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REAL ESTATE INVESTMENT TODAY
JANUARY/FEBRUARY 2022

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REIT IN ROTATION

DigitalBridge completes its transformation into a global digital infrastructure REIT.

President and CEO Marc Ganzi

Nareit Real estate working for you.

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FROM *the* CHAIR

A MARKETPLACE IN MOTION

Throughout its history, the REIT industry has been a marketplace in motion, changing with the ongoing economic, technological, and social changes in our world. That ongoing change is well-illustrated by the story in this issue commemorating the 50th anniversary of the FTSE Nareit Indexes.



Marguerite Nader
2022 Nareit Chair
President & CEO
Equity LifeStyle Properties, Inc.

The first Nareit REIT index was a broad market index of 34 U.S. REITs with a total equity market capitalization of $1.5 billion. It was a far cry from today's FTSE Nareit All REITs Index with more than 200 REITs and a total $1.6 trillion in equity market capitalization.

But it is more than size that distinguishes today's REIT industry from its predecessor 50 years ago. The first REIT index was nearly evenly divided between equity, mortgage, and hybrid REITs. By comparison, $1.5 trillion of the current FTSE Nareit All REITs Index's equity market cap comes from equity REITs.

And, unlike the index in its early years when equity REITs were made up primarily of office, industrial, residential, and retail REITs, today's index represents companies that serve a broad spectrum of the sectors that make up today's economy.

That includes the sectors that serve the 21st century economy. In 2000, the REIT industrial sector and communications towers had a combined equity market capitalization of just over $15 billion, representing 11.6% of the FTSE Nareit All Equity REITs Index. And the data centers sector didn't yet exist.

At the end of last year, the industrial, infrastructure, and data centers sectors together had an equity market capitalization of $645 billion, making up 39% of the index's total value. REITs today are the most effective way that investors of all sizes can invest in 21st century real estate.

The evolution of the REIT industry, however, has been about more than just the changing composition of its assets. There has been change, as well, in the way that the industry manages its assets. One of the most important aspects of that change is the REIT industry's rapidly increasing focus on ESG.

Public disclosure is a key element of a corporate ESG commitment. In 2020, of the 100 largest equity REITs, 98 made public disclosures of their ESG programs and practices. That was an increase from 60 REITs just three years earlier.

REITs are making strides in the social component of ESG, as well, with programs for employees, tenants, and communities. Diversity, equity, and inclusion are key objectives for any company, and REITs are making real progress in this critical area. In 2020, 98% of REITs reporting to the global ESG tracking organization GRESB said they monitor inclusion and diversity metrics at the board and workforce levels, while 68% of REITs reporting to GRESB said they had policies in place for recruiting and hiring a more diverse workforce.

REITs are a dynamic industry, moving forward to better serve all of their stakeholders. You can read more about our REIT marketplace's continuing progress in the stories in this issue of REIT magazine.



EDITOR'S DESK

FACING FORWARD

This issue showcases several Nareit award winners from 2021. Some of the faces will be very familiar, others might be new to you. Collectively they demonstrate the breadth of talent, expertise, and commitment within the REIT industry—not only in the realm of ESG matters but also in terms of promoting industry knowledge and creating strong corporate structures.



Sarah Borchersen-Keto
Editor in Chief

Speaking of faces, one that has not appeared in REIT magazine before is mine. While this may be my first column, my involvement with this magazine stretches back many years. And just because the face here has changed, the same team, led by Matt Bechard, that plans, creates, writes, designs, and executes this publication—luckily for me—remains the same.

As we start a new year, one of my goals is to ensure that this publication continues to give readers a one-stop resource for all REIT-related news and information. To that end, I welcome your ideas and suggestions to ensure we continue to bring the most valuable industry insights and analysis to our readers. The award winners in this issue exemplify the industry's dedication to evolve and improve, and hopefully that is something the magazine mirrors as well.

One story in this issue that sums up the spirit of evolving and improving is Forging Ahead. It looks at the adaptive reuse of a former Model T plant in Pittsburgh into a new life science, mixed-use development spearheaded by Ventas, Inc. (NYSE: VTR) and its strategic partner Wexford Science & Technology, LLC.

The plant, erected in 1915, is significant for the role it played in the evolution of industrial facilities for the auto industry. Approximately 300 men worked on the assembly line, yet process changes and the Great Depression would lead to the closure of assembly operations by 1932—a thought that was probably inconceivable to those early workers.

Harder still would be to imagine that an entirely new and productive use for the same building would be found almost 90 years later. Indeed, today's burgeoning life science industry is bringing vital new medicines to market faster than ever and having appropriate facilities to conduct research in is essential. The cycle of innovation is alive and well in Pittsburgh, and we celebrate the fact that a REIT is a leading force behind that achievement.

Happy New Year.



developments

ON THE WEB
reit.com



REIT Contribution to the U.S. Economy

Nareit works with EY to produce research showing the substantial contribution that REITs make to the U.S. economy. According to EY's most recent report, the total economic contribution of REITs in the U.S. in 2020 was an estimated 2.9 million full-time equivalent (FTE) jobs with labor income of $197.0 billion.

REITs directly employed an estimated 308,000 workers, and REIT purchases and spending by REIT and related employees supported an additional 829,000 jobs. EY estimates that in 2020, REITs invested $85.2 billion in capital expenditures to maintain and expand existing properties and construction. This capex and construction activity supported nearly 1.4 million jobs.

Read more

REIT Tech Leaders Share Career Advice for Professionals Starting Out

Technology's imprint on our daily lives has become more pronounced than ever during the past two years. Nareit's new Career Resources page shares information about working in the REIT industry. Recent interviews with REIT technology experts include:



"Build relationships early on and continue to nurture those relationships over time."

Adi Englander, SVP, IT-Enterprise Solutions, JBG SMITH (NYSE: JBGS)



"Share your journey towards success with trusted partners."

Kim Scharf, SVP, Information Technology, SITE Centers Corp. (NYSE: SITC)



"Be relentless with your pursuit of curiosity. Ask questions and challenge the status quo."

Michael Manelis, COO, Equity Residential (NYSE: EQR)

Read more

NAREIT'S T-TRACKER DATA SHOW CONTINUED RECOVERY

The 2021 third quarter results of Nareit's T-Tracker® show REIT earnings continued to climb, with FFO for all equity REITs increasing 2.9% to an all-time high of $17.4 billion. This rise brings FFO 40.2% higher than the third quarter of 2020 and 6.0% above pre-pandemic earning levels. Nareit's T-Tracker is a quarterly, composite measure of the operating performance of the entire U.S. stock exchange-listed REIT industry.

Sectors that were greatly affected by the pandemic—including the lodging/resort sector and diversified REITs—continued their recovery, reporting consistent FFO increases. Several REIT sectors that reported large growth in the second quarter of 2021, including office, retail, and specialty REITs, saw slight declines in the third quarter, but these sectors continue to report historically high FFO. Sectors supporting the digital economy, including industrial, infrastructure, and data centers, continue to report high FFO, maintaining large gains from the beginning of the pandemic.

Read more

4 QUICK QUESTIONS



Jeffrey Horowitz

Jeffrey Horowitz, global head of real estate, gaming & lodging investment banking for BofA Securities, received Nareit's 2021 Industry Achievement Award, in recognition of his efforts to heighten awareness and understanding of the value of REITs and publicly traded real estate.

Horowitz's role in helping REITs successfully emerge from the Great Recession of 2008 by advising the industry to recapitalize with public equity in spring 2009 was highlighted when the award was presented at Nareit's REITworld: 2021 Annual Conference. Horowitz, who joined BofA Securities in 2005, currently serves as BofA's representative in Nareit's Executive Board Associate Program.

What are the biggest lessons REITs can take away from the pandemic?

The pandemic has been both a time of reflection and action for all of our clients, and there are many lessons learned. Regardless of whether a sector was positively or negatively impacted, it was clear that balance sheets need to be flexible with few near-term maturities, such that clients can either take advantage of adversity or protect themself from disaster. It was also clear that all companies must have the proper technology and systems in place to manage their business, communicate with clients and employees, while in or out of the office.

Which property sector do you anticipate seeing the biggest disruption in the years ahead?

It will take the longest to understand the impact of the office sector, given the length of existing leases. Companies are still figuring out what flexibility is appropriate to provide their employees to work from home, how best to lay out their physical space, and how to think about the location of their employees given flexibility concerns, labor shortages, and tax policy. Realistically, my sense is that it could be anywhere from a couple to a few years before there's a handle on the answer to these questions.

What are you watching most closely in the economy right now?

There are a meaningful number of economic and societal factors that we're watching. They include the status of the pandemic, inflation, interest rates, potential Federal Reserve hikes, tax policy, GDP growth, labor shortages, future midterm elections, and more. The results of these and other factors will impact money flows and investor reactions.

How might the REIT industry evolve going forward?

The REIT sector obviously had a particularly strong 2021, with asset valuations improving materially in many sectors. Many companies will benefit from inflation and continued low interest rates.

> **"The REIT sector obviously had a particularly strong 2021… Many companies will benefit from inflation and continued low interest rates."**
>
> *– Jeffrey Horowitz*

They'll also benefit from a continued strong bid for assets. Consolidation will continue to be a theme as I believe M&A activity, which has been robust, will continue to be so. In some cases, the number of companies remaining in certain sectors will shrink to a very small group of large companies, which of course has implications for investors.

RESEARCH DESK



Calvin Schnure
Nareit SVP, Research & Economic Analysis

TRENDS TO WATCH IN 2022

The year ahead is likely to see further improvement in commercial real estate markets as the economy continues to recover from the COVID-19 pandemic. Top developments to follow include:

- The economy and CRE markets will continue to recover; setbacks from COVID-19 flare-ups will be short-lived.
- The office will remain the hub of business activity, but flexible work arrangements will allow many employees to skip the commute a few days a week.
- Consumers want more of both online purchases and in-store transactions.
- Inflation will remain above trend but will ease gradually as the year progresses.
- Data centers, communications towers, and industrial REITs will continue their strong growth.

Meanwhile, business travel will see an accelerating recovery; self-storage is set for another strong year; limited new construction will support rents and home prices; further recovery is expected in senior housing and skilled nursing; property transactions will rise further as the recovery gains momentum and CRE prices will maintain growth in the mid-single digits.

Read more

developments

BY THE NUMBERS

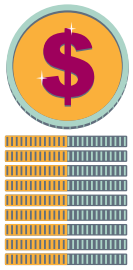
CEM Benchmarking's 2021 study of defined benefit pension investment performance demonstrates that REITs have outperformed unlisted or private real estate over a more than two-decade period. The study also shows that REITs and private real estate are highly correlated and both act as good diversifiers in pension portfolios. The CEM study uses a unique dataset covering more than 200 public and private sector pensions with nearly $3.6 trillion in combined assets under management.



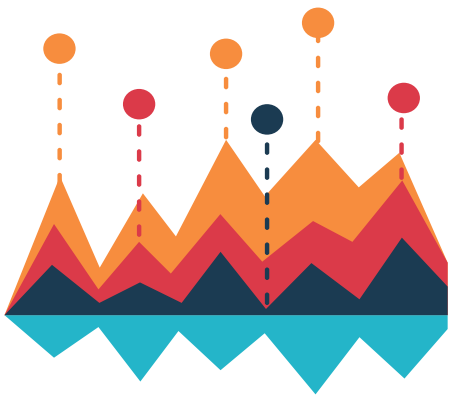
10.7%
Listed equity REITs had the second highest average annual net return over the period, 10.7%.

Vs.

8.7%
Unlisted real estate produced average net returns of 8.7% over the period



0.84
the correlation between REIT and private real estate annual returns



0.55
the correlation between REITs and large cap listed stocks

0.45
REITs had the highest Sharpe ratio outside of fixed income, reflecting their high returns and slightly above average volatility.



Source: CEM Benchmarking Inc.'s "Asset Allocation and Fund Performance of Defined Benefit Pension Funds in the United States, 1998-2019"

SECTOR SPOTLIGHT
Data Centers



SECTOR STATS

CONSTITUENTS
3

ONE-YEAR RETURN
25.47%

THREE-YEAR RETURN
29.85%

FIVE-YEAR RETURN
19.29%

DIVIDEND YIELD
1.90%

MARKET CAP
$136.4 billion

NOI (2021:Q3)
$1.874 billion

DIVIDENDS PAID (2021:Q3)
$734 million

(Data as of Dec.31, 2021)
Source: FTSE, Nareit T-Tracker

DATA CENTERS REFLECT SHIFTS IN ECONOMIC ACTIVITY

Commercial real estate houses the U.S. economy, and as the digital sectors of the economy have grown, so has digital real estate. Few sectors illustrate the underlying shifts in how economic activity is conducted better than the data center REIT sector. Data centers are a critical part of the digital economy as they house the servers and communications equipment that host web pages, store data, and help transmit communications.

Data centers had already grown in importance prior to the pandemic. FFO (funds from operations) of data center REITs more than quadrupled between 2012 and 2019, rising from $805 million to $3.654 billion. Growth surged again during the pandemic, with FFO increasing at an annual rate of 15.1%, through the third quarter of 2021.

It is hard to imagine what life would have been like during the pandemic without data centers helping to link business, consumers, and people across the country. Companies that shifted their sales platforms more heavily to online sales rely on their web pages to display goods for sales, all supported by the servers in data centers. Online business meetings and conferences depend on the speed and reliability of web pages to facilitate the communications that have kept businesses going.

2,300
Data center storage capacity worldwide in exabytes, up from 870 exabytes in 2016 (an exabyte is one billion gigabytes).
Source: Statista

44%
Projected annual growth rate by 2024 of global interconnection bandwidth.
Source: Equinix

275.8
Internet traffic volume, in exabytes per month, up from 96.1 exabytes per month in 2016.
Source: IBISWorld

1-on-1

SINGULAR FOCUS

STAG Industrial has set a course for external growth by analyzing asset potential across the market.

BY DAWN WOTAPKA

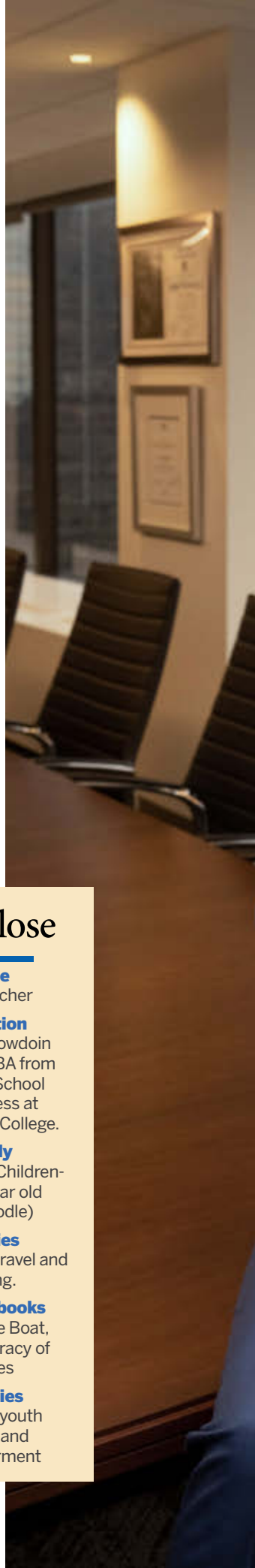
FEW REAL ESTATE companies can say they weathered the COVID-19 pandemic unscathed, but with approximately 40% of its assets supporting some level of e-commerce activity, **STAG Industrial, Inc.** (NYSE: STAG) benefitted as homebound consumers accelerated their online purchases.

Boston-based STAG, shorthand for Single Tenant Acquisition Group, celebrated a decade as a public company in 2021. The REIT has grown into one of the country's largest owners and operators of industrial real estate, owning more than 103 million square feet in over 500 properties across 40 states. To lower risk, STAG operates in upwards of 60 markets and 45 industries, where each of its tenants—which include Amazon and FedEx Corp.—account for less than 4% of revenue.

This is a big change from the private equity real estate portfolio that President and CEO Ben Butcher took public in 2011. Back then, it had just 14.2 million square feet across 26 markets. Flex and office space filled about one-fifth of the space, compared with just 0.3% now. In terms of equity market capitalization, the change is striking: It was $290 million then, compared with more than $7.5 billion now.

STAG recently announced that Butcher is expected to step down as CEO and become executive chairman on July 1.

REIT magazine spoke with Butcher about STAG's view on market analysis, operating in the 'new normal,' and where he hopes to travel next, among other issues.



Up Close

Name
Ben Butcher

Education
BA from Bowdoin College; MBA from the Tuck School of Business at Dartmouth College.

Family
Wife-Linda, Children-Cali (4-year old labradoodle)

Hobbies
Golf, hiking, travel and reading.

Favorite books
Boys in the Boat, A Confederacy of Dunces

Charities
Focus on youth welfare and empowerment



Q What makes STAG unique among industrial REITs?

The biggest differential to investors is that we don't focus on development. Our degree of uniqueness is probably derived from our devotion to agnosticism.

We avoid, for the most part, the use of 'decision rules' in our investment decisions and in developing our corporate strategy. We believe that maximizing future cash flow is our primary responsibility and that virtually everything that will affect future cash flows can be analyzed.

It follows that such analysis is always preferable to utilizing decision rules. Remember that the world is not black-and-white, it is shades of gray. Many of our competitors will utilize an investment rule such as 'only buy in the top X markets'. In doing so, they are essentially saying 'the asset located in the X+1 market is not worth consideration at all.' Does that make sense? We look at assets in all the fungible U.S. markets—around 65 individual markets with a minimum of 28 million square feet of fungible industrial product.

In our view, market 'X' isn't good and market 'X+1' isn't bad, they are just different, and these differences can be accounted for in our analysis. Other decision rules employed by some of our competitors include minimum lease term, minimum tenant credit rating, and building age.

Q Who do you consider your competitors?

On acquisitions, we compete with all manner of equity capital from sovereign wealth funds to individual investors. Because of our focus on individual asset purchases, where there is less competition, we primarily compete with regional real estate private equity and individual investors. On leasing our owned assets, we compete with the other industrial owners' new and existing product.

In terms of who we compete with for investor dollars, it is the other public REITs, with First Industrial Realty Trust, Inc. (NYSE: FR) probably being

the closest peer. Because of our focus on growing externally through acquisitions, none of the other industrial REITs is really a direct peer due to their focus on growth through development.

Q What are some of the topics you are discussing with your tenants?

They range from building expansions to sourcing additional space across the 60-plus markets in which we operate, and sustainability-related upgrades, such as efficient lighting conversion. These themes were highlighted in our recently completed fifth annual tenant survey.

Tenants are looking to enhance the resilience and strength of their supply chains as well as to support new growth initiatives, although labor availability remains a concern and a limiting factor in these efforts. The majority of respondents indicated e-commerce activity has increased over the last 12 months, consistent with the belief that there has been a structural change in consumer behavior.

The survey also revealed a noticeable increase in the importance of sustainable building operations as a measure of overall building fit.

Q How did STAG navigate the pandemic?

Surprisingly well. After some initial disquiet about operations and capital markets, the industrial market fundamentals took off—driven largely by the rapid uptake in e-commerce and supply chain issues.

Going to 100% virtual was a pretty easy step for us. I have been a bit surprised by how readily corporate culture has been maintained.

Q Has STAG changed in the 'new normal'?

The realities of the new normal were becoming evident pre-pandemic; the last two years have served to accelerate in-place trends. Work from home was already a vibrant topic and now is a given in order to be a competitive employer. The question now is 'how many days in the office?' 'Work from anywhere' is now the new frontier.

One thing I am convinced will not work going forward is mandating time in the office. To the extent that we, as managers, believe that employees' time in the office will benefit the company (and the employees), we actually need the employees to see how time in the office benefits them. Our office space may end up being considered just another benefit we offer to our employees.

Q What's next for industrial real estate?

Sustainability progress and operational efficiency improvement through artificial intelligence (AI), predictive analytics, and digital connectivity. There is a lot going on in what has been a very staid industry for decades, a lot of low hanging fruit.



@PHOTOS COURTESY OF STAG

A STAG Industrial facility in South Saint Paul, Minnesota

Q How has the surge in e-commerce shaped your business model?

We remain focused on serving our existing and potential customers' needs and maximizing our cash flow in doing so. Our underwriting methods readily assess current conditions as well as periods where tailwinds such as e-commerce are not as evident.

The current and projected market rent growth allows us to acquire assets at lower initial cap rates and still maintain our return thresholds for cash flow over time. Our existing portfolio, primarily assets located around the perimeter of population centers, is and will be a part of the e-commerce supply chain going forward. There is e-commerce activity in over 40% of the buildings in our portfolio.

Q What is the biggest opportunity and challenge facing STAG?

We are fortunate that our strategy of focusing on pricing inefficiency in the industrial market and taking advantage of that inefficiency to buy individual assets accretively appears to have plenty of runway, with our sweet spot in the $5 million to $30 million range.

To buy the $1.1 billion to $1.2 billion that we're projecting to buy this year, we're having to look at more assets or underwrite more assets to get to that number. That really focuses us on execution. The U.S. industrial real estate market is over $1 trillion, and STAG's share of that is less than 1%, so there's a lot of potential for continued external growth.

The biggest challenge will probably be continuing to identify, hire, and retain the kind of excellent employees that have driven our success to date.

Q What are the current design trends for industrial real estate?

Sustainability in design, such as LEED certification, and lower net energy consumption. Carbon capture concrete is getting some attention.

New construction continues to both get taller, in the form of clear height, and shorter, in terms of mezzanines/floors within tall buildings to allow more 'human scale' interaction between product and employee. This 'human scale' interaction is still necessary to make sure that what you order online gets in the right box and sent to you in a timely fashion. Increasing reliance on robotics and AI will continue to change how warehouses are operated in the future.

Q How can the REIT industry improve diversity in its top ranks?

There are likely few short-term fixes as we attempt to balance diversity and effectiveness. There are simply too few qualified candidates and tremendous demand for those that exist. The best answer may be developing diversity candidates from the ground up by hiring and training. This will take some changes to existing practices.

One thing that we preach is that a 'good enough' candidate today may be a better long-term employee in terms of their attitude, energy, and loyalty than the 'best' candidate available during the interview process. This allows us to consider a broader range of potential hires and will, I believe, produce a better work force over time.

Q How is STAG adjusting to increased calls for ESG reporting?

We view ESG reporting as something that you simply need to do to be relevant for most investors. We have been doing ad-hoc reporting of various initiatives across all three components for years. I am proud to say that the team has pulled updated reporting together in our inaugural sustainability report that will be published shortly. Our achievements in this area are worth noting. In fact, we recently received our 2021 GRESB Public Disclosure letter grade rating of B. Our score is above the REIT average and ranked second of the 10 industrial real estate companies scored by GRESB.



A STAG Industrial facility located in Pleasant Prairie, Wisconsin



> **"The U.S. industrial real estate market is over $1 trillion, and STAG's share of that is less than 1%, so there's a lot of potential for continued external growth."**
>
> *– Ben Butcher*

Q What do you do for fun when you aren't a CEO?

I play golf, hike, and travel with my best friend and bride, Linda. I read a combination of fiction and non-fiction—a book a week at least. I also enjoy spending time with our dog, Cali. This is my first time having a dog—I had cats as a kid—and the 'unconditional love' thing is true.

Q What advice would you offer to your younger self?

Looking back there are certainly decisions that could have been better made. I am proud that, in my career, I wasn't afraid to take chances, to explore ideas, and opportunities. I would tell my younger self that there is more time than you think to do those 'riskier' things and still end up in a good place.

One thing I tell all 20-somethings who seek advice is to travel while you can. It will never be easier for them than it is right now.

Q Where was your favorite trip and what's on your bucket list?

I have made two trips to New Zealand and can't wait to go again. One individual trip stands out from earlier in my life. I went to the 1992 Summer Olympics in Barcelona as a guest of Sports Illustrated. I had amazing access to both athletes and events in a magical city. We even got to ride on the bus to a game with the original 'Dream Team.'

There is still so much to see and do. Portugal is next. It is the only country in western Europe that I haven't visited yet. ■



MEASURING THE MARKET

The Nareit universe of REIT indexes is growing and evolving to match an expanding industry and increased demand for data.

BY BETH MATTSON-TEIG

Fifty years after the first REIT index launched in 1972, the Nareit universe of REIT indexes continues to expand and evolve along with the real estate industry and a growing appetite from investors and analysts for more benchmarking data.

Globally, there are now dozens of Nareit indexes published in conjunction with its partners, FTSE Russell and European Public Real Estate Association (EPRA), that track industry performance across a multitude of categories. The rise in both active and passive institutional investment in REITs is further fueling the demand for benchmarks that accurately reflect specific investment objectives. In fact, there are now an estimated $321 billion in total assets that are tracking various FTSE EPRA Nareit and FTSE Nareit index products.

The FTSE Nareit indexes play a key role in the market, providing highly regarded independent third-party data to different stakeholders including investors, asset managers, and analysts, notes David Zonavetch, managing director, co-head & portfolio manager, real estate securities – Americas at DWS. "As investors/analysts we use the data to run back tests at an index level and sub-index level, in addition to measuring performance versus a benchmark for our clients," he says.

"These indexes have essentially become the industry standard for benchmark purposes," adds Iman Brivanlou, managing director of High Income Equities at TCW and the TCW Global Real Estate Fund. "Whenever we have discussions with a prospect or show the performance of our funds, it's almost table stakes to reference the FTSE Nareit Index and show our performance relative to that index," he says.

Brivanlou also utilizes individual indexes for a specific property type or region as a "yardstick" when discussing investment mandates with a prospect or client. "To the extent that I want to differentiate my strategy, I can point to these indexes and say, look at my footprint as we may have more in this property type or this geography," he says. In addition, the indexes contain a lot of useful information in terms of market weights for use in structuring funds, notes Brivanlou.

LEVERAGING STRENGTHS OF KEY PARTNERS

One of the key factors that differentiates the Nareit indexes from other REIT indexes is the partnership with FTSE Russell, a subsidiary of the London Stock Exchange Group that produces, maintains, licenses, and markets stock market indices.

"FTSE knows how to make the best indexes in the world and keep them updated every second of every day, while Nareit complements that with its perspective and understanding of commercial real estate," says John Worth, executive vice president, research and investor outreach at Nareit. "We bring those two together, so you get world-class index construction married with an understanding of what's going on in the commercial real estate space and what are the emerging trends," he says.

The first Nareit REIT Index (now the FTSE Nareit U.S. Real Estate Index Series) was a broad market

FTSE NAREIT PROPERTY SECTORS

- DATA CENTERS
- DIVERSIFIED
- INDUSTRIAL
- INFRASTRUCTURE
- LODGING/RESORTS
- OFFICE
- RETAIL
- RESIDENTIAL
- SELF STORAGE
- SPECIALITY
- TIMBERLAND

SUBSECTORS

Retail
- Shopping Centers
- Regional Malls
- Free Standing

Residential
- Apartments
- Manufactured Homes
- Single Family Homes



index that included equity, mortgage, and hybrid REITs. It was a research product that published monthly performance data. The index followed that general formation until the late 1990s when there was growing demand in the financial information space for more real-time performance benchmark information. "Portfolio managers and analysts needed and wanted index-level information on a real-time basis," says Abigail McCarthy, senior vice president, investment affairs at Nareit.

As the index space became increasingly competitive in the early 2000s, it became obvious to Nareit that it needed to partner with a group that had all the tools and information systems in place to be able to effectively produce a real-time information product for the marketplace, notes McCarthy. The Global Real Estate Index began in October 2001 through a joint venture between Nareit, its sister organization in Europe, EPRA, and Euronext. In February 2005, FTSE Group assumed responsibility for calculating and distributing the renamed FTSE EPRA Nareit Global Real Estate Index Series.

"This partnership for the real estate index is unique in the sense that Nareit brings a lot of industry expertise," says Catherine Yoshimoto, director, product management at the London Stock Exchange Group.

The FTSE, EPRA, and Nareit partnership has produced over 100 different individual indexes globally that package data in different peer sets, such as by country and property type. The real estate indexes allow users to benchmark performance relative to other industries and sectors, and also provide a basis for comparing how individual REITs compare to the overall industry.

"When you get the FTSE indexes, it's not just a black box set of rules," Worth says. Users get the resources of FTSE, and the research teams at Nareit and EPRA. And if users have a question or concern, there is actually someone to call and someone behind a decision that understands the REIT and real estate space, he adds. Some REITs have been dropped out of other real estate indexes because the index provider misunderstood the REIT business model and financial statements. "Our role in the index is to make sure things like that don't happen, and that we're evolving the indexes at pace with the way the industry is evolving," he adds.

INDEXES CONTINUE TO EVOLVE

Fifty years later, the FTSE Nareit U.S. All Equity REIT Index remains the default REIT benchmark for many analysts, investment managers, and investors. It also serves as the basis for many market-weighted REIT funds. "The index performance of that benchmark drives a lot of the narrative about REITs and the fund flows," says Alex Pettee, president and director of research & ETFs at Hoya Capital Real Estate.

At the same time, the FTSE Nareit indexes have continued to evolve with new informational products that reflect the changing industry. "More so than any other equity sector, I think the importance of the indexes is more paramount in the REIT sector," Pettee says. REITs are the most passively owned asset class, meaning the most index-driven asset class. "I think that's largely because the index model has been so successful in REITs," he says.

The pre-modern REIT model featured a larger number of diversified REITs. Indexes that showed REITs through a narrower lens of a property sector (a concept initiated by Nareit in 1993) have helped to shape how the sector grew in the modern REIT era. "If it hadn't been for these indexes and the different ways to slice and dice the real estate sector, I don't know if it would have evolved in the same way," Pettee says. The property sector classification is what drives the REIT research at Hoya Capital. From the REIT perspective, it also makes sense to be included in one of these property sectors, because they tend to get more analyst coverage than those that don't fit neatly into one sector, he adds.

Industry expansion beyond the core property types is reflected in growth of the indexes, and the FTSE Nareit U.S. series has traditionally been a little faster to adopt new property sectors, such as health care, self-storage, timberland, data centers, and infrastructure (including cell towers).



"THIS PARTNERSHIP FOR THE REAL ESTATE INDEX IS UNIQUE IN THE SENSE THAT NAREIT BRINGS A LOT OF INDUSTRY EXPERTISE."

-CATHERINE YOSHIMOTO, DIRECTOR, PRODUCT MANAGEMENT AT THE LONDON STOCK EXCHANGE GROUP

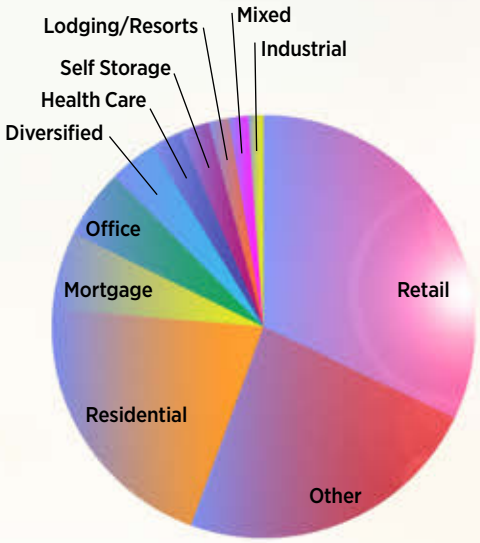
For example, data centers and cell towers have become critically important among REITs, now representing more than 20% of the FTSE Nareit All Equity REITs Index. FTSE, Nareit, and EPRA added data centers as a property sector to the global index series in 2019, and in 2021, FTSE Russell launched the FTSE EPRA Nareit Global Extended Index Series, which extended coverage of the standard benchmark by adding cell tower companies.

"It is this idea that as we are increasingly moving to a more digital economy, real estate is tracking that and making sure that the indexes stay up to date with the underlying real estate that houses the economy," Worth says.

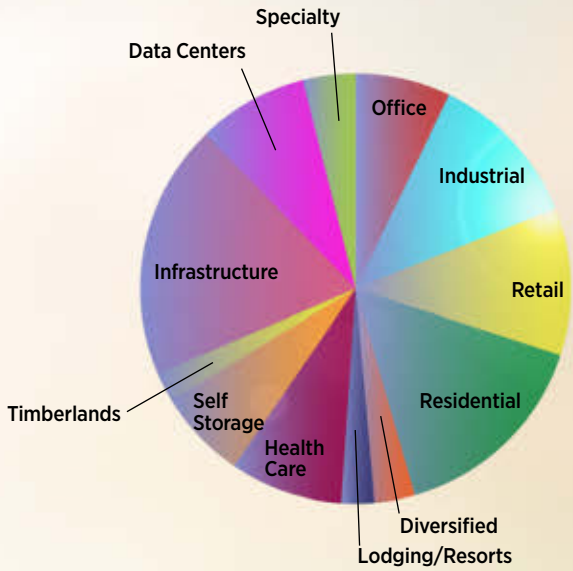
REIT SECTORS OVER TIME

LISTED REIT PROPERTY OWNERSHIP HAS BECOME MORE DIVERSE OVER TIME

1993



2021



Historically, the dominant property sectors offering the largest scale and investment opportunity included retail centers, apartment buildings, office buildings, and industrial warehouses.

The industry has expanded to include property types reflecting the evolution of the changing U.S. economy and providing investors with a broader opportunity set.

Source: FactSet, Nareit New Sectors incudes cell tower, data center, self storage, timberlands, single family home, and farmland REITs. All Other includes all other sectors in the FTSE Nareit All Equity REITs index. Data as of Oct. 31, 2021.

Another new addition in 2021 was the launch of the FTSE EPRA Nareit IdealRatings Islamic Index Series. In its Islamic Series, FTSE works with IdealRatings, which screens members of the FTSE EPRA Nareit Global Extended Index for Shariah principles. Initial demand for the global Islamic real estate indexes was driven by a U.S.-based asset manager seeking that type of investment mandate for international clients. Since then, there has been interest in the Islamic Index Series from other clients both in the U.S. and internationally, Yoshimoto notes.

"Client preferences are trending towards more coverage and more choice in terms of the ability to choose different exposures," Yoshimoto says. "Once we have that initial index, then clients tend to look at what other screens they can apply, and we continue to discuss with clients what additional indexes we can provide for them."

FTSE and Nareit also are working to develop products to satisfy the growing global demand for investment information that tracks performance of sustainable strategies. According to a research report published by the Global Sustainable Investing Alliance, global sustainable investment had reached $35.3 trillion at the start of 2020. In recognition of the demand for more benchmarking products, FTSE, EPRA, and Nareit introduced its Green Index series in 2018 that allows investors to identify real estate companies with strong sustainability performance.

For example, the FTSE EPRA Nareit Developed Green Focus Index as of November 2021 contains 292 constituents from 21 different countries. Constituent weights are adjusted (tilted) based on two sustainable investment considerations—green building certification and energy usage. "As we go forward, one of the expectations is that we will be generating more ESG-oriented products, both for the U.S. and globally," Worth says.

FOLLOWING KEY TRENDS

The REIT indexes also continue to expand beyond property sector and geographic region with new products being developed around key themes such as e-commerce.

The FTSE Nareit New Economy Index, which launched in December 2020, offers a digital economy investment play within real estate. The 16 constituents are listed REITs from the infrastructure (which includes cell towers) and data center sectors, as well as industrial/logistics REITs that are involved in supporting the e-commerce economy such as communications, data centers, and logistics real estate.

The FTSE Nareit New Economy Index represents a formidable category with a market cap of roughly $495 billion—about one-third the size of the $1.47 trillion market cap of the FTSE Nareit All Equity REITs Index as of November 30, 2021. "Again, it is this idea that as we are increasingly moving to a more digital economy, real estate is tracking that and making sure that the indexes stay up to date with the underlying real estate that houses the economy," Worth says.

Indexes also warrant credit in helping to attract some of the capital flowing to tech investments. For example, the Pacer Benchmark Data & Infrastructure Real Estate Sector Index (SRVR) was one of the first ETFs that targeted data centers and other tech REITs. Now with a market cap of about $1.6 billion, that fund has done extremely well in attracting a large base of investors, Pettee notes. There are now more vehicles that invest in these niche sectors, such as tech REIT funds or net lease funds or residential. "That is the innovation that we're seeing most prominently. You're seeing these property sectors put into investable products," he says.

MORE INNOVATION AHEAD

DWS is among those users that are continuing to push for more granularity and innovative data sets. In the future, there will likely be more demand to develop indexes that measure performance based on certain REIT factor exposures, Zonavetch notes. For example, DWS has increasingly drilled down in certain sectors, such as health care, where it can further segment by geography, lease structure, and government reimbursement to allow for better portfolio construction in different economic regimes, he says.

The evolution of the indexes also shows how FTSE and Nareit are creating products to meet investor needs. "Certainly, there is demand for more data and we're looking at what additional data we can provide our clients," Yoshimoto says.

Another emerging theme is that market participants want to cap certain exposures to comply with their investment mandates that limit certain constituent weights. In response to that demand, the partners launched the FTSE EPRA Nareit Developed Europe UCITS Daily Capped Index in 2020 that is a capped index monitored daily for breaches of UCITS target thresholds, and re-capped intra-quarter. In addition, as U.S. companies have grown to be a larger percentage of the global indexes, FTSE Russell is working on launching a series of indexes within the global series that will cap the U.S. weight for those that want to keep the U.S. weight below a certain percentage.

FTSE Russell is also looking at providing additional data that clients can use for screening within the index series. Those additional data sets pertain to how constituents are included or excluded from an index. "Clients really want to interrogate the data more," Yoshimoto says. "So, they want more data points to be able to do that themselves, and really test the data and understand the data." ■



@ANTHONY CAMERA PHOTOGRAPHY



REIT IN ROTATION

DigitalBridge completes its transformation into a global digital infrastructure REIT.

BY LIZ WOLF

DigitalBridge Group, Inc. (NYSE: DBRG) has undergone significant change since Marc Ganzi became president and CEO in July 2020 and began implementing the task of transforming the company into a pure-play digital infrastructure REIT.

In a breakneck capital deployment move, the company sold its legacy real estate holdings in hotels, offices, health care facilities, retail centers, and warehouses to exclusively focus on digital assets including cell towers, data centers, fiber, small cells, and edge infrastructure.

"New management has been in the chair now for six quarters," Ganzi, a member of the Nareit 2022 Advisory Board of Governors, says. "We've rotated $73 billion of assets, selling $40 billion of traditional real estate and building $33 billion in digital holdings. That's a pretty significant asset rotation."

DigitalBridge's current market value is around $5 billion, roughly double from a year ago. Under Ganzi's leadership, the company's share price has also more than tripled. For the third quarter of 2021, the company reported total consolidated revenues of $252 million, more than double the same period a year earlier.

DigitalBridge has also grown to $40 billion of digital assets under management, making it one of the world's largest dedicated digital infrastructure firms. As part of the pivot, Ganzi is aggressively competing to help build the nation's ultra-fast 5G wireless network, which will need vast amounts of new fiber and transmission infrastructure.

The company's shift in focus is opportune given that President Joe Biden signed a $1 trillion infrastructure spending bill into law in November. The bill designates $65 billion to expand the nation's broadband access—a priority during the pandemic when millions of Americans were forced to work and study from home, many without reliable internet access.

Ric Prentiss, managing director at Raymond James & Associates, says DigitalBridge's future could benefit from the infrastructure bill.



@PHOTOS COURTESY OF DIGITALBRIDGE

In an effort to grow, DigitalBridge has acquired more than a dozen companies including DataBank, Vantage Data Centers, fiber network operator Zayo Group Holdings, European data center company AtlasEdge Data Centres, and Vertical Bridge, the largest private owner/operator of communications infrastructure and locations in the U.S.

"A lot of money is being raised that will help create digital infrastructure and build fiber deeper into the U.S. as well as nationwide 5G networks. That's going to be a decade-long path."

Prentiss believes investors will support DigitalBridge's transformation to a pure-play digital infrastructure REIT. "Private investors, pension funds, sovereign money get it," he notes. "They see that wireless towers, data centers, and other digital infrastructure are very long-lived assets with big-revenue contracts, and that they're absolutely essential for the world to be connected."

Also, when it comes to environmental, social, and governance (ESG) criteria that investors are looking for today, DigitalBridge "checks a lot of the social boxes of trying to make sure we bridge the digital divide," Prentiss adds.

PANDEMIC-FUELLED GROWTH

Ganzi is no stranger when it comes to digital infrastructure. In 2003, he founded Global Tower Partners, one of the largest privately owned tower companies in the U.S. The company was acquired by **American Tower Corp.** (NYSE: AMT) in 2013 for $4.8 billion.

Ganzi went on to launch Digital Bridge Holdings LLC, which later merged with Colony Capital in July 2019 in a $325 million deal. He took over as CEO of

the combined company in July 2020 to accelerate the digital transformation strategy, replacing long-time Colony CEO Thomas Barrack. Ganzi rebranded Colony to DigitalBridge in June 2021 to better reflect the new direction.

By the time of the rebranding, cloud-based computing platforms like Zoom, Microsoft Teams, Google Meet, and Amazon Web Services had all seen an explosion of growth.

"These digital businesses just took off like a rocket ship, but what everybody forgets is that to make those things work you need the intrinsic plumbing behind it," Ganzi explains.

As capacity and demand increased during the pandemic, demand for DigitalBridge's data center leasing jumped more than 35%. Demand for space on its cell towers increased 12%, and demand for its fiber network rose nearly 20%.

"We had to build more cell towers and more data centers and dig more fiber out," Ganzi says. "All of these verticals were growing because it was this support system that enabled the world to stay functioning. It has been one of the fastest-growing moments in time for data centers, cell towers, fiber, and small-cell infrastructure."

Looking ahead, DigitalBridge sees a continuation of the vast opportunities in digital infrastructure driven by 5G technology, the Internet of Things (IoT), cloud computing, artificial intelligence (AI), and edge computing.

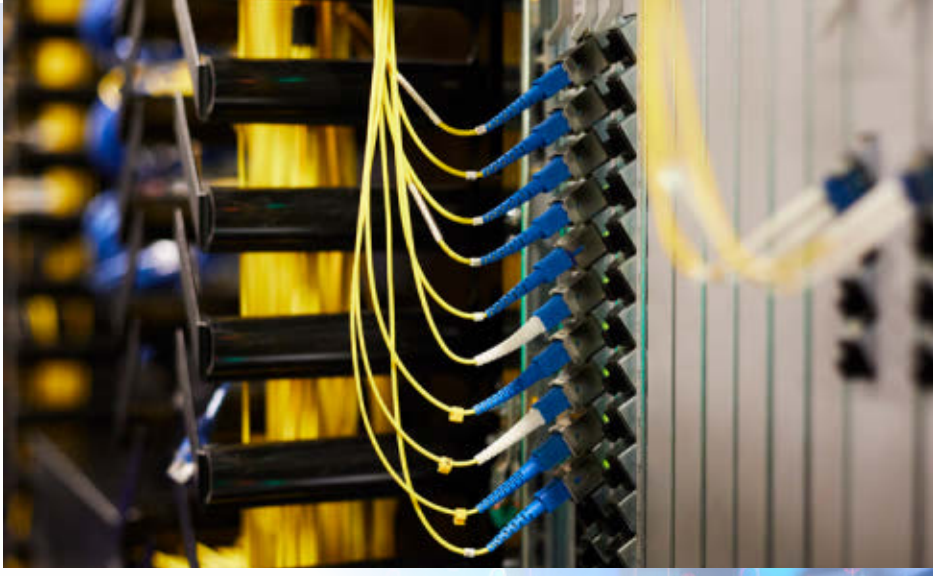
PATH TO PURE PLAY

When Digital Bridge Holdings merged with Colony in 2019, Colony was a dividend-focused diversified REIT that lacked a strategic direction, Ganzi explains.

"It was very focused on delivering a high-performance dividend to shareholders but really didn't have a tremendous amount of growth," Ganzi says. It invested in real estate asset classes, many of which were suffering from disintermediation. "I knew that when we merged our businesses, we had a host of challenges ahead of us. And I took over right in the middle of the pandemic."

One of the biggest challenges was over-leverage. Ganzi inherited a balance sheet that was levered at about 14 times earnings before interest, taxes, depreciation, and amortization (EBITDA.) The company had a "pretty significant cost structure," he points out, with about $300 million of G&A costs on a global basis and 27 offices.

However, the company's digital business was growing about 30% per year. "On one hand, the pandemic was devastating to our hotels, office buildings, mortgage business, and wellness infrastructure business, which all suffered a systemic shock. But the digital infrastructure business was absolutely crushing it," Ganzi notes.



ASSET BY ASSET

Ganzi forged ahead to transition DigitalBridge to a pure-play digital infrastructure REIT. Prior to the pandemic, the company had completed the sale of its industrial portfolio to Blackstone for $5.7 billion as part of its repositioning. Ganzi then mapped a two-year glide path to sell a total of $40 billion of real estate assets.

"That was hard," he admits. "Selling those assets in an up-market would have been great but selling hotels in the middle of a pandemic where occupancy plummeted to 25%, 30% was really difficult. To the credit of the team, we got it done."

Additionally, the company reached an agreement to sell a portfolio of other non-digital assets to Fortress Investment Group LLC for $3.2 billion and announced the $535 million sale of its wellness property portfolio to Highgate and Aurora Health Network. The deal is pending and includes $316 million of net value to DigitalBridge.

"That's really the last piece of the puzzle," Ganzi says. "We literally just went asset by asset and engaged appropriate resources and bankers and were able to divest what was formerly known as Colony Capital. Mission accomplished."

Dan Day, equity research analyst at B. Riley Securities, gives credit to Ganzi for selling traditional real estate during the pandemic. "They've done a great job managing this transition. All the big pieces are sold."

Simultaneously, DigitalBridge took measures to restore liquidity. "We knew we had to start paying off debt," Ganzi says. "I made a very difficult decision to suspend the dividend in the second quarter of 2020." (The dividend has yet to be restored, but Ganzi says he's committed to reinstating it in 2022)."I decided to harvest as much cash as I could," he notes. "I had to reconstitute our revolver [credit line] and start paying down debt." Ganzi has since taken net leverage down by reducing corporate debt from $7 billion to $1.4 billion.

Meanwhile, the company's cost structure needed to match the new mission. "We went from 500 employees to about 190, 27 offices to 11, and we cut the cost structure from $300 million a year to $130 million," Ganzi says. "We pulled about $170 million of annualized costs out of the business, which was a massive value uplift for shareholders."

AT A GLANCE

WEBSITE
digitalbridge.com

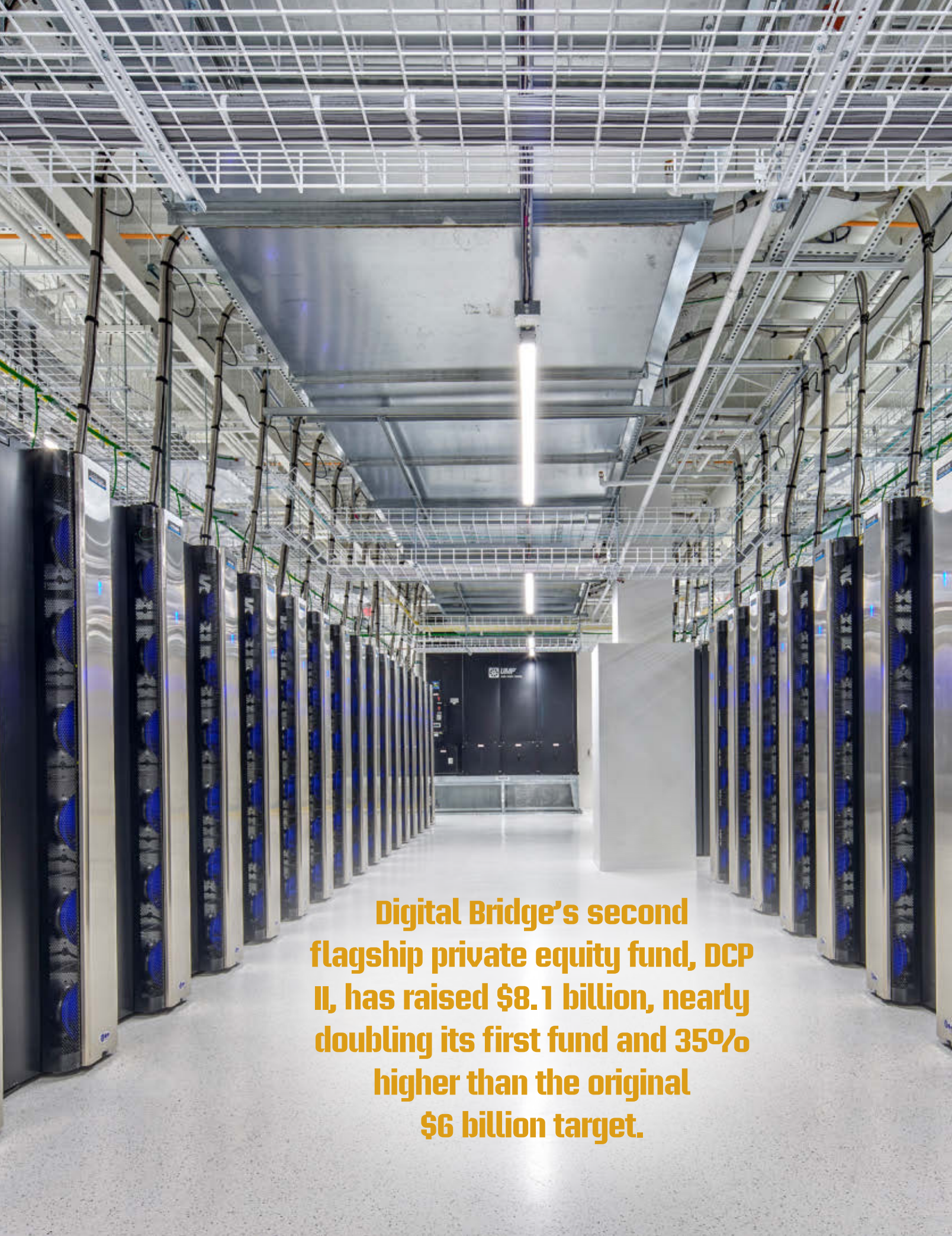
ADDRESS
750 Park of Commerce Drive,
Suite 210
Boca Raton, Florida 33487

MANAGEMENT TEAM:
Marc Ganzi
President & CEO

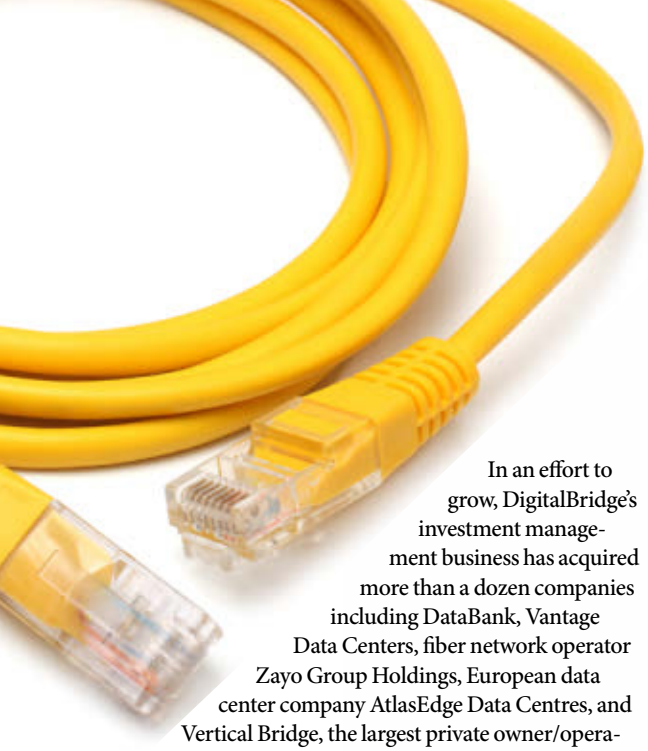
Jacky Wu
EVP & CFO

Ben Jenkins
Chief Investment Officer
of DigitalBridge Investment
Management





Digital Bridge's second flagship private equity fund, DCP II, has raised $8.1 billion, nearly doubling its first fund and 35% higher than the original $6 billion target.



In an effort to grow, DigitalBridge's investment management business has acquired more than a dozen companies including DataBank, Vantage Data Centers, fiber network operator Zayo Group Holdings, European data center company AtlasEdge Data Centres, and Vertical Bridge, the largest private owner/operator of communications infrastructure and locations in the U.S. "The ability to go out and buy and build next-generation real estate was a big prove it moment," Ganzi says.

STANDING APART

Meanwhile, DigitalBridge is busy raising massive amounts of capital. Its second flagship private equity fund, DCP II, has raised $8.1 billion, nearly doubling its first fund and 35% higher than the original $6 billion target. "DCP II blew away people's expectations," Day notes.

Yet despite this success, DigitalBridge is "still misunderstood and under the radar," Day says, given that it doesn't quite match the structure of other traditional digital infrastructure REITs.

For one, DigitalBridge not only owns, operates, and invests in digital infrastructure and real estate on its own behalf, but also operates an asset management business providing another source of revenue. It manages $17 billion of third party capital in its investment management business.

"That's a differentiator from its peers," Day says. "They raise money from pension funds, endowments, and insurance companies, which love this space because it has a strong growth profile and provides current income."

DigitalBridge is also differentiated by the "hyper-convergence" trend, Day says. "Basically, it's all these assets— cell towers, data centers, fiber, small cells—starting to blend together."

DigitalBridge was assembled with that vision in mind, Day explains. "They're going to have all these different swim lanes and buy these different companies," he says. "They're going to operate independently, but they're all one family of companies, and there's a lot of synergies between them."

DigitalBridge offers investors the ability to gain exposure across the entire digital infrastructure ecosystem. Day expects more investors to consider DigitalBridge as it becomes clear that the transformation is complete.

REBUILDING TRUST

As a result of the extensive turnaround efforts, Ganzi says DigitalBridge has now reestablished trust with investors. "The only way you rebuild trust is you look people in the eye, tell them what you're going to do, and outperform that," Ganzi says. "We beat every key milestone and metric that we put in front of our shareholders."

Day describes 2021 as a "transformational year" for the company. "You can't say enough about the job that Ganzi and his team have done," he says, as the new CEO "has met every one of the targets he set."

Ganzi is also changing the company's culture with new company governance and a new senior leadership team. The company previously had no ESG policy and has now implemented forward-leaning ESG policies that tackle climate change. Ganzi also established new diversity, equity, and inclusion (DEI) initiatives. All of this is a proclamation, Ganzi says, that the company's transformation is complete.

"We want the investor community to know that we've arrived, and it wasn't easy, but we're happy to be on the other side," he says. "It's now a clean story. Investors appreciate clean, easy stories to digest."

And now that the foundational work is done, it's time to play offense. "We showed we can fix the business, the next stage is acceleration," Ganzi says.

Ganzi describes the REIT as "incredibly well-positioned," with a "clean balance sheet" and almost $2 billion in cash. "We're widely known as one of the most sophisticated investors in the digital infrastructure space. We think we can buy a lot of great digital real estate and continue to build out our digital operating model and the assets we own on the balance sheet," he adds. ■



A Vantage data center campus in Santa Clara, California.

@PHOTOS COURTESY OF DIGITALBRIDGE

Leading



Lights

Nareit celebrates ESG leaders across the REIT industry

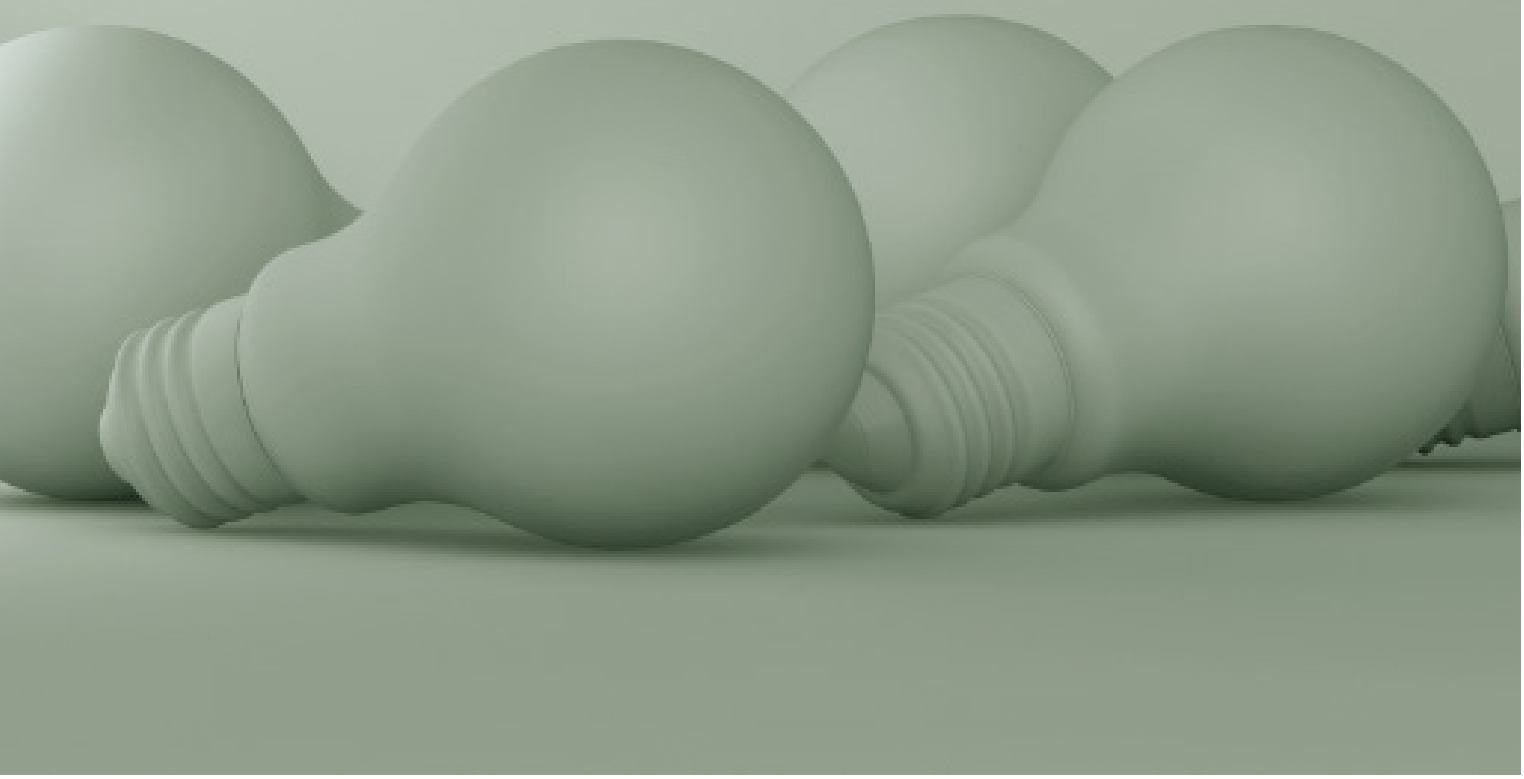
BY SARAH BORCHERSEN-KETO AND DIANE RUSIGNOLA

Nareit's annual Leader in the Light Awards and Diversity, Equity & Inclusion (DEI) Recognition Awards are important touchstones for demonstrating leadership within the REIT industry across the many facets of environmental, social, and governance (ESG) issues.

Environmental stewardship, social responsibility, and good governance are core attributes of the REIT industry. Together they are increasingly important to the communities in which REITs operate and to investors in REITs.

While focus on the headline aspects of ESG has been most visible until now, the past few years have underlined the urgent need to ensure that all of society, including the REIT industry, supports the drive for DEI in workplaces, businesses, and communities as an integral part of ESG.

Read on to hear directly from the 2021 Leader in the Light and DEI award winners about their top priorities in 2022.





@PETER ROSS PHOTOGRAPHY

Leadership Personified Award

The 2021 Leader in the Light Awards are based on the results of the Global Real Estate Sustainability Benchmark (GRESB) Annual Survey, as well as scored responses to supplemental questions by outside judges. Eight property sector awards and one individual leadership award were presented at Nareit's REITworld: 2021 Annual Conference in November.

Dan Egan, SVP, energy and sustainability at Vornado Realty Trust (NYSE: VNO), was presented with the Leadership Personified award.

What does it take to be a sustainability leader in the real estate industry today?

Based on my experience, sustainability leaders share a number of common characteristics. Sustainability leaders are consensus builders, bringing together groups to arrive at a collective decision that is best for an organization.

We are translators, often having to explain and interpret new and at times abstract concepts to a wide-ranging audience. We are agents of change and often must inspire new approaches to owning, managing, developing, or operating real estate. We are also team players when we support initiatives brought on by our colleagues that contribute holistically to our broader ESG goals.

I have found that sustainability leaders are generous with their time and sharing their perspective among peers to contribute to industry-wide progress on global critical issues, such as climate change. All in all, sustainability leaders in the real estate industry understand that success is not accomplished alone, but rather is achieved by bringing together diverse groups of stakeholders across an entire business. And it certainly helps when the leaders in an organization provide the top-down support to facilitate change, as is the case at Vornado, where our track record in sustainability leadership includes eleven consecutive years of being named a Nareit Leader in the Light.

What set you on the path to a career in sustainability?

While I have always worked in commercial real estate since graduating from college, Vornado afforded me the opportunity to combine both my professional and personal interests to pursue a career in sustainability.

I was introduced to Vornado in 2009, when I was earning my MBA at City University of New York (CUNY) and was fortunate enough to land a graduate internship with the company through CUNY's Building Performance Lab. Through this program, we were focused on engaging with Vornado's office tenants on a cloud-based submetering platform and encouraging them to leverage the platform to reduce their energy consumption and realize the financial and environmental benefits from these efforts.

Since that time, sustainability in real estate has grown very quickly and now encompasses so many different parts of the business. I've been encouraged by Vornado's leadership over the years to cultivate, broaden, and grow our sustainability program—from where it began in operations, to leasing, development and construction, accounting, acquisitions and capital markets, marketing, legal and compliance, risk management, and BMS, LLC, our industry-leading green cleaning company. The collaborative environment at Vornado supports great work for sustainability, and more broadly, ESG.

Do you have advice for individuals seeking a career in real estate sustainability?

There are many different entry points to sustainability in real estate. While I began in operations, others have started in the legal profession, investor relations, or development, for example. There are certainly opportunities across an organization to make an impact so one could start by leveraging his or her specific interests or areas of expertise to understand how that area can contribute to a company's overall objectives.

Nareit's network of ESG professionals have diverse backgrounds and experience, but all have been successful in assembling the right groups in their organization to curate an effective strategy. No question, at Vornado, sustainability is a team effort. I would also recommend being an active participant in Nareit's rich network; best practices and employment opportunities are generously shared among peers.

Leader in the Light Awards

REIT magazine asked the winning companies in eight property sectors to identify their main ESG focus for 2022.



@COURTESY OF DIGITAL REALTY

Cloud House data center, London.



Aaron Binkley
Senior Director, Sustainability Programs
Digital Realty (NYSE: DLR)

Data Centers

In 2022, we are looking to expand our carbon reduction activities in response to our science-based target. Specifically, we look to focus on our supply chain sustainability efforts. This will involve refining our approach to better quantify and improve upon the embodied carbon in our construction activities and implementing a robust supplier engagement program. We will also continue our efforts to prioritize carbon reduction activities and innovative sustainability solutions in global markets where we can make the biggest impact.

We are also making strides in our global water strategy, which is driven by a holistic understanding of what water means to Digital Realty and implementing projects locally at locations prioritized by the greatest water risks. We are working on refining and reporting on advanced, normalized metrics such as water usage effectiveness (WUE) for our data centers.

Lastly, we are excited about the continued progress of our diversity, equity, and inclusion (DEI) program. In 2022, we will be advancing our five Employee Resource Groups (ERGs), community giving program, talent recruitment and development pipeline, and supply chain diversity initiatives.

Kimberly Pexton
Vice President, Sustainability
JBG SMITH (NYSE: JBGS)



@TOM HARRIS

JBGS headquarters, 4747 Bethesda Ave., Bethesda, Maryland.

Diversified

In 2021, JBG SMITH achieved carbon neutrality for its operating portfolio; this move accelerates our planning toward tackling net zero emissions. Understanding the full spectrum of GHG emissions and quantifying more of our scope 3 and supply chain emissions through clean data analysis is key in this stage.

JBG SMITH's planned next step to maintain long-term operational carbon neutrality includes the development of an offsite renewable energy strategy, which is expected to replace a significant portion of annual renewable energy credits (REC) purchases and bring additional renewables to the national electrical grid. We will be operationalizing planned decarbonization through energy efficiency projects and conducting more energy assessments.

Another impact project will be to benchmark various aspects of social value along the real estate chain and specifically in communities in which we serve.



@COURTESY OF VENTAS

Rendering of the Banner Desert Medical Center, Mesa, Arizona.

Kelly Meissner
VP, Corporate ESG & Sustainability
Ventas, Inc. (NYSE: VTR)



Health Care

We are laser focused on combating climate change and recognize the importance of minimizing carbon emissions as quickly as possible and ultimately achieving net zero carbon emissions.

Building on our existing science-based target to reduce carbon emissions and our substantial energy efficiency investments over the past several years, our path to net zero will initially focus on continued energy reduction through energy efficiency investments in our portfolio and increasing renewable energy.

We will continue to make significant investments in energy efficiency through LED lighting, HVAC optimization, and other technologies appropriate for our portfolio such as intelligent kitchen hood controls in our senior housing portfolio. We will also strive to increase renewable energy in our portfolio, through a combination of on-site generation and off-site procurement.



Prologis Park Nieuwegein, the Netherlands.

@COURTESY OF PROLOGIS

Ed Nekritz
Chief Legal Officer, General Counsel & Head of ESG
Prologis, Inc. (NYSE: PLD)

Industrial

In 2021, not only did we make steady progress against our ESG goals, we set ambitious new goals, including reaching carbon-neutral construction globally by 2025 and achieving third-party certifications for all new development and redevelopment projects.

In the new year, our ESG efforts will create even more value for our stakeholders and bolster our customer-focused sustainability solutions. As an example, we'll continue to build on our solar program, which already has allowed our customers to reap the financial and operational benefits of clean energy to the tune of 31 megawatts of installed solar capacity.

We will continue to expand our unique Community Workforce Initiative (CWI), which trains people for logistics careers, across the U.S. and internationally. We're working toward a goal of training 25,000 people by 2025. Prologis also is committed to nurturing a diverse and inclusive work environment. This includes establishing a consistent and equitable framework for recruitment, promotion, and pay to ensure we hire and develop diverse talent.

We're committed to industry-leading work that addresses today's environmental and social challenges. We see 2022 as a critical year on measurable progress, especially as we look ahead to our 2025 targets.

Leader in the Light Awards



2100 Kettner, San Diego.

@COURTESY OF KILROY REALTY

Office

We're looking forward to 2022 and another year of accelerating progress on ESG in collaboration with our tenants, investors, community members, value chain partners, and other stakeholders. While we maintain focus on our goals around continued reductions in energy, carbon, water, and waste, as well as increasing clean energy procurement, we will further expand our efforts in the following areas:

- Expanding our scope 3 inventory and reduction efforts. We are already underway tracking the embodied carbon associated with the construction materials for our development projects, and we have set an embodied carbon reduction goal of 30% by 2030 and 50% by 2050. We are also increasing our focus on collaboration with tenants to track and reduce their emissions associated with operational energy use and employee commuting to and from their leased office space.
- Boosting our efforts to enhance and expand our DEI policies and programs with a focus on community engagement and creating employee resource groups that that will foster an environment dedicated to employee equity, inclusion, and mentorship.
- Piloting proptech solutions that will serve to enhance employee and tenant health and wellness while simultaneously helping us meet our sustainability goals. 2022 will see Kilroy scale up these solutions portfolio-wide.

Vaishali Sampat
Director, Sustainability & Corporate Social Responsibility
Kilroy Realty Corporation (NYSE: KRC)


Rendering of AvalonBay Woburn, solar installation and community, Woburn Massachusetts.

@COURTESY OF AVALONBAY COMMUNITIES

Residential

The key trend on the horizon for environmental issues is the move to low/no carbon and net zero company commitments.

Over the past few years, AvalonBay's science-based targets put us on the path toward low/no-carbon and net zero commitments company-wide. We also announced our partnership with the National Urban League and committed to 2025 Diversity in Leadership Goals. On the governance front, AvalonBay focused on risk management, specifically climate-related risks.

AvalonBay's 2022 plans include three ESG focus areas:

- Continuing progress on our science-based emission reduction targets through materials decarbonization, building efficiency, and renewable energy.
- Furthering our inclusion and diversity efforts by working to achieve our diversity in leadership goals and through our partnership with the National Urban League.
- Improving climate resiliency and managing climate-related risks and opportunities across the portfolio.



Mark Delisi
VP, Corporate Responsibility & Energy Management
AvalonBay Communities, Inc. (NYSE: AVB)

Retail



@COURTESY OF BROOKFIELD PROPERTIES

The Shops at La Cantera, San Antonio, Texas.

Keith Aniol
VP, National Operations, Property Management & Retail
Brookfield Properties

We are proud of the work we have done this past year and thankful to be recognized by Nareit with this Leader in the Light Award. As a leader, we are committed to improving upon our past successes and have already begun to chart our path forward.

Looking ahead, we will be formalizing our long-term plan, aligning our efforts with Brookfield Asset Management's commitment to the Net Zero Asset Managers Initiative, which pledges net zero greenhouse gas emissions by 2050 or sooner. In support of this effort, we will be developing a science-based target and short- to mid-term ESG objectives.

We will continue to enhance our connections with the communities we serve through social initiatives with a focus on education, hunger, and diversity and inclusion. We have assessed our entire portfolio for potential climate risks and are actively developing mitigation plans, where appropriate, to minimize our risk. As a company, we have made a great deal of progress thus far and are committed to improvement going forward.



@COURTESY OF COURTESY OF EXTRA SPACE STORAGE

Property in Murray, Utah.



McKall Morris
Senior Manager Corporate Communications & Sustainability
Extra Space Storage, Inc. (NYSE: EXR)

Looking ahead to 2022, there's a lot of good things on the horizon. Two that are top of mind for us are our solar program and social initiatives.

We're going to continue our focus on our solar program. We'll be entering our 12th year of investing in solar for our properties. It's been a great initiative that is good for our shareholders, customers, employees, and communities, as well as the environment.

We are seeing opportunities to focus on the "S" in ESG as well. Extra Space has always prided itself on being a great place to work, and with an increasingly competitive labor market, making sure we continue to recruit, retain, and develop the best team will be a top priority. From our call center to our stores to our headquarters team, we want the best people in every position—and we want those people engaged and happy to work at Extra Space.


@PETER ROSS PHOTOGRAPHY

Individual DEI Award

The third annual Diversity, Equity & Inclusion Recognition Awards, presented at Nareit's REITworld: 2021 Annual Conference in November, honor Nareit members that have demonstrated their commitment to the advancement of diversity, equity, and inclusion (DEI) within their companies as well as within the real estate industry at large.

Carolyn Carter Singh, EVP and chief talent officer at Brixmor Property Group Inc. (NYSE: BRX) received the individual DEI Award.

What are you most proud of that Brixmor has achieved in DEI?

We designed a company-wide "Big Brain" event with an engaging speaker on DEI. The event was co-hosted by Jim Taylor, Brixmor's CEO, and the D&I Council. It served as a wonderful introduction for the council and a clear message of its importance as it relates to our business and culture. The post-event survey showed this was one of the most highly rated Big Brain events ever. As a follow-up, council members led a book club for "Inclusify" by Stephanie Johnson.

Brixmor conducts a biennial employee survey to measure engagement and solicit employee feedback via an anonymous forum. These are indicators of an environment of inclusivity:

- 97% of employees say they feel like they "belong" at Brixmor;
- 96% see others using behaviors that foster inclusion; and
- 97% believe that their opinions matter.

I am also very proud that Brixmor develops DEI plans at all levels:

Early career: We are focused on increasing the number of development programs and the number of employees within them. These are two-year programs in real estate finance, leasing, property management, and construction. Employees receive growth plans, training, feedback, and guidance to move up through the organization.

We have also increased the number of summer internship opportunities and made the commitment to offer full-time roles prior to graduation. (The company's previous practice was to wait for an opening.) Importantly, hiring for the development programs and internships is being performed with a focus on diverse candidates using organizations that seek to provide employers with diverse college student applicants and job boards with diverse followings.

Executive and Board: We have instituted the Rooney rule for hiring at the executive and board levels ensuring a diverse slate of candidates will be assembled and considered for any open roles.

For all levels: We focus on pay parity and have developed a best-in-class return-to-office plan that is supportive of employees from all backgrounds. We have also designed engaging presentations, trainings, and conversations around DEI.

How does pay parity fit within the context of DEI efforts?

We began analyzing and reporting on pay parity about four years ago. The reports and, importantly, the discussions around the topic inform compensation packages at the time of hiring, annual reviews, and promotions.

The company very proudly reported results in our 2020 Corporate Responsibility report of almost no gap in pay in both gender pay parity and race/ethnicity pay parity when viewed on a role/like-role basis.

What's ahead for Brixmor in DEI efforts?

There is a lot more work to do on Brixmor's goal of building a team that reflects the diversity of the communities we serve and to continually enhance inclusivity. Something I am especially excited about is our employee resource group (ERG). In addition to helping move the company closer to its purpose, our ERG members will have opportunities to step up in meaningful ways.

There will be real leadership opportunities that will support further personal and professional development, in employees' specific areas of expertise. This group will become, I hope, the leaders of Brixmor's future.

Diversity, Equity & Inclusion (DEI) Recognition Awards

REIT magazine asked representatives of the gold, silver, and bronze award-winning companies to discuss their top priorities for advancing DEI.

@COURTESY: EQUITY RESIDENTIAL



Equity Residential's employees celebrate Pride Month

Gold



Mark Parrell
President & CEO
Equity Residential (NYSE: EQR)

At Equity Residential, we celebrate diversity and are fostering a culture of belonging by elevating and celebrating cultural differences. We understand how culture shapes behaviors and the critical role cultural awareness and competency must play within an organization to truly create a safe and equitable work environment for the success of all.

EQR has developed a strategy to build cultural awareness and competency at all levels throughout our organization. Our strategy was designed to meet people where they are in their diversity and inclusion journey of awareness and understanding, in order to help our employees recognize the importance of understanding cultural differences and how they may appear in the workplace, which can affect day-to-day interactions and behaviors. Our strategic programs and initiatives expand cultural awareness and competency and have helped our managers and employees grow culturally, demonstrate empathy, and appreciate differences, and have empowered them to communicate more clearly to avoid misunderstandings.

Building cultural awareness and competence has helped our employees feel safe, respected, and connected, which makes it clear that not only do they belong at EQR, but have joined a community where everyone can thrive.

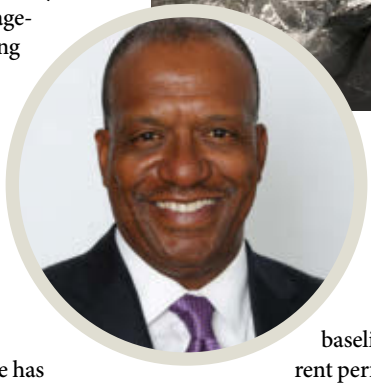
@COURTESY OF VENTAS



Ventas employees sort through donations for a school in West Philadelphia.

Silver

Our top DEI priority is to establish and execute ambitious, attainable, and authentic DEI goals in the key areas of people, culture, financial and investment, and philanthropy, industry, and community engagement. Our overarching mission is to drive lasting change within Ventas, our communities, our commercial real estate industry, and the broader environment.

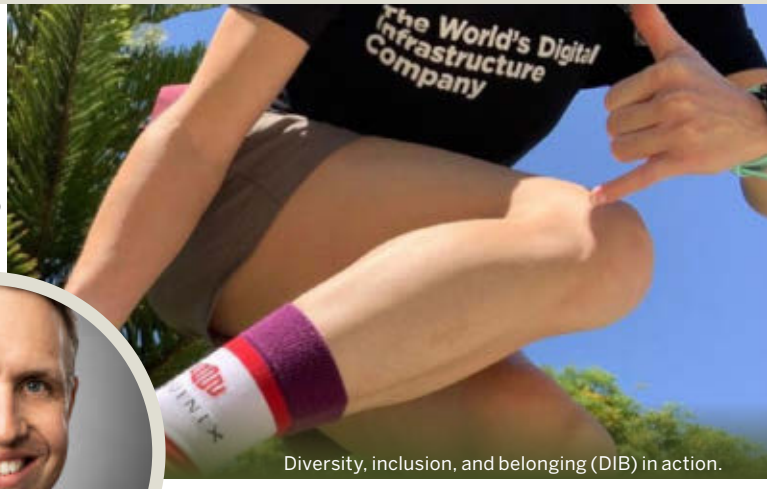


Tim Sanders
Senior Investment Officer; Co-Chair Diversity, Equity & Inclusion Committee
Ventas, Inc.

Ventas's 40-plus strong, cross-functional DEI committee has dedicated its efforts in 2021 to cataloging and documenting our current activities, evaluating best practices across a variety of industries, and establishing a baseline of current performance against which we can actively measure our progress. The DEI committee represents every level of our company, is chaired by our CEO, and reports to our board—a level of visibility that drives high engagement and accountability in DEI matters.

Our team has developed specific goals for each area of our published DEI framework where we believe Ventas can use its current strengths and business activities to make a tangible and meaningful impact. We will showcase these goals in our 2022 corporate sustainability report and demonstrate our progress toward them in a transparent way. This approach will drive structured action that is designed to advance DEI throughout our sphere of influence and deliver better business performance.

@PJONATHAN SPRAGUE



Diversity, inclusion, and belonging (DIB) in action.

Bronze

Our top priority is to continue to embed diversity, inclusion, and belonging (DIB) into the fabric of our business while holding ourselves accountable to sustained, transparent, and measurable change. To aid in that effort, we are working to empower global teams to amplify employee networks, identify barriers, and promote inclusion at the local level.

We are igniting our WeAreEquinix groups—employee-led teams that have formed across the globe. With added resources dedicated to these teams, they are empowered to focus on the pillars on which they were founded, which include: diversity, inclusion, and belonging; Equinix Employee Connection Networks (our name for ERGs); and wellbeing. These teams provide opportunities for learning, host events, and share feedback to Equinix's DIB Council and global program leaders who help shape our DEI strategy.



Bruce Owen
VP, Employee & Community Impact
Equinix, Inc. (Nasdaq: EQIX)

These efforts are further supported by our recent undertaking of a self-identification initiative called "I Matter" in which all employees were invited to share data across identities, including race/ethnicity, sexual orientation, gender identity, and disabilities. With the data gathered, we will better understand our employee base and identify gaps in representation and employee experience. And with our leaders and WeAreEquinix teams, we will be enabled to respond to these insights in a localized and meaningful way.

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Forging Ahead

The Assembly bridges Pittsburgh's historic past with its future as an innovation hub.

BY G. GAGE



The former site of a Ford Motor Co. Model T assembly plant in Pittsburgh is undergoing a major adaptive reuse that will result in a new mixed-use, life science development that marks the city's broader evolution into a national hub of innovation and technology.

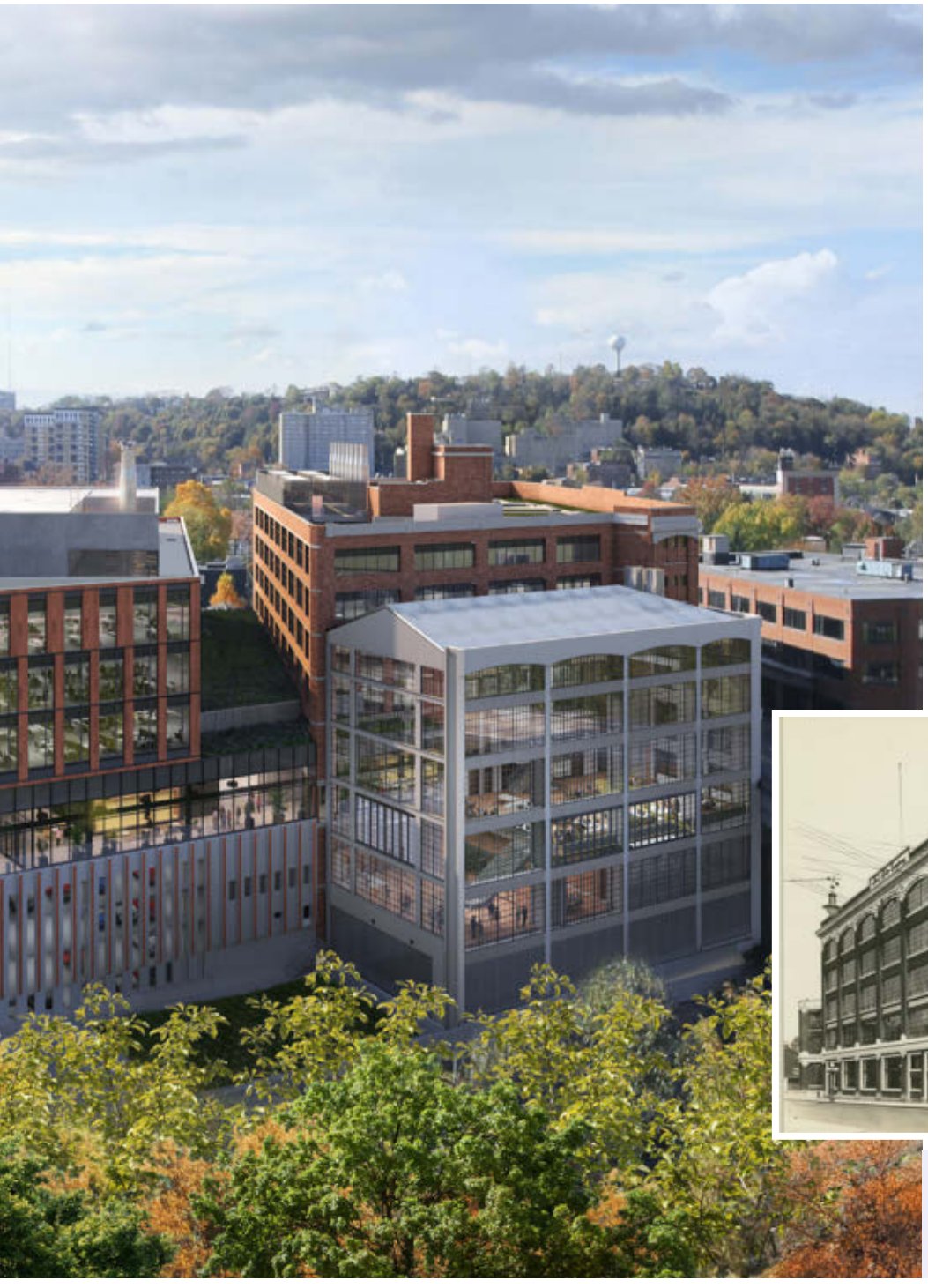
The Assembly, as the site is now known, marks one of the latest collaborations between developer Wexford Science + Technology, LLC and its strategic partner **Ventas, Inc.** (NYSE: VTR), as part of a pipeline agreement launched by the two companies in 2017.

For Ventas CEO Debra Cafaro, The Assembly is a particularly meaningful project. "I am so excited Ventas owns this remarkable landmark in my hometown. Pittsburgh is a city that, like The Assembly, knows how to come back strong after tough times. A historic landmark that our partner Wexford meticulously revived and repurposed beyond its original grandeur, The Assembly is ready for University of Pittsburgh (Pitt) and University of Pittsburgh Medical Center (UPMC) researchers to extend their rich legacy of medical discovery," she says.

Ventas owns 10 million square feet of life science-related real estate and is one of the largest holders in the U.S. market, according to Tim Sanders, senior investment officer at Ventas. The REIT currently has relationships with more than 17 universities and The Assembly is another strategic match. "This is a major part of our growth plan," he says.

Good to Know

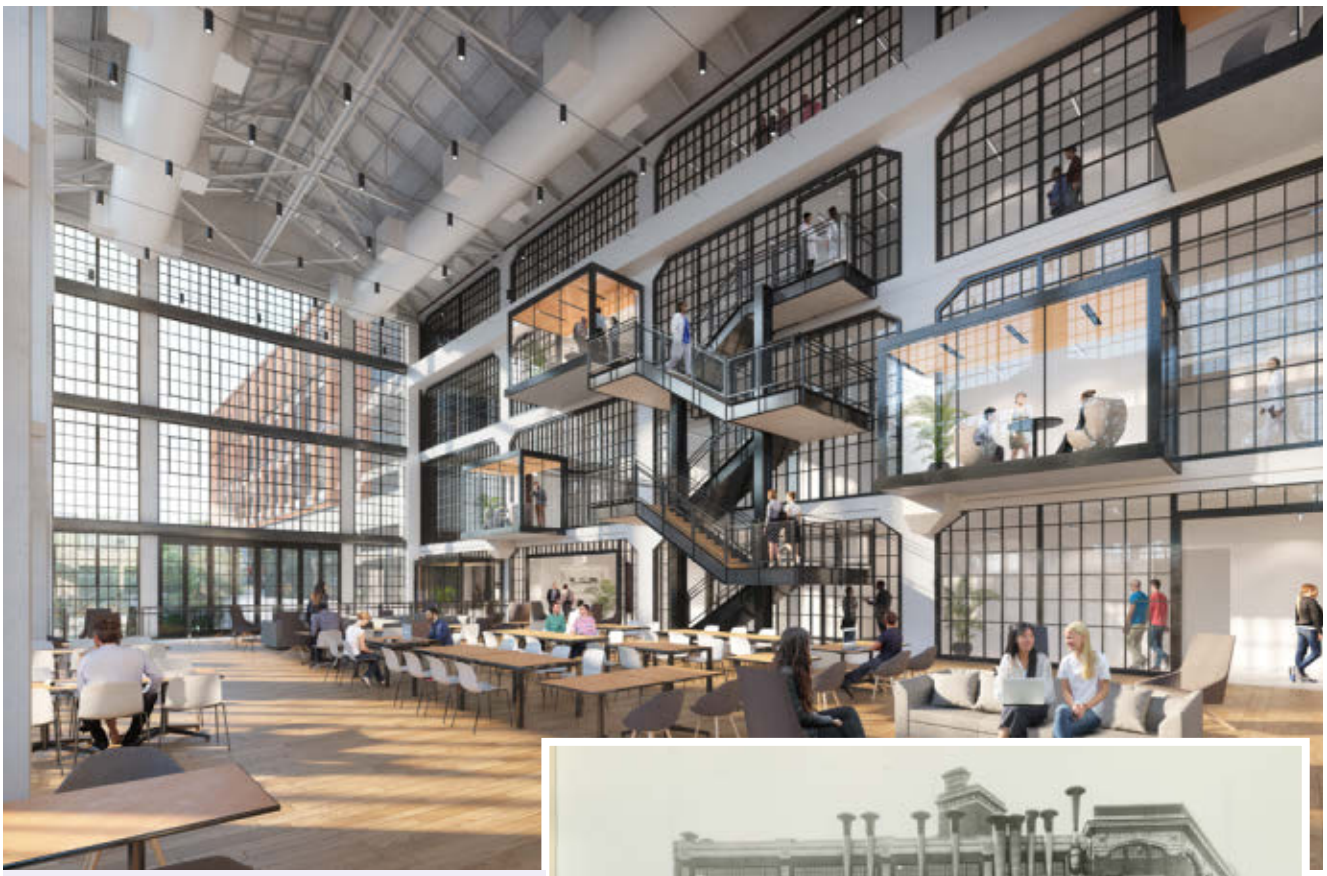
- Ventas owns 10 million square feet of life science-related real estate in the U.S. and has relationships with over 17 universities
- The Assembly was built in 1915 by Ford Motor Co. as a one-stop-shop for the Model T
- The original eight story main building contained the assembly areas and a vehicle showroom. Original features, including the crane shed, have been salvaged and repurposed
- 14'6 floor-to-floor height allows for ample natural light in the new work spaces; conferencing facilities and an auditorium offer 250-plus seat capacity





New Angle
The Assembly is now a center for biomedical research. (Inset): Former site of the Model T showroom.

@ALL PHOTOS COURTESY OF VENTAS







Collaboration Zone
The former crane shed will become a central hub for Pittsburgh's life science community.

"We were early adopters of life science markets with our partnership with Wexford. We made some strategic investments and we're starting to see many of those early decisions come to fruition because the market is hot right now," Sanders says.

SIGNIFICANT STRIDES

Wexford, a developer specializing in university-anchored "Knowledge Communities," together with partners Ventas, Bank of America, ZGF Architects, and Turner Construction, is transforming the original 250,000 square foot building and an accompanying 105,000 square foot addition into laboratory and office space.

Located in the Bloomfield-Shadyside neighborhood of Pittsburgh, the project stems from collaboration between Wexford and Pitt—the latter looking to reach a new level of medical research collaboration and discovery.

"We understand that progress never comes from standing still," says Mary Beth McGrew, vice chancellor for planning, design, and real estate at Pitt. "This project will make significant strides in the future of medical research, while providing jobs and generating economic growth in the region."

In November 2021, Turner Construction completed the core and shell for the renovation of the historic building, the centerpiece of the project's first phase of development. Engaged in active leasing, The Assembly will soon welcome its first researchers in advance of an anticipated Spring 2022 public opening. In addition to lab space, it will feature in-building parking with a secured bicycle room and shower facilities; gathering and event spaces; conferencing facilities; a 250-plus seat capacity auditorium; and a restaurant and café.

The project will both preserve a tangible piece of Pittsburgh's legacy and expand horizons for its leading educational institutions. Bordering multiple Pittsburgh neighborhoods, The Assembly



will also serve as a bridge between Pittsburgh's East End and the city's new Innovation District.

"The Assembly is Pittsburgh's first specialized innovation development coming online as part of the new Innovation District effort," says Sean Luther, executive director of the Pittsburgh Innovation District, the nonprofit leading development advocacy and partnerships in the city.

"The Innovation District is a framework that unites Pittsburgh's globally leading innovation anchors—Pitt, Carnegie Mellon University (CMU), and UPMC—with dynamic private partners like Wexford," Luther says. The initiative is viewed as a platform to better unite the city's talent, research, technology, and capital in new and exciting ways to keep propelling Pittsburgh forward.

'FROM STEEL TO START-UPS'

Beginning in the 1870s and spanning the better part of a century, Pittsburgh played a pivotal role in U.S. industrialization and steel production, at one point producing half of the country's steel output. Built in 1915 by the Ford Motor Co. and designed by famed architect John Graham, the Ford Motor Co. Assembly Plant combined the forces of Pittsburgh steel production with Ford's pioneering mass production to create a one-stop-shop for Model Ts.

The plant featured an eight-story main building containing the assembly areas and a vehicle showroom. A six-story crane shed was used to hoist parts unloaded from the adjacent Pennsylvania Railroad tracks to the assembly level. In 2018, the Ford Motor Plant was added to the National Register of Historic Places, solidifying its contributions to Pittsburgh and U.S. architectural history.

"The Assembly's purpose, history, and transformation are unique to Pittsburgh, a city that has continuously reinvented itself through innovation," McGrew says. Both the university and Wexford believed that legacy was worth preserving.

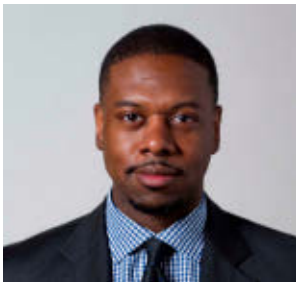
"It's a really special opportunity to honor the legacy of what was in Pittsburgh at that time. And obviously, it's also a really sustainable opportunity to reset, reuse, and to have positive sustainable investment as well," says John Grady, Wexford's senior vice president for the northeast region.

Adaptive reuse is not without its challenges, however. Wexford tackled environmental issues and a total clearing out of the building's massive interior after years of neglect. "It has entailed scraping out a legacy of vacancy that was clouding people's vision of what the building could become," Grady says.

Wexford has had previous experience renovating and repurposing historic buildings in different communities, such as a former tobacco manufacturing facility for Wake Forest Baptist Medical Center in North Carolina and an old power station at South Street Landing in Providence for its collaboration with Ventas, the University of Rhode Island, Rhode Island College, and Brown University.

Once seen as being at the forefront for innovation and production, the unparalleled building infrastructure has lent itself to cutting-edge lab space design. The ceiling heights, the floor loading capacity, and the ability to install HVAC infrastructure throughout the building all made the transition smoother. "The bones of the building are actually really well-suited for modern laboratories," Grady says.

The designers have also salvaged unique features like the original crane shed—the area where vertical transportation of pieces occurred for assembly lines— which was restored and will be repurposed to serve as a meeting and gathering space for the building and the community, according to Grady.



Facilities like The Assembly, that are built for commercialization innovation, actually increase public understanding of the technologies themselves, as well as the broad spectrum of careers available and the ways that an industry can drive a community."

– Mark Anthony Thomas, president of the Pittsburgh Regional Alliance

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Community Benefits
The Assembly is expected to create opportunities for those historically disconnected from the city's innovation economy.

ALIGNING GOALS

While the rich history and architecture of the Ford Motor Co. Assembly Plant made it an ideal vehicle for redevelopment, it was not the main catalyst for The Assembly.

"For us at Wexford, it really starts with the partnership," Grady says. "We spent significant time getting to know the University of Pittsburgh, to understand the chancellor and senior leadership's objectives around growing its innovation portfolio," he says.

According to McGrew, the university's leadership hopes to "achieve a new level of medical research collaboration, knowledge-sharing, and discoveries through the use of open lab and shared meeting spaces, in addition to having a positive economic impact in our local communities and region." These goals aligned perfectly with Wexford's well-established model of partnering with universities, academic medical centers, and research institutions to develop innovative, mixed-use communities in urban settings.

As for Ventas, "the Pittsburgh Innovation District checks a lot of boxes for us," Sanders says. These boxes include: a robust science and research community fueled by two top-tier research universities with Pitt and Carnegie Mellon, a desirable cost of living, a pipeline of potential employees, proximity to public transportation, and the potential for commercial tenants to boost funds for community initiatives.

The Assembly is accessible and positioned along the MLK Jr. East Busway and the upcoming Bus Rapid Transit (BRT) system that will streamline commutes for buses from downtown Pittsburgh to the city's eastern neighborhoods. It is also in the vicinity of the University of Pittsburgh Hillman Cancer Center and Shadyside Hospital and a mile from the Pitt campus.

The revival of Pittsburgh with The Assembly is personal for Sanders, who was also born and raised in the city. "I'm a Pittsburgh native so the quality of jobs and opportunities we provide to local residents is meaningful to me," he explains.

"Oftentimes in large cities with active development and gentrification, locals can miss out on the direct benefits, but that's not the case with life sciences communities that create ancillary jobs and opportunities," Sanders adds. As a mixed-use development in a new research community, The Assembly will also create jobs and entrepreneurial opportunities not requiring four-year degrees—from small businesses such as restaurants and caterers for events, as well as lab assistants and building services.

Mark Anthony Thomas, president of the Pittsburgh Regional Alliance, the region's leading business growth organization and an affiliate of the Allegheny Conference on Community Development, also views the community opportunities stemming from life science developments as far-reaching, beyond direct research initiatives. "Facilities like The Assembly, that are built for commercialization innovation, actually increase public understanding of the technologies

themselves, as well as the broad spectrum of careers available and the ways that an industry can drive a community," he says.

Thomas believes the greater Pittsburgh community has recognized the potential of The Assembly and has widely supported this type of growth. "There hasn't been the type of friction that a more contested site can prompt because the community has seen that it will help bridge the universities and hospital systems further," he says.

"Wexford's investments also create a critically important platform to intentionally create new opportunities for those in Pittsburgh who have been historically disconnected from Pittsburgh's innovation economy," Luther adds .

STRENGTHENING LIFE SCIENCE ECOSYSTEMS

The ongoing COVID-19 pandemic has increased investment in life science infrastructure and highlighted the need for laboratory space globally—and in Pittsburgh specifically.

"The tight geography and unique topography in the Pittsburgh Innovation District limited the availability of top-quality lab and innovation facilities in Pittsburgh," Luther says. "The Assembly keeps Pittsburgh competitive with its global competition and accelerates our unique approach to life science innovation that can solve the world's toughest challenges," he adds.

Grady notes that the pandemic "has raised the awareness of the importance of investing in modern healthcare, research, and commercialization, particularly around immunotherapies and viruses."

Both the Innovation District and the Pittsburgh Regional Alliance will continue to work with Wexford to ensure The Assembly creates jobs, workforce development strategies, and community benefits well beyond the academic and innovation systems. "We are in the early stages of this new innovation hub, and these types of projects are proof points for Pittsburgh and developers looking to invest," Thomas says.

"We are excited about the possibilities awaiting us in the future of medicine through the use of this historic facility," McGrew adds. ■

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Patrick Kanters is the managing director of global private investments at APG Asset Management. He joined the global real estate division of APG in 2005 and is based in the firm's Amsterdam office.

APG Integrates REITs to Target Global Real Estate Mega Trends

BY CLAY RISHER

Dutch pension services provider APG, one of the largest investors in real estate worldwide, says the pandemic has not caused it to alter its strategy of focusing on investments that reflect technological change, demographic change, and sustainability.

APG uses a fully integrated strategy combining REITs and non-listed real estate to build and manage a portfolio of global real estate investments that offer a predictable dividend and grow in value over the long term. Return on investment is paramount for APG so that its pension fund clients and their members are assured an affordable pension, while also contributing to a more livable and sustainable world going forward.

Patrick Kanters, managing director of global private investments at APG Asset Management, spoke with REIT magazine on topics including APG's investment thesis, how it balances its portfolio, and the advantages of investing in REITs.

Q How does APG make allocation decisions regarding REITs versus private real estate?

For more than a decade, we have run a fully integrated strategy. That means that we don't really differentiate between listed and private assets in real estate. I would say 60% of our portfolio is in private real estate and the remaining 40% is listed real estate. Each time we select investments to build that portfolio's diversification with regard to regions, sectors, and risk styles, we always try to select the very best company or funds available.

For example, in Europe, there's very little available in the more alternative real estate assets, so that actually requires us to be more active in setting up these platforms ourselves, to work closely with the strong operators in that field.

In the U.S. however, there's a very wide variety of alternative listed asset classes to invest in such as senior housing, health care, life sciences and lab












When assessing the outlook for REITs and commercial real estate in 2022 and beyond, it is helpful to distinguish between impermanent or cyclical effects and the longer-term structural changes that result from changes in behavior.

2022 Outlook for the Economy, Commercial Real Estate, and REITs

Which pandemic changes are temporary and which are here to stay?

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space, and others. In that case we might be more inclined to invest our money in REITs and complement these with private investments. It really depends on the markets, but having that integrated strategy allows us to think and choose from the full universe that is available to us.

Q What are some of the advantages of investing in REITs?

The simple answer is liquidity. REITs are more liquid so we can move in and out of them or give them a long-term focus over extended periods of time. And then of course there is the tremendous breadth of REITs available, although that depends on the market too.

The U.S REIT market has a very broad offering in all different sectors. The European REIT market is still going through a development phase where hopefully more alternative real estate sectors will be added to the investible universe.

We are long-term investors, so the true benefit of the liquidity isn't overly important to us, but it's an investment structure that we utilize. There are numerous great companies out there that provide us a focused exposure to varied sectors and other regions as well.

Q Are there ways you see the REIT industry needing to evolve?

I certainly think broadening REIT offerings to include alternative real estate sectors, a true integrated focus on newer sectors like technology solutions, would benefit their cause greatly.

For example, there are new technology solutions that will help in decarbonizing REIT portfolios, technology that will in turn help to run REIT portfolios more efficiently. I think many REITs will also need to have more people on board that aren't just knowledgeable about bricks and mortar but also knowledgeable about technological solutions and how to operate as best-in-class REITs.

> **"For every investment that we execute on, we always look first into the physical climate risk and also the transition climate risk."**
>
> *– Patrick Kanters*

Q Has the pandemic changed APG's investment thesis?

Interestingly enough, it hasn't really changed. I mean, a lot has happened with the pandemic but simply put, the key mega trends that we try to implement in our investments, that we try to capitalize on, have remained in place.

The pandemic has catapulted us five, six, seven years ahead of where we would have been. So, investing in the mega trends like technological change, demographic change, and sustainability have all remained by and large unchanged for us. We are going to keep investing according to these trends.

When we look at the market, we can see a clear polarization of returns from the investments that have been able to capitalize on these fast-moving trends. In short, those returns have been stellar. For the more traditional asset classes, it's not been as easy to capitalize on those mega trends.

Q Much of APG's investment thesis is based on sustainability. What is an example of a recent responsible investment in real estate APG has made that will produce solid returns for investors and also contribute to a more livable and sustainable world?

For every investment that we execute on, we always look first into the physical climate risk and also the transition climate risk. A very simple example is our timberland investments that we executed on this year in New Zealand and Chile. We bought numerous acres of timberland assets that meet the Forest Stewardship Council (FSC) certification. Adhering to the FSC's criteria means that these assets are managed to preserve biological diversity and benefit the lives of local people and workers.

These investments also qualify to meet the United Nation's Sustainable Development Goals (UN SDG). We've made numerous other investments that comply with FSC and UN SDG as well. We are taking long strides in sustainability, like setting up networks to recover waste heat from data centers for housing and offices, for example.

On some of our existing larger platforms we have been very active in engaging with the companies we invest in to make sure they improve their scoring on the GRESB real estate assessment. For every investment that we make, we actually require that the company fills in the GRESB survey that provides protocols that allow us a means to engage, to see where they can improve because ultimately, we want every real estate investment to be labeled as four or five star performers. In order to do that, those investments need to perform in the highest quintiles compared to the GRESB benchmark.

Q How has APG distributed its real estate investment allocations globally?

APG's real estate investment portfolio is composed of an approximately 40% exposure to Europe, 33% to the Americas, and 27% to Asia Pacific. We don't expect meaningful changes to the regional allocations as the current allocations fall well within the targeted bandwidth exposures set.

Q How have European REITs and real estate fared during the pandemic and what does the future hold with regard to REIT investments in Europe?

We've seen a kind of polarization of REIT investing in Europe. On the one hand, traditional asset classes such as hotels, traditional style retail, and office have stagnated, but we've seen mass inflows of investments into mega trend sectors like logistics and data centers. Residential rental property returns have also been exceptionally good.

Returns, by and large, are back or even above pre-COVID levels. As far as what the future holds, we think it will be very strong for those REIT investments that are able to capitalize on these mega trends. We continue to be big believers in logistics, in further expanding our exposure to affordable rental housing, but also to the many new sub-sectors.

We feel the trend will continue to move away from the more traditional sectors and more towards student housing, senior

living, health care, and labs and life sciences buildings. There are other sub-sectors that are also being defined as alternatives that we think will be the core of REIT investing going forward in Europe.

Q With new trends surfacing post-pandemic, what sectors do you favor with regards to investment in European real estate?

Over the last six or seven years we have worked hard to establish ourselves in these newer alternative real estate sectors. At the same time, we also continue to build more exposure towards the affordable housing sector as there seems to be near infinite rental housing demand. So, that's definitely an area we are heavily concentrating on for the future in Europe.

Q Outside of Europe and the U.S., what real estate markets and sectors are particularly attractive to APG?

Within Asia Pacific, key investment areas are Australia, mainland China, Hong Kong, India, Japan, Korea, and Singapore. We very much favor the same sectors in Asia Pacific as we do in Europe and the U.S., as these markets are expected to capitalize on the same mega trends. Also for Asia Pacific, we run a fully integrated investments strategy across listed and private investments.

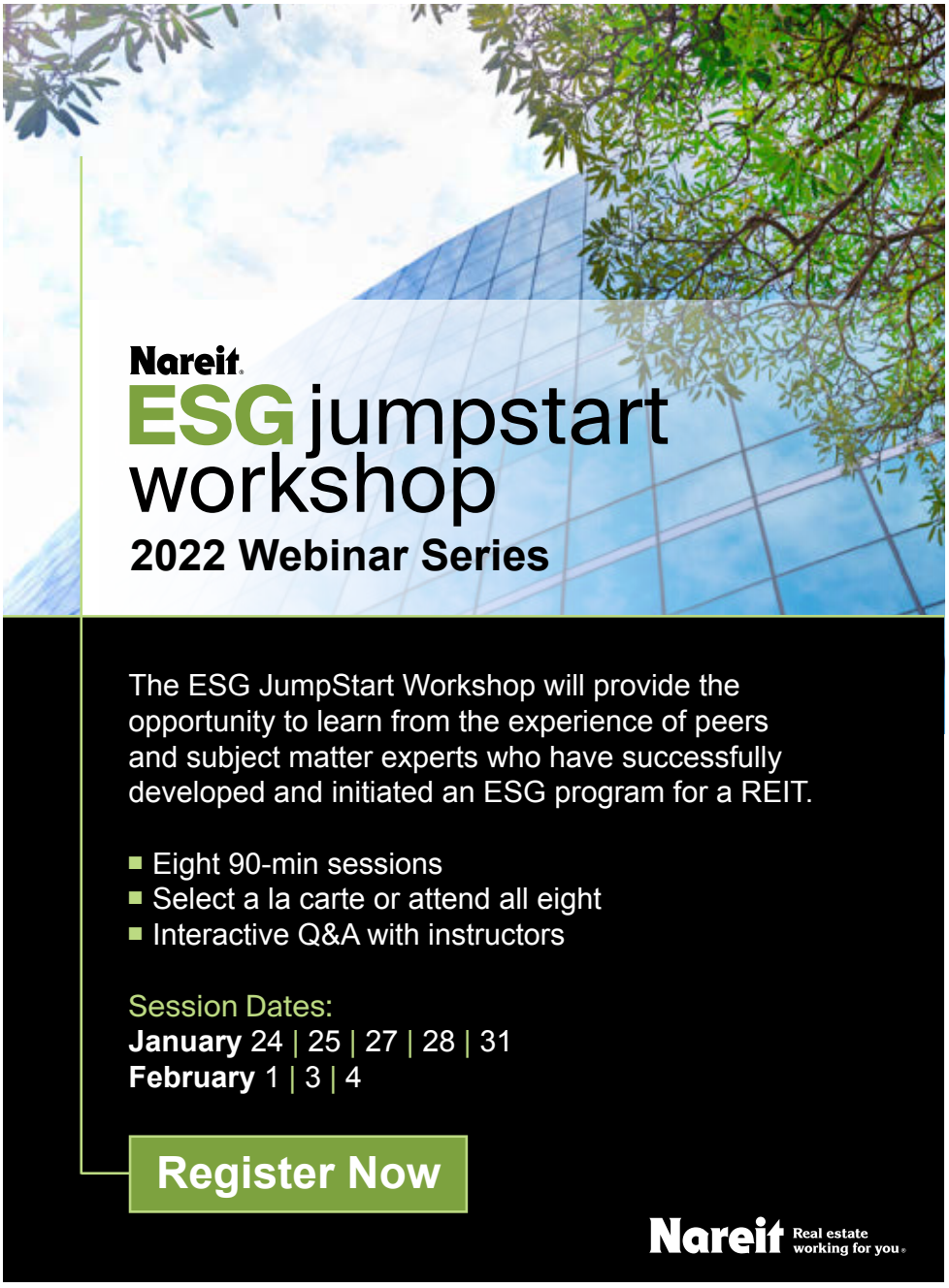
Q Can you talk more about APG's natural resources real estate portfolio?

For APG and our clients, it's being treated as a separate asset class. In other words, it's not an integrated portfolio between natural resources and real estate. The natural resources asset class strategy is fully targeted towards forestry and agricultural land. As of today, we have around a billion plus Euros exposed to forestry and also a billion plus Euros exposed to agricultural lands in North and South America, Australia, New Zealand, and a minority invested in Eastern European lands.

Q Why are these types of direct investments so attractive to APG?

We have moved towards more direct investing because we're able to lower the total investment costs to our clients. We also have more influence and control in direct investing than we typically have in our private fund investments. We have ownership stakes of 10% on up to 40% and 50%, and that way we can be more influential in the course of the business and in controlling our own destiny.

It also provides more control over managing our sustainability policies and ESG factors. ■



GET to KNOW ▸ Angel Oak Mortgage



AT A GLANCE

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3344 Peachtree Rd. NE
Suite 1725
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WEBSITE
angeloakreit.com

MANAGEMENT TEAM
Robert Williams
President and CEO

Brandon Filson
CFO and Treasurer

Angel Oak Mortgage Sees Strong Growth Potential in Non-QM Loan Segment

BY KEITH LORIA

With a strategy that focuses on acquiring and investing in first lien non-qualified mortgage (QM) loans and other mortgage-related assets in the U.S. mortgage market, **Angel Oak Mortgage, Inc.** (NYSE: AOMR), is forging a unique path.

Non-QM loans are aimed at homebuyers unable to meet the strict criteria of a qualifying mortgage in areas such as income or personal debt. The loans have looser credit and financial requirements and are not backed by government agencies.

The Atlanta-based REIT, which went public in June 2021, looks to generate attractive risk-adjusted returns for its stockholders through cash distributions and capital appreciation across various interest rate and credit cycles.

AOMR is externally managed and advised by

an affiliate of Angel Oak Capital Advisors, LLC, an alternative credit manager with expertise in mortgage credit. Robert Williams, AOMR's president and CEO, explains that Angel Oak is two businesses—Angel Oak Capital Advisors that manages around $14 billion in largely consumer-related assets, including AOMR, while the other part of the business, Angel Oak Home Loans and Angel Oak Mortgage Solutions, are national mortgage lenders.

These organizations originate non-QM mortgages that don't fit into Fannie Mae, Freddie Mac, or Federal Housing Administration (FHA) loans, largely because of documentation. In other words, the business is built around serving the consumer that banks don't serve, according to Williams.

Since the financial crisis, 90% of mortgage originations have been owned or guaranteed by Fannie, Freddie, or the FHA, and there's been a segment of the population cut out of obtaining a mortgage, according to Matt Howlett, a senior analyst for B. Riley Financial. Having a pool of capital that can serve an underserved segment of the U.S. housing population with mortgages makes a great deal of sense, he says.

"The REIT is an efficient tool to own mortgage assets," Williams says. "We launched publicly in June and the Angel Oak lending companies are generating a significant pipeline of opportunities for AOMR."

TAPPING INTO EXPERTISE

By going public, AOMR was able to offer a permanent capital vehicle that could avail itself of Angel Oak Capital Advisors' focus on non-QM loans and the active transaction flow of Angel Oak Home Loans and Angel Oak Mortgage Solutions,



"This is an opportunity to invest in good quality home loans in an underserved part of the American mortgage market."

– Robert Williams, AOMR president and CEO

according to Brandon Filson, CFO of AOMR. "The interesting thing is, we built a business model to focus on quality assets that our competition doesn't have the ability to access," he says.

Howlett at B. Riley Financial believes it was a savvy decision for the Angel Oak ecosystem to venture into the market the way it did.

"They are the number one non-QM originator, and it's a top recognized brand, so it made a lot of sense to not just raise more money in the REIT vehicle but go public considering all the growth in the industry," Howlett says.

During the pandemic, AOMR enjoyed a competitive advantage in non-QM loans as its competitors, that did not have a permanent balance sheet and a substantial source of capital, struggled to sustain their businesses, according to the company.

"We are the first heavily focused, non-QM sector REIT out there," Filson says. "Angel Oak itself is one of the pioneers of the non-QM market and there's a very high return potential," he says.

STRONG START

When the pandemic hit in March 2020, AOMR was right in the throes of going public, so it had to rethink its plans.

"We waited a little over a year to let things settle out," Williams says. "We were patient and continued to build out everything we needed. As demand for non-QM loans has returned, AOMR has seized upon the opportunity presented."

During the third quarter of 2021, the company took advantage of strong volumes from its origination partners to deploy capital, acquiring $534 million of loans through its proprietary origination channels and raising its total loan portfolio to more than $1 billion.

"Additionally, we completed our first non-QM securitization since our IPO, executing at strong pricing and with high quality underlying collateral," Williams says. "On the financing side, we expanded our credit lines by $450 million to a total of $1.25 billion, providing us with enhanced capacity to continue funding loan investments and future securitizations."

At the end of 2021, Williams liked what he was seeing, with the consumer coming back, strength in the housing market, and AOMR in a favorable position to grow.

One of the most significant things that AOMR has done since its IPO has been to convert the $180 million raise in its first quarter as a public company into over $500 million of non-QM loans. The company bought an additional $330 million in the fourth quarter, and in the middle of that executed its first securitization since it went public.

"In our third quarter securitization, we sold off 96% of the capital structure and the weighted average cost of those funds was 1.12%, which means we literally took our loans, and financed them permanently at a 96% advance rate," Filson says.

Williams adds that what was really special was taking a business that was built over a decade and executing a core strategy that exceeded its expectations. "We came out of the gate really strong," he says. "We got the basics right and did something special in terms of executing that business model that we think is unique."

That's been attractive to investors who are looking for something different. "We want investors to understand that we are good at operating things and running things," Williams says. "This is an opportunity to invest in good quality home loans in an underserved part of the American mortgage market," Williams says.

LOOKING AHEAD

Based on its first six months since going public, Williams is happy about what the REIT has accomplished and is looking for ways to grow and source more product consistently.

"2022 is going to be about explaining what we do to the market to get some differentiation, so we're not just viewed as another mREIT," Filson says. "We have aspirations well beyond a $500 million REIT. When we look at the future, we see a clear runway for growth built on the established expertise of the Angel Oak organization", he adds. ■

the DNA of ESG





Fulya Kocak is Nareit's senior vice president for ESG issues.

Nareit's Fulya Kocak on ESG Collaboration

BY ANNA ROBATON

Sharing knowledge and best practices, from the beginner to expert level, is in everyone's interest as the complexity and scope of ESG matters only continue to increase, says Fulya Kocak, Nareit senior vice president for ESG issues.

Without collaboration on environmental, social, and governance (ESG) issues, progress in the real estate industry will not be fast enough, Kocak says.

When Kocak joined Nareit in 2016 as its first dedicated staff member for ESG issues, she found that the acronym in her job title elicited some confusion. "At industry events," she recalls, "some people would ask me what the ESG in my title means."

Today, Kocak rarely fields the same question—a change that speaks to how much the REIT industry has matured in a relatively short time on the ESG front. A majority of REITs have now begun their ESG journey, although some are further along than others.

Kocak, who has worked in the sustainability field for more than two decades, led the team that produced Nareit's Practical Reference for ESG Implementation and Reporting©. Information in the 128-page guide is distilled from ESG standards and frameworks, perspectives from subject-matter experts, and leading practice examples.

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REIT magazine spoke with Kocak about the biggest challenges related to implementing ESG programs, how REITs can use the Pratical Reference and other Nareit resources to deepen their commitment to ESG, and where the industry is headed on the ESG front.

Q What are some of the biggest challenges that real estate organizations face when it comes to developing and implementing ESG programs?

Over time, the definition of ESG has expanded far beyond environmental considerations. For any company that's just getting started, ESG can feel overwhelming because there's so much to be done. It's hard to know which framework to follow. Companies may also feel they're in a race against time to stand up ESG programs.

One of the best ways to get started is for companies to leverage what they're already doing in terms of ESG efforts, rather than starting from scratch. I promise you that every REIT has a lot going on around governance policies, human capital, and environmental stewardship.

It's about understanding what they already have in place and coming up with strategies around those efforts that make sense for each company. This is critically important because ESG is not a one-size-fits-all application. Once companies have a strategy in place, they can set goals and start measuring their progress towards those goals.

Q Why was there a need for the Nareit Practical Reference for ESG Implementation and Reporting publication and what does it offer?

First, some context. In 2019, we published our Guide to ESG Reporting Frameworks to help address the confusion around the alphabet soup of ESG frameworks, standards, and guidelines. In preparing that guide, we reviewed various ESG frameworks and guidelines to understand – at a high level – what ESG factors companies were being judged against. For instance, climate change was addressed in every one of those frameworks. Based on that research, we came up with the top-15 ESG criteria.

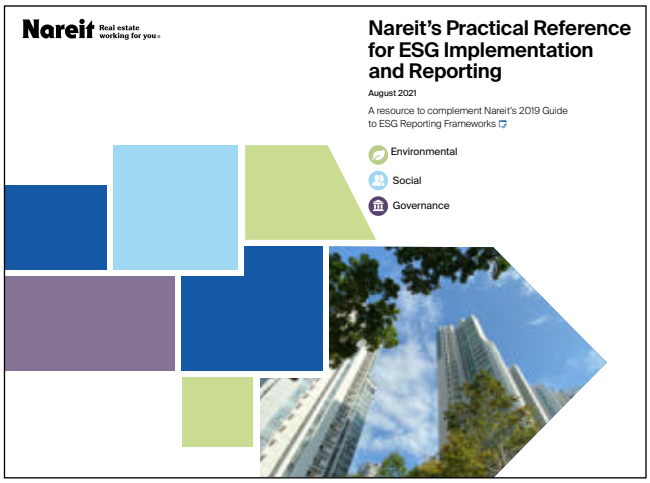
When we published the Guide to ESG Reporting Frameworks, members and investors said: This is great. You told us what the most-popular cookies are, but you did not give us the recipe. So, how do we implement and disclose around these larger ESG topics?

In the Practical Reference for ESG Implementation and Reporting, we dive into each of the top-15 ESG criteria, exploring how REITs can begin working on each one. For REITs that have already begun work in a particular area and would like to advance in that area, we discuss how you move to the next level and, ultimately, get to a leadership level.

It's a very practical document. I envisioned it as a go-to reference for ESG professionals in the real estate community. It can also be used if you want to educate your stakeholders, internal departments, or pitch something to your CEO—you can use parts of the guide to help with that.

Q How is the guide organized?

First, each ESG topic is defined. Then, for each topic, we provide illustrative metrics that companies may want to report against, as recommended by relevant ESG standards and frameworks. We also cover action items, challenges, resources, and tools for implementation. In terms of resources, we highlight not just Nareit resources, but others that are relevant and useful. The idea is to provide ESG professionals with everything they need in one place.



Download here for helpful tools and resources for effective ESG management and disclosure.

Q What other resources do you recommend for REITs that are relatively new to ESG?

I think Nareit's yearly ESG JumpStart program is a great resource. I like to call it REITs teaching REITs. This year, the program will be held in January and February and have eight, 90-minute virtual sessions on ESG topics, taught by ESG professionals.

We've seen this program grow in popularity. Last year, for the first time ever, most of the attendees were at the vice president or executive levels of their organizations. We also had a very cross-functional group of attendees, from general counsels to human resources professionals. That speaks to the way ESG has evolved. It's in everybody's job description.

I should also mention that we work closely with other real estate organizations, and they have many ESG resources. We collaborate with organizations like the Urban Land Institute, The Real Estate Roundtable, the Real Estate Equity Securitization Alliance, and the Institute for Market Transformation.

When it comes to ESG, unless we work together as an industry, we're not going to make progress fast enough. So, we're all about helping each other as real estate organizations.

Q One of the topics in the Practical Reference for ESG Implementation is the ESG journey. Would you break down the stops on that journey?

The first stop is organizational awareness: Where are you today? What do you have in place already? What is your social and environmental impact? It's all about self-awareness.

Once an organization is aware of its impact, it can move to the strategic level of identifying its ESG priorities.

If you don't clarify your ESG priorities as an organization, it can be very easy to waste time, money and resources focusing on the wrong things. Identifying your priorities based on your company's operations and stakeholder community is a critical step.

Then, you'll want to come up with a holistic strategy around

those priorities. But it has to be cross-departmental. Everybody has to play in this game. Next, you'll want to set goals. Without clear goals, your strategy isn't going to go very far. Once an organization has clear goals, it can begin to work toward those goals and measure its progress year over year. That's how I see the ESG journey in simple terms.

Q How would you characterize the momentum surrounding ESG in recent years?

ESG has gained quite a bit of momentum during the last five years, particularly over the last 18 months or so. Interestingly, we've seen quite a bit of maturation around ESG during the pandemic, when companies faced many other challenges. ESG is not a wish-list item anymore, but an integral part of many companies' efforts.

The momentum has a lot to do with stakeholder demand. In the past, sustainability was something of a check-the-box exercise for investors. Today, they're asking very thoughtful questions focused on corporate strategies related to ESG and disclosures.

Q Where is the REIT industry headed in its ESG journey?

The REIT industry has been showing significant progress and leadership in ESG, especially around environmental initiatives. I expect to see increased focus on climate-change related efforts, social initiatives, and disclosures. I also expect to see an increased focus on governance of ESG with short- and long-term commitments around climate action, diversity, equity and inclusion, and other ESG priorities. ■

REIT Investor Guide



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Chairman of the Board

Samuel A. Landy
President, Chief Executive Officer

Anna T. Chew
Vice President, Chief Financial Officer

Craig Koster
General Counsel, Secretary

Brett Taft
Vice President, Chief Operating Officer

Investor Relations Contact

Nelli Madden
Vice President of Investor Relations
nmadden@umh.com

Market Focus
Residential, Manufactured Homes

Equity Mkt. Cap.
$1.2 billion

Dividend Yield
3.1%

Stock Price
$24.84

52-Week High – Low
$14.32 - $25.70

Location(s) of Properties
NJ, NY, OH, PA, TN, IN, MI, MD, AL, SC

(data as of 12/14/2021)

PERSPECTIVES



Glenn Rufrano Reflects on the Revitalizing Potential of Real Estate

BY SARAH BORCHERSEN-KETO

In a career that has involved numerous business turnaround success stories, last year's merger of VEREIT Inc. with **Realty Income Corp.** (NYSE: O) ranks high for consummate corporate fixer Glenn Rufrano, winner of Nareit's 2021 Industry Leadership Award.

The award is given annually to a REIT executive who has made a significant and lasting contribution to the growth and betterment of the industry. Rufrano's 45-plus years of experience in real estate, and his transparent management style, were highlighted during the presentation at Nareit's REITworld: 2021 Annual Conference in November.

Rufrano led VEREIT from 2015 until the Realty Income transaction, and 'fixer' is a description that he readily accepts: "It's flattering because it implies a positive conclusion. It's fair because it comes from actual experience."

Rufrano describes the merger as a "very good outcome in a very difficult situation." That difficulty stemmed in part from the fact that VEREIT, previously known as American Realty Capital Properties Inc., grew from $2 billion in assets in 2013 to $20 billion a year later. An accounting irregularity announced in the third quarter of 2014 led to the involvement of the Securities and Exchange Commission and the Department of Justice, as well as a major class action lawsuit, he explains.

When Rufrano took over the helm in 2015, the company rebranded as VEREIT, assembled an entirely new management team and board, and implemented a new business plan. Despite facing a range of challenges, Rufrano had no hesitation accepting the position. "I actually thought that was the best real estate role in the country."

Before joining VEREIT, Rufrano had proven his mettle when leading New Plan Excel Realty Trust, Inc., Centro Global Property Group, and Cushman & Wakefield, Inc. All three companies had undergone major structural adjustments that included shedding assets, repositioning, and changing senior management.

One reason why Rufrano says he has enjoyed turning around four companies over the past two decades is that while the problems can be significant, "you didn't cause the problems. Because you weren't there when those problems existed, you have no legacy issues."

FORMULA FOR RECOVERY

Rufrano says that over the years he has adopted a commonsense plan to tackle ailing companies. The formula, he says, is to first identify the big issues at the heart of the problem, come up with a plan, and then have the ability to fix those problems through the management and board. "You have to have the discipline to execute the plan that you think is right and be consistent and transparent—then it tends to work," he says.

And while Rufrano has been laser-focused on rooting out the fundamental problems undermining an ailing company, creating a strong corporate culture has always been a key component of the plan.

Underpinning that concept of culture is the notion of treating others as you would expect to be treated, he says. "You can't have bullies; you've got to have respect for people. If you can't have that I don't believe you can have a sound organization."

Culture should also have a business approach to it, Rufrano adds, comprised of discipline, consistency, and transparency. An additional element of culture is corporate commitment, which must extend beyond pleasing shareholders to encompass employees and tenants. "All three of them have to be satisfied that you're doing the best job possible," Rufrano adds.

This holistic view of corporate commitment has become more widely accepted across the industry, Rufrano points out, as the focus on ESG issues has grown and ESG questions are no longer relegated to the end of investor calls. He describes ESG as not just an idea or a concept, "it's

an execution, and beneficial whether it's at the employee level or board level."

ONGOING REVITALIZATION

As to whether additional mergers and acquisitions will occur in the REIT sector, Rufrano says the pandemic separated those companies with higher multiples from those with lower. "It created some stress around the system, and when there's stress around the system, that's when M&A works the best…I think there's still room for some more, maybe another year of it then we'll see what happens."

Rufrano says it is not clear whether many of the changes wrought by the pandemic will turn out to be cyclical or secular. In the office sector, however, he believes that there are some changes that could be secular.

"It's not that people don't need office space, but they may need less because there'll be more flexibility in remote working habits," Rufrano says. Industrial is also seeing a secular change with regard to last-mile warehouse distribution. Whether changes in the retail sector are secular remains to be seen, he adds.

Rufrano points out that there is always obsolescence that creates change in the industry. As a result of the pandemic, "we are going to see more repurposing to address the demand that was accelerated," he says. Malls might be repurposed into multi-property portfolios, some office buildings will be converted into residential, while warehousing is changing "as we speak."

> **"You can't have bullies; you've got to have respect for people. If you can't have that I don't believe you can have a sound organization."**
>
> *– Glenn Rufrano*

As Rufrano looks across the U.S. real estate sector today, what excites him is that it is, in his view, the premier real estate market in the world that continues to attract offshore investors.

The liquidity of the U.S. market is a huge advantage to the industry, Rufrano says. And by ensuring that the REIT industry is well-understood, he adds, Nareit has played a pivotal role in the markets' willingness to provide that essential liquidity.

Rufrano notes that in the second quarter of 2020 many REITs pulled down their revolving lines of credit out of fear that banks wouldn't be able to fund them if they needed money. By November 2020, however, VEREIT was able to issue a 10-year, $1.2 billion bond at 2.7% that was oversubscribed.

"Just think about how the capital markets in this country revitalize themselves. It's astounding. To be part of a real estate market with such liquidity and such passion for real estate from outside the U.S. is really exciting to me," Rufrano says. ■

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NAMES to NOTE


COUGHENOUR

Agree Realty Corp. (NYSE: ADC) announced that Peter Coughenour has been named its CFO and secretary. Coughenour has been with the company in various finance roles since 2015 and most recently served as interim CFO. Additionally, Agree said Stephen Breslin has joined the company as deputy chief accounting officer. Breslin joined Agree from Kite Realty Group Trust (NYSE: KRG), where he most recently served as vice president, corporate controller.

Americold Realty Trust (NYSE: COLD) said George Chappelle, a former Tyson Foods executive and former chairman of AGRO Merchants Group, has been appointed interim CEO. Chappelle's appointment follows the decision of the Americold board of trustees to terminate Fred Boehler without cause. The Americold board has engaged a national search firm to identify a permanent CEO.

CareTrust REIT, Inc. (Nasdaq:CTRE) announced the appointment of David Sedgwick as CEO. Sedgwick will succeed founding chairman and CEO Greg Stapley, who will continue to serve as CareTrust's executive chairman during an approximately six-month transition period, following which he and his wife will commence a three-year, full-time volunteer assignment for The Church of Jesus Christ of Latter-day Saints.

Centerspace (NYSE: CSR) said Bhairav Patel is joining the company as EVP and will transition into the role of CFO in the first quarter of 2022. John Kirchmann, current EVP and CFO, will be leaving the company to pursue other opportunities in the first half of 2022. Patel previously served as EVP of finance and accounting for New Senior Investment Group Inc.


HEIMBERGER

David Heimberger, SVP of capital markets, investor relations and transactions at InvenTrust Properties Corp. (NYSE: IVT) has been promoted to the role of chief investment officer. He has served in a variety of leadership positions for InvenTrust since joining the company in 2011.

Plymouth Industrial REIT, Inc. (NYSE: PLYM) announced its succession plan for its CFO. Dan Wright, who has served in the position since 2014, will step down on Feb. 25, 2022, but will continue to work with the company in an advisory capacity. Anthony Saladino, the company's chief accounting officer, has been named his successor.


UTHAYAKUMAR

Prologis, Inc. (NYSE: PLD) named Susan Uthayakumar to the new role of chief sustainability and energy officer. She will lead the company's customer-focused sustainability and energy solutions business. Prior to joining Prologis, Uthayakumar was president of Schneider Electric's Sustainability Business Division.


FANG ROE

Simon Property Group, Inc. (NYSE: SPG) said Peggy Fang Roe has been appointed to its board of directors. Roe is the global officer, customer experience, and loyalty & new ventures at Marriott International, a position which she has held since 2020.


SWANSON


WINGROVE

Tanger Factory Outlet Centers, Inc. (NYSE: SKT), promoted Leslie Swanson from EVP of operations to COO and appointed Andrew Wingrove to the role of chief commercial officer. Swanson will continue to play a critical role in driving and maintaining operational results within the company, while Wingrove will focus on the brand's customer experience and loyalty. In his most recent role, Wingrove served as the SVP for travel at CLEAR.

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FINAL WORD

WHY DID YOU THINK SIGNING THE CEO ACTION FOR DIVERSITY & INCLUSION PLEDGE WAS IMPERATIVE?



Taylor Pickett
President and CEO
Omega Healthcare Investors, Inc.

"We signed the CEO Action Pledge because we wholeheartedly agree with both [CEO Action's] goal as well as the manner in which they are seeking to achieve it. We believe that a diverse workforce results in a broader range of perspectives, leading to better decisions and ultimately a more successful enterprise.

What attracted us to the pledge was the collaborative, transparent, and open-minded way they were approaching this goal. The ability to share best practices and resources with companies at different places in their diversity, equity, and inclusion journey made a lot of sense and appealed to our belief that this is not a competition and that we will achieve more if we work together."



Gary Shiffman
Chairman and CEO
Sun Communities, Inc.

"The CEO Action Pledge is a way for companies to come together to demonstrate the importance of advancing diversity and inclusion in the workplace. My goal with signing this pledge is to inspire our industry, peers, and other sectors to unify for a better tomorrow. I am doing my part to bring about meaningful change, both personally and for our company.

Sun is striving to be an informed leader for this transformation. It is crucial we provide our team the forum to have the necessary conversations to learn from one another. We provide educational resources for all, creating a solid foundation for change, and participation in the CEO Action for Diversity & Inclusion Pledge has provided a great deal of helpful resources to expand our educational tools.

Not only is it important for us to create a path to a diverse workforce within our own company, but it's crucial that we make constant strides toward a more equitable future free of injustices for all."



Jerry Sweeney
President and CEO
Brandywine Realty Trust

"Since our founding over 25 years ago, Brandywine has led with integrity in all our endeavors. It's one of our core principles that has guided us through developing new city skylines, and investing in programs that create healthier, more equitable communities.

We have an uncompromising commitment to excellence—from how we treat our employees, vendors, tenants, and partners, to how we build and manage our properties. It's why we didn't hesitate to sign the CEO Action for Diversity & Inclusion Pledge. We believe in its mission and its ability to create meaningful change; and we know that with inclusion at the core of our culture, we will only create better workplaces and communities for all.

We've seen remarkable progress, as exemplified by the hundreds of great leaders who have signed the pledge, to promote solutions that are more equitable and just, and we are delighted to join a cause that can change the trajectory of our country's future."



MEETING THE CHALLENGES FACING TODAY'S REITS

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