

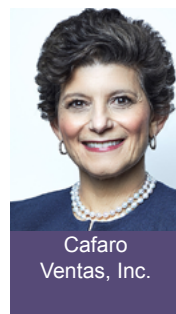
Progress & Opportunities: The Path Forward

As the representative voice for REITs and publicly traded real estate, Nareit plays a role to help advance the REIT industry's DEI efforts. Nareit's DEI strategy aims to increase the REIT industry's visibility and appeal to diverse talent and vendors through a focus on people, partnerships and philanthropy. The intent is to introduce members of underrepresented groups to the REIT and publicly traded real estate industry, develop and elevate existing talent, and create a more culturally inclusive industry.

In 2017, Nareit launched its Dividends Through Diversity, Equity & Inclusion (DDEI) Initiative specifically to address gender diversity in the industry. Since then, the DDEI Initiative has evolved to also focus on supporting the recruitment, inclusion, development, and advancement of underrepresented groups in the REIT and publicly traded real estate industry.

In 2020, Nareit created the Dividends through Diversity, Equity & Inclusion CEO Council that brings together the collective talent and expertise of 31 CEOs, representing every REIT sector, to recommend actions for industry-wide progress. Since its creation, Nareit has launched a one-of-a-kind internship program to place 45 college students from diverse backgrounds at 25 REITs in the summer of 2022.

DDEI CEO Council Co-Chairs



Additionally, Nareit began a campaign that has doubled the number of REIT CEOs committed to the CEO Action Pledge, partnered with the Real Estate Executive Council on board diversity and stepped up to support their high school pipeline program, and launched three CEO committees to make recommendations in support of each of the pillars of Nareit's strategic plan: people, partnerships and philanthropy. These steps have been taken so that the industry better reflects the tenants and communities it serves.

CEO **ACT!ON** FOR
DIVERSITY & INCLUSION



To complement the strategies that member companies are developing to promote diversity while removing existing barriers to inclusion and equity, Nareit is benchmarking where the industry currently stands with respect to its workforce development practices and their relation to DEI priorities. By tracking key performance indicators and collecting data from Nareit member REITs through an annual survey*, Nareit and its members can gain insights into the current state of DEI in the REIT industry, identify opportunities for improvement, and track progress.

*This year's survey, conducted by Nareit and Ferguson Partners, had 122 participating companies. The 106 participating companies that are U.S.-based stock-exchange listed, equity-focused REITs, in aggregate, have an equity market capitalization of nearly \$736.9 billion, which is approximately 61% of the U.S. listed equity REIT industry's equity market capitalization.

REIT leadership teams are increasingly committed to DEI. They are demonstrating that commitment by creating roles for DEI professionals and employees passionate about the topic, providing hours of employee training dedicated to DEI, collecting and sharing data, and identifying what they can do as individuals and organizations to improve.

Nareit is pleased that the REIT industry is able to show commitment and measure progress in several key areas of DEI:

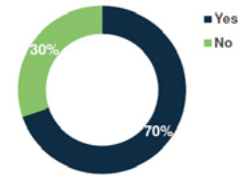
Nearly 7 out of 10 REITs Have at Least One Employee Who Focuses on DEI Practices and Policies

Encouragingly, nearly 70% of REITs have employees with DEI responsibilities – either full-time professionals or other employees who have some DEI responsibility.

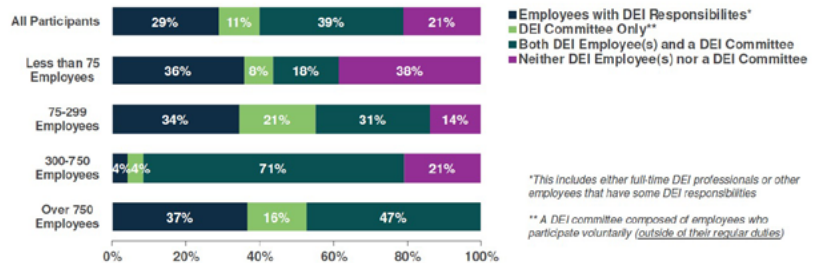
Many larger REITs (companies with 300 or more employees) have both dedicated DEI professionals and DEI committees, made up of employees who voluntarily participate in DEI-focused activities outside of their regular duties, demonstrating workforce engagement in DEI progress and accountability.

- In companies of 300-750 employees, 79% of them have employees engaged in DEI.
- In companies with more than 750 employees, 100% of them have employees engaged in DEI.

Percentage of Companies with Employees that have DEI Responsibilities



Companies with Employees that have DEI Responsibilities (by employee count)



Total Size of Employee Population Correlates to Policies on Recruiting, Retention, Promotion, and Pay Equity for Underrepresented Groups

Overall, when looking at the likelihood of implementing initiatives related to recruitment, retention, and promotion of people from underrepresented groups as well as pay equity, larger companies – with 300 or more employees – are more likely to have initiatives implemented. This is likely due to having greater resources and thus more ability to drive some of these initiatives forward.

	My organization has implemented initiatives or policies related to...			
	...recruiting or hiring more individuals from underrepresented groups	...retaining its employees from underrepresented groups	...increasing promotion rates of underrepresented groups	...ensuring pay equity
Overall	82%	68%	57%	81%
Less than 300 Employees	76%	56%	42%	76%
300 or More Employees	96%	89%	80%	89%

Goal Setting + Reporting = More Diverse REIT Boards

When the DDEI Initiative was established in 2017, the focus of the industry was to increase gender representation at REITs, particularly at the board level. After three years, the proportion of men to women new on REIT boards is similar – demonstrating progress and the impact of this collective focus by the industry.

Over the past two years, there have been gains for women of color at the board level. The number of new POC directors more than doubled in 2020. This improvement may be related to recent findings, which show that most organizations (68%) have a policy or practice related to increasing the number of individuals from underrepresented groups on the Board of Directors, and of those, 63% set goals and 63% report goals outside of the organization.

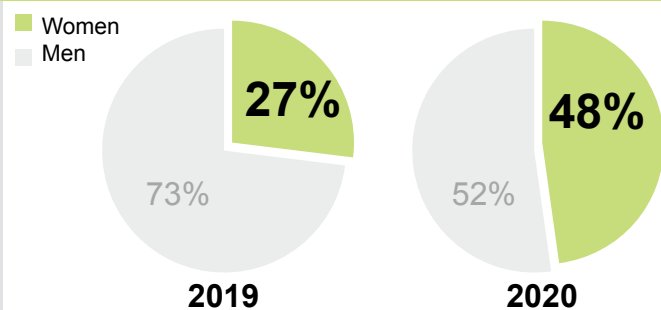
Year-Over-Year Comparison of New REIT Board Members

	2019			2020			
	Men	Women	Total	Men	Women	Non-Binary/ Non-Conforming	Total
Total	52%	48%	100%	49%	50%	1%	100%
White (Not Hispanic of Latino)	46%	41%	87%	35%	31%	1%	67%
Total POC*	6%	7%	13%	13%	18%	-	31%
Did Not Disclose/Specify			-	1%	1%	-	2%

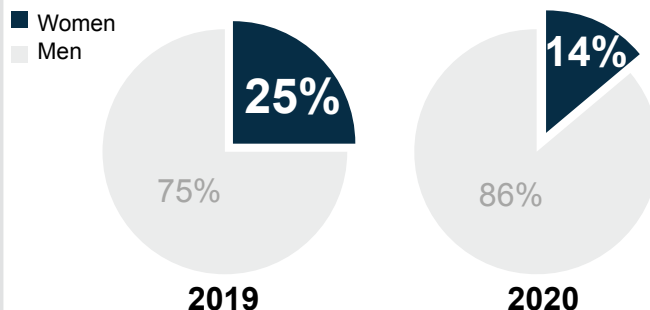
Women are Increasingly Being Promoted to or Within Executive Management

REITs appear to be making a concerted effort to retain women at the executive level, which has been a priority since the DDEI Initiative was established in 2017. This is evidenced by the increase in the percentage of women promoted to or within an executive level (27% in 2019 to 48% in 2020). Additionally, the percentage of women who departed at the executive management level decreased from 25% in 2019 to 14% in 2020.

Executive Management Women Promotions



Executive Management Women Departures



Nareit's Path Forward

Nareit firmly believes it is imperative that REITs and the publicly traded real estate industry continue to work toward greater diversity, equity, and inclusion in our workplaces, businesses, and communities.

The U.S. REIT industry – through the properties it owns and operates – supports the employment of nearly 3 million people, making our DEI action both necessary and impactful. There's more to be done and Nareit will continue to promote diversity while removing barriers to inclusion and equity across the industry. We are committed to being actively engaged and creating lasting change.

As a community of interests tied to the land and the structures on the land, REITs and the broader commercial real estate industry are increasingly coming together for collective action to enhance DEI practices.

To see the gains we expect and demand as an industry, we will continue to:

- Prioritize DEI
- Make connections between DEI policies and business objectives
- Allocate resources and talent to the advancement of DEI
- Continue to engage our workforce, executive management, and stakeholders

We are proud that REITs have taken strategic steps to advance DEI efforts in recent years, such as an increase in board representation for women and people of color, the development of professional advancement programs, the implementation of DEI reporting, and more.

In 2022, Nareit, its Executive Board, DDEI CEO Council, and other leadership groups within the REIT industry will continue to focus on DEI as a strategic priority. We will deliberately and thoughtfully work on building the visibility and appeal of the REIT industry for diverse talent and vendors through strategic partnerships and a focus on education, exposure, and opportunities. We look forward to continued partnerships with Nareit's members and other organizations to help make the REIT industry inclusive of all and equitable for all.



Nathaalie Carey
Senior Vice President, Industry
Affairs & Social Responsibility
ncarey@nareit.com