

# DEEP VALUE RESEARCH REPORT

Mean Reversion & Total Return Opportunities in Deeply Discounted Income Securities

April 2026 | T&T Capital Management LLC

<p><b>ARE</b> Alexandria Real Estate</p> <p><b>\$44.13</b> <b>6.9x P/FFO</b> vs. 17x hist.</p>	<p><b>VICI</b> VICI Properties</p> <p><b>\$28.23</b> <b>11.6x P/AFFO</b> vs. 15.1x hist.</p>	<p><b>MSDL</b> MS Direct Lending</p> <p><b>\$14.21</b> <b>0.70x NAV</b> \$20.26 NAV</p>	<p><b>OBDC</b> Blue Owl Capital Corp</p> <p><b>\$11.01</b> <b>0.74x NAV</b> \$14.81 NAV</p>
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## VALUATION SUMMARY

Security	Price	Key Multiple	Hist. Avg	Discount	5-Yr High	Div. Yield	Price Target	Total Return
Alexandria RE (ARE)	\$44.13	6.9x P/FFO	~17x	-59%	\$183.03	5.5%	\$59-\$67	35-52%+
VICI Properties (VICI)	\$28.23	11.6x P/AFFO	14.9x	-22%	\$34.01	6.5%	\$34-\$36	~35%
MS Direct Lending (MSDL)	\$14.21	0.70x NAV	~1.00x	-30%	\$20.90	12.7%	\$19-\$20	~50%
Blue Owl Cap Corp (OBDC)	\$11.01	0.74x NAV	~1.00x	-26%	\$15.19	13.6%	\$14-\$15	~35-40%

This report presents research on four income securities trading at deep discounts to historical valuation multiples and/or net asset value. The thesis: mean reversion to historical multiples implies significant total return potential across all four names.

*For informational purposes only. Not investment advice. All data as of April 2026 unless noted. Past performance does not guarantee future results. Prices sourced from public market data.*

# ARE

Alexandria Real Estate Equities, Inc.  
Life Science REIT | NYSE: ARE

Current Price: **\$44.13**

Trading at decade-low 6.9x P/FFO vs.  
historical average of ~17x

Current Price <b>\$44.13</b> Apr 2026	5-Yr High <b>\$183.03</b> Dec 2021	Decline from High <b>-75.9%</b> Price compression	2026E FFO/Share <b>\$6.40</b> Mgmt guidance mid	P/FFO (Current) <b>6.9x</b> Decade low	Hist. P/FFO <b>~17x</b> 2021 peak	Discount to NAV <b>-54.8%</b> NAV: \$97.68	Dividend Yield <b>5.5%</b> \$2.88 ann.
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## FFO PER SHARE & VALUATION HISTORY

Year	FFO/Share	Approx. Stock Price	Implied P/FFO	Note
2021	\$7.76	~\$183 (Dec peak)	<b>~23.6x</b>	Peak valuation
2022	\$9.24	~\$130–\$160	<b>~15–17x</b>	Rate hike compression begins
2023	\$9.58	~\$100–\$130	~11–14x	Life science headwinds emerge
2024	\$10.08	~\$80–\$110	~8–11x	Occupancy pressures build
2025	\$9.01	~\$55–\$85	<b>~7–9x</b>	Dividend cut 45%
2026E	\$6.40	\$44.13 (current)	<b>6.9x</b>	Decade low — asset dispositions

## BULL THESIS — MEAN REVERSION CASE

ARE trades at 6.9x forward P/FFO — a 59% discount to its historical average of ~17x and the cheapest valuation in the company's history. Even adjusting for the dividend cut and asset dispositions, the current multiple implies permanent impairment that is unlikely given ARE's irreplaceable life science campus portfolio.

- Deepest NAV discount in ARE history (–54.8%), pricing in near-bankruptcy
- Asset sales (\$3B target in 2026) will reduce debt and improve quality of remaining portfolio
- Dividend payout ratio ~45% at current FFO — sustainable floor; further cuts unlikely
- Life science demand is secular: AI drug discovery, genomics, synthetic biology
- Supply constraints: No speculative lab space being built; occupancy floor likely forming
- Analyst consensus price target: \$58.71 (+33% upside), high target \$70
- A reversion to just 10x P/FFO on \$6.40 FFO = \$64/share (+45% upside)

## KEY RISKS

- Prolonged life science downturn — VC funding remains weak
- Further NAV writedowns / additional impairments possible
- Asset sales at worse-than-expected prices pressure balance sheet
- FFO guidance of \$6.40 may disappoint if occupancy declines further
- \$13.6B debt load requires refinancing at elevated rates

## TOTAL RETURN SCENARIOS

Scenario	Price Target	Capital Upside
5-Yr Avg P/FFO (9.3x)	\$59.52	+34.9%
10-Yr Avg P/FFO (10.5x)	\$67.20	+52.3%
NAV Reversion (0.75x)	\$73.50	+66.5%
Bull Case (15x P/FFO)	\$96.00	+117.6%

## DIVIDEND HISTORY

Year	Ann. Div.	Yield
2022	\$4.66	~2.9%
2023	\$4.68	~4.5%
2024	\$4.68	~6.2%
2025	\$2.88*	~5.5%
2026E	\$2.88	5.5%

\* 45% dividend cut in Q4 2025

# VICI

VICI Properties Inc.

Gaming &amp; Experiential Net-Lease REIT | NYSE: VICI

Current Price: **\$28.23**11.6x P/AFFO vs. 14.9x historical average  
— CPI-linked escalators ignored by market

Current Price <b>\$28.23</b> Apr 2026	52-Wk High <b>\$34.01</b> 2025 peak	Decline from High <b>-16.9%</b>	2025 AFFO/Share <b>\$2.38</b> Actual	2026E AFFO/Share <b>\$2.44</b> Mgmt guidance mid	P/AFFO (Current) <b>11.6x</b> vs. 14.9x hist.	Dividend Yield <b>6.5%</b> \$1.80 ann.	5-Yr Div CAGR <b>7.1%</b> 7 years straight
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## AFFO, DIVIDEND & VALUATION HISTORY

Year	AFFO/Share	Dividend	Div. Growth	P/AFFO Est.	Note
2021	~\$1.72	\$1.50	—	~18x	Post-IPO growth phase
2022	~\$1.91	\$1.56	<b>+4.0%</b>	~15–17x	Rate hike headwinds begin
2023	~\$2.10	\$1.62	<b>+3.8%</b>	~14–16x	First full year as S&P; 500 member
2024	~\$2.26	\$1.68	<b>+3.7%</b>	<b>~13–15x</b>	Venetian + Golden Portfolio
2025	\$2.38	\$1.77	<b>+5.4%</b>	<b>~12–14x</b>	Strong AFFO growth; rate fears persist
2026 E	\$2.44	\$1.80	<b>+1.7%</b>	<b>11.6x</b>	Current — historically cheap

## BULL THESIS — THE CPI ESCALATOR ADVANTAGE

VICI is the world's largest owner of gaming real estate with triple-net leases on Caesars Palace, MGM Grand, The Venetian, and 50+ other iconic properties. Despite 100% rent collection through COVID and every macro shock, the stock trades 22% below its historical P/AFFO average — entirely due to rate sensitivity fears, not fundamental deterioration.

- 40% of rent currently CPI-linked; 90% of long-term rent escalates with CPI (1.5–3% floors/caps)
- AFFO has grown every single year since IPO — 38% cumulative growth from 2021 to 2026E
- 100% rent collection through COVID, rate cycles, inflation — zero credit loss events
- Dividend raised 7 consecutive years; 7.1% 5-year CAGR
- Triple-net leases: tenants pay all operating costs, taxes, insurance — >97% EBITDA margins
- Irreplaceable assets: Caesars Palace, MGM Grand, The Venetian cannot be replicated
- At 14.9x historical P/AFFO on \$2.44 AFFO = \$36.36 implied fair value (+29% upside)
- Dual macro bet: CPI persists → rent grows; inflation falls → rates down, multiple expands

### KEY RISKS

- Caesars (39% of rent) + MGM (35%) = 74% tenant concentration
- \$1.75B debt maturing 2026 must refinance at elevated rates
- Consumer discretionary weakness could pressure gaming revenues
- Digital/mobile gaming competition threatening casino visitation

## TOTAL RETURN SCENARIOS

Scenario	Price Target	Capital Upside
P/AFFO → 5-Yr Avg (13.5x)	\$32.94	+16.7%
P/AFFO → 10-Yr Avg (14.9x)	\$36.36	+28.8%
P/AFFO → Pre-Rate Peak (17x)	\$41.48	+46.9%
Analyst High Target	\$40.00	+41.7%

## RENT ESCALATOR STRUCTURE

Property	Escalator	Cap
Venetian	Greater of 2% or CPI	3.0%
Caesars	Greater of 2% or CPI	3.0%
MGM Portfolio	2% fixed + CPI kicker	3.0%
Canadian Portfolio	Greater of 1.5% or CPI	2.5%
Northfield Park	Greater of 2% or CPI	3.0%

# MSDL

Morgan Stanley Direct Lending Fund

Business Development Company (BDC) | NYSE: MSDL

Current Price: **\$14.21**30% discount to NAV — 12.7% yield —  
Morgan Stanley-sponsored senior  
secured portfolio

Current Price <b>\$14.21</b> Apr 2026	NAV/Share <b>\$20.26</b> Dec 31, 2025	Price/NAV <b>0.70x</b> 30% discount	IPO Price <b>\$20.67</b> Jan 2024	52-Wk High <b>\$20.90</b> Mar 2025	Ann. Dividend <b>\$1.80</b> Q1 2026: \$0.45	Yield (Price) <b>12.7%</b> On \$14.21	Yield (NAV) <b>8.9%</b> On \$20.26 NAV
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## NAV, NII & DIVIDEND HISTORY

Quarter	NAV/Share	NII/Share	Dividend	Coverage	P/NAV
IPO (Q1 2024)	\$20.67	\$0.52	\$0.50	104%	~1.00x
Q2 2024	\$20.83	\$0.52	\$0.50	104%	~0.98x
Q3 2024	\$20.83	\$0.52	\$0.50	104%	~0.97x
Q4 2024	\$20.81	\$0.52	\$0.50	104%	~0.96x
Q1 2025	\$20.60	\$0.52	\$0.50	104%	~0.95x
Q4 2025	<b>\$20.26</b>	\$0.49	\$0.50	98%	<b>~0.70x</b>
Q1 2026	<b>\$20.26E</b>	\$0.45E	\$0.45*	<b>~100%</b>	<b>0.70x</b>

\* Dividend cut from \$0.50 to \$0.45 in Q1 2026

## BULL THESIS — DEEP NAV DISCOUNT + HIGH YIELD

MSDL was brought public in January 2024 by Morgan Stanley at \$20.67/share. Today it trades at \$14.21 — a 31% discount to its \$20.26 NAV. The 30% discount and 12.7% yield reflect fears about NII compression and non-accrual growth, but the underlying portfolio is 96% first-lien senior secured across diversified middle-market companies.

- 96% first-lien senior secured loans — highest priority claim in bankruptcy
- 99.6% floating-rate portfolio — benefits from sustained higher rates
- Morgan Stanley sponsorship: institutional origination platform and deal flow
- Dividend cut to \$0.45 is now more sustainable vs. prior undercoverage
- A re-rate to NAV from 0.70x alone = +43% capital appreciation
- 12.7% current yield provides significant income while awaiting re-rate
- Non-accruals at 1.6% (cost) — elevated but not catastrophic
- Average borrower LTV ~40% — significant equity cushion below debt
- Comparable BDCs (ARCC) trade at -4% discount; MSDL discount is excessive

## KEY RISKS

- Non-accruals jumped 8x in 2025 (0.2% → 1.6%) — credit deterioration trend
- NII down 20% YoY in 2025 — compression from rate cuts and spread tightening
- NAV has declined 5 consecutive quarters — no floor confirmed yet
- SaaS/software exposure (20% of portfolio) remains under stress
- Small scale (\$3.8B AUM) vs. peers limits diversification and cost advantages

## TOTAL RETURN SCENARIOS

Scenario	Price Target	Capital Upside
Conservative (0.85x NAV)	\$17.22	+21.2%
Reversion to NAV (1.0x)	\$20.26	+42.6%
Modest Premium (1.05x NAV)	\$21.27	+49.7%

## BDC PEER COMPARISON

BDC	P/NAV	Yield	Non-Accruals
MSDL	0.70x	12.7%	1.6%
OBDC	0.74x	13.6%	1.1% FV
ARCC	~1.08x	10.0%	~0.5%
MAIN	~1.89x	~7.0%	Very low

# OBDC

Blue Owl Capital Corporation

Business Development Company (BDC) | NYSE: OBDC

Current Price: **\$11.01**26% discount to \$14.81 NAV — 13.6%  
yield — Blue Owl's \$19B combined  
platform

Current Price <b>\$11.01</b> Apr 2026	NAV/Share <b>\$14.81</b> Dec 31, 2025	Price/NAV <b>0.74x</b> 26% discount	52-Wk High <b>\$15.19</b> Recent high	Ann. Dividend <b>\$1.48</b> \$0.37/quarter	Yield (Price) <b>13.6%</b> On \$11.01	Yield (NAV) <b>10.2%</b> On \$14.81 NAV	Q4 NII/Share <b>\$0.36</b> vs. \$0.37 div.
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## NAV TREND & DIVIDEND COVERAGE HISTORY

Period	NAV/Share	NII/Share	Dividend	Coverage	P/NAV
Full Year 2024	\$15.26 (yr-end)	\$1.90 ann.	\$1.48	128%	~0.99x
Q4 2024	\$15.26	\$0.47	\$0.37	127%	~0.99x
Q1 2025	\$15.14	\$0.47	\$0.37	127%	~0.95x
Q2 2025	\$15.03	\$0.48	\$0.37	130%	~0.92x
Q3 2025	<b>\$14.89</b>	\$0.47	\$0.37	127%	<b>-0.88x</b>
Q4 2025	<b>\$14.81</b>	\$0.36	\$0.37	97%	<b>0.74x</b>

## BULL THESIS — PANIC PRICING & MEAN REVERSION

OBDC traded at a 21% *premium* to NAV as recently as early February 2026 — and within two months fell to a 26% *discount*, entirely driven by a private credit sector panic and fears about tech portfolio stress. The fundamental picture is far less dire: 75.8% first-lien, \$400M asset sale at 99.8% of par, and \$148M in accretive share buybacks.

- Traded at 1.21x NAV (Feb 2026) → 0.74x NAV (Apr 2026) — panic, not fundamentals
- 75.8% first-lien senior secured; 96.3% floating rate — insulated from rate declines
- \$148M share buybacks at 86% of book value in Q4 2025 — highly accretive to NAV
- \$400M asset sale at 99.8% par in Feb 2026 proves portfolio quality is intact
- OBDC + OBDC II merger creates \$18.9B combined BDC — scale, diversification, cost savings
- Non-accruals: 1.1% at fair value — competitive with sector average
- Blue Owl Credit: \$100B+ AUM, institutional origination platform, proven cycle management
- Mean reversion to NAV from 0.74x = +34.6% capital gain plus 13.6% yield
- Authorized \$200M share repurchase program through May 2027 — puts floor under stock

### KEY RISKS

- Q4 2025 NII (\$0.36) below dividend (\$0.37) — dividend cut possible if sustained
- Technology/software concentration (~13%) still vulnerable to defaults
- NAV has eroded 4.1% over 24 months (Dec 2023 → Dec 2025)
- Rate cuts compress floating-rate NII; net spread may narrow further
- OBDC II merger integration creates short-term uncertainty

## TOTAL RETURN SCENARIOS

Scenario	Price Target	Capital Upside
Conservative (0.92x NAV)	\$13.63	+23.8%
Reversion to NAV (1.0x)	\$14.81	+34.6%
Modest Premium (1.05x)	\$15.55	+41.2%
Pre-Panic Level (1.21x)	\$17.92	+62.8%

## PORTFOLIO QUALITY SNAPSHOT

Metric	OBDC
% First-Lien Senior	75.8%
% Total Secured	81.3%
% Floating Rate	96.3%
Avg. Yield on Debt	10.6%
Non-Accruals (FV)	1.1%
Portfolio Companies	256
Leverage Ratio	1.17x

## IMPORTANT DISCLOSURES

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*All prices, yields, multiples, and NAV figures are as of April 2026 unless otherwise noted. Past performance is not indicative of future results. All investments involve risk, including the possible loss of principal.*

*The total return scenarios presented are hypothetical and based on mean reversion to historical valuation multiples. Actual returns may differ materially from these projections. There is no guarantee that any security will trade at its historical valuation multiple or at its net asset value.*

*ARE, VICI, MSDL, and OBDC are each subject to specific risks including but not limited to: real estate market risk, interest rate risk, credit risk, liquidity risk, leverage risk, and macroeconomic risk. Investors should carefully review each company's SEC filings, including Form 10-K and 10-Q, before making any investment decision.*

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*Securities mentioned: ARE (Alexandria Real Estate Equities), VICI (VICI Properties), MSDL (Morgan Stanley Direct Lending Fund), OBDC (Blue Owl Capital Corporation).*