

BAIRD'S GLOBAL INVESTMENT BANKING RETAIL REAL ESTATE OUTLOOK

2026





RETAIL TRENDS

NON-GROCERY ANCHORED RETAIL PRESENTS AN ATTRACTIVE INVESTMENT OPPORTUNITY

- Non-grocery anchored retail continues to remain resilient as occupancy remains at record-highs
- While big box retailers such as Target and Macy's have struggled since the pandemic, non-grocery anchored retail has seen substantially lower vacancy of 4.5% compared to 8.7% for enclosed malls⁽¹⁾
- Additionally, these centers offer increased diversification by relying on multiple tenants for rent instead of one single tenant
- Despite these positive trends, non-grocery anchored retail centers continue to trade at historically high cap rates presenting an attractive investment opportunity due to the disconnect between the market and fundamentals

FOCUS ON STREAMLINED HIGH-TOUCH REAL ESTATE

- With an increasing number of open boxes, landlords have begun to repurpose spaces for experiential shopping
 - Experiential retail prioritizes creating immersive and interactive experiences that cannot be disrupted by e-commerce. A notable example is the Netflix House in the Dallas Galleria Mall which integrates arcade games, dining, and immersive attractions with some of Netflix's most popular shows
- Retailers are also focusing on providing seamless omnichannel solutions for customers including buy-online-pickup-in-store with the goal of rivaling the convenience of Amazon or other e-commerce platforms
 - Retailers are extensively exploring the use of AI to create better omnichannel strategies
- Retailers are pivoting to high-touch low-inventory showrooms which have seen much higher customer engagement than traditional brick-and-mortar
 - Wayfair recently opened their first brick-and-mortar store in suburban Chicago which has seen growth of more than 15% above their online sales growth⁽²⁾

(1) Source: Matthews Real Estate – September 24, 2025.

(2) Source: Public financial statements.

2026 AREAS OF FOCUS

Non-Grocery Anchored Attractive Investment Opportunity

- Non-grocery anchored retail remains resilient as occupancy levels are hovering near historic highs
- Despite this, non-grocery anchored retail has traded at higher cap rates representing an advantageous disconnect between fundamentals and market sentiment

Growth of Smaller Stores and Showroom Concepts

- Retailers are shifting to smaller stores and showroom concepts that allow customers to browse in-store and get items delivered at home
- Pivoting to these physical showrooms is critical for native digital retailers to thrive as ICSC found in a recent survey that 97% of Gen Z respondents prefer shopping in person⁽¹⁾
- Numerous online-only brands have found success in these concept stores such as Wayfair (historically online only) who opened their first showroom store in suburban Chicago in 2024 and has already seen sales growth at that store more than 15% above their online operations⁽²⁾

Focus on AI Integration

- Customers have also begun prioritizing ease of shopping by demanding integrated omnichannel solutions such as buy-online-pickup-in-store, easy-to-use app interfaces, and customized marketing campaigns
- Retailers had largely ignored these trends before the rise of Amazon but are beginning to recognize the importance of offering these services
- As a result, retailers are implementing AI to grow these omnichannel strategies. For example, Walmart has introduced a generative AI online shopping assistant and announced a new partnership with OpenAI in October 2025

Shift To Experiential Formats

- As Gen Z continues to favor in-person experiences, retailers are beginning to provide services and experiences (experiential retail) that cannot be replaced by e-commerce
- Notable examples of this include Dick's Sporting Goods House of Sport at New Jersey's Cherry Hill Mall that sells sports apparel and offers interactive sports activities as well as Netflix House in the Dallas Galleria Mall which offers themed games and challenges based on some of their most popular shows
- According to retail developer PREIT, bringing in experiential retail lifts store visits and sales by 30%

(1) Source: ICSC – August 13, 2025.

(2) Source: Public financial statements.

NON-GROCERY ANCHORED INVESTMENT OPPORTUNITY

- Despite near-record occupancy levels, non-grocery anchored retail continues to transact at a historically high cap rate
- Tenants occupying these spaces typically provide essential services such as car washes, fast food, and outpatient doctors including dentists and physical therapists
- These tenants are often resilient as they cannot be replaced by e-commerce and require in-person visits
- Due to this, non-grocery anchored retail presents an attractive investment opportunity as it fundamentally remains strong while currently trading down

NON-GROCERY ANCHORED RETAIL⁽¹⁾

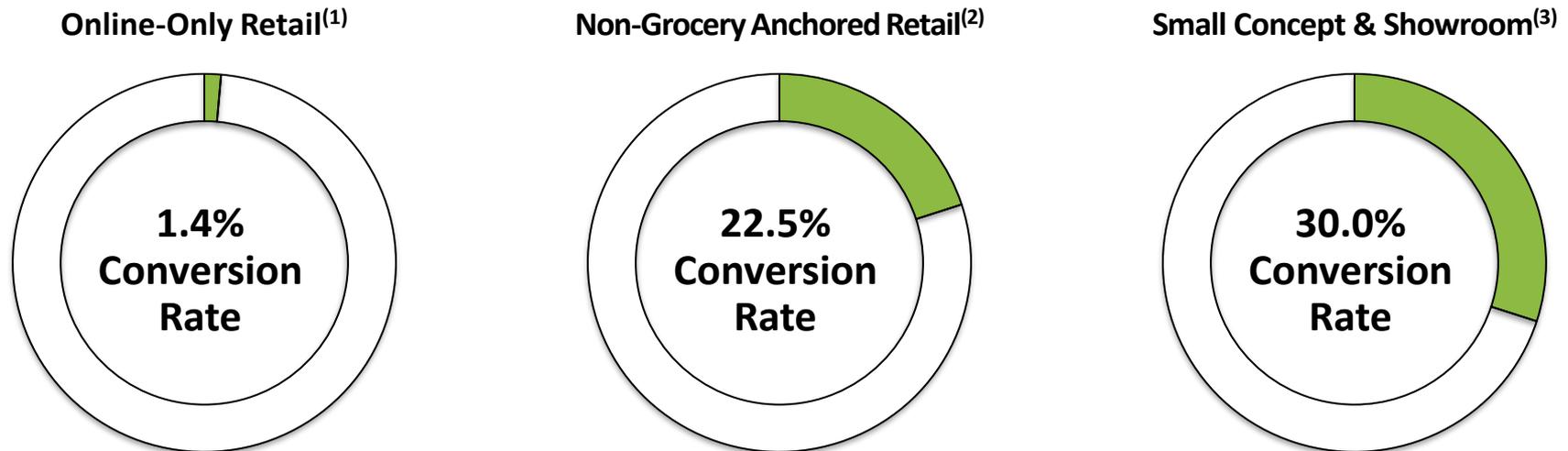


(1) Source: Publicly available SEC filings.

GROWTH OF SMALLER STORES AND SHOWROOM CONCEPTS

- Native digital retailers are pivoting to small format and showroom concept stores as they look to capitalize on consumer's desire to shop in person and see items in-person before they buy
- Notable examples include Warby Parker who was one of the earliest pioneers of small concept try-it-before-you-buy-it stores and has seen 19%+ sales growth from their brick-and-mortar stores compared to low single digits growth in their online sales⁽³⁾
- Wayfair also recently opened their first brick-and-mortar store in suburban Chicago which has thus far seen growth of more than 15% above their online sales growth⁽³⁾
- Retailers see these small concept and showroom stores as a key strategy to increase their customer conversion rate which is measured as the percentage of store visitors who make a purchase

RETAIL CONVERSION RATES



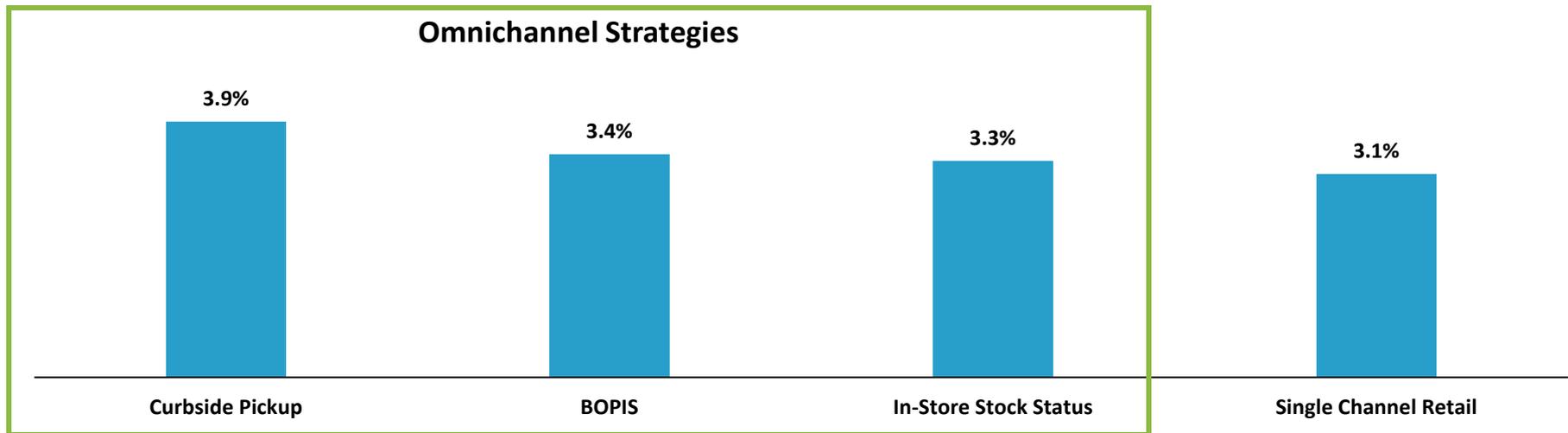
Small store and showroom concepts have a customer conversion rate more than 150% above traditional brick and mortar retailers

(1) Source: Shopify research.
 (2) Source: Retail Touchpoints.
 (3) Source: Publicly available SEC filings.

FOCUS ON AI INTEGRATION

- Retailers are continuing to integrate AI to create efficiencies and streamline operations
- Many retailers have already begun to implement AI to improve their omnichannel systems which include:
 - Seamless buy-online-pickup-in-store (retailers offering this include Target, Walmart, and Home Depot)
 - Polished app interfaces that closely track customer's purchases and offer loyalty programs
 - Bespoke data-driven marketing
 - Easy to use augmented reality allowing customer to visualize products
- Coupled with the data processing power of AI, retailers view omnichannel offerings and marketing as one of the most important ways to engage new customers and implementing these strategies typically increases conversion rates by 8% for buy-online-pickup-in-store (BOPIS) and by more than 20% when offering curbside pickup

OMNICHANNEL CONVERSION RATES

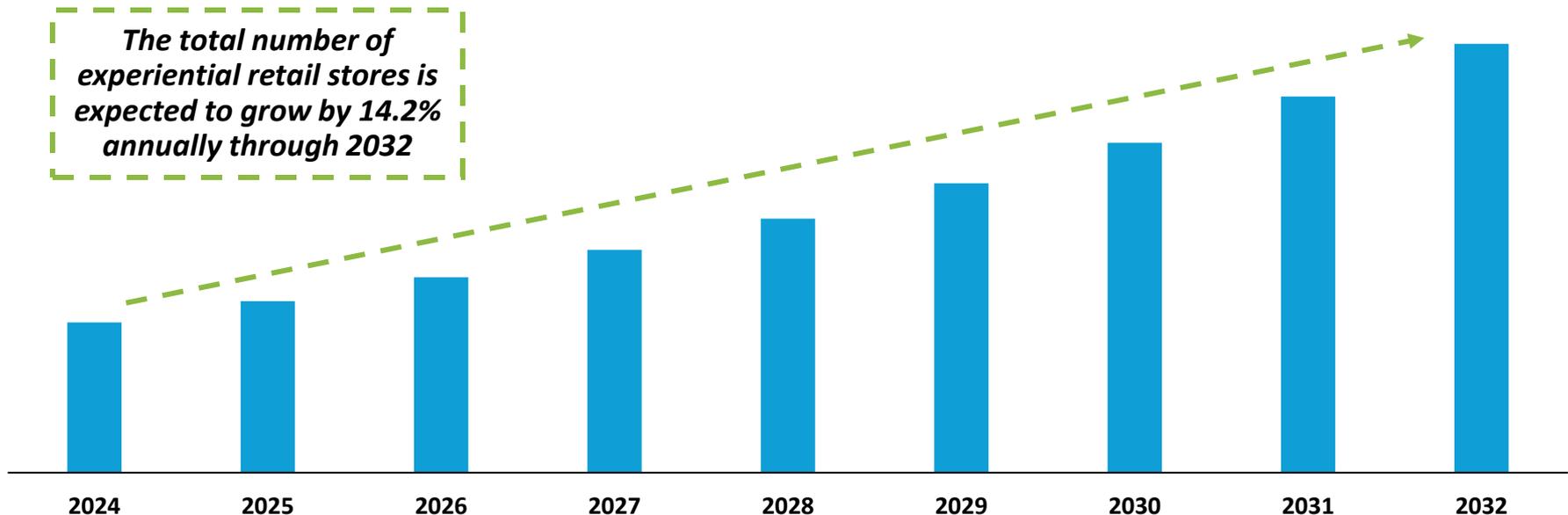


Retailers utilizing omnichannel strategies typically see customer conversion rates that are 5%+ higher than those only offering traditional customer shopping experiences

SHIFT TO EXPERIENTIAL FORMATS

- Retailers continue to shift to experiential formats as they attract new foot traffic to malls and shopping centers
 - Experiential retail prioritizes creating immersive and interactive experiences that cannot be disrupted by e-commerce
 - A notable example is the Netflix House in the Dallas Galleria Mall which integrates arcade games, dining, and immersive attractions with some of Netflix’s most popular shows
- Malls are beginning to fill vacant boxes with experiential stores as they have realized that they cannot compete with the ease of purchasing products on Amazon and instead must focus on creating engaging shopping experiences
- Mood Media has emerged as one of the largest players in experiential retail as they provide scent marketing, bespoke audio messaging, and interactive digital signage to some of the largest brands in the world including McDonald’s, Estee Lauder, and Gucci

GLOBAL EXPERIENTIAL RETAIL GROWTH⁽¹⁾



(1) Source: UnivDatos.



BAIRD REAL ESTATE OVERVIEW



BAIRD'S REAL ESTATE INVESTMENT BANKING GROUP

BAIRD

GLOBAL INVESTMENT BANKING



Steve Goldberg
Managing Director,
Lodging & Leisure
Self-Storage
Net Lease

GROUP HEAD



Jim O'Brien
Managing Director,
Multi-Family
Single-Family Rental
Student Housing
Retail



Jeff Rogatz
Managing Director,
Seniors Housing & Care
Medical Real Estate
Office
Industrial

EQUITY CAPITAL MARKETS



Sandy Walter
Managing Director,
Co-Head of
Equity Capital Markets



Peter Kies
Managing Director,
Co-Head of
Equity Capital Markets



Ryan Engelhardt
Managing Director,
Head
of Syndicate

GLOBAL EQUITIES



David Tarantino
Managing Director,
Head of Global
Equities



Jennifer Grayson
Chief Operating
Officer,
Head of
U.S. Equity Sales



MaryKate McGilley
Director,
Head of
Corporate Access



Nikki Mitchell
Director,
Head of
Conference Services



Barbara Nelson
Head of ATM
and Corporate
Repurchase Trading



Jack Miller
Managing Director,
Co-Head of
Global Trading



Jim Herrick
Managing Director,
Co-Head of
Global Trading



Brent Sullivan
Managing Director,
Real Estate Principal
Trading

REAL ESTATE TRADING & ATM PROGRAM EXECUTION TEAM

BAIRD REAL ESTATE INVESTMENT BANKING OVERVIEW

Platform offers a complete array of capital raising and strategic advisory services

REAL ESTATE CAPITAL MARKETS

- **Experienced real estate investment banking professionals** with expertise to execute private and public capital raises and other equity financing transactions
 - **Sector specific coverage focus** providing targeted expertise to our clients
 - Since the reformation of the real estate group in 2012, **Baird has been one of the most active underwriters of securities** for real estate companies on the street
 - 190+ transactions totaling **\$80 billion in gross deal value of equity capital market transactions** for public companies

REAL ESTATE PRIVATE CAPITAL & ADVISORY

- Expertise in executing **sell-side advisory assignments as well as private capital raises** such as joint ventures, entity-level investments and various structured investments
- Completed **50+ transactions totaling \$7+ billion in transaction value** since dedicated group was formed⁽¹⁾
- Been in the market with a transaction on a continuous basis since 2008⁽¹⁾

⁽¹⁾ Includes transactions at firms prior to Baird.

Baird has decades of experience supporting leading issuers in the capital markets

A TOP INSTITUTIONAL PLATFORM...

Key Metrics – Baird Real Estate Equity Platform

- ✓ **60+ real estate companies** covered by Baird’s three senior real estate research analysts
- ✓ Dedicated institutional **REIT Captains** supported by **120+ Sales & Traders**
- ✓ **Dedicated Real Estate traders**, averaging over 1 million Real Estate shares traded daily
- ✓ ECM participant on **190+ transactions** raising **\$80+ billion** since reformation of group
- ✓ Active participant on **30+ current ATM Programs** within the Real Estate universe
- ✓ Baird executes on many of these ATM programs and is often engaged in daily communication with each Company regardless of our program role or execution status

...AND A LEADING EQUITY UNDERWRITER

Real Estate Common Equity Issuance – 2013 – 2025 ⁽¹⁾

Rank	Firm	Deal Count	Deal Value (\$ in billions)
1	BofA	321	\$180.1
2	Citigroup	243	136.0
3	J.P. Morgan	233	146.1
4	Wells Fargo	231	128.3
5	Morgan Stanley	196	122.3
6	RBC	169	98.9
7	Raymond James	161	69.1
8	Baird	156	74.4
9	Goldman Sachs	155	114.8
10	Stifel	155	65.9

✓ 50+ Bookrun Deals Since 2013

 \$931,500,000 Common Stock Initial Public Offering	 \$948,750,000 Common Stock Initial Public Offering	 \$5,102,319,924 Common Stock Initial Public Offering	 \$2,705,734,340 Common Stock Initial Public Offering	 \$833,520,000 Common Stock Initial Public Offering
 \$299,000,000 Common Stock Initial Public Offering	 \$142,500,000 Common Stock Initial Public Offering Active Bookrunning Manager	 \$253,500,000 Common Stock Initial Public Offering	 \$101,650,000 Common Stock Initial Public Offering	 \$53,200,000 Common Stock Initial Public Offering
 \$876,012,500 Common Stock Follow-on Offering	 \$239,913,000 Common Stock Follow-on Offering	 \$121,152,500 Common Stock Follow-on Offering	 \$50,000,000 Preferred Stock Preferred Offering	 \$30,000,000 Preferred Stock Preferred Offering

Source: Baird Equities and CMG.

(1) As of July 11, 2025. Includes common equity offerings for U.S. REITs and Lodging C-Corps. Excludes closed-end funds, preferred offerings, Mortgage REITs, Cannabis REITs, Tower REITs and deals under \$15 million.

REAL ESTATE PRIVATE CAPITAL AND ADVISORY GROUP

Dedicated effort focused on relationships with real estate owners, operators, and developers pursuing strategic initiatives

\$7.0+ billion
in Transaction Value

50+
Transactions completed

300+
Buy-side account relationships



JOINT VENTURES & ENTITY-LEVEL INVESTMENTS

- Single asset and programmatic JVs
- Investment by an institutional investor(s) at the entity level
- Recaps on existing real estate assets
- Co-GP funding or GP roll-ups
- Anchor LP investment into discretionary fund
- Sidecar investment with the fund



M&A AND ADVISORY SERVICES

- Buy-side and sell-side M&A and strategic advisory
- Majority sale of a company or portfolio of assets
- Conflicts Committee advisory and fairness opinions
- Tender offers, shareholders' rights plans, and valuation analysis
- Listing, de-listings, share buybacks, etc.



STRUCTURED FINANCING

- Gap equity for refinancing
- Stretch senior and mezzanine loans
- Bridge loans
- Participating Preferred
- Complex, highly structured deals
- Pre-IPO bridge equity

Baird's integrated industry and capital markets capabilities, along with its "one P&L" alignment, differentiate the advisory practice

Note: Statistics since group formation in 2006.

