Apartment Income REIT Corp. ("AIRC")

BUY: US$38.52 (+18.63%)

Equity Research – Real Estate Sector

Date: 31st Mar 2024

Analysts

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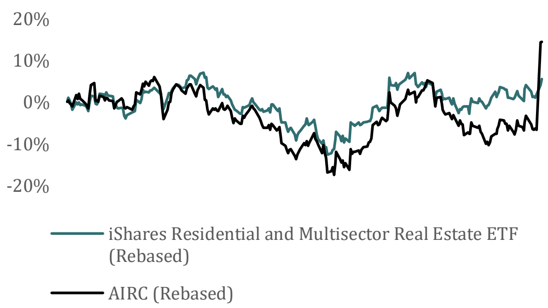
Basic Information

Last Closed Price	32.47
Target Price	38.52
+/- Potential	+18.63%
Bloomberg Ticker	AIRC:US
GICS Sector	Real Estate
GICS Industry Group	Apartment REITS

1Y Price VS Relative Index



Key Financials

Market Cap	US$5.57b
Basic Shares O/S	144.92m
Free Float	99.3%
52-Wk High-Low	US$28.20 - US$37.40
Fiscal Year End	31-Dec-2023

US$ '000	FY24(E)	FY25(E)	FY26(E)	FY27(E)
Revenue (GAAP)	746,979	770,292	795,889	822,337
Revenue Gr Rate	-	*3.1%*	*3.3%*	*3.3%*
EBITDA	433,985	447,529	462,401	477,766
EBITDA Margin	*58.1%*	*58.1%*	*58.1%*	*58.1%*
Net Income	505,802	535,692	569,086	604,954
NI Margin	*67.7%*	*69.5%*	*71.5%*	*73.6%*
Key Financial Ratios				
Debt/Asset	48.3%	44.7%	41.4%	38.4%
ROA	7.6%	7.5%	7.3%	7.2%
Dividend Payout	55.1%	56.1%	57.0%	57.9%
DPS	1.88	2.03	2.19	2.37

We are initiating coverage of **Apartment Income REIT Corp. ("AIRC")** with a BUY rating and a **US$38.52** 12M price target. It has a projected upside of +18.63% from its last closed price of US$32.47 on 28th March 2023.

Company Description

Apartment Income REIT Corp (NYSE: AIRC) is a publicly traded, self-administered real estate investment trust ("REIT"). It spun-off from legacy AIMCO in 2020. AIRC's portfolio comprises 76 communities totalling 27,010 apartment homes located in 10 states.

Q4FY23 Earnings Highlights

- AIRC reported 4Q23 Pro Forma FFO/share of $0.64 (+8.5% y/y), in-line with Bloomberg consensus
- During the quarter, AIRC repurchased 2.1 million shares at an average price of $34.39/share
- Liquidity was $1.9 billion at year-end, and net leverage to adjusted EBITDA are stood at 6.1x.

Investment Thesis

- AIRC's capital recycling strategy enhances company performance
- Suburban focus positions AIRC at the forefront to capitalise on shifting housing preferences
- Supply woes will have limited effects on AIRC's portfolio, given its relatively small portfolio in lesser affected region

Catalysts

- Blowout earnings
- Fall of supply in 2H 2024
- Blackstone $10bn take-private (on-going)

Valuations

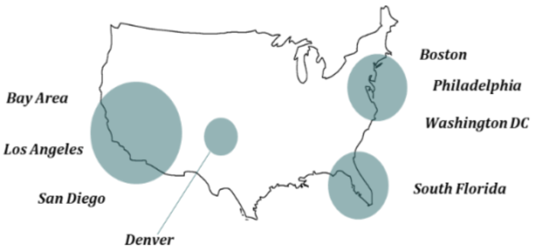
Our 12M price target at the date of coverage is **US$38.52.** Our price target was derived through 80-20 blend between intrinsic and relative valuation respectively. Our intrinsic valuation was derived through a perpetual growth and exit multiples blend, while our relative valuation utilises FY+1 EV/EBITDA and P/FFO.

Investment Risks

- Soft landing as anticipated by markets does not play out
- Borrowing risk during high interest rate environment in order to maintain REIT status
- Lower than expected job growth data in the US

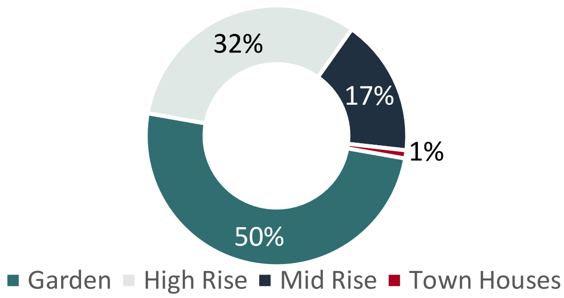
Company Overview

Figure 1: AIRC Portfolio, FY23



Source: Company's Annual Report

Figure 2: Revenue Breakdown, FY 22



Source: Company's Annual Report

Figure 3: Top Shareholders

Top Shareholders	
Vanguard Group Inc.	14.66%
BlackRock Inc.	12.03%
Cohen & Steers Capital Management Inc.	7.10%
State Street Global Advisors Inc.	5.71%
Security Capital Research & Management Inc.	5.70%

Source: CapIQ

Figure 4: Management Team

Source: AIRC's website

Apartment Income REIT Corp. ("AIRC") was created in December 2020 when Apartment Investment and Management Company ("Aimco") successfully spun-off its stabilized apartment management segment.

AIRC focuses on high-quality multi-family properties in 8 core markets in Bay Area, LA, San Diego, Denver, South Florida, Washington, Philadelphia, and Boston. Its business model entails growth from external acquisition-only (no development), property upgrades and capital recycling. The company has a weighted average maturity of 7.7 years as of December 2023.

Revenue Breakdown

AIRC has streamlined its portfolio significantly over the years, shifting its focus to a portfolio of properties weighted towards metropolitan markets with strong demographic trends. The company's revenue is mainly derived from 4 types of properties – Garden Houses (50%), Mid-Rise (17%), High-Rise (32%) and Town Houses (1%).

Customer Breakdown

AIRC generally targets a broad range of renters seeking convenient, professionally managed apartment living. This could include young professionals, families with children, or even retirees depending on the specific location and amenities offered by the REIT's properties. While details are typically private, REITs like AIRC likely focus on demographics with stable income who are looking for mid to long-term leases.

Shareholder Structure

The company is primarily held by a combination of traditional investment managers, banks, government pension sponsors, and other institutional investors. Traditional investment managers represent the largest ownership share at over 90%, showcasing a substantial commitment to AIRC's growth and strategic direction. These stakeholders collectively hold a significant interest in the company's ownership structure, demonstrating a diverse and balanced ownership composition that contributes to the company's stability and long-term vision (Fig. 3)

Corporate Management

In the realm of corporate leadership, PLD follows a strategic hierarchy (Figure 4). The company's executive leadership comprises accomplished professionals who have steered the company through transformative phases. Through their visionary guidance, AIRC has achieved significant milestones, with an impressive track record of innovation, operational excellence, and substantial shareholder value appreciation over time.

Terry Considine is the CEO of Air Communities. Mr. Considine previously was the Chairman/CEO of AIMCO (legacy), which went public in 1994. Pual Beldin is the CFO; he joined AIMOC in 2008 and AIRC when it separated from its legacy company.

Figure 5: 4Q23 SS Revenue Growth vs Consensus

Ticker	4Q23 SS Rev Growth	Consensus	Beat/Miss
AIRC	6.2%	4.6%	160 bps
EQR	3.9%	3.3%	60 bps
IRT	3.7%	3.3%	40 bps
AVB	4.5%	4.1%	40 bps
ESS	2.9%	2.6%	30 bps
MAA	2.1%	2.0%	10 bps
UDR	2.5%	2.6%	-10 bps
Wtd Avg	**3.6%**		**39 bps**

Source: Jefferies, Company Fillings, CapIQ

Figure 6: 4Q23 SS Occupancy vs Consensus

Ticker	4Q23 SS Occupancy	Consensus	Beat/Miss
AIRC	97.3%	96.7%	60 bps
UDR	96.9%	96.6%	30 bps
IRT	94.5%	94.4%	10 bps
AVB	95.6%	95.7%	-8 bps
ESS	96.1%	96.2%	-10 bps
MAA	95.5%	95.6%	-10 bps
EQR	95.8%	96.0%	-20 bps
Wtd Avg	**95.9%**		**-1 bps**

Source: Jefferies, Company Fillings, CapIQ

Figure 7: 4Q23 SS NOI Growth vs Consensus

Ticker	4Q23 SS NOI Growth	Consensus	Beat/Miss
AIRC	8.1%	6.1%	200 bps
IRT	3.3%	2.6%	70 bps
EQR	5.0%	4.5%	50 bps
MAA	0.1%	0.0%	10 bps
ESS	2.3%	2.4%	-10 bps
UDR	2.3%	2.4%	-10 bps
AVB	3.8%	4.5%	-70 bps
Wtd Avg	**3.4%**		**8 bps**

Source: Jefferies, Company Fillings, CapIQ

Q4FY23 Earnings Review

AIRC started Apartment REIT earnings off with a solid beat; demand looks in line or slightly better than expected evidenced by a 6.2% SS revenue growth (Fig. 5) and average occupancy beat of 60bps. (Fig 6). AIRC outperformed its peers in terms of consensus beat.

Better expenses helped drive same store NOI in 4Q

AIRC reported 4Q23 y/y same store revenue, expense, and NOI growth of 6.2%, 0.3%, and 8.1%, respectively. Thus while the revenue picture was largely in line, better than forecasted expenses helped drive NOI growth. Looking at the portfolio KPIs, blended lease spreads of 0.9% (0.0% new and 3.7% renewal). Occupancy of 97.3% came in ahead of consensus of 96.7%, and bad debts of 0.0% net of recoveries was lower/ better than our estimated. Looking ahead, January signed blended leases reaccelerated and came in at 3.8% (1.8% new and 5.6% renewal), which shows strong re-acceleration in trends.

Performance of individual markets

Dissecting AIRC's performance, +6.2% revenue growth was driven by Miami (+11.4%), San Diego (+9.9%), and Los Angeles (+6.8%). Conversely, the weaker markets included Philadelphia (+2.1%), the Bay Area (+2.2%), and "other markets" (+3.5%).

Better than expected operating margins

Better/lower than forecasted +0.3% growth was driven by a 16.8% decrease in utility expense, and a 7.4% decrease in operating expense. Insurance costs, while only accounting for ~8% of total op ex rose a significant 57.2%. Real estate taxes, which make up the largest portion at ~42% of op ex rose 4.9%.

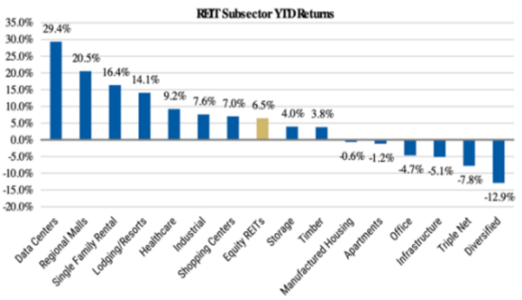
AIRC updated earnings guidance for full-year 2024, which was confusing

AIRC reported a disappointing FY24 FFO/sh guide of $2.38 at midpoint, well below consensus ($2.41/sh), a 3c reduction vs FY23's $2.41 (-1.2% YOY vs peers' -0.6% YOY FFO growth) – despite sector-leading core growth. The shortfall was primarily driven by a -7c earn-in of higher interest rates from refinancing activities and 5c of non-recurring items (swap cancellation benefit less higher-than-expected legal/casualty expenses)

What's confusing about the guidance is that the better NOI growth at the midpoint would add to forecast. Interest expense does appear to be a drag as management is guiding higher level than consensus. The amortization of hedges could be a factor here as the company took on some of these to fix its floating rate exposure. We think this is going to be something management will have to help bridge with investors.

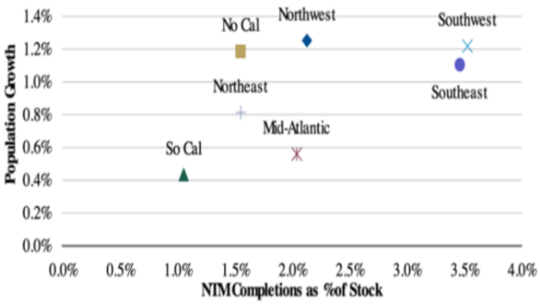
Balance sheet: The company entered into interest rate hedges to fix all outstanding borrowings under its credit facility at 4.9% and all term loan borrowings at 3.9%. Liquidity was $1.9 billion at year-end, and net leverage to adjusted EBITDAre stood at 6.1x.

Figure 8: REIT Subsector YTD Returns



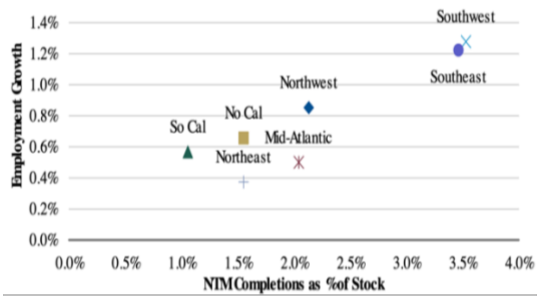
Source: Morgan Stanley Research

Figure 9: Supply & Population Growth Avg. (4Q23 – 3Q25)



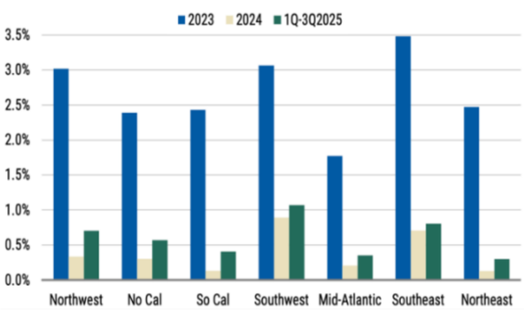
Source: CBRE EA; Morgan Stanley Research

Figure 10: Supply & Employment Growth Avg. (4Q23 – 3Q25)



Source: CBRE EA; Morgan Stanley Research

Figure 11: Average Employment Growth By Region (4Q23 – 3Q25)



Source: CBRE

Industry Outlook

Apartments have underperformed in '23, returning -1% vs. REITs +7%/S&P +22% (as of 12/8), with new supply weighing on the group.

When is peak deliveries?

Investors are more interested in the cadence of delivery. Why does peak deliveries matter? In fairness, the peak is just a point in time, and the subsequent lease-up period is what actually pressures fundamentals. This lease-up period typically takes ~12 months; we think post-peak when there is record level of supply that needs to be absorbed, lease-up will likely take longer than 12 months, perhaps significantly. That said, we think defining the peak is important; as we move past peak deliveries and deliveries decelerate, absorptions could improve and concession usage decline, particularly as the y/y comps ease.

CoStar's national data for all rent and quality apartment types shows a quarterly peak of 2Q23 (157k net delivered units) and a trailing twelve month peak of 1Q24 (591k units). CoStar forecasts a drop-off in '24 that has deliveries of ~464k units, or ~119k fewer units (-20%) y/y. CoStar shows '25 units of 350k (-25% y/y). Finally, CoStar shows a trough in TTM deliveries in 2Q27. We have compiled a supply pipeline for all key areas in the United States below:

New Supply Analysis - Average Results								
Company	# Properties	# Units	Top 10 Markets	Top 50 Submarkets	Proximity	Proximity: Pop. Weighted	Proximity: Mkt. & Pop. Weighted	Overall
AIRC	64	23,351	39%	0%	52%	46%	48%	37%
AVB	285	94,991	30%	3%	51%	41%	42%	33%
CPT	177	61,659	70%	10%	53%	49%	50%	47%
EQR	299	83,048	36%	5%	59%	47%	47%	39%
ESS	256	63,053	0%	2%	46%	40%	40%	26%
IRT	124	36,564	39%	10%	39%	33%	35%	31%
MAA	295	100,607	52%	7%	46%	44%	45%	39%
UDR	181	60,553	36%	4%	48%	35%	35%	32%

AIRC has an overall weighted ranking (to adjust for big city bias) of 5th place when it comes to new supply, with CPT, EQR and MAA worst-positioned.

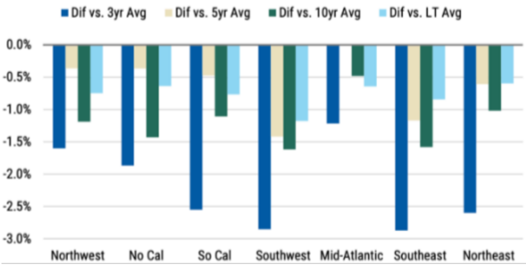
Strong population and job growth in Sun Belt area to be key tailwind

We believe job growth is the most important factor in driving apartment demand. Analysis of CBRE data shows a R-squared value of 0.55, indicating a relatively strong relationship between rent growth and employment growth; wage growth does not explain the variation in rent growth (R-squared value of 0.06). This suggests to us that an understanding of job growth trajectory broadly, and where that growth is happening specifically, is core to investment views on apartments.

Analysis of forecast job growth from CBRE for 25 major MSAs shows better growth in the Southeast and Southwest than East and West Coast and Mid-Atlantic. The top-ranking markets in forecast periods on average were Austin, Orlando, and Charlotte; worst were Oakland, LA, and Philadelphia.

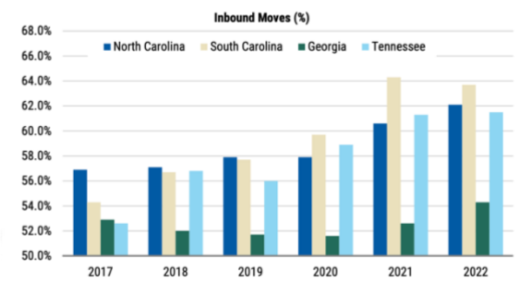
That said, CBRE's job growth forecasts for 3Q23-1H25 in each market relative to each market's historical growth suggests that growth in each Southeast and Southwest market will be below historical growth,

Figure 12: 2-yr Employment Growth Forecast vs 3-,5-,10- and 15-yr average



Source: CBRE

Figure 13: Inbound Moves (%) In Key Sun Belt States



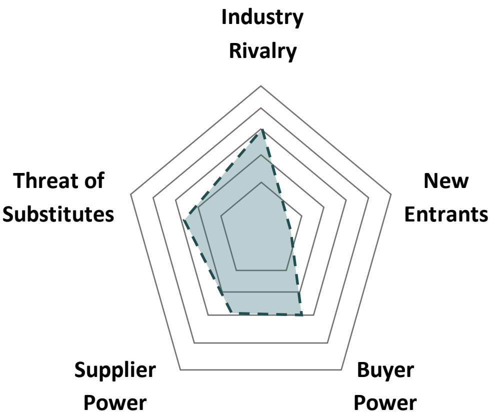
Source: CBRE

Figure 14: Domestic Net Migration in 2022

State	Domestic Net Migration 2022	Population Change 2022-2021
Florida	318,855	1.9%
Texas	230,961	1.6%
North Carolina	99,796	1.3%
South Carolina	84,030	1.7%
Tennessee	81,646	1.2%
Georgia	81,406	1.2%
Arizona	70,984	1.3%
Idaho	28,639	1.8%
Alabama	28,609	0.5%
Oklahoma	26,791	0.7%
Nevada	20,781	1.0%
Arkansas	18,209	0.6%
Montana	16,003	1.5%
Utah	12,898	1.2%
Delaware	11,826	1.4%
Maine	11,600	0.6%
Kentucky	10,420	0.1%
South Dakota	8,424	1.5%

Source: CBRE

Figure 15: Porter's 5 Forces Analysis



with a larger delta between forecast and historical growth when compared to Coastal markets.

With inbound trend intact

When analysing percentage of inbound moves for key Sun Belt states (Fig. 13), it shows that trends remains elevated post Covid-19. Therefore, this is a systematic shift in the way people view costal areas.

Where are these people moving to? We have analysed CBRE migration data and conclude that Florida, Idaho, Texas, South Dakota, North Carolina, South Carolina, Tennessee, Georgia and Arizona are population for domestic migration.

Going forward, Sun Belt and Northwest/North Cal markets screen well on forecast population growth relative to Northeast and SoCal (Fig. 14). That said, Sun Belt growth is not as strong relative to its own historical averages, while NorCal and New York growth is expected to be better than historical average.

Porter's Five Forces

Illustrating the points below using the Porter's Five Forces diagram, we observe that the industrials real estate industry is highly fragmented. PLD face strong competition from both owners and operators.

Competition within industry – Moderate

Competitively price residential space could impact AIRC's occupancy rates and have an adverse effect on how much rent it could charge its customers, which could then affect operating profits.

Threat of new entrants – Low

We believe that given macroeconomics headwinds, it is unlikely for new entrants to enter the residential REITS space. With high cost of borrowing due to monetary tightening by the Feds, it would be hard for new players to raise and deploy capital to acquire and build warehouses.

Threat of substitutes - Moderate

There are incumbent players that offers multifamily homes and apartments. AvalonBay Communities, Equity Residential, Essex Property Trust are some big players in the residential REITS space that provides similar services.

Bargaining power of customers – Moderate

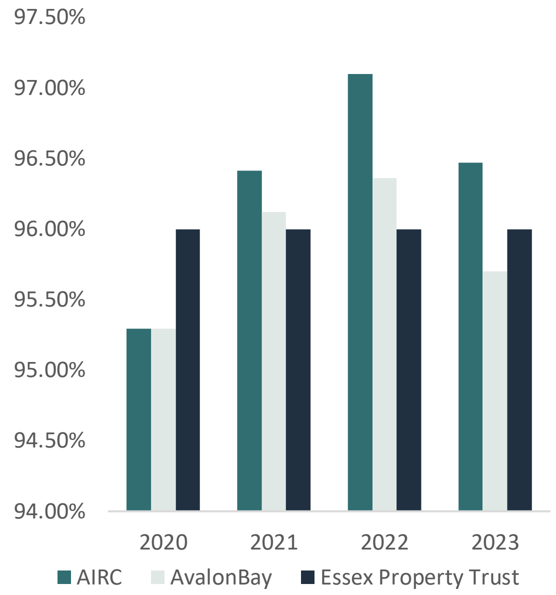
As mentioned, there are substitutes in the market that offers similar services which gives customers bargaining power. Where AIRC can have high customer retention is its focused portfolio on demographic trends.

Bargaining power of suppliers – Low

AIRC's suppliers are essentially real estate brokers that supply land for AIRC to construct and build homes. We believe that given its strong relationship with brokers and being a subsidiary of AIMCO, supplier have low bargaining power when selling acres of land to AIRC.

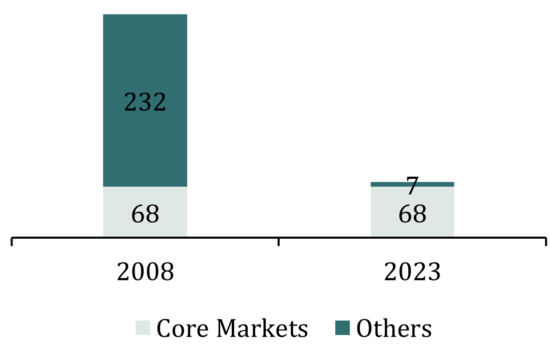
Source: Team Analysis

Figure 16: Occupancy Rates across AIRC's peer group over recent history



Source: Company Report

Figure 17: Streamlined Portfolio



Source: Company website

Figure 18: Revenue/Apartment Growth

Avg. Revenue/Apartment Home	
2020	$2,231
2021	$2,359
2022	$2,747
2023 YTD	$2,938
CAGR %	**+10.5%**

Source: Annual Report

Investment Thesis

1. AIRC's capital recycling strategy enhances company performance

AIRC possesses a best-in-class capital recycling strategy, creating a flywheel effect that drives superior portfolio performance compared to peers. Through strategic asset sales of non-core holdings and targeted acquisitions in high-growth markets, AIRC optimizes its portfolio for consistent cash flow generation and superior total returns.

AIRC's capital recycling strategy is a continuous process of selling off lower-performing assets and reinvesting the proceeds into higher-growth properties in favourable markets. This strategy allows AIRC to maintain portfolio quality - by divesting properties that fall out of favour due to economic shifts or demographics, AIRC maintains a portfolio concentrated in high-demand markets with strong rental growth potential. Capital from asset sales is also used to acquire properties with higher net operating income (NOI) and improve overall portfolio profitability. Strategic sales also free up capital for debt reduction or opportunistic acquisitions, further strengthening its financial position. For the year of 2023, AIRC managed to sell off its 3 New York properties to mark its exit from the region for net proceeds of $52.1m, and have used these proceeds, amongst others, to acquire three properties in the West (1 in Florida and 2 in North Carolina), for $459.2m.

The fruit of this strategy is reflected in its occupancy rates, which is a byproduct of quality customer selection coming out of their focussed strategy. The occupancy rate for AIRC in 2023 has been 96.5%.

The peer group, though arguably more well established, have strategies that remain sufficiently different. AvalonBay Communities on one hand takes on a geographically diverse approach. Essex Property Trust remains focussed on larger acquisitions, which could mean it misses out on emerging market opportunities. Occupancy rates for 2023 are 95.7% and 96% for AvalonBay Communities and Essex Property Trust respectively.

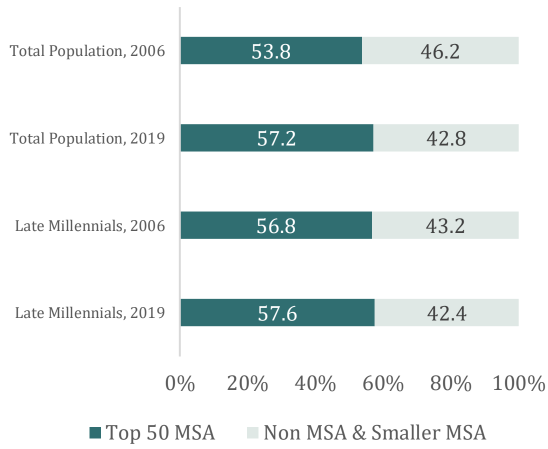
We thus have conviction over AIRC's strategy – its demonstrated historical occupancy rates [Fig. 16] that eclipse that of established peers is testament to its functioning flywheel that ensures quality of tenants remains high. Their customer renewal rates have also been ~13% greater than peer average, as a function of AIRC's blueprint.

A simple multiple P/FFO comparison suggests that there is thus room to rerate the multiple – AvalonBay and Essex Property Trust both trade higher (at 17.05x and 16.18x) than AIRC (13.31x).

2. Suburban focus positions AIRC at the forefront to capitalise on shifting housing preferences

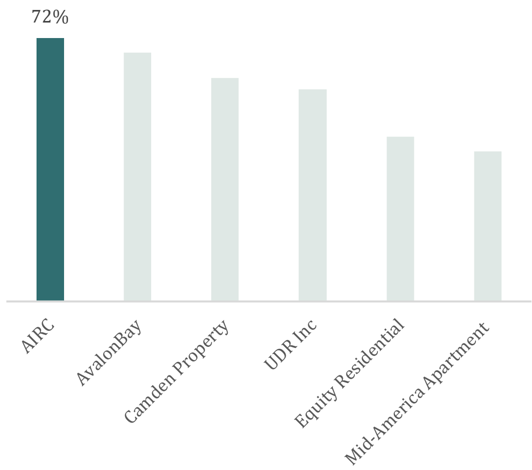
Apartment Income REIT has significantly slimmed down the portfolio of multifamily buildings it owns over the past decade to just its best assets from over 300 properties at the end of 2008 to 75 properties in its current portfolio (Fig. 17). Despite this, the company owns approximately the same number of assets over that time frame in the 8 markets that AIRC considers their core market. This exit from markets with lower growth prospects has increased the portfolio's

Figure 19: Millennials Demographic Trend



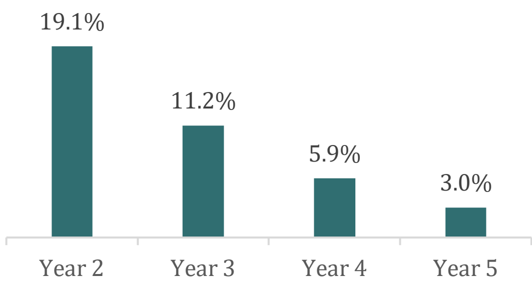
Source: Raymond James Associates

Figure 20: Suburban exposure



Source: Morningstar research

Figure 21: Post-acquisition NOI Growth (%)



Source: Company Presentation

expected average growth (Fig. 18). The company completed the sale of the last of its affordable living and asset management businesses in 2018, segments with limited growth prospects that the company has been trying to exit for years. In 2020, Apartment Income spun off its development pipeline and lease-up portfolio into its own company so that the remaining company could focus on the highest-quality assets. These efforts have brought Apartment Income's portfolio beyond its peers in terms of both asset quality and market exposure.

The pandemic has reduced the reliance of proximity to city centres and catalysed the shifting trend towards suburban areas with a comparatively lower cost of living against urban centres. Millennials are the key driving force behind this trend as their relatively stable job security and typically entrenched employment position has allowed them the flexibility to explore hybrid work arrangements. Furthermore, the high mortgage rates and home purchasing unaffordability have further dampen demand for homeownership. Consequently, this has seen a shifting demographic preference for affordable suburban multi-family rentals (Fig. 19).

Apartment Income concentrates on owning assets in suburban and select urban submarkets of major metropolitan areas that feature high incomes, dense populations, and positive job and income growth. With 72% of its portfolio consisting suburban properties, AIRC's has one of the highest exposures to suburban markets compared to its peers [Fig. 20]. The company's West Coast properties in particular are in markets that should see several years of job and income growth above the national average, which should lead to higher rent growth. In addition to the generally lengthy time of sourcing and acquiring properties, peers looking to increase exposure to suburban assets will likely face post acquisition integration cost and customer attrition that will negate the positive impact of this demographic shift. As a result, AIRC could see its optimised portfolio capturing the peak of the suburban flight with its peers playing catchup. Furthermore, AIRC's vast experience in submarket play allows them to distinguish their assets against peers through its rigorous location selection process and property features development. The company's portfolio of properties are mostly located in desirable submarkets with easy access to transportation, are near business districts, provide food and entertainment options, and have low crime statistics which sees higher demand that translates to higher rents and higher growth. Additionally, their value-add proposition lies in creating high-quality living spaces by offering better amenities, better services, higher quality finishes, larger floorplans, and other desirable features that generate additional demand in any market that further support higher rents and larger occupancy/rent increases. AIRC's market-leading operating platform, AIR Edge has consistently delivered peer-leading NOI margins over 26 consecutive quarters while maintaining flat onsite controllable operating expenses over the past 12 years. Based on AIRC's past 14 acquisitions since 2021, AIRC was able to generate an aggregated ~30%+ uplift through NOI growth with its implementation of AIR Edge [Fig. 21]. The company also regularly makes capital improvements and redevelops its portfolio to maintain the portfolio's quality and keep it competitive in the market. This best positions AIRC as the leading multi-family asset REIT to capitalise on this trend due to its blended portfolio of carefully constructed suburban assets.

Figure 22: % of REIT's properties located in top 10 supply markets

REIT	Total existing properties	%of properties located in 10 top supply markets
AIRC	23,608	39%
AVB	91,313	30%
CPT	62,219	70%
ELME	9,202	100%
EQR	79,770	36%
ESS	63,166	0%
IRT	35,421	39%
MAA	99,638	52%
NXRT	15,096	55%
UDR	59,393	36%
VRE	6,119	71%

Source: CoStar

Figure 23: Existing pipeline of construction in US by state

Population Rank	Market	Existing Units	Units Under Construction	Under Construction As % of Existing
1	New York - NY	1,533,401	65,215	4.3%
2	Los Angeles - CA	1,008,834	26,695	2.6%
3	Chicago - IL	544,964	16,823	3.1%
4	Dallas-Fort Worth - TX	830,260	60,680	7.3%
5	Houston - TX	678,084	36,771	5.4%
6	Washington - DC	553,499	37,015	6.7%
7	Atlanta - GA	487,164	38,078	7.8%
8	Philadelphia - PA	346,324	22,735	6.6%
9	Phoenix - AZ	364,829	38,669	10.6%
10	Boston - MA	263,454	16,666	6.3%
11	Inland Empire - CA	170,030	6,622	3.9%
12	Detroit - MI	227,107	6,225	2.7%
13	Seattle - WA	373,929	29,181	7.8%
14	Minneapolis - MN	261,171	18,001	6.9%
15	Tampa - FL	214,027	19,502	9.1%
16	San Diego - CA	273,435	7,980	2.9%
17	Orange County - CA	248,576	5,908	2.4%
18	Denver - CO	284,977	37,466	13.1%
19	Long Island - NY	56,188	3,306	5.9%
20	Baltimore - MD	205,646	5,781	2.8%
21	East Bay - CA	187,401	6,046	3.2%
22	Saint Louis - MO	141,604	5,420	3.8%
23	Orlando - FL	202,268	25,971	12.8%
24	Charlotte - NC	206,682	32,239	15.6%
25	Miami - FL	183,143	31,226	17.1%

Source: CoStar

Figure 24: AIRC's capital recycling strategy creates a flywheel that aims to increase growth prospects of portfolio properties

Source: Team Analysis

3. Supply woes will have limited effects on AIRC's portfolio, given its relatively small portfolio in lesser affected region

As mentioned in our industry outlook, a rise in supply is a major concern for apartment REITS. However, if we dive deeper into where the new supply is coming from, Sun Belt peers like AIRC is less affected than traditional peers.

New York, the country's largest market by population, is home to ~6% of the country's units under construction. Dallas is set to receive a similar amount, 5.5% (Fig. 23). Other markets with less new relative supply: San Diego and Orange County, along with Midwest markets Cincinnati, Kansas City, and Columbus

We caveat that focusing on new supply on a "Market" level may be too broad, and analysing new construction within a submarket may be more indicative of true competition for existing assets. We take these ~20 markets plus others and group them by the peak delivery on a quarterly basis, showing that on a quarterly basis, most key markets in the U.S. already had peak deliveries in 2023. That said, Austin, Las Vegas, and Tampa, among others, have a 1Q24 peak (see table below). Miami, with a very elevated under construction pipeline (~13% of existing stock as of 1Q24), doesn't have peak deliveries until 4Q24.

2023 Q1	2023 Q2	2023 Q3	2023 Q4	2024 Q1	2024 Q2	2024 Q3	2024 Q4
Memphis - TN	Atlanta - GA	Boston - MA	Dallas-Fort Worth - TX	Austin - TX	San Francisco - CA		Miami - FL
Oklahoma City - OK	Chicago - IL	Charlotte - NC	Denver - CO	Las Vegas - NV			
	Cleveland - OH	Cincinnati - OH	Detroit - MI	Pittsburgh - PA			
	Columbus - OH	Philadelphia - PA	Minneapolis - MN	San Antonio - TX			
	Houston - TX	Seattle - WA	Orlando - FL	Tampa - FL			
	Jacksonville - FL		Phoenix - AZ	Tulsa - OK			
	Los Angeles - CA		Washington - DC				
	Nashville - TN		San Diego - CA				
	New York - NY						
	Northern New Jersey - NJ						

Furthermore, if we look at AIRC portfolio of properties, the percentage of properties located in the top 10 supply market stands at 39%, a notch lower than its listed peers. Given that the top 10 submarkets are set the receive the largest share of new multifamily units, AIRC has low exposure to these markets.

The unique construction of portfolio has not only allowed AIRC to combat supply pressures, but also to take advantage due to its small and nimble portfolio.

Catalysts

1. Blowout earnings among peer group

Current FY24 guidance from management seems to be a notch lower than street, even with solid fundamentals and headwinds. A blowout earnings as good or better than Q4'23 would move the needle for investors, as AIRC proves to continuously beat guidance and consensus. A reiteration of guidance during the next earning call would also boost investors' confidence in the stock and drive stock price to outperform peers.

2. Fall of supply in 2H 2024

As mentioned in our industry outlook and thesis, we expect supply to remain elevated in 1H 2024, before falling in H2 2024. This would give apartment REITS a much needed correction in rental prices and

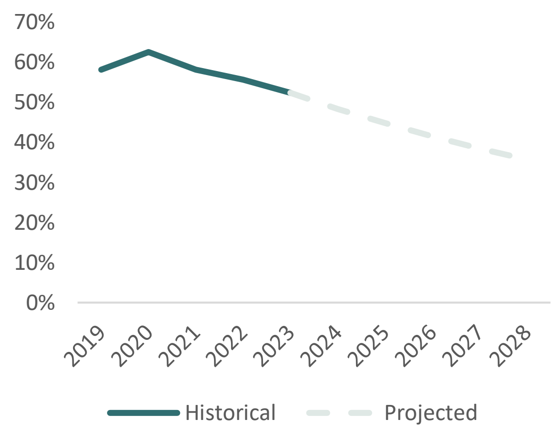
Figure 25: AIRC's Vaughan Place in Washington DC

Source: Company Website

Figure 26: AIRC's Parc Mosaic in Boulder, Colorado

Source: Company Website

Figure 27: AIRC's forecasted gearing ratio remains in line with recent historical trend



Source: Team Analysis

recalibration of the rental market. This looming decline in supply in 2H24/2025 should benefit investor psychology, although the absorption headwinds could linger into FY25E

3. Blackstone $10bn take-private

Blackstone (NYSE: BX) and Apartment Income REIT Corp. (NYSE: AIRC) ("AIR Communities" or the "Company") today announced that they have entered into a definitive agreement under which Blackstone Real Estate Partners X ("Blackstone") will acquire all outstanding common shares of AIR Communities for $39.12 per share in an all-cash transaction valued at approximately $10 billion, including the assumption of debt. The purchase price represents a premium of 25% to AIR Communities' closing share price on the NYSE on April 5, 2024, the last trading day prior to the announcement of the transaction, and a 25% premium to the volume weighted average share price on the NYSE over the previous 30 days. This will continue to be a strong catalyst to the stock if there are upwards adjustment to valuation during negotiations. Transaction is expected to close in the third quarter of 2024.

Financial Analysis

USD '000	2024E	2025E	2026E	2027E	2028E
Revenue	746,979	770,292	795,889	822,337	850,494
Revenue Growth Rate	-	*3.1%*	*3.3%*	*3.3%*	*3.4%*
EBITDA	433,985	447,529	462,401	477,766	494,125
EBITDA Margin	*58.1%*	*58.1%*	*58.1%*	*58.1%*	*58.1%*
Net Income	505,802	535,692	569,086	604,954	644,134
NI Margin	*67.7%*	*69.5%*	*71.5%*	*73.6%*	*75.7%*
Financial Ratios					
Debt/Asset (Gearing Ratio)	48.3%	44.7%	41.4%	38.4%	35.7%
ROA	7.6%	7.5%	7.3%	7.2%	7.2%
Dividend Payout	55.1%	56.1%	57.0%	57.9%	58.7%
DPS	1.88	2.03	2.19	2.37	2.56

Overview

The chart above reveals AIRC's financial condition prospects for the next five years, highlighting our assumptions. Most line items yield positive and favourable trends that are supportive of the overall buy recommendation.

AIRC's ability to fund acquisitions through aforementioned capital recycling allows for increasing gearing headroom in the coming years

AIRC's gearing ratio is expected to decrease from 48.3% in FY24 to 35.7% in FY28. This is in line with our view and guidance outlined by management as more acquisitions are funded by its own capital recycling strategy, meaning we have assumed that the firm takes on no additional debt in the coming years. With this capacity to take on more debt, AIRC can continue its acquisitions in the forecasted period just through its own capital first – but still can take on debt, if need be, on the downside case.

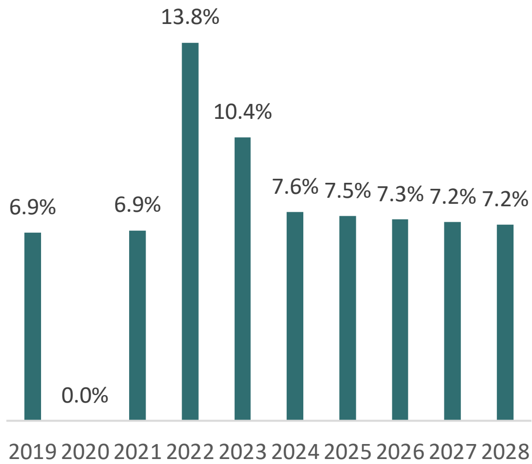
Higher dividend per share with a manageable payout ratio

Figure 28: Cost of Equity Inputs

Input	Rate	Source
Risk-free Rate	4.20%	10Y US Treasury Yield
Beta	0.81	Median Industry Relevered Beta
Equity Risk Premium	5.94%	Damodaran
Cost of Equity	8.99%	CAPM Model

Source: Team Analysis

Figure 29: Return on Asset (%)



Source: Team Analysis

Figure 30: Cost of Equity Inputs

Input	Rate	Source
Risk-free Rate	4.20%	10Y US Treasury Yield
Beta	0.81	Median Industry Beta
Equity Risk Premium	5.94%	Damodaran
Cost of Equity	8.99%	CAPM Model

Source: Team Analysis

Figure 31: Ocean House in La Jolla, California

Source: Company Website

We see dividend per share to increase as net income grows through the forecasted period, indicative of accretive property acquisitions and sound management practices. As earlier highlighted in our thesis, we believe that AIRC's differentiated business model coupled with industry tailwinds will be able to support this elevated growth. Dividend payout ratio remains within reason at the 55-60% range for the projection period.

Return on asset stability towards end of projection period

The past few years saw AIRC significantly streamlining their portfolio with the firm most notably divesting its New York portfolio of properties. We view the subtle decline in ROA from FY24 (7.6%) to FY28 (7.2%) as a result of our fairly aggressive growth capex assumption. This assumption, however, remains justified as per our thesis on AIRC's capital recycling strategy, and is also in line with FY23 growth capex values. As operations become more streamlined and synergies are realised, we should see stability in their ROA as seen in the plateauing ROA levels from FY27E through to FY28E (Fig. 29).

Valuation

Valuation Price Target: **$38.52**

Our target price of $38.52 was derived using the Dividend Discount Model with the Exit Multiple Method.

Dividend Discount Model

As a REIT, AIRC is legally required to pay out 90% or more of its profits to shareholders in the form of dividends. Hence, we work with the assumption that the intrinsic value of AIRC reflects the present value of all future expected dividends at the cost of equity.

We used a dividend payout ratio of ~30% in line with historical dividend payout as a percentage of historical distributable cash flow. We also input a 1% escalation of dividends as a percentage of distributable cash flow year-on-year to reflect our bullish sentiment.

Revenue Projections

Revenue was modelled using a bottom-up approach by projecting the number of apartment units in the different regions, occupancy rates and rental rates.

We projected number of apartment units by flexing it growth rates by a modest 1% year-on-year in all regions in the US, until 2028E. Occupancy rates were also flexed to be in line with historical rates.

As for rental rates, we assume them to grow and keep up with inflation forecasts, based on our conservative assumption that rental rates should minimally track the growth of the US.

We then bring it all together by multiplying number of apartment units in each region by its corresponding occupancy and rental rates to arrive at our overall revenues. This results in overall revenues to grow to ~$850m by 2028E, giving us a CAGR of 2.63%.

Figure 32: One Canal in Boston, Massachusetts

Source: Company Website

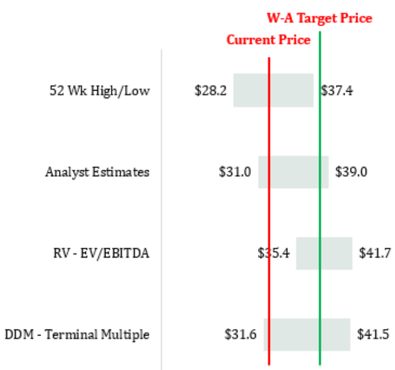
Figure 33: Coastal Peers

Source: Team Analysis

Figure 34: Sunbelt Peers

Source: Team Analysis

Figure 35: Football Field Analysis



Source: Team Analysis

Expense Projections

Property expenses borne by AIRC was projected on an overall per apartment unit basis. Historical property expenses were divided by the number of apartments year on year to determine expense per apartment unit, which was flexed through the year 2028E and then multiplied back with the previously projected number of apartment units.

Cost of Equity

The Capital Asset Pricing Model ("CAPM") was used to estimate the Cost of Equity (Figure. 30). The 10 Year US Treasury Yield (4.20% as of 29 March 2024) was used as a proxy for the risk-free rate. An Adjusted Beta of 0.81 was derived by building a bottom-up beta with reference to peers in the industry – same as the list on the comparable companies analysis.

Terminal Value

For the Multiples method, we used the Exit Multiple Method. We used the 17.2x EV/EBITDA which was derived from the mean forward multiple of the overall segment-blended peer group (Figures 33, 34). This valuation method eventually resulted in an implied share price of **$38.52**.

Relative Valuation

FY+1 EV/EBITDA (Coastal Peers): $40.07

FY+1 EV/EBITDA (Sunbelt Peers): $35.42

To fairly compare Prologis against its peers, we used a mix Coastal and Sunbelt REITs in the US. It is important to note the structural similarities of the business models (i.e., Property Rentals). We arrive at our mean FY+1 EV/EBITDA multiple of 17.92x for the coastal peers and mean FY+1 EV/EBITDA multiple of 15.78x for sunbelt peers of the peer group. The individual-segment based share price targets lie within our overall target price of $38.52.

Overall, we feel that this approach sense checked with segment-based comparables share price targets allows us to accurately reflect the true value of AIRC.

Investment Risks

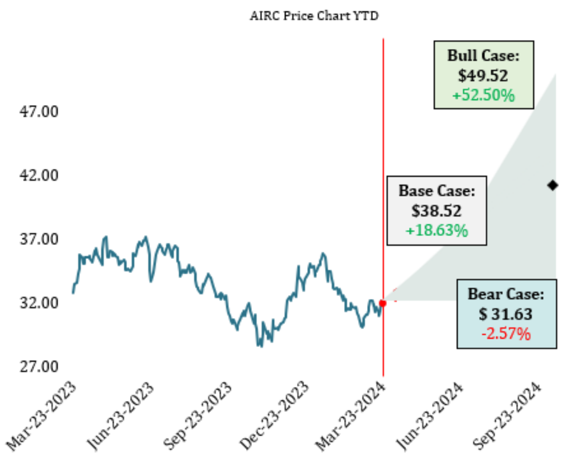
<u>Market Risk 1(M1)</u>

Soft landing as anticipated by markets does not play out

There is a risk that the median moves to two cuts. After a pop in January, incoming inflation data point to a big reversal in core PCE services inflation excluding housing – a key focus for the Fed. This implies a risk of upward revisions to inflation next week. It is a close call, but we still believe that the Fed's inflation forecasts will remain unchanged for 2024.

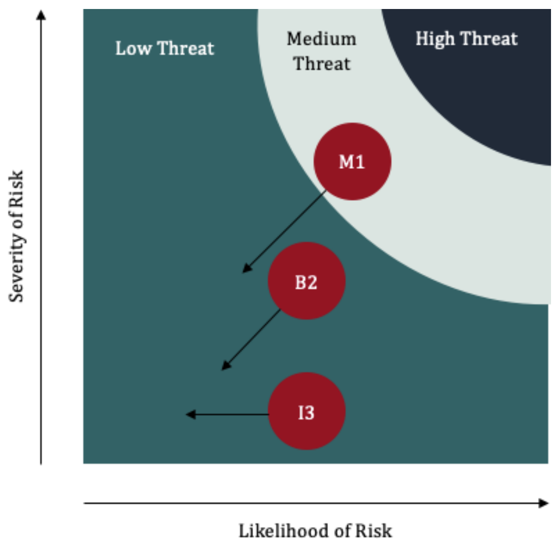
The Fed believes monetary policy is in restrictive territory, which points to slowing inflationary pressures ahead. And data on new leases indicates faster deceleration in OER and Rents in 2H24. Not only have policymakers, including the Chair, been following forward-looking

Figure 36: Bull-Base-Bear Case Scenario



Source: Team Analysis

Figure 37: Risk Matrix and Mitigation



Source: Team Analysis

data on new tenant rents and likely building it into forecasts, we shouldn't forget that the December SEP came ahead of year-end data pointing to a faster deceleration in core inflation, which will be incorporated into next week's projections for the first time.

<u>Mitigation (B1)</u>

AIRC has refinanced most of its loan book and balance sheet looks healthy. The company entered into interest rate hedges to fix all outstanding borrowings under its credit facility at 4.9% and all term loan borrowings at 3.9%. Liquidity was $1.9 billion at year-end, and net leverage to adjusted EBITDA are stood at 6.1x.

<u>Business Risk 2 (B2)</u>

Borrowing risk during high interest rate environment in order to maintain REIT status

Given REITs are required to distribute at least 90% of taxable income to shareholders annually (excluding net capital gains and dividends-paid deduction), overreliance on cash distribution may limit their ability to fund future capital needs, potentially leading to external capital dependence. Though the company has historically used cash dividends, short-term borrowing may be necessary, and given the high interest rate environment, cost of borrowing to maintain REIT status is high.

<u>Mitigation (B2)</u>

The company entered into interest rate hedges to fix all outstanding borrowings under its credit facility at 4.9% and all term loan borrowings at 3.9%. Liquidity was $1.9 billion at year-end, and net leverage to adjusted EBITDAre stood at 6.1x.

<u>Investment Risk 3 (I3)</u>

Lower than expected job growth data in the US

The February employment report alleviated concerns around an overheating labour market. To be sure, the labour market remains strong, but it is showing more signs of easing than previously reported. The February data revealed sizable downward back-revisions following an as-reported surge in January hiring. Wage pressures do not look excessive, and the FOMC is more comfortable with higher payroll growth given significant immigration flows.

<u>Mitigation (I3)</u>

The 12-month moving average for payrolls was 229k through February vs what could be a 'breakeven' pace of around 200k. In other words, the labour market is better balanced than what investors think.

Disclaimer

Appendix:

Income, Balance Sheet & Cash Flow Statements

	2019A	2020A	2021A	2022A	2023A	**2024E**	**2025E**	**2026E**	**2027E**	**2028E**
Income Statement										
Rental Revenue	770,602	719,556	733,483	764,192	809,875	746,979	770,292	795,889	822,337	850,494
Tenant Reimbursements	-	-	-	-	-	-	-	-	-	-
Other Revenue	-	-	6,805	6,027	(19,500)	-	-	-	-	-
Total Revenue	**770,602**	**719,556**	**740,288**	**770,219**	**790,375**	**746,979**	**770,292**	**795,889**	**822,337**	**850,494**
Property Exp.	261,241	249,036	268,101	261,264	275,832	275,646	284,249	293,694	303,454	313,844
Selling General & Admin Exp.	49,615	46,377	18,585	24,939	25,494	14,940	15,406	15,918	16,447	17,010
Depreciation & Amort.	317,283	320,943	319,742	350,945	342,593	321,201	331,226	342,232	353,605	365,712
Other Operating Exp.	16,737	73,860	27,220	9,073	25,889	22,409	23,109	23,877	24,670	25,515
Total Operating Exp.	**644,876**	**690,216**	**633,648**	**646,221**	**669,808**	**634,196**	**653,989**	**675,721**	**698,175**	**722,081**
Operating Income	**125,726**	**29,340**	**106,640**	**123,998**	**120,567**	**112,784**	**116,304**	**120,168**	**124,161**	**128,413**
Interest Expense, Total	(144,300)	(147,000)	(129,500)	(116,500)	(129,700)	(128,414)	(128,414)	(128,414)	(128,414)	(128,414)
Interest and Invest. Income	10,831	39,950	58,651	50,264	8,314	14,435	26,894	41,223	57,545	76,032
Net Interest Exp.	**(133,469)**	**(107,050)**	**(70,849)**	**(66,236)**	**(121,386)**	**(113,979)**	**(101,520)**	**(87,190)**	**(70,869)**	**(52,382)**
Other Non-Operating Inc. (Exp.)	-	-	-	-	16,742	0	0	0	0	0
EBT Excl. Unusual Items	**(7,743)**	**(77,710)**	**35,791**	**57,762**	**15,923**	**(1,195)**	**14,784**	**32,978**	**53,293**	**76,031**
Impairment of Goodwill	-	-	-	-	-	0	0	0	0	0
Gain (Loss) On Sale Of Assets	503,168	119,215	594,861	939,806	677,740	522,885	539,205	557,123	575,636	595,345
Asset Writedown	-	(47,300)	-	-	-	0	0	0	0	0
Other Unusual Items	(6,600)	(13,300)	(156,700)	(23,600)	(2,000)	0	0	0	0	0
EBT Incl. Unusual Items	**488,825**	**(19,095)**	**473,952**	**973,968**	**691,663**	**521,690**	**553,988**	**590,100**	**628,928**	**671,376**
Income Tax Expense	305	95,437	(5,200)	3,923	2,427	5,217	5,540	5,901	6,289	6,714
Earnings from Cont. Ops.	**488,520**	**(114,532)**	**479,152**	**970,045**	**689,236**	**516,473**	**548,449**	**584,199**	**622,639**	**664,663**
Earnings of Discontinued Ops.	19,495	11,228	0	0	0	0	0	0	0	0
Extraord. Item & Account. Change	0	0	0	0	0	0	0	0	0	0
Net Income to Company	**508,015**	**(103,304)**	**479,152**	**970,045**	**689,236**	**516,473**	**548,449**	**584,199**	**622,639**	**664,663**
Minority Int. in Earnings	(33,900)	(800)	(31,600)	(65,600)	(54,200)	0	0	0	0	0
Net Income	**474,115**	**(104,104)**	**447,552**	**904,445**	**635,036**	**516,473**	**548,449**	**584,199**	**622,639**	**664,663**
Pref. Dividends and Other Adj.	7,939	202	497	790	657	0	0	0	0	0

Balance Sheet

ASSETS										
Gross Property, Plant & Equipment	7,413,890	7,468,864	7,404,861	8,202,414	7,725,307	8,293,507	8,861,707	9,429,907	9,998,107	10,566,307
Accumulated Depreciation	(2,268,800)	(2,455,500)	(2,284,800)	(2,449,900)	(2,245,600)	(2,566,801)	(2,898,027)	(3,240,259)	(3,593,864)	(3,959,576)
Net Property, Plant & Equipment	**5,145,090**	**5,013,364**	**5,120,061**	**5,752,514**	**5,479,707**	**5,726,706**	**5,963,680**	**6,189,648**	**6,404,243**	**6,606,731**
Total Real Estate Assets	**5,145,090**	**5,013,364**	**5,120,061**	**5,752,514**	**5,479,707**	**5,726,706**	**5,963,680**	**6,189,648**	**6,404,243**	**6,606,731**
Cash And Equivalents	136,458	44,214	67,320	95,797	91,401	360,875	672,350	1,030,582	1,438,625	1,900,800
Accounts Receivable	18,668	-	-	-	-	-	-	-	-	-
Other Receivables	-	-	40,675	69,944	69,558	69,558	69,558	69,558	69,558	69,558
Invest. in Debt and Equity Securities	94,251	-	-	-	-	-	-	-	-	-
Goodwill	32,286	32,286	32,286	32,286	32,286	32,286	32,286	32,286	32,286	32,286
Other Intangibles	31,466	-	-	-	-	-	-	-	-	-
Loans Receivable Current	4,715	534,127	534,127	-	-	-	-	-	-	-
Restricted Cash	30,083	29,266	25,441	205,608	26,090	26,090	26,090	26,090	26,090	26,090
Other Current Assets	1,033,527	-	146,492	-	-	-	-	-	-	-
Deferred Tax Assets, LT	80,516	-	-	-	-	-	-	-	-	-
Deferred Charges, LT	21,977	-	-	-	-	-	-	-	-	-
Other Long-Term Assets	280,258	576,026	473,951	395,717	435,699	435,699	435,699	435,699	435,699	435,699
Total Assets	**6,909,295**	**6,229,283**	**6,440,353**	**6,551,866**	**6,134,741**	**6,651,214**	**7,199,663**	**7,783,862**	**8,406,501**	**9,071,164**
LIABILITIES										
Short-term Borrowings	-	349,164	-	-	-	-	-	-	-	-
Long-Term Debt	4,012,805	3,893,836	3,743,286	3,641,629	3,210,344	3,210,344	3,210,344	3,210,344	3,210,344	3,210,344
Accrued Exp.	270,487	598,736	161,321	225,888	234,679	234,679	234,679	234,679	234,679	234,679
Other Current Liabilities	663,389	-	517,228	287,917	62,215	62,215	62,215	62,215	62,215	62,215
Other Non-Current Liabilities	-	-	-	-	-	-	-	-	-	-
Total Liabilities	**4,946,681**	**4,841,736**	**4,421,835**	**4,155,434**	**3,507,238**	**3,507,238**	**3,507,238**	**3,507,238**	**3,507,238**	**3,507,238**
Pref. Stock, Redeemable	-	2,000	2,129	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Total Pref. Equity	**0**	**2,000**	**2,129**	**2,000**	**2,000**	**2,000**	**2,000**	**2,000**	**2,000**	**2,000**
Common Stock	1,202	1,489	1,570	1,491	1,449	1,449	1,449	1,449	1,449	1,449
Additional Paid In Capital	3,497,654	3,432,121	3,763,105	3,436,635	3,284,716	3,284,716	3,284,716	3,284,716	3,284,716	3,284,716
Retained Earnings	0	0	0	0	0	516,473	1,064,922	1,649,121	2,271,760	2,936,423
Distributions In Excess Of Earnings	(1,722,400)	(2,131,800)	(1,953,800)	(1,327,300)	(958,700)	(958,700)	(958,700)	(958,700)	(958,700)	(958,700)
Treasury Stock	-	-	-	-	-	-	-	-	-	-
Comprehensive Inc. and Other	4,195	3,039	-	43,562	22,392	22,420	22,420	22,420	22,420	22,420
Total Common Equity	**1,780,651**	**1,304,849**	**1,810,875**	**2,154,388**	**2,349,857**	**2,866,358**	**3,414,807**	**3,999,006**	**4,621,645**	**5,286,308**
Minority Interest	181,926	80,691	205,500	240,032	275,618	275,618	275,618	275,618	275,618	275,618
Total Equity	**1,962,577**	**1,387,540**	**2,018,504**	**2,396,420**	**2,627,475**	**3,143,976**	**3,692,425**	**4,276,624**	**4,899,263**	**5,563,926**
Total Liabilities And Equity	**6,909,258**	**6,229,276**	**6,440,339**	**6,551,854**	**6,134,713**	**6,651,214**	**7,199,663**	**7,783,862**	**8,406,501**	**9,071,164**

	2019A	2020A	2021A	2022A	2023A	2024E	2025E	2026E	2027E	2028E
Cash Flow Statement										
Net Income	**474,115**	**(104,104)**	**447,552**	**904,445**	**635,036**	**516,473**	**548,449**	**584,199**	**622,639**	**664,663**
Depreciation & Amort.	317,283	320,943	319,742	350,945	342,593	321,201	331,226	342,232	353,605	365,712
Depreciation & Amort., Total	**317,283**	**320,943**	**319,742**	**350,945**	**342,593**	**321,201**	**331,226**	**342,232**	**353,605**	**365,712**
Other Amortization	7,110	-	-	-	-	0	0	0	0	0
(Gain) Loss On Sale of Assets	(503,200)	(119,200)	(594,900)	(939,800)	(677,700)	(522,885)	(539,205)	(557,123)	(575,636)	(595,345)
Total Asset Writedown	-	47,281	-	-	-	0	0	0	0	0
Stock-Based Compensation	8,146	-	7,360	7,463	8,874	0	0	0	0	0
Change in Acc. Receiv.	(26,000)	(57,900)	(19,600)	27,864	5,338	0	0	0	0	0
Change in Acc. Payable	2,798	12,672	(17,600)	(26,700)	(31,600)	0	0	0	0	0
Other Operating Activities	94,240	176,976	190,294	96,372	87,852	0	0	0	0	0
Net Cash From Discontinued Ops.	(6,400)	6,326	-	-	-	0	0	0	0	0
Cash from Ops.	**368,092**	**282,994**	**332,848**	**420,589**	**370,393**	**314,789**	**340,470**	**369,309**	**400,608**	**435,029**
Acquisition of Real Estate Assets	(414,500)	(368,600)	(543,700)	(1,067,700)	(536,200)	(536,200)	(536,200)	(536,200)	(536,200)	(536,200)
Sale of Real Estate Assets	628,771	159,422	915,926	1,209,241	52,066	522,885	539,205	557,123	575,636	595,345
Net Sale/Acq. of Real Estate Assets	**214,271**	**(209,178)**	**372,226**	**141,541**	**(484,134)**	**(13,315)**	**3,005**	**20,923**	**39,436**	**59,145**
Cash Acquisitions	-	-	-	-	-	0	0	0	0	0
Divestitures	-	-	-	-	-	0	0	0	0	0
Net Cash from Investments	-	-	100,852	-	155,265	0	0	0	0	0
Net (Increase)/Decrease in Loans Orig/Sold	-	-	-	-	-	0	0	0	0	0
Deferred Charges	-	-	-	-	-	0	0	0	0	0
Total Other Investing Activities	(419,700)	(140,800)	5,229	508,680	15,757	(32,000)	(32,000)	(32,000)	(32,000)	(32,000)
Cash from Investing	**(205,429)**	**(349,978)**	**478,307**	**650,221**	**(313,112)**	**(45,315)**	**(28,995)**	**(11,077)**	**7,436**	**27,145**
Short Term Debt Issued	-	-	-	-	-	0	0	0	0	0
Long-Term Debt Issued	826,783	993,756	1,186,756	613,361	1,005,920	0	0	0	0	0
Total Debt Issued	**826,783**	**993,756**	**1,186,756**	**613,361**	**1,005,920**	**0**	**0**	**0**	**0**	**0**
Short Term Debt Repaid	-	-	-	-	-	0	0	0	0	0
Long-Term Debt Repaid	(462,200)	(782,300)	(1,842,400)	(799,500)	(791,500)	0	0	0	0	0
Total Debt Repaid	**(462,200)**	**(782,300)**	**(1,842,400)**	**(799,500)**	**(791,500)**	**0**	**0**	**0**	**0**	**0**
Issuance of Common Stock	-	-	342,470	-	-	0	0	0	0	0
Repurchase of Common Stock	(20,700)	(10,000)	-	(316,700)	(124,400)	0	0	0	0	0
Repurchase of Preferred Stock	(125,000)	-	-	-	-	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0
Common Dividends Paid	(241,300)	(305,000)	(269,600)	(277,600)	(266,100)	0	0	0	0	0
Pref. Dividends Paid	(3,200)	-	-	-	-	0	0	0	0	0
Total Dividends Paid	**(244,500)**	**(305,000)**	**(269,600)**	**(277,600)**	**(266,100)**	**0**	**0**	**0**	**0**	**0**
Other Financing Activities	(38,400)	77,538	(209,100)	(81,700)	(65,200)	0	0	0	0	0
Cash from Financing	**81,683**	**(16,006)**	**(1,134,344)**	**(545,439)**	**(116,880)**	**0**	**0**	**0**	**0**	**0**
Net Change in Cash	**244,346**	**(82,990)**	**(323,189)**	**525,371**	**(59,599)**	**269,474**	**311,474**	**358,232**	**408,044**	**462,175**

Revenue & Cost Buildup

	2019A	2020A	2021A	2022A	2023A	**2024E**	**2025E**	**2026E**	**2027E**	**2028E**
Revenue Build										
Apartment Units										
Boston, MA	4,689	2,462	2,462	1,148	1,148	1,159	1,171	1,183	1,195	1,207
Denver, CO	1,925	1,800	2,026	2,027	2,027	2,047	2,068	2,088	2,109	2,130
Los Angeles, CA	4,097	4,347	3,815	3,815	3,815	3,853	3,892	3,931	3,970	4,010
Miami, FL	873	1,725	1,725	1,759	2,425	2,449	2,474	2,498	2,523	2,549
Philadelphia, PA	1,033	2,748	2,748	2,748	2,748	2,775	2,803	2,831	2,860	2,888
San Diego, CA	2,085	2,281	2,367	2,367	2,367	2,391	2,415	2,439	2,463	2,488
San Francisco, CA	2,355	2,212	1,967	1,967	1,967	1,987	2,007	2,027	2,047	2,067
Washington, DC	4,642	5,238	4,103	4,103	5,489	5,544	5,599	5,655	5,712	5,769
Other Markets	2,254	2,388	827	808	808	816	824	832	841	849
Total Same Store	**23,953**	**25,201**	**22,040**	**20,742**	**22,794**	**23,022**	**23,252**	**23,485**	**23,720**	**23,957**
Non-Same Store	6,190	1,391	4,370	4,559	3,832	3,870	3,909	3,948	3,988	4,027
Total	**30,143**	**26,592**	**26,410**	**25,301**	**26,626**	**26,892**	**27,161**	**27,433**	**27,707**	**27,984**
Apartment Units Growth										
Boston, MA		-47%	0%	-53%	0%	1%	1%	1%	1%	1%
						1%	1%	1%	1%	1%
						2%	2%	2%	2%	2%
						0%	0%	0%	0%	0%
Denver, CO		-6%	13%	0%	0%	1%	1%	1%	1%	1%
						1%	1%	1%	1%	1%
						2%	2%	2%	2%	2%
						0%	0%	0%	0%	0%
Los Angeles, CA		6%	-12%	0%	0%	1%	1%	1%	1%	1%
						1%	1%	1%	1%	1%
						2%	2%	2%	2%	2%
						0%	0%	0%	0%	0%
Miami, FL		98%	0%	2%	38%	1%	1%	1%	1%	1%
						1%	1%	1%	1%	1%
						2%	2%	2%	2%	2%
						0%	0%	0%	0%	0%
Philadelphia, PA		166%	0%	0%	0%	1%	1%	1%	1%	1%
						1%	1%	1%	1%	1%
						2%	2%	2%	2%	2%
						0%	0%	0%	0%	0%
San Diego, CA		9%	4%	0%	0%	1%	1%	1%	1%	1%
						1%	1%	1%	1%	1%
						2%	2%	2%	2%	2%
						0%	0%	0%	0%	0%
San Francisco, CA		-6%	-11%	0%	0%	1%	1%	1%	1%	1%
						1%	1%	1%	1%	1%
						2%	2%	2%	2%	2%
						0%	0%	0%	0%	0%
Washington, DC		13%	-22%	0%	34%	1%	1%	1%	1%	1%
						1%	1%	1%	1%	1%
						2%	2%	2%	2%	2%
						0%	0%	0%	0%	0%
Other Markets		6%	-65%	-2%	0%	1%	1%	1%	1%	1%
						1%	1%	1%	1%	1%
						2%	2%	2%	2%	2%
						0%	0%	0%	0%	0%
Total Same Store		5%	-13%	-6%	10%	1%	1%	1%	1%	1%
Non-Same Store		-78%	214%	4%	-16%	1%	1%	1%	1%	1%
						1%	1%	1%	1%	1%
						2%	2%	2%	2%	2%
						0%	0%	0%	0%	0%

	2019A	2020A	2021A	2022A	2023A	**2024E**	**2025E**	**2026E**	**2027E**	**2028E**
Revenue Build										
Occupancy Rate										
Boston, MA	97.3%	96.3%	96.7%	97.7%	96.7%	96.7%	96.7%	96.7%	96.7%	96.7%
						96.7%	96.7%	96.7%	96.7%	96.7%
						97.7%	97.7%	97.7%	97.7%	97.7%
						95.7%	95.7%	95.7%	95.7%	95.7%
Denver, CO	96.8%	94.9%	96.9%	96.9%	96.6%	96.6%	96.6%	96.6%	96.6%	96.6%
						96.6%	96.6%	96.6%	96.6%	96.6%
						97.6%	97.6%	97.6%	97.6%	97.6%
						95.6%	95.6%	95.6%	95.6%	95.6%
Los Angeles, CA	96.9%	94.7%	97.2%	97.8%	97.0%	97.0%	97.0%	97.0%	97.0%	97.0%
						97.0%	97.0%	97.0%	97.0%	97.0%
						98.0%	98.0%	98.0%	98.0%	98.0%
						96.0%	96.0%	96.0%	96.0%	96.0%
Miami, FL	96.8%	95.4%	96.9%	93.6%	94.6%	94.6%	94.6%	94.6%	94.6%	94.6%
						94.6%	94.6%	94.6%	94.6%	94.6%
						95.6%	95.6%	95.6%	95.6%	95.6%
						93.6%	93.6%	93.6%	93.6%	93.6%
Philadelphia, PA	97.3%	92.6%	93.6%	96.6%	95.8%	95.8%	95.8%	95.8%	95.8%	95.8%
						95.8%	95.8%	95.8%	95.8%	95.8%
						96.8%	96.8%	96.8%	96.8%	96.8%
						94.8%	94.8%	94.8%	94.8%	94.8%
San Diego, CA	97.2%	97.2%	97.9%	97.7%	97.6%	97.6%	97.6%	97.6%	97.6%	97.6%
						97.6%	97.6%	97.6%	97.6%	97.6%
						98.6%	98.6%	98.6%	98.6%	98.6%
						96.6%	96.6%	96.6%	96.6%	96.6%
San Francisco, CA	97.2%	94.0%	94.7%	97.3%	96.6%	96.6%	96.6%	96.6%	96.6%	96.6%
						96.6%	96.6%	96.6%	96.6%	96.6%
						97.6%	97.6%	97.6%	97.6%	97.6%
						95.6%	95.6%	95.6%	95.6%	95.6%
Washington, DC	97.7%	96.7%	97.2%	98.2%	97.1%	97.1%	97.1%	97.1%	97.1%	97.1%
						97.1%	97.1%	97.1%	97.1%	97.1%
						98.1%	98.1%	98.1%	98.1%	98.1%
						96.1%	96.1%	96.1%	96.1%	96.1%
Other Markets	96.7%	94.9%	95.2%	95.3%	93.7%	93.7%	93.7%	93.7%	93.7%	93.7%
						93.7%	93.7%	93.7%	93.7%	93.7%
						94.7%	94.7%	94.7%	94.7%	94.7%
						92.7%	92.7%	92.7%	92.7%	92.7%
Total Same Store	**97.1%**	**95.3%**	**96.4%**	**97.1%**	**96.5%**	**96.4%**	**96.4%**	**96.4%**	**96.4%**	**96.4%**
Non-Same Store	97.1%	95.3%	96.4%	97.1%	96.5%	96.5%	96.5%	96.5%	96.5%	96.5%
						96.5%	96.5%	96.5%	96.5%	96.5%
						97.5%	97.5%	97.5%	97.5%	97.5%
						95.5%	95.5%	95.5%	95.5%	95.5%
Total	**97.1%**	**95.3%**	**96.4%**	**97.1%**	**96.5%**	**96.4%**	**96.4%**	**96.4%**	**96.4%**	**96.4%**

	2019A	2020A	2021A	2022A	2023A	**2024E**	**2025E**	**2026E**	**2027E**	**2028E**
Revenue Build										
Occupancy Growth - YoY										
Boston, MA		(1.0%)	0.4%	1.0%	(1.0%)	0.0%	0.0%	0.0%	0.0%	0.0%
Denver, CO		(2.0%)	2.1%	0.0%	(0.4%)	0.0%	0.0%	0.0%	0.0%	0.0%
Los Angeles, CA		(2.3%)	2.6%	0.6%	(0.9%)	0.0%	0.0%	0.0%	0.0%	0.0%
Miami, FL		(1.4%)	1.6%	(3.4%)	1.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Philadelphia, PA		(4.8%)	1.1%	3.2%	(0.8%)	0.0%	0.0%	0.0%	0.0%	0.0%
San Diego, CA		(0.1%)	0.8%	(0.2%)	(0.2%)	0.0%	0.0%	0.0%	0.0%	0.0%
San Francisco, CA		(3.2%)	0.7%	2.7%	(0.7%)	0.0%	0.0%	0.0%	0.0%	0.0%
Washington, DC		(1.0%)	0.5%	1.0%	(1.0%)	0.0%	0.0%	0.0%	0.0%	0.0%
Other Markets		(1.9%)	0.3%	0.1%	(1.7%)	0.0%	0.0%	0.0%	0.0%	0.0%
Total Same Store		(1.8%)	1.2%	0.7%	(0.6%)	(0.1%)	0.0%	0.0%	0.0%	0.0%
Non-Same Store		(1.8%)	1.1%	0.7%	(0.7%)	0.0%	0.0%	0.0%	0.0%	0.0%
Total		(1.8%)	1.2%	0.7%	(0.6%)	(0.0%)	0.0%	0.0%	0.0%	0.0%
US Inflation Forecasts						2.5%	2.1%	2.3%	2.3%	2.4%

	2019A	2020A	2021A	2022A	2023A	**2024E**	**2025E**	**2026E**	**2027E**	**2028E**
Revenue Build										
Monthly Rental Rates										
Boston, MA	2,266	2,271	2,326	2,512	2,739	2,808	2,867	2,933	3,000	3,072
Denver, CO	1,450	1,461	1,503	1,629	1,736	1,779	1,817	1,858	1,901	1,947
Los Angeles, CA	2,568	2,473	2,402	2,710	2,903	2,976	3,038	3,108	3,180	3,256
Miami, FL	1,702	1,685	1,806	2,184	2,521	2,584	2,639	2,699	2,761	2,828
Philadelphia, PA	2,172	2,156	2,149	2,264	2,393	2,453	2,505	2,562	2,621	2,684
San Diego, CA	1,713	1,733	1,820	2,003	2,200	2,255	2,302	2,355	2,409	2,467
San Francisco, CA	2,628	2,664	2,500	2,586	2,717	2,784	2,843	2,908	2,975	3,047
Washington, DC	1,443	1,448	1,452	1,580	1,706	1,749	1,785	1,826	1,868	1,913
Other Markets	1,960	1,884	1,825	1,863	1,949	1,998	2,040	2,087	2,135	2,186
Total Same Store	1,822	1,973	1,980	2,141	2,278	2,335	2,384	2,439	2,495	2,555
Non-Same Store	2,324	2,302	2,307	2,520	2,720	2,788	2,847	2,912	2,979	3,051
Total	1,916	1,991	2,034	2,209	2,341	2,400	2,615	2,675	2,737	2,803
Rate Growth - YoY										
Boston, MA		0.2%	2.4%	8.0%	9.1%	2.5%	2.1%	2.3%	2.3%	2.4%
Denver, CO		0.8%	2.8%	8.4%	6.6%	2.5%	2.1%	2.3%	2.3%	2.4%
Los Angeles, CA		(3.7%)	(2.9%)	12.8%	7.2%	2.5%	2.1%	2.3%	2.3%	2.4%
Miami, FL		(1.0%)	7.1%	21.0%	15.4%	2.5%	2.1%	2.3%	2.3%	2.4%
Philadelphia, PA		(0.8%)	(0.3%)	5.4%	5.7%	2.5%	2.1%	2.3%	2.3%	2.4%
San Diego, CA		1.1%	5.1%	10.0%	9.8%	2.5%	2.1%	2.3%	2.3%	2.4%
San Francisco, CA		1.4%	(6.1%)	3.4%	5.1%	2.5%	2.1%	2.3%	2.3%	2.4%
Washington, DC		0.3%	0.3%	8.8%	8.0%	2.5%	2.1%	2.3%	2.3%	2.4%
Other Markets		(3.9%)	(3.1%)	2.1%	4.6%	2.5%	2.1%	2.3%	2.3%	2.4%
Total Same Store		8.3%	0.4%	8.1%	6.4%	2.5%	2.1%	2.3%	2.3%	2.4%
Non-Same Store		(1.0%)	0.2%	9.3%	7.9%	2.5%	2.1%	2.3%	2.3%	2.4%
Total		3.9%	2.2%	8.6%	6.0%	2.5%	9.0%	2.3%	2.3%	2.4%
Rental Revenue										
Boston, MA	124,021	64,633	66,471	33,790	36,491	37,777	38,956	40,251	41,588	43,012
Denver, CO	32,437	29,965	35,413	38,404	40,778	42,216	43,533	44,980	46,474	48,066
Los Angeles, CA	122,365	122,220	106,905	121,345	128,859	133,401	137,564	142,136	146,859	151,887
Miami, FL	17,249	33,283	36,231	43,170	69,425	71,872	74,116	76,578	79,123	81,832
Philadelphia, PA	26,185	65,821	66,315	72,070	75,585	78,249	80,691	83,373	86,143	89,093
San Diego, CA	41,680	46,081	50,623	55,611	60,962	63,111	65,080	67,243	69,478	71,857
San Francisco, CA	72,163	66,481	55,867	59,358	61,925	64,108	66,109	68,305	70,575	72,992
Washington, DC	78,538	87,983	69,456	76,335	109,143	112,990	116,516	120,388	124,389	128,648
Other Markets	51,253	51,210	17,233	17,209	17,697	18,321	18,893	19,521	20,169	20,860
Total Same Store	565,892	567,678	504,514	517,293	600,865	622,045	641,459	662,775	684,799	708,246
Non-Same Store	167,519	36,626	116,617	133,885	120,680	124,934	128,833	133,115	137,538	142,247
Total	733,411	604,304	621,130	651,177	721,545	746,979	770,292	795,889	822,337	850,494
Rental Revenue Growth - YoY										
Boston, MA		(47.9%)	2.8%	(49.2%)	8.0%	3.5%	3.1%	3.3%	3.3%	3.4%
Denver, CO		(7.6%)	18.2%	8.4%	6.2%	3.5%	3.1%	3.3%	3.3%	3.4%
Los Angeles, CA		(0.1%)	(12.5%)	13.5%	6.2%	3.5%	3.1%	3.3%	3.3%	3.4%
Miami, FL		93.0%	8.9%	19.2%	60.8%	3.5%	3.1%	3.3%	3.3%	3.4%
Philadelphia, PA		151.4%	0.8%	8.7%	4.9%	3.5%	3.1%	3.3%	3.3%	3.4%
San Diego, CA		10.6%	9.9%	9.9%	9.6%	3.5%	3.1%	3.3%	3.3%	3.4%
San Francisco, CA		(7.9%)	(16.0%)	6.2%	4.3%	3.5%	3.1%	3.3%	3.3%	3.4%
Washington, DC		12.0%	(21.1%)	9.9%	43.0%	3.5%	3.1%	3.3%	3.3%	3.4%
Other Markets		(0.1%)	(66.3%)	(0.1%)	2.8%	3.5%	3.1%	3.3%	3.3%	3.4%
Total Same Store		0.3%	(11.1%)	2.5%	16.2%	3.5%	3.1%	3.3%	3.3%	3.4%
Non-Same Store		(78.1%)	218.4%	14.8%	(9.9%)	3.5%	3.1%	3.3%	3.3%	3.4%
Total		(17.6%)	2.8%	4.8%	10.8%	3.5%	3.1%	3.3%	3.3%	3.4%
Other Revenues	37,191	115,252	119,158	119,042	68,843	-	-	-	-	-
Total Revenues	**770,602**	**719,556**	**740,288**	**770,219**	**790,388**	**746,979**	**770,292**	**795,889**	**822,337**	**850,494**

	2019A	2020A	2021A	2022A	2023A	**2024E**	**2025E**	**2026E**	**2027E**	**2028E**
Expense Build										
Property Exp.	261,241	249,036	268,101	261,264	275,832	275,646	284,249	293,694	303,454	313,844
Property Exp/Apartment Unit	9	9	10	10	10	10	10	11	11	11
						10	10	11	11	11
						9	9	10	10	10
						11	11	11	11	11
Apartment Units	30,143	26,592	26,410	25,301	26,626	26,892	27,161	27,433	27,707	27,984
Selling General & Admin Exp.	49,615	46,377	18,585	24,939	25,494	14,940	15,406	15,918	16,447	17,010
% of revenue	6%	6%	3%	3%	3%	2%	2%	2%	2%	2%
						1%	1%	1%	1%	1%
						3%	3%	3%	3%	3%
Depreciation & Amort.	317,283	320,943	319,742	350,945	342,593	321,201	331,226	342,232	353,605	365,712
% of revenue	41%	45%	43%	46%	43%	43%	43%	43%	43%	43%
						42%	42%	42%	42%	42%
						44%	44%	44%	44%	44%
Other Operating Exp.	16,737	73,860	27,220	9,073	25,889	22,409	23,109	23,877	24,670	25,515
% of revenue	2%	10%	4%	1%	3%	3%	3%	3%	3%	3%
						2%	2%	2%	2%	2%
						4%	4%	4%	4%	4%
Debt Balance	4,012,805	4,243,000	3,743,286	3,641,629	3,210,344	3,210,344	3,210,344	3,210,344	3,210,344	3,210,344
Interest Expense	144,300	147,000	129,500	116,500	129,700	128,414	128,414	128,414	128,414	128,414
Interest Rate	4%	3%	3%	3%	4%	4%	4%	4%	4%	4%
Cash Balance	136,458	44,214	67,320	95,797	91,401	360,875	672,350	1,030,582	1,438,625	1,900,800
Interest Income	10,831	39,950	58,651	50,264	8,314	14,435	26,894	41,223	57,545	76,032
Interest Rate	8%	90%	87%	52%	9%	4%	4%	4%	4%	4%
Gain (Loss) On Sale Of Assets	503,168	119,215	594,861	939,806	677,740	522,885	539,205	557,123	575,636	595,345
% of revenue	65%	17%	80%	122%	86%	70%	70%	70%	70%	70%
Income Tax Expense	305,000	95,437,000	-5,200,000	3,923,000	2,427,000					
Effective tax rate	0%	-500%	-1%	0%	0%	1%	1%	1%	1%	1%
Capex										
Maintenance				30,000	32,000	32,000	32,000	32,000	32,000	32,000
Growth	414,500	368,600	543,700	1,067,700	536,200	536,200	536,200	536,200	536,200	536,200

WACC Buildup

Relevered Beta

Comparables	Ticker	Beta	Debt	Market Cap	D/E	Unlevered Beta
AvalonBay Communities, Inc.	AVB-US	0.93	8,135	26,354	0.31	0.76
Equity Residential	EQR-US	0.85	7,702	23,954	0.32	0.69
Essex Property Trust, Inc.	ESS-US	0.81	6,271	15,718	0.40	0.63
UDR, Inc.	UDR-US	0.79	5,985	12,316	0.49	0.59
Camden Property Trust	CPT-US	0.84	3,721	10,526	0.35	0.67
Mid-America Apartment Communities, Inc.	MAA-US	0.79	4,568	15,357	0.30	0.65

Mean	0.67
Median	0.66

AIRC Debt to Equity	0.30
AIRC Relevered Beta	0.81

WACC Computation

Cost of Equity

Risk-free rate	4.20%
Relevered Beta	0.81
US Equity Risk Premium	5.94%
Cost of Equity	**8.99%**

Cost of Debt

Int Expense	129,700
Debt Balance	3,210,344
Pretax cost of debt	4%
Tax Rate	30%
After-tax cost of debt	**2.83%**

WACC

Cost of Equity	8.99%
After-tax cost of debt	2.83%
Weight of Equity	55.00%
Weight of Debt	45.00%
WACC	**6.22%**

Comparable Companies

			EV/Revenue			EV/EBITDA			EV/EBIT			P/E		
Company	**Ticker**		**2022**	**2023**	**NTM**	**2022**	**2023**	**NTM**	**2022**	**2023**	**NTM**	**2022**	**2023**	**NTM**
Coastal Peers														
AvalonBay Communities, Inc.	AVB-US		12.79x	11.95x	11.64x	21.14x	19.82x	18.69x	43.18x	38.13x	18.69x	19.41x	28.35x	37.92x
Equity Residential	EQR-US		11.75x	11.22x	10.70x	18.52x	17.75x	17.44x	38.62x	35.71x	17.44x	27.22x	28.72x	40.49x
Essex Property Trust, Inc.	ESS-US		12.90x	12.42x	12.14x	18.38x	19.30x	17.78x	35.22x	39.45x	17.78x	31.93x	38.76x	45.80x
UDR, Inc.	UDR-US		12.04x	11.23x	10.93x	19.98x	18.67x	17.79x	77.75x	63.68x	17.79x	150.06x	28.01x	97.46x
		Min	11.75x	11.22x	10.70x	18.38x	17.75x	17.44x	35.22x	35.71x	17.44x	19.41x	28.01x	37.92x
		25th Percentile	11.97x	11.23x	10.87x	18.48x	18.44x	17.69x	37.77x	37.52x	17.69x	25.27x	28.26x	39.85x
		Mean	12.37x	11.70x	11.35x	19.50x	18.89x	17.92x	48.69x	44.24x	17.92x	57.15x	30.96x	55.42x
		Median	12.41x	11.59x	11.28x	19.25x	18.99x	17.79x	40.90x	38.79x	17.79x	29.57x	28.53x	43.14x
		75th Percentile	12.82x	12.06x	11.76x	20.27x	19.43x	18.02x	51.82x	45.51x	18.02x	61.46x	31.23x	58.71x
		Max	12.90x	12.42x	12.14x	21.14x	19.82x	18.69x	77.75x	63.68x	18.69x	150.06x	38.76x	97.46x
Sunbelt Peers														
Camden Property Trust	CPT-US		9.83x	9.09x	9.07x	16.73x	15.64x	15.78x	53.42x	43.46x	15.78x	16.66x	26.60x	57.78x
Mid-America Apartment Communities, Inc.	MAA-US		9.89x	9.29x	9.04x	17.35x	15.69x	15.77x	32.85x	28.23x	15.77x	26.18x	27.96x	31.03x
		Mean	9.86x	9.19x	9.06x	17.04x	15.67x	15.78x	43.13x	35.84x	15.78x	21.42x	27.28x	44.41x
		Median	9.86x	9.19x	9.06x	17.04x	15.67x	15.78x	43.13x	35.84x	15.78x	21.42x	27.28x	44.41x
Overall														
AvalonBay Communities, Inc.	AVB-US		12.79x	11.95x	11.64x	21.14x	19.82x	18.69x	43.18x	38.13x	18.69x	19.41x	28.35x	37.92x
Equity Residential	EQR-US		11.75x	11.22x	10.70x	18.52x	17.75x	17.44x	38.62x	35.71x	17.44x	27.22x	28.72x	40.49x
Essex Property Trust, Inc.	ESS-US		12.90x	12.42x	12.14x	18.38x	19.30x	17.78x	35.22x	39.45x	17.78x	31.93x	38.76x	45.80x
UDR, Inc.	UDR-US		12.04x	11.23x	10.93x	19.98x	18.67x	17.79x	77.75x	63.68x	17.79x	150.06x	28.01x	97.46x
Camden Property Trust	CPT-US		9.83x	9.09x	9.07x	16.73x	15.64x	15.78x	53.42x	43.46x	15.78x	16.66x	26.60x	57.78x
Mid-America Apartment Communities, Inc.	MAA-US		9.89x	9.29x	9.04x	17.35x	15.69x	15.77x	32.85x	28.23x	15.77x	26.18x	27.96x	31.03x
		Min	9.83x	9.09x	9.04x	16.73x	15.64x	15.77x	32.85x	28.23x	15.77x	16.66x	26.60x	31.03x
		25th Percentile	10.35x	9.78x	9.48x	17.61x	16.21x	16.19x	36.07x	36.32x	16.19x	21.10x	27.97x	38.56x
		Mean	11.53x	10.87x	10.59x	18.68x	17.81x	17.21x	46.84x	41.44x	17.21x	45.24x	29.73x	51.75x
		Median	11.89x	11.22x	10.81x	18.45x	18.21x	17.61x	40.90x	38.79x	17.61x	26.70x	28.18x	43.14x
		75th Percentile	12.60x	11.77x	11.46x	19.61x	19.15x	17.79x	50.86x	42.46x	17.79x	30.75x	28.63x	54.78x
		Max	12.90x	12.42x	12.14x	21.14x	19.82x	18.69x	77.75x	63.68x	18.69x	150.06x	38.76x	97.46x
Apartment Income REIT Corp	AIRC-US		10.18x	9.60x	9.69x	16.46x	15.45x	14.96x	61.75x	47.16x	14.96x	5.77x	7.61x	389.64x

Distributable Cash Flow Reconciliation

	2019A	2020A	2021A	2022A	2023A	**2024E**	**2025E**	**2026E**	**2027E**	**2028E**
Distributable Cash Flow Reconciliation										
(+) Normalized Net Income to Parent:	474,115	(104,104)	447,552	904,445	635,036	516,473	548,449	584,199	622,639	664,663
(+) Interest Expense:	144,300	147,000	129,500	116,500	129,700	128,414	128,414	128,414	128,414	128,414
(+) Book Income Taxes:	305	95,437	(5,200)	3,923	2,427	5,217	5,540	5,901	6,289	6,714
(+) Depreciation & Amortization:	317,283	320,943	319,742	350,945	342,593	321,201	331,226	342,232	353,605	365,712
(-) Equity Investment Earnings:	0	0	0	0	0	0	0	0	0	0
(+) Equity Investment Dividends:	0	0	0	0	0	0	0	0	0	0
(-) Maintenance CapEx:				(30,000)	(32,000)	(32,000)	(32,000)	(32,000)	(32,000)	(32,000)
Distributable Cash Flow:	**936,003**	**459,276**	**891,594**	**1,345,813**	**1,077,756**	**939,305**	**981,628**	**1,028,746**	**1,078,947**	**1,133,502**
Dividends	244,500	305,000	269,600	277,600	266,100	281,792	304,305	329,199	356,053	385,391
% of Distributable Cash Flow	26%	66%	30%	21%	25%	30%	31%	32%	33%	34%
Escalation							1%	1%	1%	1%
Dividend Coverage Ratio	0.26x	0.66x	0.30x	0.21x	0.25x	0.30x	0.31x	0.32x	0.33x	0.34x
Growth Capex	414,500	368,600	543,700	1,067,700	536,200	536,200	536,200	536,200	536,200	536,200
% of Distributable Cash Flow	44%	80%	61%	79%	50%	57%	55%	52%	50%	47%
Diluted S/O	147,944	148,603	154,503	154,319	147,976	147,976	147,976	147,976	147,976	147,976
DPS	**1.65**	**2.05**	**1.74**	**1.80**	**1.80**	**1.90**	**2.06**	**2.22**	**2.41**	**2.60**

DDM

DDM - Exit Multiple Method	
Mean	17.2x
AIRC Terminal Year EBITDA	494,125
Implied EV	8,502,787
(-) Total Debt	(3,210,344)
(-) Minority Interest	(275,618)
(-) Preferred Stock	0
(+) Cash	1,824,045
Implied Equity Value	6,840,870
Diluted S/O	147,976
Implied Terminal Year Share Price	46

DPS + Terminal Year Share Price		1.88	2.03	2.19	2.37	48.79
Cost of Equity	8.99%					
Discount Factor		0.92	0.84	0.77	0.71	0.65
PV of DPS + Terminal Year Share Price		1.73	1.71	1.69	1.68	31.72

Implied Share Price	**38.52**
Upside/(Downside)	18.6%