



# EPR Properties (EPR)

Updated August 22<sup>nd</sup>, 2025, by Josh Arnold

## Key Metrics

<b>Current Price:</b>	\$54	<b>5 Year CAGR Estimate:</b>	9.7%	<b>Market Cap:</b>	\$4.1 B
<b>Fair Value Price:</b>	\$61	<b>5 Year Growth Estimate:</b>	2.0%	<b>Ex-Dividend Date:</b>	08/29/25 <sup>1</sup>
<b>% Fair Value:</b>	88%	<b>5 Year Valuation Multiple Estimate:</b>	2.5%	<b>Dividend Payment Date:</b>	09/19/25
<b>Dividend Yield:</b>	6.6%	<b>5 Year Price Target</b>	\$68	<b>Years Of Dividend Growth:</b>	4
<b>Dividend Risk Score:</b>	F	<b>Sector:</b>	Real Estate	<b>Rating:</b>	Hold

## Overview & Current Events

EPR Properties is a specialty real estate investment trust, or REIT, that invests in properties in specific market segments that require industry knowledge to operate effectively. It selects properties it believes have strong return potential in Entertainment, Recreation, and Education. The REIT structures its investments as triple net, a structure that places the operating costs of the property on the tenants, not the REIT. The portfolio includes about \$7 billion in investments across 300+ locations in 44 states, including over 250 tenants. Total revenue should be in excess of \$700 million this year, and the stock is valued at \$4.1 billion.

EPR posted second quarter earnings on July 30<sup>th</sup>, 2025, and results were largely in line with expectations. FFO-per-share came to \$1.26, meeting expectations. FFO was up from \$1.22 a year ago, and \$1.12 in Q1. Revenue was up about 3% year-over-year to \$178 million, beating estimates by about \$1.6 million.

Property expenses were \$14.7 million, down from \$15.2 million in Q1, but higher from \$14.4 million in last year's Q2. Adjusted EBITDA rose to \$138 million, up from \$132 million in Q1, and \$135 million a year ago. Investment spending was \$49 million in Q2, while realized disposition proceeds were \$36 million, of which almost half was a recognized net gain.

Guidance was confirmed at \$5.00 to \$5.16 in FFO-per-share, so we've moved our estimate up very slightly to \$5.10.

## Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
<b>AFFO</b>	\$4.44	\$4.82	\$5.02	\$6.10	\$5.44	\$1.43	\$3.09	\$4.69	\$5.18	\$4.87	<b>\$5.10</b>	<b>\$5.63</b>
<b>DPS</b>	\$3.63	\$3.84	\$4.08	\$4.32	\$4.50	\$1.51	\$1.50	\$3.25	\$3.30	\$3.40	<b>\$3.54</b>	<b>\$3.72</b>
<b>Shares<sup>2</sup></b>	58	64	71	74	78	75	75	75	76	76	<b>76</b>	<b>78</b>

EPR managed to grow nicely in the years since the financial crisis, which saw its AFFO fall to just \$1.30 in 2009. From 2010 to 2019, EPR compounded AFFO at almost 8% annually. Of course, 2020 proved to be a significantly down year, with a recovery in 2021 that continues today. However, earnings have plateaued and 2025 looks to be another year below that of 2023.

Previously, EPR enjoyed exceedingly high occupancy rates, which afforded it pricing power and higher margins over time. We used to like EPR's exposure to experiential parts of the economy, but with uncertainty surrounding these businesses, we're cautious on EPR's future. That said, current results seem to indicate that the worst is behind EPR, and the Regal restructuring is a big step forward. We're reiterating our growth estimate at 2% as we think EPR's current level of earnings is sustainable, but tough to grow meaningfully from for the time being.

The dividend is at a rate of \$3.54 per share annually, which we believe will grow slowly in the years to come. The stock yields 6.6% now, which is impressive given the trust went several months with no dividend payment. EPR has now raised its dividend for four consecutive years with its March 2025 boost. In addition, the dividend is paid monthly, rather than quarterly, so its yield is extremely attractive.

<sup>1</sup> Estimated date

<sup>2</sup> Share count in millions

*Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.*



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## Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
<b>Avg. P/AFFO</b>	12.9	14.7	14.2	10.4	13.8	25.7	15.6	7.9	9.4	9.1	<b>10.6</b>	<b>12.0</b>
<b>Avg. Yld.</b>	6.3%	5.4%	5.7%	6.8%	6.0%	4.1%	3.1%	8.6%	6.8%	7.7%	<b>6.6%</b>	<b>5.5%</b>

EPR's normalized price-to-AFFO-per-share ratio has averaged 13.3 since 2010. We see fair value at 12 times AFFO, as we see conditions as having normalized for the most part. At the current valuation of 10.6 times AFFO, we view EPR as somewhat undervalued.

The yield is at a very impressive 6.6% presently following the most recent dividend increase, and weak action in the share price. We expect the combination of a potentially higher valuation and higher dividend payments to keep the yield in the area of 6%.

## Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
<b>Payout</b>	82%	80%	81%	71%	83%	106%	49%	69%	64%	70%	<b>69%</b>	<b>66%</b>

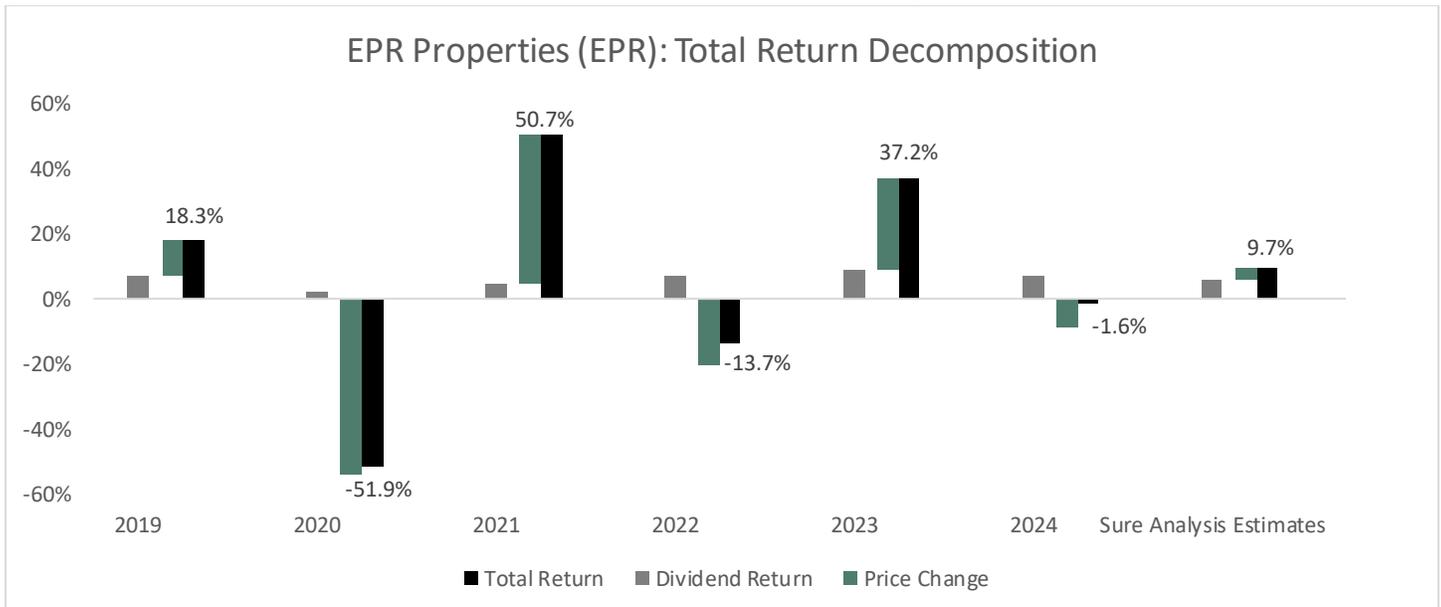
We are forecasting the payout ratio to decline to 66% of AFFO by 2030, which is in line with most years in the past decade as we believe EPR will want to reduce the risk of another dividend suspension and/or cut.

EPR's competitive advantage is its portfolio of specialized properties. EPR has methodically identified the most profitable properties through years of experience and focuses its investments in these areas. It certainly isn't immune to recessions, but it remained profitable during the worst of the financial crisis and continued to pay its dividend. We see EPR as one of the better-run REITs in our coverage universe for these reasons, but we also note that the damage done to EPR's experiential tenants during the pandemic was enormous.

## Final Thoughts & Recommendation

EPR is undervalued in our view, driving a potential 2.5% tailwind. We like the strong operating history and track record of capital returns, and the high dividend yield of 6.6% is making the stock attractive, even with little growth. With total projected returns at 9.7%, we are reiterating the stock at a hold rating.

## Total Return Breakdown by Year



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## Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Revenue</b>	421	493	518	640	652	415	532	611	660	641
<b>Gross Profit</b>	398	471	487	610	591	356	475	555	602	582
<b>Gross Margin</b>	94.4%	95.4%	94.0%	95.4%	90.7%	85.9%	89.3%	91.5%	91.2%	90.8%
<b>SG&amp;A Exp.</b>	50	38	43	49	46	43	44	52	56	50
<b>D&amp;A Exp.</b>	90	108	133	153	172	170	164	163	167	165
<b>Operating Profit</b>	258	326	322	423	386	112	289	342	378	354
<b>Operating Margin</b>	61.4%	66.0%	62.2%	66.1%	59.2%	27.1%	54.3%	52.0%	57.3%	55.2%
<b>Net Profit</b>	195	225	263	267	202	(132)	99	176	173	146
<b>Net Margin</b>	46.2%	45.6%	50.7%	41.7%	31.0%	-32%	18.5%	26.7%	26.2%	22.8%
<b>Free Cash Flow</b>	278	305	398	484	440	65	307	442	447	393
<b>Income Tax</b>	0	1	2	2	(3)	17	2	1	2	1

## Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Total Assets</b>	4,217	4,865	6,191	6,131	6,578	6,704	5,801	5,759	5701	5617
<b>Cash &amp; Equivalents</b>	4	19	42	6	529	1,026	289	108	78	22
<b>Accounts Receivable</b>	62	75	83	85	85	116	76	54	64	85
<b>Goodwill &amp; Int. Ass.</b>	9	15	29	42	45	42	38	37	35	32
<b>Total Liabilities</b>	2,143	2,679	3,264	3,266	3,572	4,074	3,183	3,223	3247	3293
<b>Accounts Payable</b>	92	120	137	168	123	105	73	80	95	108
<b>Long-Term Debt</b>	1,982	2,486	3,029	2,986	3,103	3,694	2,804	2,810	2816	2860
<b>Shareholder's Equity</b>	2,074	2,186	2,927	2,865	3,006	2,630	2,618	2,536	2454	2323
<b>LTD/E Ratio</b>	0.96	1.14	1.03	1.04	1.03	1.40	1.07	1.11	1.15	1.23

## Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Return on Assets</b>	4.9%	5.0%	4.8%	4.3%	3.2%	-2.0%	1.6%	3.0%	3.0%	2.6%
<b>Return on Equity</b>	9.7%	10.6%	10.3%	9.2%	6.9%	-4.7%	3.8%	6.8%	6.9%	6.1%
<b>ROIC</b>	5.1%	5.2%	4.9%	4.5%	3.4%	-2.1%	1.7%	3.3%	3.3%	2.8%
<b>Shares Out.</b>	58	64	71	74	78	75	75	75	76	76
<b>Revenue/Share</b>	7.22	7.77	7.27	8.61	8.49	5.46	7.11	8.14	8.71	8.43
<b>FCF/Share</b>	4.77	4.81	5.59	6.52	5.72	0.86	4.11	5.89	5.91	5.17

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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