






The Case for US Multifamily

Sentinel

Investor Appeal of US Multifamily

Favorable Supply/Demand Dynamics

- Demand for rental housing being driven by all age groups
- Affordable and flexible relative to homeownership
- Nationwide US housing shortage

Defensive Investment

- One of the fastest growing real estate sectors over the past ten years
- Comprises over 30% of the US institutional real estate market
- Diverse and liquid financing market

Widely Accepted/ Liquid Market

- Stable cash flow streams
- Risk spread out over large, diverse tenant base
- 12-month leases provide inflation hedge
- Inelastic demand - less sensitive to economic cycles

Strong Historical Performance

- Strong and stable returns over the last 20 years
  - – Total annual unleveraged gross return of 6.2%[1]
  - – Durable current income of 4.7%[1]

(1) As measured by the Classic NCREIF Apartment Subindex as of December 31, 2025.

Sentinel

Characteristics of a Multifamily Investment

US institutionally-owned multifamily properties typically fall within two classifications



Typical Garden-Style Communities

- Contain between 200 and 400 units within a dozen or so two- or three-story buildings
- Generally located in suburban settings



Typical Mid-Rise/High-Rise Communities

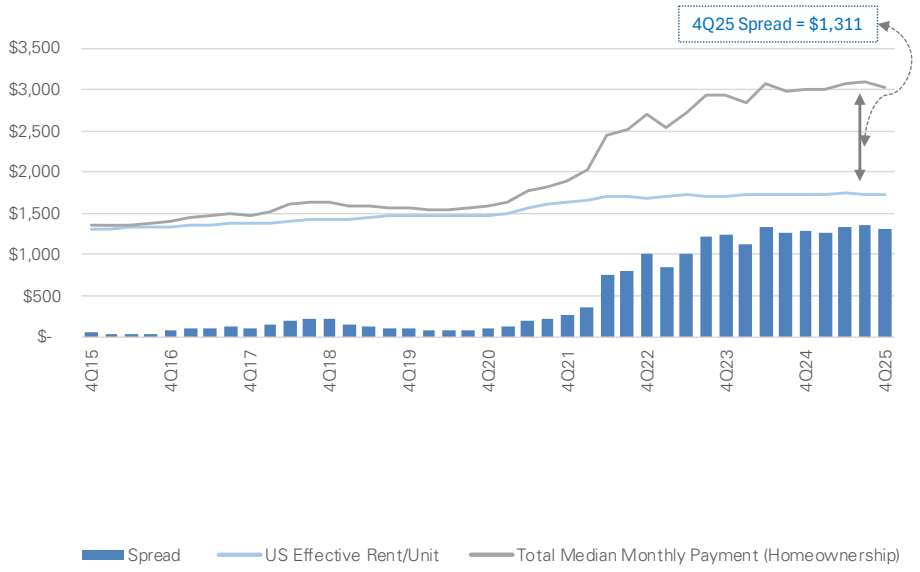
- Include 100 to 300 units within a single structure
- Primarily located in urban infill locations

- Single ownership entity owns all units within the community
- Managed through an on-site management team conducting all (i) rent collections and (ii) leasing and maintenance
- Amenities can include common areas with swimming pool/fitness center, clubhouse, business center and other resident services
- Leases generally 12 months in duration and subject to rent adjustments at the end of lease term
- Individual units rented unfurnished with tenants responsible for all utility payments

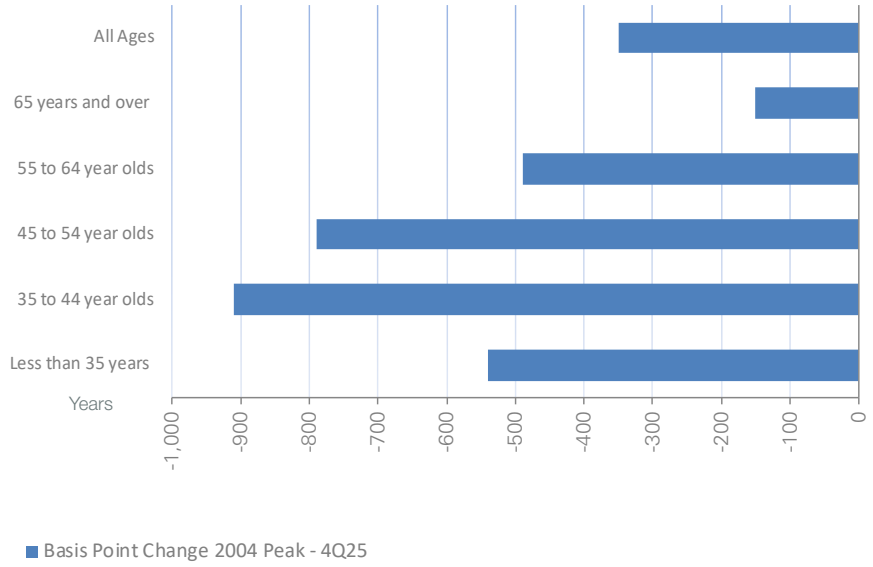
Homeownership Trends

High single-family home prices and limited inventory create barriers to homeownership

Pronounced cost gap between renting and owning has developed in recent years



Younger Americans delaying first-time home ownership



Cost of Renting Versus Homeownership

Sources: CoStar, Markets, Data Export, 4Q 2025 data file; Atlanta Federal Reserve, Home Ownership Affordability Monitor, 4Q 2025.
Note: Total Monthly Median Payments from the Atlanta Federal Reserve include Principal & Interest, Taxes, Insurance and PMI.

Change in US Homeownership by Age Cohort

Source: US Census Bureau, Latest Detailed Tables:,
Table 7: Homeownership Rates by Age of Householder. Database Accessed March 10, 2026.

Sentinel

Demand in the US Apartment Market

Renter pool continues to grow as demand for apartments is driven by all age groups

US Population and Household Growth by Age Cohort

Age of Householder	Population Growth 2014-2024	Renter Household Growth 2014-2024	Projected Population Growth 2024-2034
20 to 34	+1,965,000	+742,000	+146,000
35 to 44	+4,225,000	+872,000	+2,550,000
45 to 54	-2,956,000	-210,000	+3,762,000
55 and older	+16,742,000	+2,841,000	+10,605,000
Total	**+19,976,000**	**+4,245,000**	**+17,063,000**

- Total US renter households reached 45.3 million.
- Americans choosing to rent for wide array of reasons:
  - Affordability;
  - Sociability;
  - Flexibility;
  - Amenities;
  - Maintenance free lifestyle

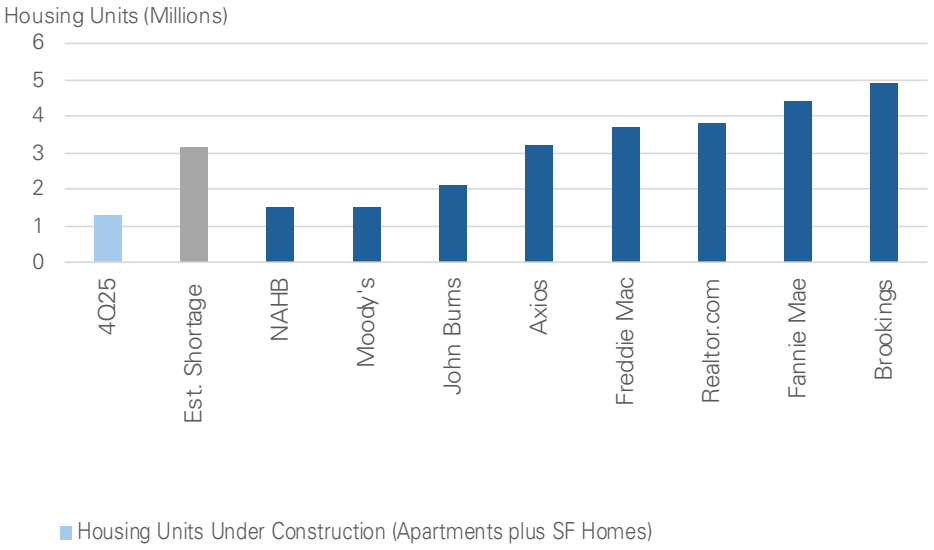
Source: US Census Bureau, Annual Estimates of the Resident Population by Sex, Age, Race, and Hispanic Origin for the United States: 2010-2019, 2020-2023, Table 12. Household Estimates for the United States, by Age: 1982 to Present, released March 18, 2025, 2023 National Population Projections Tables: Main Series.

Sentinel

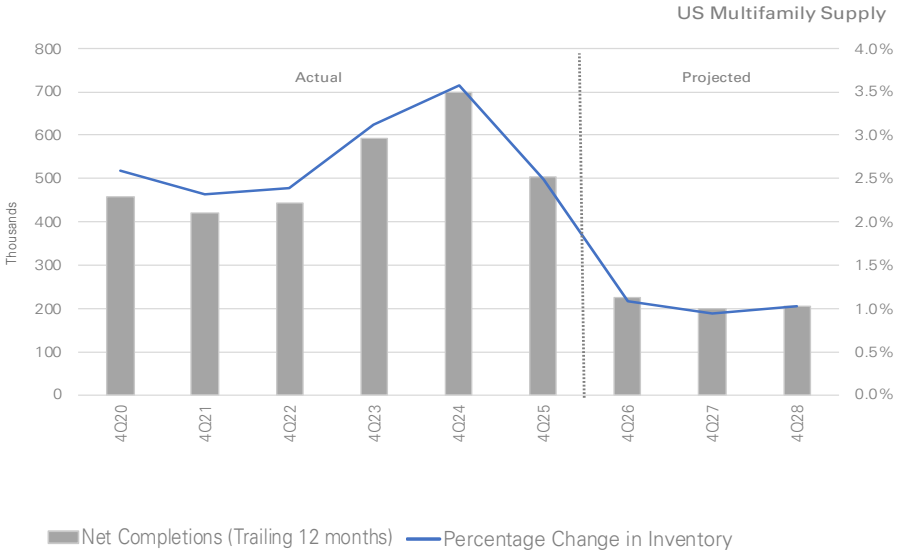
Supply in the US Apartment Market

Leading researchers estimate that the US is short roughly 3.1 million homes

The 1.3M homes currently under construction nationwide remain below the estimated short-fall in housing and current demand levels



Multifamily deliveries are forecast to fall by 55.4% in 2026 and an additional 10.4% in 2027-2028



Current Housing Deficit Estimates by Firm

Multifamily Units Delivered (Thousands)

Sources: US NAHB, Blueprint to Address the Housing Affordability Crisis, released January 2025; Moody's, Highlights From This Week in CRE, released January 26 2024; John Burns Research and Consulting, Dear Consultant: How do we get more inventory so that the housing market has more slack?, released April 17, 2024; Axios, America's Housing shortage explained in one chart, released December 16, 2023; Business and Media (nowbam.com) Housing Gap Hits 7.2 Million After More than a Decade of Underbuilding , released February 29, 2024 (Fannie Mae, Freddie Mac); Realtor.com, It Will Take 7 Years To Fix the Housing Shortage at Current construction Pace, Economists Say, released March 10, 2025; Brookings, Make it Count: Measuring our housing supply shortage, released November 26, 2024; U.S. Census Bureau and U.S. Department of Housing and Urban Development, New Privately-Owned Housing Units Under Construction: Total Units, retrieved from FRED, March 1, 2026.

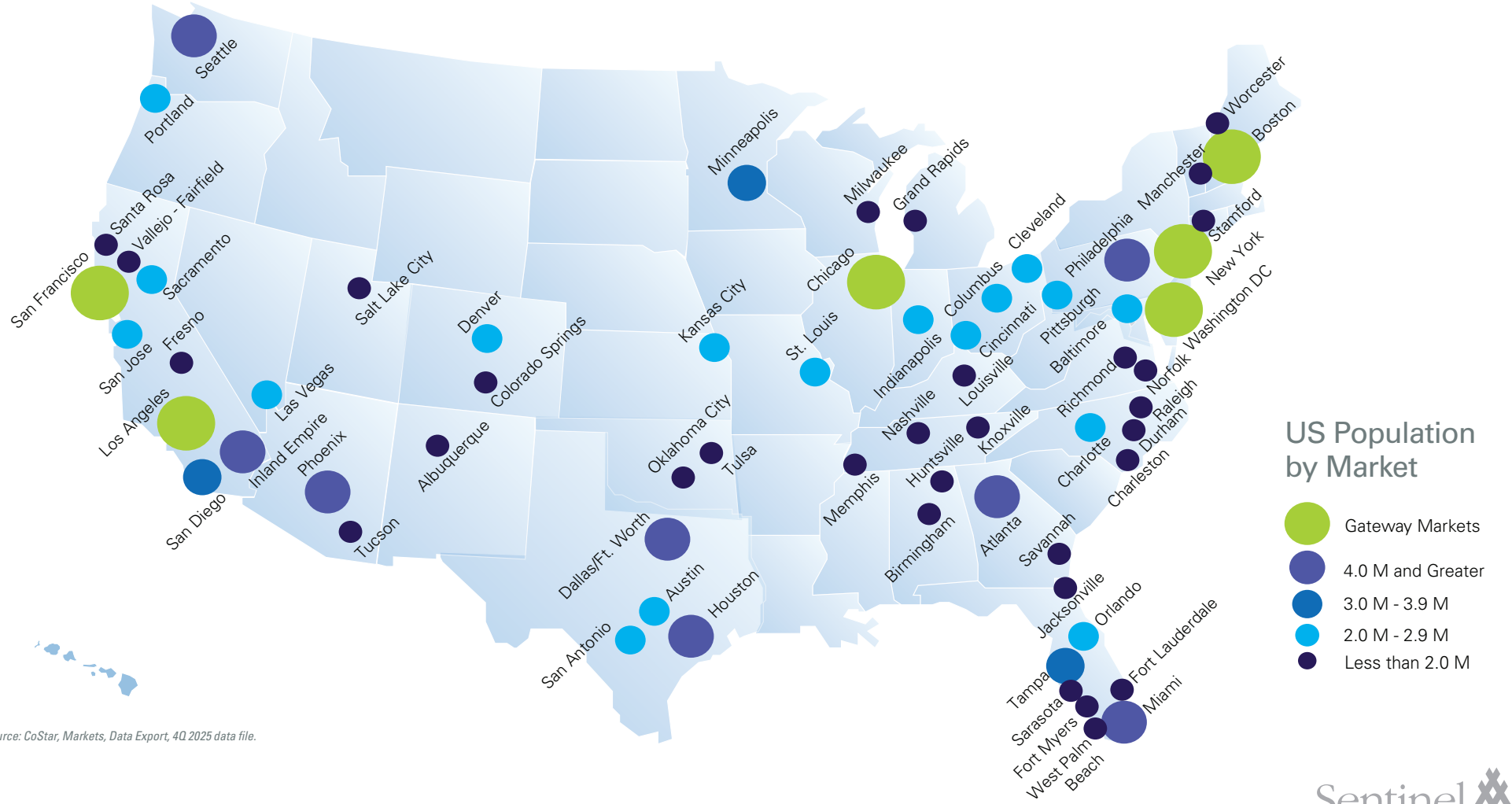
Source: CoStar, Markets, Data Export, 4Q 2025 data file.

Sentinel

Widely Accepted and Liquid Market

Institutional investment opportunities exist in a diverse number of markets nationwide

There are approximately 14.6 million institutional-quality apartment units located in 65 Metropolitan Statistical Areas (MSAs) across the United States[1].



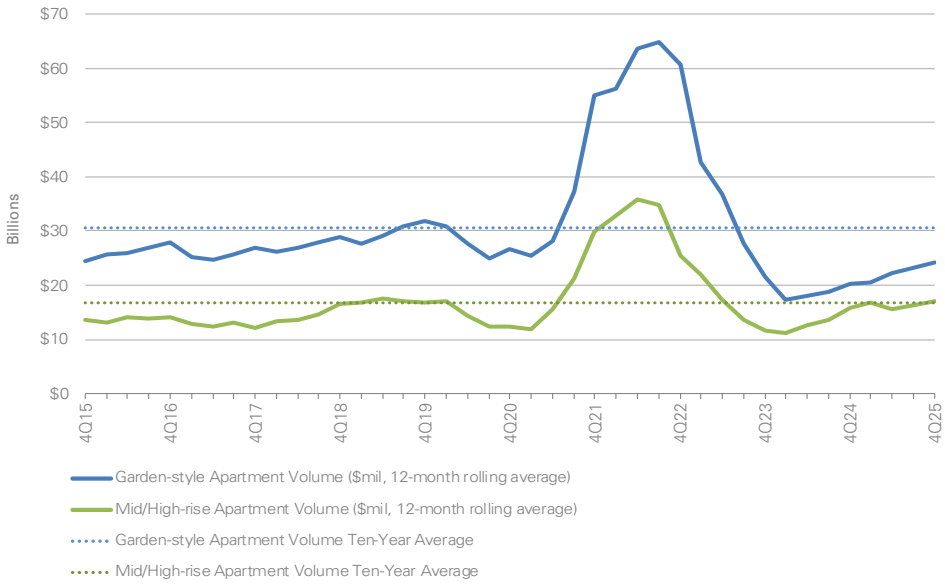
(1) Source: CoStar, Markets, Data Export, 4Q 2025 data file.

Sentinel

US Transaction Market Update

US multifamily investment activity is rebounding as pricing expectations realign and buyer confidence improves

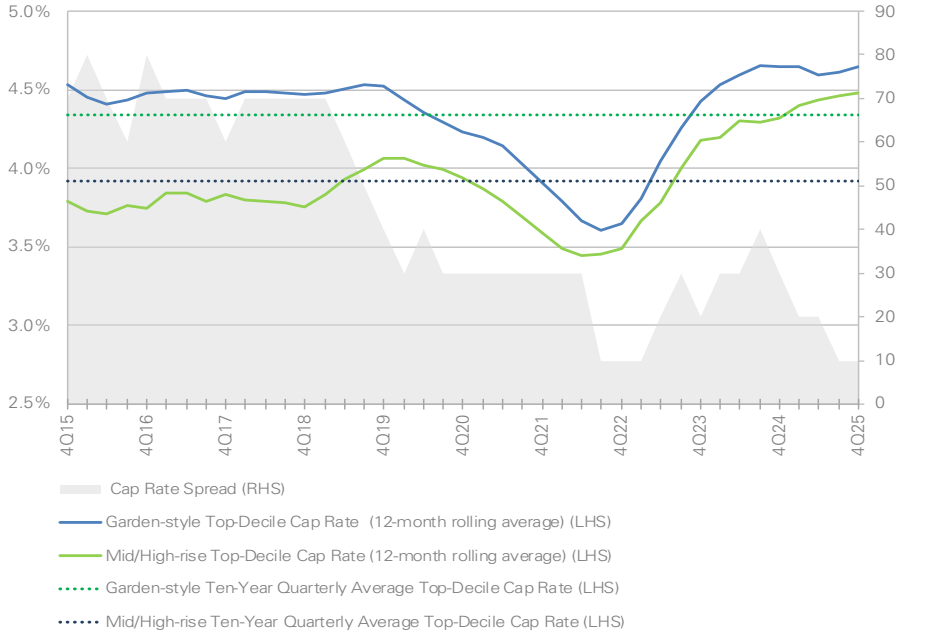
Transaction volumes are trending higher across garden-style as well as mid-rise and high-rise properties



US Transaction Volume

Source: MSCI Real Capital Analytics (RCA), TrendTracker database, 4Q 2025 data file.

Buyer sentiment for top-tier US multifamily assets is improving as increased competition drives pricing higher



US Multifamily Cap Rates

Source: MSCI Real Capital Analytics (RCA), TrendTracker database, 4Q 2025 data file.

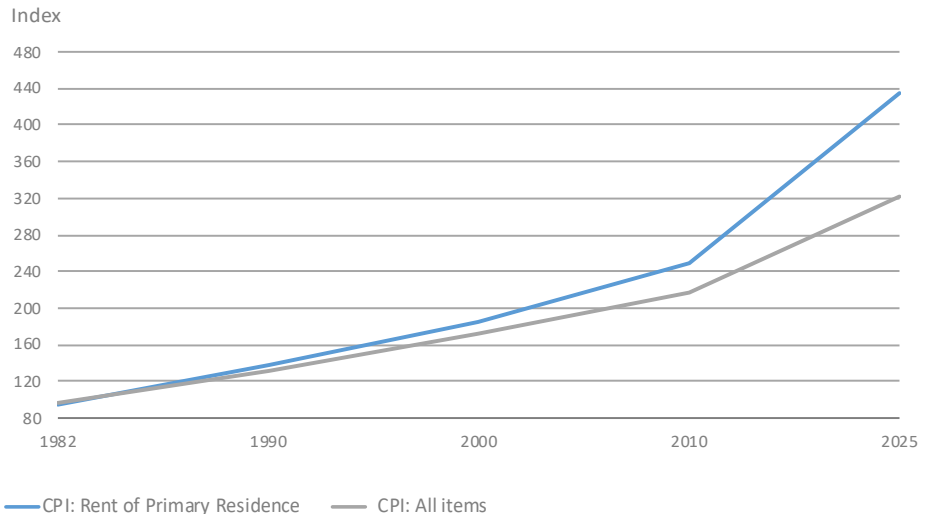
Sentinel

Defensive Characteristics of Apartments

Investors are increasingly viewing the apartment industry as a "defensive investment" because living accommodations are an essential consumer product

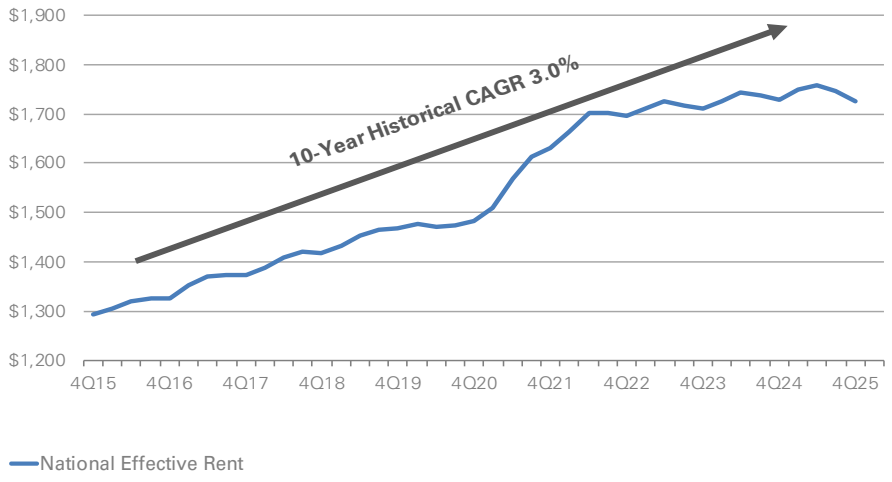
- **Tenant Diversification:** Cash flows from multifamily investments benefit from income sources spread over a large number of tenants, with no large single-tenant exposure and no major re-tenanting or renewal expenditures.
- **Inflation Protection:** Lease terms range from six to 12 months, providing a viable inflation hedge and the ability to frequently adjust rental rates.
- **Portfolio Diversification:** Institutional multifamily assets are generally priced around $100 million, providing greater asset diversification across multiple markets and across variations in apartment community size within a given portfolio.

US Rent Growth vs. Inflation



Source: Federal Reserve Bank of St. Louis, Consumer Price Index for All Urban Consumers: All Items in US City Average, Rent of Primary Residence in US City Average, Index 1982-1984=100, Annual, Seasonally Adjusted. Database accessed March 4, 2026.

National Effective Rents



Source: CoStar, Markets, Data Export, 4Q 2025 data file.

Sentinel

Return Profile of Multifamily Housing

Garden-style apartment communities located in secondary markets have outperformed high rise product located in Gateway markets over the long term

- Average annualized total gross return of 6.2% over the last 20 years as of December 31, 2025, through numerous market cycles.
- The supply-demand fundamentals underlying multifamily performance have operated independently from the overall US economy resulting in limited correlation to GDP growth.

Gateway and Secondary Market Performance

		Gross Income Return	Unrealized Appreciation Return	Total Gross Return
1-Year	Apartment Subindex	4.47%	0.88%	**5.39%**
	Gateway Markets	4.54%	1.86%	**6.48%**
	Secondary Markets	4.42%	0.19%	**4.61%**
3-Years	Apartment Subindex	4.31%	-4.46%	**-0.30%**
	Gateway Markets	4.28%	-3.95%	**0.20%**
	Secondary Markets	4.33%	-4.83%	**-0.67%**
5-Years	Apartment Subindex	4.08%	0.83%	**4.94%**
	Gateway Markets	3.94%	-0.61%	**3.33%**
	Secondary Markets	4.18%	1.91%	**6.16%**
10-Years	Apartment Subindex	4.19%	0.93%	**5.15%**
	Gateway Markets	3.95%	-0.22%	**3.73%**
	Secondary Markets	4.38%	1.82%	**6.26%**
20-Years	Apartment Subindex	4.67%	1.50%	**6.22%**
	Gateway Markets	4.28%	0.78%	**5.08%**
	Secondary Markets	4.97%	2.08%	**7.12%**

Apartment Performance by Building Height

		Gross Income Return	Unrealized Appreciation Return	Total Gross Return
1-Year	Apartment Subindex	4.47%	0.88%	**5.39%**
	1-3 Floors	4.60%	0.44%	**5.07%**
	4-6 Floors	4.40%	0.73%	**5.16%**
	7+ Floors	4.41%	1.29%	**5.74%**
3-Years	Apartment Subindex	4.31%	-4.46%	**-0.30%**
	1-3 Floors	4.48%	-4.47%	**-0.15%**
	4-6 Floors	4.26%	-4.46%	**-0.34%**
	7+ Floors	4.19%	-4.48%	**-0.42%**
5-Years	Apartment Subindex	4.08%	0.83%	**4.94%**
	1-3 Floors	4.37%	2.73%	**7.18%**
	4-6 Floors	4.07%	0.90%	**5.00%**
	7+ Floors	3.84%	-0.86%	**2.96%**
10-Years	Apartment Subindex	4.19%	0.93%	**5.15%**
	1-3 Floors	4.63%	2.70%	**7.43%**
	4-6 Floors	4.15%	0.98%	**5.15%**
	7+ Floors	3.83%	-0.67%	**3.14%**
20-Years	Apartment Subindex	4.67%	1.50%	**6.22%**
	1-3 Floors	5.09%	2.29%	**7.46%**
	4-6 Floors	4.53%	1.72%	**6.31%**
	7+ Floors	4.18%	0.94%	**5.15%**

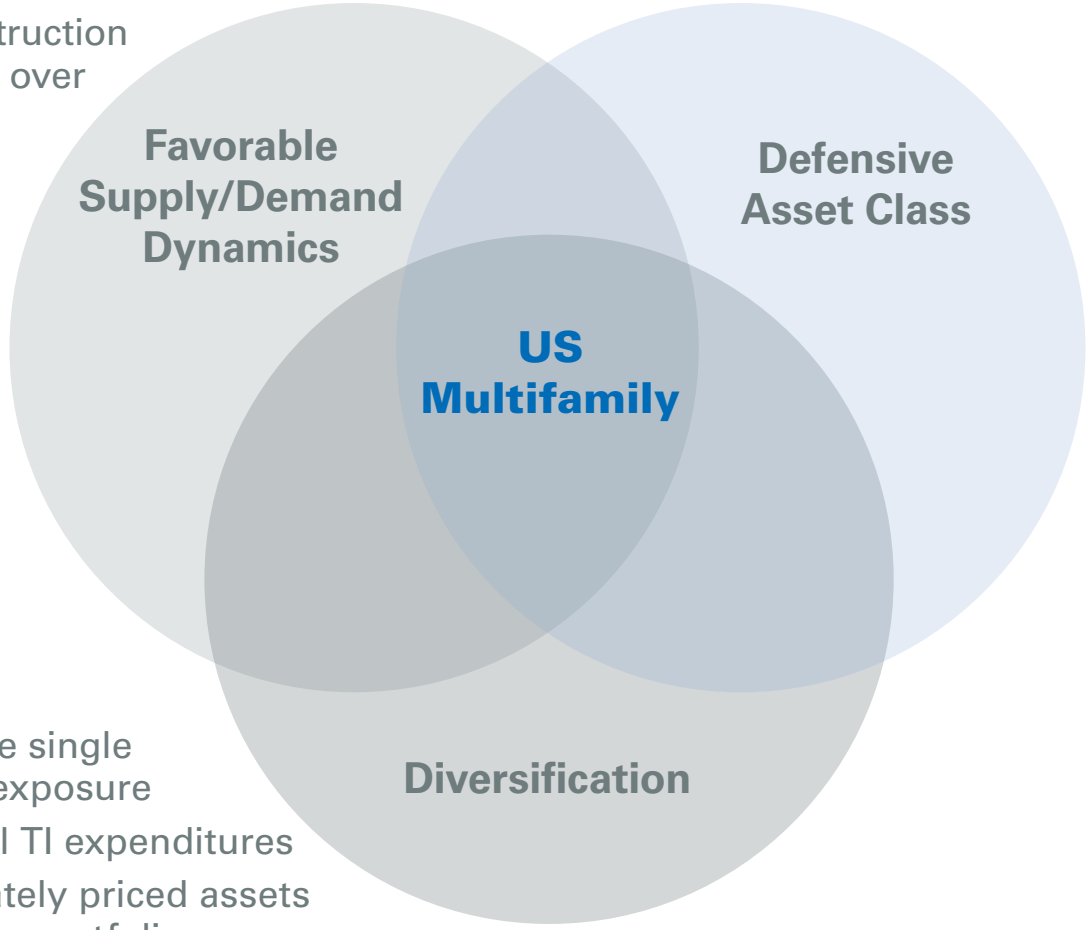
Gateway Markets are Boston, Los Angeles, San Francisco, Washington DC, New York and Chicago. All others are considered Secondary Markets. Returns shown above are in the Classic NCREIF Apartment subindex and are unlevered.
Sources: NCREIF, US Bureau of Economic Analysis (BEA).

Sentinel

US Multifamily Market Opportunity

Apartments have been one of the fastest growing institutional real estate sectors over the past ten years

- Residential construction historically weak over the past decade
- Homeownership becoming increasingly unattainable



- Strong demographics underly the sector
- Stable cash flow streams
- 12-month leases provide inflation hedge

- No large single tenant exposure
- Minimal TI expenditures
- Moderately priced assets allow for portfolio diversification

Sentinel