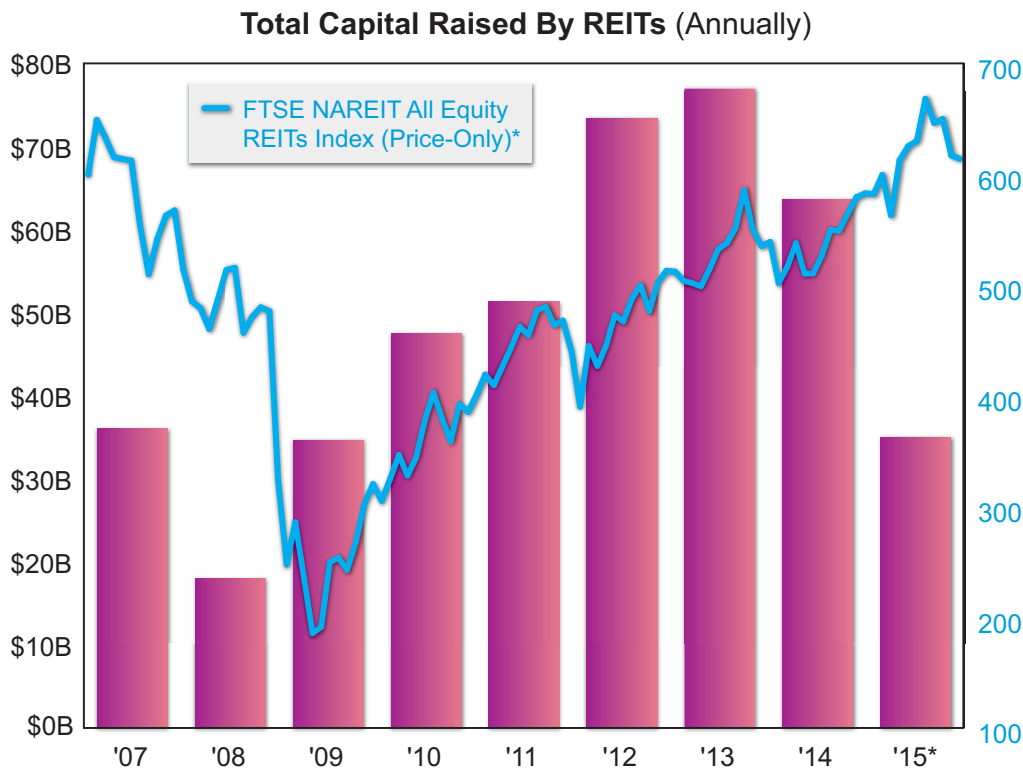


The Ability Of REITs To Raise Capital Is A Good Sign For Investors



Sources: SNL Financial, NAREIT®, Bloomberg, REIT.com. *YTD through 5/31/15.

View from the Observation Deck

1. From 12/31/13-3/31/15 (15 months), the FTSE NAREIT All Equity REITs Index posted a cumulative total return of 33.12%, according to Bloomberg. The index, however, was down 5.35% from 3/31/15 through 6/19/15.
2. While interest rates have generally moved higher in 2015, as measured by the benchmark 10-Year Treasury Note (T-Note), the move was a modest 9 basis point increase to 2.26%, from 12/31/14 through 6/19/15, according to Bloomberg.
3. The yield on the 10-Year T-Note, however, did make a notable move from 1.86% on 4/1/15 to a 2015-high of 2.49% on 6/10/15. We believe that this spike may have motivated some investors to sell or take profits, especially when you factor in the Federal Reserve's comments regarding the potential for a federal funds rate hike at some point in 2015.
4. In order to qualify as a REIT, or Real Estate Investment Trust, at least 90% of all taxable income must be distributed to shareholders, according to REIT.com. The REIT must pay corporate income taxes on income it retains, like any other corporation.
5. Since most REITs distribute close to 100% of taxable income to shareholders, REITs usually raise capital by issuing stock in the primary and secondary markets, or via debt securities.
6. Their ability to raise capital can be interpreted as a sign of confidence in the REIT market, in our opinion.
7. From 2007 through 2014, REITs were able to raise \$50.2 billion per year, on average (see chart). REITs raised \$73.3 billion in 2012, \$77.0 billion in 2013, and \$63.6 billion in 2014.
8. REITs raised \$34.9 billion in the first five months of 2015. If this pace were to hold up for the remainder of the year, the industry would raise approximately \$83 billion.

This chart is for illustrative purposes only and not indicative of any actual investment. The illustration excludes the effects of taxes and brokerage commissions or other expenses incurred when investing. Investors cannot invest directly in an index. The FTSE NAREIT All Equity REITs Index is a free float adjusted market capitalization-weighted index that includes all tax qualified REITs listed on the major U.S. exchanges.