

Retail REITs

Valuation deep dive: which Retail REITs screen most vs. least attractive?

Price Objective Change

For stock picking, focus on AFFO PEGY vs. street revisions

Overall, Retail REITs provided conservative 2024 outlooks. Some are so conservative, in our view, it is difficult to see how select REITs will not exceed their guidance midpoints based on the current healthy environment for store openings vs. closings, see Exhibit 10. While we normally like to focus on earnings revisions for stock picking, we see less dispersion in 2024 given most have set themselves up to beat and raise. We see a tight range of AFFO growth and limited stock-specific catalysts. Key differentiators could be development as there is limited new retail supply and accretive acquisitions if they arise. We also make estimate and PO changes for companies in our coverage (See page 6).

AFFO captures capex and 2-yr look captures SNO pipelines

We believe investors should focus on AFFO (cash flow) vs. FFO growth over the next two years and an AFFO 2-yr PEGY analysis to determine which Retail REITs are least to most expensive. FFO growth is deceiving because of the heavy tenant allowance / recurring capex programs in place to help retailers open stores this year. We deduct capex from FFO to get to AFFO; therefore, we believe AFFO provides a clearer picture of what you're paying for. Additionally, we believe analyzing growth over the next 2 years is the most telling given muted earnings growth in '24 and large signed-not-opened pipelines.

Focus on 2-year AFFO growth, multiples & PEGY for value

In this report, we analyze 2024 and 2025 earnings growth by Retail REIT after updating our models for 4Q23 earnings. Based on our 2-year AFFO PEGY analysis, SPG, MAC & KIM screen least expensive while AKR, IVT & SKT screen most expensive.

Exhibit 1: AFFO growth - Retail REITs

We ranked the Retail REITs based on 2025 P/AFFO vs. '25/'24 CAGR growth + dividend yield

Sector	Ticker	Rank	25/'24 CAGR BofA	2024 2-yr PEGY
Malls	SPG	1	3.4%	1.52
Malls	MAC	2	2.1%	1.94
Shopping Centers	KIM	3	2.7%	2.08
Shopping Centers	REG	4	3.4%	2.17
Shopping Centers	BRX	5	2.4%	2.17
Shopping Centers	FRT	6	3.5%	2.36
Shopping Centers	KRG	7	1.2%	2.60
Shopping Centers	ROIC	8	1.2%	2.71
Shopping Centers	PECO	9	3.2%	2.71
Shopping Centers	AKR	10	1.4%	2.73
Shopping Centers	IVT	11	2.6%	2.99
Outlets	SKT	12	0.0%	4.84

Source: BofA Global Research estimates, prices from Bloomberg

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Key terms:

CAGR: compounded annual growth rate

PEG: Price-to-earnings divided by earnings growth

PEGY: Price-to-earnings divided by earnings growth + forward dividend yield

AFFO: Adjusted funds from operations

FFO: Funds from operations

SNO: Signed-not-opened

NM: "not meaningful"

See inside for tickers and full company names

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AFFO valuation analysis

Exhibit 2: AFFO growth – Retail REITs

We see the highest 2-year AFFO CAGR for FRT, REG, and SPG.

Sector	Ticker	Rank	25/'24 CAGR	2024 growth	2025 growth
			BofA	BofA	BofA
Shopping Centers	FRT	1	3.5%	3.2%	3.8%
Shopping Centers	REG	2	3.4%	2.9%	4.0%
Malls	SPG	3	3.4%	3.0%	3.8%
Shopping Centers	PECO	4	3.2%	2.7%	3.6%
Shopping Centers	KIM	5	2.7%	3.3%	2.0%
Shopping Centers	IVT	6	2.6%	2.3%	2.9%
Shopping Centers	BRX	7	2.4%	2.2%	2.5%
Malls	MAC	8	2.1%	0.9%	3.4%
Shopping Centers	AKR	9	1.4%	0.7%	2.0%
Shopping Centers	ROIC	10	1.2%	-2.4%	5.0%
Shopping Centers	KRG	11	1.2%	-0.9%	3.4%
Outlets	SKT	12	0.0%	-1.0%	1.0%

Source: BofA Global Research estimates

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Exhibit 3: 2024 P/AFFO to growth + fwd. dividend yield

We ranked REITs based on most to least attractive 2024 2-yr CAGR PEGY

Sector	Ticker	Rank	2024 (2-yr)		2024	
			PEG	PEGY	PEG	PEGY
Malls	SPG	1	3.84	1.52	4.29	1.58
Malls	MAC	2	5.70	1.94	13.61	2.42
Shopping Centers	KIM	3	6.61	2.11	5.24	1.95
Shopping Centers	REG	4	4.97	2.17	5.89	2.33
Shopping Centers	BRX	5	6.65	2.17	6.97	2.21
Shopping Centers	FRT	6	5.40	2.36	5.93	2.46
Shopping Centers	KRG	7	12.91	2.60	NM	NM
Shopping Centers	ROIC	8	13.19	2.71	NM	NM
Shopping Centers	PECO	9	5.60	2.71	6.48	2.90
Shopping Centers	AKR	10	11.69	2.73	22.59	3.08
Shopping Centers	IVT	11	7.08	2.99	8.16	3.16
Outlets	SKT	12	5867.38	4.84	NM	NM

Source: BofA Global Research estimates; prices from Bloomberg

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Exhibit 4: AFFO growth

We ranked the REITs based on most to least attractive 2025 2-yr CAGR PEGY

Sector	Ticker	Rank	2025 (2-yr)		2025	
			PEG	PEGY	PEG	PEGY
Malls	SPG	1	3.70	1.46	3.34	1.40
Malls	MAC	2	5.52	1.87	3.47	1.56
Shopping Centers	KIM	3	6.49	2.08	8.78	2.26
Shopping Centers	REG	4	4.78	2.09	4.13	1.95
Shopping Centers	BRX	5	6.49	2.12	6.19	2.09
Shopping Centers	FRT	6	5.21	2.28	4.78	2.19
Shopping Centers	KRG	7	12.49	2.51	4.46	1.85
Shopping Centers	ROIC	8	12.56	2.58	3.05	1.57
Shopping Centers	PECO	9	5.41	2.61	4.76	2.45
Shopping Centers	AKR	10	11.46	2.68	7.72	2.40
Shopping Centers	IVT	11	6.88	2.90	6.08	2.75
Outlets	SKT	12	5807.78	4.79	16.80	3.73

Source: BofA Global Research estimates; prices from Bloomberg

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Exhibit 5: AFFO – valuation

We compare AFFO multiples for 2025, 2024 and the two-year period before the start of COVID-19.

Sector	Ticker	2025 AFFOx	2024 AFFOx	AFFOx
		(BofA)	(BofA)	(2-Yr pre-COVID)
Malls	MAC	11.8x	12.2x	14.6x
Outlets	SKT	17.2x	17.4x	10.1x
Malls	SPG	12.6x	13.1x	15.1x
Shopping Centers	IVT	17.9x	18.4x	n.a.
Shopping Centers	AKR	15.6x	15.9x	23.7x
Shopping Centers	BRX	15.3x	15.7x	12.0x
Shopping Centers	FRT	18.0x	18.7x	24.6x
Shopping Centers	KIM	16.4x	16.7x	15.6x
Shopping Centers	KRG	15.0x	15.5x	10.6x
Shopping Centers	PECO	17.1x	17.7x	n.a.
Shopping Centers	REG	16.4x	17.0x	20.2x
Shopping Centers	ROIC	15.2x	16.0x	19.7x

Source: BofA Global Research estimates; prices from Bloomberg

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FFO valuation:

Exhibit 6: FFO growth

We see the highest two-year CAGR (2024 and 2025) for FRT, SKT, and KIM.

Sector	Ticker	Rank	2-year CAGR	2024 growth	2025 growth
			BofA	BofA	BofA
Shopping Centers	FRT	1	4.1%	4.1%	4.1%
Outlets	SKT	2	4.0%	4.6%	3.4%
Shopping Centers	KIM	3	3.8%	0.9%	6.8%
Shopping Centers	IVT	4	3.4%	1.8%	5.2%
Shopping Centers	BRX	5	3.2%	2.6%	3.9%
Shopping Centers	PECO	6	3.1%	2.5%	3.7%
Malls	MAC	7	3.0%	1.7%	4.4%
Shopping Centers	REG	8	2.7%	1.2%	4.3%
Shopping Centers	AKR	9	2.0%	0.3%	3.7%
Shopping Centers	KRG	10	1.5%	0.5%	2.5%
Malls	SPG	11	0.9%	-2.0%	3.9%
Shopping Centers	ROIC	12	0.6%	-1.7%	2.9%

Source: BofA Global Research estimates

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Exhibit 7: 2024 P/FFO to growth (+ fwd. dividend yield)

We ranked the REITs based on most to least attractive 2024 2-yr CAGR PEGY

Sector	Ticker	Rank	2024 (2-yr)		2024	
			PEG	PEGY	PEG	PEGY
Malls	MAC	1	2.97	1.25	5.37	1.54
Shopping Centers	BRX	2	3.32	1.33	4.16	1.45
Shopping Centers	KIM	3	3.24	1.35	13.27	1.97
Shopping Centers	KRG	4	7.04	1.66	20.97	1.96
Shopping Centers	FRT	5	3.52	1.68	3.55	1.69
Outlets	SKT	6	3.52	1.85	3.07	1.72
Shopping Centers	AKR	7	6.49	1.99	42.46	2.68
Malls	SPG	8	13.34	1.99	NM	NM
Shopping Centers	REG	9	5.27	2.01	11.96	2.56
Shopping Centers	IVT	10	4.17	2.05	8.20	2.70
Shopping Centers	PECO	11	4.59	2.20	5.64	2.42
Shopping Centers	ROIC	12	20.38	2.31	NM	NM

Source: BofA Global Research estimates; prices from Bloomberg.

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Exhibit 8: 2024 P/FFO to growth (+ fwd. dividend yield)

We ranked the REITs based on most to least attractive 2025 2-yr CAGR PEGY

Sector	Ticker	Rank	2025 (2-yr)		2025	
			PEG	PEGY	PEG	PEGY
Malls	MAC	1	2.85	1.20	1.96	1.01
Shopping Centers	KIM	2	3.04	1.26	1.71	0.95
Shopping Centers	BRX	3	3.20	1.28	2.66	1.19
Shopping Centers	KRG	4	6.87	1.62	4.11	1.40
Shopping Centers	FRT	5	3.38	1.62	3.35	1.61
Outlets	SKT	6	3.41	1.79	3.99	1.94
Shopping Centers	AKR	7	6.27	1.92	3.37	1.52
Malls	SPG	8	12.84	1.92	3.00	1.29
Shopping Centers	REG	9	5.06	1.93	3.22	1.59
Shopping Centers	IVT	10	3.97	1.95	2.64	1.57
Shopping Centers	PECO	11	4.42	2.12	3.72	1.94
Shopping Centers	ROIC	12	19.81	2.24	4.06	1.56

Source: BofA Global Research estimates; prices from Bloomberg.

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Exhibit 9: FFO multiples (Price to FFO)

We compare FFO multiples for 2025, 2024 and the two-year period before the start of COVID-19.

Sector	Ticker	2025 FFOx	2024 FFOx	FFOx
		(BofA)	(BofA)	(2-Yr pre-COVID)
Malls	MAC	8.6x	8.9x	11.9x
Outlets	SKT	13.6x	14.0x	8.6x
Malls	SPG	11.8x	12.2x	13.5x
Shopping Centers	IVT	13.7x	14.4x	n.a.
Shopping Centers	AKR	12.3x	12.8x	19.3x
Shopping Centers	BRX	10.4x	10.8x	9.1x
Shopping Centers	FRT	13.8x	14.4x	20.1x
Shopping Centers	KIM	11.6x	12.4x	11.9x
Shopping Centers	KRG	10.1x	10.3x	9.1x
Shopping Centers	PECO	13.7x	14.2x	n.a.
Shopping Centers	REG	13.8x	14.4x	16.6x
Shopping Centers	ROIC	11.9x	12.2x	15.4x

Source: BofA Global Research estimates, prices as of Bloomberg

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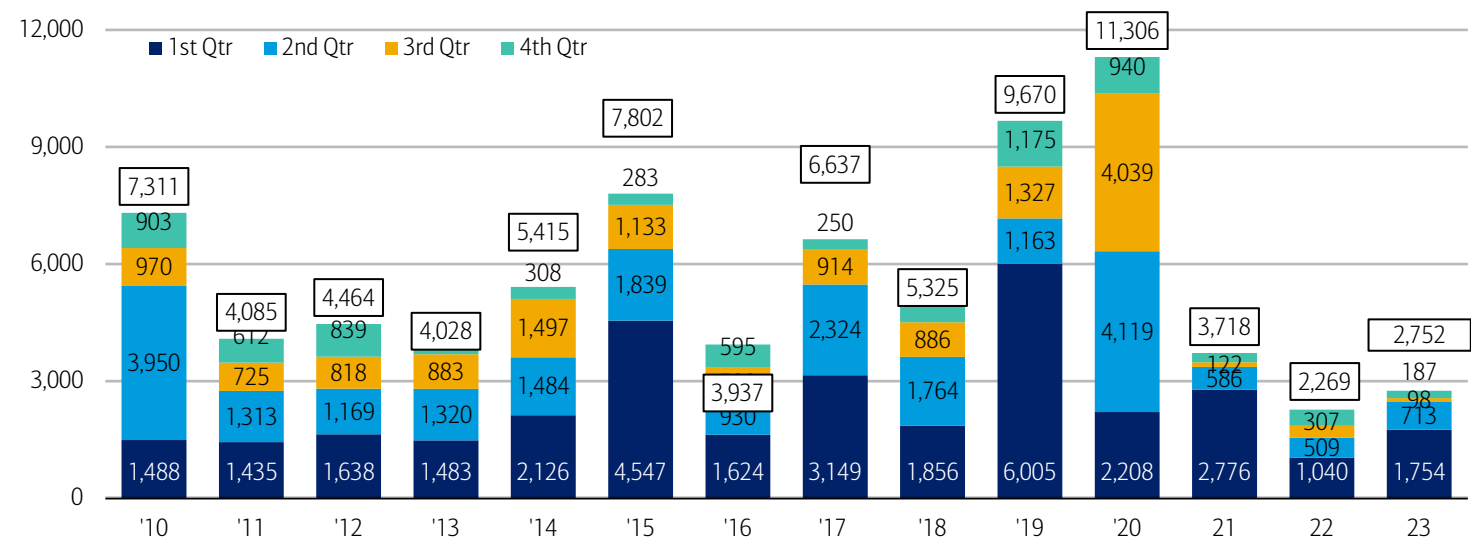
2023 retail store closings vs. openings

In 2023, there are more major announced store openings (4,600+) than store closings (2,721), which continues the trend from the prior year with only 2,269 national announced store closings versus 5,087 store openings. Historically, store closings happen in 1Q and 2Q, with the exception of the start of COVID-19. 2022 saw the lowest number of store closings in over 20 years.

Store closings have continued to trend below the long-term historical average. We believe stronger tenant health and delayed store opening plans continues to positively impact retail REITs leasing momentum.

Exhibit 10: Store Closings by Qtr as of 12/31/23

Major national announced store closings trended slightly higher versus 2022.



Source: BofA Global Research, Company reports

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Major Store Opening Plans by Retailer in '23

Store opening plans remained strong with over 4,600 new store openings announced in 2023. Fortunately for strip REITs over 85% of these store openings favor open-air formats. We also started to see store openings favor smaller store formats in 2023. Discount stores and dollar stores dominate new store openings followed by off-price retailers. Auto parts stores and digitally native retailers have also driven store openings.

Exhibit 11: Major Store Opening Plans by Retailer for 2023

National retailers' store opening plans for 2023

	Retailers	# of New Stores
1	Bath and Body Works	90
2	Sam's Club (Wal-mart)	30
3	Northface	70
4	Ralph Lauren	50
5	Five Below	200
6	Dollar General	990
7	Advance Auto Parts, Inc.	70
8	Autozone	200
9	O'Reilly Automotive	185
10	Academy Sports + Outdoors	16
11	Boot Barn	52
12	Kohl's	25
13	Nordstrom Rack	6
14	Primark	10
15	Ross	100
16	REI	3
17	TJX	130
18	Chipotle	270
19	The Sherwin-Williams Company	90
20	Sprouts	11
21	Tractor Supply Co.	83
22	Aerie	25
23	Warby Parker	40
24	Floor and Décor	34
25	Dick's Sporting Goods	9
26	BJ's Wholesale Club	10
27	Ulta Beauty	27
28	Allbirds	3
29	The Gap	33
30	At Home	2
31	Big Lots	18
32	Burlington	95
33	Carter's	50
34	Costco	14
35	Casey's General Store	80
36	Cato	30
37	CitiTrends	8
38	Dollar Tree	650
39	Footlocker	25
40	Lululemon	48
41	Market by Macy's	4
42	Ollie's Bargain	44
43	Shake Shack	40
44	Skechers	110
45	Target	20
46	Barnes and Noble	30
47	Ikea	8
48	Aldi	120
49	Dry Goods	11
50	Belk	10
51	Lidl	2
52	Crisp & Green	65
53	Vuori	23
54	Sportsman's Warehouse Holdings, Inc.	15
56	Bank of America	55
57	Ace Hardware	100
58	Torrid	35
59	European Wax Center	99
	Total	4,673

Source: Company Reports, PulseRatings

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PO and estimate change summary

AKR (B-2-7): After updating for 4Q earnings, we are maintaining our PO of \$18. Our PO trades in line with our NAV estimate (unchanged). We derive our NAV estimate by applying a 6.1% cap rate (unchanged) to our forward NOI estimate based on our outlook for interest rates over the next year and current market/transaction comps. See below for our updated estimates.

BRX (B-1-7): After a review of our adjusted FFO/sh estimates in our model following 4Q23 results, we are adjusting our estimates but maintaining our PO of \$26. See table below.

IVT (C-2-7): After updating for 4Q earnings, we are raising our PO to \$30 from \$28. Our PO trades in line with our NAV estimate. We derive our NAV estimate by applying a 6.4% cap rate (unchanged) to our forward NOI estimate based on our outlook for interest rates over the next year and current market/transaction comps. See below for our updated estimates.

KIM (B-1-7): After updating our model following a review of adjusted FFO estimates following 4Q23 results, we are leaving our PO unchanged at \$25 but revising our estimates according to the table below.

KRG (B-1-7): After updating for 4Q earnings, we are maintaining our PO of \$27. Our PO trades in line with our NAV estimate (unchanged). We derive our NAV estimate by applying a 7.2% cap rate (unchanged) to our forward NOI estimate based on our outlook for interest rates over the next year and current market/transaction comps. See below for our updated estimates. See table below.

PECO (B-1-7): After updating our model following a review of adjusted FFO estimates following 4Q23 results, we are leaving our PO unchanged but revising our estimates according to the table below.

MAC (C-2-7): We are adjusting our estimates after a review of our adjusted FFO/sh estimates but maintaining our PO of \$20. See table below.

ROIC (B-2-7): After updating for 4Q earnings, we are lowering our PO to \$14.50 from \$16. Our PO trades at a -5% discount to our NAV estimate (unchanged). We derive our NAV estimate by applying a 6.6% cap rate (vs. 6.4% cap rate previously) to our forward NOI estimate based on our outlook for interest rates over the next year and current market/transaction comps. See below for our updated estimates.

SKT (C-3-7): After updating for 4Q earnings, we are maintaining our PO of \$24. Our PO trades at a -5% discount to our NAV estimate (unchanged). We derive our NAV estimate by applying a 9% cap rate (unchanged) to our forward NOI estimate based on our outlook for interest rates over the next year and current market/transaction comps. See below for our updated estimates.

Exhibit 12: Summary of PO Changes

Updated published estimates after review of models

Ticker	Old PO	New PO	QRQ
IVT	\$28.00	\$30.00	C-2-7
ROIC	\$16.00	\$14.50	B-2-7

Source: BofA Global Research; priced as of 02/27/2024

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Exhibit 13: Summary of FFO/sh estimate changes

Updated published estimates after review of models

Ticker	2023		2024		2025		2026		2027	
	Old	New	Old	New	Old	New	Old	New	Old	New
AKR	\$1.29	\$1.30	\$1.29	\$1.30	\$1.35	\$1.35	\$1.42	\$1.37	\$1.64	\$1.38
BRX	\$2.04	\$2.04	\$2.09	\$2.09	\$2.17	\$2.17	\$2.28	\$2.28	\$2.37	\$2.37
IVT	\$1.64	\$1.66	\$1.70	\$1.69	\$1.78	\$1.75	\$1.90	\$1.84	\$1.94	\$1.82
KIM	\$1.56	\$1.56	\$1.58	\$1.58	\$1.70	\$1.69	\$1.78	\$1.78	\$1.81	\$1.81
KRG	\$2.03	\$2.03	\$2.04	\$2.04	\$2.09	\$2.09	\$2.16	\$2.16	\$2.24	\$2.24
PECO	\$2.30	\$2.30	\$2.40	\$2.40	\$2.51	\$2.51	\$2.63	\$2.61	\$2.77	\$2.73
MAC	\$1.80	\$1.80	\$1.83	\$1.83	\$1.90	\$1.91	\$2.02	\$2.03	\$2.20	\$2.22
ROIC	\$1.06	\$1.06	\$1.08	\$1.05	\$1.13	\$1.08	\$1.15	\$1.10	\$1.19	\$1.16
SKT	\$1.94	\$1.97	\$2.05	\$2.06	\$2.14	\$2.13	\$2.17	\$2.18	\$2.21	\$2.16

Source: BofA Global Research estimates

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Exhibit 14: Summary of AFFO/sh estimate changes

Updated published Adjusted FFO/sh estimates after review of models

Ticker	2023		2024		2025		2026	
	Old	New	Old	New	Old	New	Old	New
AKR	\$1.01	\$1.04	\$1.02	\$1.05	\$1.03	\$1.07	\$1.14	\$1.11
BRX	\$1.40	\$1.40	\$1.43	\$1.44	\$1.46	\$1.47	\$1.53	\$1.54
IVT	\$1.27	\$1.33	\$1.27	\$1.36	\$1.33	\$1.40	\$1.41	\$1.46
KIM	\$1.14	\$1.14	\$1.21	\$1.17	\$1.19	\$1.20	\$1.21	\$1.23
KRG	\$1.37	\$1.37	\$1.42	\$1.36	\$1.45	\$1.40	\$1.52	\$1.47
PECO	\$1.91	\$1.91	\$1.97	\$1.97	\$2.15	\$2.04	\$2.34	\$2.12
MAC	\$1.61	\$1.33	\$1.64	\$1.34	\$1.70	\$1.39	\$1.82	\$1.48
ROIC	\$0.83	\$0.82	\$0.82	\$0.80	\$0.85	\$0.84	\$0.89	\$0.87
SKT	\$1.69	\$1.68	\$1.78	\$1.66	\$1.90	\$1.68	\$1.95	\$1.73

Source: BofA Global Research estimates.

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Abbreviations:

Acadia Realty (AKR)

Brixmor (BRX)

Federal Realty (FRT)

InvenTrust (IVT)

Kimco (KIM)

Kite Realty (KRG)

Phillips Edison (PECO)

RPT Realty (RPT)

Regency (REG)

Retail Opportunity Investments Corp. (ROIC)

Kimco Realty (KIM)

Retail Opportunity Investment Corp. (ROIC)

Simon Property Group (SPG)

Macerich Co. (MAC)



Exhibit 15: Stocks mentioned

Prices and ratings for stocks mentioned in the report

BofA Ticker	Bloomberg ticker	Company name	Price	Rating
AKR	AKR US	Acadia Realty	US\$ 16.61	B-2-7
BRX	BRX US	Brixmor	US\$ 22.47	B-1-7
FRT	FRT US	Federal Realty	US\$ 97.91	B-1-7
IVT	IVT US	InvenTrust	US\$ 25.03	C-2-7
KIM	KIM US	Kimco Realty	US\$ 19.56	B-1-7
KRG	KRG US	Kite Realty Group	US\$ 21.07	B-1-7
MAC	MAC US	Macerich	US\$ 16.37	C-2-8
PECO	PECO US	Phillips Edison	US\$ 34.72	B-1-7
REG	REG US	Regency	US\$ 60.53	B-1-7
ROIC	ROIC US	Retail Oppty Invest.	US\$ 12.79	B-2-7
SPG	SPG US	Simon Property	US\$ 149.7	B-1-7
SKT	SKT US	Tanger	US\$ 28.9	C-3-7

Source: BofA Global Research

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Price objective basis & risk**Acadia Realty Trust (AKR)**

Our \$18 price objective assumes the stock trades in line with our forward NAV estimate. We apply a 6.1% cap rate to our forward NOI estimate. We use a 6.1% cap rate for AKR based on our view of interest rates over the next year, current private market/transaction comps and the market exposure of AKR. The risks to AKR achieving our price objective are a significant downturn in retail sales, a rise in retailer bankruptcies, and a sharp increase in long-term interest rates. Upside risks to our price objective are a faster and stronger-than-expected macroeconomic recovery and higher acquisition volume than anticipated

Brixmor Property Group (BRX)

Our \$26 price objective assumes that the stock trades in line with our forward NAV. We apply a 7.0% cap rate to our forward NOI estimate. The cap rate for BRX is based on our view of interest rates over the next year, current private market/transaction comps, and the market exposure of BRX. Downside risks to BRX achieving our price objective are a significant downturn in retail sales, a rise in retailer bankruptcies, and a sharp increase in long-term interest rates. Upside risks to our price objective are a faster and stronger-than-expected macroeconomic recovery and a faster pace in upgrading the quality of the portfolio.

Federal Realty (FRT)

Our \$118 price objective assumes the stock trades in line with our forward NAV estimate. We apply a 5.9% cap rate to our forward NOI estimate. We use a 5.9% cap rate for FRT based on our view of interest rates over the next year, current private market/transaction comps, and the market exposure of FRT. The risks to FRT achieving our price objective are a significant downturn in retail sales, a rise in retailer bankruptcies, and a sharp increase in long-term interest rates. Upside risks to our price objective are a faster and stronger-than-expected macro-economic recovery and higher acquisition volume than anticipated.

InvenTrust Properties (IVT)

Our \$30 price objective assumes that the stock trades in line with our forward NAV estimate. We apply a 6.4% cap rate to our forward forward NOI estimate. Our cap rate for IVT is based on the current transaction market for grocery-anchored shopping centers, IVT's exposure to different markets, and our outlook on interest rates over the

next year. Upside and downside risks to our PO are: ability to source accretive acquisitions, higher / lower interest rates, stronger / weaker operating conditions, stronger / weaker demographics of the Sun Belt and access to capital.

Kimco Realty (KIM)

Our \$25 price objective assumes the stock trades at a 5% premium to our forward NAV estimate given KIM's scale, strong management team, and flexible balance sheet. We apply a 6.1% cap rate to our forward NOI estimate. We use a 6.1% cap rate for KIM based on our view of interest rates over the next year, current private market/transaction comps, and the market exposure of KIM. The risks to KIM achieving our price objective are a significant slowdown in retail sales, a rise in retailer bankruptcies and a sharp increase in long-term interest rates. Upside risk to our price objective is a faster and stronger-than-expected macro-economic recovery.

Kite Realty Group (KRG)

Our \$27 PO assumes the stock trades in line with our forward NAV estimate. We apply a 7.2% cap rate to our forward NOI estimate. We use a 7.2% cap rate for KRG based on our view of interest rates over the next year, current private market/transaction comps, and the market exposure of KRG. Downside risks to KRG achieving our price objective are a significant downturn in retail sales, a rise in retailer bankruptcies, and a sharp increase in long-term interest rates. Upside risks to our price objective are a faster and stronger-than-expected recovery in the retail market and a faster pace in upgrading the quality of the portfolio recovery.

Macerich (MAC)

Our \$20 price objective assumes the stock trades in line with our forward NAV estimate based on our view of better balance sheet management given recent debt deals. To get to our forward NAV we apply a 7.2% cap rate to our forward NOI estimate. We use 7.2% cap rate for MAC based on our view of interest rates over the next year, current private market/transaction comps, and the market exposure of MAC. The risks to MAC achieving our price objective are a significant slowdown in retail sales, a rise in retailer bankruptcies and a sharp increase in long-term interest rates. Upside risk to our price objective is a faster than expected macro-economy recovery.

Phillips Edison & Company (PECO)

Our \$41 price objective assumes that the stock trades at a 5.0% premium to our forward NAV estimate. We apply a 6.4% cap rate to our forward NAV estimate. Our cap rate for PECO is based on current private market / transactions comps, PECO's market exposure, and our view of interest rates over the next year. Upside and downside risks to our PO include: access to financing, lower/higher interest rates, better/worse than expected operating conditions, redevelopment yields above/below our expectations, and the pace and volume of acquisitions on grocery-anchored neighborhood shopping centers.

Regency (REG)

Our \$70 price objective for REG assumes the stock trades in line with our forward NAV estimate. We apply a 5.8% cap rate to our forward NOI estimate. We use a 5.8% cap rate for REG based on our view of interest rates over the next year, current private market/transaction comps, and the market exposure of REG. The downside risks to our price objective are: higher interest rates, a sharp downturn in consumer spending, an increase in retail bankruptcies, and a major dislocation in the grocery business, which impacts tenant demand. Upside risks to our price objective are a faster than expected economic recovery and a significant pick-up in lending to small businesses.

Retail Opportunity Investments Corp. (ROIC)

Our \$14.50 PO trades at a -5% discount to our forward NAV estimate given store closings risk posed by Rite Aid. We apply a 6.6% cap rate to our forward NOI estimate based on our view of interest rates over the next year, current transaction comps, and

the market exposure of ROIC.

Downside risks to ROIC achieving our price objective are a significant downturn in retail sales, a rise in retailer bankruptcies, and a sharp increase in long-term interest rates.

Upside risks to our price objective are a faster and stronger-than-expected recovery in the retail market and a faster pace in upgrading the quality of the portfolio recovery.

Simon Property (SPG)

Our \$167 price objective assumes the stock trades at a 10% premium to our forward NAV estimate based on our view of better balance sheet management and strong management. We apply a 7.0% cap rate to our forward NOI estimate. We use 7.0% for SPG based on our view of interest rates over the next year, current private market/transaction comps, and the market exposure of SPG. The risks to SPG achieving our price objective are a significant slowdown in retail sales, a rise in retailer bankruptcies and significantly higher long-term interest rates. Upside risk to our price objective is a faster- and stronger-than-expected macro-economic recovery.

Tanger Inc (SKT)

Our \$24 price objective for SKT assumes that the stock trades at a -5% discount to NAV estimate given our view of risks to SKT's growth from consumer pressures. We apply a 9.0% cap rate to our forward NOI estimate. We use a 9.0% cap rate for SKT based on our view of interest rates over the next year, current private market/transaction comps, and the market exposure of SKT. The downside risks to our price objective are a pullback in consumer spending, a sharp increase in long-term interest rates, and more store closings caused by tenant bankruptcies & restructuring. Upside risks to our price objective are a steady supply of development opportunities and higher tenant demand for outlet space.

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US - REITs Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	Agree Realty Corp	ADC	ADC US	Joshua Dennerlein
	Alexandria Real Estate Equities	ARE	ARE US	Joshua Dennerlein
	American Homes 4 Rent	AMH	AMH US	Jeffrey Spector
	Americold Realty Trust	COLD	COLD US	Joshua Dennerlein
	AvalonBay Communities Inc	AVB	AVB US	Joshua Dennerlein
	Boston Properties	BXP	BXP US	Jeffrey Spector
	Brixmor Property Group	BRX	BRX US	Jeffrey Spector
	COPT Defense Properties	CDP	CDP US	Camille Bonnel
	Cousins Properties Inc.	CUZ	CUZ US	Camille Bonnel
	EastGroup Properties	EGP	EGP US	Jeffrey Spector
	Empire State Realty Trust	ESRT	ESRT US	Camille Bonnel
	Equity Residential	EQR	EQR US	Jeffrey Spector
	Essential Properties	EPRT	EPRT US	Joshua Dennerlein
	Federal Realty	FRT	FRT US	Jeffrey Spector
	Invitation Homes Inc	INVH	INVH US	Joshua Dennerlein
	Kimco Realty	KIM	KIM US	Jeffrey Spector
	Kite Realty Group	KRG	KRG US	Jeffrey Spector
	Phillips Edison & Company	PECO	PECO US	Jeffrey Spector
	Prologis, Inc.	PLD	PLD US	Camille Bonnel
	Public Storage, Inc.	PSA	PSA US	Jeffrey Spector
	Regency	REG	REG US	Jeffrey Spector
	Rexford Industrial Realty	REXR	REXR US	Camille Bonnel
	Sabra Health Care	SBRA	SBRA US	Joshua Dennerlein
	Simon Property	SPG	SPG US	Jeffrey Spector
	Ventas, Inc.	VTR	VTR US	Jeffrey Spector
	Welltower	WELL	WELL US	Joshua Dennerlein
NEUTRAL				
	Acadia Realty Trust	AKR	AKR US	Jeffrey Spector
	CubeSmart	CUBE	CUBE US	Jeffrey Spector
	EPR Properties	EPR	EPR US	Joshua Dennerlein
	Equity LifeStyle Properties	ELS	ELS US	Jeffrey Spector
	Essex Property Trust, Inc.	ESS	ESS US	Joshua Dennerlein
	Extra Space Storage, Inc.	EXR	EXR US	Jeffrey Spector
	Getty Realty Corp.	GTY	GTY US	Joshua Dennerlein
	Highwoods Properties	HIW	HIW US	Camille Bonnel
	InvenTrust Properties	IVT	IVT US	Jeffrey Spector
	Kilroy Realty Corporation	KRC	KRC US	Camille Bonnel
	Macerich	MAC	MAC US	Jeffrey Spector
	OMEGA Healthcare	OHI	OHI US	Joshua Dennerlein
	Realty Income	O	O US	Jeffrey Spector
	Retail Opportunity Investments Corp.	ROIC	ROIC US	Jeffrey Spector
	SL Green Realty	SLG	SLG US	Camille Bonnel
	Sun Communities	SUI	SUI US	Joshua Dennerlein
	UDR, Inc.	UDR	UDR US	Joshua Dennerlein
	Veris Residential Inc	VRE	VRE US	Joshua Dennerlein
	Vornado Realty	VNO	VNO US	Camille Bonnel
UNDERPERFORM				
	American Assets Trust	AAT	AAT US	Camille Bonnel
	Armada Hoffer Properties	AHH	AHH US	Camille Bonnel
	Camden Property Trust	CPT	CPT US	Joshua Dennerlein
	Douglas Emmett	DEI	DEI US	Camille Bonnel
	Healthpeak Properties, Inc.	PEAK	PEAK US	Joshua Dennerlein
	Hudson Pacific Properties, Inc.	HPP	HPP US	Camille Bonnel
	Kennedy Wilson	KW	KW US	Joshua Dennerlein
	LXP Industrial Trust	LXP	LXP US	Camille Bonnel
	Medical Properties Trust, Inc.	MPW	MPW US	Joshua Dennerlein
	Mid-America Apartment Communities, Inc.	MAA	MAA US	Joshua Dennerlein
	National Storage Affiliates Trust	NSA	NSA US	Jeffrey Spector
	NetSTREIT	NTST	NTST US	Joshua Dennerlein
	NNN REIT Inc	NNN	NNN US	Joshua Dennerlein
	Paramount Group	PGRE	PGRE US	Camille Bonnel
	Peakstone Realty Trust	PKST	PKST US	Joshua Dennerlein
	STAG Industrial	STAG	STAG US	Camille Bonnel



US - REITs Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	Tanger Inc	SKT	SKT US	Jeffrey Spector
	WP Carey	WPC	WPC US	Joshua Dennerlein

Disclosures

Important Disclosures

Equity Investment Rating Distribution: REITs (Real Estate Investment Trusts) Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	40	46.51%	Buy	33	82.50%
Hold	27	31.40%	Hold	21	77.78%
Sell	19	22.09%	Sell	16	84.21%

Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

^{R1} Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster ^{R2}
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

^{R2} 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.

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