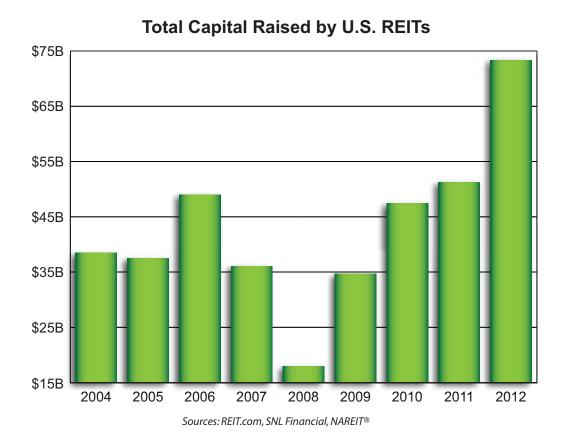
A Sign Of Strength For REITs



View from the Observation Deck

- 1. Equity REITs are one of the top performing asset classes since the end of the last bear market in stocks (3/9/09), as measured by the FTSE NAREIT Equity REITs Index.
- 2. From 3/9/09-2/15/13, the FTSE NAREIT Equity REITs Index posted a cumulative total return of 278.79%, or 40.19% annualized, according to Bloomberg.
- 3. Despite the eye-popping return, the index stood 20% below its 10-year high on 2/15/13.
- 4. REITs are classified as financials and their valuations were decimated along with banks and other financial firms during the global credit crisis in 2008.
- 5. REITs were clearly unable to raise capital in 2008 (see chart), either via IPOs, secondary equity offerings or debt issuance.
- 6. The ability to raise capital has been instrumental in drawing investors back to this asset class, in our opinion. REITs can use the capital to shore up their balance sheets, or perhaps make acquisitions.
- 7. REITs were successful in raising \$73.2 billion in 2012 and \$51.3 billion in 2011, surpassing the previous high of \$49.0 billion in 2006 the peak period in the real estate bubble.

The performance data referenced is for illustrative purposes only and not indicative of any actual investment. The index performance data excludes the effects of taxes and brokerage commissions or other expenses incurred when investing. Investors cannot invest directly in an index. The FTSE NAREIT 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.