

View of the Market

Volume XVII/Issue

6/June 2025

Strategy and Insight for the Commercial Real Estate Industry

A Publication of Paramount Capital Corporation

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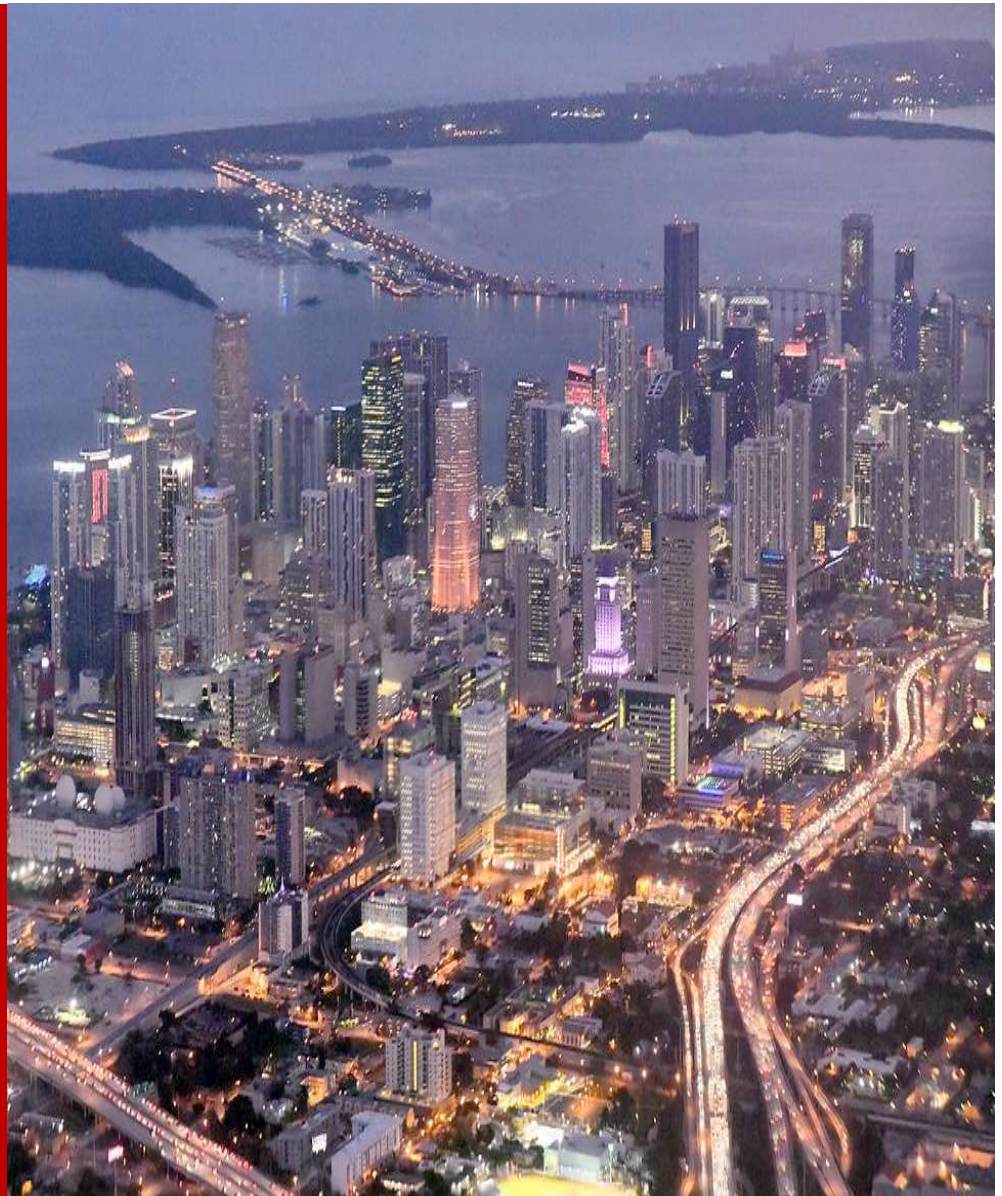
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REAL ESTATE FOCUS

Hidden Values in CRE Investment Organizations

In these tumultuous times in the CRE business, it makes sense for CRE investment organizations to step back and take a look at the hidden values ingrained in their organizations. Especially today, since transaction volume is still down 70% since the Fed began raising interest rates in March 2022. There are many hidden and opaque tenets in management, business models, operations, and financial structures that have inherent value within a CRE company. Managers of CRE firms must know of or at least be cognizant of these values to exploit them and further enhance the worth of their real estate assets and business. Ten of these hidden variables are discussed below.

1. Optionality Throughout the CRE Organization

This includes, using special purpose entities to hold properties, using interest swaps and collars to protect against interest rate risk, using nonrecourse debt that provides a “Put” back to the lender, rights of first refusal and buy-sell agreements, using an UpReit structure which allows sellers to defer their capital gain on property sales to an UpReit and land banking by homebuilders. Optionality can reduce risk, increase return, and generally allow for various trade-offs and real option choices.

2. The Value of a Property Management Operation

Many CRE investment organizations overlook or do not pay attention to their property management function. All CRE investment organizations should manage their own properties with a separate property management entity. An effectively managed property management entity can generate a net margin of 10% or more and can be a valuable operating corporate asset. It can easily be sold, financed, and expanded as a separate entity.

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3. Use of Proptech and Data Analytics Software

Proptech software and data analytics can streamline operations, become more productive and efficient, and create closer tenant relationships. There are hundreds of proptech companies providing software and analytics to improve the financial, accounting, reporting and operational aspects of CRE. The adoption of this software should be a key goal for all CRE investment firms.

4. Low-Cost Debt

In these times of high interest rates, CRE firms that have low-cost debt, especially if it's assumable upon a sale, create tremendous value. Low-cost debt increases the value of the real estate assets in today's market.

5. A History of Solid Investment Performance

CRE investment firms that have a solid and long-term track record of delivering high returns on the equity investment are of superb value. They are able to attract more capital and increase the value of their organizations. It also makes raising new capital easier and quicker.

6. Diversification of a National CRE Portfolio

Proper diversification of a national property portfolio by property type, location, and industry (the portfolio does not have a high percentage of tenants that work in one industry). As in corporate finance, diversification of a stock portfolio with a minimum of about twenty stocks eliminates nonsystematic or diversifiable risk. The same is true of a CRE portfolio.

7. Moderate Leverage

Buying properties with moderate leverage at less than 70% of value or cost to minimize future debt issues and defaults. Many CRE investors prefer high leverage to reduce the amount of equity required and increase the return on equity. However, high leverage can be an expensive dead weight if the economy sinks or property fundamentals deteriorate.

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8. Acquiring Properties at Reasonable Cap Rates

One of the biggest mistakes CRE investors make is to acquire property at low cap rates and exorbitant prices. This is what occurred from 2012 through 2022, when the federal funds rate was zero and the 10-Year T-note was as low as .70% and cap rates compressed on prime assets to 3.5%-4.5%. Many of these same assets today have fallen in price 30%-40%+.

9. Below Market Lease Rates

CRE firms that own property with below-market lease rates are a very valuable asset. As long as the firm doesn't have to pay up front via a low cap rate for below-market lease properties, they are a future hidden asset that generates higher net operating income, cash flow, and value.

10. Using a Holding Company Structure

CRE organizations that are structured using a top holding company with separate entities or subsidiaries for property investments, asset management and brokerage fees, and property management can create corporate "Enterprise Value," wherein the value of each entity is worth more than the property investments alone.

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An Update on REIT Returns

The bounce back in REIT stock returns has slowed during the first quarter of 2025 as the Federal Reserve has not been more aggressive in rate cutting. We don't believe that a 10-year treasury note rate at 4.50% is appropriate for a growing economy and would like to see the rate down to at least 3.50% by the end of this summer. This will help end the three-plus-year "Bear Market" in CRE and foster a new boom period for the industry. Below are the REIT returns per FTSE-NAREIT for the last two years and Q1-2025.

Sector	2023 Return	2024 Return	Q1-2025 Return
FTSE-NAREIT All Equity Index	11.36%	4.92%	2.75%
Office	2.03%	21.50%	-10.58%
Retail	10.57%	14.01%	.34%
Apartments	5.87%	12.83%	4.10%
Industrial	19.15%	-17.18%	6.12%
Lodging/Resorts	23.92%	-2.00%	-17.22%
Data Centers	30.08%	25.22%	-15.21%

We believe that the FTSE-NAREIT All Equity Index will increase 15.0%-20.0%+ in 2025 due to the Federal Reserve finally lowering interest rates and inflation and a strong economy. We encourage all individual investors to allocate 10%-20% of their investment portfolio into a diversified equity REIT fund and see the historical returns below in the REIT Focus section.

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The CRE Industry Needs More Mentors and Proteges

The CRE industry consistently produces some of the most successful business leaders and entrepreneurs, many of whom are multi-millionaires or billionaires. How many of these bright business leaders were mentors and had protégés while they built up their real estate businesses and fortunes? Probably, not too many. Most CRE executives are great at acquisitions, financing, or development, but are lacking in employee development, growth, and training the future protégés, or being a mentor to various junior employees. This lack of attention to the human resources side of a CRE firm is a problem for the entire industry and requires more attention and focus.

Most real estate firms, whether a developer, private equity firm, advisory/consulting firm, lender, broker, or other service provider, are only concerned with closing the current deal and earning fees and then jumping onto the next transaction. In most CRE firms, there is truly little time spent on employee development and mentoring and creating new protégés for the next wave of leaders at the firm and in the industry as a whole. All senior CRE personnel should be mentors to at least two to four junior employees during their career, and every junior employee should be the protégé of at least one to three senior personnel during the beginning of their career. If we took a poll of one hundred real estate firms and asked if any of them have a mentor/protégé program, fewer than 10.0% would say yes.

Successful mentors in business and the CRE industry should have the following attributes:

- Decades of experience, knowledge, and keen judgment in the industry with gray hair (or no hair).
- An enviable track record of completing dozens of deals or more, whether in acquisitions, brokerage, advisory/consulting, lending, development, or other services.
- National and broad market experience in all property types.
- The ability to provide teaching, advice, and wisdom with patience and understanding to employees.
- The ability to write, speak, and listen with clarity and persuasion.

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- Experience in navigating their real estate firms during the numerous up and down cycles in the industry, especially the secular downturns from 1987 to 1992 (S&L Crash) and 2007 to 2012 (the Great Recession) and the COVID pandemic.
- Provide attractive incentive compensation programs, including equity ownership, to junior employees.
- Are the founder, CEO, Senior Partner, or Executive in a vibrant and growing real estate organization?
- Creates a relationship with the protégé that is authentic, safe, and open.
- Provides staunch support and feedback to the protégé.
- Strives to assure that the protégé achieves his/her highest potential and goals.

A great protégé should have the following attributes:

- Be a good listener, learner, and hard worker (not 40 hours a week but 60+ hours a week).
- Select a mentor who can provide the best training and knowledge as possible.
- Know your goals and expectations within the firm and the CRE industry.
- Consider advice and feedback from your mentor as a valuable gift.
- Select a mentor who has a different skill set than you possess.
- Understand that a mentoring relationship is a partnership, and both individuals must treat it as such.

Junior employees at CRE firms should also make sure that they are protégés to one or more mentors in their organizations. This relationship will help ensure that they receive great advice, training, promotions, and secrets of success in the various aspects of the CRE industry in which they are involved. The most important asset in any organization today is its employees, not its assets, brand, product, service, or financial acumen. We are all in the knowledge business today as employees and the worth to our employer is the knowledge we possess that is used by the company to grow and prosper. The more knowledge an employee possesses, the more valuable it is to the company and marketplace. One of the best ways to increase this knowledge base is through a mentoring relationship. However, an individual's knowledge base needs to constantly be updated, improved, and replenished to continue to be successful. This requires constant

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training, reading, writing, analytics, networking, and hard work. Knowledge is especially important in the CRE industry, which is driven by transactions for sales, financings, and leases and, the more transactions one is involved in, the more knowledge one possesses. The mentor and protégé relationship is a fantastic way to keep this knowledge reservoir overflowing for both participants and will lead to great fulfillment for the mentor and success for the protégé.

Get Your Copy of Three Great CRE Books by Our Editor, Joseph Ori

The editor of this newsletter, Joseph Ori, is pleased to offer his three CRE books for sale, “The Fifty Commandments of Commercial Real Estate Investment” Edition I and II and “Commercial Real Estate Investment for Pros (and Dummies Too!).” All books are available on Amazon and other book outlets on Kindle, and soft and hardcover from \$8.99 to \$24.99.

Both editions of The Fifty Commandments of Commercial Real Estate Investment compile the choice pieces of advice Mr. Ori has amassed for over 40 years in the CRE industry. Mr. Ori lists essential dos and don'ts, mistakes, and successful strategies with a mixture of critical analysis and a keen sense of satirical humor, reinforced by his encyclopedic knowledge of the commercial real estate environment. Mr. Ori covers all areas of the industry. Commercial real estate investment,

finance, development, capital markets, and management tactics are all given his full attention, as are leasing, financial analysis, and institutional investments. He applies his commandments to all property types, including apartments, office buildings, shopping centers, industrial warehouses, lodging properties, and senior housing.

Commercial Real Estate Investment for Pros (and Dummies Too!) discusses the history, the various financial players, legal and financial structures, property types, modern portfolio theory and the financial metrics of commercial real estate investment and the commercial real estate industry. The book includes numerous charts and analyses of the industry and a step-by-step breakdown of the commercial real estate analysis and investment process. The book is perfect

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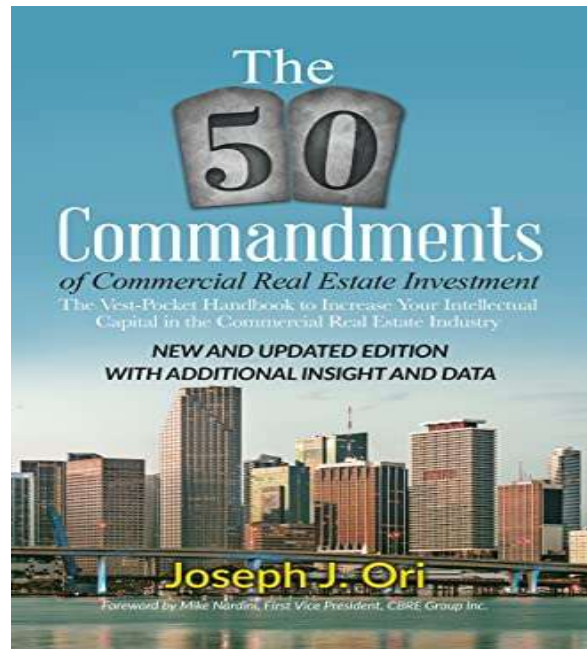
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reading for the experienced real estate pro and also understandable to the real estate novice or someone new to the industry.



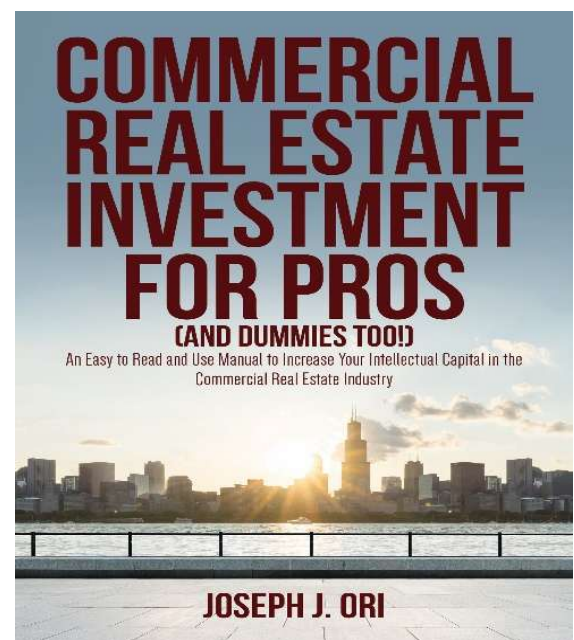
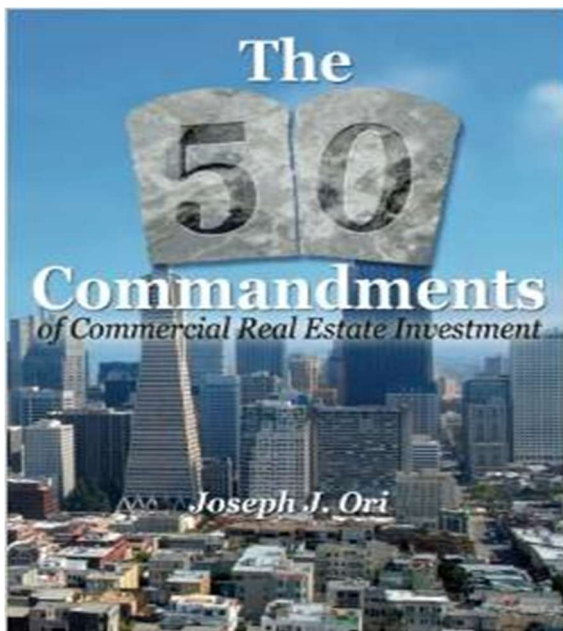
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CRE Financing Rates

Loan Type	Mortgage Rate	Maximum Amortization	Term (years)	Maximum LTV
Permanent Loans	5.63%-9.50%+	30	10	70%
Conduit-CMBS	5.88%-7.49%+	30	10	70%
Bridge Loans	6.50%-13.50%+	Interest Only	1-3	80%
Construction Loans	6.25%-9.50%+	Interest Only	1-4	70%
Insurance Co. Loans	5.38%-7.89%+	30	10	70%
Fannie Mae/Freddie Mac	5.46%-6.26%+	30	10	80%

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Commercial Loan Index Rates	
Prime Rate	7.50%
30-Day SOFR (secured overnight funding rate)	4.29%
1 Year Swap	3.95%
10 Year Swap	3.81%
5 Year Treasury	4.10%
10 Year Treasury	4.50%
Federal Funds Rate	4.25%



Interest rates remained stable this month, with the 10-year treasury rate at 4.50%. The Federal Reserve's Open Market Committee meets on June 17th and 18th, and we hope they come to their senses and lower the federal funds rate by at least .50%. The above financing rates and data are courtesy of Paramount Capital Corporation and feel free to contact Joseph Ori, Founder and CEO, Paramount Capital Corporation, jjo@paramountcapitalcorp.com, for your real estate capital needs.

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CRE Deal Focus

CRE Deals of the Month

Purchaser/ Sponsor	Seller	Property/ Deal	Price	Description
RXR Realty	State Teachers Retirement System of Ohio	590 Madison Ave., New York, NY	\$1.1B	A 41-story, 1.1 million square foot office building that is 81% leased.
MFK Realty	Vornado Realty Trust and Albanese Organization	512 W. 22nd St., Office Building, New York, NY	\$205M	A 172,000 square foot office building that is 100% leased.
ARES Management	P.B. Bell and PCCP LLC	Zaterra Apartments, Chandler, AZ	\$137.5M	A 392-unit apartment complex.
Bell Partners	Oxford Properties	Avalon Park, Orlando, FL	\$137M	A 487-unit apartment complex built in 2008.

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Carmel Partners	Equity Residential	Urbana Apartments, Seattle, WA	\$120.7M	A 289-unit apartment complex built in 2014.
Tishman Speyer	NA	2010 West End Apartments, Nashville, TN	\$112M	A 358-unit apartment complex built in 2021.
SomeraRoad	Beach Point Capital	Hotel Bossert, Brooklyn, NY	\$100M	A 284-room hotel.
FJ Management	Evergreen Devco	Table Mesa Apartments, Wheat Ridge, CO	\$97M	A 250-unit apartment complex built in 2023.
Hines, Inc.	Federal Realty	Levere Apartments, San Jose, CA	\$74M	A 108-unit apartment complex built in 2011.

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Edens Realty	Barings Real Estate	Retail Property, Davie, FL	\$51.25M	A 108,623-square-foot shopping center built in 2000.
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CORPORATE FINANCE FOCUS

The Daily Drucker

One of the most popular corporate thinkers and management consultants in the last hundred years is Peter Drucker. He passed away in 2005 at 92 years old, but during his illustrious career, published over thirty-five books, and his corporate and management ideas have had a profound impact on shaping the modern corporation and management science. For the next twenty-four issues of VOM, we will highlight some of his insights and motivations in corporate management, personnel, and the knowledge worker from one of his last books, *The Daily Drucker*.

I. Overage Executives

Stay out of decisions if one won't be around to help bail out the organization. An employer should have in place a policy for the over-sixties in managerial and professional ranks. The basic rule and one that should be clearly established and firmly enforced, is that people beyond their early sixties should ease out of managerial responsibilities. Develop a retirement policy for senior executives.

II. Controls, Control and Management

The probability of an event being meaningful is a much more important datum than the event itself. We are rapidly acquiring great capacity to design controls in business and in other social institutions, based on a great improvement in techniques, especially the ability to process and analyze large masses of data very fast. Review each of the performance measures you use to

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manage your organization. Eliminate each of those measures that are not meaningful to the results of the organization.

III. Controls Should Focus on Results

Every social institution exists to contribute to society, economy and individual. In consequence, results exist only on the outside, in economy, in society and with the customer. It is the customer only who creates a profit. Everything inside a business creates only costs, is only a “cost center.” But the results are entrepreneurial. Develop a systematic method of collecting critical information on the environment. This information should include knowledge of customer satisfaction, noncustomer buying habits, technological developments, competitors, and relevant government policies.

IV. Controls for Nonmeasurable Events

A balance between the measurable and the nonmeasurable is a central and constant problem of management. Business, like any other institution, has important results that are incapable of being measured. Any experienced executive knows companies or industries that are bound for extinction because they cannot attract or hold able people. List both nonmeasurable and measurable variables that are important to the achievement of the goals of your organization. Develop quantitative assessments for those variables that can be so measured and qualitative assessments for those critical variables that are qualitative.

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Return on Equity, a Key Financial Metric

One of the most important ratios in corporate financial analysis is the return on equity (ROE). ROE is calculated by dividing stockholders' equity by net income or NI/SE. Net income is the amount a company earns on the sales of its products or services after its operating expenses and taxes. Net income becomes part of a company's retained earnings and is used to pay dividends. In corporate finance, this is a critical ratio as it reveals the return the company is generating on the equity capital invested in the firm and less any dividends paid. It also indicates the potential return an investor should expect from owning the company's stock. If the ROE is 20%, then an investor should, theoretically, expect an average annual return of 20% on an investment in the stock. This, of course, depends on the overall stock market, economy, interest rates, company growth and other financial metrics. The ROE ratio is dependent on the company's net profit margin or net income divided by sales, asset turnover, or sales divided by assets and the company's leverage or assets divided by stockholders' equity.

All other things being equal, the higher the ROE, the higher the net profit margin and the higher the debt-to-capital ratio. Some public companies have a very high and artificial ROE, and this is primarily due to large buybacks of their stock. These companies buy back their stock to lower the number of shares outstanding and increase their earnings per share and, hopefully, the stock price. Public companies have spent trillions of dollars during the last fifteen years buying back their stock. Zero interest rates and easy credit terms have contributed to this buyback binge.

For example, NVR, Inc., a major homebuilder, had a calendar year 2024 ROE of 40.0%, which is artificially high due to over \$13.8 billion in stock buybacks over the years and shown as treasury stock on the balance sheet. Treasury stock is common shares held in the "treasury" for future reissuance and part of and a reduction of stockholders' equity. A standard ROE of over 30% is considered excellent, from 20% to 30% is great, from 15% to 20% is good and below 15% is acceptable. Anything below 10% is very poor. The ROE does depend on the type of industry the firm is in, its operating margins, any "Moat" or comparative advantage for the firm

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and its pricing power. Companies in high-margin, high-growth industries will typically have higher returns on equity.

Another example using Coca-Cola's 12/31/24 annual 10K report will show the ROE calculation. Coca-Cola's net income for the year was \$10.6B and its shareholders' equity was \$24.8B for an ROE of 42.7% ($\$10.6\text{B}/\24.8B). Keep in mind that stockholders' equity also includes a large reduction of \$55.9B for treasury stock purchases, which represents the stock that the company has bought back over the decades. A 42.7% ROE for Coca-Cola is excellent, especially for such a large mature company in a very competitive industry.

Next, let us look at the return of Coca-Cola's stock over the last three and 10 years. The average annual return for the stock for the five years ending in 6/6/25 was 10.35% and for the last 10 years was 8.15%. If we adjust the ROE above for the reduction from stock purchases, the ROE becomes 13.1% ($\$10.6\text{B}/\80.7B). This indicates that investors have rewarded Coca-Cola with an increased stock price not only due to its attractive ROE, but also its dominance in the soft drink sector, one of the most valuable brands in the world and its exceptional management team. Before buying a stock, investors should calculate the ROE and compare it to the average annual return of the firm over at least the last ten years, and both returns should be fairly close.

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REIT Statistics

Current REIT statistics for 3/31/25 per NAREIT are included in the table below. Please note that the all-equity REIT return over 20 years includes three CRE downturns: the Great Recession, the retail and store closure meltdown and the current higher interest rate regime.

<i>Period</i>	<i>All REITs</i>	<i>All Equity REITs</i>	<i>S&P 500</i>	<i>NASDAQ Composite</i>
<i>3/2025</i>	2.87%	2.75%	-4.27%	-10.26%
<i>1-Year</i>	8.71%	9.23%	8.25%	6.37%
<i>5-Year</i>	9.61%	9.55%	18.59%	18.48%
<i>10-Year</i>	5.46%	5.70%	12.50%	14.52%
<i>20-Year</i>	7.10%	7.60%	10.23%	11.39%
<i>Market Capitalization</i>	\$1.45T	\$1.39T	\$51.1T	\$32T

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<i>Dividend Yield</i>	4.28%	3.96%	1.30%	1.17%
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REIT Review

Summary

This REIT valuation is on Tanger, Inc. (“SKT”), a publicly traded REIT that is engaged in the ownership and operation of outlet and open-air retail centers in the US and Canada. SKT owns 31 properties with 13.6 million square feet. Occupancy as of 3/31/25 was 96%. The same-store net operating income growth for Q1-25 YoY was 10%. The three largest tenant groups are The Gap (5.1% of annualized base rent), Knit Well, Lane Bryant (4.6% of annualized base rent) and Tapestry (3.1% of annualized base rent).

Property Developments

SKT has \$1.942 billion in new developments and expansions as of Q1-25.

Corporate Data

SKT is traded on the New York Stock Exchange, is incorporated in North Carolina, and is located in Greensboro, NC. SKT has 113.1 million common shares outstanding and a market capitalization of approximately \$3.495 billion. SKT is rated BBB- by Standard and Poor’s, Baa3 by Moody’s, and BBB by Fitch Ratings.

Management

Stephen Yalof, 62, President and CEO

Stephen Yalof is the President and Chief Executive Officer of Tanger®, a leading operator of upscale, open-air shopping centers across 21 U.S. states and Canada, with a team dedicated to delivering the best entertainment, experience, and opportunity for Tanger’s communities, stakeholders, and partners. Working together with the Tanger team, Stephen is leading the company in fulfilling its vision to use customer insights and experience to inform the future of

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shopping. Stephen joined Tanger in April 2020 as President and Chief Operating Officer, bringing with him over 25 years of experience in the retail real estate industry. He succeeded Steven B. Tanger as CEO in January 2021 and has been a member of the board of directors since July 2020. Before joining Tanger, Stephen served as the Chief Executive Officer of Simon Premium Outlets, where he drove forward the expansion and development of their real estate portfolio. He previously served as Senior Vice President of Real Estate for Ralph Lauren and Senior Director of Real Estate for The Gap, Inc. Stephen frequently engages with national broadcast media to discuss Tanger's growth strategy, retail trends, and industry insights. He serves as a Trustee of the International Council of Shopping Centers (ICSC) and sits on the advisory board of Real Estate Roundtable. Stephen also serves on the advisory boards of HeadCount and the Center for Real Estate & Urban Analysis (CREUA) at George Washington University, his alma mater, where he earned a B.S. in Business Administration.

Top Institutional Holders	Shares (millions)	%
Blackrock, Inc.	20,950	18.51
Vanguard Group, Inc.	17,510	15.47
FMR, LLC	9,540	8.43
State Street Corporation	6,420	5.67
Geode Capital Management, LLC	2,780	2.45

Ownership Breakdown	
% of Shares Held by All Insiders and 5% Owners	2.4
% of Shares Held by Institutional & Mutual Fund Owners	93.54
Number of Institutions Holding Shares	480

All amounts above per Yahoo Finance

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Financial Analysis and Valuation

Select financial data for SKT per the 2025 Q1-10Q, and supplemental information.

(In millions where applicable)

Financial Data	Amounts
Real Estate Assets, Gross	\$3,513
Total Assets	\$2,477
Property Debt (at weighted average interest rates of approximately 4.1%)	\$1,563
Stockholders' Equity	\$660
Revenue	\$135
Net Income (Loss)	\$19
Cash Flow from Operations	\$41
Unsecured Credit Facility	\$481
Market Capitalization	\$3,495
Property Debt to:	
Gross Real Estate Assets	44%
Market Capitalization	45%
Enterprise Value	31%
Dividend and Yield (\$1.17sh.)	3.81%
Shares Sold Short (in millions per Yahoo Finance)	5,050

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Valuation Methodology	
Q1-2025 Real Estate Revenue	\$135
Q1-2025 Real Estate Operating Expenses (excluding depreciation, amortization, interest expense, impairment charges plus G&A expenses)	<u>\$59</u>
Q1-2025 Net Operating Income	\$76
Proforma Annualized Net Operating Income at 102%	\$310
Projected Average Cap Rate	<u>7.0%</u>
Projected Value of Real Estate Assets	\$4,428
Add: Net Operating Working Capital (at book value)	\$69
Construction in Progress (at book value)	\$8
Investments in Unconsolidated Joint Venture (at book value)	<u>\$64</u>
Total Projected Value of the Assets of the Company	\$4,569
Less: Total Debt per Above	<u>(\$1,563)</u>
Projected Net Asset Value of the Company	<u>\$3,006</u>
Common Shares Outstanding, 113.1M Common Shares	
Projected NAV Per Share	\$26
Market Price Per Share on 6/15/25	\$30
Premium (Discount) to NAV	15%

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Financial Metrics

The gross real estate assets, property debt, revenue, net income, funds from operations, return on invested capital, dividend coverage, and dividends per share for SKT for the years 2020 through Q1-25 are shown in the table below.

(Millions except dividend and per share amounts)	2020	2021	2022	2023	2024	Q1-25
Gross Real Estate Assets	\$2,793	\$2,800	\$2,855	\$3,271	\$3,408	\$3,513
Property Debt	\$1,567	\$1,397	\$1,428	\$1,439	\$1,423	\$1,563
Revenue	\$389	\$426	\$442	\$464	\$526	\$135
Net Income (Loss)	(\$36)	\$9	\$82	\$99	\$99	\$19
Funds from Operations (FFO)	\$154	\$138	\$201	\$218	\$246	\$62
Return on Invested Capital (1)	11.7%	14.2%	13.3%	15.7%	13.6%	NA
Dividend Coverage (2)	2.23	1.84	2.31	2.03	1.97	1.35
Dividends Paid Per Share	\$.7125	\$.715	\$.8025	\$.97	\$1.085	\$1.17(3)

(1) This ratio is cash provided by operations plus interest expense divided by stockholders' equity plus property debt and measures the return the REIT is earning on its invested capital.

(2) This ratio is funds from operations divided by common and preferred stock dividends and distributions to noncontrolling interests.

(3) The dividend in 2025 is \$.2925 per quarter.

The total return of SKT year to date and through five years is shown in the chart below per NAREIT:

SKT Total Return	3/2025	1-Yr	3-yr	5-Yr
	-0.17%	18.58%	30.76%	53.34%

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As shown above, our net asset value per share for SKT is \$26sh., compared to a market price of \$30/sh. Current average cap rates for retail properties per our industry experience and CBRE's Cap Rate Survey are in the 6.0% to 8%+ range, depending on the tenancy, sales per square foot and location of the property. We have used an average cap rate of 7.0% due to SKT's quality portfolio of retail properties.

Strengths:

- An attractive dividend yield of 3.81%.
- The dividend has increased by 64% since 2020.
- A low debt-to-enterprise value of 31%.

Concerns:

- REIT prices will decline if interest rates increase.
- SKT is trading at a 15% premium to our NAV.

Recommendation:

SKT is trading at a 15% premium to our NAV per share and we do not recommend the purchase of the stock.

View of the Market

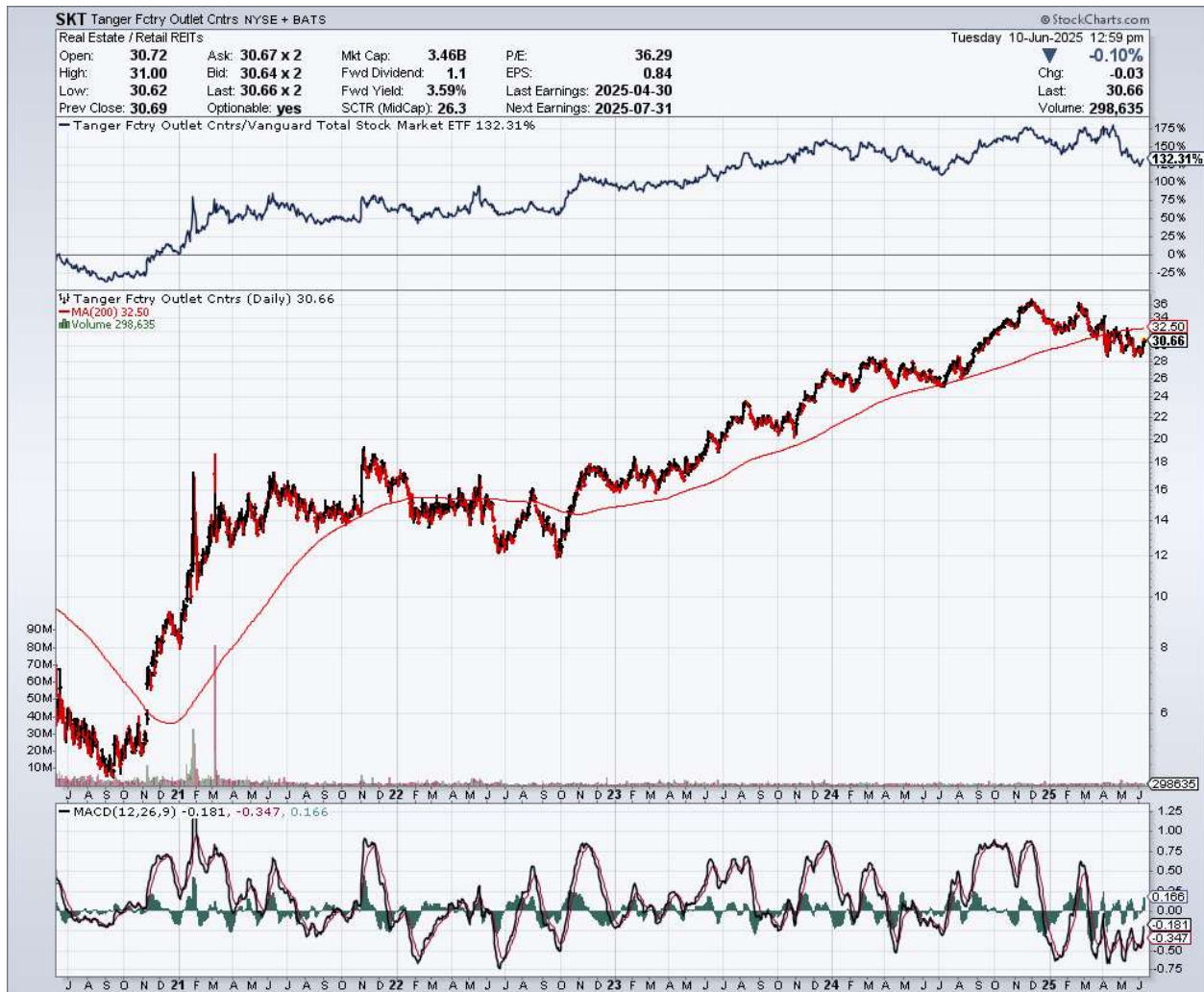
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A five-year price chart for SKT is shown below:



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REIT FOCUS REVIEWS IN PRIOR ISSUES OF VOM ARE AS FOLLOWS:



1. Camden Property Trust, August 2024
2. Regency Centers Corporation, September 2024
3. Kilroy Realty Corporation, October 2024
4. BXP, Inc., November 2024
5. Realty Income Corp., December 2024
6. Equity Residential, January 2025
7. Douglas Emmett, Inc., February 2025
8. Rexford Industrial Realty, Inc., March 2025
9. Broadstone Net Lease, April 2025
10. Alexandria Real Estate Equities, Inc., May 2025

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