



Property Report

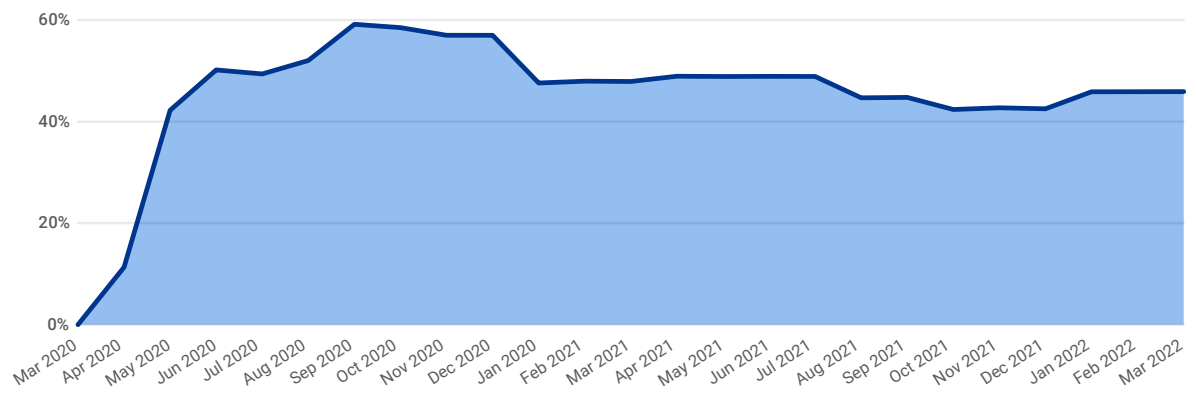
US 2021



COVID-19 Impact

Personal protective equipment costs

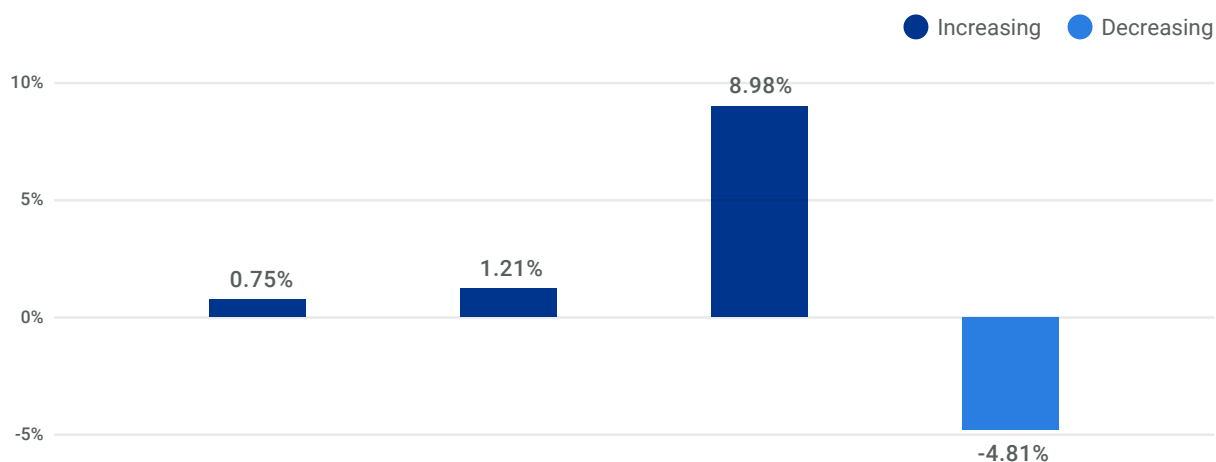
Due to the pandemic, the demand for personal protective equipment (PPE) increased dramatically, as did the cost. Between March 2020 and July 2020, PPE costs rose 44% and continued to a high of 52% that year.



Material and Labor

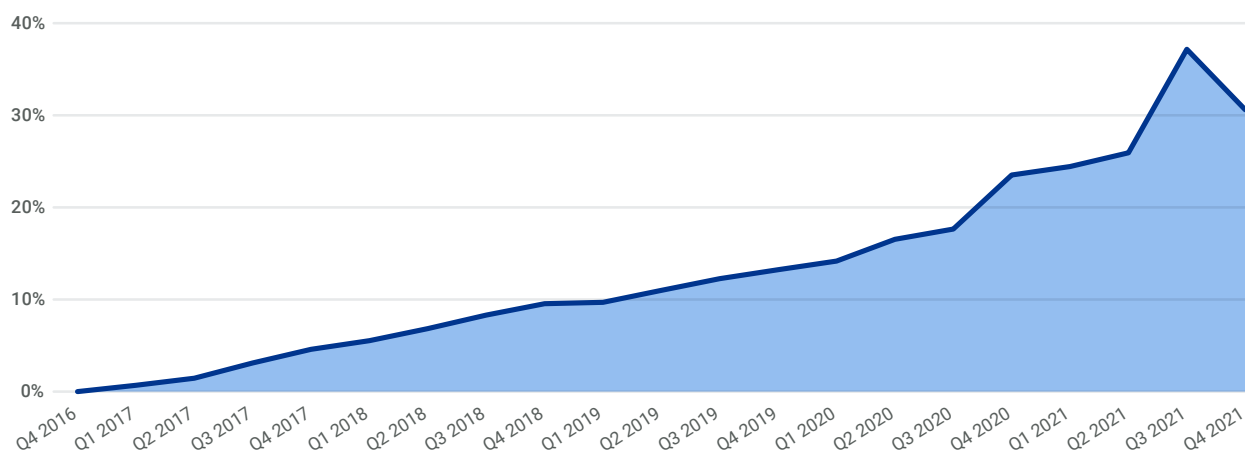
Reconstruction costs change by quarter

In 2021, average reconstruction costs experienced slight increases during Q1 and Q2, followed by a jump to 8.98% during Q3. Costs then decreased 4.81% in Q4, primarily driven by changes in lumber costs.



Reconstruction cost trends

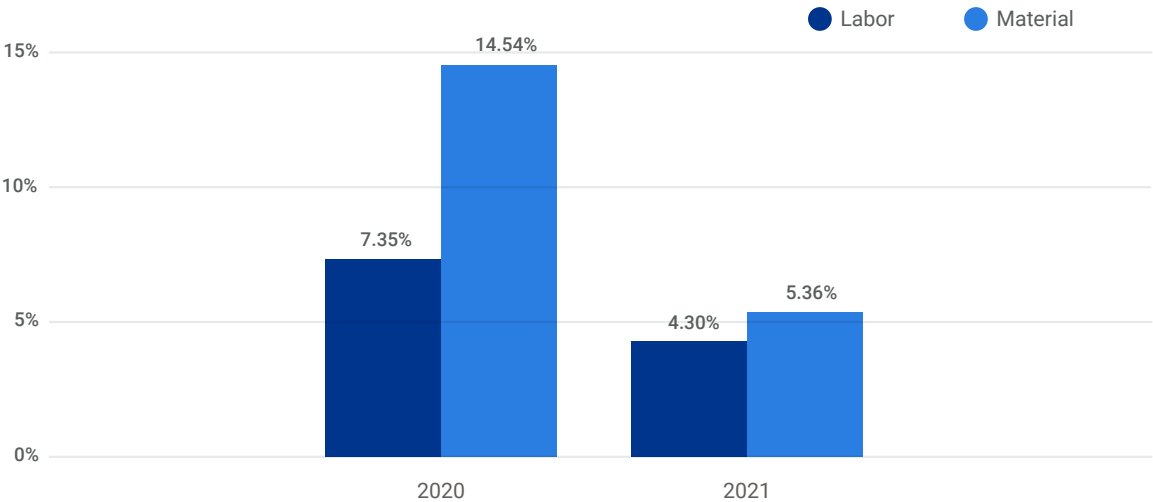
Trends in overall reconstruction costs throughout the past five years show a steady climb from 2016 through Q3 of 2020, followed by increases peaking at 37%, only to drop to 31% in Q4. The drop in the last part of the year was driven by the 34% decrease in lumber costs.



Material and Labor (Continued)

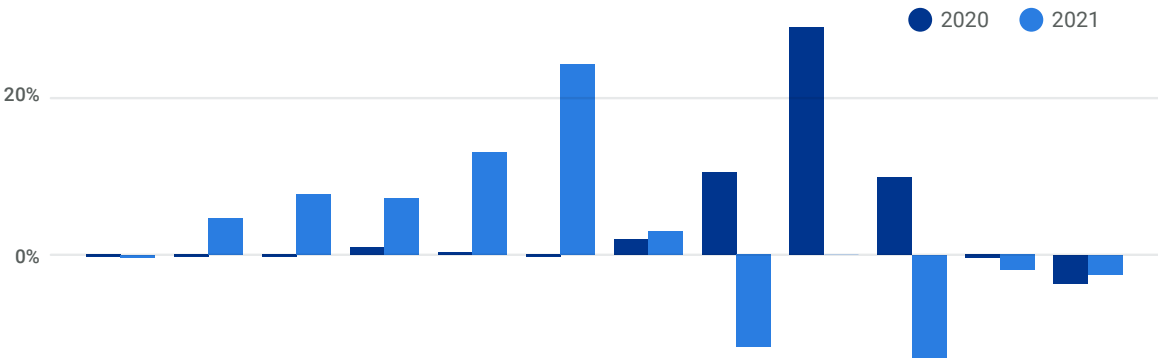
Material and labor annual change

Labor costs, which increased 7.35% in 2020, showed a more restrained but still significant increase of 4.3% in 2021. Material costs rose 14.54% in 2020, but only showed a 5.36% increase in 2021. The significant difference between 2021 and 2020 was primarily caused by the cost of lumber, which decreased 34% in Q4 2021.



Lumber material index

In 2020, lumber costs from month to month stayed relatively level until they began to increase in August and peaked at 29.08% in September. In 2021, lumber costs from month to month increased during the first half of the year with a high of 24.35% in June. But prices began to decrease in August with an 18.76% decrease in September.

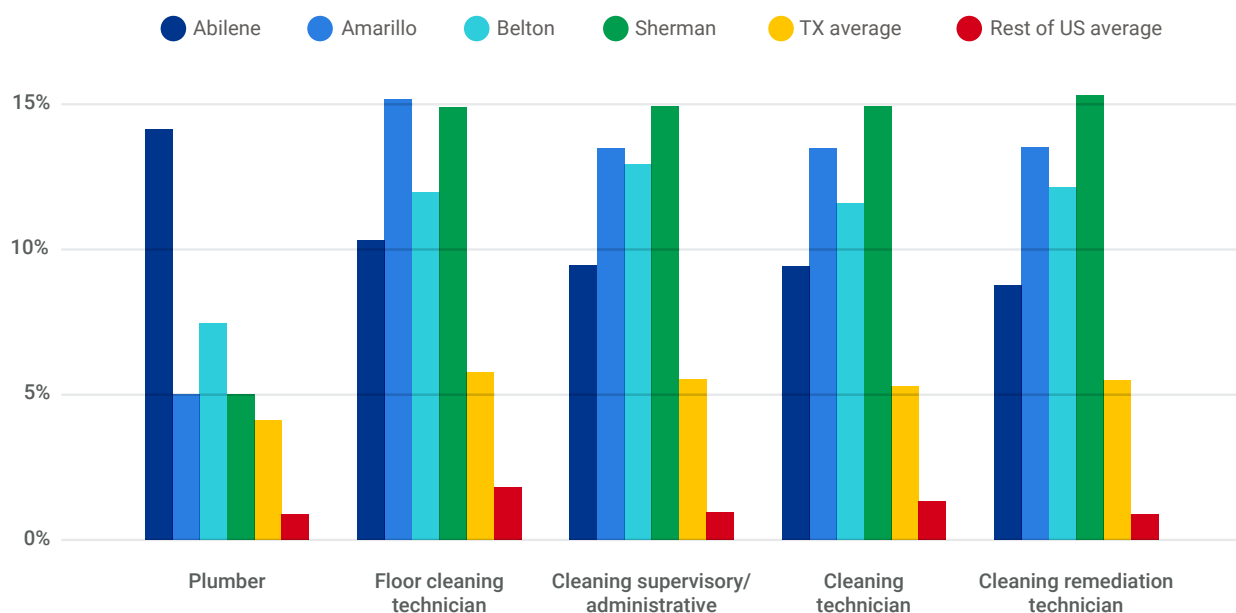


Severe Weather

Texas winter storms

The winter storms that swept across the United States between February 12 and February 18, 2021, brought record-setting freezing temperatures and snowstorms that caused widespread catastrophe in the U.S. Midwest, especially Texas and other southern states. The extensive damage from the winter storms caused unprecedented claims activity during a typically quiet time of the year.

Of the top ten labor trades that had significantly higher cost increases, the four cleaning-based trades (namely cleaning technicians, floor cleaning technicians, cleaning remediation technicians, and cleaning supervisors or administrators) were those most affected by the 2021 Texas winter storms in the cities of Abilene, Amarillo, Belton, and Sherman. Plumbers in those same cities saw increases of between 9% and 14%.



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