PGIM REAL ESTATE

NOVEMBER 2024 | INVESTMENT RESEARCH

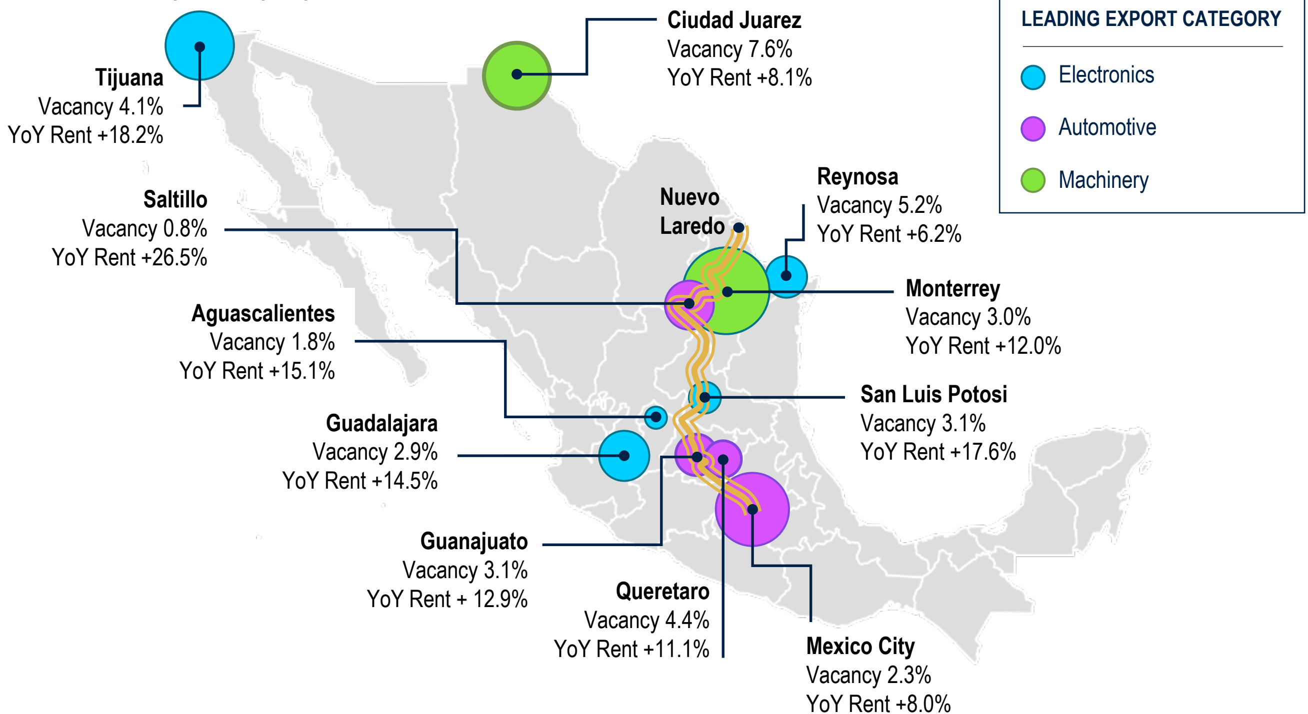
Industrial Real Estate: The Case For Mexico

Executive Summary

- Mexico industrial rent growth is surging and we expect it to continue – even after impressive rent uplift
- Nearshoring needs and the USMCA elevated Mexico as an important manufacturing location for U.S. demand, supporting ongoing expansion and industrial demand
- Mexico's country risk premium and expected rent growth have increased over two years, balancing each other and supporting fair market pricing today
- The incoming Trump administration will push for higher trade barriers with Mexico (see page 4 for more background), raising downside risks to our base case outlook for high rent growth and investor demand

Mexico Industrial Market Fundamentals Are Booming

Rent and Vacancy Rates by City (As of September 30, 2024)



Forecasts are not guaranteed and may not be a reliable indicator of future results.
Sources: CBRE, PGIM Real Estate. As of November 2024.

For Professional and Institutional Investors only. All investments involve risk, including the possible loss of capital.

The Case For Mexico Industrial

In PGIM Real Estate's 2022 whitepaper, "The Case for Industrial Real Estate in Mexico," we made three main predictions:

1. Manufacturers will continue to invest in Mexico, establishing increasingly sophisticated supply chains that will require more leased industrial space;
2. The shift toward higher value-add production will increase manufacturers' ability to pay higher rents to lease industrial space; and,
3. Industrial real estate is attractively priced relative to other geographies including the United States, making it a compelling destination for cross-border capital.

Two years later, the high expectations for rent growth and returns have been exceeded. Rents are up more than 39% since 2022 (**Exhibit 1**) and institutional investors have put billions of U.S. dollars to work.

With our 2022 thesis proved true, the purpose of this paper is to answer the question: does Mexico industrial still offer compelling value for investors?

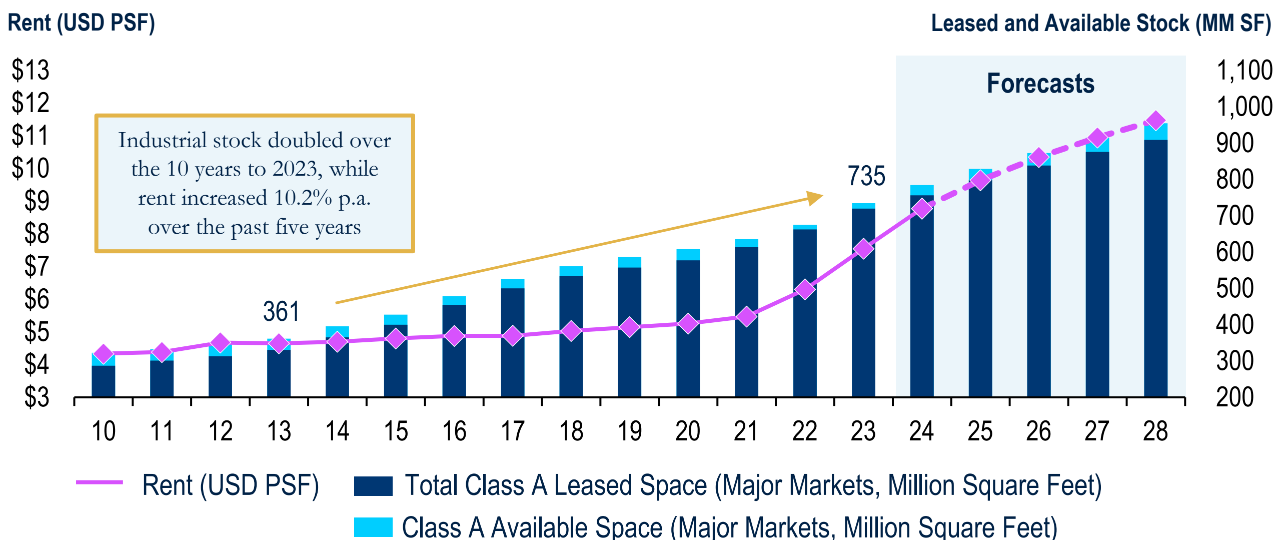
Our answer is yes, for three reasons:

1. Industrial real estate fundamentals in Mexico are compelling, offering double-digit rent growth in dollar-denominated leases and accelerations in leasing by high-quality tenants.
2. Mexico is uniquely well suited for manufacturing goods for exports to the United States, supported by proximity, free trade agreements and U.S.-China decoupling.
3. High expected rent growth more than compensates for cap rate compression of 50 basis points since 2022, and an increase in Mexico's country risk premium.

This paper discusses each of these reasons Mexico industrial makes sense, organized into three sections:

- **Rent Growth**: Still Room to Run
- **Nearshoring**: Why Momentum Continues
- **Pricing**: Compelling Risk-Adjusted Returns

Exhibit 1: Rapid Rent Growth for Mexico Industrial



Forecasts are not guaranteed and may not be a reliable indicator of future results.
Sources: CBRE, PGIM Real Estate. As of November 2024.

For Professional and Institutional Investors only. All investments involve risk, including the possible loss of capital.

1. Industrial Real Estate: The Lay of the Land

Class A industrial inventory in Mexico's leading markets totals 770 million square feet, less than half the size of the U.S. industrial universe relative to population or output. Geographically, Mexico's industrial inventory is clustered in markets on the U.S. border, such as Tijuana and Ciudad Juarez, and Mexico's "Golden Triangle," which covers the region from Monterrey in the North to Mexico City, and west to Guadalajara (**Exhibit 2**).

In many markets, available space is in short supply (**Exhibit 4**). Class A vacancy is below 4% in six of the eight markets in focus, and only 2.3% in Mexico City.

As of third quarter 2024, these markets had 45 million square feet in new construction underway, the same as a year ago. The estimated times to fully lease this new supply underway range from six months in Monterrey to 11 months in Ciudad Juarez.

The surging demand and limits on new supply have resulted in rapid rent growth, currently running at more than four times the pace in the U.S. and forecast to grow by nearly 7% p.a. over 2025-28 (**Exhibit 5**).

Across markets over the past five years, rents have increased by as much as an 11.2% CAGR in Monterrey to a 6.3% CAGR in the Bajío; and rents in many major markets are growing at double-digit rates over the year to third quarter 2024 (**Exhibit 6**).

Backed by decades of specialization, Mexico concentrates in higher-skilled and more technical manufacturing, where occupiers tend to be more likely to remain in place. **Tenants signing leases include advanced international manufacturers such as Stellantis, Toyota, Tesla, General Motors, Foxconn, Honeywell, retailers such as Inditex (Zara), as well as traditional logistics users like DHL.** Mitigating currency risk, institutional leases are customarily paid in U.S. dollars.

While the USMCA supports manufacturing in Mexico, auto industry demand may slow under the threat of tariffs by U.S. President Trump (see box). Concentrated in the markets of Monterrey, Ciudad Juarez and Saltillo, 68% of nearshoring absorption was driven by automotive industry tenants.

Exhibit 2: Five Markets Dominate Mexico's Class A Industrial Inventory

Industrial Inventory (MM SF)

Vacancy Rates (3Q 2024)

Market	Vacancy
BORDER MARKETS	
Tijuana	4.1%
Ciudad Juarez	7.6%
Reynosa	5.2%
BAJIO REGION	
San Luis Potosi	3.1%
Guanajuato	3.1%
Queretaro	4.4%
Aguascalientes	1.8%
INLAND MANUFACTURING HUBS	
Saltillo	0.8%
Monterrey	3.0%
Guadalajara	2.9%
Mexico City	2.3%

Sources: CBRE, PGIM Real Estate. As of November 2024.

For Professional and Institutional Investors only. All investments involve risk, including the possible loss of capital.

REF: 015400

Outlook for Manufacturing, Trade and Tariffs

Since U.S. President Donald Trump's first administration began in 2017, Mexico has grown its share of imports to the United States in numerous categories (**Exhibit 3**) due to its advantages over China and other alternatives. **Nearshoring-related demand has accounted for 40% of gross absorption in Mexico since 2020, supported not only by the USMCA[1], but also by Mexico's advantages of low wages, lower transport costs compared to transoceanic shipping and shared time zones with the United States.**

While it is early to specify where tariffs on Mexico's exports to the United States could land, we assess a range of scenarios.

1. The USMCA continues with only minor changes, drawing in a new wave of manufacturing investment that supports further rent growth. This scenario is likely if the Trump administration decides to focus its most strict trade barriers on China.

2. The USMCA is renewed with major changes, making investment in the United States more profitable than it is now. Investment into Mexico manufacturing continues, but the pace is lower than it's been since 2020. This scenario would cause us to downgrade our expectation of rent growth, but still remain positive.

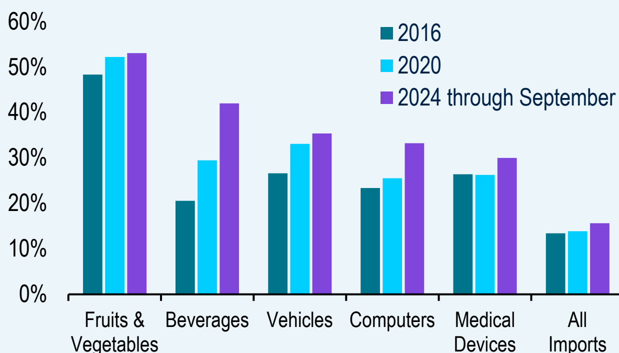
3. The USMCA is allowed to expire in 2026, and the United States imposes unilateral tariffs on goods coming from Mexico regardless of origin. In this scenario, we would more significantly downgrade rent growth and pricing expectations, since many manufacturers would delay or abandon expansion plans due to both higher direct costs and ongoing policy uncertainty.

Our view is that scenarios one or two are more likely than three at this points since the United States benefits in many ways from the economic stability of a contiguous country. But we acknowledge the high tail risks of scenario three, and if in the coming months that becomes a more likely central scenario, we would lower our rent growth forecasts and could increase our country risk premium to compensate.

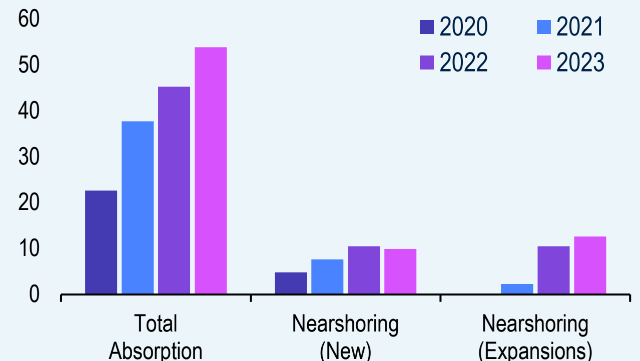
This would be most impactful to three markets: Monterrey, Ciudad Juarez and Saltillo, which have received 70% of Mexico's nearshoring absorption since 2020.

Exhibit 3: Mexico's Share of U.S. Imports

Mexico's Share of U.S. Imports (Selected Categories)



Nearshoring Share of Gross Absorption (Millions of Square Feet)



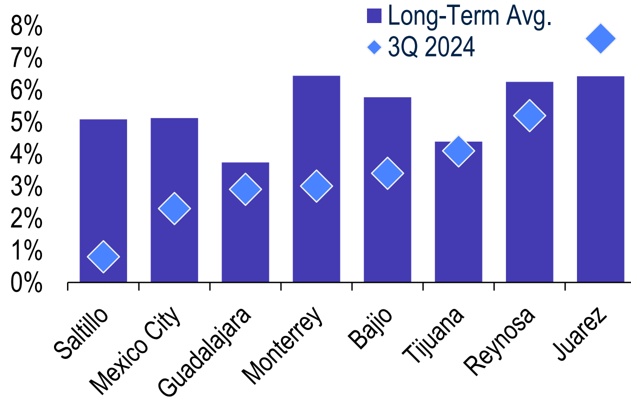
Sources: U.S. Census Bureau, CBRE, PGIM Real Estate. As of November 2024.

[1] The first Trump administration also negotiated the United States-Mexico-Canada (USMCA) trade agreement of 2020. While similar in many ways to the NAFTA agreement that preceded it, it uniquely has a "review clause" requiring all three countries to re-sign the agreement in 2026. The failure of one or more countries to re-sign would start a negotiating process that would amend or potentially end the agreement. The United States is highly unlikely to re-sign the agreement without changes.

For Professional and Institutional Investors only. All investments involve risk, including the possible loss of capital.

Exhibit 4: Vacancy Well Below Long-Run Norms

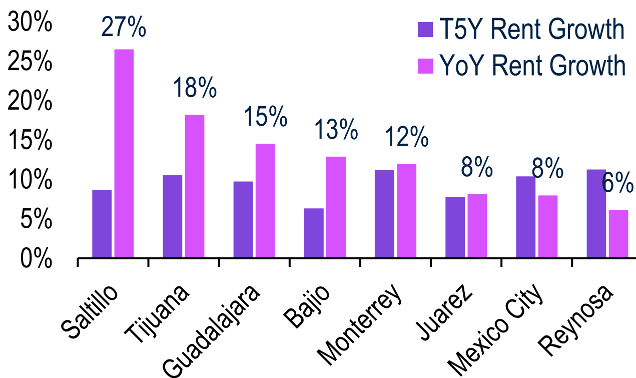
Vacancy Rate by Market



Sources: CBRE, PGIM Real Estate. As of October 2024.

Exhibit 5: Robust Rent Growth Across Markets

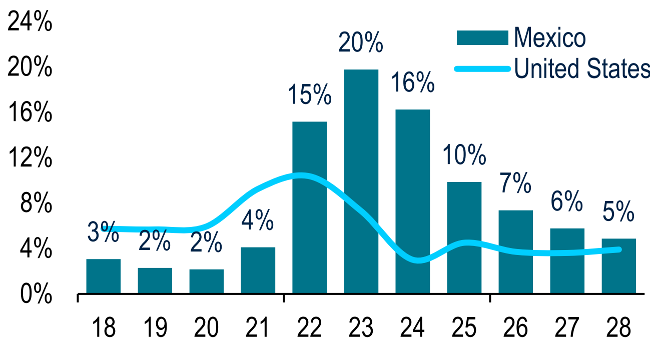
YoY and Trailing 5-Year Rent Growth by Market (%)



Sources: CBRE, PGIM Real Estate. As of October 2024.

Exhibit 6: Rent Growth Is Over 4x the United States

YoY Rent Growth (%)



Sources: CBRE, PGIM Real Estate. As of November 2024.

Forecasts are not guaranteed and may not be a reliable indicator of future results.

Rent Gains Are Forecast to be Robust

We expect the electronic, machinery, medical device and automotive industries (both traditional internal combustion engine and electric vehicles) will continue to expand in Mexico's leading manufacturing hubs, generating high single-digit rent growth in U.S. dollar-denominated leases, with quality tenant credit comparable to, and tenant retention superior to, typical tenants in U.S. industrial properties.

In fact, **the manufacturing demand drivers and the tightness of market fundamentals suggest that industrial occupiers in Mexico could easily lease more space than the construction pipeline holds**. Based on reports from AMPIP and BBVA Research, we believe the limiting factors are actually the prevailing infrastructure constraints such as energy availability, water shortages and security considerations.

Industrial owners could have potential pricing power for quite some time, particularly if infrastructure and energy constraints limit the amount of suitable space that can be brought online in response to manufacturers' unmet demand.

Sources: CBRE, PGIM Real Estate. As of November 2024.

For Professional and Institutional Investors only. All investments involve risk, including the possible loss of capital.

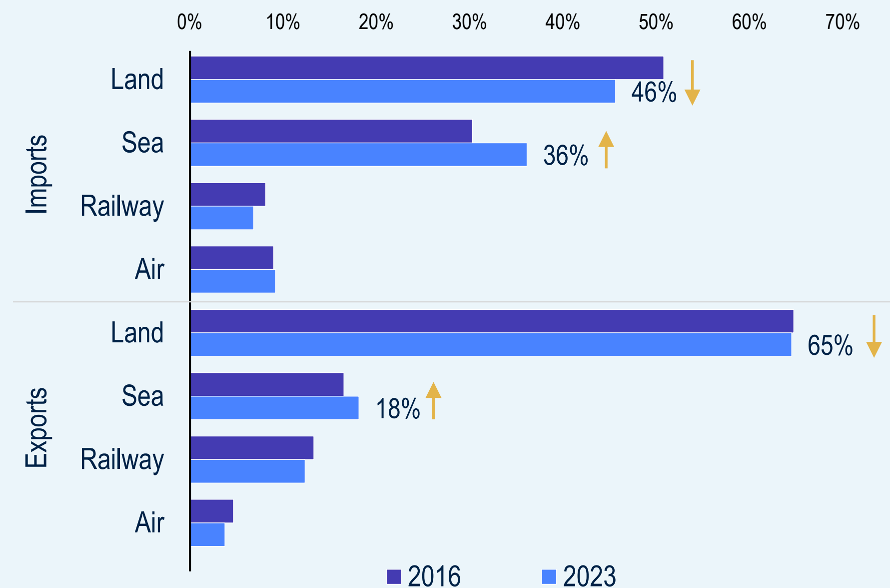
Mexico's Ports

An interesting contrast between Mexico and the U.S. is that historically, Mexico's investable industrial universe does not include its port markets. Because Mexico's economy relies more on manufacturing, and less on consumption, than the U.S., intermediate goods for manufacturing comprise more of its imports, and as **Exhibit 7** shows, more of its trade is by land than by sea (or air).

Instead of receiving inbound shipments of furniture, iPhones, apparel and electronics by air freight or container ship, most of Mexico's imports are primary inputs, arriving by sea, or unfinished intermediate goods, arriving by sea or land (83% via road) from the United States. And although more inbound containers are arriving at all four of Mexico's main ports (Manzanillo and Lazaro Cardenas on the west coast; Veracruz and Altamira on the east)[3], Mexico's investable industrial footprint is largely in the inland manufacturing hubs such as Monterrey, the Bajío, Tijuana and Ciudad Juarez.

Exhibit 7: Land Links Dominate

Mexico's Trade Flow by Link



Sources: UN Comtrade, PGIM Real Estate. As of November 2024.

[3] Boxes piling into Mexican ports – but then piling up - The Loadstar.

For Professional and Institutional Investors only. All investments involve risk, including the possible loss of capital.

2. Nearshoring: More Room to Run

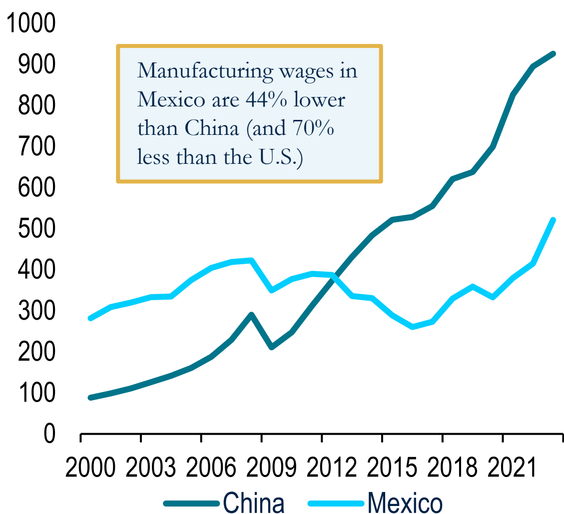
Additionally, from 2020 the effect of geopolitical tension along with worldwide shipping problems and China's hard closure during the COVID-19 pandemic contributed to support supply chain relocations and resilience-building (also known as nearshoring) (**Exhibit 8**).

Corporate decision-makers around the world consider multiple factors when deciding where to locate manufacturing facilities, including:

- input costs and proximity to suppliers
- wage rates and access to skilled labor
- currency exchange rates and tax differences
- geopolitical risk and intellectual property protection
- evolution of the existing supply chain ecosystem
- proximity to customers
- quality of physical infrastructure

Exhibit 9: Mexico Offers Skilled Manufacturing Labor at Costs Lower Than China

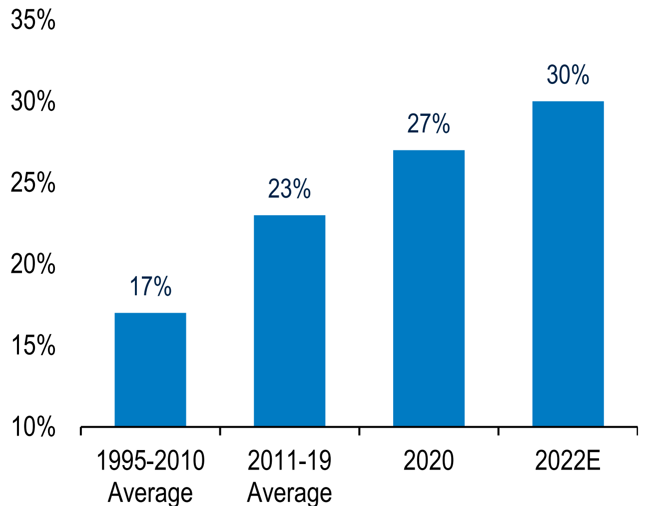
Manufacturing, Average Monthly Earnings (US$)



Sources: International Labor Organization, Oxford Economics, PGIM Real Estate. As of November 2024.

Exhibit 8: Mexican Manufacturing Ever Better Integrated in Global Value Chains

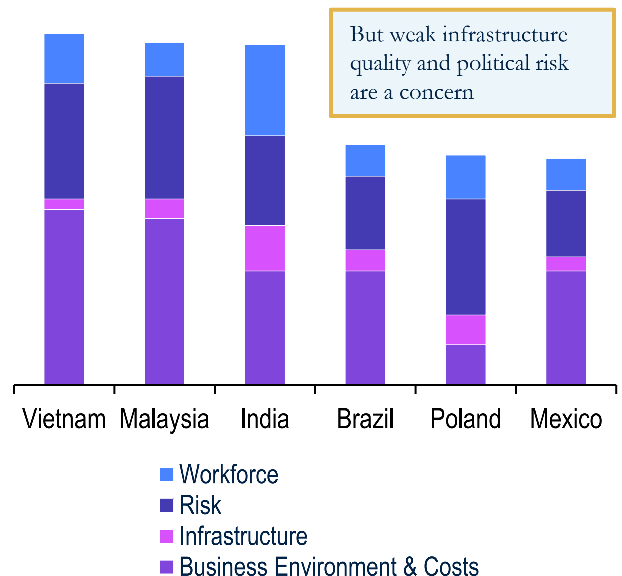
Share of Domestic Value-Added Embodied in Foreign Final Demand



Sources: OECD Statistics working papers, Nowcasting Trade in Value-Added Indicators, September 2023, PGIM Real Estate. As of October 2024.

Exhibit 10: U.S. Market Access Underpins Mexico's Manufacturing Appeal, Overcoming Infrastructure & Risk

Manufacturing Attractiveness Factors



Sources: International Labor Organization, Oxford Economics, PGIM Real Estate. As of November 2024.

Forecasts are not guaranteed and may not be a reliable indicator of future results.

For Professional and Institutional Investors only. All investments involve risk, including the possible loss of capital.

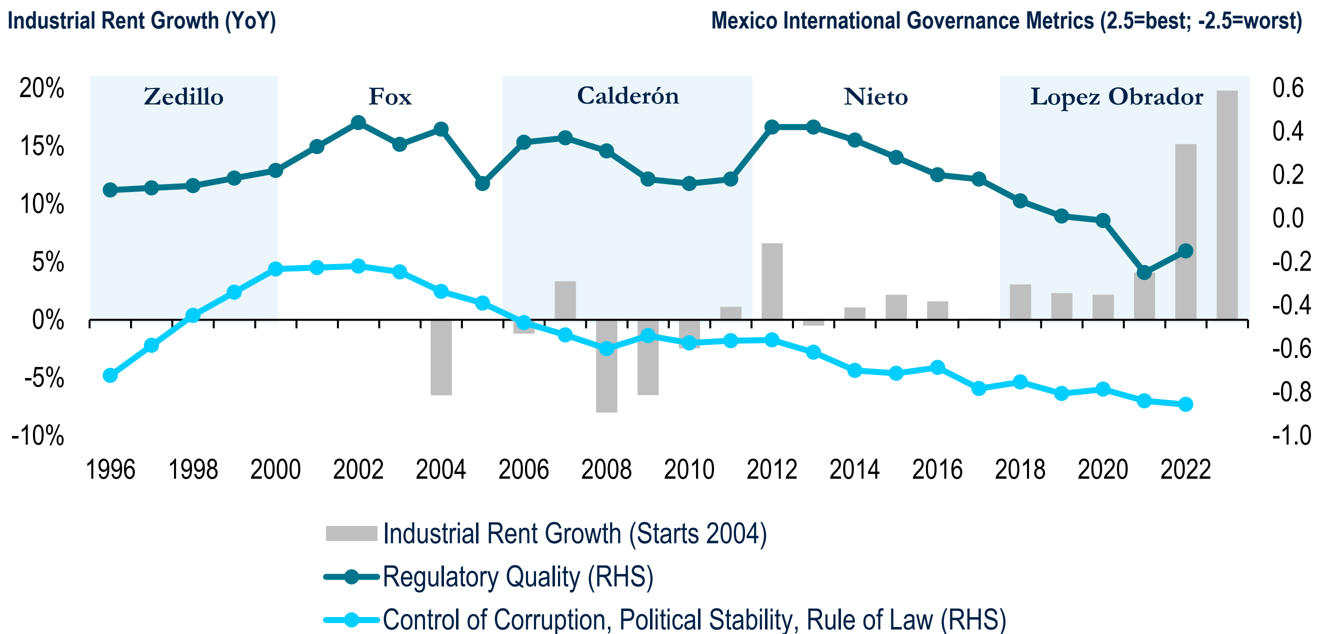
As Mexico continues to advance its scores in manufacturing league tables, hurdles remain. Even though manufacturing wage bills are cheaper in Mexico than in China (**Exhibit 9**), weakness in the quality of physical infrastructure remains a disadvantage, where Mexico's score is low and improvement is frustratingly slow (**Exhibit 10**).

And even though Mexico is rated ahead of alternatives like China on factors like intellectual property protection and geopolitical stability, the judicial sector reform decisions taken by former President Lopez Obrador have raised many concerns. Mexico's 2024 election ushered in a political supermajority, leading to passage of a reformed system for selecting judges in popular elections.

This controversial measure is expected to lead to two rounds of popular elections for ~7000 judges, beginning in 2025, and has chilled inbound foreign direct investment in recent months.

We believe that industrial real estate is among the primary winners in Mexico's nearshoring phase (**Exhibit 11**). **Over the past decades, Mexico's regulatory quality has dropped in international comparisons, but industrial rents have grown despite the macro governance challenges**.

Exhibit 11: Mexico Industrial Rent Growth Under EPN & AMLO Outperformed Slides in International Governance



Sources: World Bank, CBRE, theglobaleconomy.com, PGIM Real Estate. As of November 2024.

For Professional and Institutional Investors only. All investments involve risk, including the possible loss of capital.

3. Liquidity and Pricing: Compelling Risk-Adjusted Returns

Fundamentals are compelling. But liquidity is low. Mexican industrial real estate sales, tracked by MSCI, averaged roughly $1 billion annually over the past 10 years, making the market difficult for large investors to access.

Pricing is also difficult to discern with accuracy and timeliness, first because portfolio trades accounted for more than 85% of transaction volume over the past 10 years (**Exhibit 12**); and second because Mexico's sometimes cumbersome closing procedures introduce a time lag of at least several months between the point when a deal is negotiated, the capitalization rate calculated and agreed, and when it closes and may become known to others.

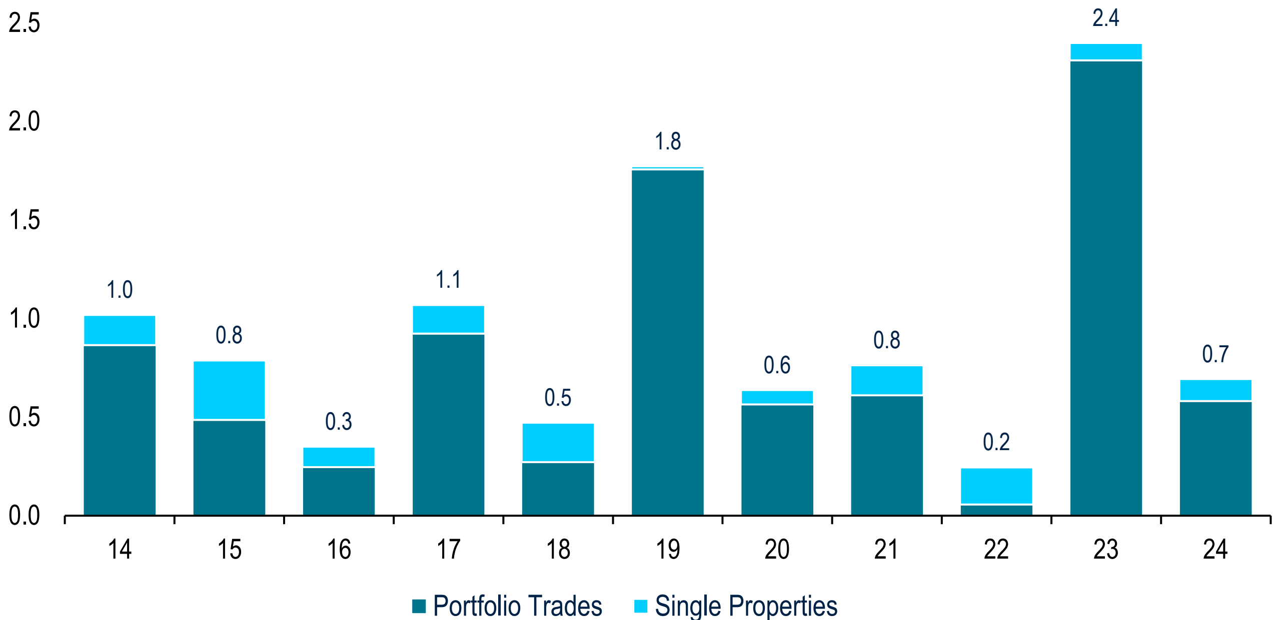
Mexico's listed FIBRAs (or REITs) are now a major source of liquidity for international investors. Over the 10 years to 2023, FIBRAs were the purchasers of more than 60% of Mexican industrial real estate, versus inbound cross-border capital of 16%.

As the market continues to evolve with an increasing number of participants in the buyers' universe, **the FIBRAs' surge (along with international buyers) contributes to an improving exit risk profile.**

Mexico's listed FIBRAs (or REITs) are now a major source of liquidity for international investors.

Exhibit 12: Portfolio Trades Are Most of Mexico's Transaction Volume

Mexico Industrial Liquidity ($US Billions)



Sources: MSCI Real Capital Analytics, PGIM Real Estate. As of November 2024.

For Professional and Institutional Investors only. All investments involve risk, including the possible loss of capital.

Turning to industrial real estate pricing, over the past two years Mexican industrial cap rates have compressed by roughly 50 basis points, from 7.8% to 7.3% (**Exhibit 13**). This compression narrowed the spread between U.S. and Mexico industrial cap rates from a historically wide 425 basis points in early 2022, to an estimated 220 basis points in 1Q 2024.

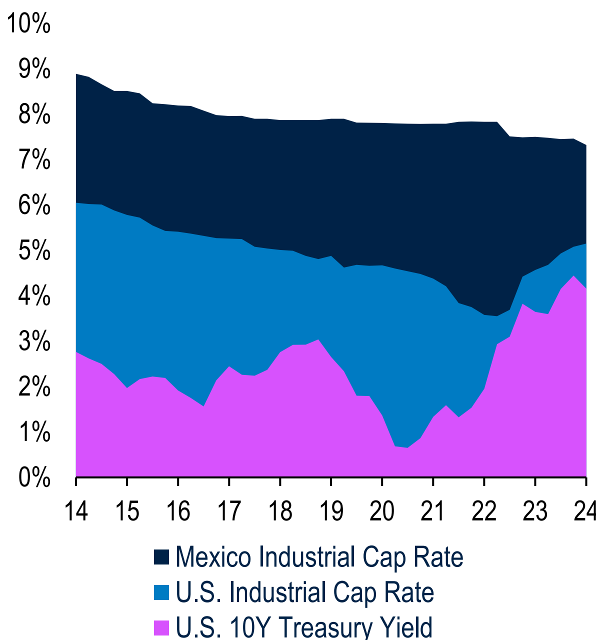
Assessing this cap rate spread and with respect to the political situation, **we believe that the country risk premium between the U.S. and Mexico warrants an increase of 20 basis points from our estimate of two years ago.** While Mexico boasts many advantages, there are infrastructure constraints, political risk, security considerations and high costs of doing business, which necessitate a higher risk premium than in 2022.

Counter to this increase, two years ago we required a 100 basis point premium in Mexico to account for its slower rent growth. But today the supply constraints and extremely strong demand picture support rent growth above the U.S. for some time. **Dry powder in the marketplace may permit additional cap rate compression as capital is deployed.** Additionally, there may be an optimist's case to ascribe a cap rate discount to Mexico on the expectation for outsized rent growth, but we instead reduce the rent growth adjustment to zero (**Exhibit 14**).

This leaves us with a conservatively justified cap rate spread of 220 basis points between the United States and Mexico, precisely in line with the current spread. We conclude that investors in Mexico industrial real estate are accessing fair pricing for the risk, with the bull-case, upside potential for excess returns generated from outsized rent growth via **a classic space squeeze: rising demand in a market without enough supply.**

Exhibit 13: Cap Rate Spread Has Narrowed

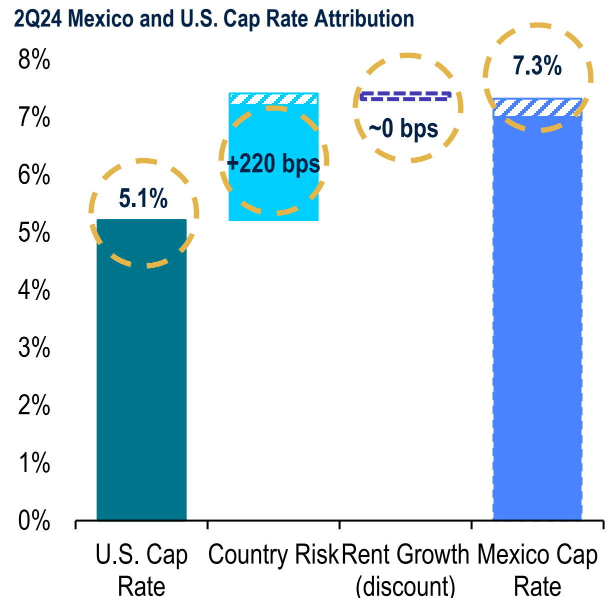
Industrial Cap Rates vs. 10-Year U.S. Treasury Bonds



Sources: Federal Reserve, PGIM Real Estate. As of November 2024.

Exhibit 14: Higher Country Risk Leaves Mexico Fairly Priced Today

2Q24 Mexico and U.S. Cap Rate Attribution



Sources: NCREIF, Green Street, PGIM Real Estate. As of November 2024.

For Professional and Institutional Investors only. All investments involve risk, including the possible loss of capital.

Energy Constraints

Energy constraints are a persistent problem, limiting Mexico's potential to meet manufacturing demand (**Exhibits 15**). In some ways, this is a paradox. Mexico is blessed with capacity to supplement its energy demand by tapping renewable sources: specifically, solar and wind. And industrial properties can be ideally suited for rooftop placement of solar panels, sourcing power that meets onsite needs and even generating excess kilowatts to sell back to the grid. However, Mexico's distributed generation constraints cap the self-generated renewable power that an industrial property owner can source from solar panels for its own needs to just 500 kilowatts.[4]

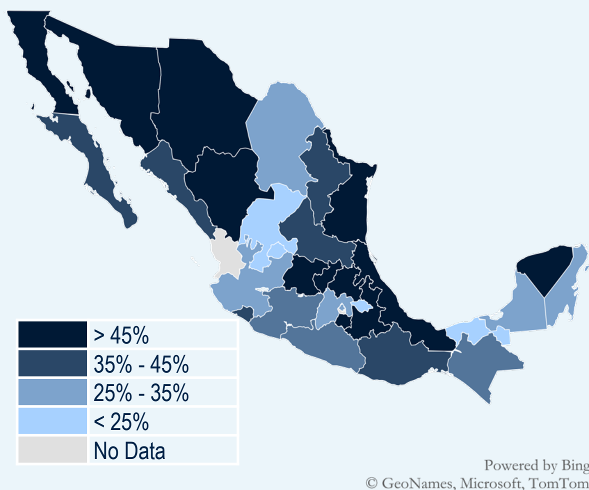
Limits in other Latin American countries can be 20 times higher, as much as 10 megawatts. But because generation and transmission of electricity are nationalized industries in Mexico, the state-owned utility company constrains industrial park owners from generating more power by onsite renewable means, to prevent owners from selling excess generated power to other users.

Progress is advancing, though, with 2023 installations of 730MW in aggregate raising Mexico's onsite small-scale solar generation capacity by 20% to 3,360 MW.[5] A proposal by AMPIP, Mexico's industrial parks association, to lift the local limit to 1MW or even 5MW, has prompted positive conversations with the Energy Ministry and CFE.

The net effect, in our view: industrial demand likely would be even higher, if not for Mexico's energy constraints. They may be positioned to improve under President Sheinbaum. We believe if energy capacity were less limited, then manufacturers would have already expanded to a much greater extent.

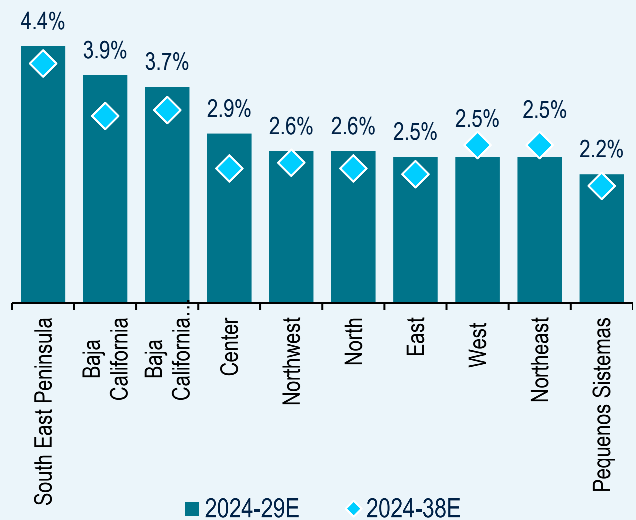
Exhibit 15: High Electrical Utilization in Manufacturing Regions Means New Power Generation Capacity Will Be Needed to Meet Forecast Demand Growth

Utilization Factors (Generation/Capacity) by State



Sources: PRODESEN, SENER, PGIM Real Estate. As of November 2024.

Forecast CAGR per Region, Electric On-Peak Demand



Sources: PRODESEN, PGIM Real Estate. As of November 2024.

Forecasts are not guaranteed and may not be a reliable indicator of future results.

[4] Nearshoring Boom Constrained in Mexico by AMLO's Solar Limits – Bloomberg.
[5] Mexico's Distributed Solar Installations Hit 700 MW in 2023 – pv Magazine Mexico.

For Professional and Institutional Investors only. All investments involve risk, including the possible loss of capital.

Contacts

Margaret Harbaugh
Executive Director
Americas Investment Research
Margaret.Harbaugh@pgim.com

Roberta Segarra
Associate
Roberta.Segarra@pgim.com

Important information

For Professional and Institutional Investors only. All investments involve risk, including the possible loss of capital. Past performance and target returns are not a guarantee and may not be a reliable indicator of future results.

PGIM Real Estate is the real estate investment management business of PGIM, the principal asset management business of Prudential Financial, Inc. ("PFI"), a company incorporated and with its principal place of business in the United States. PGIM is a trading name of PGIM, Inc. and its global subsidiaries. PGIM, Inc. is an investment adviser registered with the U.S. Securities and Exchange Commission (the "SEC"). Registration with the SEC does not imply a certain level of skill or training. PFI of the United States is not affiliated in any manner with Prudential plc, incorporated in the United Kingdom or with Prudential Assurance Company, a subsidiary of M&G plc, incorporated in the United Kingdom. Prudential, PGIM, their respective logos and the Rock symbol are service marks of PFI and its related entities, registered in many jurisdictions worldwide. In the United Kingdom, information is issued by PGIM Private Alternatives (UK) Limited with registered office: Grand Buildings, 1-3 Strand, Trafalgar Square, London, WC2N 5HR. PGIM Private Alternatives (UK) Limited is authorised and regulated by the Financial Conduct Authority ("FCA") of the United Kingdom (Firm Reference Number 181389). These materials are issued by PGIM Private Alternatives (UK) Limited to persons who are professional clients as defined under the rules of the FCA. In the European Economic Area ("EEA"), information is issued by PGIM Luxembourg S.A. with registered office: 2, boulevard de la Foire, L1528 Luxembourg. PGIM Luxembourg S.A. is authorized and regulated by the Commission de Surveillance du Sector Financier in Luxembourg (registration number A00001218) and operating on the basis of a European passport. In certain EEA countries, this information, where permitted, may be presented by either PGIM Private Alternatives (UK) Limited or PGIM Limited in reliance of provisions, exemptions, or licenses available to either PGIM Private Alternatives (UK) Limited or PGIM Limited under temporary permission arrangements following the exit of the United Kingdom from the European Union. PGIM Limited and PGIM Private Alternatives (UK) Limited have their registered offices at: Grand Buildings, 1-3 Strand, Trafalgar Square, London WC2N 5HR. PGIM Limited is authorized and regulated by the Financial Conduct Authority ("FCA") of the United Kingdom (Firm Reference Number: 193418). PGIM Private Alternatives (UK) Limited is authorized and regulated by the Financial Conduct Authority ("FCA") of the United Kingdom (Firm Reference Number: 181389). These materials are issued by PGIM Luxembourg S.A., PGIM Limited or PGIM Private Alternatives (UK) Limited to persons who are professional clients as defined in the relevant local implementation of Directive 2014/65/EU (MiFID II) and/or to persons who are professional clients as defined under the rules of the FCA. PGIM operates in various jurisdictions worldwide and distributes materials and/or products to qualified professional investors through its registered affiliates including, but not limited to: PGIM Real Estate (Japan) Ltd. in Japan; PGIM (Hong Kong) Limited in Hong Kong; PGIM (Singapore) Pte. Ltd. in Singapore; PGIM (Australia) Pty Ltd in Australia; PGIM Luxembourg S.A., and PGIM Real Estate Germany AG in Germany. For more information, please visit pgimrealestate.com.

Important information *(continued)*

GENERAL/CONFLICTS OF INTEREST

These materials represent the views, opinions and recommendations of the author(s) regarding the economic conditions, asset classes, securities, issuers or financial instruments referenced herein. Distribution of this information to any person other than the person to whom it was originally delivered and to such person's advisers is unauthorized, and any reproduction of these materials, in whole or in part, or the divulgence of any of the contents hereof, without prior consent of PGIM Real Estate is prohibited. Certain information contained herein has been obtained from sources that PGIM Real Estate believes to be reliable as of the date presented; however, PGIM Real Estate cannot guarantee the accuracy of such information, assure its completeness, or warrant such information will not be changed. The information contained herein is current as of the date of issuance (or such earlier date as referenced herein) and is subject to change without notice. PGIM Real Estate has no obligation to update any or all of such information; nor do we make any express or implied warranties or representations as to the completeness or accuracy or accept responsibility for errors.

These materials are not intended as an offer or solicitation with respect to the purchase or sale of any security or other financial instrument or any investment management services and should not be used as the basis for any investment decision. Past performance is no guarantee or reliable indicator of future results. No liability whatsoever is accepted for any loss (whether direct, indirect, or consequential) that may arise from any use of the information contained in or derived from this report. PGIM Real Estate and its affiliates may make investment decisions that are inconsistent with the recommendations or views expressed herein, including for proprietary accounts of PGIM Real Estate or its affiliates.

The opinions and recommendations herein do not take into account individual client circumstances, objectives, or needs and are not intended as recommendations of particular securities, financial instruments or strategies to particular clients or prospects. No determination has been made regarding the suitability of any securities, financial instruments or strategies for particular clients or prospects. For any securities or financial instruments mentioned herein, the recipient(s) of this report must make its own independent decisions.

Conflicts of Interest: Key research team staff may be participating voting members of certain PGIM Real Estate fund and/or product investment committees with respect to decisions made on underlying investments or transactions. In addition, research personnel may receive incentive compensation based upon the overall performance of the organization itself and certain investment funds or products. At the date of issue, PGIM Real Estate and/or affiliates may be buying, selling, or holding significant positions in real estate, including publicly traded real estate securities. PGIM Real Estate affiliates may develop and publish research that is independent of, and different than, the recommendations contained herein. PGIM Real Estate personnel other than the author(s), such as sales, marketing and trading personnel, may provide oral or written market commentary or ideas to PGIM Real Estate's clients or prospects or proprietary investment ideas that differ from the views expressed herein. Additional information regarding actual and potential conflicts of interest is available in Part 2 of PGIM's Form ADV.

INFORMATIONAL PURPOSES

These materials are for informational or educational purposes. In providing these materials, PGIM (i) is not acting as your fiduciary and is not giving advice in a fiduciary capacity and (ii) is not undertaking to provide impartial investment advice as PGIM will receive compensation for its investment management services.

These materials do not take into account the investment objectives or financial situation of any client or prospective clients. Clients seeking information regarding their particular investment needs should contact their financial professional.

The information contained herein is provided on the basis and subject to the explanations, caveats and warnings set out in this notice and elsewhere herein. Any discussion of risk management is intended to describe PGIM Real Estate's efforts to monitor and manage risk but does not imply low risk.

These materials do not purport to provide any legal, tax or accounting advice. These materials are not intended for distribution to or use by any person in any jurisdiction where such distribution would be contrary to local law or regulation.