



View of the Market

Insight and Strategy for the Commercial Real Estate Industry

Paramount Capital Corporation

Volume 18 | Issue 9 | September 15, 2026

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FROM THE EDITOR

KEY TAKEAWAYS

- Self-storage fundamentals are stabilizing unevenly, with advertised rents down 1.7% year-over-year and supply pressures favoring selective acquisitions in markets with limited construction and proven operating performance.
- CRE cap rates remain broadly stable despite elevated financing costs, making durable income, disciplined acquisition pricing and asset-specific risk analysis essential to investment returns.
- Drucker's acquisition principles and Buffett's investment strategies reinforce the importance of business understanding, capable leadership, patience and a margin of safety in creating lasting value.
- Kite Realty offers a selective opportunity in grocery-anchored retail, supported by 95.1% occupancy, 3.7% same-store NOI growth and a share price modestly below

PCC's estimated \$27 NAV.

Joseph Ori
Editor, View of the Market

REAL ESTATE FOCUS

A Review of the Self-Storage Market

KEY TAKEAWAYS

- National self-storage advertised rents increased 0.7% month-over-month in June to \$16.48 per square foot but remained 1.7% below the prior year, indicating seasonal improvement without a full pricing recovery.
- Market performance remains highly supply-driven, with low-construction markets such as Minneapolis and Indianapolis posting positive annual rent growth while heavily supplied Florida markets experienced declines exceeding 4%.
- The national construction pipeline has moderated to 45.3 million net rentable square feet, or 2.2% of existing inventory, although recently delivered properties continue to create significant lease-up pressure in many Sun Belt markets.
- The sector's outlook is cautiously improving, but investment performance will depend increasingly on submarket supply, achieved rents, occupancy, operating execution and disciplined acquisition basis rather than national averages.

I. National Operating Snapshot

Metric	June/Current	Change/Context
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Advertised rent	\$16.48 / SF	+0.7% MoM; -1.7% YoY
Climate/non-climate	All main unit sizes	CC -1.8% YoY; NCC -1.6% YoY
Seasonal breadth	29 of top 30 metros	Positive MoM; Sarasota-Cape Coral flat
Operator pricing	REIT vs. non-REIT	YoY: -2.8% vs. -1.2%; MoM: +1.3% vs. +0.5%
Tracked facilities	33,122 completed	35,604 total including development pipeline

Source: Yardi Matrix Self Storage National Report, July 2026; data as of July 9, 2026.

Rent growth remains polarized

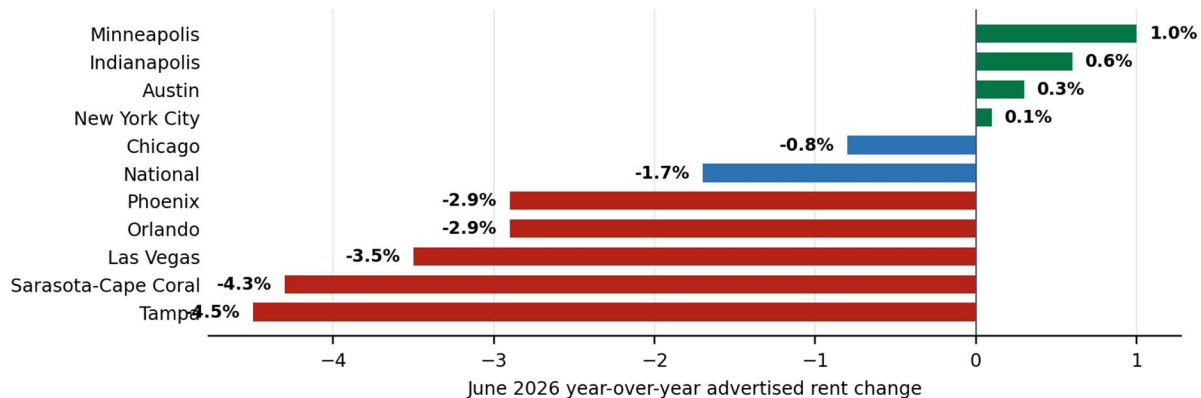


Figure 1. Same-store annualized advertised rent change for main NCC + CC unit types. Source: Yardi Matrix.

A. Interpretation

Minneapolis, Indianapolis, Austin and New York City were the only top-30 metros with positive YoY growth. The national sequential gain is constructive, but not yet proof of durable annual growth; June 2025 had the same 0.7% monthly gain.

II. Supply Is the Dominant Near-Term Differentiator

Recent deliveries explain much of the spread in rate performance

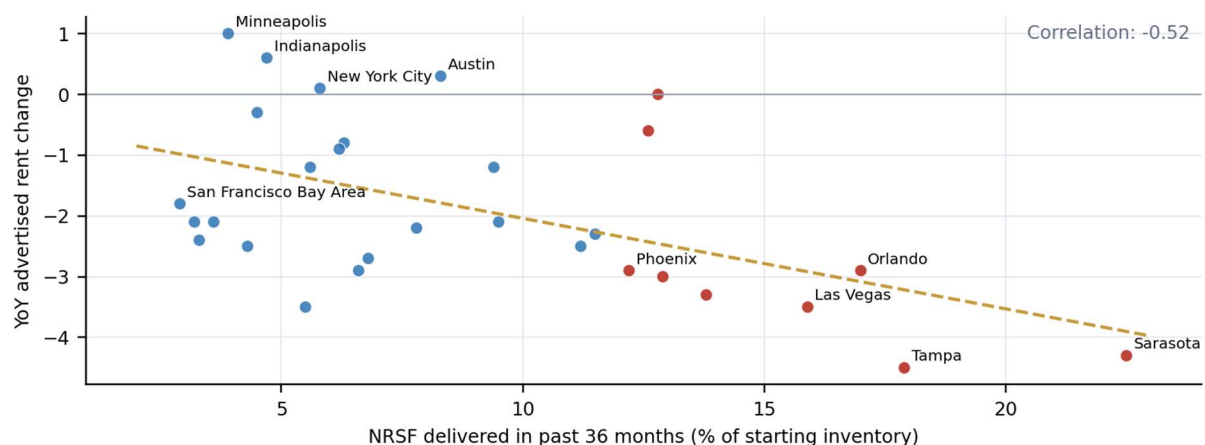


Figure 2. Top-30 metros: trailing 36-month deliveries versus June YoY rent change. Correlation is descriptive, not causal. Source: Yardi Matrix; PCC analysis.

III. Key Market Review

Market	\$/SF	YoY Rent	36-mo Supply	12-mo Supply	UC Pipeline
Minneapolis	\$14.31	+1.0%	3.9%	0.6%	0.9%
Indianapolis	\$12.63	+0.6%	4.7%	1.1%	1.4%
Austin	\$14.52	+0.3%	8.3%	3.9%	3.5%
New York City	\$35.40	+0.1%	5.8%	2.0%	2.3%
Phoenix	\$15.15	-2.9%	12.2%	3.2%	6.9%
Orlando	\$15.54	-2.9%	17.0%	5.4%	4.8%
Sarasota-Cape Coral	\$14.65	-4.3%	22.5%	8.2%	5.4%
Tampa	\$15.87	-4.5%	17.9%	6.5%	2.9%

Supply percentages are measured against starting or existing inventory as defined by Yardi Matrix.

IV. Market Conclusions

Positioning	Markets/Evidence	Investment Implication
Early stabilizers	Minneapolis and Indianapolis: positive rents, low pipeline	Best near-term revenue visibility; validate occupancy and achieved rents asset by asset.
High-price coastal	NYC \$35.40; LA \$27.97; SF \$26.26 / SF	High barriers support pricing, but basis, taxes and regulation remain decisive.
Mixed recovery	Austin +0.3% YoY, but 3.5% under construction	Demand is improving; future supply can delay sustained pricing power.
Lease-up stressed	Florida, Phoenix and Las Vegas	Underwrite slower absorption, concessions and muted ECRI (existing customer rate increase) until new stock seasons.

V. Construction Is Cooling, but the Delivered-Supply Overhang Persists

A selective acquisition market with widening operating outcomes

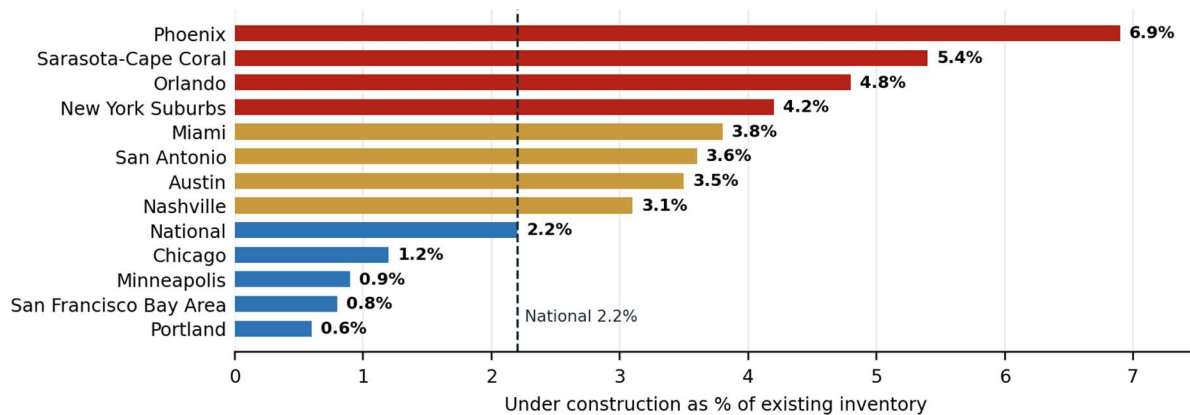


Figure 3. June under-construction NRSF as a percentage of completed inventory. Source: Yardi Matrix.

Construction Metric	Current Reading	Assessment
Under construction	45.3 million NRSF/2.2% of stock	Flat MoM; down 0.4 percentage point YoY
Project count	608 UC; 1,579 planned; 295 prospective	2,482 projects across all development stages
Recent deliveries	8.8% over 36 months; 2.3% over 12 months	Lease-up exposure remains elevated despite slowing starts
2026 forecast	New supply down 19% YoY	Helpful for 2027-28 fundamentals, subject to project timing

Source: Yardi Matrix. NRSF = net rentable square feet; UC = under construction.

VI. Principal Underwriting Risks

Risk	Evidence in July Report	Underwriting Response
Supply/lease-up	Florida 36-mo deliveries of 17%-23%; Phoenix UC at 6.9%	Use submarket radii; haircut achieved rents and extend lease-up.
Rate/revenue	National advertised rent -1.7%; REIT pricing -2.8%	Separate web rates, in-place rents, discounts and ECRI assumptions.
Pipeline timing	Planned/prospective projects outnumber active construction	Scenario-test deliveries, cancellations and opening delays.
Consolidation	PSA-NSA merger; PSA reaches 14% of tracked SF	Expect greater digital-pricing and marketing competition.
Data/vacancy	No occupancy or vacancy series in this Yardi report	Require property occupancy, churn, move-ins/outs and delinquency data.

VII. Investment Outlook

Near term: neutral to cautiously improving, as seasonal gains and a smaller pipeline are offset by negative annual pricing. **Preferred exposure:** low-pipeline markets and assets with verified occupancy, achieved rents and limited nearby lease-up. National averages should not drive submarket underwriting.

A Review of the CBRE Cap Rate Survey for H1 2026

KEY TAKEAWAYS

- **Cap rates held steady despite rising borrowing costs:** CBRE's all-property average cap rate was essentially unchanged in H1 2026, even as the 10-year Treasury yield peaked at 4.67% in mid-May.
- **Pricing strength varied by sector and geography:** Neighborhood retail recorded the greatest average cap rate compression, followed by hotels and industrial, while the eastern U.S. experienced more compression than other regions.
- **Investors became more cautious:** Approximately 60% of survey responses anticipated unchanged cap rates over the next six months, but more respondents expected increases than in the previous survey.
- **Asset quality remains a key risk consideration:** Expectations for cap rate expansion were strongest for Class C properties, and urban/infill multifamily had the most bearish overall outlook among property subtypes.

I. U.S. Cap Rates Hold Firm Despite a Higher Risk-Free Rate

A. Equal-weighted average cap rates by property type

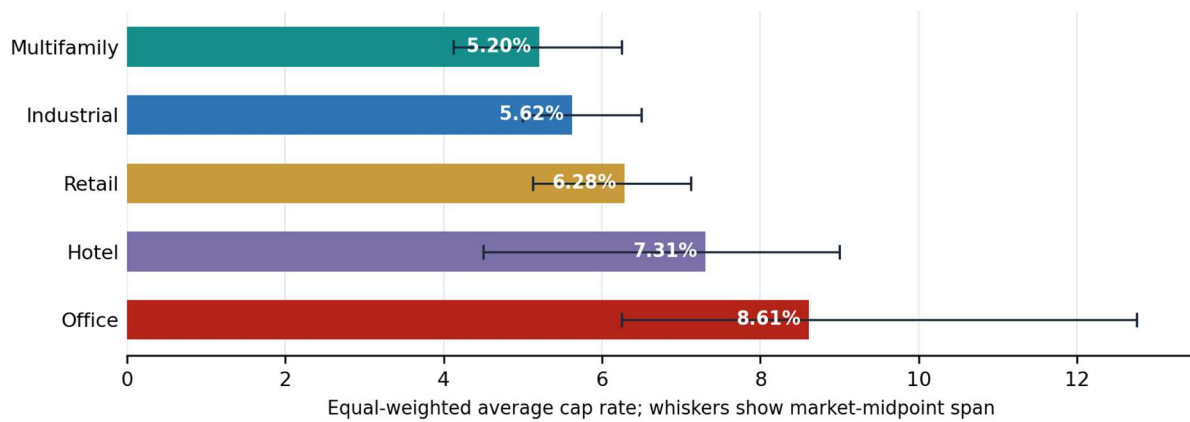


Figure 1. Equal-weighted average of H1 2026 market-range midpoints. Multifamily combines infill and suburban; office combines downtown and suburban; hotel combines reported full- and limited-service subtypes. Source: CBRE Econometric Advisors; PCC calculations.

Property Type	Avg. Cap Rate	Midpoint Span	Change vs. H2 2025	H1 Observations
Multifamily	5.20%	4.13%-6.25%	+6 bps	92
Industrial	5.62%	5.00%-6.50%	-3 bps	52
Retail	6.28%	5.13%-7.13%	-5 bps	39
Hotel	7.31%	4.50%-9.00%	n/a	69
Office	8.61%	6.25%-12.75%	-1 bp	71

Changes use matched H1/H2 observations and may differ from the simple averages because new or missing market estimates are excluded from the paired sample.

B. Capital-markets signals

Rates: the 10-year Treasury peaked at 4.67% in May and was near 4.6% in mid-July; respondents identified 3.75% as the median level needed to materially accelerate sales. **Survey breadth:** approximately 3,600 estimates across more than 50 markets from over 200 CBRE professionals.

II. Local Pricing Matters More Than the National Average

Selected Class A stabilized market midpoints across four major property types

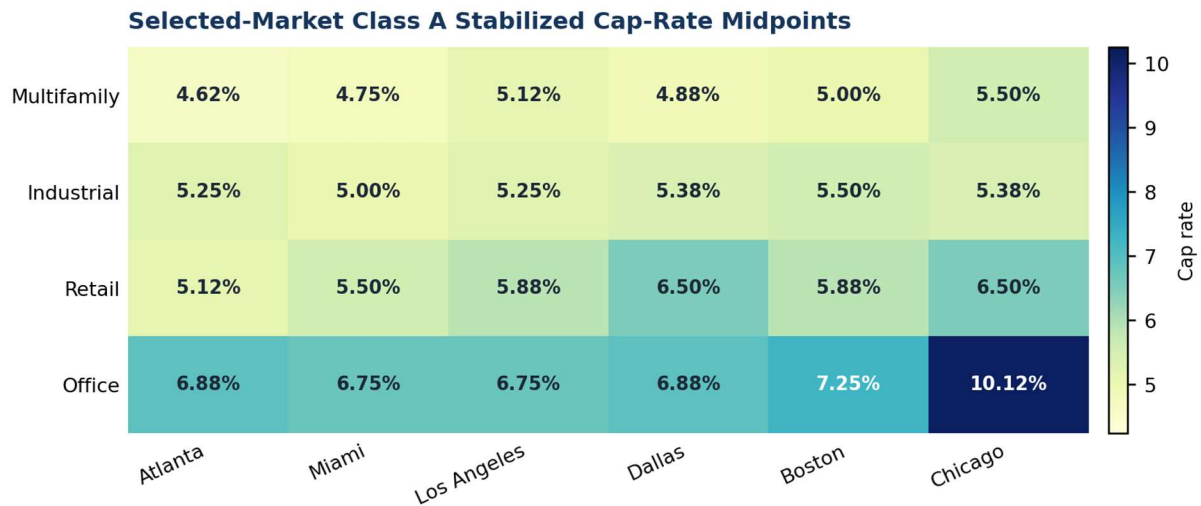


Figure 2. Multifamily = urban/infill; office = downtown; retail = neighborhood center; industrial = Class A stabilized. Values are midpoints of CBRE survey ranges, not transaction-weighted cap rates.

III. Selected-Market Cap Rate Observations

Market	MF	Industrial	Retail	CBD office	Interpretation
Atlanta	4.63%	5.25%	5.13%	6.88%	Lowest blended pricing in this set; retail range is unusually wide.
Miami	4.75%	5.00%	5.50%	6.75%	Strong cross-sector pricing and the tightest industrial yield in the group.
Los Angeles	5.13%	5.25%	5.88%	6.75%	Coastal pricing remains competitive despite policy and operating-cost risks.
Dallas	4.88%	5.38%	6.50%	6.88%	MF remains tight; retail and office require higher going-in yields.
Boston	5.00%	5.50%	5.88%	7.25%	Office carries a meaningful premium to apartments and industrial.
Chicago	5.50%	5.38%	6.50%	10.13%	CBD office repricing dominates an otherwise moderate yield profile.

Source: CBRE Econometric Advisors, H1 2026; PCC midpoint calculations. Individual assets may trade outside CBRE ranges based on quality, location and lease profile.

IV. What the Dispersion Means

Theme	Evidence	Investment implication
Property-type hierarchy	MF and industrial average 5.2%-5.6%; office averages 8.6%.	Income durability and capital needs, not geography alone, drive the risk premium.
Office is not one market	Selected CBD midpoints range from 6.25% in NYC to 12.25% in Minneapolis.	Use asset-level leasing, tenant-credit and capital-expenditure scenarios.
Eastern compression	CBRE reports more compression in the East than other regions.	Competitive bidding may return first in liquid, high-quality eastern markets.
Quality bifurcation	B/C and value-add moved more than Class A stabilized assets.	Wider outcome ranges require conservative exit and renovation assumptions.

V. Stable Headline, Wider Distribution of Outcomes

Survey expectations favor stability, but downside views increased

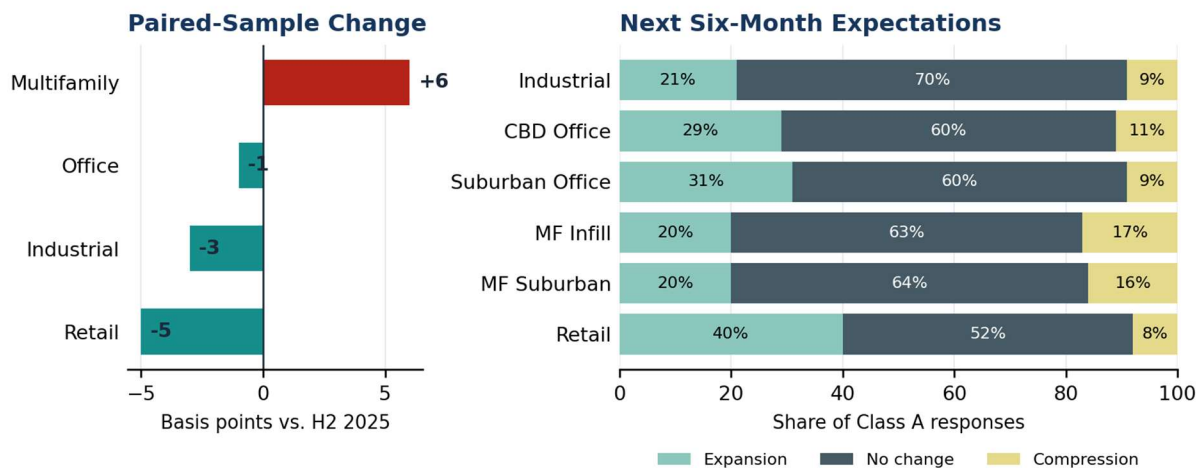


Figure 3. Left: average paired change in stabilized midpoint estimates. Right: Class A respondent expectations for the next six months. Expansion means a higher cap rate. Source: CBRE Econometric Advisors; PCC calculations.

VI. Risk and Opportunity Framework

Factor	Survey Evidence	Underwriting Response
Treasury/financing	4.6% 10-year versus 3.75% median sales-volume trigger.	Do not underwrite near-term refinancing or exit-cap relief as the base case.
Office uncertainty	Office estimate ranges widened; lower-quality estimates remain	Stress leasing costs, downtime, rollover and terminal value independently.

	volatile.	
Transaction liquidity	Geopolitical risk reduced respondents' activity expectations.	Favor price discovery, durable debt structures and longer hold flexibility.
Relative value	Retail, hotel and industrial compressed most on average.	Test whether improved pricing is supported by NOI growth and buyer depth.
Survey methodology	Ranges are professional estimates, not closed-sale averages.	Use survey midpoints as market anchors and reconcile to asset-specific comps.

Source: CBRE Econometric Advisors, H1 2026. Underwriting responses are Paramount Capital Corporation analytical implications.

VII. Investment Conclusions

Base case: cap rates remain broadly range-bound while elevated Treasury yields constrain volume. **Preferred strategy:** pursue sectors and markets where current yield compensates for leasing and capital risk without relying on compression. **Key discipline:** treat CBRE ranges as a starting point, then price debt, rollover, tenant credit, capital expenditures and exit liquidity at the individual-asset level.

Get Your Copy of Three Great CRE Books and Apps 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,” Editions I and II, and “Commercial Real Estate Investment for Pros (and Dummies Too!).” All books are available on Amazon, other book outlets, and on Kindle.

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.

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 reading for the

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

Mr. Ori has also created two financial apps, Deal Maven and Watch Maven, as shown below. Deal Maven allows users to download any private placement memorandum or prospectus and in a few minutes for free, the app will summarize the salient points of the document in 7-10 pages. Watch Maven allow users to download a photo of the front and back of the watch and in seconds, the app will review, analyze and value the watch subject to over 80 criteria for free.

Apps and Publications

FINANCIAL APPS



Review, highlight and summarize PPMs and prospectuses.

dealmaven.lovable.app



Identify, analyze and value watches in seconds.

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PUBLICATIONS



View of the Market
Monthly CRE newsletter

CRE Financing Rates

Loan Type	Mortgage Rate	Maximum Amortization	Term (years)	Maximum LTV
Permanent Loans	5.76%-9.03%+	30	10	70%
Conduit-CMBS	6.54%-8.28%+	30	10	70%
Bridge Loans	5.75%-12.75%+	Interest Only	1-3	80%
Construction Loans	5.50%-8.75%+	Interest Only	1-4	70%
Insurance Co. Loans	6.05%-9.00+	30	10	70%
Fannie Mae/Freddie Mac	5.46%-6.26%+	30	10	80%

Index	Commercial Loan Index Rates
Prime Rate	6.75%
30-Day SOFR (secured overnight funding rate)	3.76%
1 Year Swap	4.15%
10 Year Swap	4.40%
5 Year Treasury	4.54%
10 Year Treasury	4.95%
Federal Funds Rate	3.50%-3.75%



Interest rates inched up a bit this month, with the 10-Year Treasury at 4.95% due to an increase in hostilities in the Iran war. The Federal Reserve Board meets again on September 15th and 16th and should leave rates unchanged. 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, for your real estate capital needs.

CRE Deal Focus

CRE Deals of the Month

Purchaser/ Sponsor	Seller	Property/ Deal	Price	Description
Ryman	Trinity Investments and Elliott Management Corp.	Grande Lakes Orlando Resort	\$1.38B	A 1,010-room JW Marriott Resort and a 583-room Ritz-Carlton Resort.
Oxford Properties	Clarion Partners	One Marina Park, Boston, MA	\$435M	A 500,000-square-foot office building built in 2010.

SparrowHawk	EQT	Midwest Industrial Portfolio	\$400M	A 20-property industrial portfolio with 4.4 million square feet.
Pantzer	Kimco Realty Corp.	Witmer Apartments, Washington, D.C.	\$211.5M	A 440-unit apartment complex built in 2019.
Artemis Real Estate Partners	PGIM Real Estate	Arbor at Delray, Delray Beach, FL	\$140M	A 208-unit senior housing facility.
Sym Investments	Prism Capital Partner	Edison Lofts, West Orange, NJ	\$131M	A 334-unit apartment complex built in 2018.
Corebridge Real Estate Investors and Crestlight Capital	Beacon Partners	Station and LoSo, Charlotte, NC	\$91.7M	A 199,673-square-foot office building.
Morgan Stanley Real Estate	Blue Vista Capital	Two Industrial Properties, Phoenix, AZ	\$79.35M	Two industrial properties with 277,073 square feet.
Home Invest	Adams Investor Group	East Ponce Village, Stone Mountain, GA	\$70.7M	A 977-unit apartment complex.
Broad Creek Capital, Hillridge Capital and Abod Capital	Eastwind Development	Crossings at Palm Aire, Sarasota, FL	\$67M	A 315-unit apartment complex built in 2023.

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, he 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. Common Core of Unit

A successful acquisition requires a unifying foundation, such as shared markets, technology, production capabilities, customer values or organizational culture. This commonality gives the two companies a shared language and enables management to understand how the businesses can operate together. Financial compatibility alone cannot overcome fundamental differences in how the companies create value or make decisions. Before completing an acquisition, management should determine whether the organizations possess sufficient cultural and strategic affinity to support lasting integration

II. Respect for the Business and Its Values

An acquisition requires the buyer to genuinely respect the acquired company's products, customers, markets and values. Without this "temperamental fit," the acquiring company may misunderstand the business and make inappropriate strategic or operating decisions. Differences between the companies can be productive, but only when the buyer appreciates why the acquired company has been successful. Due diligence should therefore evaluate cultural respect and business understanding as rigorously as valuation, earnings and projected synergies.

III. Provide New Top Management

The acquirer should assume that some or all of the acquired company's senior leadership may depart within approximately one year. Founders and former owners frequently struggle with

losing control of a business they regard as their creation, while professional executives may resist becoming subordinate divisional managers. The acquiring company must therefore possess qualified internal leaders who can assume responsibility quickly because recruiting an entirely new external management team is uncertain and risky. A credible leadership-succession and retention plan should be established before closing rather than developed after key executives leave.

IV. Promote Across Lines

A legal merger does not automatically eliminate the psychological division between the acquiring company and the acquired organization. Employees on both sides may develop an “us versus them” mentality that impedes cooperation and can persist for many years. Management should quickly promote qualified employees from both organizations into meaningful positions across company lines to demonstrate that advancement opportunities are available to everyone. Visible cross-company promotions help transform the acquisition from a perceived threat into a shared opportunity and accelerate the creation of one organization.

Warren Buffett’s Top 12 Investment Strategies

1. Start Small and Be Patient

"Someone's sitting in the shade today because someone planted a tree a long time ago."

Buffett didn't start with millions to invest or a social media platform to grow his wealth as an investing expert influencer. He describes his early days as "working with a tiny, tiny amount of money," when he would choose a promising small company and invest in its growth. He believes this freedom to choose small companies makes small-scale investing powerful. More importantly, anyone can follow this advice. Choose an affordable company you believe in, then wait for it to work its magic and make lots of money. As Buffett said, "I think if you're working with a small amount of money, you can make very significant sums."

2. Invest in Index Funds

"In my view, for most people, the best thing to do is own the S&P 500 index fund."

In this day and age, you can earn passive income from more than just pet sitting or affiliate marketing. You can work smarter, not harder, and learn some investing basics from Buffett himself. If you're looking for the simplest way to invest, he recommends the index fund. Index

funds are investments that track the return of a market index, representing a particular section of the stock market. The Standard & Poor's 500 Index is one such example. The S&P 500 includes 500 companies in various top-performing industries. Its broad representation means you're not tying your funds to a tiny slice of the economy. Buffett likes it for everyday investors because it's a simple yet effective way to spread your money around.

The relatively low risk of this investment is backed by this famous Buffett quote: "The first rule of an investment is don't lose [money]. And the second rule of an investment is don't forget the first rule. And that's all the rules there are."

3. Buy Bonds

"Put 10% of the cash in short-term government bonds."

If you're looking for investment strategies, why not do what Buffett does with his money? As Buffett told shareholders in 2013, he has instructed the administrator of his wife's trust to split the funds 90/10: 90% in the S&P 500 and 10% in government bonds. The U.S. government offers two types of bonds: Treasury and savings. Treasury bonds cost a minimum of \$100, while savings bonds cost \$25 and up.

4. Understand Your Investments

"Risk comes from not knowing what you are doing."

Knowledge is power when it comes to your money. You don't need to know everything about the market or the industry you're investing in via websites and apps. Most people would never be able to invest if that was a requirement. You do need to understand the basics of how an investment works. You've already taken the first step by learning about index funds and bonds. If you have another investment interest, start researching it. You can always ask a financial advisor for help if you need it.

5. Don't Follow the Crowd

"The most important quality for an investor is temperament, not intellect. You need a temperament that neither derives great pleasure from being with the crowd or against the crowd."

Buffett has never made investment decisions by following trends. He made billions by finding companies he believed in and holding his shares in them for as long as it made sense. If you understand the products in your portfolio and why they're smart, you don't need to follow investment trends.

6. Keep Cash Available

"When bills come due, only cash is legal tender. Don't leave home without it."

Buffett believes in his investments but knows the market can be volatile. In 2008, when its competitors were faltering, Berkshire thrived because it had plenty of access to cash. That money was in cash equivalents, a short-term investment that you can cash in relatively quickly. Think of certificates of deposit (CDs) and money market accounts, which you can open at most financial institutions. One word of caution: CDs tend to charge fees if you withdraw early. There are always high-yield and traditional savings accounts if you need quick access.

7. Pay Off Your Credit Cards

"People should avoid using credit cards as a piggy bank to be raided."

When a friend asked Buffett what to do with the money she came into, she likely expected investment advice. Instead, Buffett told her to pay off her credit cards. As Buffett explained, credit cards have high interest rates. So before you start renting your car to advertisers, dog walking or taking online surveys for a few extra bucks, you may be able to free up some extra cash by getting out of a debt spiral.

8. Think Value, Not Price

"Price is what you pay; value is what you get."

When Buffett gave his shareholders this advice in one of Berkshire's annual letters, he quoted his old friend and mentor Ben Graham. Graham believed in choosing investments based on the target company's value, not the stock price. Sound familiar? Buffett adopted Graham's belief in buying based on a company's worth. He determines that worth based on how much money the company will generate for shareholders down the line — not how much he'll pay for it now. That advice applies to everything from Apple stock to iPhones. It's not about "how much will I pay?" but "what will it do for me?"

9. Buy Quality at Low Prices

"Whether we're talking about stocks or socks, I like buying quality merchandise when it is marked down."

Buffett's appreciation for value extends to a good deal. The less he can pay for a quality stock, the better. Quality is still the priority since it isn't a good deal if it doesn't benefit you down the road. Any bargain hunter can take this advice to heart. You don't have to buy cheap products to save money. You only need to find worthwhile products and buy them on sale.

10. Act on Opportunities

"Opportunities come infrequently. When it rains gold, put out the bucket, not the thimble."

Buffett fans love this quote for a good reason. It's an easy reminder that the market doesn't usually present you with "perfect" conditions, so you need to watch out for them. These moments are when it "rains gold." When things look good, Buffett scoops up as many great-value stocks as he can. He still pays attention to stocks with long-term value, but he might spend more on them than usual. That's what "put out the bucket" means.

11. Have a Margin of Safety

"Don't try and drive a 9,800-pound truck over a bridge that says, 'Capacity: 10,000 pounds.' Go down the road a little bit and find one that says, 'Capacity: 15,000 pounds.'"

The margin of safety is the difference between a stock's sale price and its estimated value. That's math you might not do as a beginning investor, but it's valuable advice. Suppose you have \$1,000 left each month after paying your bills. You know investing has a higher potential return than a savings account, but you also know it's riskier. You only have half a month's worth of expenses in your savings, so you can't afford that risk. You put the money in savings to increase your margin of safety.

12. Keep It Simple

"You don't need to be an expert in order to achieve satisfactory investment returns. Keep things simple and don't swing for the fences. When promised quick profits, respond with a quick 'no.'"

This final quote encapsulates Buffett's most important advice for beginning investors. With reasonable expectations and a portfolio that makes sense, given your experience level, you can do well for yourself. The key is to be the tortoise, not the hare. Avoid get-rich-quick schemes and trust the market's slow and steady progress. It worked for Buffett, and that's an excellent endorsement.

REIT FOCUS

REIT Statistics

Current REIT statistics for 6/30/26 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>
6/2026	16.86%	17.68%	10.14%	9.53%
1-Year	17.96%	19.52%	19.56%	20.86%
5-Year	2.81%	3.32%	12.86%	12.40%
10-Year	5.41%	5.73%	15.08%	18.29%
20-Year	6.23%	6.61%	11.35%	13.29%
Market Capitalization	\$1.65T	\$1.58T	\$70.50T	\$46.65T
Dividend Yield	3.93%	3.56%	1.03%	.60%

REIT REVIEW

Summary

This REIT valuation is on Kite Realty Group Trust (“KRG”), a publicly traded REIT that is engaged in the ownership, operation, acquisition, development and redevelopment of high-quality, open-air, grocery-anchored shopping centers located primarily in high-growth Sunbelt markets. KRG owns or controls over 167 retail/mixed-use properties with 26.9 million rentable square

feet. The three largest tenants are The TJX Companies, Inc. (2.6% of annual base rent), Ross Stores, Inc. (2.0% of annual base rent) and PetSmart, Inc. (1.5% of annual base rent). The average occupancy as of 6/30/26 was 95.1%, and the same-store net operating income growth YoY was 3.7%.

Development

As of June 30, 2026, KRG had \$14.4 million of development/redevelopment projects in process.

Corporate Data

KRG is traded on the New York Stock Exchange, is incorporated in Maryland, and is located in Indianapolis, IN. KRG has 200 million common shares outstanding and a market capitalization of approximately \$5,352 billion. KRG is rated Baa2 by Moody's, BBB by Standard and Poor's and BBB by Fitch Ratings. KRG owns or controls 97.4% of the ownership interests in its UpReit partnership, Kite Realty Group, L.P.

Management

John A. Kite, 60, CEO

Mr. Kite has served as Chairman of the Board since December 2008, as a trustee since our formation in March 2004, and as our Chief Executive Officer since our IPO in August 2004. He also served as our President from our IPO until December 2008. From 1997 to our IPO in 2004, he served as President and Chief Executive Officer of our predecessor and other affiliated companies (the "Kite Companies"). Mr. Kite is responsible for the Company's strategic planning, operations, acquisitions and capital markets activities. Mr. Kite began his career in 1987 at Harris Trust and Savings Bank in Chicago, and he holds a B.A. in Economics from DePauw University. Mr. Kite's long tenure as our Company's leader provides us with stability and continuity. In particular, Mr. Kite has in-depth, long-standing knowledge of our assets, operations, markets and employees. Mr. Kite continues to provide our Board and management team with invaluable experience in managing and operating our real estate company.

Ownership

Top Institutional Holders	Shares (millions)	%
Blackrock, Inc.	32,000	15.97
Cohen & Steers, Inc.	26,630	13.29
Vanguard Portfolio Mngt, LLC	18,510	9.24
State Street Corporation	11,680	5.83
Vanguard Capital Mngt, LLC	9,400	4.56

	Ownership Breakdown
% of Shares Held by All Insiders and 5% Owners	.79
% of Shares Held by Institutional & Mutual Fund Owners	106.14
Number of Institutions Holding Shares	568

All amounts above are per Yahoo Finance

Financial Analysis and Valuation

Select financial data for KRG per the Q-2 2026 10-Q and supplemental information.

(In millions where applicable)

Financial Data	Amounts
Real Estate Assets, Gross	\$6,849
Total Assets	\$6,266
Property Debt (at weighted average interest rates of approximately 4.29%)	\$2,842
Stockholders' Equity	\$2,869

Revenue	\$396
Net Income (Loss)	\$172
Cash Flow from Operations	\$176
Unsecured Credit Facility (\$1.1B with \$0M drawn)	\$1,100
Market Capitalization	\$5,352
	Property Debt to:
Gross Real Estate Assets	41%
Market Capitalization	53%
Enterprise Value	34%
Dividend and Yield (\$10.36)	3.60%
Shares Sold Short (in millions per Yahoo Finance)	12,640

Valuation Methodology	
Q2-2026 Real Estate Revenue	\$396
Q2-2026 Real Estate Operating Expenses (excluding depreciation, amortization, interest expense, and impairment charges)	<u>\$136</u>
Q2-2026 Net Operating Income	\$260
Proforma Annualized Net Operating Income at 102%	\$530
Projected Average Cap Rate	<u>7.0%</u>
Projected Value of Real Estate Assets	\$7,571
Add: Net Operating Working Capital (at book value)	\$318
Investments in Unconsolidated Joint Ventures	<u>\$512</u>

(at 1.25 times book value)	
Total Projected Value of the Assets of the Company	\$8,401
Less: Total Debt per Above	<u>(\$2,842)</u>
Projected Net Asset Value of the Company	\$5,559
Common Shares Outstanding: 205.3M. 200M common shares and 5.3M partnership units	
Projected NAV Per Share	\$27
Market Price Per Share on 9/15/26	\$26
Premium (Discount) to NAV	(3%)

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 KRG for the years 2021 through Q2-2026 are shown in the table below.

(Millions except dividend and per share amounts)	2021	2022	2023	2024	2025	Q2-2026
Gross Real Estate Assets	\$7,592	\$7,732	\$7,740	\$7,634	\$7,003	\$6,849
Property Debt	\$3,150	\$3,010	\$2,829	\$3,226	\$3,025	\$2,842
Revenue	\$373	\$801	\$823	\$841	\$844	\$396
Net Income (Loss)	(\$80)	(\$12)	\$47	\$4	\$298	\$172
Funds from Operations (FFO)	\$86	\$425	\$446	\$455	\$458	\$498
Return on Invested Capital (1)	2.3%	7.1%	7.8%	8.3%	12.2%	NA
Dividend Coverage (2)	1.46	2.33	2.10	2.02	1.89	3.27
Dividends Paid Per Share	\$.68	\$.8201	\$.96	\$1.01	\$1.08	\$1.16(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 2026 is \$.29 per quarter.

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

KRG Total Return	Q2-2026	1-Yr	3-yr	5-Yr
	24.28%	37.20%	13.11%	12.21%

As shown above, our net asset value per share for KRG is \$27/sh., compared to a market price of \$26/sh. Current average cap rates for grocery-anchored shopping centers, per our industry experience and CBRE's Cap Rate Survey, are in the 5.0% to 8.0%+ range, depending on the location, tenancy and quality of the property. We have used an average cap rate of 7.0% due to KRG's quality portfolio of shopping centers.

Strengths:

- A low debt-to-enterprise value of 34%.
- The dividend has increased 70% since 2021.
- A high return on invested capital.
- The stock is trading at a 3% discount to our NAV.

Concerns:

- REIT prices will decline if interest rates increase.

Recommendation:

KRG is trading at a 3% discount to our NAV per share and we recommend purchasing the stock.

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





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