



# A 2018 Report: **REIT Board Composition & Diversity Trends**



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# 2018 REIT Board Composition & Diversity

## Introduction & Overview:

Just over a year ago, a newly placed statue of a fearless girl on Wall Street started an important conversation...

State Street Global Advisors, who commissioned the statue, is largely credited with starting the current dialogue of gender diversity in the marketplace - specifically across public company Boards. State Street was the first major institutional investor that took a hard stance with their 2017 governance policies that effectively stated their intention to vote against the Chair of the Board's Nominating and/or Governance Committee if the Board lacked a female director or failed to announce plans to make progress on diversity. This act resulted in over 400 votes against companies by State Street during the 2017 proxy season. Shortly thereafter, BlackRock endorsed a similar initiative for making progress on diversity, which carried similar "against" vote implications. Additional momentum came after the 2017 proxy season when Vanguard released an open letter addressed to directors of public companies worldwide stating that it had joined the 30% Club, a global organization that advocates for greater representation of women in boardrooms and leadership roles. Finally, last September the New York City Comptroller, Scott M. Stringer, and the New York City Pension Funds launched the "Boardroom Accountability Project 2.0", which would, amongst other things, intensify pressure on companies to have more diverse boards.

Separately, and specific to the REIT industry, a 2018 report by Wells Fargo titled *Real Estate: It's A Man's World On REIT Boards But It Pays To Include Women* found that "companies with more than the average percentage of women on their boards achieved higher average price and total returns over that period."

The 2018 proxy season marks the first full year after the investor community stated their strong preference for gender diversity in the Boardroom, and as such, represents a true gauge of how public companies have responded. FPL sought to examine how REITs have fared overall as an industry, and how their practices compare to the broader public marketplace.

## Topline Findings

### Majority Of New REIT Directors Are Female

- Of the 94 newly elected, non-employee/outside REIT directors, just over one-half (52%) are female, representing a doubling from just two years earlier (26% in 2016). 2018 results mark the first time ever that new male directors comprised less than the majority across the REIT sector.
- New female REIT directors elected in 2018 outpaced that of the broader public marketplace by over 50% as approximately 32% of all new directors in the Russell 3000 were female.
- Of the newly elected female REIT directors, the most common backgrounds are in the consumer sector or investments; separately, we note that approximately 61% have no prior board experience.

### Fewer Boards Have No Females

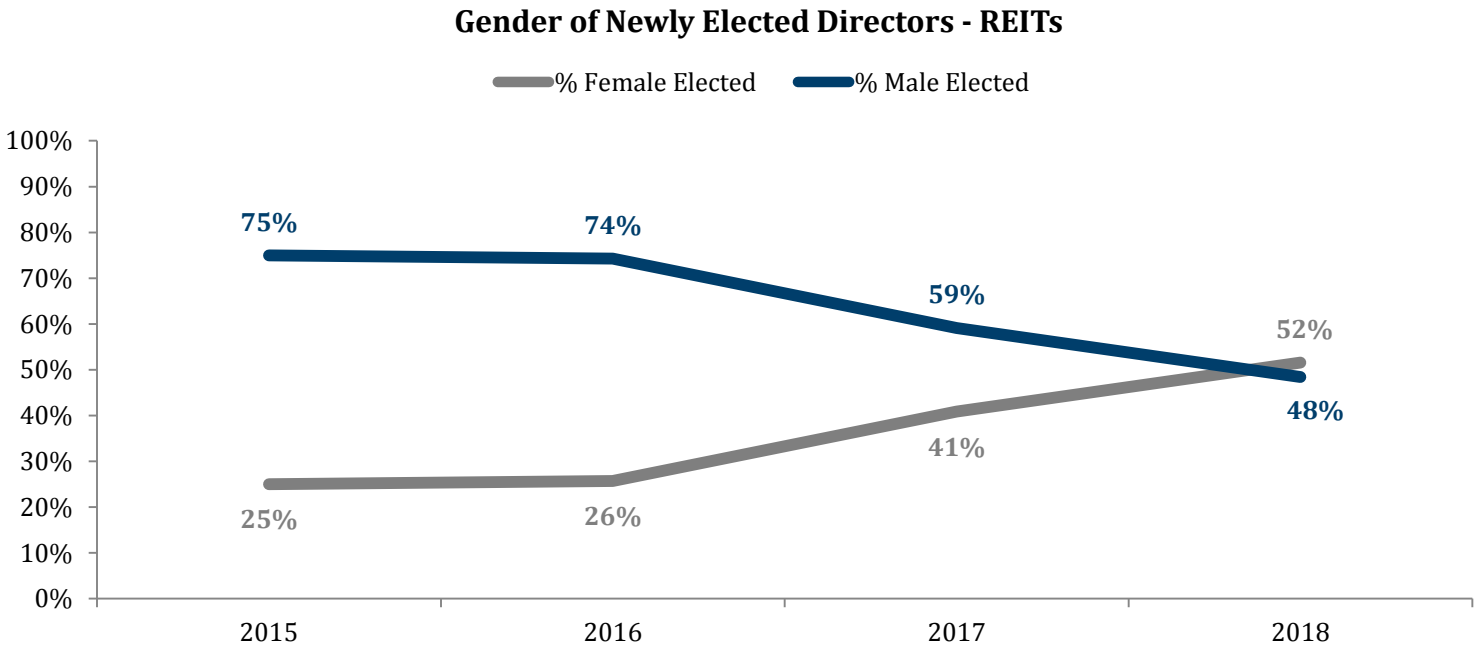
- Last year (2017), 21% of REIT boards exclusively had male directors, whereas now in 2018 that number has declined to just under 17%.
- REITs continue to fare better than their Russell 3000 counterparts, as just over 18% of the latter continue to have no female directors on their Boards.
- At the same time, it is worth noting that approximately 19% of Russell 3000 boards have three or more women, whereas approximately 14% of REITs can claim the same.

### Males Comprise The Vast Majority But The Gap Is Starting To Narrow; Boards Are Younger

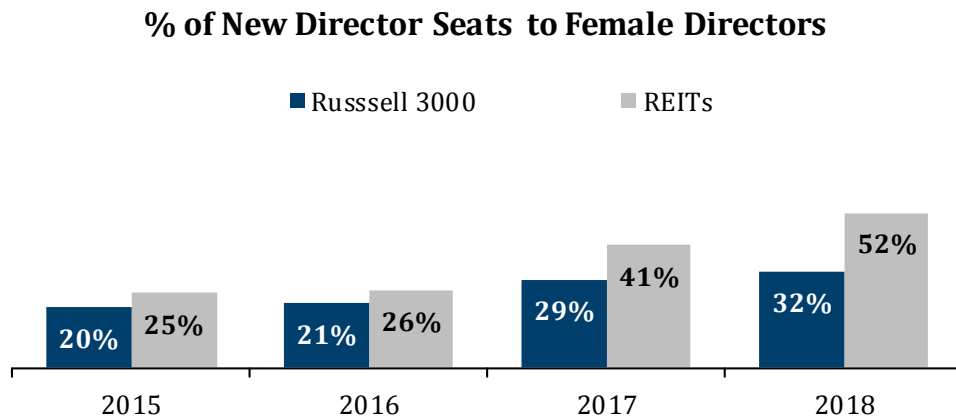
- Boards continue to be mostly male (82.5% of REIT board members); however, the gap has narrowed in the industry by approximately 350 basis points between 2017 and 2018.
- Separately, REIT boards are getting slightly younger. In 2015 the average age of newly elected directors was 60, and that has since dropped to 58 in 2018. Compared to the Russell 3000, REIT directors tend to be slightly older.

# 2018 REIT Board Composition & Diversity

**Figure 1. Percentage of Newly Elected REIT Directors 2015-2018**



**Figure 2. Percentage of Newly Elected Directors 2015-2018: REITs vs. Russell 3000**



# 2018 REIT Board Composition & Diversity

Figure 3. Percentage of Total Directors That Are Male and Female 2018: REITs vs. Russell 3000

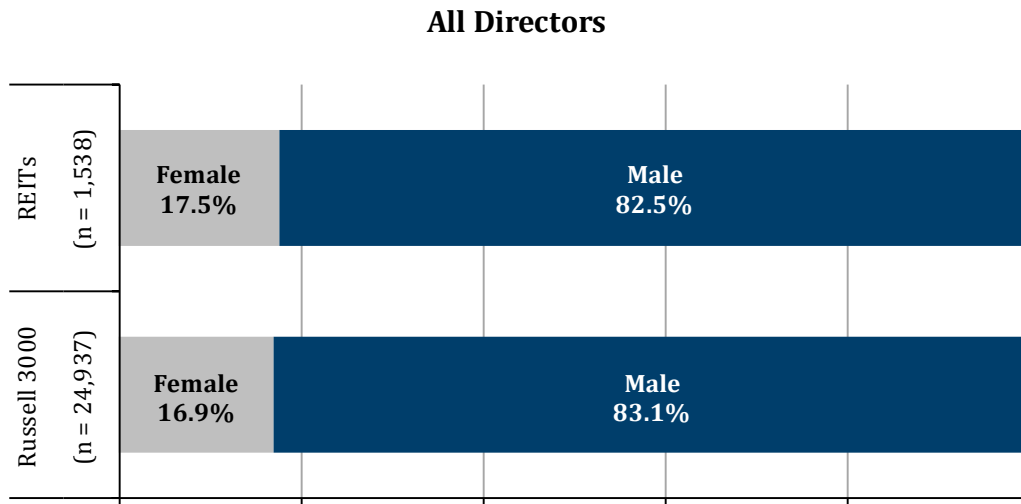
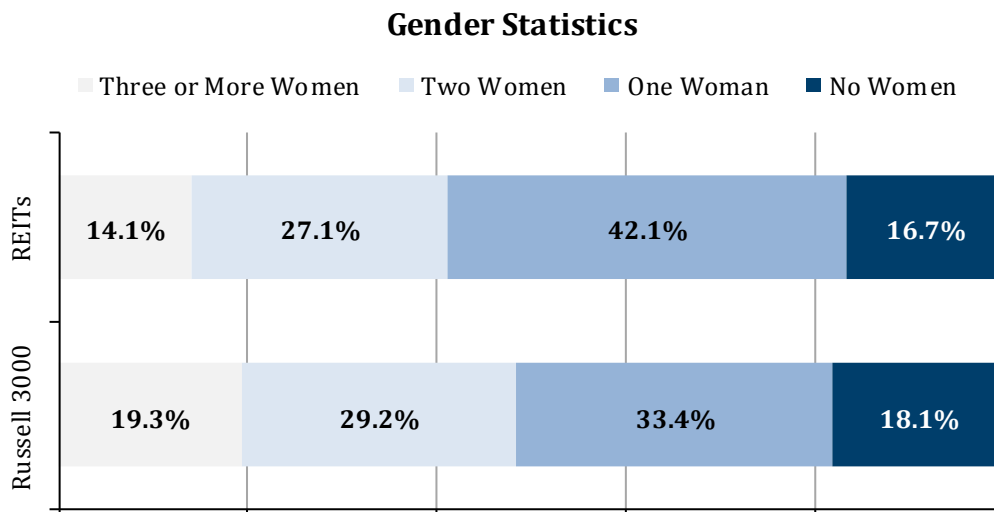


Figure 4. Percentage of Boards With Various Female Composition 2018: REITs vs. Russell 3000



# 2018 REIT Board Composition & Diversity

Figure 5. Average Age of Newly Elected REIT Directors 2015-2018

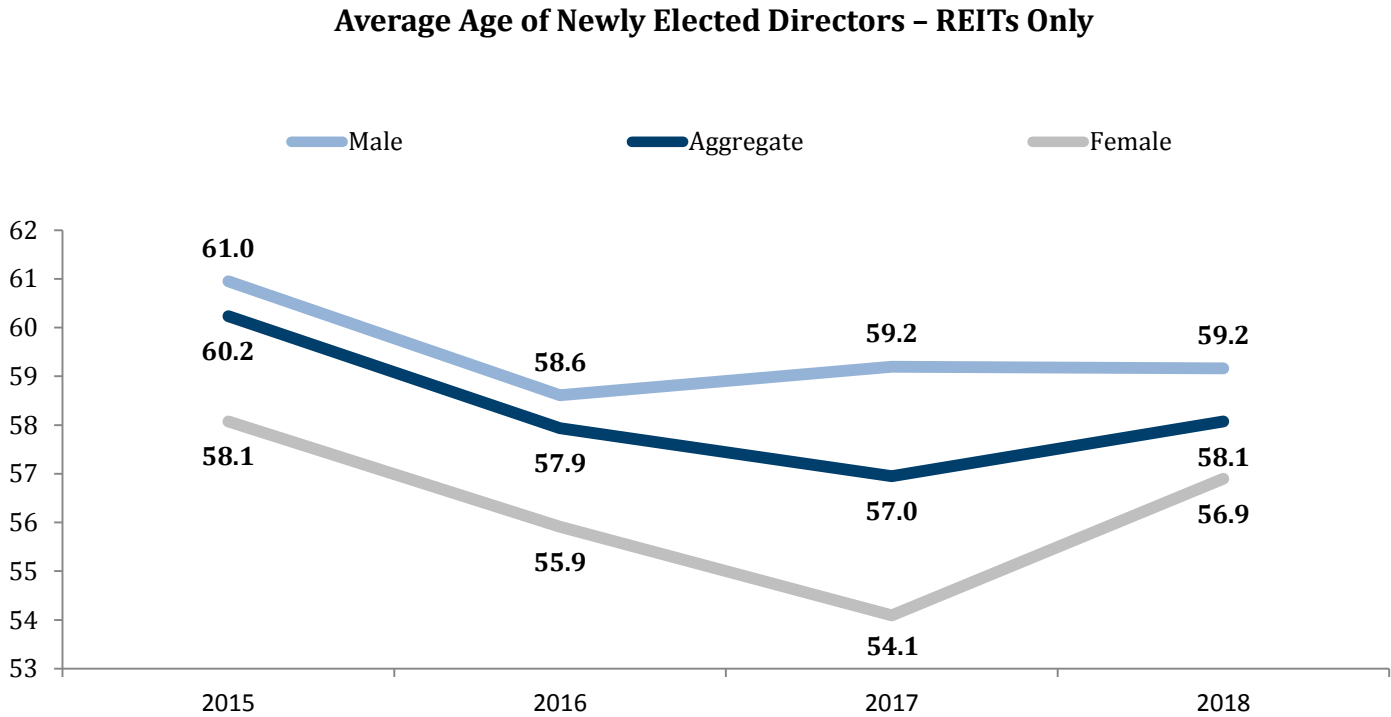
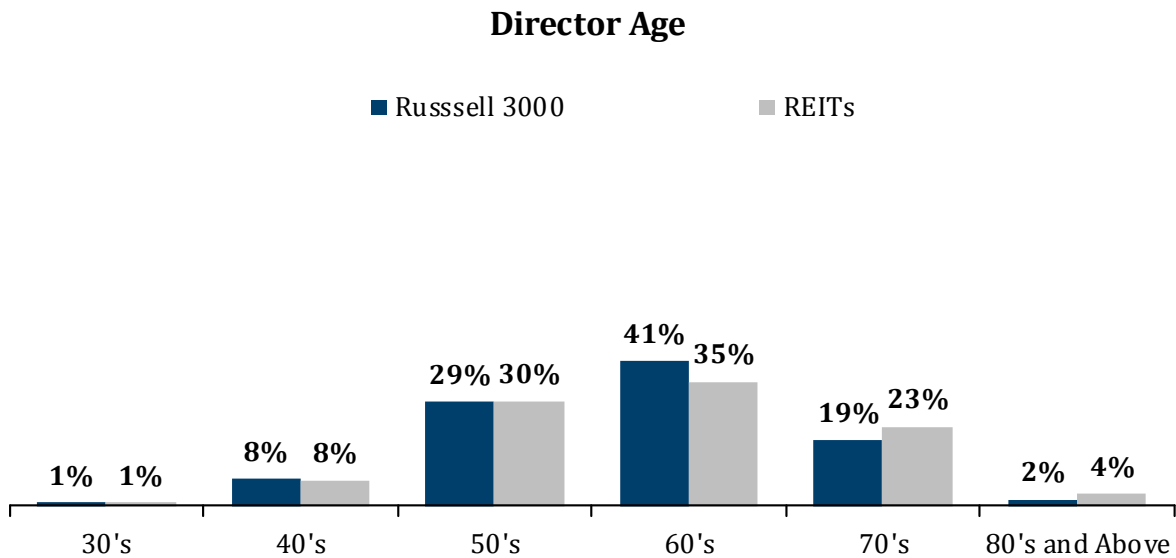


Figure 6. Distribution of Total Directors' Ages 2018: REITs vs. Russell 3000



# 2018 REIT Board Composition & Diversity

## Public REITs with 4 Women Directors

Annaly Capital Management Inc.

Host Hotels & Resorts, Inc.

Redwood Trust Inc.

## Public REITs with 3 Women Directors

American Tower Corporation

Apartment Investment and Management Company

Boston Properties, Inc.

Camden Property Trust

CoreCivic, Inc.

CubeSmart

CYS Investments, Inc.

Duke Realty Corporation

Equity LifeStyle Properties, Inc.

Equity Residential

Forest City Realty Trust, Inc.

GGP Inc.

Global Medical REIT Inc.

InfraREIT Inc.

Investors Real Estate Trust

Iron Mountain Incorporated

Kimco Realty Corporation

KKR Real Estate Finance Trust Inc.

Macerich Company

Paramount Group, Inc.

PennyMac Mortgage Investment Trust

PS Business Parks, Inc.

Regency Centers Corporation

RLJ Lodging Trust

Simon Property Group, Inc.

UDR, Inc.

Ventas, Inc.

Weyerhaeuser Company

# 2018 REIT Board Composition & Diversity

## Research Methodology

This report compares the board practices and director demographics of 192 REIT boards with the board practices and director demographics of the companies included in the Russell 3000 Index as of December 2017. The data corresponding to 2018 was reported by the companies in regulatory filings submitted to the Securities Exchange Commission during 2018. The data largely reflects board composition as of each company's annual shareholder meeting in 2018, most of which occurred between April 1 - June 15, 2018. The data was collected and analyzed by FPL as well as supplemented, particularly for the broader marketplace, by Equilar, a leading provider of board intelligence solutions. The employment status, employers and titles of REIT directors were determined based on a review of the biographies of the directors provided in each company's 2018 proxy statement or other relevant public filings. While every reasonable effort was made to ensure accuracy, interpretations of employment status and backgrounds are subjective.

## Contact

If you have any questions on this analysis, please contact us at:

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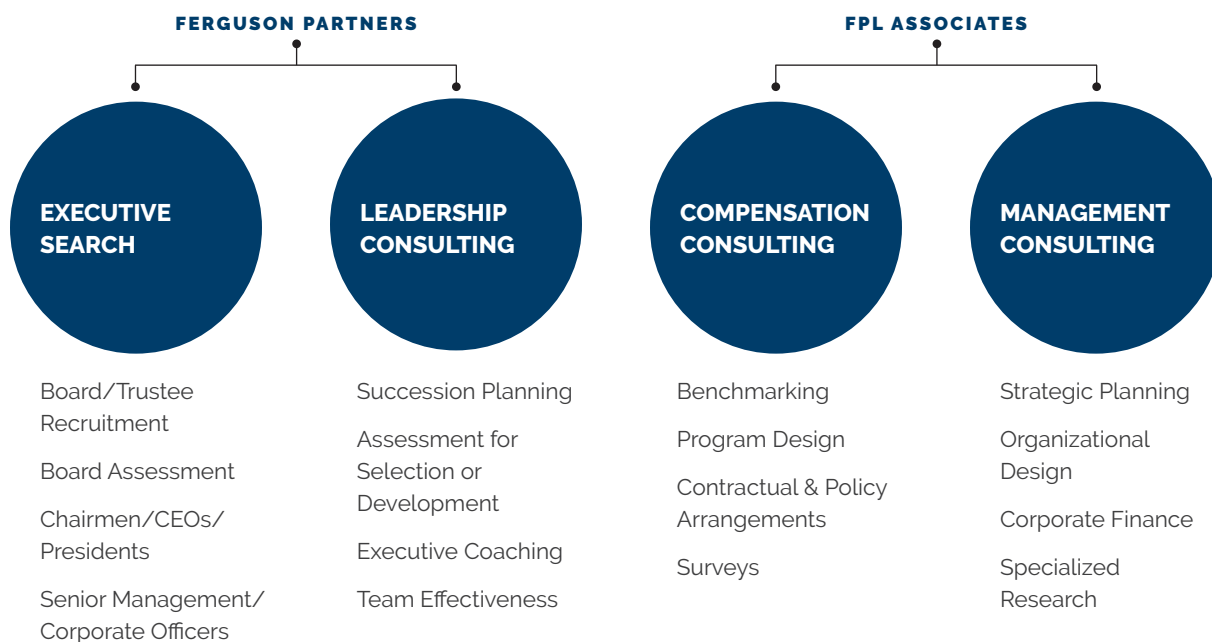
### Ferguson Partners

With an emphasis on the right fit, Ferguson Partners offers services in executive and Director recruitment. We also offer a full range of leadership services including CEO and senior executive succession planning, leadership assessment and coaching, and team effectiveness.

### FPL Associates

Focusing on a wide array of business needs, FPL Associates assists with the assessment, design and implementation of compensation programs. We also provide organizational, financial & strategic consulting, bringing a wealth of industry and category-specific expertise to a broad range of projects.

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## OUR INDUSTRY PRACTICES

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Private Equity/Real Estate Investment Managers, Public (REITs) & Private Owners/ Developers, Property Services (Brokerage) Firms, Commercial Mortgage Investment/	<b>Hospitality &amp; Leisure</b>	<b>Healthcare</b>	Infrastructure Investing: Transport, Energy, Social Infrastructure; Construction & Engineering
	Lodging (Brands/Owners), Gaming Resorts & Casinos, Restaurants,	Owners/Investors/ Operators/Financiers of Seniors Housing, Hospitals, Health Care Service Providers	

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