

Residential REITs

BofA Apartment REITs cap rate analysis

Industry Overview

Cap rate analysis for Apartment REITs

In this report, we track private market cap rates for apartments using Real Capital Analytics (RCA) transaction data by MSA. We then overlay these cap rates onto each Apartment REIT's geographic exposure to build up to a portfolio wide private market cap rate. We then compare this private market cap rate with BofA's applied cap rate and the market's implied cap rate.

Our Apartment models reflect a rise in cap rates

Since May 2022, we have increased our applied cap rates by 137bp on average. Since May 2022, the market implied cap rates on Apartment REITs have increased 146bp on average. We note that QTD 2Q23 private market cap rates are +53bp higher than 2Q22.

Public vs private market cap rates have disconnected

The spread between private market and market implied cap rates has widened significantly since 2022. Across our REIT coverage the average spread is 181bp. That compares to the average spread of -5bp from 2011-19.

The spread over the 10-year Treasury has narrowed

The spread between private market cap rates and the 10 year Treasury has narrowed significantly. The narrowing spread has been driven by rising interest rates. Private market cap rates have adjusted by a much smaller degree. Across our REIT coverage, the average spread is 99bp. That compares to the average spread of 295bp from 2011-19.

Private market cap rates remain sticky

The latest commentary from REIT management teams support cap rate ranges of high 4s to low 5s. Please see inside for cap rate quotes from the 1Q earnings calls.

Summary table of Apartment REIT cap rates

Exhibit 1: Private market cap rates vs implied cap rates

The public market assures private market cap rates will increase

Ticker	BofA Applied cap rate	Public market Implied cap rate	Private market cap rate			Spread
			May	1Q23	2022	
AVB	5.4%	6.3%	4.9%	4.6%	4.2%	138bps
AIRC*	n.a.	6.3%	4.4%	4.4%	4.2%	194bps
CPT	5.7%	6.6%	4.7%	4.5%	4.3%	192bps
EQR	5.8%	6.8%	4.7%	4.5%	4.1%	217bps
ESS	5.4%	6.2%	4.5%	4.5%	3.8%	168bps
IRT*	n.a.	6.5%	4.8%	4.6%	4.3%	169bps
MAA*	n.a.	6.5%	4.5%	4.2%	4.0%	202bps
UDR	5.3%	6.3%	4.5%	4.3%	4.2%	175bps
VRE	5.5%	6.5%	4.8%	4.5%	5.0%	176bps
Avg	5.5%	6.5%	4.6%	4.5%	4.2%	181bps

Source: RCA analytics, company filings, S&P Global

Note: *Consensus implied cap rates for REITs not covered. Spread is public market implied cap rates minus the latest private market cap rates

BofA GLOBAL RESEARCH

11 July 2023

Equity
United States
REITs

Joshua Dennerlein
Research Analyst
BofAS
+1 646 855 1681
joshua.dennerlein@bofa.com

Jeffrey Spector
Research Analyst
BofAS
+1 646 855 1363
jeff.spector@bofa.com

Steven Song
Research Analyst
BofAS
+1 646 855 0049
huainan.song@bofa.com

REITs Team
BofAS

[See Team Page for List of Analysts](#)

Key terms used:

Applied cap rate: The cap rate we apply to a REIT's NOI stream to build up to our Net Asset Value (NAV).

BP: basis points

Cap Rate: capitalization rate

Implied cap rate: The public market's implied cap rate based on the equity market capitalization.

MSA: Metropolitan statistical area

RCA: Real Capital Analytics

10 TSY: 10-year Treasury yield

Definition: Private market cap rates are calculated using the Apartment REITs' 1Q23 portfolio geographic exposure by MSAs and RCA's latest private market cap rates by MSAs. Using the geographic exposures as weights, we calculated a weighted average by overlaying the private market cap rates from RCA.

What you will find inside the report: (1) REIT portfolio cap rate analysis, (2) Gateway market cap rate analysis and (3) Sunbelt cap rate analysis.

BofA Securities does and seeks to do business with issuers covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision. Refer to important disclosures on page 11 to 13.

12577368

Timestamp: 11 July 2023 12:01AM EDT

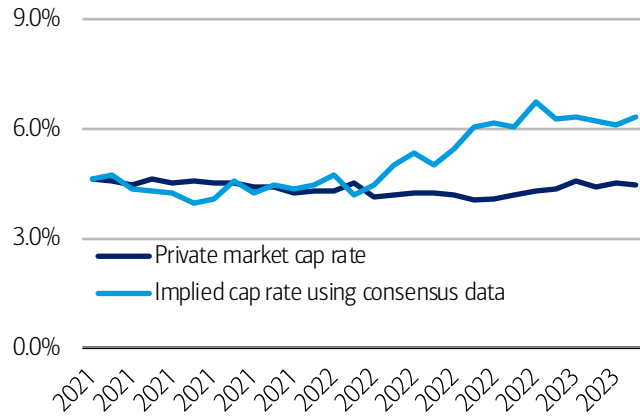
Latest cap rate commentary from REITs

- **AVB:** "I would kind of put them into 2 buckets, kind of the haves and the have nots. The haves, which is highly desirable assets in locations, either markets or submarkets that are on a lot of investors' lists. For growth, those assets are still trading in the mid-4s cap rates. I think, in fact, I would have -- if you'd asked me 90 days ago, I probably would have said high 4s, but -- and we do have some assets actively in the market today that hopefully will close during Q2, and we have at least one that's in that haves category, I would say, that's probably more of a mid-4s cap rate." and "The other side of the equation is the assets that maybe have a little bit less of an interest that have a less deep pool of bidders. And there, the have nots, you might have 1 or 2 that are seriously interested. And there, I'd say cap rates are probably more like low 5s and so call that range anywhere from 4.5 to 5.25. And we may have an asset or 2 that's in that latter category as well that's currently working in the market."
- **EQR:** "a lot less activity, but the sellers that do act now understand that cap rates are somewhere between 5% and 5.25%."
- **ESS:** "institutional quality transactions occur from the mid to high 4% market cap rate with a deeper buyer pool towards the high end of this range."
- **UDR:** "I think pricing is definitely more in that 5% to 5.25% range today."

REIT cap rate analysis

Exhibit 2: AIRC: private market vs implied cap rates

Private market and implied REIT cap rates typically track each other

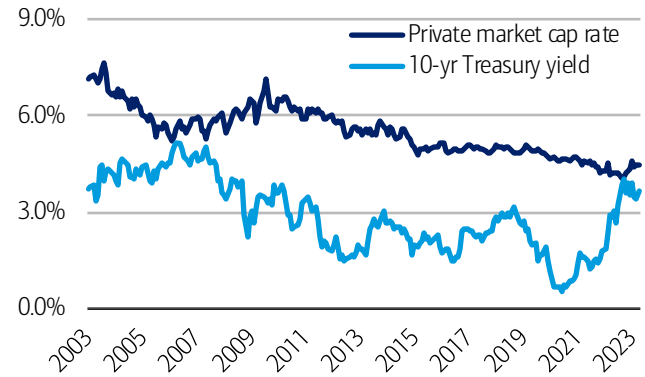


Source: RCA analytics, S&P Global for consensus implied cap rates

BofA GLOBAL RESEARCH

Exhibit 3: AIRC: private market cap rates vs 10-yr Treasury

Private market cap rate spreads over the 10yr averaged 301bps (2011-2019)



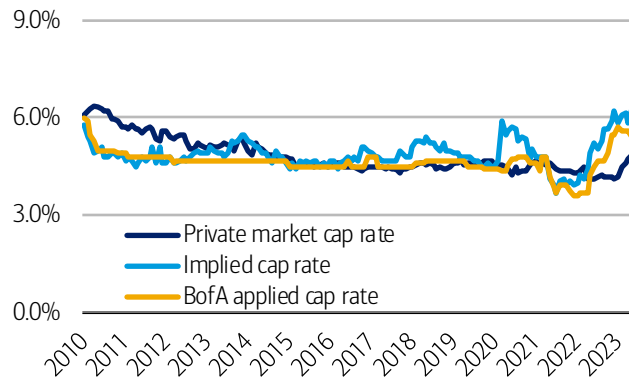
Source: RCA analytics, company filings, Bloomberg

AIRC split off on 12/3/20. We show the private market cap rates before the split off to highlight cap rate compression across their market

BofA GLOBAL RESEARCH

Exhibit 4: AVB: private market, implied and applied cap rates

Private market and implied REIT cap rates typically track each other

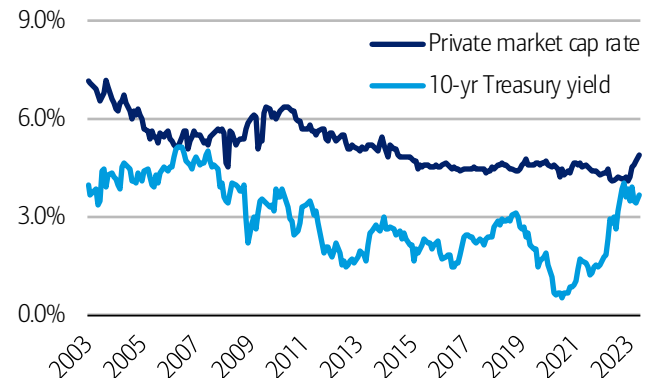


Source: RCA analytics, company filings, BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 5: AVB: private market cap rates vs 10-yr Treasury

Private market cap rate spreads over the 10yr averaged 258bps (2011-2019)

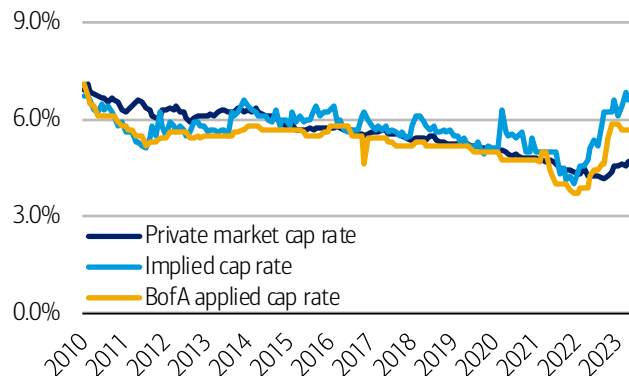


Source: RCA analytics, company filings, Bloomberg

BofA GLOBAL RESEARCH

Exhibit 6: CPT: private market, implied and applied cap rates

Private market and implied REIT cap rates typically track each other

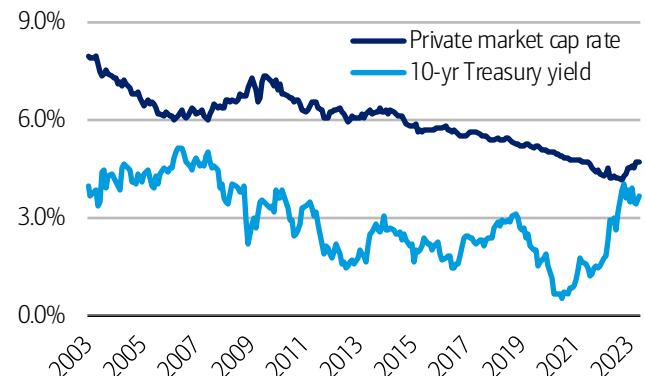


Source: RCA analytics, company filings, BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 7: CPT: private market cap rates vs 10-yr Treasury

Private market cap rate spreads over the 10yr averaged 353bps (2011-2019)



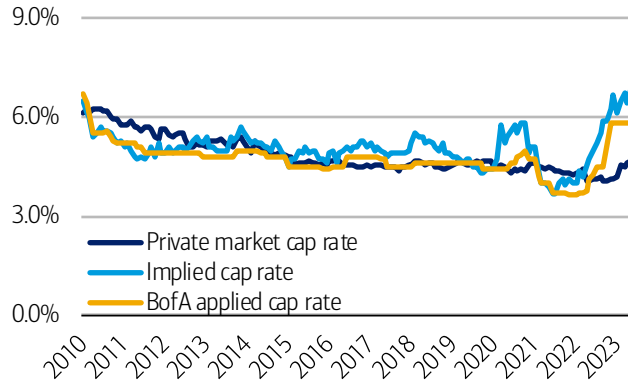
Source: RCA analytics, company filings, Bloomberg

BofA GLOBAL RESEARCH



Exhibit 8: EQR: private market, implied and applied cap rates

Private market and implied REIT cap rates typically track each other

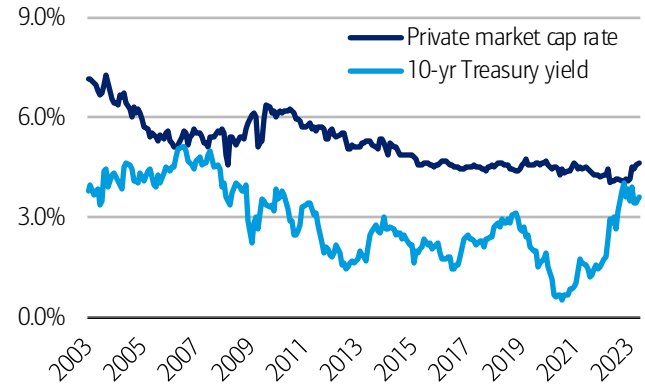


Source: RCA analytics, company filings, BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 9: EQR: private market cap rates vs 10-yr Treasury

Private market cap rate spreads over the 10yr averaged 262bps (2011-2019)

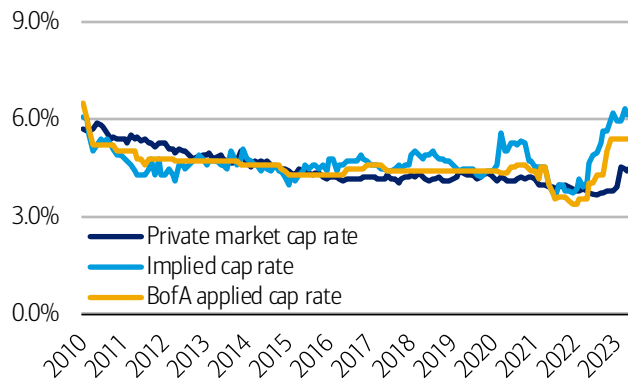


Source: RCA analytics, company filings, Bloomberg

BofA GLOBAL RESEARCH

Exhibit 10: ESS: private market, implied and applied cap rates

Private market and implied REIT cap rates typically track each other

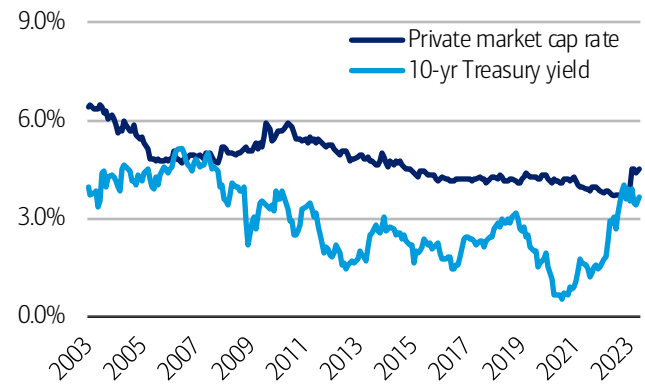


Source: RCA analytics, company filings, BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 11: ESS: private market cap rates vs 10-yr Treasury

Private market cap rate spreads over the 10yr averaged 227bps (2011-2019)

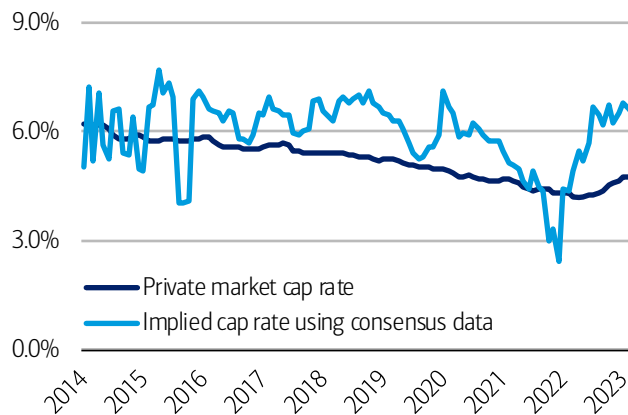


Source: RCA analytics, company filings, Bloomberg

BofA GLOBAL RESEARCH

Exhibit 12: IRT: private market vs implied cap rates

Private market and implied REIT cap rates typically track each other

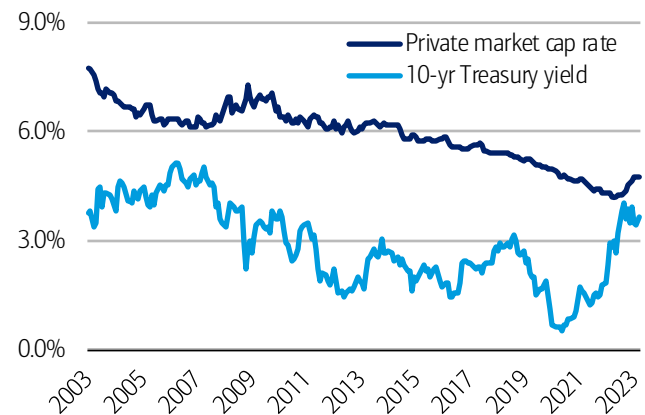


Source: RCA analytics, S&P Global for consensus implied cap rates

BofA GLOBAL RESEARCH

Exhibit 13: IRT: private market cap rates vs 10-yr Treasury

Private market cap rate spreads over the 10yr averaged 354bps (2011-2019)



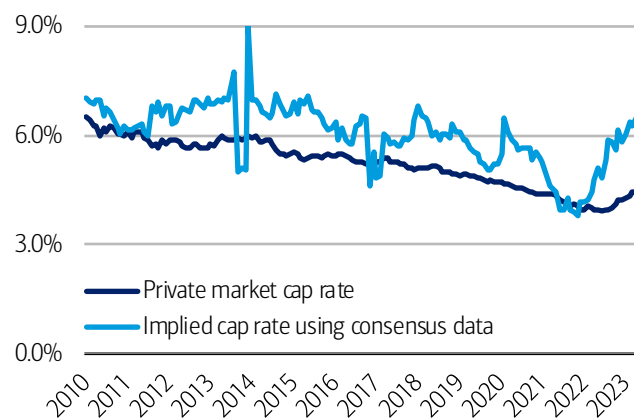
Source: RCA analytics, company filings, Bloomberg

IRT IPO-ed on 8/13/13. We show the private market cap rates before the IPO to highlight cap rate compression across their market

BofA GLOBAL RESEARCH

Exhibit 14: MAA: private market vs implied cap rates

Private market and implied REIT cap rates typically track each other

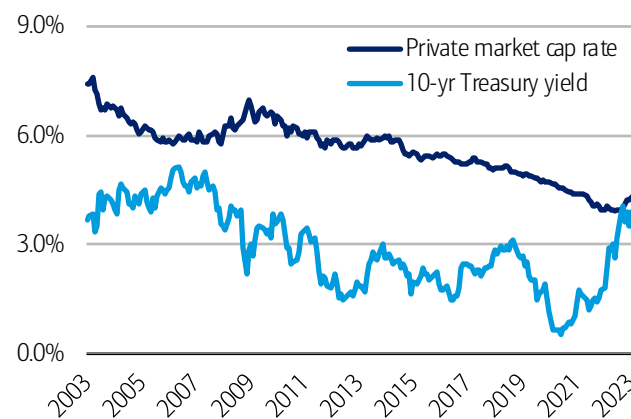


Source: RCA analytics, S&P Global for consensus implied cap rates

BofA GLOBAL RESEARCH

Exhibit 15: MAA: private market cap rates vs 10-yr Treasury

Private market cap rate spreads over the 10yr averaged 320bps (2011-2019)

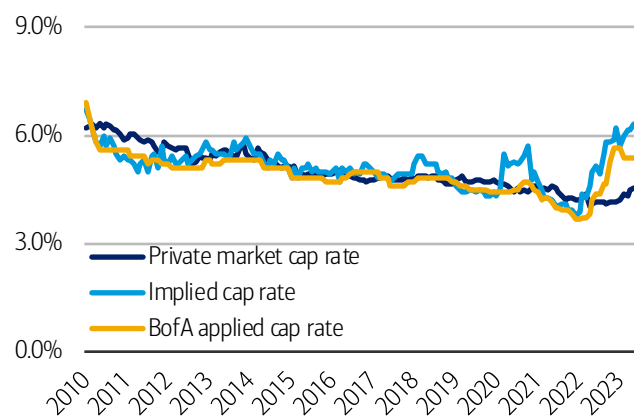


Source: RCA analytics, company filings, Bloomberg

BofA GLOBAL RESEARCH

Exhibit 16: UDR: private market, implied and applied cap rates

Private market and implied REIT cap rates typically track each other

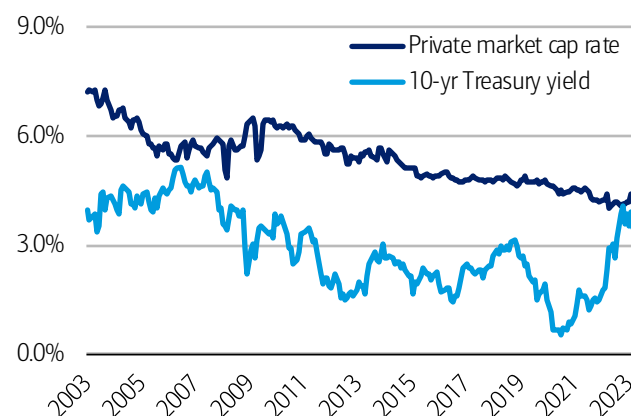


Source: RCA analytics, company filings, BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 17: UDR: private market cap rates vs 10-yr Treasury

Private market cap rate spreads over the 10yr averaged 286bps (2011-2019)

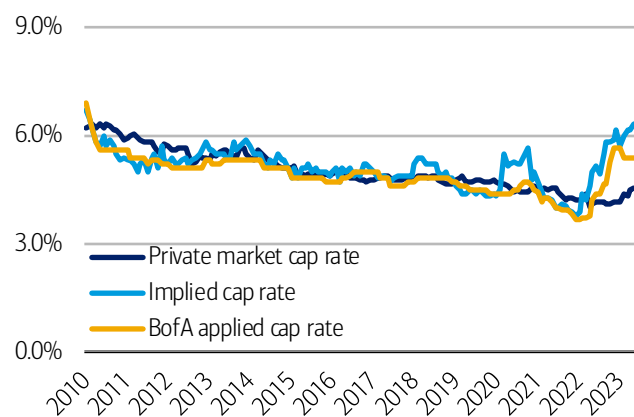


Source: RCA analytics, company filings, Bloomberg

BofA GLOBAL RESEARCH

Exhibit 18: UDR: private market, implied and applied cap rates

Private market and implied REIT cap rates typically track each other

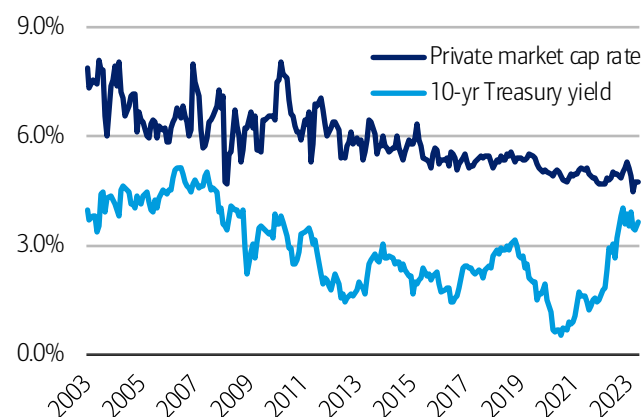


Source: RCA analytics, company filings, BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 19: UDR: private market cap rates vs 10-yr Treasury

Private market cap rate spreads over the 10yr averaged 286bps (2011-2019)



Source: RCA analytics, company filings, Bloomberg

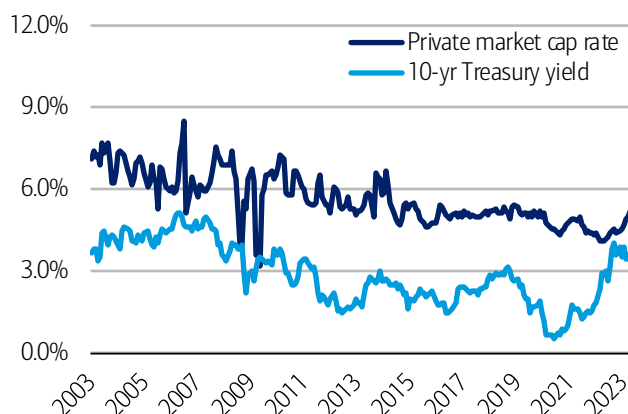
BofA GLOBAL RESEARCH



Cap rates in Gateway markets

Exhibit 20: Boston private market cap rates

Private market cap rate spreads over the 10yr averaged 305bps (2011-2019)

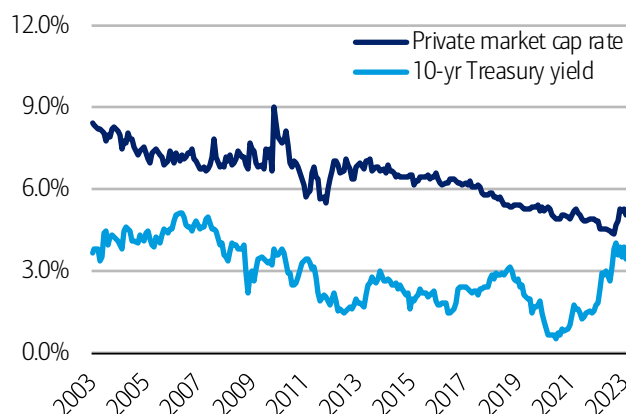


Source: RCA analytics, Bloomberg

BofA GLOBAL RESEARCH

Exhibit 21: Houston private market cap rates

Private market cap rate spreads over the 10yr averaged 395bps (2011-2019)

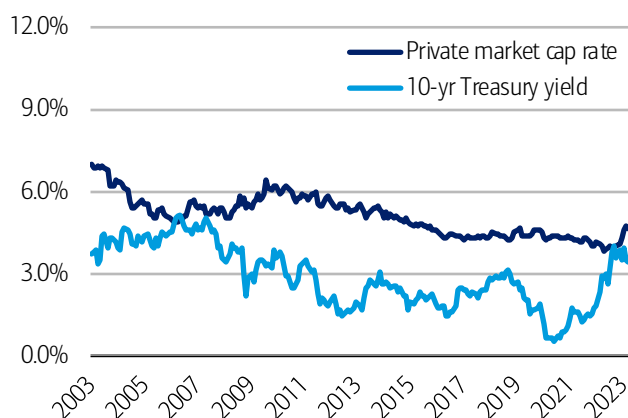


Source: RCA analytics, Bloomberg

BofA GLOBAL RESEARCH

Exhibit 22: Los Angeles private market cap rates

Private market cap rate spreads over the 10yr averaged 261bps (2011-2019)

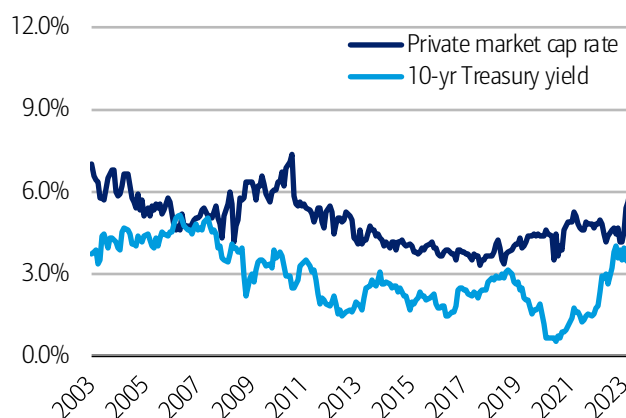


Source: RCA analytics, Bloomberg

BofA GLOBAL RESEARCH

Exhibit 23: New York City private market cap rates

Private market cap rate spreads over the 10yr averaged 195bps (2011-2019)

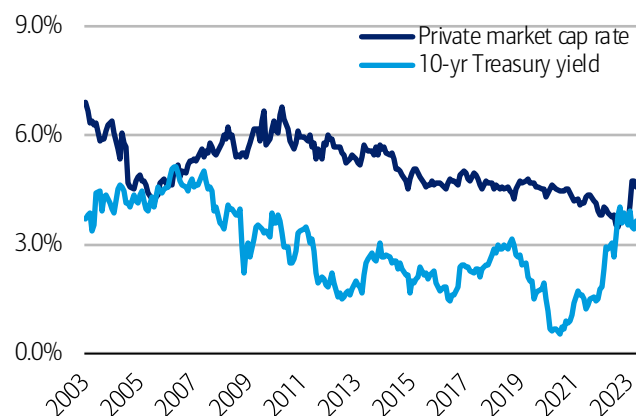


Source: RCA analytics, Bloomberg

BofA GLOBAL RESEARCH

Exhibit 24: San Diego private market cap rates

Private market cap rate spreads over the 10yr averaged 278bps (2011-2019)

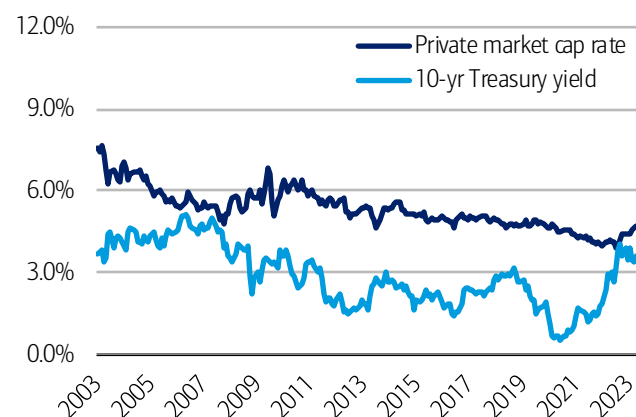


Source: RCA analytics, Bloomberg

BofA GLOBAL RESEARCH

Exhibit 26: Seattle private market cap rates

Private market cap rate spreads over the 10yr averaged 286bps (2011-2019)

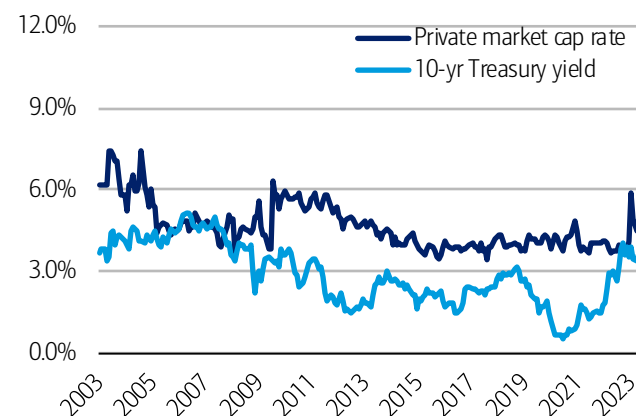


Source: RCA analytics, Bloomberg

BofA GLOBAL RESEARCH

Exhibit 25: San Francisco private market cap rates

Private market cap rate spreads over the 10yr averaged 203bps (2011-2019)

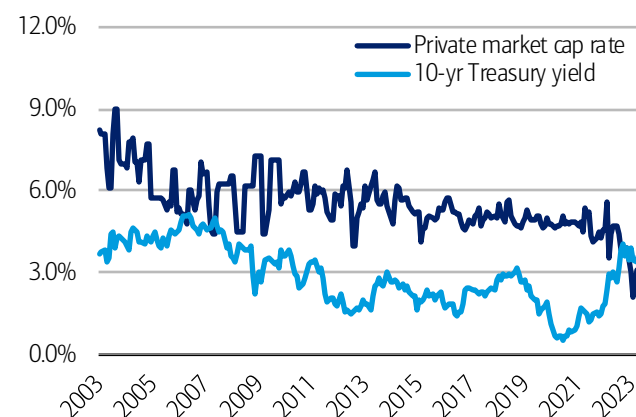


Source: RCA analytics, Bloomberg

BofA GLOBAL RESEARCH

Exhibit 27: Washington DC private market cap rates

Private market cap rate spreads over the 10yr averaged 303bps (2011-2019)



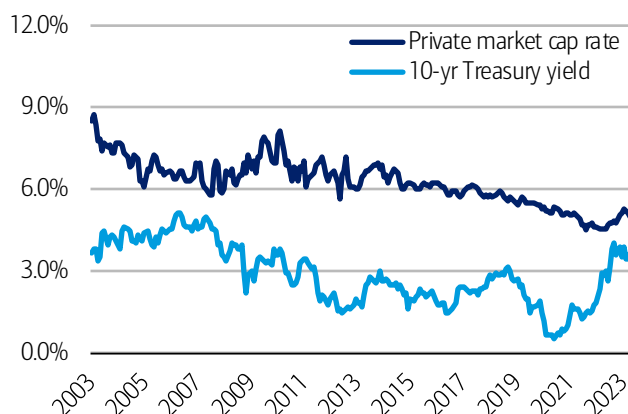
Source: RCA analytics, Bloomberg

BofA GLOBAL RESEARCH

Cap rates in Sunbelt markets

Exhibit 28: Atlanta private market cap rates

Private market cap rate spreads over the 10yr averaged 389bps (2011-2019)

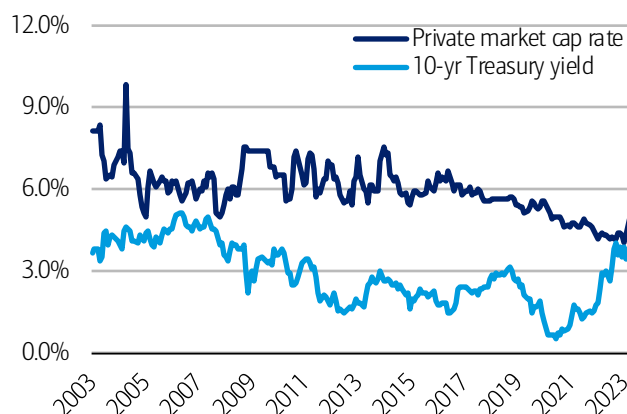


Source: RCA analytics, Bloomberg

BofA GLOBAL RESEARCH

Exhibit 29: Charlotte private market cap rates

Private market cap rate spreads over the 10yr averaged 377bps (2011-2019)

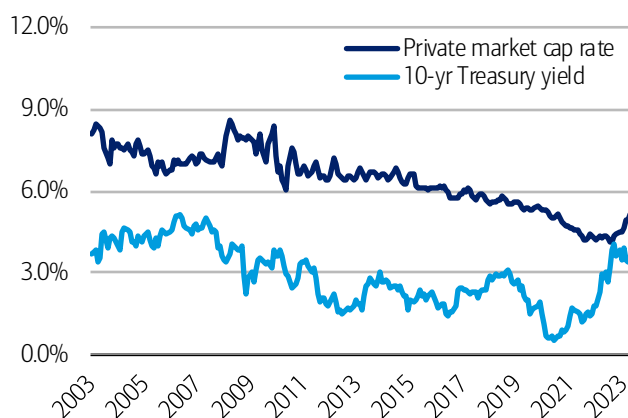


Source: RCA analytics, Bloomberg

BofA GLOBAL RESEARCH

Exhibit 30: Dallas private market cap rates

Private market cap rate spreads over the 10yr averaged 390bps (2011-2019)

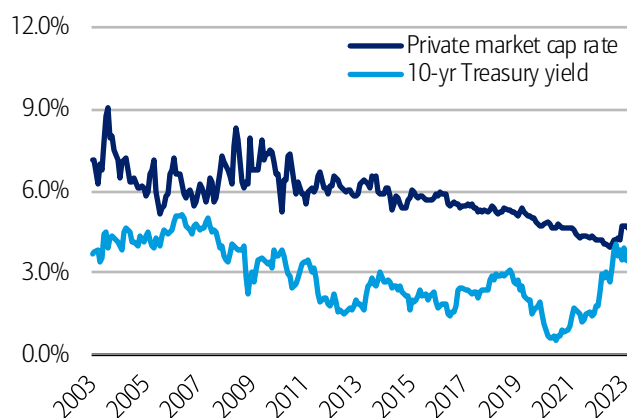


Source: RCA analytics, Bloomberg

BofA GLOBAL RESEARCH

Exhibit 31: Denver private market cap rates

Private market cap rate spreads over the 10yr averaged 343bps (2011-2019)

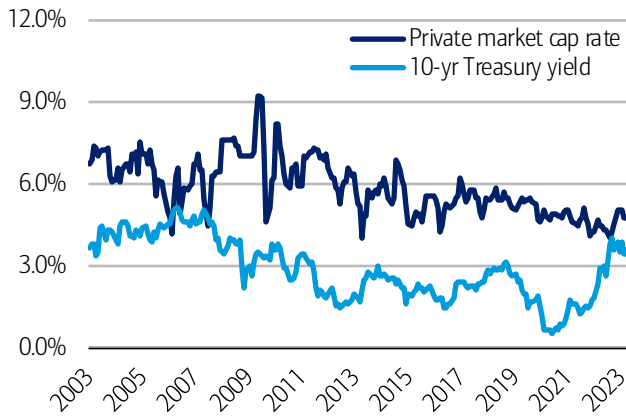


Source: RCA analytics, Bloomberg

BofA GLOBAL RESEARCH

Exhibit 32: Miami private market cap rates

Private market cap rate spreads over the 10yr averaged 339bps (2011-2019)

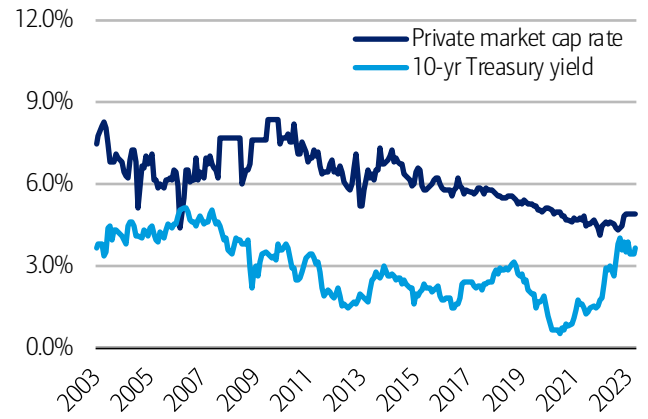


Source: RCA analytics, Bloomberg

BofA GLOBAL RESEARCH

Exhibit 33: Orlando private market cap rates

Private market cap rate spreads over the 10yr averaged 379bps (2011-2019)

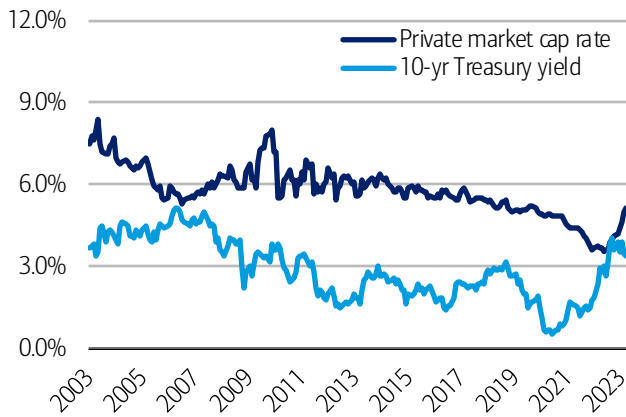


Source: RCA analytics, Bloomberg

BofA GLOBAL RESEARCH

Exhibit 34: Phoenix private market cap rates

Private market cap rate spreads over the 10yr averaged 346bps (2011-2019)

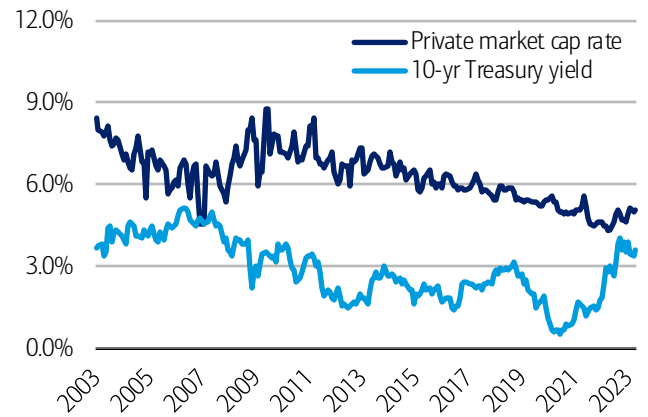


Source: RCA analytics, Bloomberg

BofA GLOBAL RESEARCH

Exhibit 35: Tampa private market cap rates

Private market cap rate spreads over the 10yr averaged 400bps (2011-2019)



Source: RCA analytics, Bloomberg

BofA GLOBAL RESEARCH

Exhibit 36: Companies mentioned

Full company names below

Ticker	Company name
AIRC*	Apartment Income REIT Corp
AVB	AvalonBay Communities, Inc.
CPT	Camden Property Trust
EQR	Equity Residential, Inc.
ESS	Essex Property Trust, Inc.
IRT*	Independence Realty Trust, Inc.
MAA*	Mid-America Apartment Communities, Inc.
UDR	UDR, Inc.
VRE	Veris Residential, Inc.

Note: * for companies that are not under our coverage

BoFA GLOBAL RESEARCH

Disclosures

Important Disclosures

FUNDAMENTAL EQUITY OPINION KEY: Opinions include a Volatility Risk Rating, an Investment Rating and an Income Rating. **VOLATILITY RISK RATINGS**, indicators of potential price fluctuation, are: A - Low, B - Medium and C - High. **INVESTMENT RATINGS** reflect the analyst's assessment of both a stock's absolute total return potential as well as its attractiveness for investment relative to other stocks within its Coverage Cluster (defined below). Our investment ratings are: 1 - Buy stocks are expected to have a total return of at least 10% and are the most attractive stocks in the coverage cluster; 2 - Neutral stocks are expected to remain flat or increase in value and are less attractive than Buy rated stocks and 3 - Underperform stocks are the least attractive stocks in a coverage cluster. An investment rating of 6 (No Rating) indicates that a stock is no longer trading on the basis of fundamentals. Analysts assign investment ratings considering, among other things, the 0-12 month total return expectation for a stock and the firm's guidelines for ratings dispersions (shown in the table below). The current price objective for a stock should be referenced to better understand the total return expectation at any given time. The price objective reflects the analyst's view of the potential price appreciation (depreciation).

Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster ^{R1}
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

^{R1} Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

INCOME RATINGS, indicators of potential cash dividends, are: 7 - same/higher (dividend considered to be secure), 8 - same/lower (dividend not considered to be secure) and 9 - pays no cash dividend. *Coverage Cluster* is comprised of stocks covered by a single analyst or two or more analysts sharing a common industry, sector, region or other classification(s). A stock's coverage cluster is included in the most recent BofA Global Research report referencing the stock.

BofA Global Research personnel (including the analyst(s) responsible for this report) receive compensation based upon, among other factors, the overall profitability of Bank of America Corporation, including profits derived from investment banking. The analyst(s) responsible for this report may also receive compensation based upon, among other factors, the overall profitability of the Bank's sales and trading businesses relating to the class of securities or financial instruments for which such analyst is responsible.

Other Important Disclosures

From time to time research analysts conduct site visits of covered issuers. BofA Global Research policies prohibit research analysts from accepting payment or reimbursement for travel expenses from the issuer for such visits.

Prices are indicative and for information purposes only. Except as otherwise stated in the report, for any recommendation in relation to an equity security, the price referenced is the publicly traded price of the security as of close of business on the day prior to the date of the report or, if the report is published during intraday trading, the price referenced is indicative of the traded price as of the date and time of the report and in relation to a debt security (including equity preferred and CDS), prices are indicative as of the date and time of the report and are from various sources including BofA Securities trading desks.

The date and time of completion of the production of any recommendation in this report shall be the date and time of dissemination of this report as recorded in the report timestamp.

Recipients who are not institutional investors or market professionals should seek the advice of their independent financial advisor before considering information in this report in connection with any investment decision, or for a necessary explanation of its contents.

Officers of BofA or one or more of its affiliates (other than research analysts) may have a financial interest in securities of the issuer(s) or in related investments.

Refer to [BofA Global Research policies relating to conflicts of interest](#).

"BofA Securities" includes BofA Securities, Inc. ("BofAS") and its affiliates. Investors should contact their BofA Securities representative or Merrill Global Wealth Management financial advisor if they have questions concerning this report or concerning the appropriateness of any investment idea described herein for such investor. "BofA Securities" is a global brand for BofA Global Research.

Information relating to Non-US affiliates of BofA Securities and Distribution of Affiliate Research Reports:

BofAS and/or Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S") may in the future distribute, information of the following non-US affiliates in the US (short name: legal name, regulator): Merrill Lynch (South Africa): Merrill Lynch South Africa (Pty) Ltd., regulated by The Financial Service Board; MLI (UK): Merrill Lynch International, regulated by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA); BofASE (France): BofA Securities Europe SA is authorized by the Autorité de Contrôle Prudentiel et de Résolution (ACPR) and regulated by the ACPR and the Autorité des Marchés Financiers (AMF). BofA Securities Europe SA ("BofASE") with registered address at 51, rue La Boétie, 75008 Paris is registered under no. 842 602 690 RCS Paris. In accordance with the provisions of French Code Monétaire et Financier (Monetary and Financial Code), BofASE is an établissement de crédit et d'investissement (credit and investment institution) that is authorised and supervised by the European Central Bank and the Autorité de Contrôle Prudentiel et de Résolution (ACPR) and regulated by the ACPR and the Autorité des Marchés Financiers. BofASE's share capital can be found at www.bofam.com/BofASEdisclaimer; BofA Europe (Milan): Bank of America Europe Designated Activity Company, Milan Branch, regulated by the Bank of Italy, the European Central Bank (ECB) and the Central Bank of Ireland (CBI); BofA Europe (Frankfurt): Bank of America Europe Designated Activity Company, Frankfurt Branch regulated by BaFin, the ECB and the CBI; BofA Europe (Madrid): Bank of America Europe Designated Activity Company, Sucursal en España, regulated by the Bank of Spain, the ECB and the CBI; Merrill Lynch (Australia): Merrill Lynch Equities (Australia) Limited, regulated by the Australian Securities and Investments Commission; Merrill Lynch (Hong Kong): Merrill Lynch (Asia Pacific) Limited, regulated by the Hong Kong Securities and Futures Commission (HKSF); Merrill Lynch (Singapore): Merrill Lynch (Singapore) Pte Ltd, regulated by the Monetary Authority of Singapore (MAS); Merrill Lynch (Canada): Merrill Lynch Canada Inc, regulated by the Investment Industry Regulatory Organization of Canada; Merrill Lynch (Mexico): Merrill Lynch Mexico, SA de CV, Casa de Bolsa, regulated by the Comisión Nacional Bancaria y de Valores; Merrill Lynch (Argentina): Merrill Lynch Argentina SA, regulated by Comisión Nacional de Valores; BofA Japan: BofA Securities Japan Co., Ltd., regulated by the Financial Services Agency; Merrill Lynch (Seoul): Merrill Lynch International, LLC Seoul Branch, regulated by the Financial Supervisory Service; Merrill Lynch (Taiwan): Merrill Lynch Securities (Taiwan) Ltd., regulated by the Securities and Futures Bureau; BofAS India: BofA Securities India Limited, regulated by the Securities and Exchange Board of India (SEBI); Merrill Lynch (Israel): Merrill Lynch Israel Limited, regulated by Israel Securities Authority; Merrill Lynch (DIFC): Merrill Lynch International (DIFC Branch), regulated by the Dubai Financial Services Authority (DFSA); Merrill Lynch (Brazil): Merrill Lynch S.A. Corretora de Títulos e Valores Mobiliários, regulated by Comissão de Valores Mobiliários; Merrill Lynch KSA Company: Merrill Lynch Kingdom of Saudi Arabia Company, regulated by the Capital Market Authority.

This information: has been approved for publication and is distributed in the United Kingdom (UK) to professional clients and eligible counterparties (as each is defined in the rules of the FCA and the PRA) by MLI (UK), which is authorized by the PRA and regulated by the FCA and the PRA - details about the extent of our regulation by the FCA and PRA are available from us on request; has been approved for publication and is distributed in the European Economic Area (EEA) by BofASE (France), which is authorized by the ACPR and regulated by the ACPR and the AMF; has been considered and distributed in Japan by BofAS Japan, a registered securities dealer under the Financial Instruments and Exchange Act in Japan, or its permitted affiliates; is issued and distributed in Hong Kong by Merrill Lynch (Hong Kong) which is regulated by HKSF; is issued and distributed in Taiwan by Merrill Lynch (Taiwan); is issued and distributed in India by BofAS India; and is issued and distributed in Singapore to institutional investors and/or accredited investors (each as defined under the Financial Advisers Regulations) by Merrill Lynch (Singapore) (Company Registration No 198602883D). Merrill Lynch (Singapore) is regulated by MAS. Merrill Lynch Equities (Australia) Limited (ABN 65 006 276 795), AFS License 235132 (MLEA) distributes this information in Australia only to 'Wholesale' clients as defined by s.761G of the Corporations Act 2001. With the exception of Bank of America N.A., Australia Branch, neither MLEA nor any of



its affiliates involved in preparing this information is an Authorised Deposit-Taking Institution under the Banking Act 1959 nor regulated by the Australian Prudential Regulation Authority. No approval is required for publication or distribution of this information in Brazil and its local distribution is by Merrill Lynch (Brazil) in accordance with applicable regulations. Merrill Lynch (DIFC) is authorized and regulated by the DFSA. Information prepared and issued by Merrill Lynch (DIFC) is done so in accordance with the requirements of the DFSA conduct of business rules. BofA Europe (Frankfurt) distributes this information in Germany and is regulated by BaFin, the ECB and the CBI. BofA Securities entities, including BofA Europe and BofASE (France), may outsource/delegate the marketing and/or provision of certain research services or aspects of research services to other branches or members of the BofA Securities group. You may be contacted by a different BofA Securities entity acting for and on behalf of your service provider where permitted by applicable law. This does not change your service provider. Please refer to the [Electronic Communications Disclaimers](#) for further information.

This information has been prepared and issued by BofAS and/or one or more of its non-US affiliates. The author(s) of this information may not be licensed to carry on regulated activities in your jurisdiction and, if not licensed, do not hold themselves out as being able to do so. BofAS and/or MLPF&S is the distributor of this information in the US and accepts full responsibility for information distributed to BofAS and/or MLPF&S clients in the US by its non-US affiliates. Any US person receiving this information and wishing to effect any transaction in any security discussed herein should do so through BofAS and/or MLPF&S and not such foreign affiliates. Hong Kong recipients of this information should contact Merrill Lynch (Asia Pacific) Limited in respect of any matters relating to dealing in securities or provision of specific advice on securities or any other matters arising from, or in connection with, this information. Singapore recipients of this information should contact Merrill Lynch (Singapore) Pte Ltd in respect of any matters arising from, or in connection with, this information. For clients that are not accredited investors, expert investors or institutional investors Merrill Lynch (Singapore) Pte Ltd accepts full responsibility for the contents of this information distributed to such clients in Singapore.

General Investment Related Disclosures:

Taiwan Readers: Neither the information nor any opinion expressed herein constitutes an offer or a solicitation of an offer to transact in any securities or other financial instrument. No part of this report may be used or reproduced or quoted in any manner whatsoever in Taiwan by the press or any other person without the express written consent of BofA Securities. This document provides general information only, and has been prepared for, and is intended for general distribution to, BofA Securities clients. Neither the information nor any opinion expressed constitutes an offer or an invitation to make an offer, to buy or sell any securities or other financial instrument or any derivative related to such securities or instruments (e.g., options, futures, warrants, and contracts for differences). This document is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the particular needs of, and is not directed to, any specific person(s). This document and its content do not constitute, and should not be considered to constitute, investment advice for purposes of ERISA, the US tax code, the Investment Advisers Act or otherwise. Investors should seek financial advice regarding the appropriateness of investing in financial instruments and implementing investment strategies discussed or recommended in this document and should understand that statements regarding future prospects may not be realized. Any decision to purchase or subscribe for securities in any offering must be based solely on existing public information on such security or the information in the prospectus or other offering document issued in connection with such offering, and not on this document.

Securities and other financial instruments referred to herein, or recommended, offered or sold by BofA Securities, are not insured by the Federal Deposit Insurance Corporation and are not deposits or other obligations of any insured depository institution (including, Bank of America, N.A.). Investments in general and, derivatives, in particular, involve numerous risks, including, among others, market risk, counterparty default risk and liquidity risk. No security, financial instrument or derivative is suitable for all investors. Digital assets are extremely speculative, volatile and are largely unregulated. In some cases, securities and other financial instruments may be difficult to value or sell and reliable information about the value or risks related to the security or financial instrument may be difficult to obtain. Investors should note that income from such securities and other financial instruments, if any, may fluctuate and that price or value of such securities and instruments may rise or fall and, in some cases, investors may lose their entire principal investment. Past performance is not necessarily a guide to future performance. Levels and basis for taxation may change.

This report may contain a short-term trading idea or recommendation, which highlights a specific near-term catalyst or event impacting the issuer or the market that is anticipated to have a short-term price impact on the equity securities of the issuer. Short-term trading ideas and recommendations are different from and do not affect a stock's fundamental equity rating, which reflects both a longer term total return expectation and attractiveness for investment relative to other stocks within its Coverage Cluster. Short-term trading ideas and recommendations may be more or less positive than a stock's fundamental equity rating.

BofA Securities is aware that the implementation of the ideas expressed in this report may depend upon an investor's ability to "short" securities or other financial instruments and that such action may be limited by regulations prohibiting or restricting "shortselling" in many jurisdictions. Investors are urged to seek advice regarding the applicability of such regulations prior to executing any short idea contained in this report.

Foreign currency rates of exchange may adversely affect the value, price or income of any security or financial instrument mentioned herein. Investors in such securities and instruments, including ADRs, effectively assume currency risk.

BofAS or one of its affiliates is a regular issuer of traded financial instruments linked to securities that may have been recommended in this report. BofAS or one of its affiliates may, at any time, hold a trading position (long or short) in the securities and financial instruments discussed in this report.

BofA Securities, through business units other than BofA Global Research, may have issued and may in the future issue trading ideas or recommendations that are inconsistent with, and reach different conclusions from, the information presented herein. Such ideas or recommendations may reflect different time frames, assumptions, views and analytical methods of the persons who prepared them, and BofA Securities is under no obligation to ensure that such other trading ideas or recommendations are brought to the attention of any recipient of this information.

In the event that the recipient received this information pursuant to a contract between the recipient and BofAS for the provision of research services for a separate fee, and in connection therewith BofAS may be deemed to be acting as an investment adviser, such status relates, if at all, solely to the person with whom BofAS has contracted directly and does not extend beyond the delivery of this report (unless otherwise agreed specifically in writing by BofAS). If such recipient uses the services of BofAS in connection with the sale or purchase of a security referred to herein, BofAS may act as principal for its own account or as agent for another person. BofAS is and continues to act solely as a broker-dealer in connection with the execution of any transactions, including transactions in any securities referred to herein.

Copyright and General Information:

Copyright 2023 Bank of America Corporation. All rights reserved. iQdatabase® is a registered service mark of Bank of America Corporation. This information is prepared for the use of BofA Securities clients and may not be redistributed, retransmitted or disclosed, in whole or in part, or in any form or manner, without the express written consent of BofA Securities. BofA Global Research information is distributed simultaneously to internal and client websites and other portals by BofA Securities and is not publicly-available material. Any unauthorized use or disclosure is prohibited. Receipt and review of this information constitutes your agreement not to redistribute, retransmit, or disclose to others the contents, opinions, conclusion, or information contained herein (including any investment recommendations, estimates or price targets) without first obtaining express permission from an authorized officer of BofA Securities.

Materials prepared by BofA Global Research personnel are based on public information. Facts and views presented in this material have not been reviewed by, and may not reflect information known to, professionals in other business areas of BofA Securities, including investment banking personnel. BofA Securities has established information barriers between BofA Global Research and certain business groups. As a result, BofA Securities does not disclose certain client relationships with, or compensation received from, such issuers. To the extent this material discusses any legal proceeding or issues, it has not been prepared as nor is it intended to express any legal conclusion, opinion or advice. Investors should consult their own legal advisers as to issues of law relating to the subject matter of this material. BofA Global Research personnel's knowledge of legal proceedings in which any BofA Securities entity and/or its directors, officers and employees may be plaintiffs, defendants, co-defendants or co-plaintiffs with or involving issuers mentioned in this material is based on public information. Facts and views presented in this material that relate to any such proceedings have not been reviewed by, discussed with, and may not reflect information known to, professionals in other business areas of BofA Securities in connection with the legal proceedings or matters relevant to such proceedings.

This information has been prepared independently of any issuer of securities mentioned herein and not in connection with any proposed offering of securities or as agent of any issuer of any securities. None of BofAS or any of its affiliates or their research analysts has any authority whatsoever to make any representation or warranty on behalf of the issuer(s). BofA Global Research policy prohibits research personnel from disclosing a recommendation, investment rating, or investment thesis for review by an issuer prior to the publication of a research report containing such rating, recommendation or investment thesis.

Any information relating to the tax status of financial instruments discussed herein is not intended to provide tax advice or to be used by anyone to provide tax advice. Investors are urged to seek tax advice based on their particular circumstances from an independent tax professional.

The information herein (other than disclosure information relating to BofA Securities and its affiliates) was obtained from various sources and we do not guarantee its accuracy. This information may contain links to third-party websites. BofA Securities is not responsible for the content of any third-party website or any linked content contained in a third-party website. Content contained on such third-party websites is not part of this information and is not incorporated by reference. The inclusion of a link does not imply any endorsement by or any affiliation with BofA Securities. Access to any third-party website is at your own risk, and you should always review the terms and privacy policies at third-party websites before submitting any personal information to them. BofA Securities is not responsible for such terms and privacy policies and expressly disclaims any liability for them.

All opinions, projections and estimates constitute the judgment of the author as of the date of publication and are subject to change without notice. Prices also are subject to change without notice. BofA Securities is under no obligation to update this information and BofA Securities ability to publish information on the subject issuer(s) in the future is subject to applicable quiet periods. You should therefore assume that BofA Securities will not update any fact, circumstance or opinion contained herein. Certain outstanding reports or investment opinions relating to securities, financial instruments and/or issuers may no longer be current. Always refer to the most recent research report relating to an issuer prior to making an investment decision.

In some cases, an issuer may be classified as Restricted or may be Under Review or Extended Review. In each case, investors should consider any investment opinion relating to such issuer (or its security and/or financial instruments) to be suspended or withdrawn and should not rely on the analyses and investment opinion(s) pertaining to such issuer (or its securities and/or financial instruments) nor should the analyses or opinion(s) be considered a solicitation of any kind. Sales persons and financial advisors affiliated with BofAS or any of its affiliates may not solicit purchases of securities or financial instruments that are Restricted or Under Review and may only solicit securities under Extended Review in accordance with firm policies. Neither BofA Securities nor any officer or employee of BofA Securities accepts any liability whatsoever for any direct, indirect or consequential damages or losses arising from any use of this information.

Research Analysts

Jeffrey Spector

Research Analyst

BofAS

jeff.spector@bofa.com

Joshua Dennerlein

Research Analyst

BofAS

joshua.dennerlein@bofa.com

Craig Schmidt

Research Analyst

BofAS

craig.schmidt@bofa.com

Camille Bonnel

Research Analyst

BofAS

camille.bonnel@bofa.com

Daniel Byun

Research Analyst

BofAS

daniel.byun@bofa.com

Lizzy Doykan

Research Analyst

BofAS

lizzy.doykan@bofa.com

Steven Song

Research Analyst

BofAS

huainan.song@bofa.com

Farrell Granath

Research Analyst

BofAS

farrell.granath@bofa.com

Andrew Berger

Research Analyst

BofAS

andrew.berger2@bofa.com