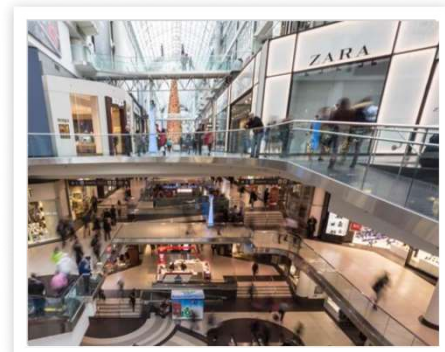


Global Retail Insights

2 June 2025

What a Bargain!

- Green Street covers nine shopping centre REITs across the U.S. and Europe
- REITs own high-quality assets and many management teams are competent
- Tenant sales have grown ~10% cumulative since '19, underperforming inflation
- Retail sales in Australia & Canada have outperformed; U.K.'s poor showing stands out
- OCRs and leasing activity remain healthy, but consumer sentiment is deteriorating
- Like-for-like net rental income to grow by ~3% p.a. through '29; U.S. to outperform
- High valuation yields more than offset high capex reserve and tepid long-term rent growth
- Unlevered returns for A/A+ shopping centres are attractive vs. most other property types
- REITs are priced to deliver levered returns of >10% p.a. over the next five years



Important disclosure on page 6

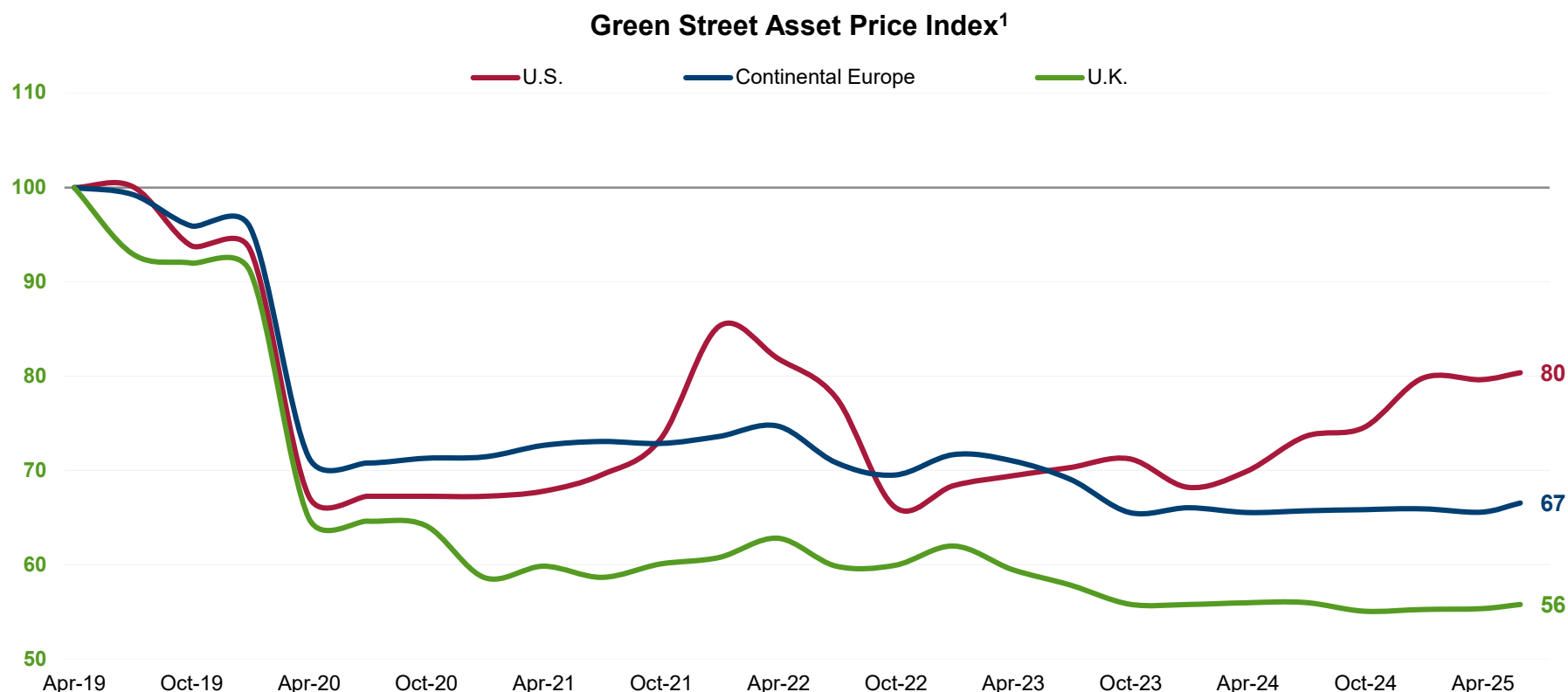
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Shopping Centre Values: Commercial Property Price Indices

Floor Found: Green Street's proprietary shopping centre price index is down ~30% vs. 2019 as (i) rental levels have re-based meaningfully lower and (ii) yields have widened by ~200 bps on average. The U.K. significantly underperformed (-45%) as OCRs were materially higher and the pace of ecommerce growth has been stronger. The U.S. outperformed – especially over the last twelve months – as transaction activity picked up for prime assets (e.g., Macerich acquired >5 properties over the past 12 months) and yields moved down ~80 bps.



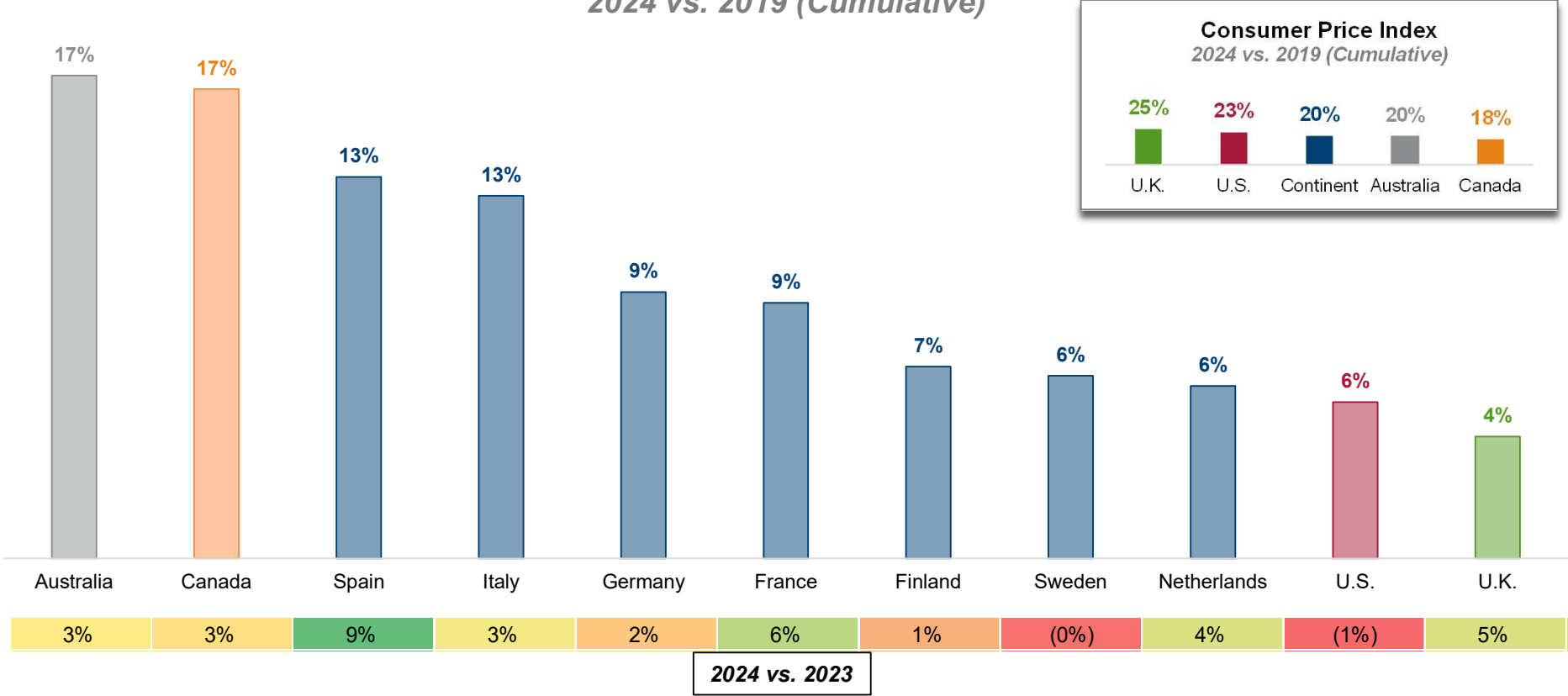
1) Asset prices are Green Street's market-level [Commercial Property Price Index](#)

Source: Company disclosures, Green Street

Like-for-Like Tenant Sales Growth (A/A+ Quality)

Negative Real Growth: Like-for-like retail sales in high-quality shopping centres have grown ~10% (cumulative) since 2019, underperforming inflation by ~250 bps per annum (Continent: ~210 bps, UK: ~370 bps). Australia screens best thanks to (i) positive demographic trends and (ii) a more defensive tenant mix on average. The U.K. has fared poorly largely due to a sharper inflation shock over '22-'24 and [weak consumer confidence](#). Over the past year the trend is more favourable with tenant sales growing by ~3% on average.

High-Quality Shopping Centres: Like-for-Like Tenant Sales Growth
2024 vs. 2019 (Cumulative)



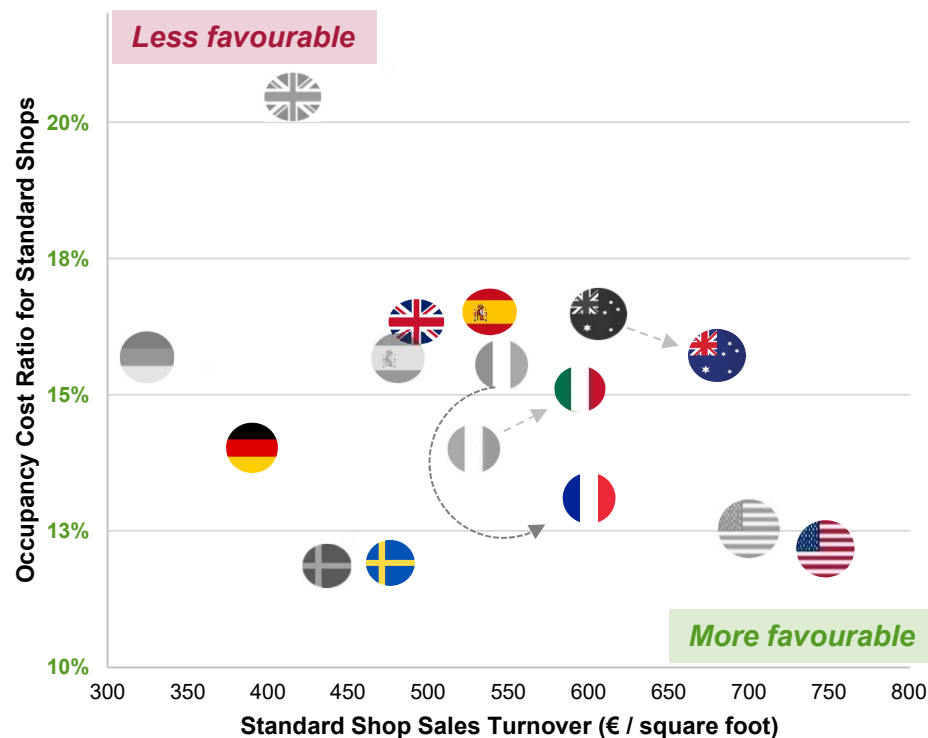
Source: REIT disclosures, Bloomberg, Green Street

Occupancy Cost Ratios and Quality Grades

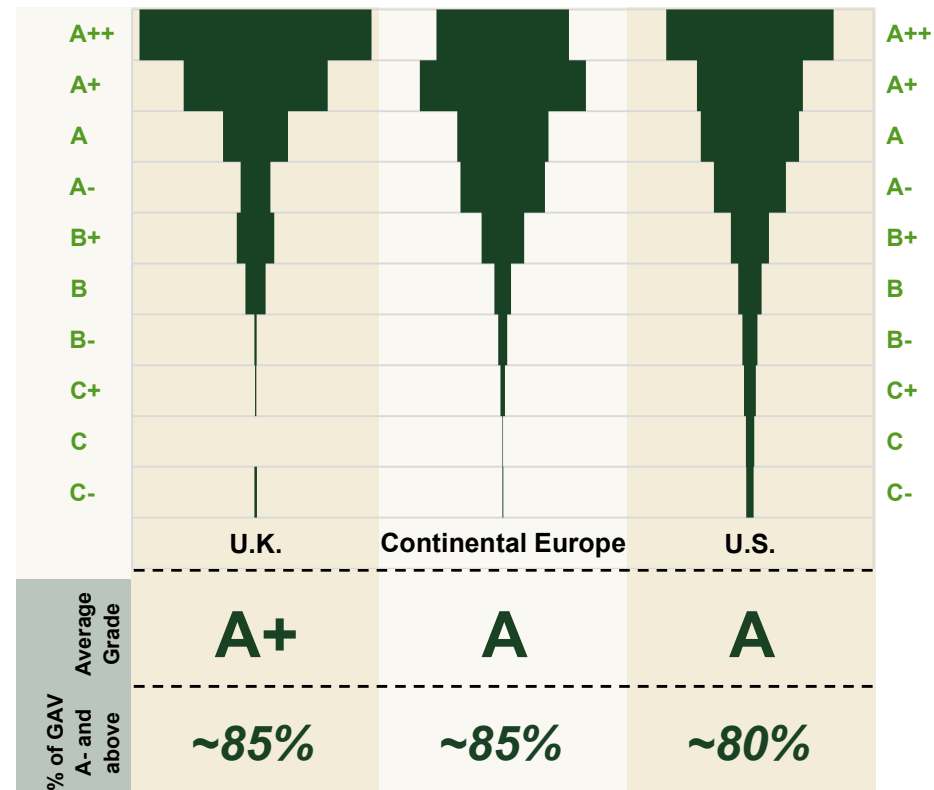
Positive Backdrop: Retail tenants are in better shape than two years ago and high-quality shopping centres are consumption destinations by adapting to new trends. Rental growth prospects are decent – Occupancy Cost Ratios ('OCRs') are healthy – thanks to (i) rents adjusting downwards over the '16-'23 period and (ii) retailer sales productivity continuing to sequentially improve. In a deeply integrated multichannel retail experience, OCRs remain a critical factor in setting retail rents and should be viewed as *customer acquisition costs* for retailers.

Sales Productivity vs. OCR Estimates (High Quality)

(Shaded flags refer to January 2020 estimates)



Shopping Centre Quality Rankings¹

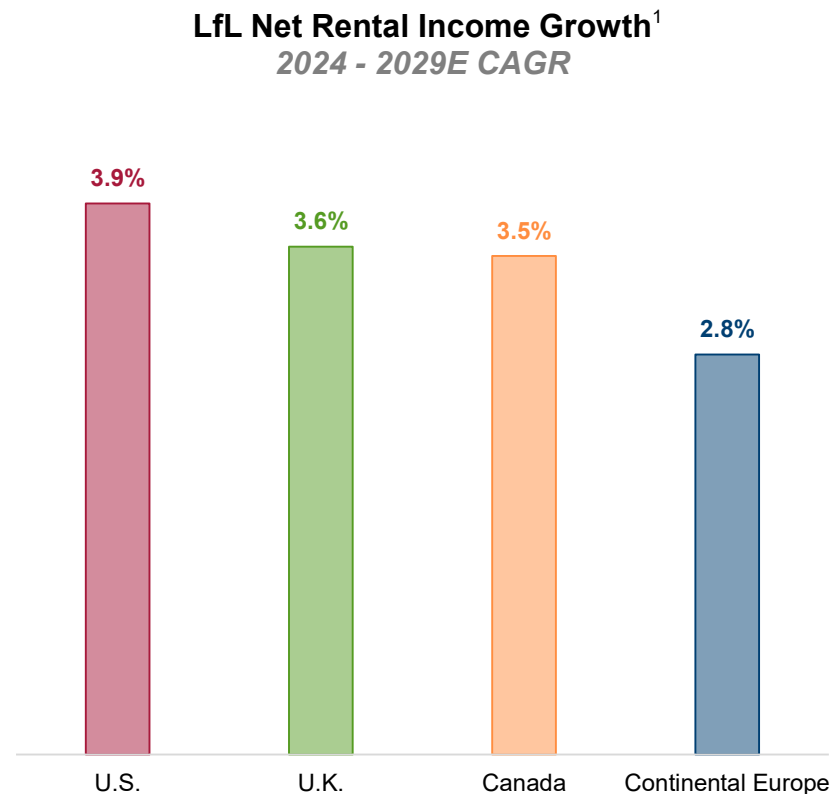
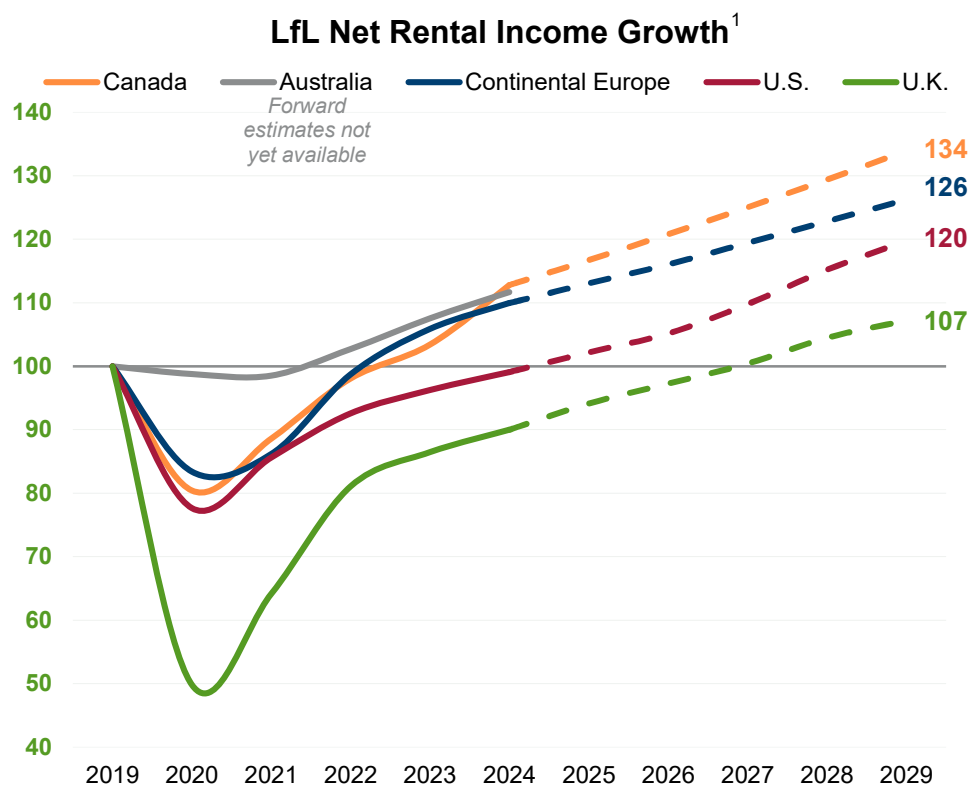


1) Pro-rata share of shopping centre ownership by each PropCo/REIT within [Green Street's coverage](#). Includes 1,120 shopping centres in the U.S., 330 in Continental Europe and 35 in the U.K.

Source: Company disclosures, Green Street

Like-for-Like Net Rental Income Growth

Solid Rental Base: The pandemic was the catalyst in resetting market rents to more sustainable levels. The lower starting point of effective rents and tenants' improving sales productivity keep OCRs in check. Future nominal LfL NRI growth (+3.3% p.a. on average) is likely to be slightly faster than pre-pandemic. Tenant demand for high-quality shopping centres remains healthy with renewal volumes at record levels in many geographies, [especially the U.S.](#) where total stock (in terms of GLA) decreased by ~15% since 2019 vs. flat in Europe. MAC screens best (+5% p.a. going forward) as its [turnaround plan is showing promise](#). HMSO is weakest as it continues to reposition properties and overrenting remains in certain assets.



1) URW and HMSO LfL NRI Growth has been split into their respective regional bucket. The U.K. figures also include LAND's shopping centres

Source: Company disclosures, Green Street

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