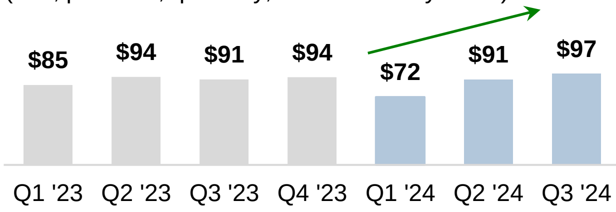
Data Center

- **Blue Owl**, **Chirisa Technology parks** and **PowerHouse Data Centers** launched the first phase of a **$5bn** data center development venture supporting CoreWeave and other hyperscale and enterprise data center customers
- **Equinix (NYSE: EQIX)**, **CPP Investments** and **GIC** launched a US data center venture targeting total capitalization of **$15bn** to acquire land and build new xScale data center facilities on large campuses in throughout the US

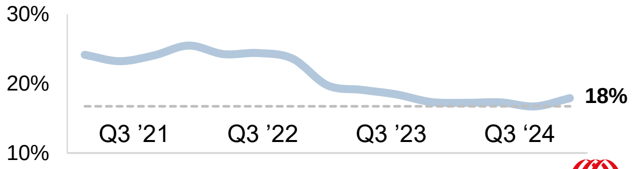
Retail

- **Pine Tree**, in partnership with a state pension fund, acquired a **$495mm** portfolio of six open-air shopping centers from **SITE Centers Corp (NYSE: SITC)**. The transaction came amidst SITE's repositioning, whereby the company spun-off its convenience assets into a newly formed public REIT, Curbline (NYSE: CURB)

US CRE transaction activity accelerating
($bn, per RCA, quarterly, excludes entity deals)



Portfolio share of deals recovering from bottom
(12-mo average, per RCA, portfolio volume as % of US CRE volume, excluding entity deals)



Capital Markets Spotlight –REIT Financings and CMBS Activity

REIT Equity Offerings

- REITs have been active issuers of follow-on equity in 2024, buoyed by a positive cost of capital advantage afforded to several REITs as evidenced by various sectors trading at meaningful premiums to NAV. REITs have issued approximately **$10bn** in equity capital thus far in 2024
- **SL Green (NYSE: SLG)** priced a $400mm follow-on offering at a 46% premium to NAV and 0.2% offering discount to last close
- **Cousin Properties Trust (NYSE: CUZ)** priced a $188mm follow-on offering at an 8% premium to NAV and 1% offering discount to last close
- **Ventas Realty (NYSE: VTR)** priced a $675mm follow-on offering at a 62% premium to NAV and a 1.1% offering discount to last close
- **Acadia (NYSE: AKR)** priced a $116mm follow-on offering at 25% premium to NAV and a 0.4% offering premium to last close
- **Agree Realty (NYSE: ADC)** price a $340mm follow-on offering at a 45% premium to NAV and a 3.5% offering discount to last close
- **Lineage (Nasdaq: LINE)** priced a $5.1bn IPO making it the largest REIT IPO in history. The IPO, which was oversubscribed, priced at $78 per share, at the higher end of the guidance of $70 to $82 per share. The stock closed at over $84 per share after its first week of trading

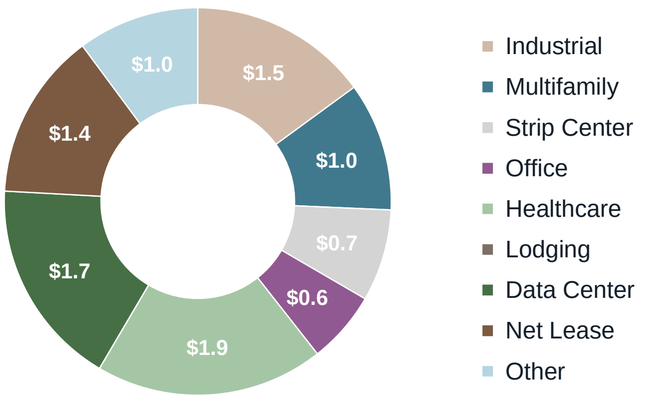
Unsecured Notes Offerings

- REITs have issued approximately **$33bn in unsecured notes in 2024**. Retail and office REITs have been the most active issuers. The issuances are over **$5bn higher than 2023,** as lower rate windows have given REITs an opportunity to refinance their maturing debt for long term debt

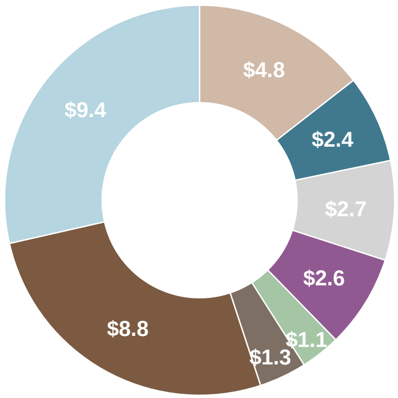
CMBS Issuance

- CMBS market has been on fire in 2024 with issuance up over 2x already vs. 2023. SASB, which typically accounts for 60-70% of CMBS market, is the primary driver of near record pace
- **LBA Logistics** priced a $578mm SASB to refinance in-place debt. The financing was priced at an all-in coupon of S+1.95%
  - **JLL** advised LBA on the financing
- **Ares and RIDA Development** priced a $620mm SASB to fund the acquisition of Hyatt Regency Orlando. The financing was priced at an al-in coupon of S+2.95%
  - **JLL** advised RIDA Development and Ares on the financing
- **Bridge Industrial** priced a $420mm SASB to refinance its industrial asset in Rancho Cucamonga, CA. The financing was priced at all-in coupon of 6.15%
  - **JLL** advised Bridge Industrial on the financing

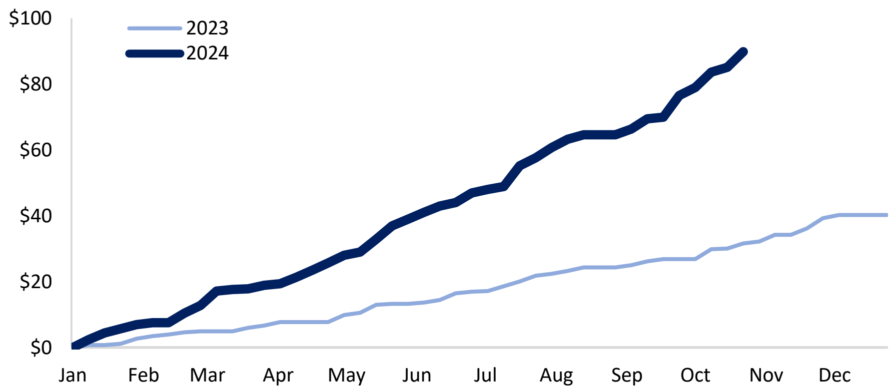
REIT 2024 Follow-on Equity Issuance ($bn)



REIT 2024 Unsecured Notes Issuance ($bn)



CMBS Issuance ($bn)



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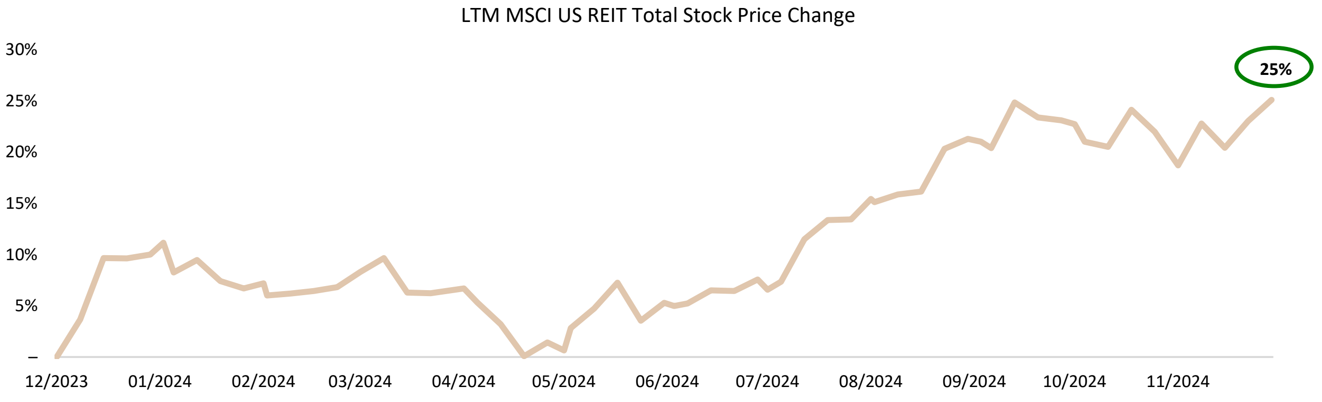
Prominent Themes in Public Capital Markets

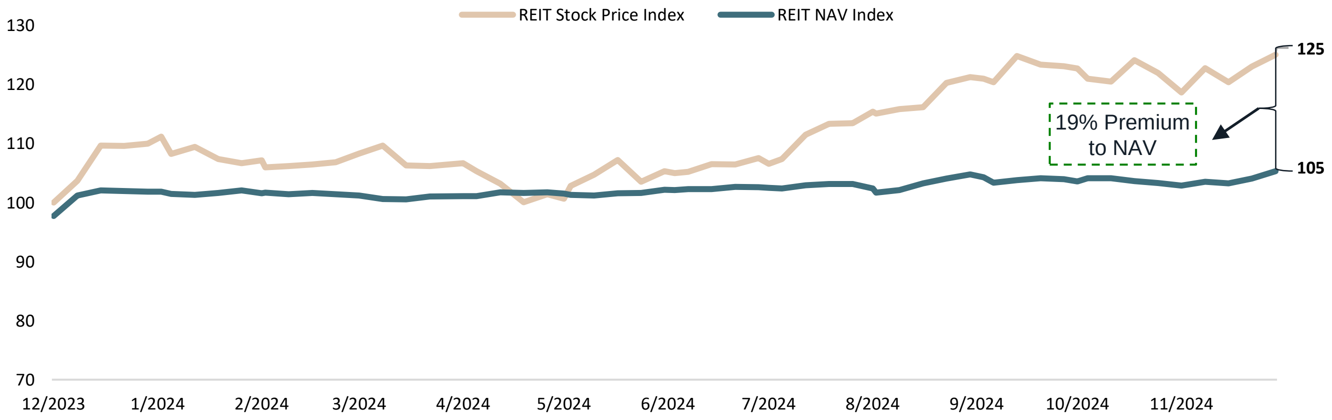
Public Capital Markets – REIT Premiums Due to Trading Performance

02) REIT cost of capital: Relationship between trading performance and NAV signaling positive sentiment in the public markets

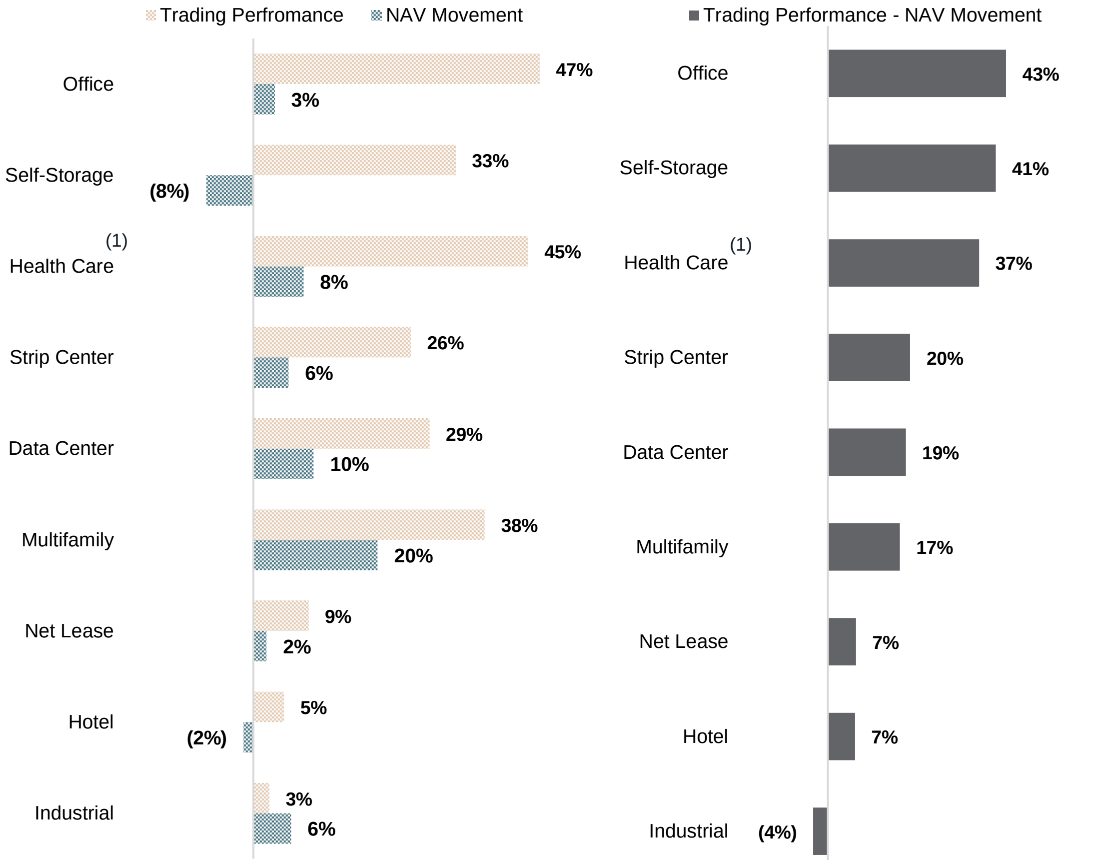
- REIT sector on average is trading at a 19% Premium to NAV estimates
- Premium valuation is primarily driven by positive trading performance for the year (numerator) vs. less growth in NAV estimate (denominator)

Positive Trading Performance Driving Premiums to NAV





LTM CRE Sector NAV Movement / Trading Performance



Source: Green Street, SNL Financial
Note: Trading and NAV Indices are market cap weighted
The following REITS are included in the Health Care Index: WELL, DOC, HR, OHI, VTR, MPW, SBRA, AHR

Public Capital Markets – CRE Values may have Bottomed

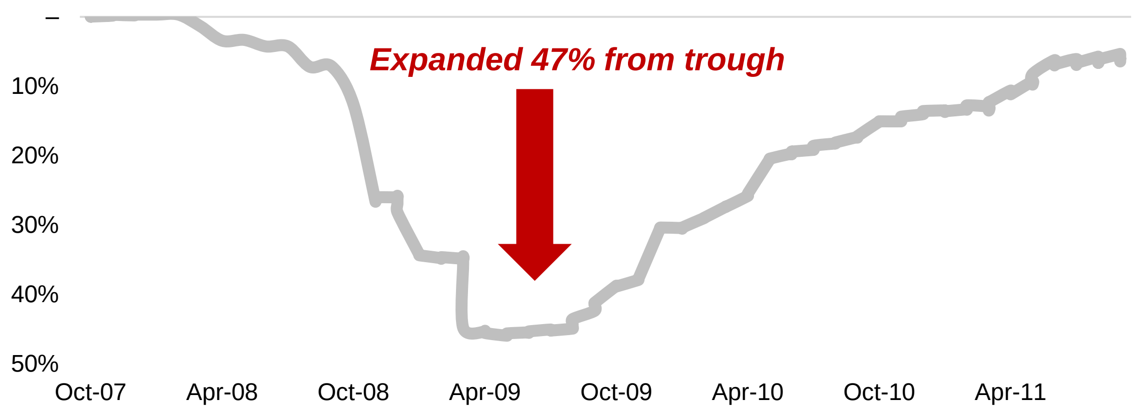
03) REIT valuation: Nominal cap rate expansion has bottomed, providing evidence of an attractive entry point for capital on the sidelines

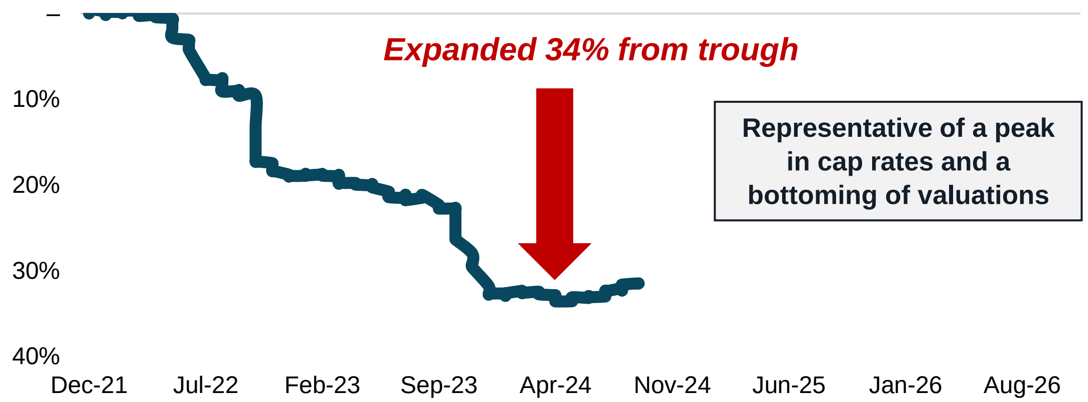
- Values appear to have bottomed across CRE asset classes as evidenced by cap rates which have peaked
- Signals are turning green for private real estate investors as inflation has moderated, successive Fed rate cuts are underway, and visibility is increasing around presidential politics
- Given inflation has, for the most part, been contained, and with successive Fed rate cuts and the November election outcome, most signals are turning green for investors to be active again in deploying capital

2008 – 2009: Great Recession

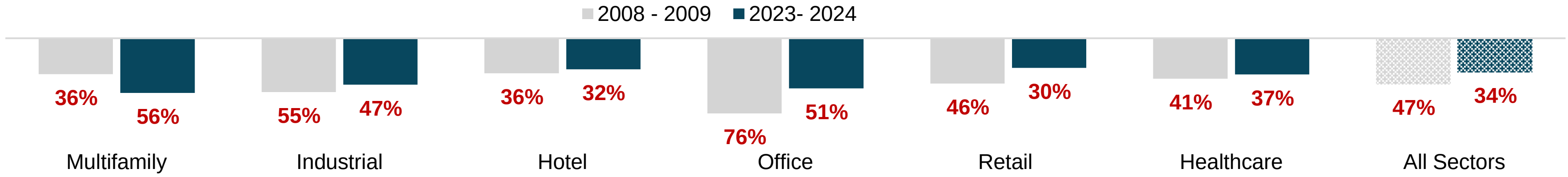
2023 – 2024: Fed fighting inflation

Expansion in average cap rates across all major sectors





Expansion in Cap Rate from Peak to Trough by Sector



- The chart to the left demonstrates cap rate expansion as a %; e.g., if peak values were at 5.00% cap rate, and trough values were at 7.50% cap rate, expansion would be 50%

Source: Green Street
Note: Nominal cap rates reflect Green Street market-weighted average cap rates; Healthcare includes AHR, HR, DOC, MPW, OHI, SBRA, VTR, WELL

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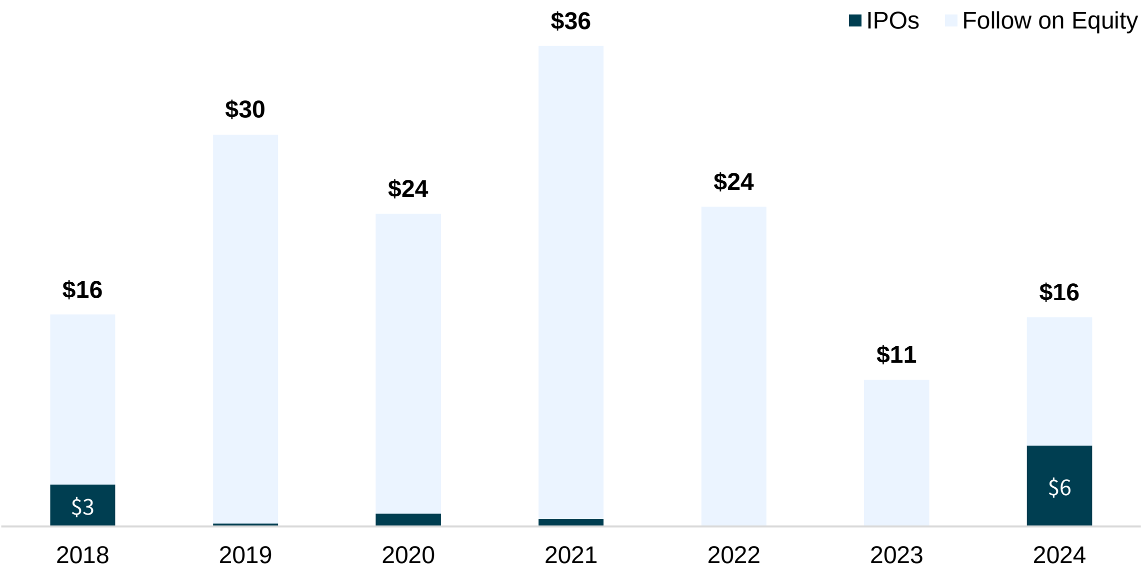
Public Capital Markets – REITS Ready to go on Offense

04) REIT dry powder: REITs buoyed by cost of capital advantage in 2024; REITs are shoring up capital to go on offense

- After a few quarters of softened activity, REITs are poised for strong capital raising activity
- REITs are raising equity through IPOs and follow on offerings, getting ready for a busy 2025
- The IPO market has been active, most notably Lineage which, in 2024, priced the largest REIT IPO in history (and the largest IPO of 2024), raising approximately $5.1bn

2024 has been an active year for REIT equity raising

REIT IPO and Follow-on Equity Capital Raise ($bn)

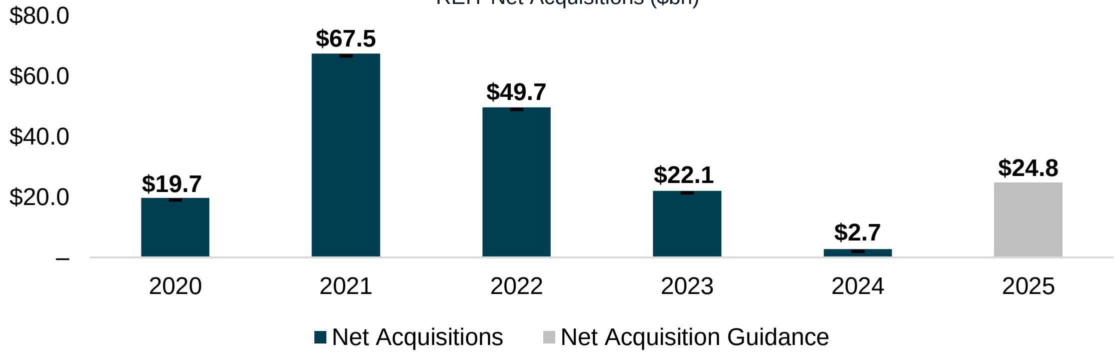


(6.2%)	16.0%	16.1%	13.6%	(7.7%)	8.0%	16.1%

REIT Average P/(D) to NAV

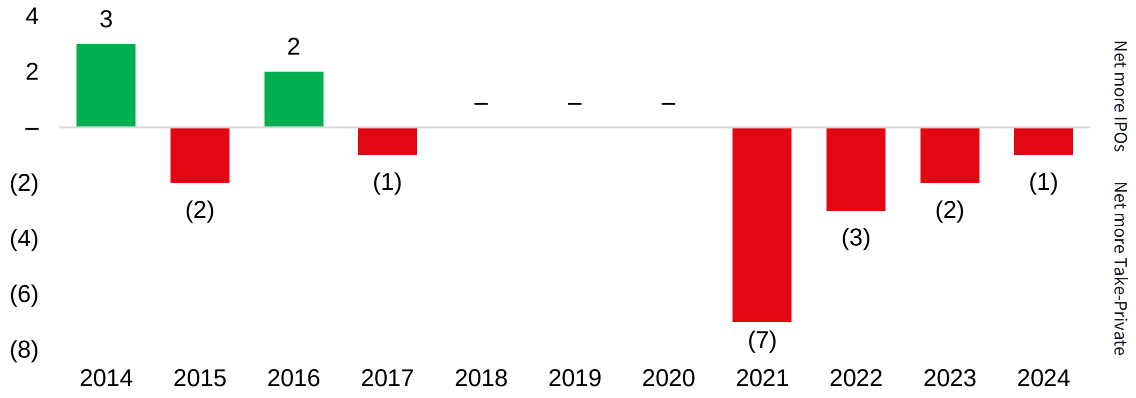
2025 net REIT acquisition activity for REITs expected to be strong

REIT Net Acquisitions ($bn)



2021-2024 YTD saw more take-private vs. IPO

Net of REIT IPOs vs Take-Private M&A



Source: JLL Research, SNL Financial, Green Street and NAREIT; data as of Q3 2024

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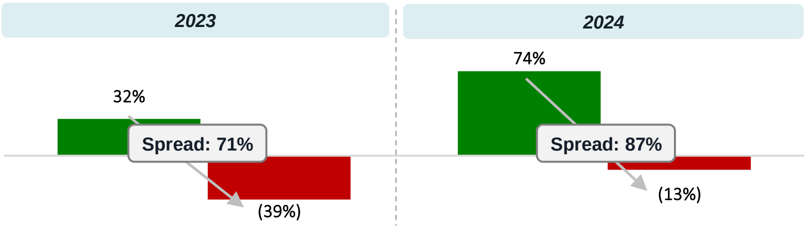
Public Capital Markets – Diverging Premium to NAVs Recipe for M&A

05) REIT M&A: REITs are ripe for consolidation as premiums to NAV drive greater acquisition arbitrage

- Spread in total return between the top and bottom performing REITs, across almost every sector, has grown over the last twelve months
- Top performing REITs in almost every sector are trading at wider premium to NAV spreads to bottom performing REITs compared to twelve months ago; across all REITs, the spread in NAV premium between top and bottom performing REITs has widened 18% compared to the same period last year
- Such a trend is a potential catalyst for increased M&A transaction activity

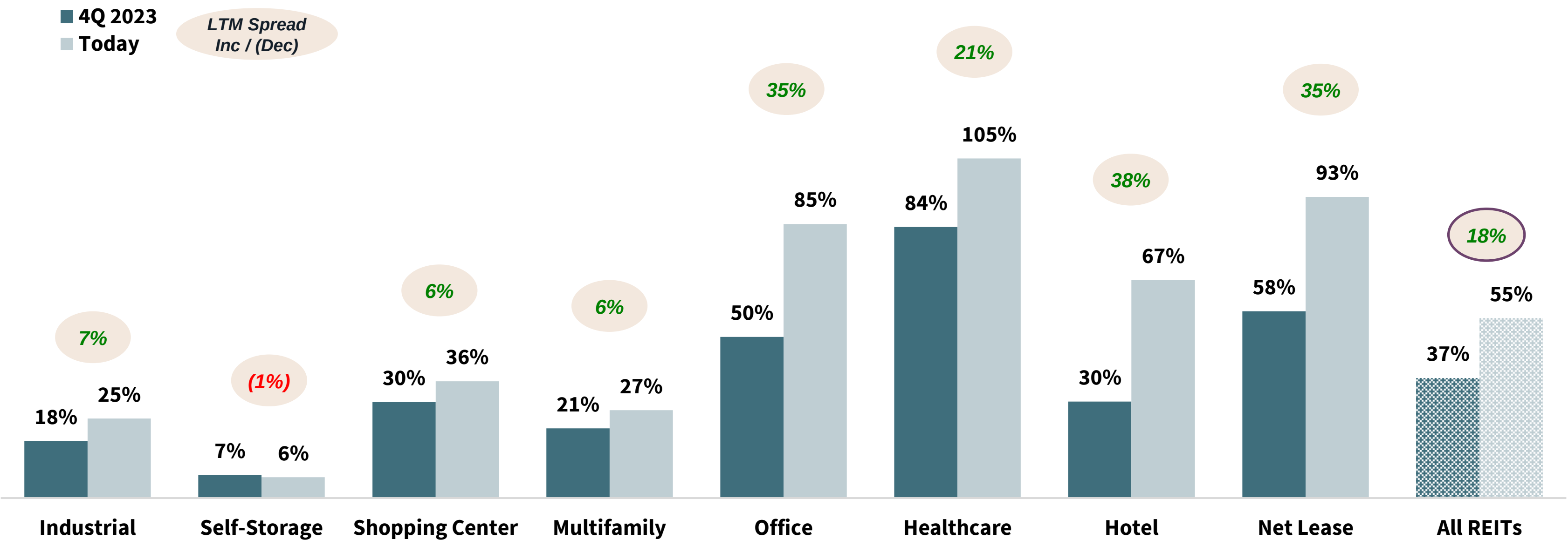
Top-Performing REIT Outperformance Widened Over LTM



**Represents weighted avg. LTM total return of top 25 & bottom 25 performing public REITs*

Spread in P / (D) to NAV Between Top and Bottom REITs Has Increased Over Last 12 Months Across Nearly All Sectors

Columns represent spread in premium / (discount) to NAV between top and bottom REITs during LTM period as of 4Q 2023 or Today



Acquirers Trading at Greater Premium to NAV Than Targets at Merger

Acquirer / Target	Acquirer P/D to NAV Spread over Target (1)
Realty Income / Spirit Realty	3%
Kimco Realty / RPT	15%
Regency Centers / UBP	25%
Extra Space Storage / Life Storage	14%
Prologis / Duke Realty	4%

Source: Green Street, SNL Financial

(1) Represents the spread at the Target's unaffected stock price

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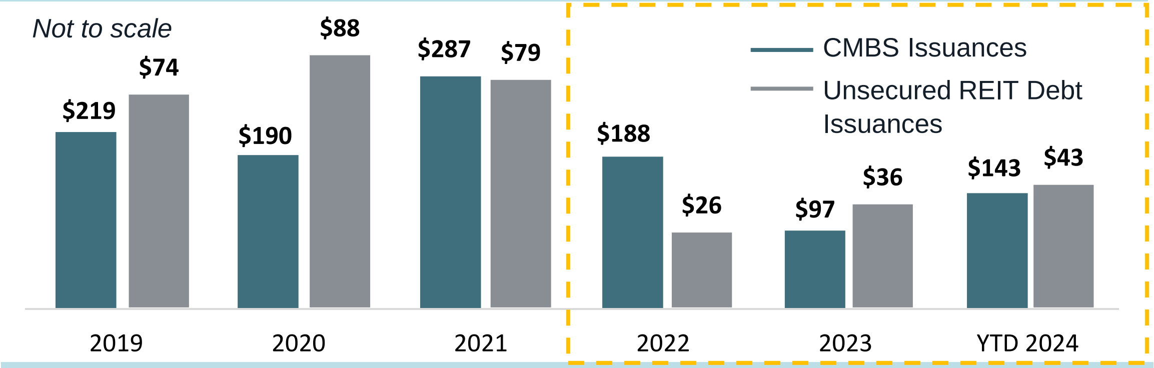
Public Capital Markets – Debt Markets Will Likely be Active in 2025

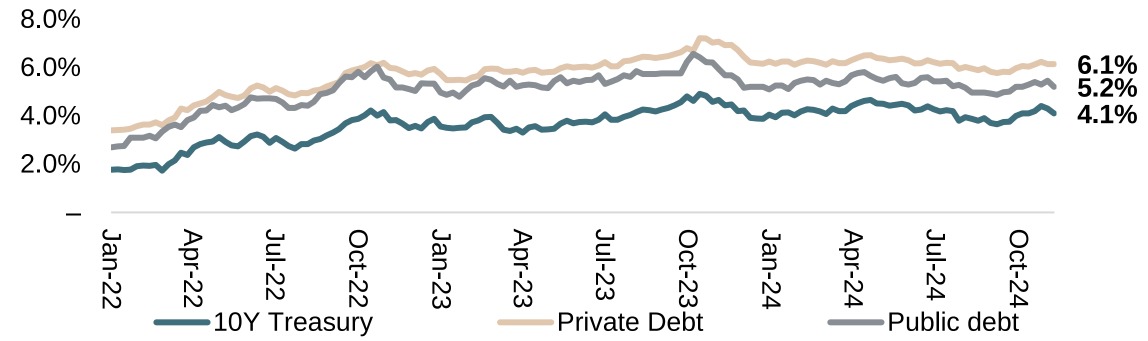
06) Debt markets: Supply and demand dynamics elevating debt issuances going forth

- Refinancings continue to dominate while acquisition financing nears inflection point with a lower interest rate environment and tighter spreads
- With extension options exhausted during last two years the 2025-2026 maturity pipeline expanded in private markets which is a catalyst for increased activity
- Lenders more active in pursuing and winning deals

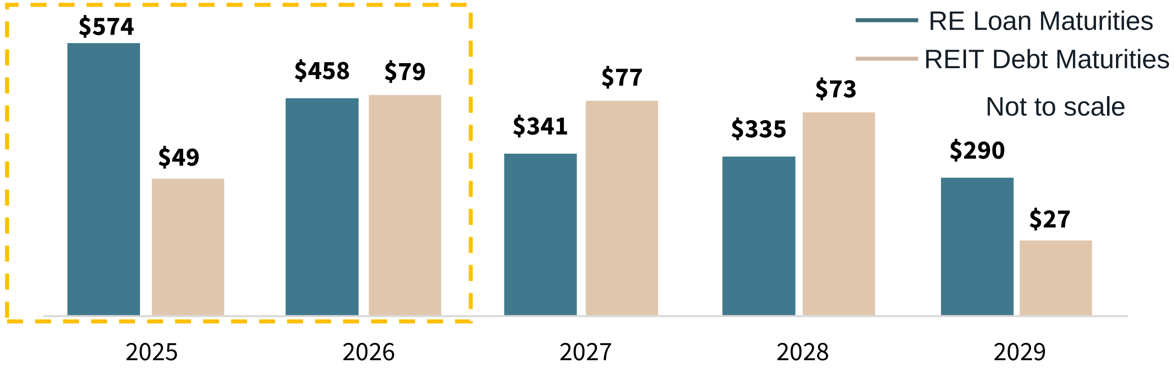
REIT unsecured debt offerings hit three-year trough; market revival anticipated amid falling interest rates ($bn) (1)



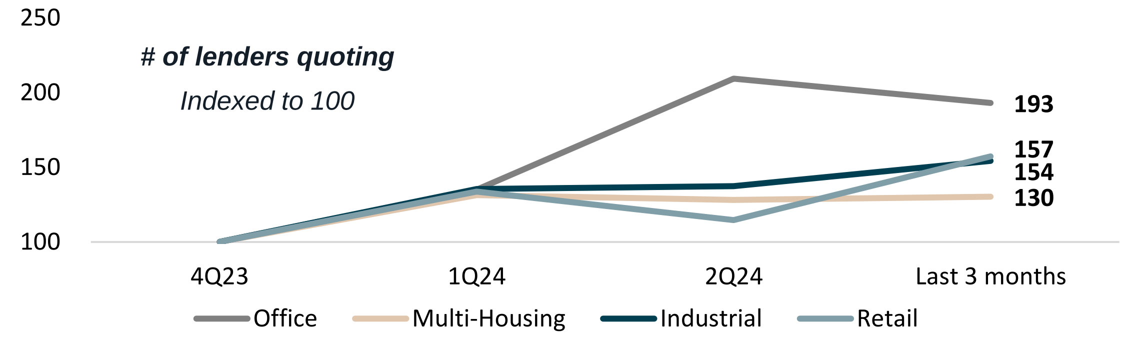
Interest rates slowly trending toward pre-hike / 2022 levels (3)



Real estate upcoming debt maturities set to catalyze new debt transaction activity ($bn) (2)



Lender interest significantly higher for in-favor asset types given an up-tick in lender quotes since 4Q23



Source : JLL Research

(1) CMBS issuances representative of agency, conduit, floaters, SASB, CRE CLO, and similar deals

(2) Mortgage Bankers Association data as of Dec. 2023; Real estate loan maturities representative of Depositories, GSE's, CMBS, Life Cos, and Warehouse

(3) Private debt representative of conventional secured, agency debt, and CMBS; Public debt representative of unsecured REIT debt

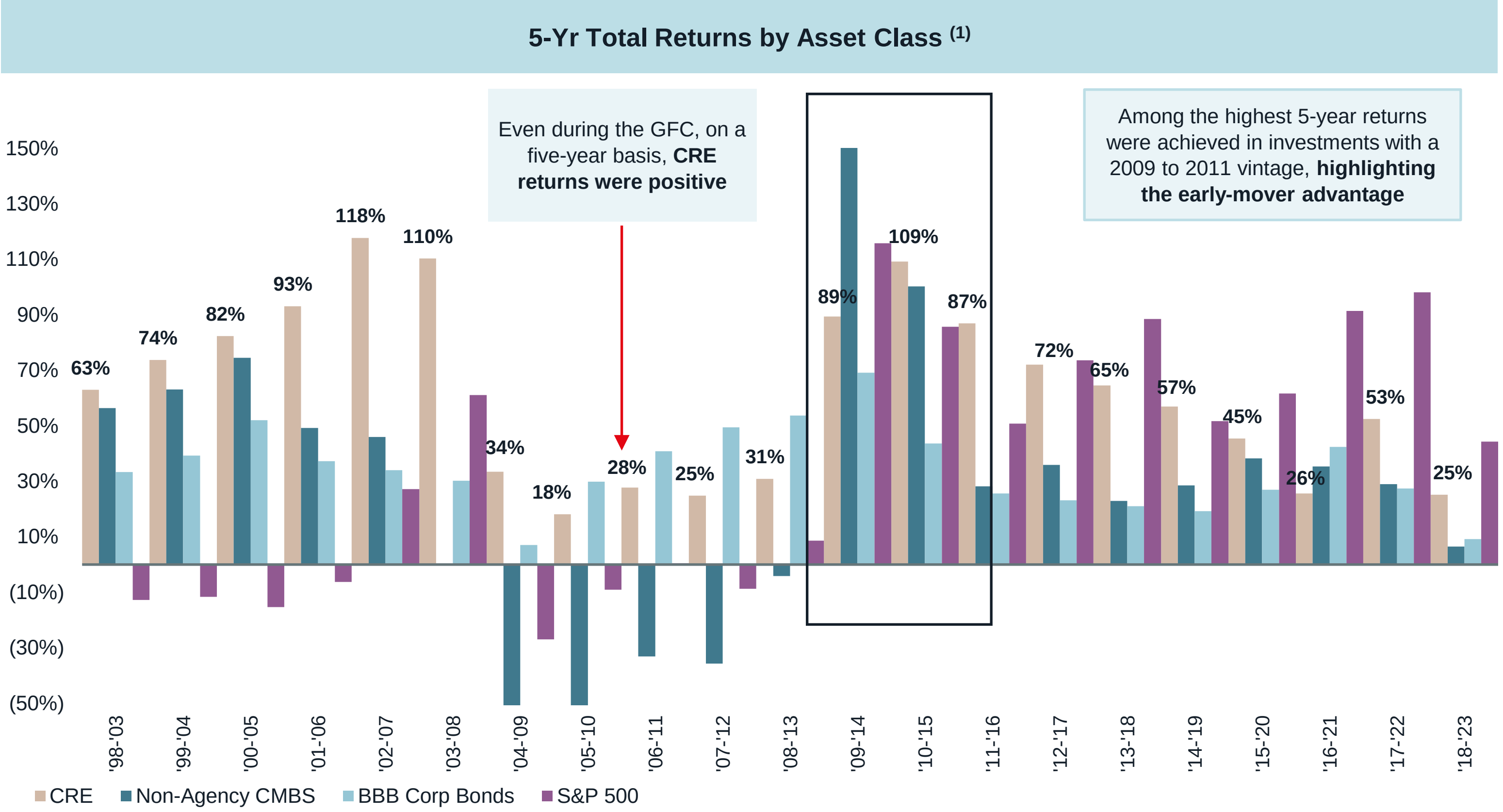
Prominent Themes in Private Capital Markets

03

Private Capital Markets – Early Movers Enjoy the Best Returns

01) Now vs. GFC: Coming out of GFC, early-movers in commercial real estate enjoyed some of the best returns recorded

- Notwithstanding the current dislocation, CRE has a long track record of outperforming and adding stability and diversification to investment portfolios
- CRE outperformed corporate bonds and non-agency CMBS in 71% of 5-year hold periods during the past 25 years (and outperformed S&P 500 in half of the periods)
- CRE has not posted negative total returns during any 5-year hold during the past 25 years, proving cyclical durability



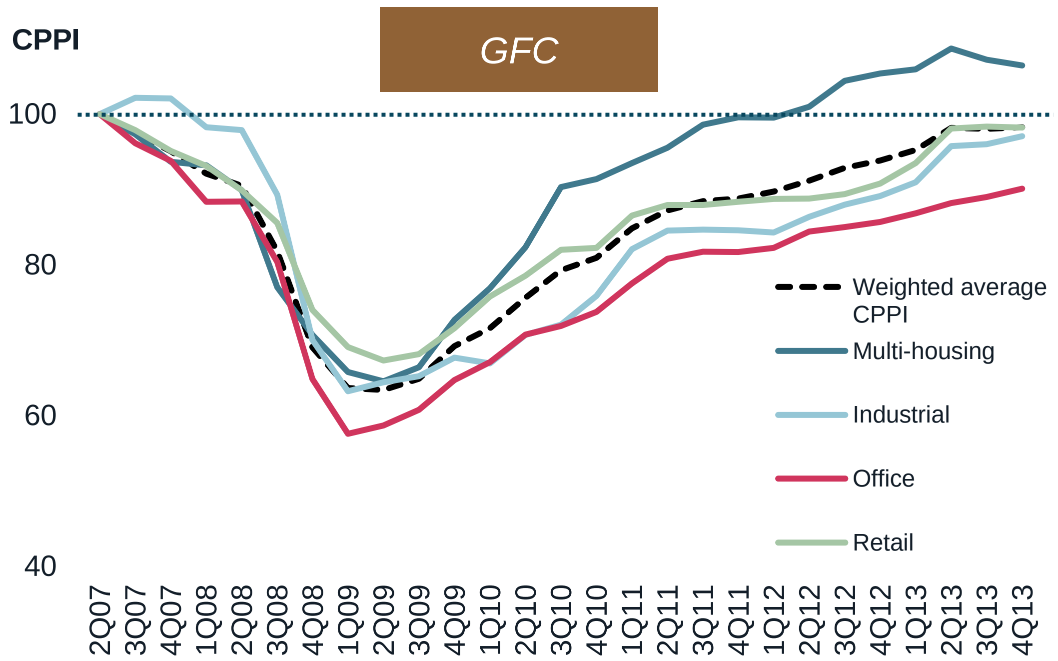
Source: JLL Research, Green Street, Bloomberg Finance, LP
Note: X-axis pertains to investment horizon (first year being the acquisitions year). CRE returns based on Green Street's Commercial Property Return Index (CPRI) reflecting total return (capital appreciation + income). JLL also conducted the analysis for 3-Yr and 7-Yr investment horizons, and the proportion of years where CRE outperforms largely holds consistent

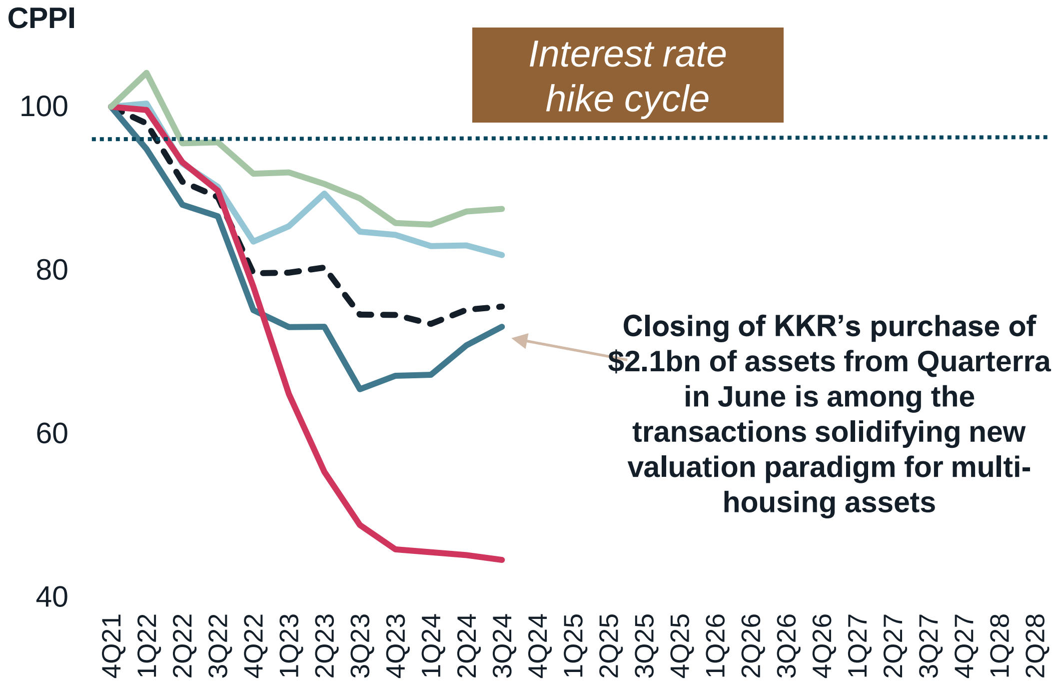
Private Capital Markets – Yields Are Beginning to Compress

02) Asset valuations: Largely stabilized, and yields are beginning to compress

- CRE asset values have largely stabilized from trough levels in early 2024, and the compression of going-in yields is already evident, in particular for transactions in in-favor property sectors
- A new liquidity cycle is taking shape driven by going-in yields for core assets compressing 25 to 30 basis points since Memorial Day, an increase in bidder depth, the return of institutional buyers, and investors' continued underwriting of healthy rental rate growth across most sectors. Green Street reviewed and tightened their national multifamily cap rates in response to KKR / Quarterra transaction

U.S. Commercial Property Price (CPPI) Index

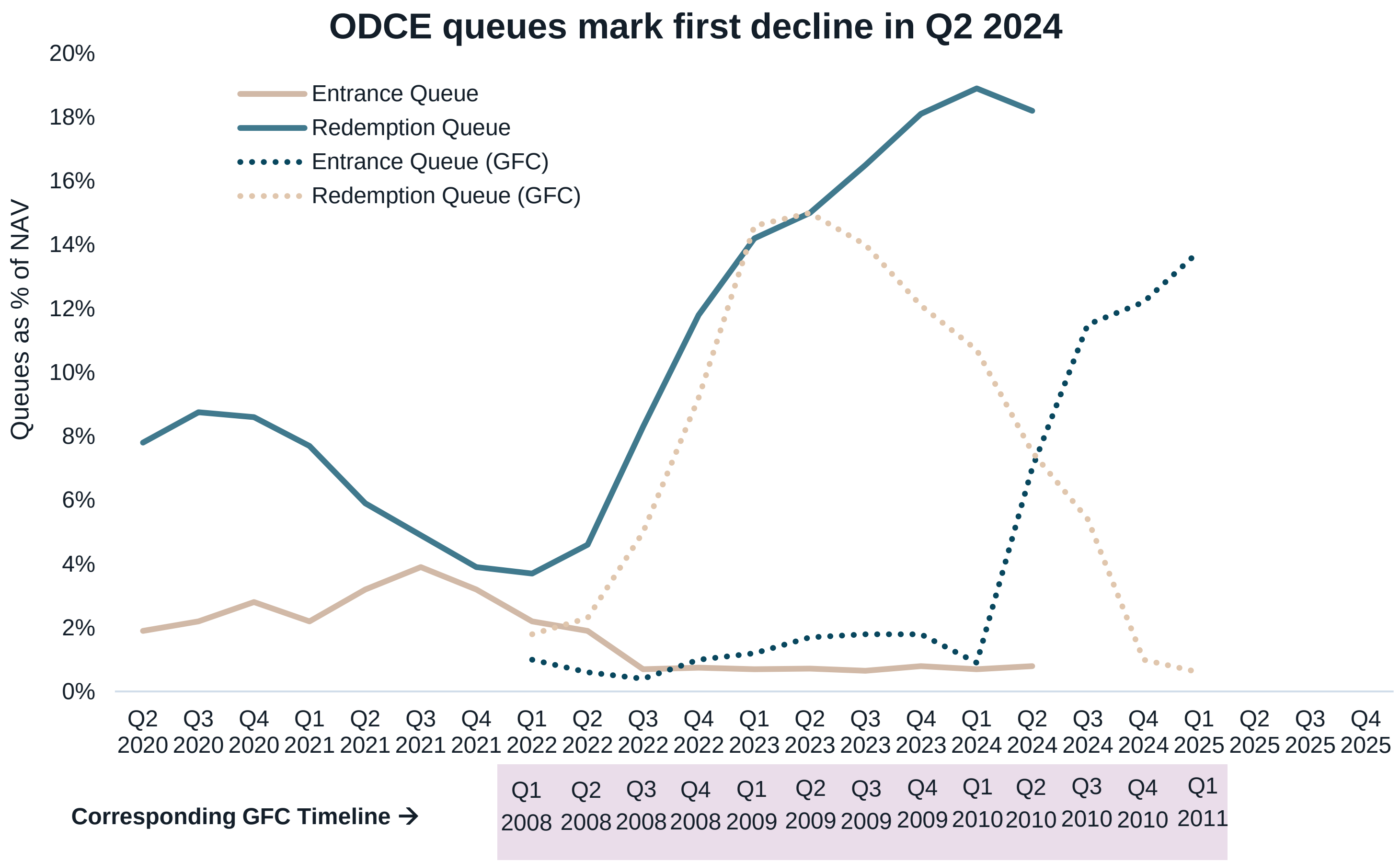




Source: JLL Research, Green Street
Note: The composite CPPI weighs each sector's quarterly price index by the sectors' share of transaction volume; GFC and current cycle CPPIs indexed to 100

Private Capital Markets – Redemption Queues are Reversing

03) U.S. core investor (ODCE): redemption queues are starting to lessen



- U.S. core fund's (ODCE funds) entrance and redemption queues provide an important glimpse into the funds' overall health and ability to deploy capital. Core capital has been more cautious throughout the period of heightened interest rates, with many investors focused on managing and optimizing existing portfolios
- Redemption queues started rising in Q2 2022 amid start to Fed's interest rate hike cycle. After peaking at 19%, redemption queues stand at around 18% as of Q2 2024
- As more ODCE funds post positive quarterly returns, redemption queues are expected settle further in Q3 and Q4 2024. The return of core funds' increased acquisitions volume is expected to result in a further boost to asset values

ODCE queues – GFC lookback

- Redemption queues started rising in Q1 2008 and peaked at approx. 15% of NAV in Q2 2009 (six quarters later)
- During this period, the funds' appraisal cap rates expanded by approx. 150 bps
- Redemption queues and entrance queues came together at ~7% in Q2 2010 (another four quarters later)
- Redemption queues settled to ~1% by Q4 2010, at which point entrance queues rose to ~12% (another two quarters later)

Source: JLL Research, NCREIF, IDR (Report as of Q2 2024. Q3 2024 data to be released in mid-December 2024)

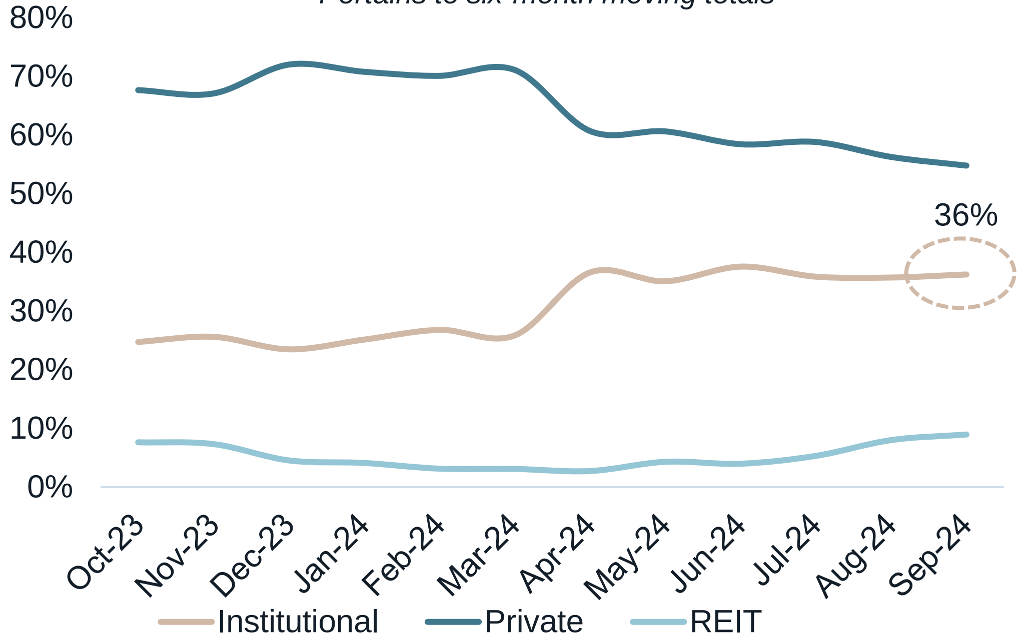
Private Capital Markets – Institutional Investors Becoming More Active

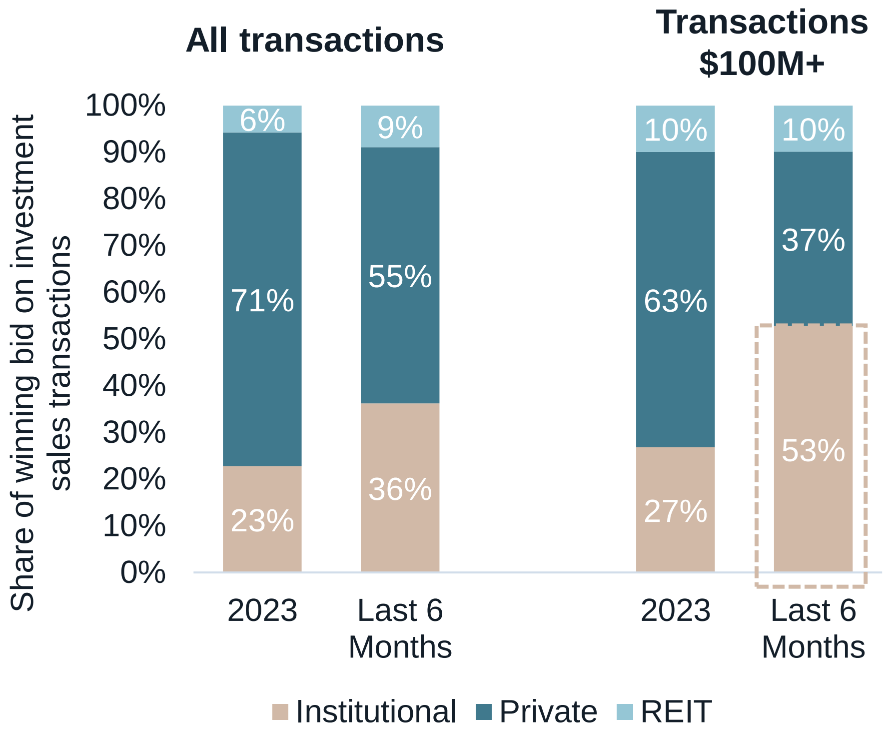
04) Institutional capital: becoming increasingly active

- Institutional capital more competitive again and accounting for increased share of winning bids, especially on larger transactions
- Private investors dominated bid sheets across many transactions processes during the second half of 2022 and 2023. As 2024 has progressed, an additional number of intuitional buyers have returned to the bidding field across all property sectors. Large private equity investors started driving the activity and momentum is now broadening across additional institutional buyers
- Institutions' return to the market is especially evident across larger transactions, where institutional investors have accounted for the winning bidder of 53% of transactions above $100mm
- The continued activity levels of institutional buyers stand to further push pricing, and continue to solidify the bourgeoning new liquidity cycle

Share of winning bid on investment sales transactions

Pertains to six-month moving totals



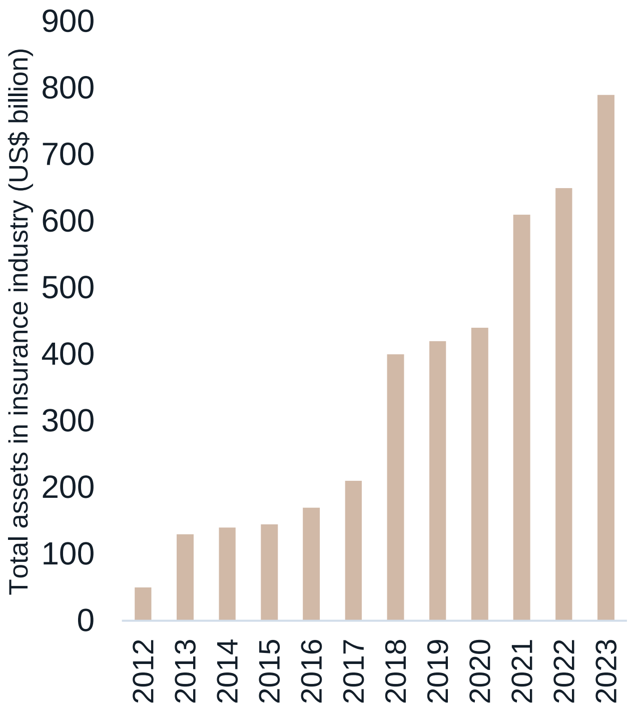


Source: JLL Research
Note: Data pertains to proxies for the U.S. market based on JLL's Investment Sales & Advisory platform

05) Private equity: top private equity investors are partnering with insurance companies to expand their AUM

- Large private equity investors like Blackstone, Apollo, Brookfield and KKR have invested in insurance companies, which is allowing them to significantly increase investible assets and drive additional capital deployment across CRE credit and equity strategies

Private equity firms' insurance assets have grown to nearly $800bn in the U.S.



Private equity buyer	Relationship	Description of transaction
ELLIOTT	PROSPERITY LIFE GROUP	Elliott Management completes acquisition of Prosperity Life Insurance Group in **January 2019**
Blackstone	Allstate	Allstate sells its Allstate Life Insurance Corporation to Blackstone for $2.8bn in **January 2021**, enabling Blackstone to grow its insurance business
Blackstone	AIG	AIG and Blackstone announce partnership in **July 2021** whereby Blackstone acquires 9.9% stake in AIG's Life & Retirement business for $2.2bn. Corebridge, a rebranded entity of AIG's Life & Retirement continues to originate CRE loans
APOLLO	ATHENE Driven to do more	Apollo completes merger with Athene in **January 2022**. Today, Apollo manages over $300mm on behalf of its insurance businesses
Blackstone	Resolution Life	Blackstone and Resolution Life announce partnership in **October 2022** for Blackstone to serve as investment manager for Resolution Life's CRE assets
Brookfield	AMERICAN NATIONAL	Brookfield's reinsurance unit completes acquisition of American National in **May 2022** in transaction valued at $5.1bn
Brookfield	AEL	Brookfield enters into agreement in **July 2023** to acquire American Equity Investment Life in $4.3bn transaction, bringing Brookfield's insurance assets to $100bn
KKR	Global Atlantic FINANCIAL GROUP	KKR completes acquisition of remaining 37% of Global Atlantic for $2.7bn in **January 2024**; Global Atlantic's insurance assets total $158bn
HPS	Guardian	HPS and Guardian in **August 2024** announce expansion of partnership whereby Guardian increases minority stake in HPS and shifts investment management of approximately $30bn of assets to HPS
PROSPERITY LIFE GROUP	NWLGI National Western Life Group, Inc.	Elliott Management-backed Prosperity Life Group completes acquisition of National Western Life Group in **July 2024** in an all-cash merger valued at approximately $1.9bn

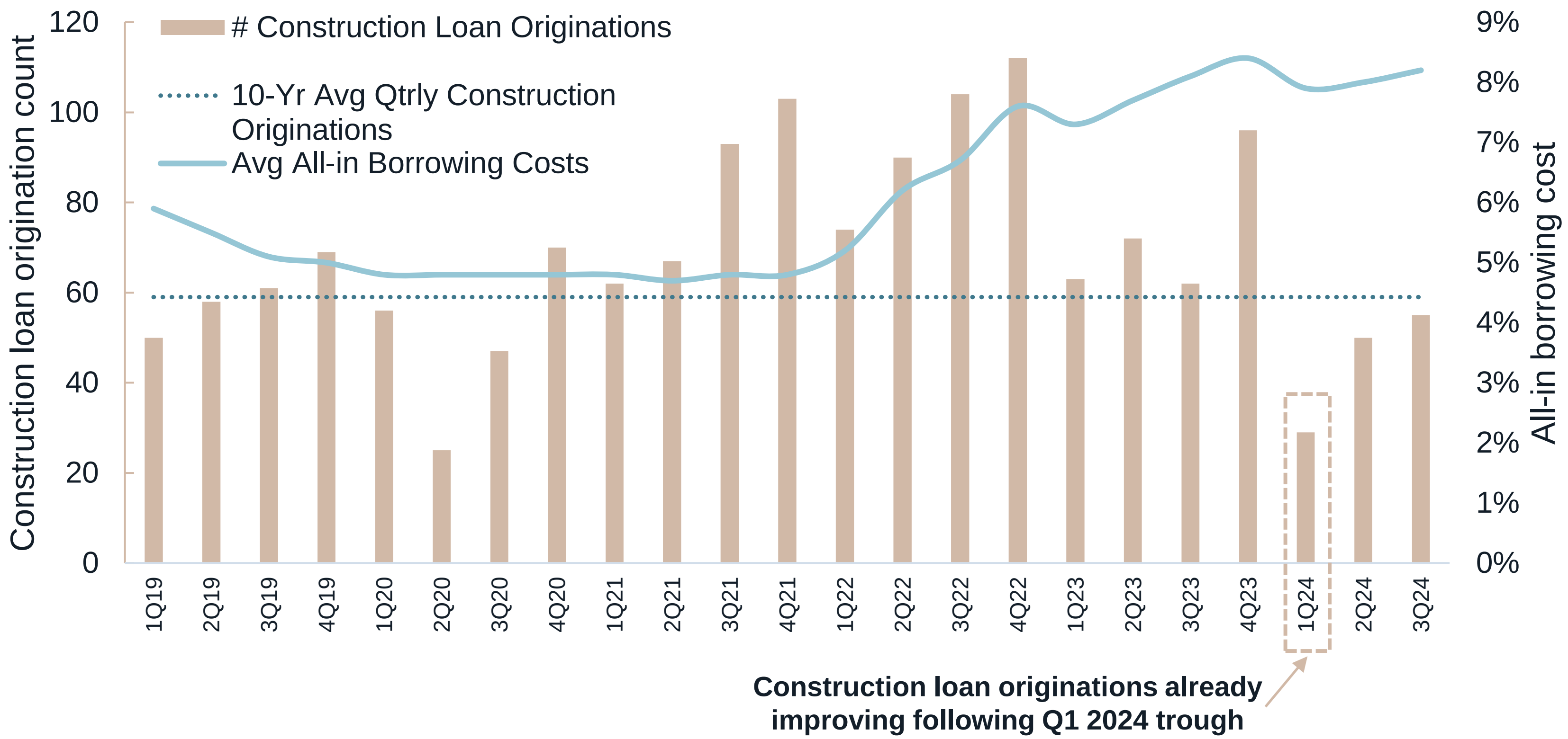
Source: JLL Research, AM Best

Private Capital Markets – Development Starting to Thaw

06) Construction starts: Down precipitously across all CRE sectors, but new development economics showing some signs of thawing

- Construction starts have slowed precipitously across CRE amid the elevated construction cost and interest rate environment
- Sectors such as office and industrial have seen an 80% decrease in the recent quarterly peak of starts down to the lowest quarterly amount of starts since the beginning of 2024
- Sharp supply slowdown is putting pockets of supply shortages into focus across almost all sectors. Question now is about where to make contrarian plays to deliver the product that the market needs –affordable / attainable housing, industrial product near growing populations, data centers, Tier 1 office assets, etc.

Change in quarterly construction starts *% change from highest quarterly amount of starts from 2021-2023 vs. lowest quarterly amount since 2024*	
Office	-93%
Seniors housing	-85%
Industrial	-84%
Retail	-68%
Medical properties	-65%
Data centers	-60%
Multi-housing	-58%
Hotels	-44%
Life sciences	-33%



Source: JLL Research, MSCI, CoStar, RealPage, Revista, STR, NICMap
Note: Construction loan origination count is based on JLL's U.S. Debt Advisory business

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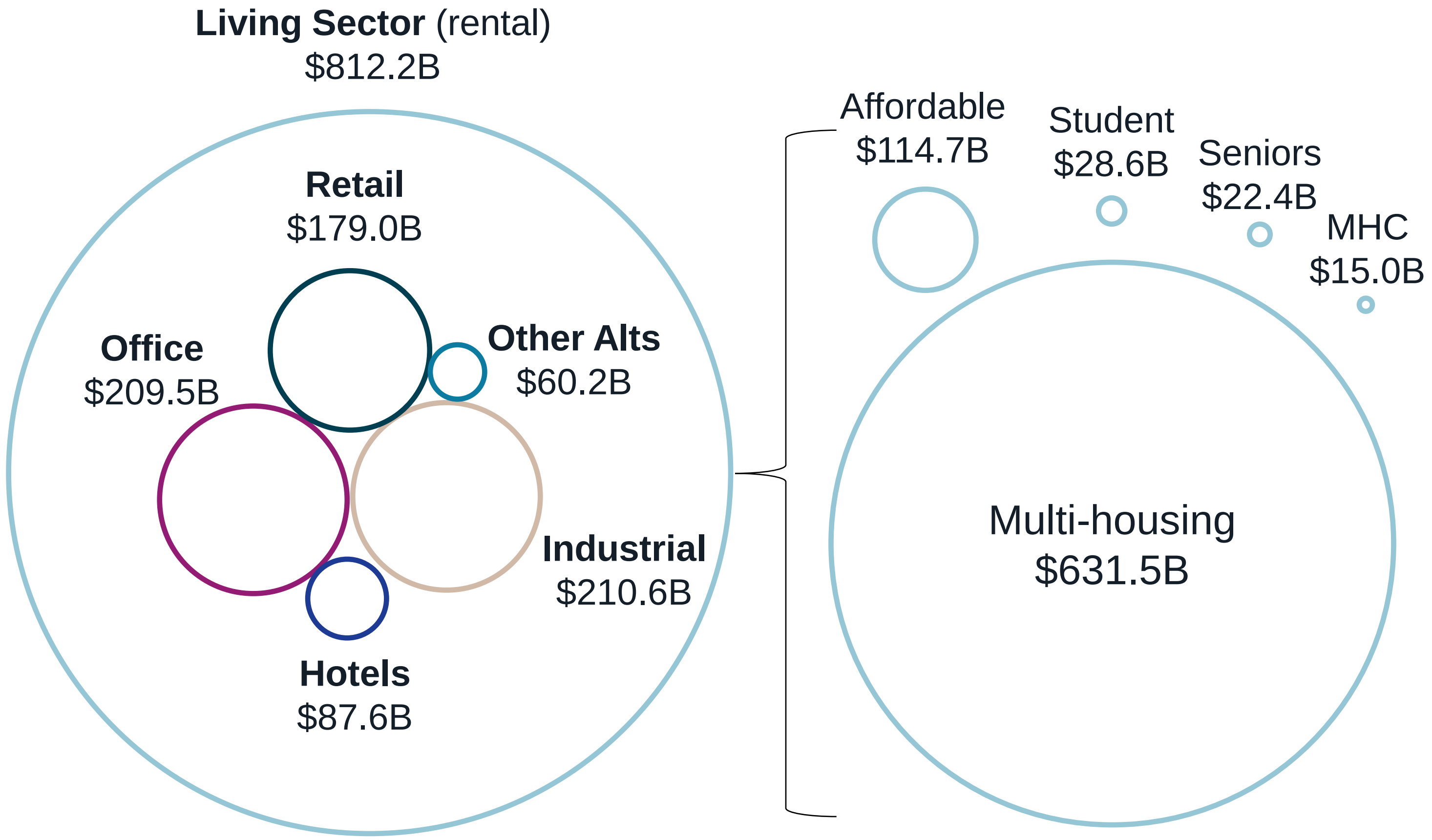
Property Sector Spotlight: Living Sector

Property Sector Spotlight: Living Sector

Size and scale of U.S. rental living sector dwarfs the other commercial property types
Figures pertain to peak transactions volume*



- The Living sector is the largest investable real estate property sector in the U.S. by a wide margin, accounting for approximately 40% of transaction volumes during the past three years
- The inherent non-correlation between Living subsectors (Class A multi-housing, SFR, student, manufactured, etc.) allows for cash flow diversification and risk mitigation not found in other asset classes
- Institutionalization of sector offers heightened exit opportunities. With operators continuing to consolidate and new buckets of capital deploying into the space, attractive exit opportunities exist at scale across the Living spectrum
- Fannie and Freddie securitizations continue to provide liquid backstop to the multi-housing sector; increased focus on affordable
- Portfolio premiums are expected to return once financing costs are again more favorable

Living sector subtype	Size of market
Multi-housing	23 million units
Affordable	4.5 to 17.0 million units (depending on definition)
Student	3.5 million units (at top 175 universities)
Seniors	1.1 million units (Primary & Secondary markets)
Manufactured housing communities	1.4 million units
Single-Family Rental (SFR)	16 million units (3-4% of which is institutional)

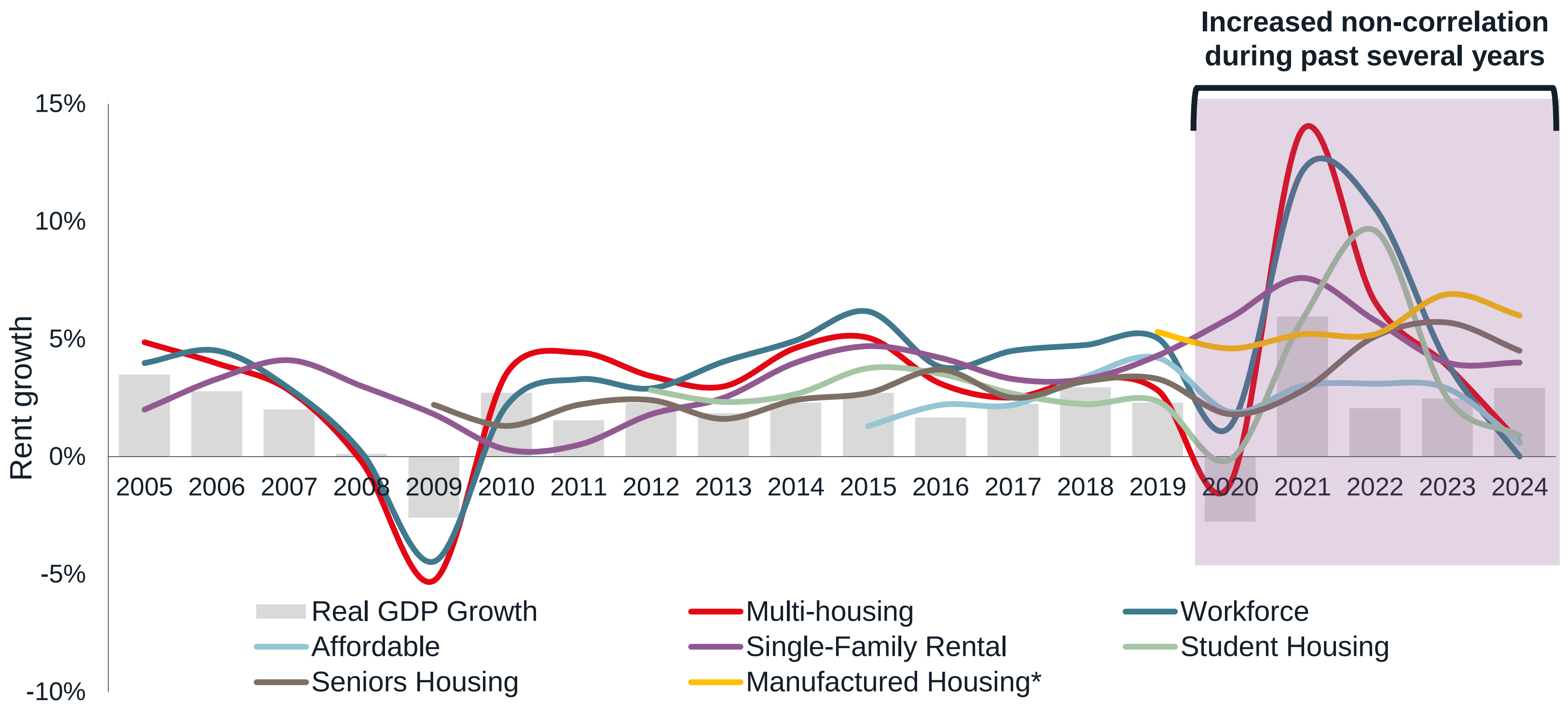
*Note: 'Peak years' liquidity refers to three-year period from H2 2019 to H1 2022. All figures refer to rental and commercial product only, not single-family ownership
Source: JLL Research, Real Capital Analytics, NMHC

Property Sector Spotlight: Low Correlation Among Living Sector

Non-correlation between various subtypes in living sector affords investors with built-in diversification and risk mitigation

- The differentiated demand segments and secular drivers across the various Living subsectors (Class A multi-housing, workforce housing, SFR, student housing, etc.) allow for a degree of cash flow diversification not found in other asset classes
- The past several years have generally seen greater non-correlation, enabling investors to diversify their exposure and mitigate risk. This is bolstering the attractiveness and strategic importance of exposure to sector

Investors deepening focus across the Living subsectors amid greater non-correlation of performance



Living subsector performance

Sector	Long-term avg. rent growth	Correlation to GDP growth
Multi-housing	3.3%	0.85
Workforce	3.8%	0.71
Student Housing	3.2%	0.44
Manufactured Housing	5.5%	0.36
Seniors Housing	3.0%	0.26
Affordable	2.5%	0.19
Single-Family Rental	3.5%	0.18

Higher correlation

Source: JLL Research, RealPage, John Burns Real Estate Consulting, Real Capital Analytics, Green Street, NICMap, REIS
*Manufactured rent growth is proxied by same-store revenue growth averaged across manufactured housing REITs.

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JLL Investment Banking Team

04

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