centerspace

# Investor Presentation

June 2021

# SAFE HARBOR STATEMENT AND LEGAL DISCLOSURE

Certain statements in this presentation are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements involve known and unknown risks, uncertainties, and other factors that may cause actual results to differ materially from expected results. These statements may be identified by our use of words such as "expects," "plans," "estimates," "anticipates," "projects," "intends," "believes," and similar expressions that do not relate to historical matters. Such risks, uncertainties, and other factors include, but are not limited to, changes in general and local economic and real estate market conditions, rental conditions in our markets, fluctuations in interest rates, the effect of government regulations, the availability and cost of capital and other financing risks, risks associated with our value-add and redevelopment opportunities, the failure of our property acquisitions and disposition activities to achieve expected results, competition in our markets, our ability to attract and retain skilled personnel, our ability to maintain our tax status as a real estate investment trust (REIT), and those risks and uncertainties detailed from time to time in our filings with the Securities and Exchange Commission, including the "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Risk Factors" contained in our Form 10-K for the period ended December 31, 2020. We assume no obligation to update or supplement forward-looking statements that become untrue due to subsequent events.

## Strong Operating Results Driven by Consistent Occupancy and Accelerating Rent Growth

- Same-store lease over lease growth accelerated to **11.2%** in May, up from 8.2% in April and 0.7% in Q1 2021
- Same-store renewal lease growth accelerated to **4.8%** in May, up from 4.4% in April and 4.0% in Q1 2021
- Same-store occupancy remains strong at **95.0%** in May, compared to 95.1% in April and 94.9% in Q1 2021

## Acquisition and Disposition Activity Continues

- Announcement of 2,696 home acquisition in Minneapolis and St. Cloud, with a target close in the third quarter for a purchase price of $323.8 million financed with issuance of convertible preferred units and assumption of in-place debt
- Recent disposition of 596 homes in Rochester, Minnesota for a sale price of $60.0M
- January 2021 acquisition of Union Pointe for an aggregate purchase price of $76.9M enhanced scale in Denver to 1,713 homes in 5 communities

## Operating Initiatives Progress to Enhance Customer Experience and Margin Enhancement

- Technology implementation underway to further operating efficiencies across the portfolio
- Value add opportunities include unit and common area renovations as well as adding amenities such as clubhouses, fitness centers, dog parks, package locker solutions, etc.
- Since April 2018, same-store gross margin has increased from 68.1% to 75.1%

## *Better Every Days*

A lot has changed since our business began, and our new name is a reflection of who we have become.

The rebrand of the company reflects our mission to provide great homes for our residents, our teams, and our investors. It is about coming together for the benefit of everyone – something in which each and every member of our team believes.



# COMPANY SNAPSHOT

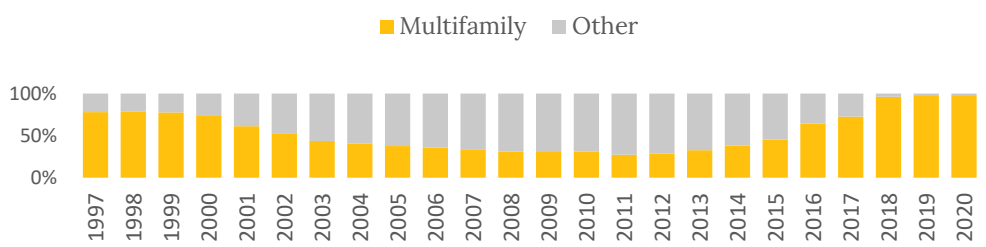
Focused on Growth in Multifamily




## PORTFOLIO SUMMARY

- Founded in 1970, celebrating 50 Years
- Apartment owner/operator with 11,579 (1) homes
- Publicly traded since 1997
- Portfolio transformation from diversified to focused multifamily from 2017-2019
- Total capitalization of $1.9 billion(2)
- Added to the S&P SmallCap 600 Index in 2020

**Multifamily and Other % of Gross Real Estate Assets**




(1) *Reflects May 2021 Rochester disposition*
(2) *See page 16 for breakdown*

**Differentiated Markets**
Strong Midwest markets led by Minneapolis and Denver
Nashville a new target market

**Internal Growth Opportunity**
Enhanced operating platform

**Value-Add Opportunity**
Deep value-add pipeline

**Balance Sheet Flexibility**
Strong balance sheet with sufficient liquidity to capitalize on future opportunities

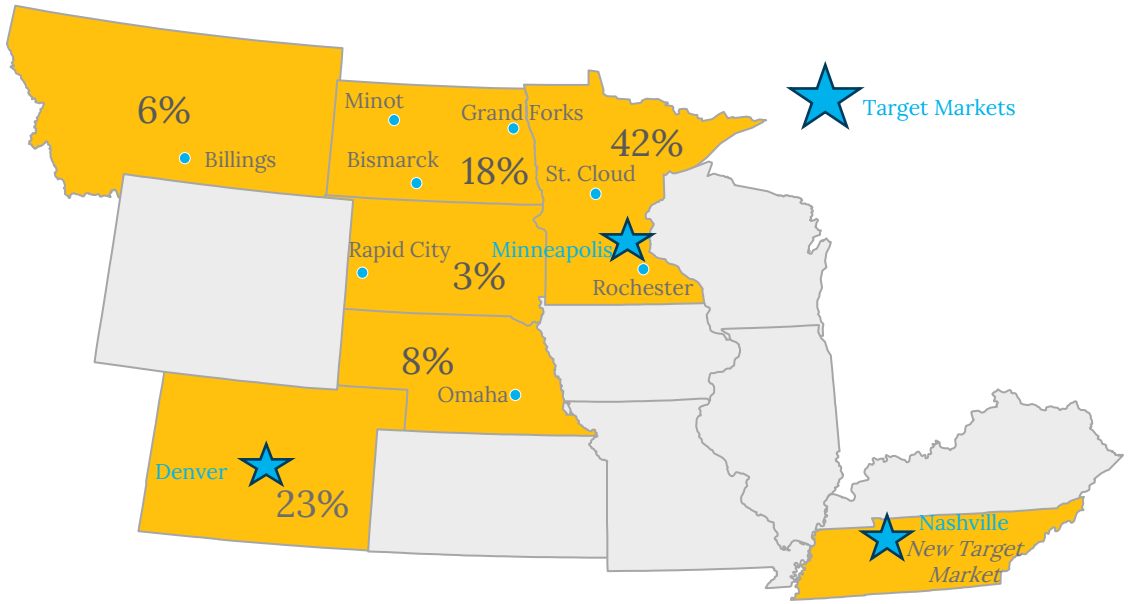
**Experienced Leadership**
High caliber management and board executing a sound strategic plan

# PORTFOLIO OVERVIEW

**Differentiated Portfolio-Strong Midwest Markets**

| Region | Homes | Avg. Rev per Occ. Home[1] |
|---|---|---|
| Denver, CO | 1,713 | $1,844 |
| Minneapolis, MN | 2,537 | $1,599 |
| North Dakota | 2,422 | $1,140 |
| Omaha, NE | 1,370 | $1,027 |
| Rochester, MN | 1,122 | $1,455 |
| St. Cloud, MN | 1,192 | $1,090 |
| Other Markets[2] | 1,223 | $1,084 |
| **Total / Average** | **11,579** | **$1,351** |

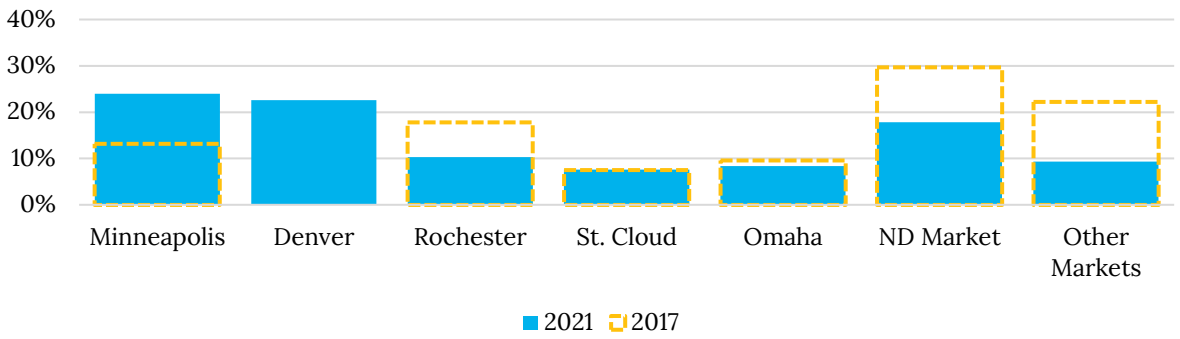
## Percent of NOI by State




## Multifamily Acquisitions and Dispositions Since 2017

- Acquired 10 new communities in our target markets for $810 million
- $353 million in dispositions including 35 communities as we reduce our exposure to older, lower margin properties with less growth [3]

## % of NOI by Market – May 2021 vs 2017




*(1) Average monthly revenue per occupied home is defined as total rental revenues divided by the financial occupancy of apartment homes for the period*
*(2) Includes Rapid City, SD and Billings, MT*
*(3) Includes May 2021, Rochester disposition*

# REVISED 2021 FINANCIAL OUTLOOK

**Updated Outlook After Q1 Based on Better-Than-Expected Results**

## Original Outlook: February 2, 2021

| | 2020 Actual | Range for 2021 Low | Range for 2021 High |
|---|---|---|---|
| Earnings per Share - diluted | $(0.15) | $(0.18) | $0.45 |
| Revenue | $167,807 | (0.5%) | 3.0% |
| Total Expenses | $67,892 | 4.0% | 7.5% |
| NOI | $97,915 | (3.5%) | (0.5%) |
| FFO per Share – diluted | $3.47 | $3.17 | $3.52 |
| Core FFO per Share – diluted | $3.78 | $3.29 | $3.62 |

## Updated Outlook: May 3, 2021

| | Range for 2021 Low | Range for 2021 High |
|---|---|---|
| Earnings per Share - diluted | $0.10 | $0.50 |
| Revenue | 0.0% | 3.0% |
| Total Expenses | 3.0% | 5.0% |
| NOI | (1.5%) | 1.5% |
| FFO per Share – diluted | $3.38 | $3.62 |
| Core FFO per Share – diluted | $3.48 | $3.72 |

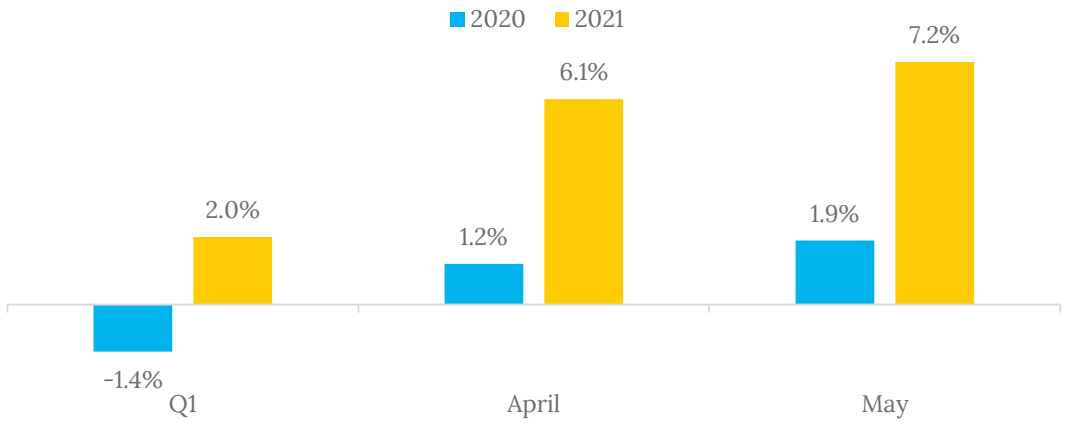
## Additional 2021 Full-Year Assumptions

- No changes to additional 2021 full-year assumptions
- Increased mid-point of Earnings per Share by 122%
- Increased mid-point of Core FFO by 4.2%

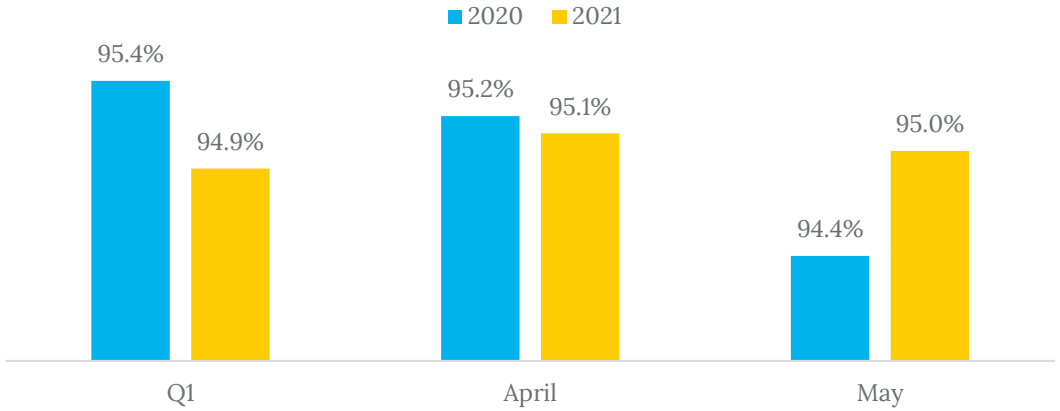
# OPERATIONS UPDATE

Accelerating Rent Growth Into Leasing Season

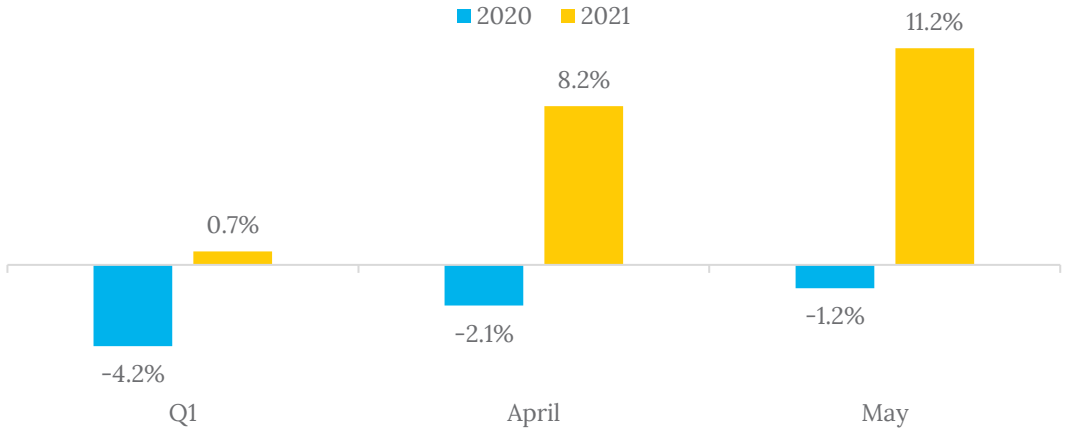
## Same Store Blended Rental Rate Growth



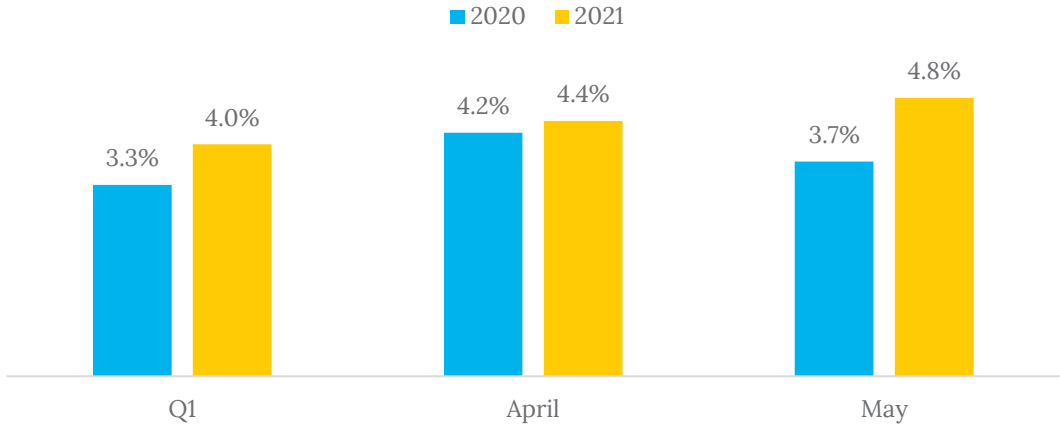

## Same Store Weighted Average Occupancy




## Same Store New Lease Rate Growth




## Same Store Renewal Rate Growth



# KMS 2,696 HOME ACQUISITION

Portfolio Acquisition Overview

## Description

- $323,800,000 purchase price ($120k/home)
- 2,696 homes, 97.5% occupied
- Strong submarket locations in Minneapolis and St. Cloud regions
- Growth opportunity through revenue optimization initiatives and future value-add implementations

## Enterprise Highlights

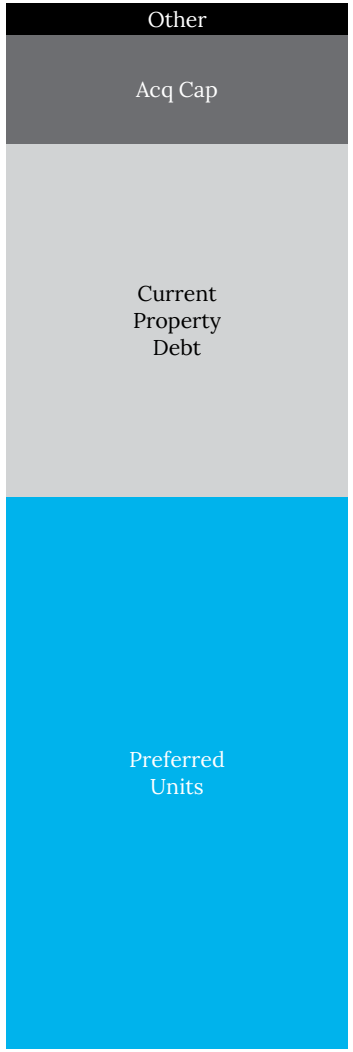
- Accretive equity issuance
- Deepens value add pipeline
- Increases % of NOI from target market
- Attractive rents relative to new supply for-sale housing in the Twin Cities
- Accretive to enterprise cash flow growth

## Community Highlights

- KMS communities well located within their submarkets with proximity to jobs, retail and amenities
- Rent level attainable to large pool of renters
- Majority of communities in portfolio are low density with attractive garden style feel and select densification opportunities
- Strong historical occupancy

# KMS PORTFOLIO PLAN

## Acquisition Accretive to Earnings




Capital Spend

- Approximately $40.0 million of capital will be spent into repositioning the communities over the next 24-36 months

Current property debt may be assumed or refinanced

- $126,500,000 in-place debt today
- Acquisition in leverage neutral to current capital stack

Terms on Preferred Units are:

- 3.875% of par value per annum fixed dividend payment
- $83.00 per common operating partnership unit conversion price (conversion from convertible preferred units to common operating partnership units at Seller's election); 2.38M common share equivalents if converted
- CSR can convert, at its sole election, Seller's convertible preferred units into common operating partnership units if CSR's stock price had traded at $83.00/share or greater for 15 of 30 consecutive trading days, AND
- CSR's common dividend has been paid at a level for three consecutive quarters where Seller's as-converted common operating partnership units would earn the equivalent of at least 3.875% yield on Seller's convertible preferred units ($3.22 per share annual dividend threshold)

# KMS ACQUSITION

## Communities

| Property | Market | Homes | Occupancy | Average In-Place Rent (1) |
|---|---|---|---|---|
| Palisades | Minneapolis | 330 | 97.6% | $1,181 |
| River Pointe | Minneapolis | 301 | 94.7% | $1,059 |
| Woodland Pointe | Minneapolis | 288 | 99.7% | $1,183 |
| Burgundy/Hillsboro Court | Minneapolis | 251 | 99.6% | $1,041 |
| Windsor Gates | Minneapolis | 200 | 97.5% | $1,016 |
| Woodhaven | Minneapolis | 178 | 92.7% | $1,003 |
| New Hope Garden/New Hope Village | Minneapolis | 151 | 99.3% | $991 |
| Wingate | Minneapolis | 136 | 100.0% | $963 |
| Bayberry Place | Minneapolis | 120 | 98.3% | $1,049 |
| Gatewood | St. Cloud | 120 | 98.3% | $828 |
| Legacy | St. Cloud | 119 | 92.4% | $828 |
| Calhoun | Minneapolis | 97 | 95.9% | $1,278 |
| Plymouth Pointe | Minneapolis | 96 | 100.0% | $1,095 |
| Pointe West | St. Cloud | 93 | 100.0% | $871 |
| Grove Ridge | Minneapolis | 84 | 97.6% | $1.064 |
| Southdale Parc | Minneapolis | 70 | 95.7% | $937 |
| West Calhoun | Minneapolis | 62 | 98.4% | $1,074 |
| **Total** | | **2,696** | **97.5%** | **$1,050** |



*Calhoun, Minneapolis MN*



*Calhoun rooftop deck*



*River Pointe Aerial*



*Woodland Pointe, Woodbury MN*

*(1) Per 4/14/21 rent rolls*

# MARKET OVERVIEW

**Minneapolis and St. Cloud B Properties Demonstrably Outperform Luxury Throughout the Cycle**

## Minneapolis

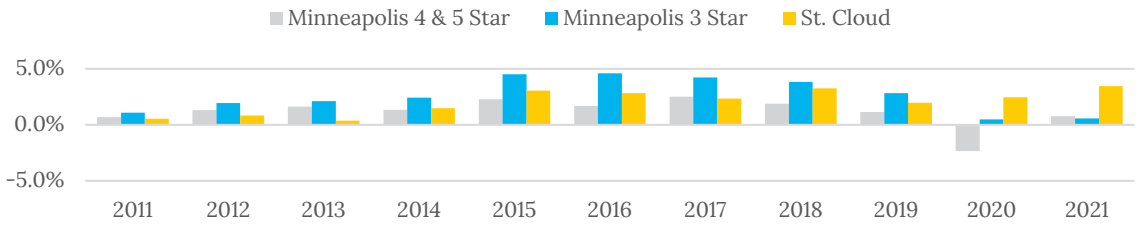
- Minneapolis MSA boasts a diversified economy being home to 17 Fortune 500 companies including UnitedHealth Group, Target and Best Buy
- The Twin Cities was well-positioned heading into the pandemic with a tight vacancy rate, strong demand, and solid rent growth
- The urban core has struggled with social distancing, business and office closures, and social unrest
- With roughly 10,000 units under construction, vacancy in the market is expected to continue to climb in urban class A properties
- Asking rent in 3-star (class B) properties has consistently outperformed 4- & 5-star (class A) properties since 2011 – this has been even more pronounced in the current economic environment as new deliveries have been concentrated in the urban core

## St. Cloud

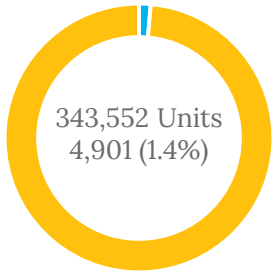
- St. Cloud boasts a low vacancy rate of 2.6%
- 154 units under construction is only ~1% of inventory
- Tight vacancy and low new supply is likely to lead to strong near-term rent growth
- St. Cloud's economy has benefitted from higher employment concentrations in manufacturing and education and health services
- CSR St. Cloud communities achieved 4.1% rent growth on new leases and 6.0% rent growth on renewals in Q1 2021

*St. Cloud market and Minneapolis class B properties have consistently outperformed Minneapolis class A properties*

Year-Over-Year Rent Growth

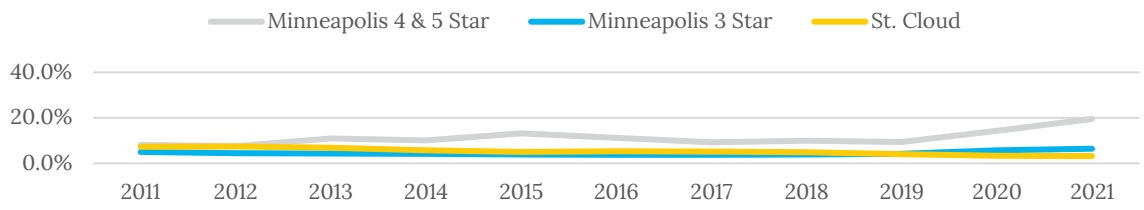



Source: CoStar

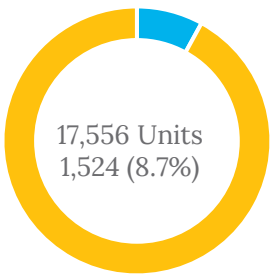



Source: US Census Bureau ACS

Vacancy

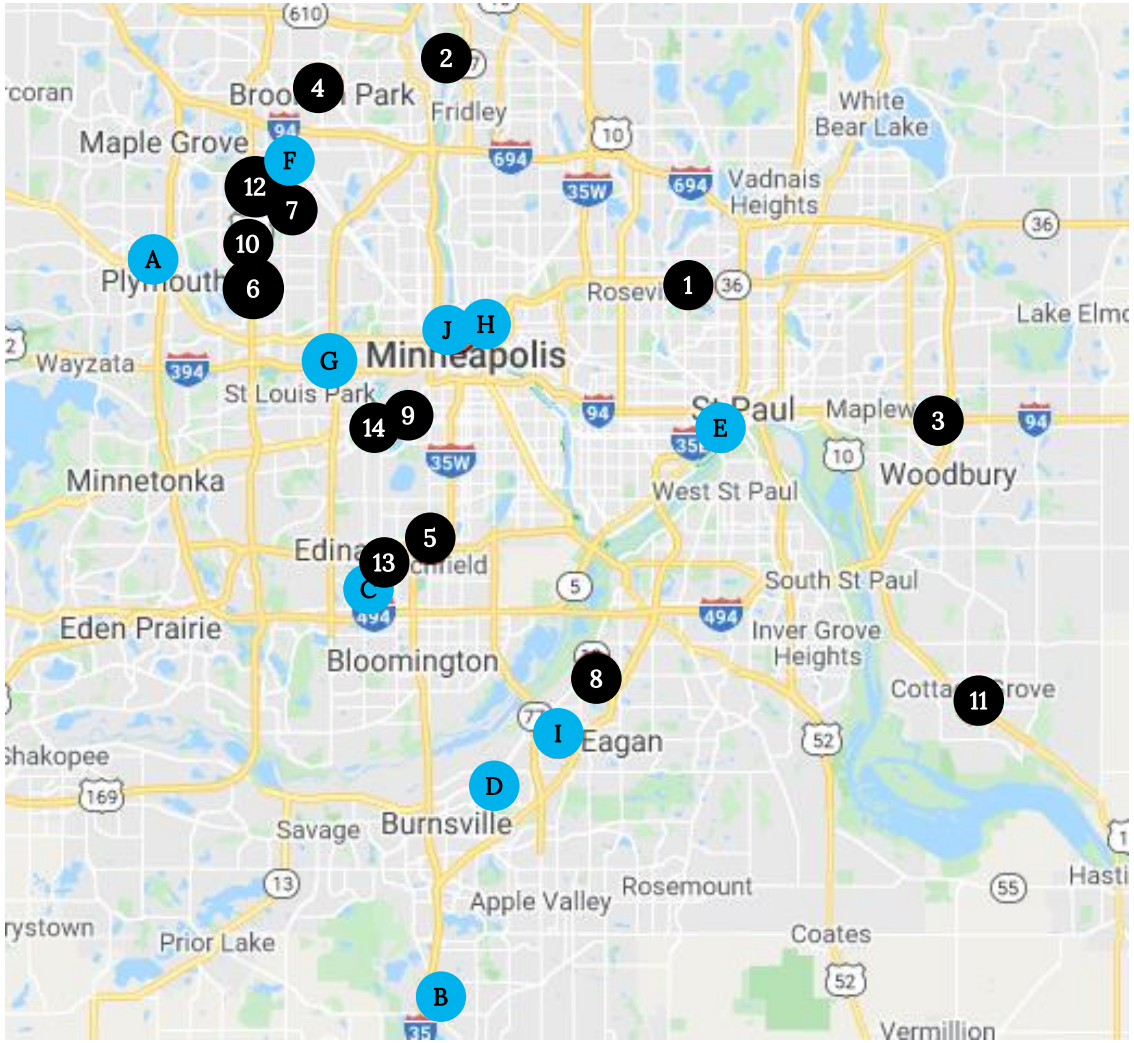



Source: CoStar



# KMS PORTFOLIO ADDS KEY SUBMARKET EXPOSURE IN TWIN CITIES

## Minneapolis Map

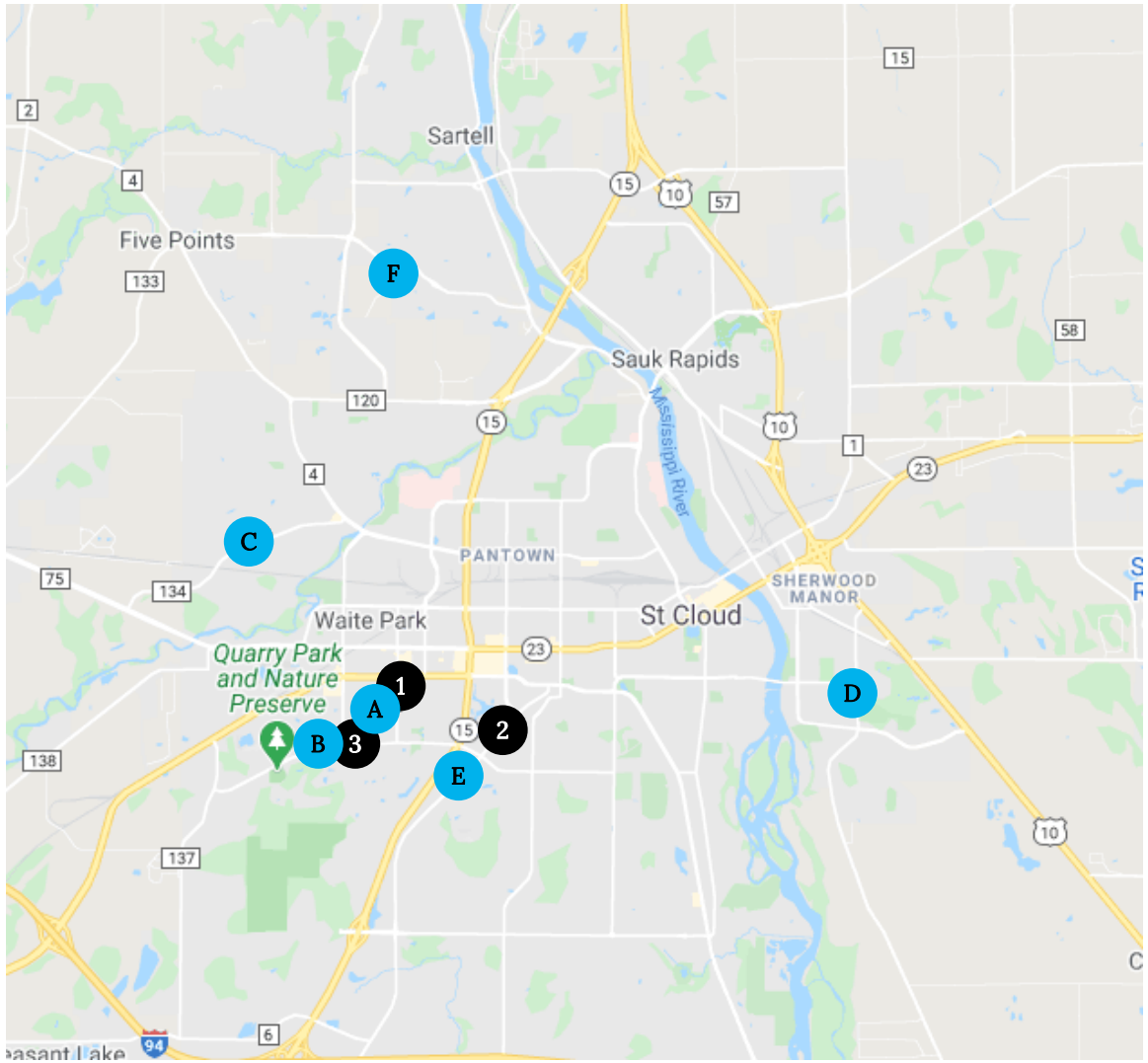



Not pictured CSR communities located outside map boundary: Evergreen and Rum River (Isanti), and Monticello Crossings and Monticello Village (Monticello)

| | Name | Address | City | Built | Units |
|---|---|---|---|---|---|
| 1 | Palisades | 560 W Sandhurst Dr | Roseville | 1970 | 330 |
| 2 | River Pointe | 7855 E River Rd | Fridley | 1971 | 301 |
| 3 | Woodland Pointe | 6850 Ashwood Rd | Woodbury | 1974 | 288 |
| 4 | Windsor Gates | 7821 Zane Ave N | Brooklyn Park | 1970 | 200 |
| 5 | Woodhaven | 6045 Lyndale Ave S | Minneapolis | 1974 | 178 |
| 6 | Burgundy/Hillsboro Court | 2911 Hillsboro Ave N | New Hope | 1968 | 251 |
| 7 | Wingate | 7700 49th Ave N | New Hope | 1967 | 136 |
| 8 | Bayberry Place | 3395 Yankee Doodle Ln | Eagan | 1995 | 120 |
| 9 | Calhoun | 2893 Knox Ave S | Minneapolis | 1959 | 97 |
| 10 | Plymouth Pointe | 9630 37th Pl N | Plymouth | 1968 | 96 |
| 11 | Grove Ridge | 8120 E Point Douglas Rd S | Cottage Grove | 1973 | 84 |
| 12 | New Hope Garden/New Hope Village | 5600 Zealand Ave N | New Hope | 1969 | 151 |
| 13 | Southdale Parc | 2720 W 66th St | Richfield | 1962 | 70 |
| 14 | West Calhoun | 3146 Calhoun Blvd W | Minneapolis | 1951 | 62 |
| | **KMS Total** | | | | **2,364** |
| A | Park Place | 14550 34th Ave N | Plymouth | 1985 | 500 |
| B | SouthFork | 18001 Jubilee Way | Lakeville | 1988 | 272 |
| C | 71 France | 7161 France Ave S | Edina | 2016 | 241 |
| D | Colonial Villa | 2003 121st St E | Burnsville | 1970 | 239 |
| E | Oxbo | 202 7th St W | St. Paul | 2017 | 191 |
| F | Ironwood Apartments | 8400 Bass Lake Rd | New Hope | 2018 | 182 |
| G | Arcata | 901 Xenia Ave S | Golden Valley | 2014 | 165 |
| H | Red 20 | 20 6th St NE | Minneapolis | 2014 | 130 |
| I | Boulder Court | 4182 Rahn Rd | Eagan | 1970 | 115 |
| J | FreightYard | 50 N 4th Avenue | Minneapolis | 1900 | 96 |
| | **CSR Total** | | | | **2,131** |

# KMS ST. CLOUD ADDS TO STRONG PERFORMING TEAM AND PORTFOLIO

St. Cloud Map




| | Name | Address | City | Built | Units |
|---|---|---|---|---|---|
| 1 | Legacy | 248 3rd St S | Waite Park | 1983 | 119 |
| 2 | Pointe West | 3225 Maine Prairie Rd | Saint Cloud | 1975 | 93 |
| 3 | Gatewood | 813 7th St S | Waite Park | 1987 | 120 |
| | **KMS Total** | | | | **332** |
| A | Park Meadows | 408 Park Meadows Dr | Waite Park | 1982 | 360 |
| B | West Stonehill | 690 Prosper Dr | Waite Park | 1989 | 313 |
| C | Cypress Court | 906 Cypress Rd | St. Cloud | 2015 | 196 |
| D | Regency Park Estates | 1615 15th Ave SE | St. Cloud | 1994 | 147 |
| E | Grand Gateway | 4005 24th St S | St. Cloud | 2002 | 116 |
| F | Ponds | 1211 7th Ave S | Sartell | 2008 | 58 |
| | **CSR Total** | | | | **1,190** |

**Same-Store Minneapolis and St. Cloud NOI Growth**

| 2018 | 2019 | 2020 | 3 Year CAGR |
|---|---|---|---|
| 6.5% | 12.5% | 3.2% | 8.6% |

**Same-Store Minneapolis and St. Cloud Rent Growth**

| 2018 | 2019 | 2020 | 3 Year CAGR |
|---|---|---|---|
| 6.4% | 8.6% | 2.3% | 4.1% |

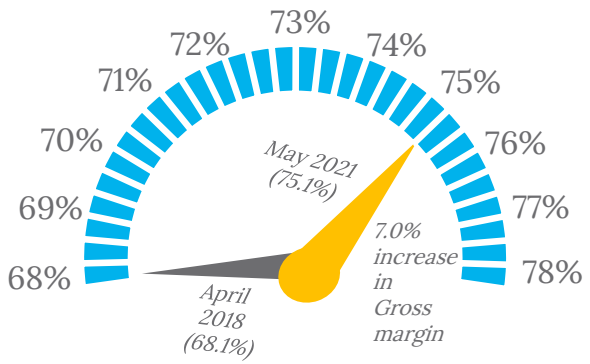
# RISE BY 5

**Margins Continue to Improve in Q1**

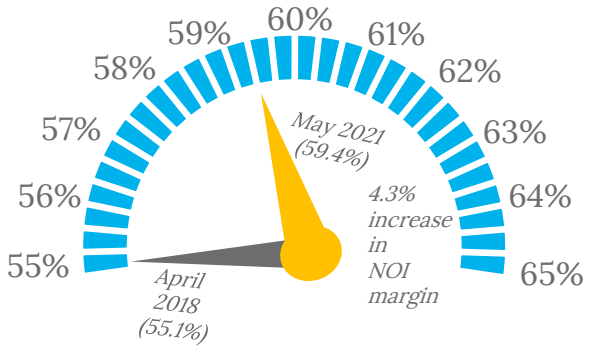
## Strong Operating Platform

*Same-Store communities continue to see NOI and gross margin growth*

### *Same-Store Gross Margin (1)*




### *Same-Store NOI Margin*




(1) *Gross Margin is calculated as revenue less controllable expenses as a % of revenue; controllable expenses include repairs & maintenance, utilities, administrative and marketing*
(2) *When T12 not available, T3 annualized, or underwriting*
(3) *Includes KMS Acquisition*

## Buying Efficient Communities

*Communities acquired have a weighted average margin of 61.6%*

| Acquisitions(3) | T12(2) | | | | |
|---|---|---|---|---|---|
| | Gross Margin % | NOI Margin % | CapEx per Unit | NCF Margin % | Average Rent |
| Weighted Average | 77.7% | 61.6% | $464 | 59.2% | $1,621 |

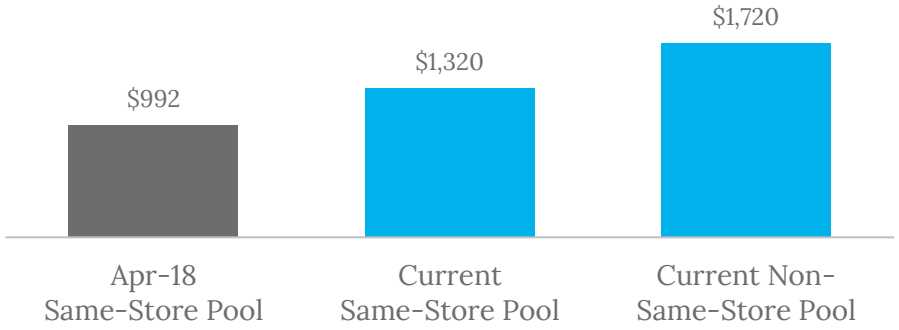
## Selling Inefficient Communities

*Communities sold have a weighted average margin of 50.8%*

| Dispositions | T12 | | | | |
|---|---|---|---|---|---|
| | Gross Margin % | NOI Margin % | CapEx per Unit | NCF Margin % | Average Rent |
| Weighted Average | 69.5% | 50.8% | $1,010 | 40.2% | $818 |

## Average Monthly Revenue/Home

*Includes rent and other income*



# VALUE-ADD OPPORTUNITY

Enhancing Portfolio Through Renovation Projects

## Highlights

- 10 communities are in the process of value-add projects
- Value-add opportunities across the portfolio feature unit renovations, common areas, and adding amenities including clubhouses, fitness centers, dog park, outdoor kitchens, package locker solutions
- Enhancements improve asset position within the market and maintain competitive advantage




## Unit Renovations thru April 30

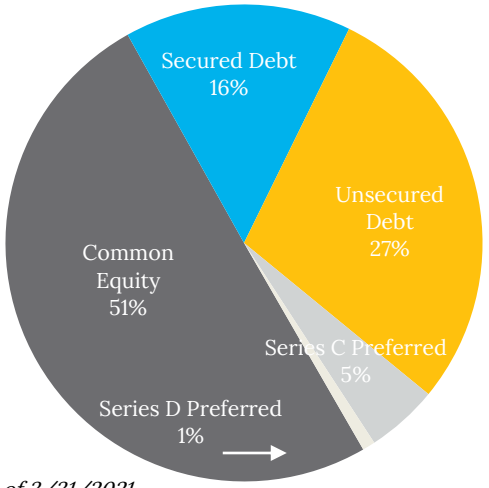
| Property | Region | Homes to Renovate | Renovated | Date Complete | Avg. Cost per Unit (1) | Achieved Premium(2) | Estimated ROI(3) |
|---|---|---|---|---|---|---|---|
| Park Place | Minneapolis, MN | 500 | 272 | In process | $18,871 | $254 | 17.00% |
| Connelly on Eleven | Minneapolis, MN | 240 | 197 | In process | $10,293 | $138 | 18.70% |
| SouthFork | Minneapolis, MN | 272 | 112 | In process | $17,293 | $258 | 20.40% |
| Whispering Ridge | Omaha, NE | 336 | 118 | In process | $7,468 | $115 | 22.30% |
| Greenfield | Omaha, NE | 96 | 24 | In process | $12,900 | $125 | 13.70% |
| Grandeville | Rochester, MN | 275 | 29 | In process | $14,690 | $195 | 19.00% |
| Quarry Ridge | Rochester, MN | 154 | 17 | In process | $19,030 | $216 | 14.90% |
| Woodridge | Rochester, MN | 110 | 24 | In process | $7,562 | $83 | 14.20% |
| Regency Park Estates | St. Cloud, MN | 147 | 14 | In process | $17,556 | $241 | 18.40% |
| West Stonehill | St. Cloud, MN | 312 | 28 | In process | $11,785 | $163 | 18.20% |
| Total | | 2,442 | 835 | | | | |

*(1) Does not include costs related to amenity or common area upgrades*
*(2) Achieved premium is reflective of the completed and leased homes and does not include market rent changes*
*(3) ROI is defined by (premium X 12 months) plus turnover savings divided by (renovation vacancy loss plus total unit cost)*

# BALANCE SHEET

As of March 31, 2021

## $1.9B Total Capitalization




$964M Common Equity

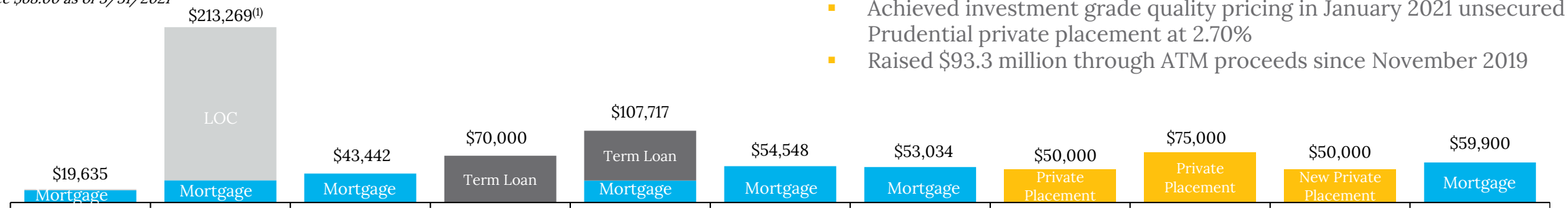
$797M Total Debt

$110M Preferred Equity

**Share price $68.00 as of 3/31/2021*

| Debt Summary | Amount | % of Total | Wtd Avg Int Rate | Wtd Avg Maturity |
|---|---|---|---|---|
| **Total Secured Debt** | **295,001,243** | **37%** | **3.92%** | **5.03** |
| Line of Credit | 181,543,513 | 23% | 2.18% | 1.41 |
| Term Loans | 145,000,000 | 18% | 4.11% | 3.64 |
| Private Placement | 175,000,000 | 22% | 3.47% | 8.40 |
| **Total Unsecured Debt** | **501,543,513** | **63%** | **3.05%** | **4.49** |
| **Total Debt** | **796,544,756** | **100%** | **3.37%** | **4.69** |
| Fixed Rate | 665,001,243 | 83% | 3.71% | 5.34 |
| Variable Rate | 131,543,513 | 17% | 1.65% | 1.41 |

- Access of all forms of capital
- 100% secured debt in 2017 to 37% today
- Achieved investment grade quality pricing in January 2021 unsecured Prudential private placement at 2.70%
- Raised $93.3 million through ATM proceeds since November 2019

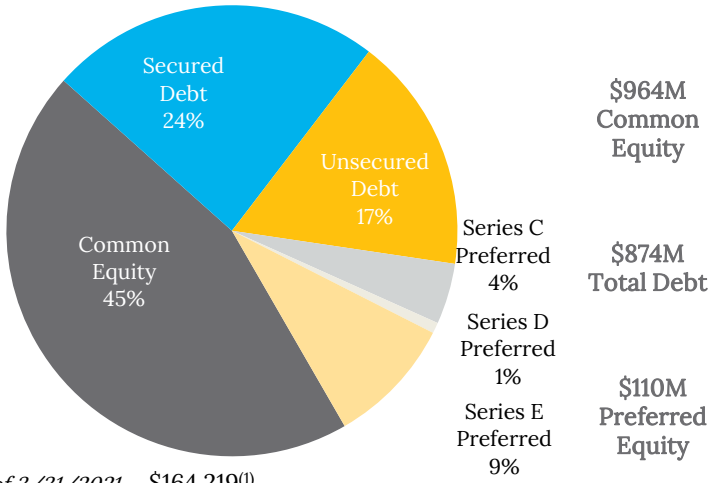



| % of Total Maturing | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| 2.5% | 26.8% | 5.5% | 8.8% | 13.5% | 6.8% | 6.7% | 6.3% | 9.4% | 6.3% | 7.5% |
| **Weighted Average Interest Rate** | | | | | | | | | | |
| 5.4% | 2.2% | 4.0% | 3.7% | 4.3% | 3.7% | 3.5% | 3.7% | 3.8% | 2.7% | 3.9% |

*(1) The credit facility matures August 31, 2022, with a 12-month option to extend to 2023 at our election*

# PRO FORMA BALANCE SHEET WITH KMS LOAN ASSUMPTION

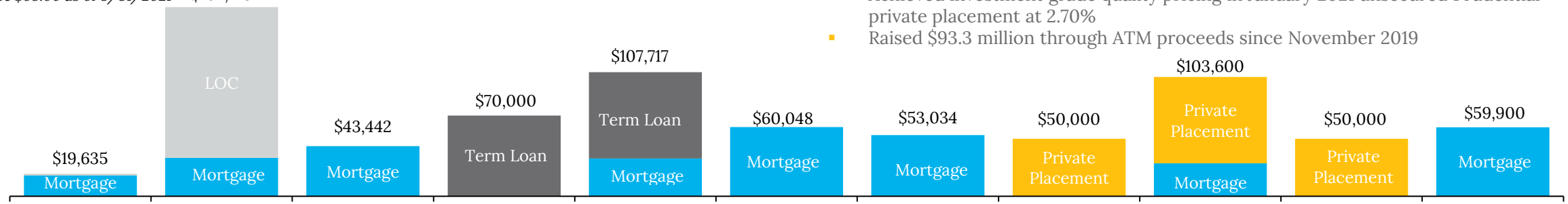
## $2.1B Total Capitalization




**Share price $68.00 as of 3/31/2021*

| Debt Summary | Amount | % of Total | Wtd Avg Int Rate | Wtd Avg Maturity |
|---|---|---|---|---|
| **Total Secured Debt** | **421,501,243** | **48%** | **3.93%** | **10.13** |
| Line of Credit | 132,493,513(2) | 15% | 2.36% | 1.41 |
| Term Loans | 145,000,000 | 17% | 4.16% | 3.64 |
| Private Placement | 175,000,000 | 20% | 3.47% | 8.40 |
| **Total Unsecured Debt** | **452,493,513** | **52%** | **3.37%** | **4.82** |
| **Total Debt** | **873,994,756** | **100%** | **3.64%** | **7.38** |
| Fixed Rate | 791,501,243 | 91% | 3.84% | 8.01 |
| Variable Rate | 82,493,513 | 9% | 1.67% | 1.40 |

- Access of all forms of capital
- 100% secured debt in 2017 to 37% today
- Achieved investment grade quality pricing in January 2021 unsecured Prudential private placement at 2.70%
- Raised $93.3 million through ATM proceeds since November 2019




| % of Total Maturing | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| 2.2% | 18.8% | 5.0% | 8.0% | 12.3% | 6.9% | 6.1% | 5.7% | 11.9% | 5.7% | 6.9% |

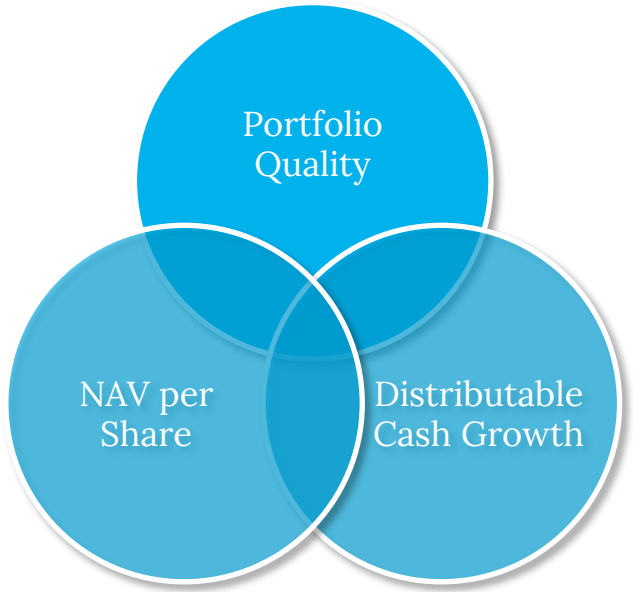
| Weighted Average Interest Rate | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| 5.4% | 2.7% | 4.0% | 3.7% | 4.3% | 3.7% | 3.5% | 3.7% | 3.9% | 2.7% | 3.9% |

*(1) The credit facility matures August 31, 2022, with a 12-month option to extend to 2023 at our election*
*(2) Reflects Rochester disposition in May 2021*

# CAPITAL RECYCLING

Improving Portfolio Metrics

## We focus our energy and capital on improving 3 long-term metrics




Our capital recycling program has enhanced the quality of our business by improving:

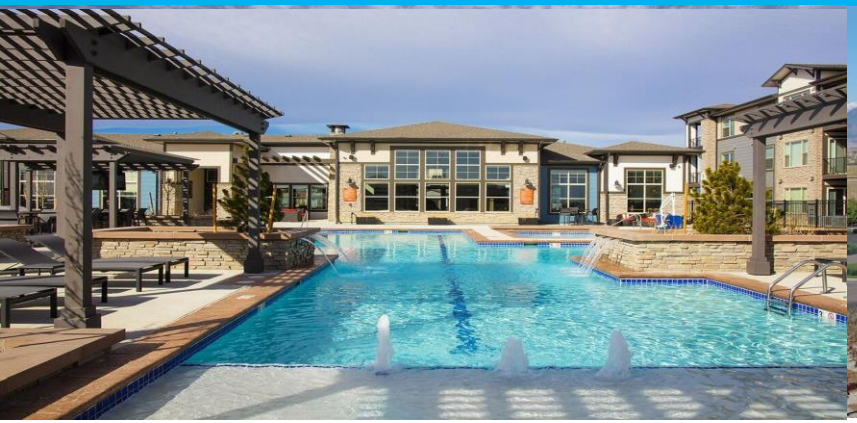
- The efficiency and growth potential of our communities
- Core FFO per share
- Our leverage metrics and overall balance sheet flexibility
- NAV per share

## Multifamily portfolio quality has improved since 2017

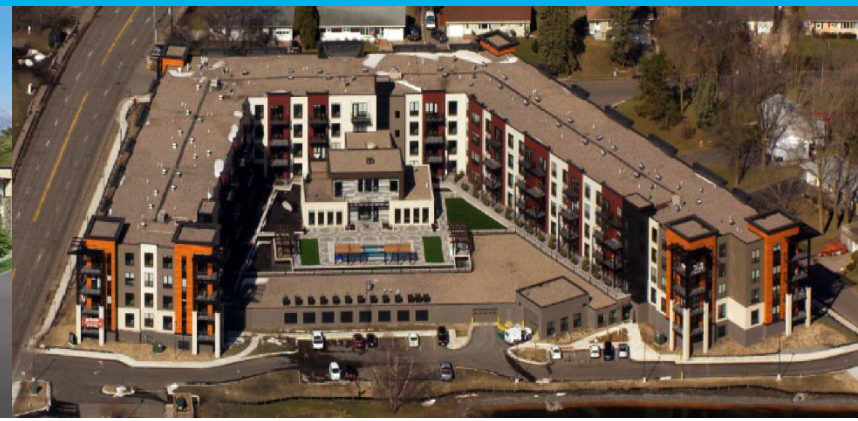
| 2017 | May 2021 | Proforma KMS |
|---|---|---|
| Communities | Communities | Communities |
| 100 | 62 | 79 |
| Homes | Homes | Homes |
| 13,212 | 11,579 | 14, 275 |
| Homes per Community | Homes per Community | Homes per Community |
| 132 | 187 | 180 |
| Buildings | Buildings | Buildings |
| 709 | 440 | 515 |
| Avg Monthly Rent | Avg Monthly Rent | Avg Monthly Rent |
| $980 | $1, 244 | $1,213 |
| Gross Margin % | Gross Margin % | Gross Margin % |
| 67.9% | 75.1% | 74.3% |
| % of NOI in Top-50 MSA | % of NOI in Top-50 MSA | % of NOI in Top-50 MSA |
| 13% | 45% | 53% |

# RECENT ACQUISITIONS

**Focus on Expanding our Portfolio in Target Markets of Minneapolis and Denver**







## UNION POINTE APARTMENTS

**DENVER, CO / $76.9 MILLION**

- A 256-home community built in 2019
- Conveniently located Longmont with close proximity to Boulder
- Amenities include fitness center, workstations and a laptop bar, resort-style pool and bike and ski repair room
- One, two and three-bedroom homes feature quartz countertops, tile backsplash, stainless steel appliances, full size washer and dryers, and ample closet space

## PARKHOUSE APARTMENTS

**DENVER, CO / $144.7 MILLION**

- A 465-home community built in 2016
- Conveniently located in the north metro of Denver with close proximity to employment centers and amenities
- Amenities include two fitness centers, two billiard room, community garden, and resort style pool
- One, two and three-bedroom homes feature contemporary granite countertops, stainless steel appliances, walk-in closets, floor-to-ceiling windows

## IRONWODD APARTMENTS

**MINNEAPOLIS, MN / $46.3 MILLION**

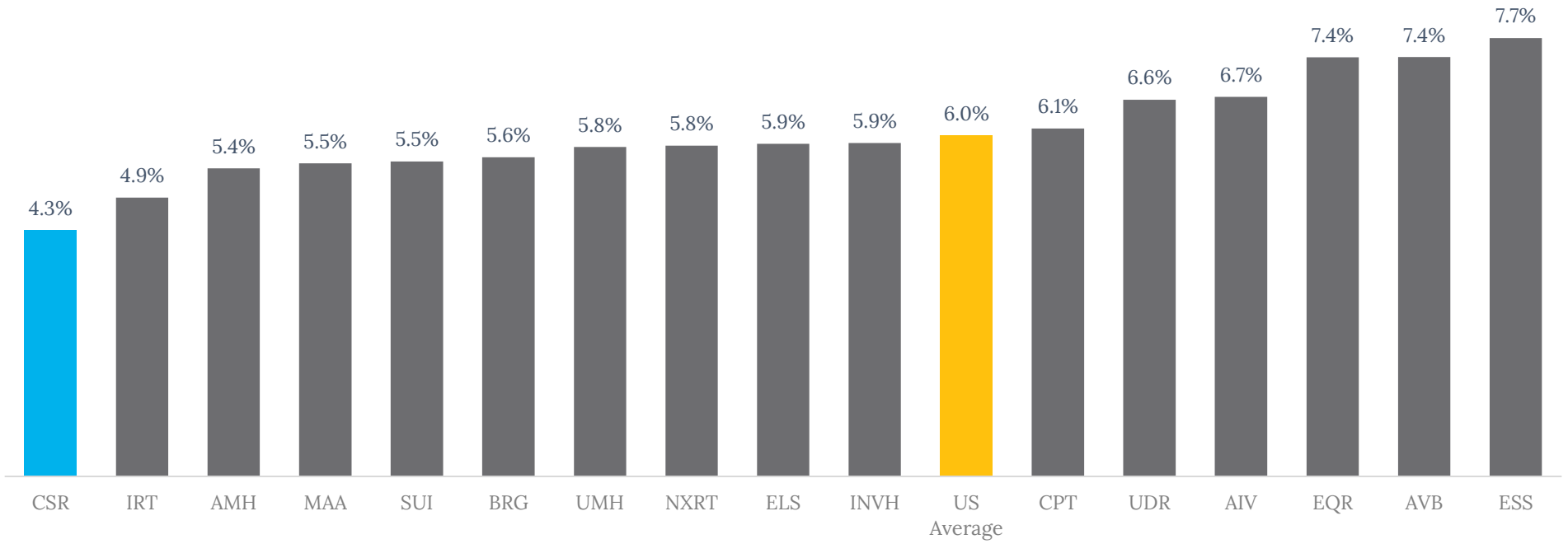
- A 182-home community built in 2018; first new product in submarket in 20 years
- Conveniently located to multiple employment centers and amenities
- Previously financed the development with a $16.6 million mezzanine note, acquiring the asset after stabilization
- One, two and three-bedroom homes feature quartz countertops, stainless steel appliances, and private balconies with views of golf course and pool deck

# MIDWEST HAS STRONG FUNDAMENTALS

**Centerspace Lowest Unemployment Rate Among Peers and 28% Below the US Average**

March 2021 Weighted Average Unemployment Rate

*state unemployment rate weighted by unit count*

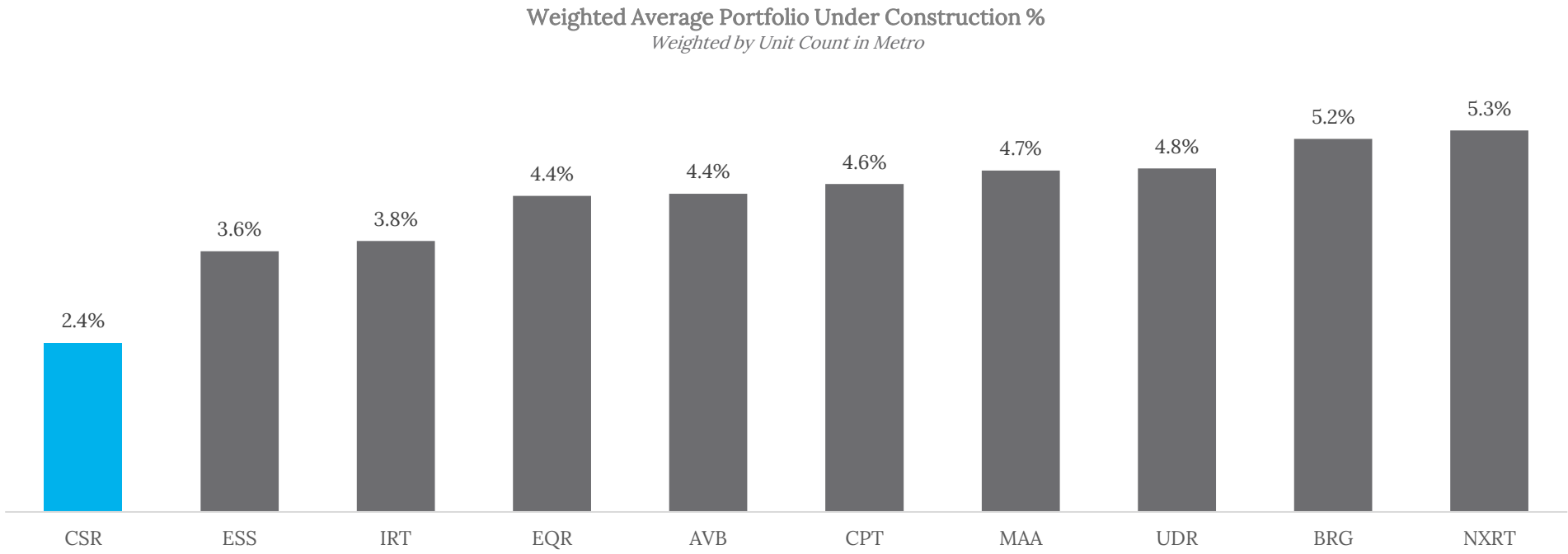



*Source: SNL, BLS, Company Data*

- Centerspace portfolio has lower unemployment among peers and the national average
- Low unemployment in our portfolio relative to all housing sectors- apartment, manufactured housing, and single-family rentals, is leading to strong collections rates

# MIDWEST HAS STRONG FUNDAMENTALS

## Centerspace Maintains Lowest Under Construction Portfolio Among Peers

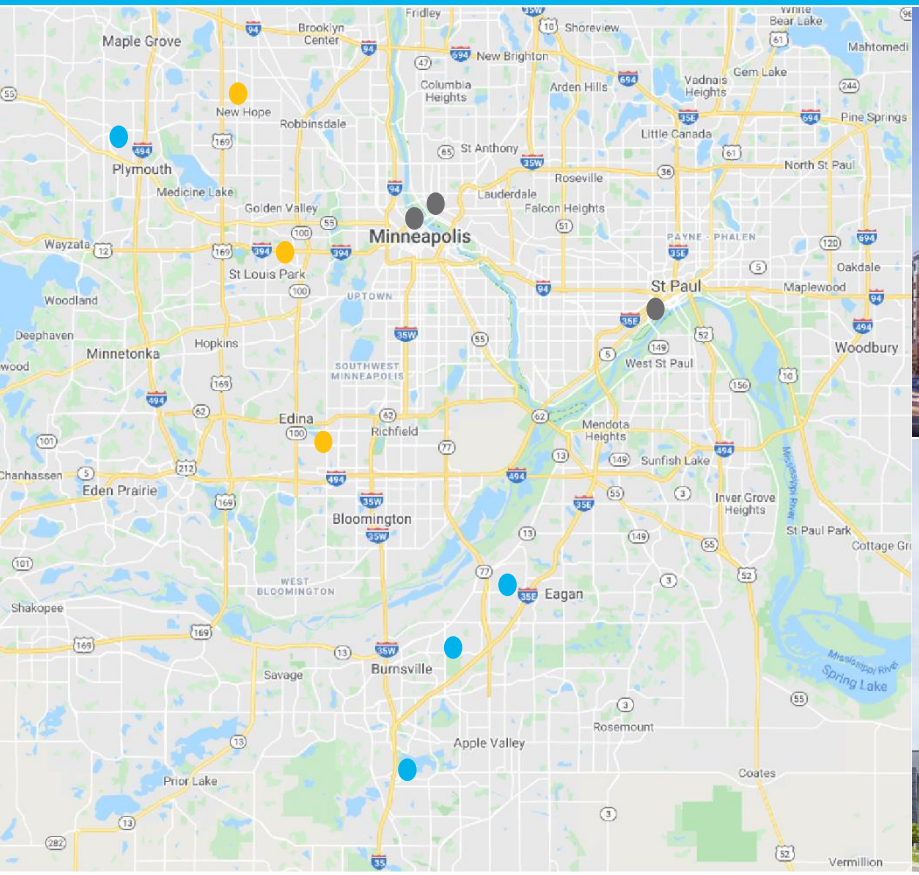



*Source: SNL, CoStar*

- Centerspace's markets have the lowest percentage of construction among multifamily peers
- Low supply in CSR portfolio allows for opportunity to drive rent and maintain occupancy

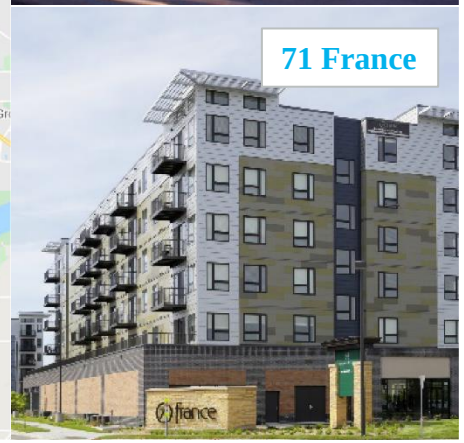
# MINNEAPOLIS MARKET

**COMMUNITIES: 14 / HOMES: 2,537**










*Map does not include Monticello and Isanti communities*

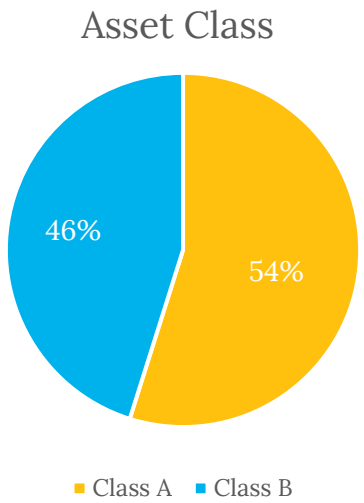
## MAJOR EMPLOYERS

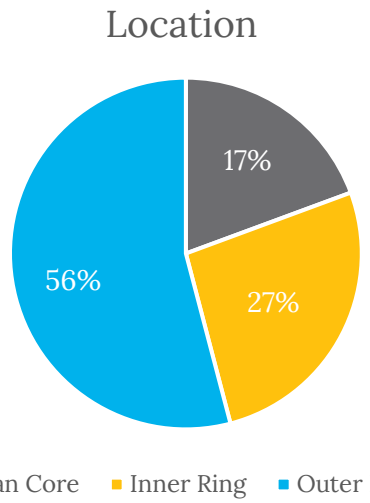
Medtronic · Target · Best Buy · General Mills · Wells Fargo · United · U.S. Bank · 3M

## Market Highlights

- Culturally vibrant and economically diverse metro driven by major employment in health and life sciences, food and water, consumer retail, financial services, and manufacturing; MN is headquarters for **24** Fortune 1,000 companies and the largest private company in the US, Cargill
- **#6** on U.S. News Best Places to Live in the U.S.
- **$79,578** median household income, highest in the Midwest and **7th** in nation among large metros

## Minneapolis Portfolio(1)

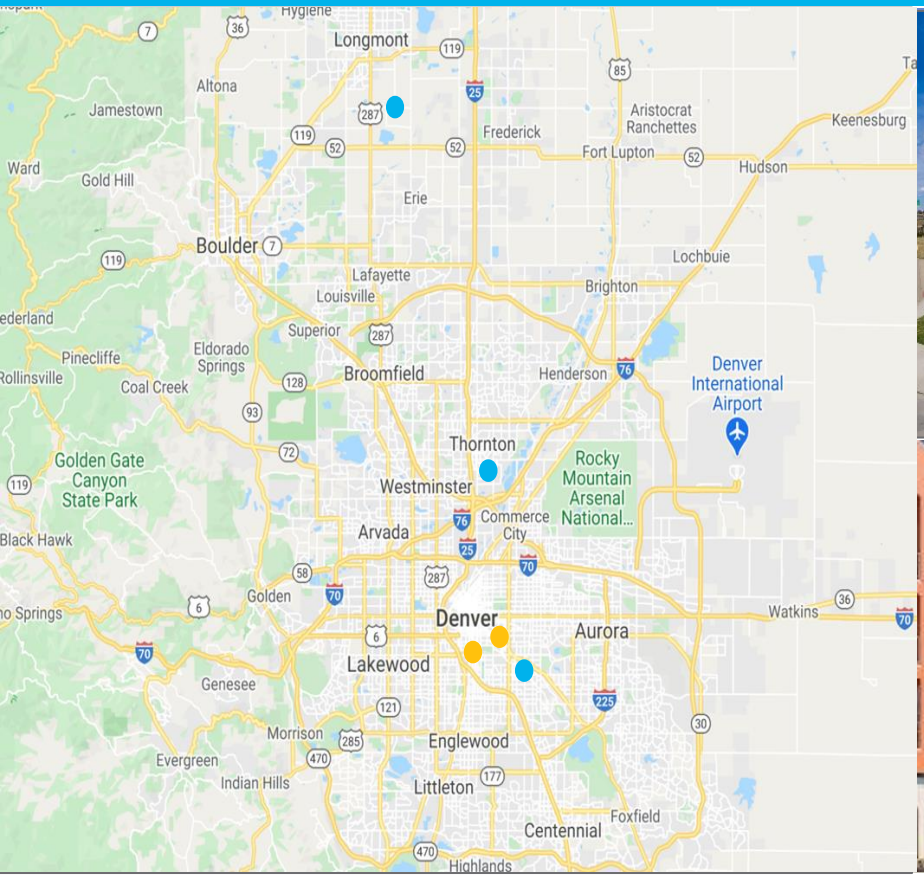



(1) *Based on Q1 2021 NOI*

# DENVER MARKET

**COMMUNITIES: 5 / HOMES: 1,713**





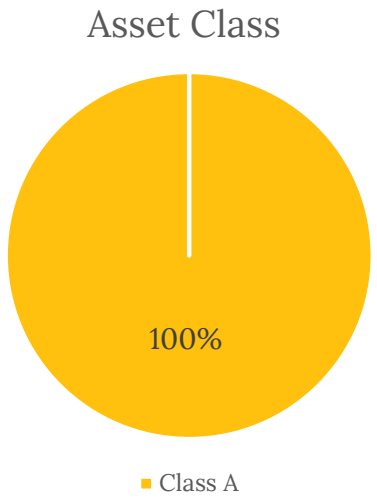


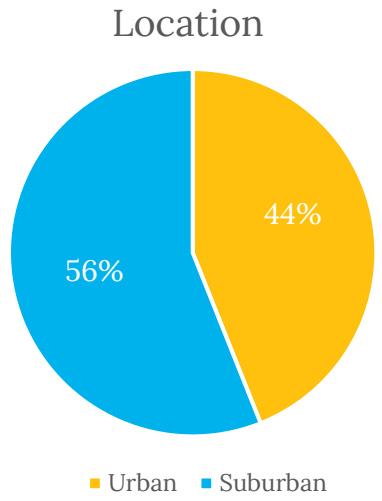



## Market Highlights

- Diverse economy and major hub of technology, energy, aviation and bioscience; **23** Fortune 1,000 companies have their headquarters in CO
- **#2** on U.S. News Best Places to Live in the U.S. with highly desirable quality of life and recreational amenities
- **$79,478** median household income, **8th** in nation among large metros

## Denver Portfolio(1)



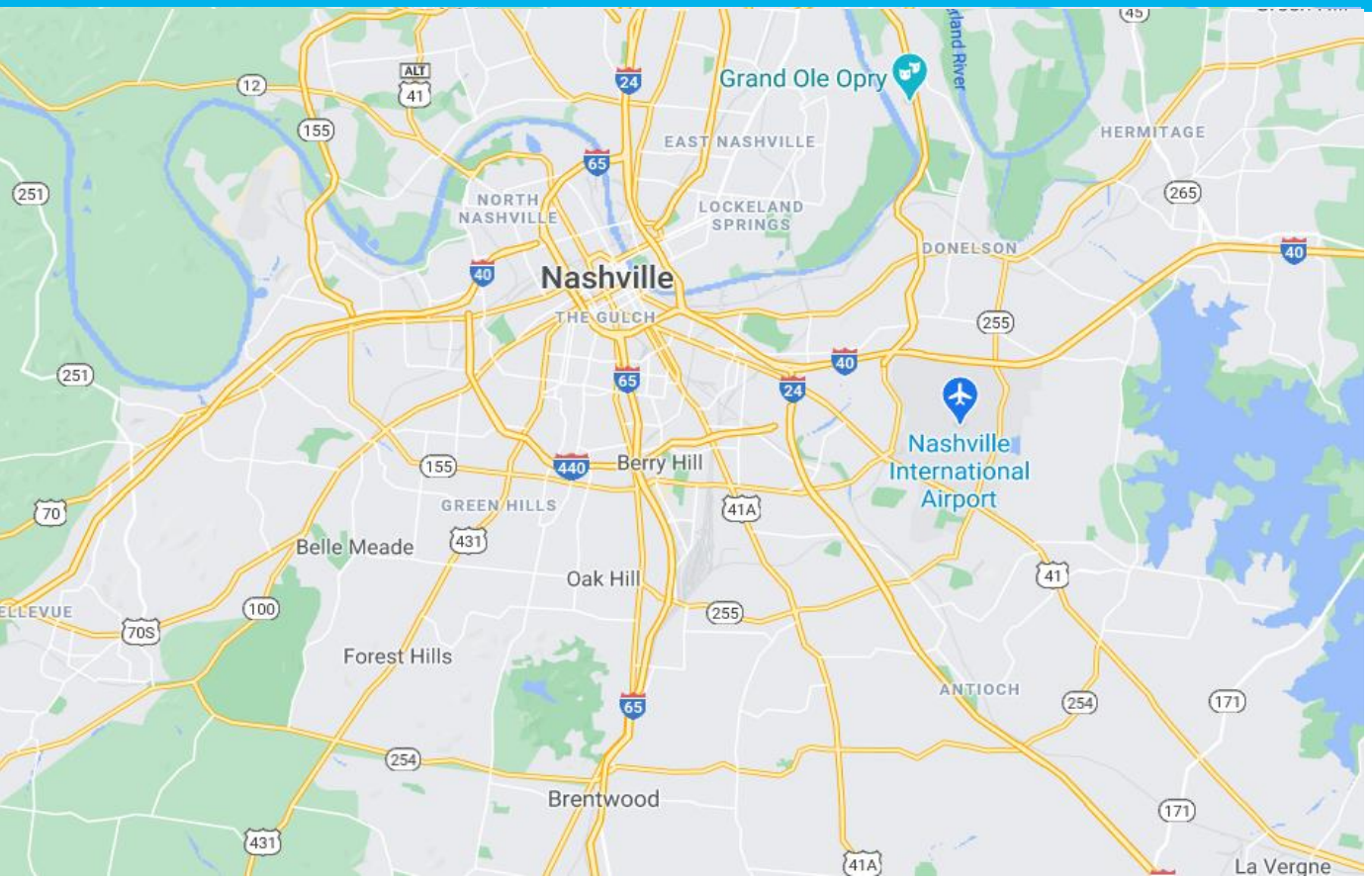

MAJOR EMPLOYERS

comcast · Centura Health · HealthONE · KAISER PERMANENTE · LOCKHEED MARTIN · CenturyLink · DENVER PUBLIC HEALTH

(1) *Based on Q1 2021 NOI*

# NASHVILLE MARKET

New Target Market - A National Growth Leader in Household Income, Jobs, and Millennial Population




## Market Highlights

- True live-work-play community with a lively cultural scene boasting the highest concentration of music industry establishments in the nation and a diverse and growing economy anchored by health care, higher education, advanced manufacturing, logistics, entertainment, and an emerging tech scene
- **#15** on U.S. News Best Places to Live in the U.S.
- Household income growth ranks **5th** among U.S. major metros over past five years
- **41%** job growth over the past 10 years more than doubles U.S. growth of 17%, and is a leader among major metros
- Location of future Amazon operations center bringing at least **5,000** jobs with an average pay of **$150K** per year to the Nashville Yards development in Downtown Nashville
- 2018-2020 average annual sales volume of $1.9 billion
- 2020 volume of $1.8 billion was 11% below 2019
- 2021 Q1 volume of $565 million was 11% below 2020 Q1
- 4 communities traded for $30M+

MAJOR EMPLOYERS

NISSAN · HCA Healthcare · Kroger · Saint Thomas Health · Vanderbilt University · asurion · randstad · CHS Community Health Systems

# FOCUSED SECONDARY MARKET PRESENCE

**These Four Markets, Plus Minneapolis-St. Paul and Denver Make Up 80% of Pro-Forma NOI**

| | Rochester, MN | Omaha, NE | Grand Forks, ND | St. Cloud, MN |
|---|---|---|---|---|
| Population | 216,035 | 941,924 | 101,991 | 196,598 |
| Median Household Income | $71,501 | $66,241 | $53,413 | $59,792 |
| Unemployment Rate[(1)] | 4.0% | 3.2% | 4.3% | 5.0% |
| Major Employers | Mayo Clinic<br>IBM | State of Nebraska<br>Union Pacific | University of ND<br>Altru Health | CentraCare Health<br>State of Minnesota |
| Number of CSR Homes | 1,122 | 1,370 | 865 | 1,190 |
| Total Multifamily Supply | 9,159 | 73,800 | 9,509 | 14,804 |
| Same-Store Average Revenue per Unit[(2)] | $1,307 | $1,030 | $1,181 | $1,082 |
| Same-Store Average Revenue per Unit / Median Household Income (Monthly) | 21.9% | 18.7% | 26.5% | 21.7% |
| Same-Store Occupancy[(3)] | 95.2% | 95.1% | 96.4% | 94.6% |

*Sources: US Census Bureau, Data USA, Bureau of Labor Statistics, CoStar, Company Filings and Disclosures*

*(1) Compared to the March 2021 National Unemployment Rate of 6.0%*
*(2) Average monthly rental rate per occupied home is defined as total rental revenues divided by the weighted average occupied apartment homes for the period*
*(3) Weighted Average Occupancy*

# BEST-IN-CLASS GOVERNANCE

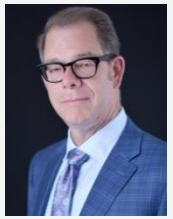
High Caliber Leadership Focused on High Quality Governance

## Executive Management Team

**Mark O. Decker, Jr.**
PRESIDENT AND CEO



**John A. Kirchmann**
EVP AND CFO



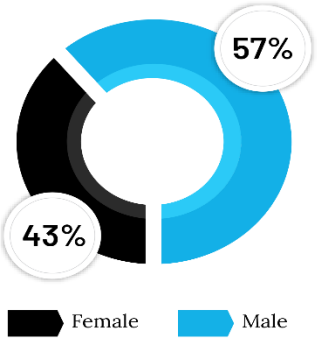
**Anne M. Olson**
EVP AND COO



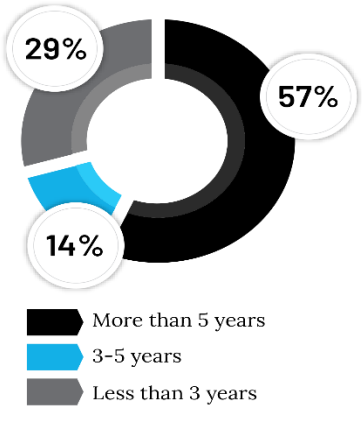
CSR rated ISS's top score of 1 - indicating highest quality corporate governance practices and lowest governance risk

| Jeffrey P. Caira | Michael T. Dance | Mark O. Decker Jr. | Emily Nagle Green | Linda J. Hall | Mary J. Twinem | John A. Schissel |
|---|---|---|---|---|---|---|
| *Since 2015* | *Since 2016* | *Since 2017* | *Since 2018* | *Since 2011* | *Since 2018* | *Since 2016* |

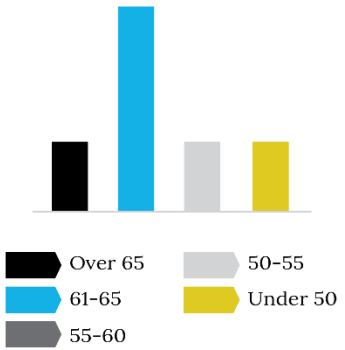
**BOARD OF TRUSTEES**




**TRUSTEE TENURE**




**AGE OF TRUSTEES**



# ESG HIGHLIGHTS

Strong Focus on Environmental, Social and Corporate Governance

**Energy Efficiency**

- Completed installation of 3,323 LED light bulbs
- Only ENERGY STAR rated appliances used for replacement

**Water Conservation**

- Provide shared cost water services encouraging lower consumption
- Installed new common area laundry equipment at 10 communities; compliant with the US-DOE for energy + water

**Air Quality**

- Utilize low VOC flooring, paints, adhesives and sealants
- Non-smoking communities



**3.9**

0.7 increase in reputation score during COVID-19 pandemic



**648**

paid team member volunteer hours

Serving the broader communities in which we operate and supporting our team members' community involvement is important to us. Here are some organizations that have received sponsorships and financial donations through CSR's Corporate Giving Initiative:

- Habitat for Humanity
- Homes for Our Troops
- YMCA
- United Way Local Chapter
- Feed My Starving Children
- Ronald McDonald House Charities
- Cristo Rey High School

# INVESTMENT HIGHLIGHTS

- Differentiated Market Exposure
- Internal Growth Opportunities
- Value-Add Opportunities
- Flexible Balance Sheet
- Best-In-Class Governance



# APPENDIX

# RECONCILIATION TO NON-GAAP MEASURES

**Reconciliation of Net Income (Loss) Available to Common Shareholders to Funds From Operations and Core Funds From Operations**

We use the definition of FFO adopted by the National Association of Real Estate Investment Trusts, Inc. ("Nareit"). Nareit defines FFO as net income or loss calculated in accordance with GAAP, excluding:

depreciation and amortization related to real estate;

gains and losses from the sale of certain real estate assets; and

impairment write-downs of certain real estate assets and investments in entities when the impairment is directly attributable to decreases in the value of depreciable real estate held by the entity.

Due to the limitations of the Nareit FFO definition, we have made certain interpretations in applying this definition. We believe that all such interpretations not specifically identified in the Nareit definition are consistent with this definition. Nareit's FFO White Paper 2018 Restatement clarified that impairment write-downs of land related to a REIT's main business are excluded from FFO and a REIT has the option to exclude impairment write-downs of assets that are incidental to its main business.

We believe that FFO, which is a standard supplemental measure for equity real estate investment trusts, is helpful to investors in understanding our operating performance, primarily because its calculation excludes depreciation and amortization expense on real estate assets, thereby providing an additional perspective on our operating results. We believe that GAAP historical cost depreciation of real estate assets is not correlated with changes in the value of those assets, whose value does not diminish predictably over time, as historical cost depreciation implies. The exclusion in Nareit's definition of FFO of impairment write-downs and gains and losses from the sale of real estate assets helps to identify the operating results of the long-term assets that form the base of our investments, and assists management and investors in comparing those operating results between periods.

While FFO is widely used by us as a primary performance metric, not all real estate companies use the same definition of FFO or calculate FFO in the same way. Accordingly, FFO presented here is not necessarily comparable to FFO presented by other real estate companies. FFO should not be considered as an alternative to net income or any other GAAP measurement of performance, but rather should be considered as an additional, supplemental measure. FFO also does not represent cash generated from operating activities in accordance with GAAP and is not necessarily indicative of sufficient cash flow to fund all of our needs or our ability to service indebtedness or make distributions.

Core Funds from Operations ("Core FFO") is FFO as adjusted for non-routine items or items not considered core to our business operations. By further adjusting for items that are not considered part of our core business operations, we believe that Core FFO provides investors with additional information to compare our core operating and financial performance between periods. Core FFO should not be considered as an alternative to net income as an indication of financial performance, or as an alternative to cash flows from operations as a measure of liquidity, nor is it indicative of funds available to fund our cash needs, including our ability to make distributions to shareholders. Core FFO is a non-GAAP and non-standardized measure that may be calculated differently by other REITs and should not be considered a substitute for operating results determined in accordance with GAAP.

# RECONCILIATION TO NON-GAAP MEASURES

| | *(in thousands, except per share amounts)* | | | | |
|---|---|---|---|---|---|
| | **Three Months Ended** | | | | |
| | **3/31/2021** | **12/31/2020** | **9/30/2020** | **6/30/2020** | **3/31/2020** |
| Funds From Operations | | | | | |
| Net income (loss) available to common shareholders | $ (6,474) | $ (5,985) | $ 18,021 | $ (5,387) | $ (8,439) |
| Adjustments: | | | | | |
| Noncontrolling interests – Operating Partnership | (469) | (460) | 1,387 | (447) | (692) |
| Depreciation and amortization | 19,992 | 20,282 | 18,995 | 18,156 | 18,160 |
| Less depreciation – non real estate | (98) | (87) | (85) | (88) | (93) |
| Less depreciation – partially owned entities | (24) | (33) | (31) | (33) | (282) |
| (Gain) loss on sale of real estate | — | (17) | (25,676) | 190 | — |
| FFO applicable to common shares and Units | $ 12,927 | $ 13,700 | $ 12,611 | $ 12,391 | $ 8,654 |
| | | | | | |
| Adjustments to Core FFO: | | | | | |
| Casualty loss (recovery) | — | 204 | 545 | — | — |
| Loss on extinguishment of debt | — | 2 | 4 | 17 | — |
| Rebranding costs | — | 402 | — | — | — |
| Technology implementation costs | 413 | — | — | — | — |
| (Gain) loss on marketable securities | — | — | — | (175) | 3,553 |
| (Discount) premium on redemption of preferred shares | — | — | 1 | (25) | (273) |
| Core FFO applicable to common shares and Units | $ 13,340 | $ 14,308 | $ 13,161 | $ 12,208 | $ 11,934 |
| | | | | | |
| Funds from operations applicable to common shares and Units | $ 12,927 | $ 13,700 | $ 12,611 | $ 12,391 | $ 8,654 |
| Dividends to preferred unitholders | 160 | 160 | 160 | 160 | 160 |
| Funds from operations applicable to common shares and Units - diluted | $ 13,087 | $ 13,860 | $ 12,771 | $ 12,551 | $ 8,814 |
| | | | | | |
| Core funds from operations applicable to common shares and Units | $ 13,340 | $ 14,308 | $ 13,161 | $ 12,208 | $ 11,934 |
| Dividends to preferred unitholders | 160 | 160 | 160 | 160 | 160 |
| Core funds from operations applicable to common shares and Units - diluted | $ 13,500 | $ 14,468 | $ 13,321 | $ 12,368 | $ 12,094 |
| | | | | | |
| **Per Share Data** | | | | | |
| **Earnings (loss) per share and Unit - diluted** | $ (0.49) | $ (0.46) | $ 1.38 | $ (0.44) | $ (0.69) |
| **FFO per share and Unit - diluted** | $ 0.92 | $ 0.97 | $ 0.90 | $ 0.93 | $ 0.66 |
| **Core FFO per share and Unit - diluted** | $ 0.95 | $ 1.02 | $ 0.94 | $ 0.91 | $ 0.90 |
| | | | | | |
| Weighted average shares and Units - diluted | 14,282 | 14,222 | 14,143 | 13,558 | 13,401 |

# RECONCILIATION TO NON-GAAP MEASURES

## Reconciliation of Net Income (Loss) Available to Common Shareholders to Adjusted EBITDA

Adjusted EBITDA is earnings before interest, taxes, depreciation, amortization, gain/loss on sale of real estate and other investments, impairment of real estate investments, gain/loss on extinguishment of debt, gain on litigation settlement, and gain/ loss from involuntary conversion. We consider Adjusted EBITDA to be an appropriate supplemental performance measure because it permits investors to view income from operations without the effect of depreciation, the cost of debt, or nonoperating gains and losses. Adjusted EBITDA is a non-GAAP measure and should not be considered a substitute for operating results determined in accordance with GAAP.

| | *(in thousands)* | | | | |
|---|---|---|---|---|---|
| | **Three Months Ended** | | | | |
| | **3/31/2021** | **12/31/2020** | **9/30/2020** | **6/30/2020** | **3/31/2020** |
| Adjusted EBITDA | | | | | |
| Net income (loss) available to common shareholders | $ (4,867) | $ (4,378) | $ 19,629 | $ (3,803) | $ (7,007) |
| Adjustments: | | | | | |
| Dividends to preferred unitholders | 160 | 160 | 160 | 160 | 160 |
| Noncontrolling interests – Operating Partnership | (469) | (460) | 1,387 | (447) | (692) |
| Income (loss) before noncontrolling interests – Operating Partnership | $ (5,176) | $ (4,678) | $ 21,176 | $ (4,090) | $ (7,539) |
| Adjustments: | | | | | |
| Interest expense | 7,216 | 6,888 | 6,756 | 6,926 | 6,764 |
| Loss on extinguishment of debt | — | 2 | 4 | 17 | — |
| Depreciation/amortization related to real estate investments | 19,969 | 20,250 | 18,964 | 18,123 | 17,878 |
| Casualty loss (recovery) | — | 204 | 545 | — | — |
| Interest income | (407) | (328) | (256) | (331) | (597) |
| (Gain) loss on sale of real estate and other investments | — | (17) | (25,676) | 190 | — |
| Technology implementation costs | 413 | — | — | — | — |
| (Gain) loss on marketable securities | — | — | — | (175) | 3,553 |
| Adjusted EBITDA | $ 22,015 | $ 22,321 | $ 21,513 | $ 20,660 | $ 20,059 |