DUFF & PHELPS
INVESTMENT MANAGEMENT CO.

2022 OUTLOOK

GLOBAL REAL ESTATE SECURITIES

January 2022

“The team expects cash flow and dividend growth in the global listed real estate space to accelerate further in 2022...”

2021 Recap

Global listed real estate outperformed broader global equity, fixed income, and private real estate markets in 2021.[1] Outperformance was driven by a triple discount to global equities, fixed income, and private real estate; ongoing global economic recovery; merger and acquisition activity (M&A); and the pursuit of inflation hedges.

With the help of significant fiscal and monetary stimulus and a lack of shutdowns versus other countries, U.S. nominal economic growth rebounded strongly from COVID-19 induced challenges. While rapid demand created supply chain issues and higher inflation, U.S. REITs materially outperformed the FTSE EPRA Nareit Developed Index as all property sectors delivered positive results. Of note, Israel, Sweden, and Canada also outperformed the global index.

Ex-U.S. real estate equities generally lagged the global index in the year. Multiple headwinds emerged, including a stronger U.S. dollar, a slower and more uneven recovery across many ex.-U.S. countries, and less exposure to non-core property sectors with healthier market fundamentals.

1 Listed results through December 31, 2021; private real estate results through September 30, 2021.

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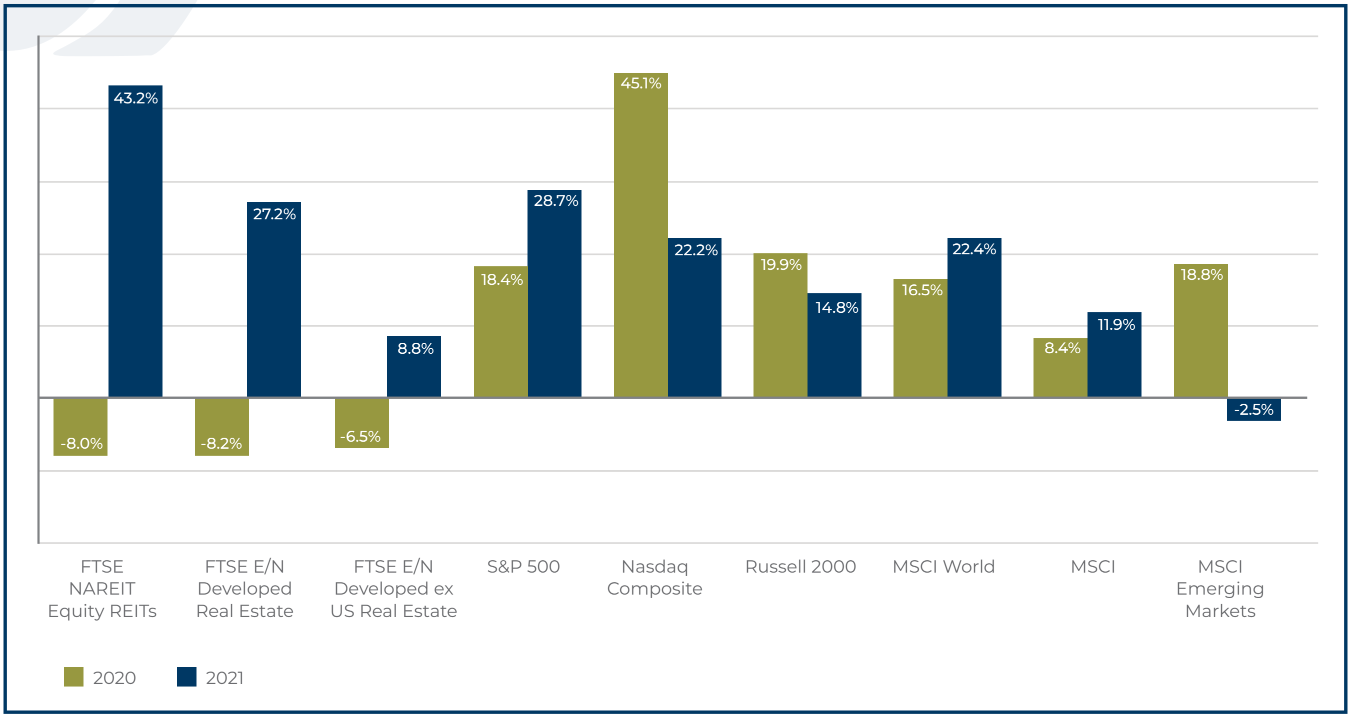
Comparative Asset Class Total Return Performance (US $)



Source: Bloomberg Finance L.P.
Past performance is not indicative of future results. Indices are gross of fees and are not available for direct investment.

Looking Forward

The Duff & Phelps Global Real Estate Securities Team expects cash flow and dividend growth in the global listed real estate space to accelerate further in 2022, following the COVID-19 pandemic. While global economic growth and regional property sector fundamental performance will remain varied and influenced by the impacts of the pandemic, new variants, and local policy responses, the team expects healthy underlying property fundamentals to result in an acceleration in global cash flow and dividend growth. Growth will differ on a regional basis as better positioned balance sheets of U.S. real estate companies will continue to support growth through acquisitions, development, and redevelopment while ex-U.S. companies benefit from a cyclical recovery.

From a sector perspective, secular growth drivers should continue to benefit logistics, self-storage and residential globally. However, retail, office, healthcare and lodging recoveries will continue to vary by geographic location, asset quality and customer orientation. Against a backdrop of solid demand, new supply continues to fall across global property sectors and should not be an issue in the near-term.

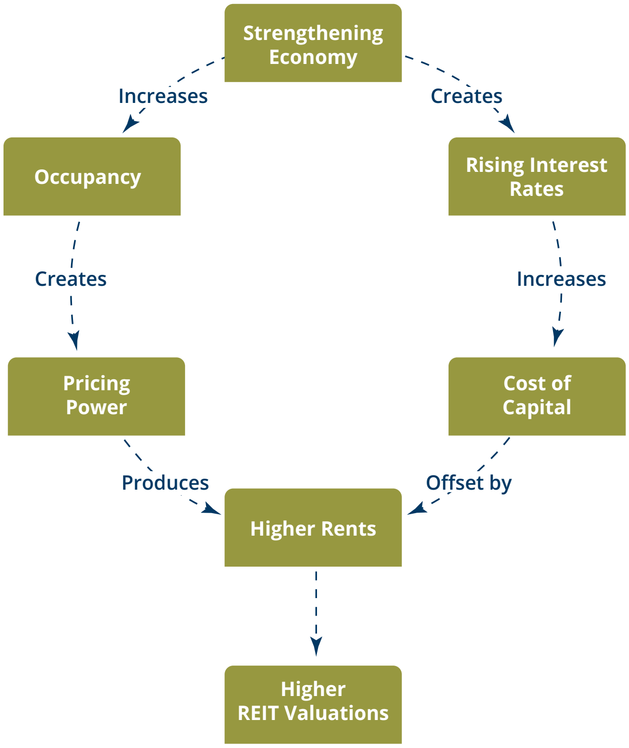
From a macro perspective, governments and central banks will begin to remove some of the fiscal and monetary support that was provided in response to the negative economic shock from COVID-19. The pace and magnitude of future interest rate increases in response to on-going and persistent inflationary pressures will have a significant influence on the pace of economic growth and markets. However, the team believes global real estate can benefit from a certain amount of higher inflation. Historically, during periods of rising interest rates and medium to high inflation, U.S. REITs have generated positive total returns and outperformed equities. In addition, the ability to raise rents, and thus cash flows, and the increase in replacement costs of the real estate itself make a strong case for REITs to perform well in a rising interest rate and inflationary environment.

Rising interest rates and inflation occur during a rebounding or strengthening economy, which in turn leads to an increasing demand for commercial real estate space. This dynamic can result in faster revenue growth through increases in occupancy and rents, which may more than offset an increase in expenses due to higher inflation. Additionally, the replacement value of their underlying real estate should increase as land values go higher and input costs increase (materials such as steel, concrete, lumber, and architectural and contractor services).

Merger and acquisition activity was robust in 2021 and should continue in 2022, though the team expects the pace to slow. Most M&A transactions announced among public companies in 2021 involved larger peers looking to increase scale and lower their cost of capital. In private transactions, on the other hand, the buyers have sought to arbitrage the difference in valuations in the private vs. the public real estate market. Given the capital that continues to be raised by private equity sponsors on a global basis, the Global Real Estate Securities Team expects acquisition activity to remain elevated and for pricing to remain competitive.

In 2022, the team expects global REITs to benefit from increased economic and employment growth, as they are well-positioned to grow their businesses

Demand Leads to Pricing Power, Which Can Outweigh Higher Capital Costs



in a post COVID recovery period. Variances in global growth trajectories offer value creation opportunities for long-term, active managers. The Global Real Estate Securities Team is particularly well suited to capitalize on these opportunities, due to their focus on high quality owner-operators of enduring commercial real estate, with solid balance sheets and proven management teams, which will benefit from the on-going improving global economic backdrop.

200 South Wacker Drive, Suite 500 | Chicago, IL 60606
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The Authors:

Geoffrey Dybas, CFA

Geoffrey P. Dybas, Executive Managing Director, heads the Duff & Phelps' Global Real Estate Securities team. He is Senior Portfolio Manager and co-founder of all dedicated REIT strategies managed by Duff & Phelps. Mr. Dybas was a corporate banker for Bank One and began his investment career in 1989. He holds a BS degree, cum laude, from Marquette University and an MBA from the Kellogg School of Management at Northwestern University.

Frank Haggerty, CFA

Frank Haggerty, Senior Managing Director, serves as Senior Portfolio Manager for all dedicated Global Real Estate Securities. Mr. Haggerty joined Duff & Phelps in 2005 after having served as a REIT portfolio manager and senior analyst for ABN AMRO Asset Management. He began his investment career in 1996. He holds a BS from Illinois State University and an MBA with distinction from the Kellstadt Graduate School of Management at DePaul University.