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DANIELS COLLEGE OF BUSINESS



DIVIDEND CAPITAL[®]

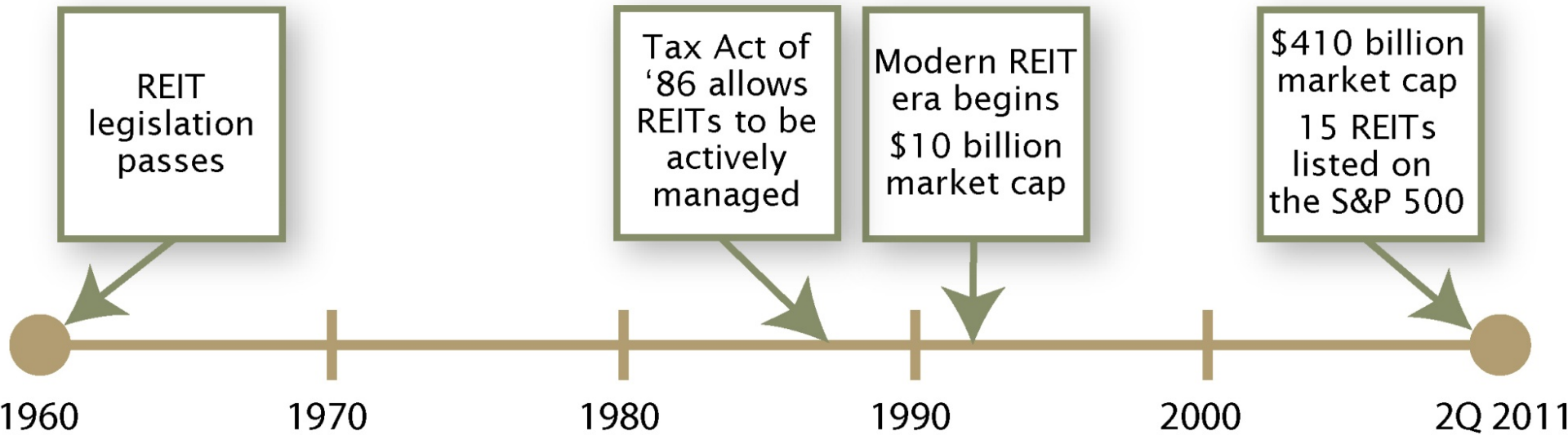
- Securitization:
- The process of *converting* an income stream from a fixed asset, such as real estate, into a *security* with a value that can readily be *determined in the market* and *readily traded*.

REITs Defined

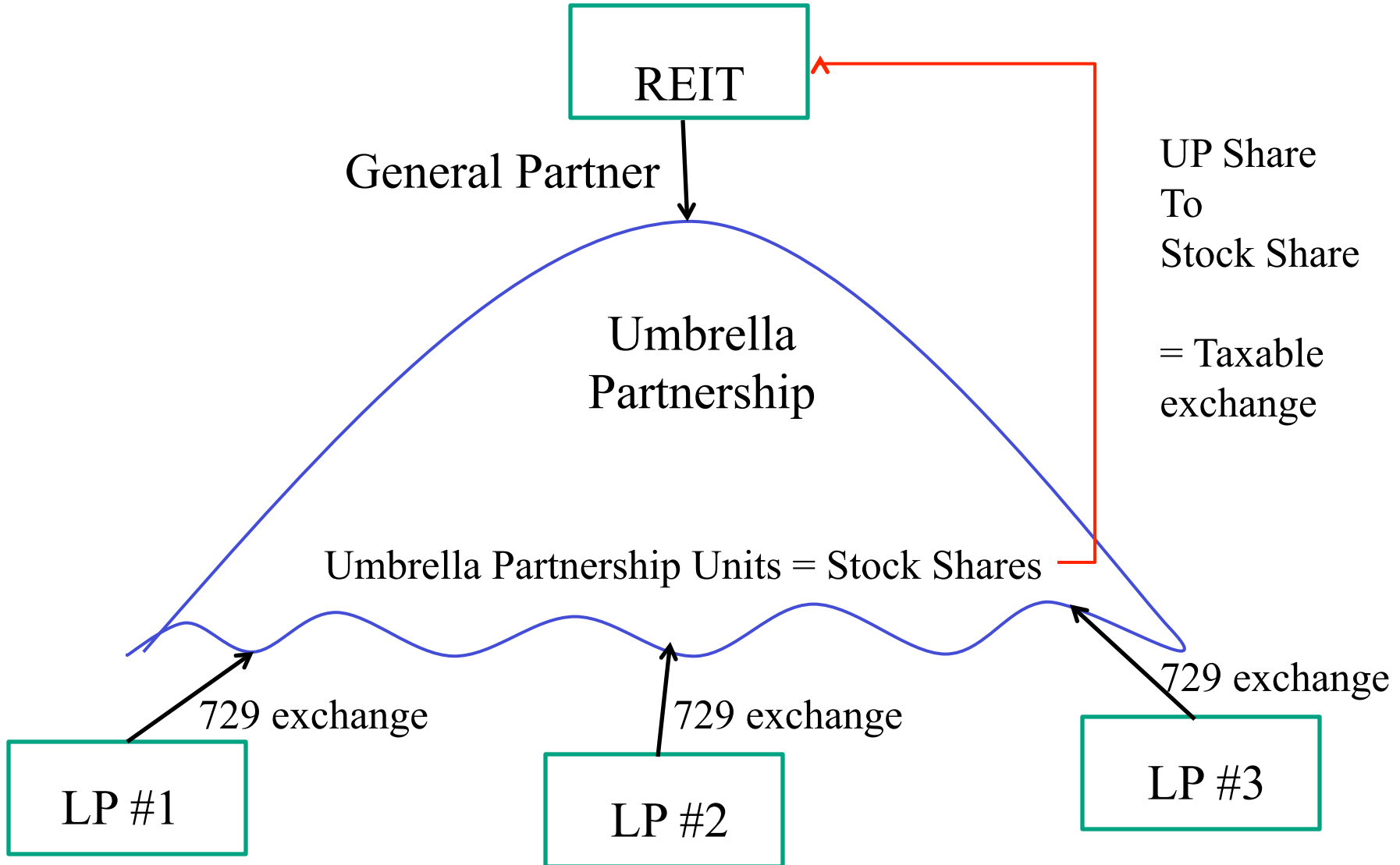
- **Investment Conduit created in 1960 to own & manage commercial real estate**
- **Elective choice under U.S. tax code**
 - **Must distribute 90% of taxable income**
 - **At least 75% of assets and income (rents, interest, sale gains) from real estate**
 - **Less than 30% of gross income can be property sales held less than 4 years**
 - **Minimum 100 shareholders**
 - **No more than 50% of shares held by five or fewer investors**
- **Income is taxed at shareholder level (dividends)**
- **Mostly Equity REITs (some debt and hybrid)**
- **Most traded on NYSE**

The Modern Real Estate Evolution

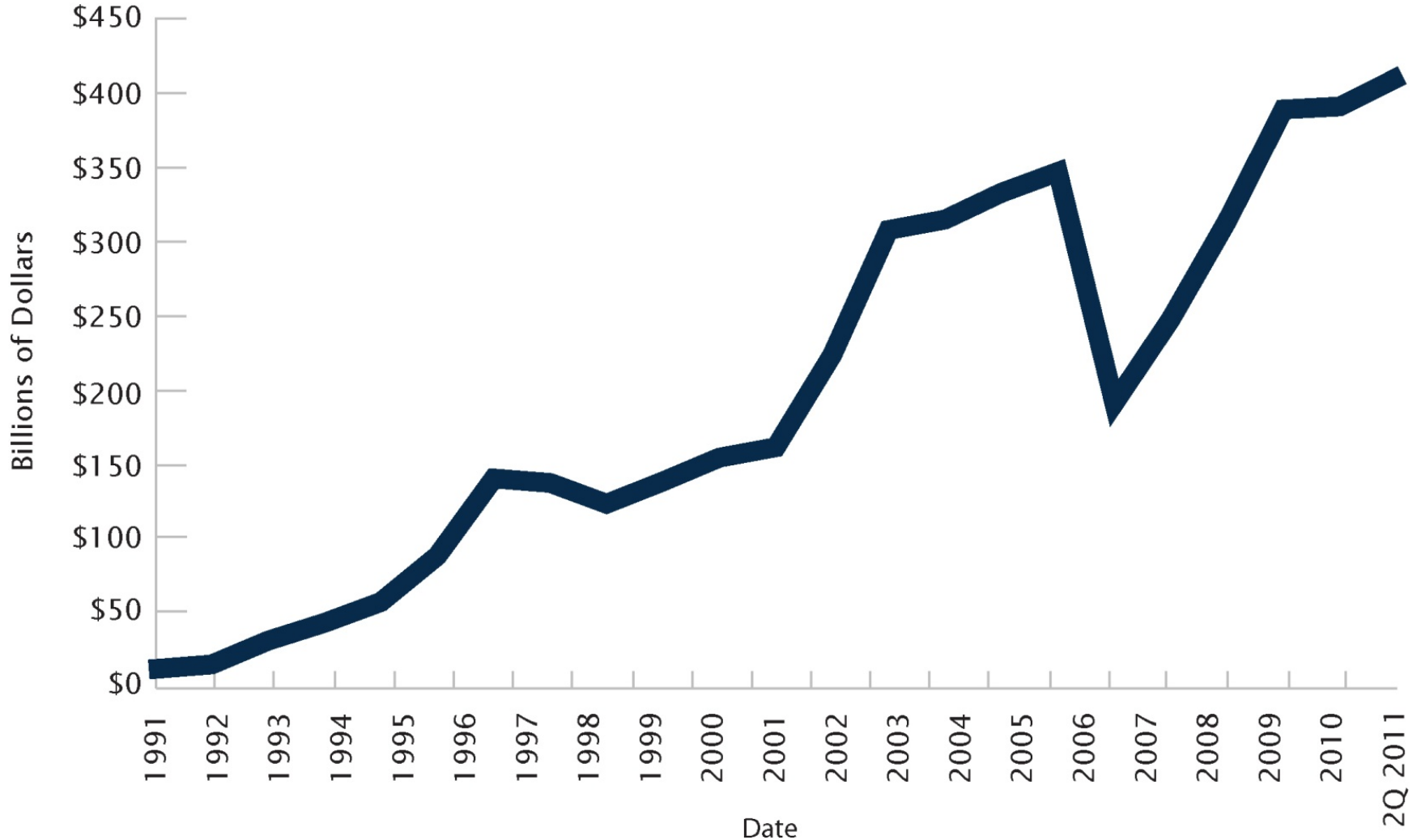
Beginning in the early 1990s, the real estate asset class grew from a sector market capitalization of around \$10 billion to approximately \$314 billion in 1Q2010.



1992 Umbrella Partnership REIT



Market Capitalization Growth of Public Equity REITs



Source: NAREIT data as of 01/31/2010. **Past performance is not a guarantee of future results.** This is for illustrative purposes only and is not indicative of any investment. The NAREIT data shown reflects market capitalization of the public U.S. real estate investment trust market. REITs included in this data are publicly traded.

REIT History

- Formed by an act of Congress in 1960
- Construction Mortgage REITs in early 1970s
- Ignored due to Limited Partnerships in 1970s & 80s
- 1986 Tax Act Allowed Active Internal Management
- Kimco REIT started new ERA in 1991
- 1992 FFO Established
- Taubman created UPREIT in 1992
- Growth was key to success in 1990s = Mega REITs
- 1999 FFO revised
- 2000 Taxable REIT subsidiaries allowed
- 2000 added BACK into S&P 500
- 2009 REITs raise \$28 Billion in equity (largest ever)

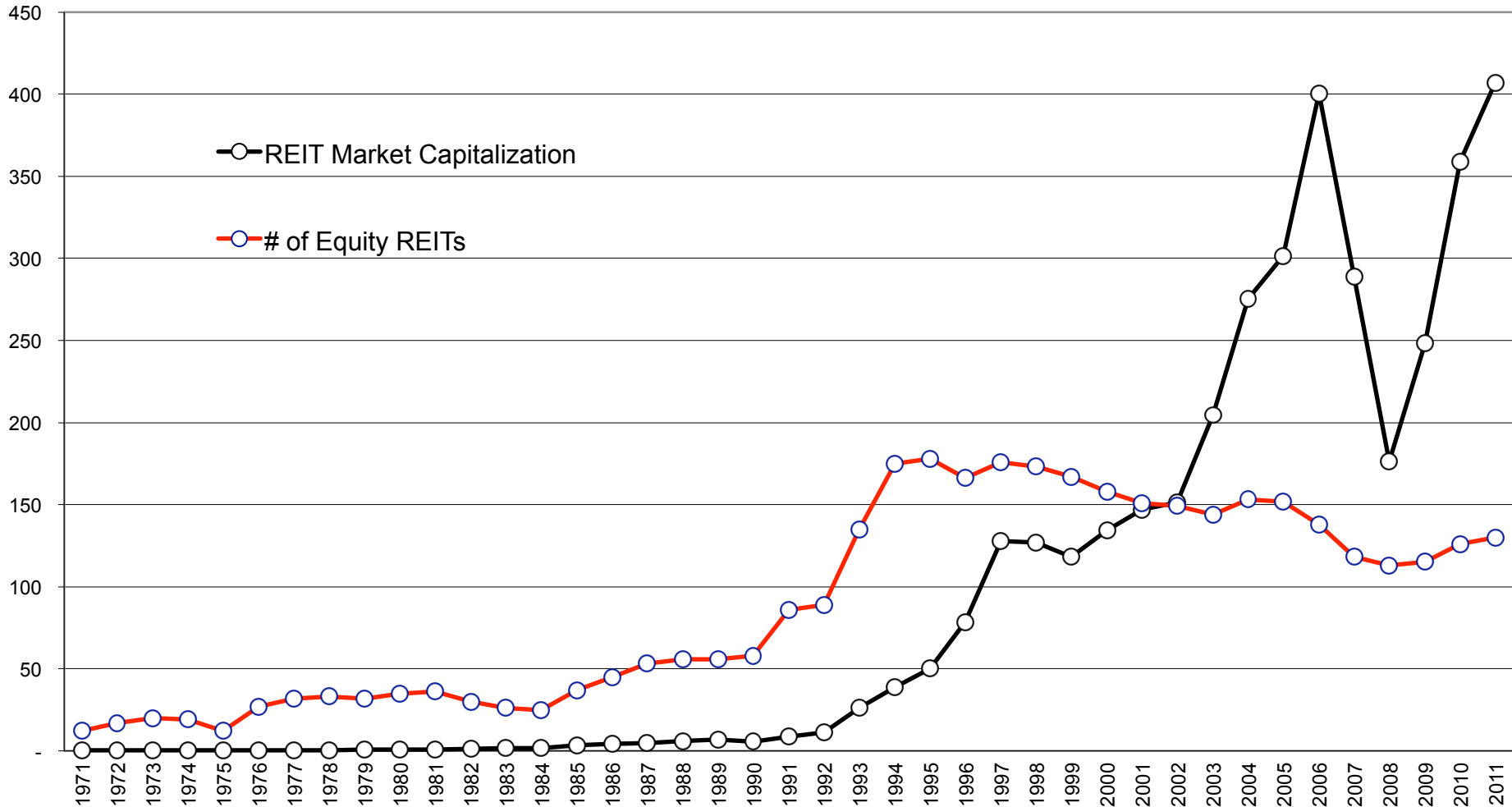
Why REITs Benefit the Real Estate Industry

- Access to Public Market Capital
- Professional Management
- Longer term investment focus = better prop mgt
- Managers *aligned* with stockholders
- Heavily Researched (over 500 REIT analysts)
- Lower Leverage (50% for REITs vs. 75% for private RE)
- Real Time Pricing
- Dividend Discipline
- Liquidity

Growth in # Companies and \$ Size of Companies

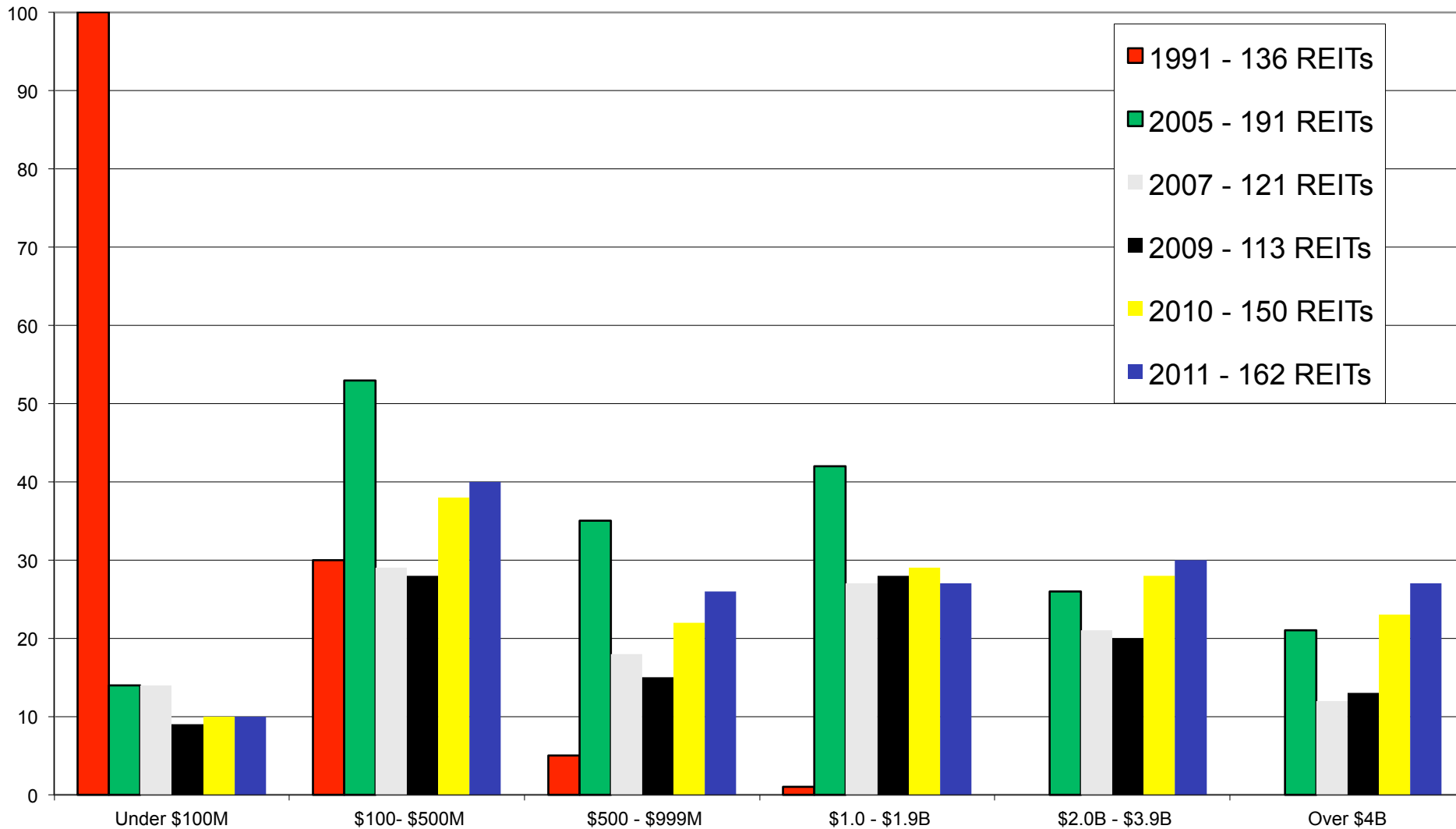
Equity REIT Market Capitalization (December 1971 - December 2011)

Billions of dollars

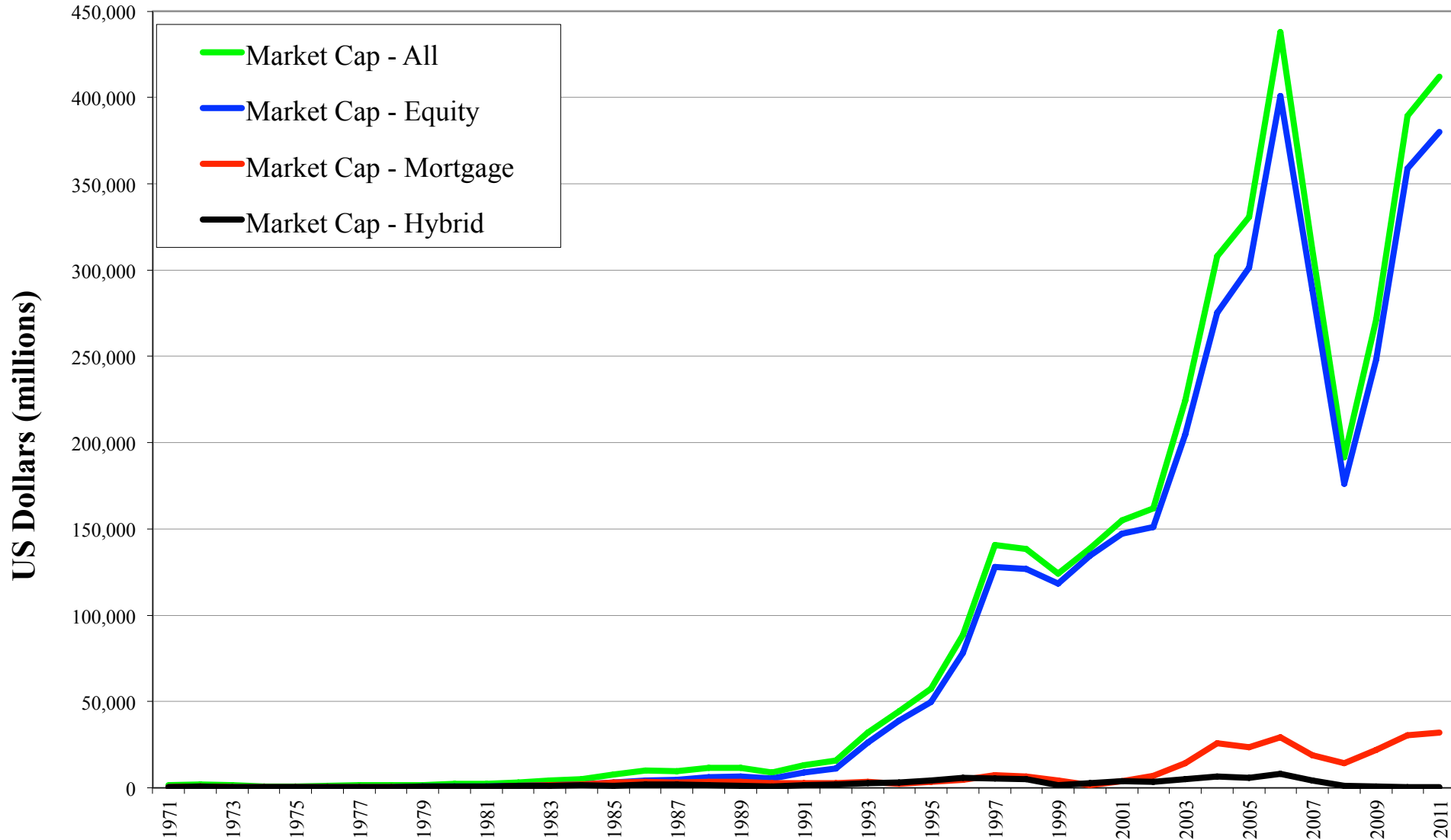


Growth in Company Size

REIT Market Capitalization - Size Distribution

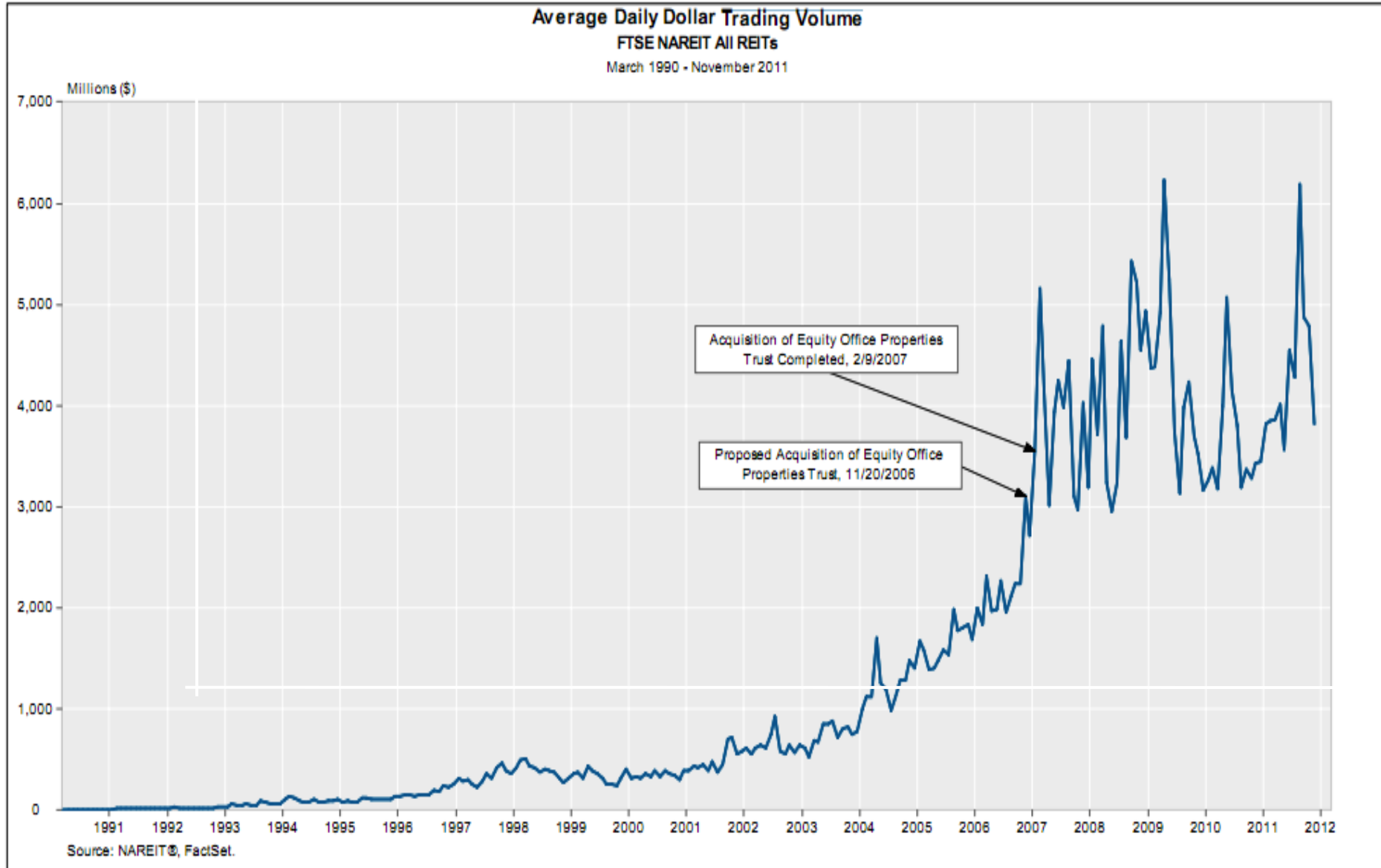


Historic Market Capitalization Growth



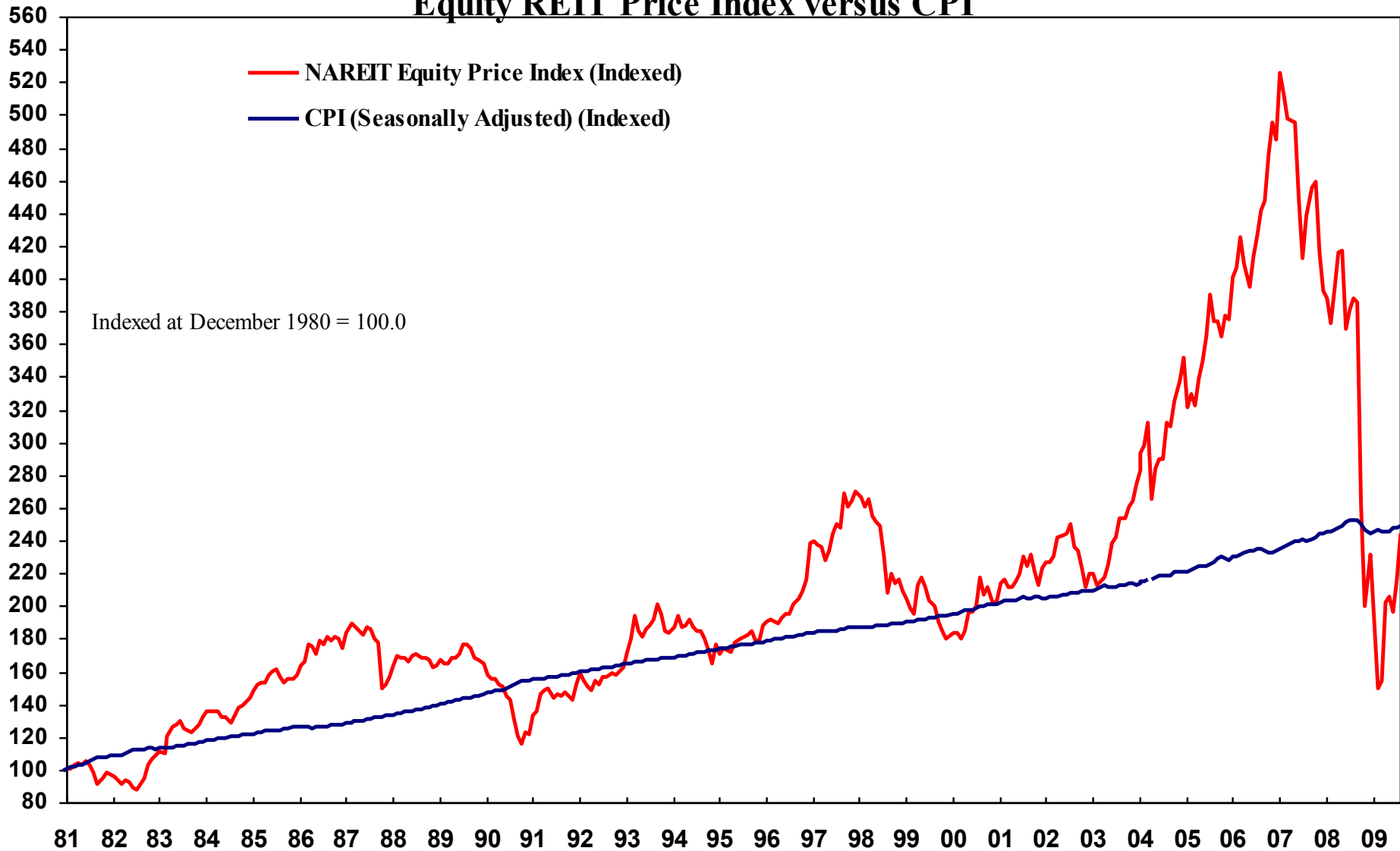
Source: NAREIT

Improving Liquidity for Large Trades

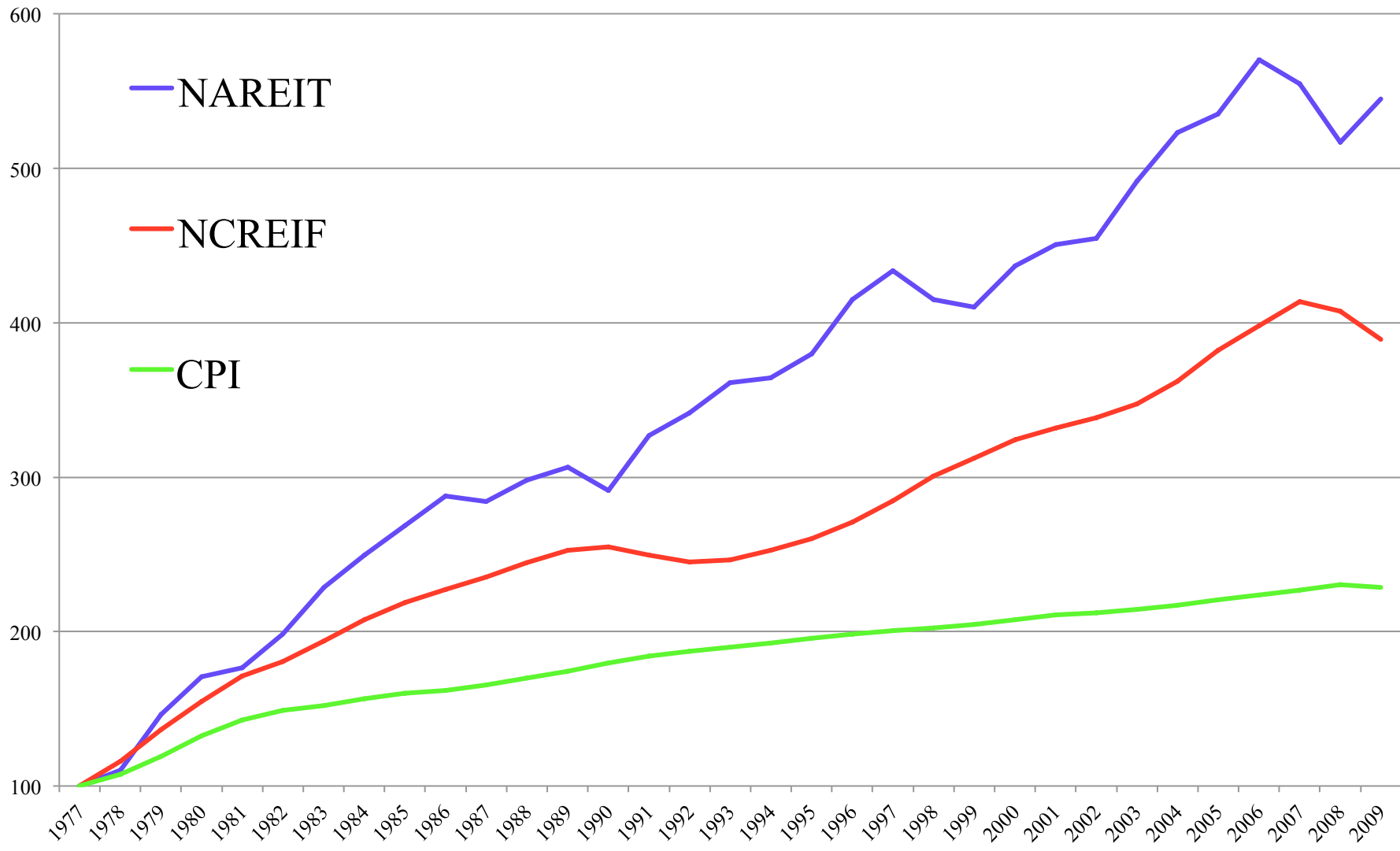


REITs Provide Inflation Protection - (Capital Preservation)

Equity REIT Price Index versus CPI



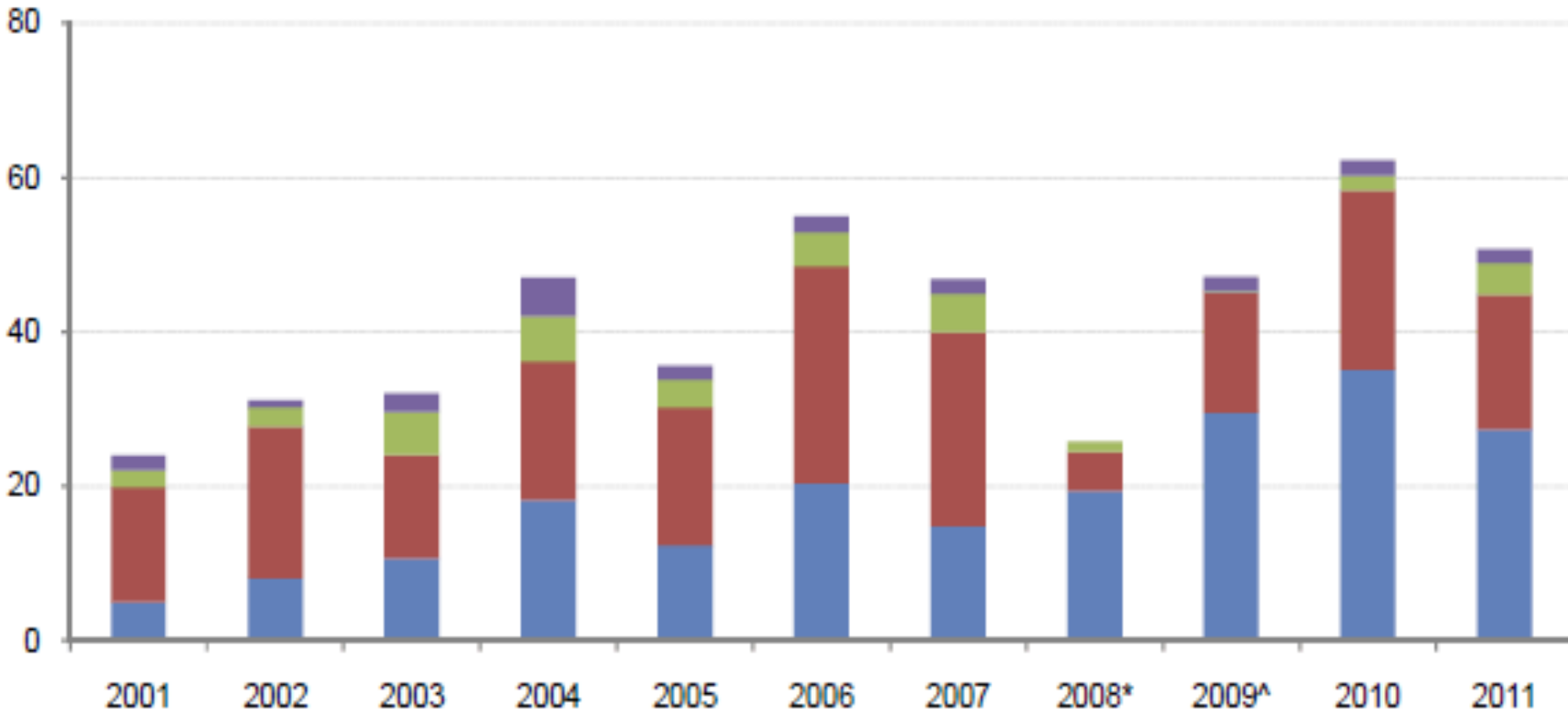
Real Estate Total Return- an Inflation Hedge



Capital Raising Strong

North American real estate capital offerings by year (\$B)

Common equity Debt Preferred equity IPO



* There was zero IPO activity in 2008.

^ There was a \$75.8M preferred equity issuance in 2009.

Data as of Jan. 31, 2012.

Source: SNL Financial

Capital Raising Strong

REIT & property company equity and debt offerings

2009 to 2011

Ranked by deal credit

Overall rank	Adviser	2009			2010			2011			Aggregate	
		Rank	No. of offerings	Deal credit (\$M)	Rank	No. of offerings	Deal credit (\$M)	Rank	No. of offerings	Deal credit (\$M)	No. of offerings	Deal credit (\$M)
1	Bank of America Merrill Lynch	1	76	7,963.0	1	73	7,213.3	1	82	8,724.1	231	23,900.4
2	J.P. Morgan Securities LLC	2	53	6,274.5	2	52	5,685.9	3	46	4,631.8	151	16,592.2
3	Wells Fargo Securities LLC	6	38	2,804.2	4	52	4,749.6	2	57	4,661.1	147	12,214.9
4	Citigroup Global Markets Inc.	7	31	2,734.6	3	43	4,945.3	6	30	2,701.1	104	10,380.9
5	Deutsche Bank Securities Inc.	4	27	3,151.6	5	39	4,105.6	8	28	2,299.3	94	9,556.5
6	Morgan Stanley	5	26	2,956.3	6	30	3,130.8	4	30	3,132.5	86	9,219.7
7	UBS Investment Bank	8	25	2,302.3	8	25	2,705.4	5	26	2,704.7	76	7,712.4
8	Goldman Sachs & Co.	3	37	3,159.3	9	20	1,953.2	9	19	1,929.4	76	7,041.9
9	Barclays Capital Inc.	9	26	803.5	7	29	2,823.8	7	23	2,310.6	78	5,937.8
10	RBC Capital Markets LLC	11	5	353.5	12	11	1,069.6	10	14	995.3	30	2,418.4
11	Credit Suisse (USA) Inc.	10	9	739.3	11	8	1,095.7	14	5	268.5	22	2,103.5
12	RBS Securities Inc.	14	3	200.0	10	10	1,526.7	17	2	117.2	15	1,843.9
13	Raymond James & Associates Inc.	12	5	273.6	13	15	837.1	13	9	294.0	29	1,404.7
14	KeyBanc Capital Markets	13	7	263.4	14	10	479.0	12	10	508.9	27	1,251.2
15	Jefferies & Co. Inc.	16	1	183.3	16	7	430.8	11	6	575.5	14	1,189.6

Data as of Jan. 31, 2012.

Rankings comprise top global coordinator, book manager in REIT & property company common stock, preferred stock, senior debt, subordinated debt, senior subordinated debt, and junior subordinated debt offerings.

Table may include multiple issuances under medium-term notes program.

Excludes collateralized debt obligations, asset-backed securities and mortgage-backed securities offerings.

Credit to deal participants is calculated by dividing the total amount offered by the number of deal participants and then calculating the sum total for each participant.

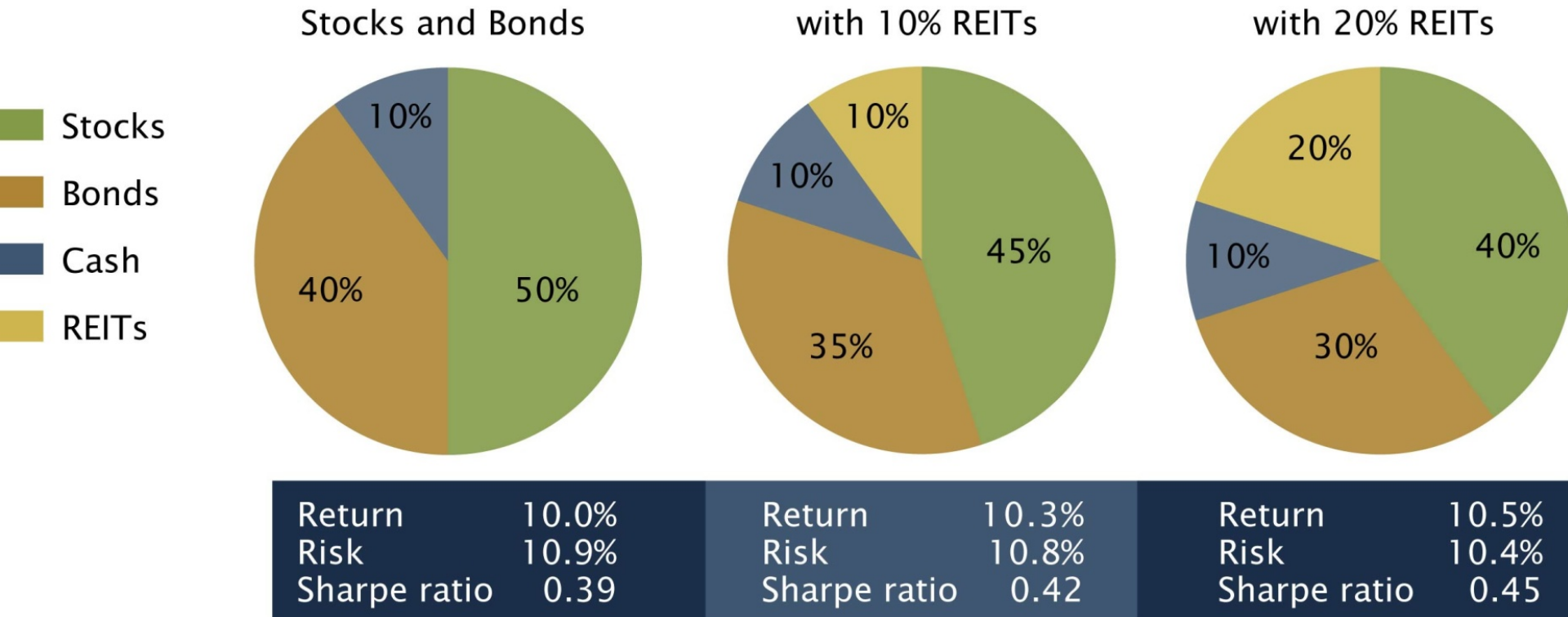
The total amount offered includes exercised overallotments.

If underwriters merge or an underwriter is purchased by the parent of another underwriter, rankings are retroactively adjusted to the single highest-level underwriter. Buyers already receiving credit for offerings will not receive additional credit following the merger.

Source: SNL Financial

Portfolio Diversification

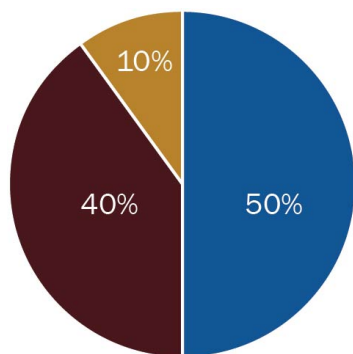
*Stock and Bond Investor
January 1972 to December 2006*



*Source: Morningstar Inc., Financial Communications. ©2010 All rights reserved. Used with permission. **Past performance is not a guarantee of future results.** This material is for illustrative purposes only and is not indicative of any investment. Stocks are represented by the S&P 500; Bonds are represented by a 20-year U.S. Government Bond; T-Bills are represented by a U.S. 30-day T-Bill; REITs are represented by the NAREIT Equity REIT Index, an unmanaged index reflecting performance of U.S. real estate investment trust market. The REITs included in this index are publicly traded. Risk is represented by standard deviation, which is a statistical measurement that depicts how widely returns varied over time. The measurement is generally used to predict and understand the range of returns that are most likely for a given investment. Investors cannot invest directly into any index. Industrial Income Trust is a non-traded REIT; therefore, this data should not be used as a comparison to, or an implication of, non-traded REIT performance. Investments in real estate may be subject to special risks associated with operating and leasing properties, as well as risks due to changes in economic conditions, interest rates, property values, and supply and demand, in addition to possible environmental liabilities, zoning issues and natural disasters.*

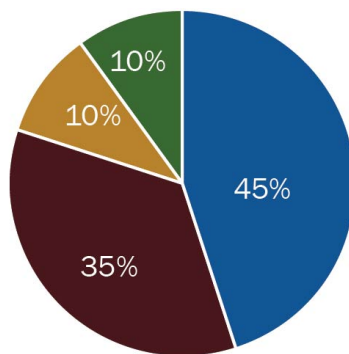
Potential to Reduce Risk and Increase Risk-Adjusted Return January 1985 to December 2009

0% Direct Real Estate



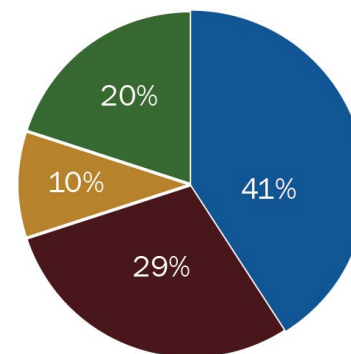
Return 8.2%
Risk 9.8%

with 10% Direct Real Estate



Return 8.2%
Risk 9.1%

with 20% Direct Real Estate

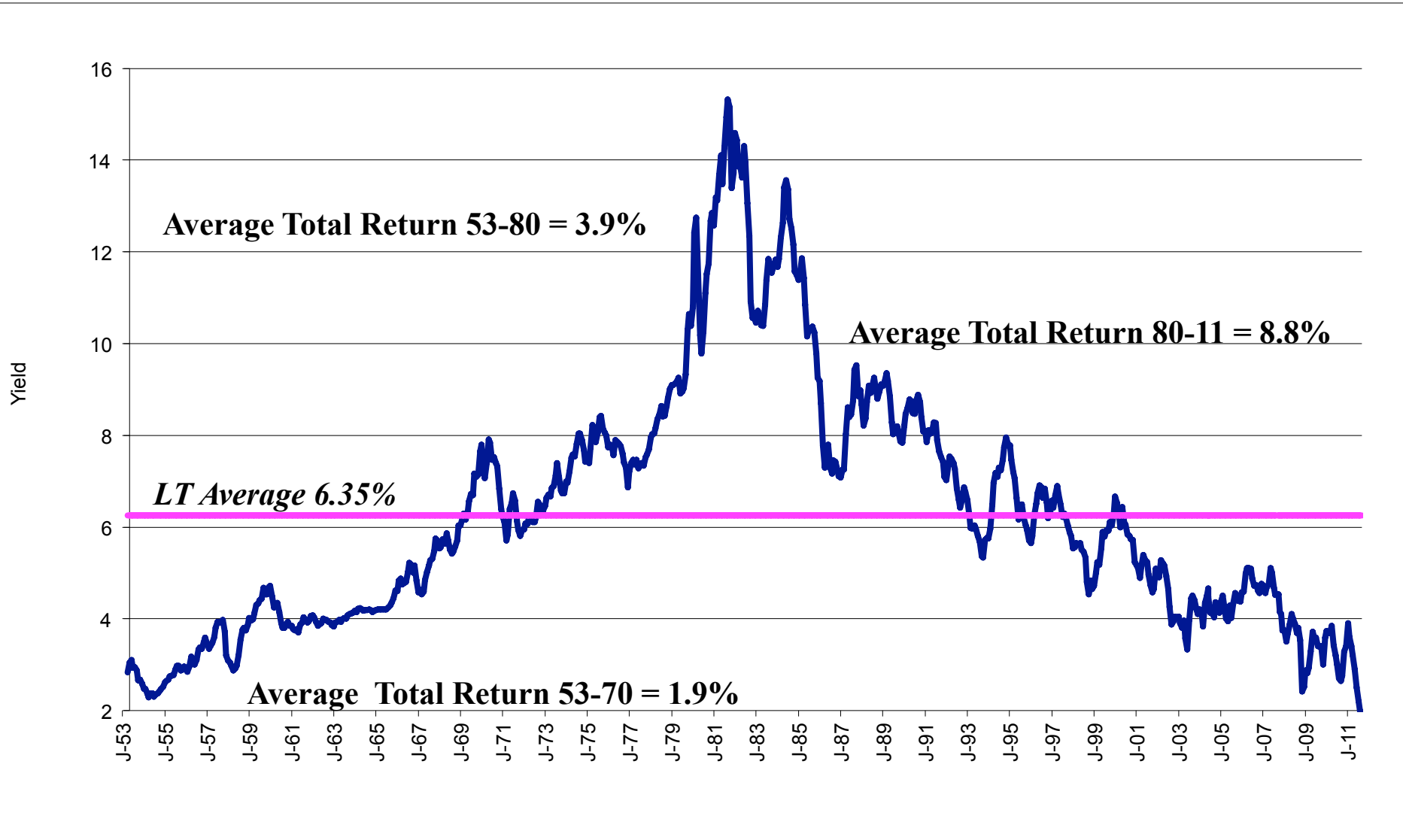


Return 8.2%
Risk 8.6%

■ Stocks
 ■ Bonds
 ■ Cash
 ■ Direct Real Estate

Source: © 2010 Morningstar. All rights reserved. Used with permission. **Past performance is not a guarantee of future results.** This material is for illustrative purposes only and is not indicative of any investment. Stocks are represented by the S&P 500; Bonds are represented by the five-year U.S. Government Bond; Cash is represented by a U.S. 30-day T-Bill; Direct real estate is represented by the MIT transaction-based index (TBI), a statistical methodology that produces estimates of price movements and total returns based on transactions of properties sold from the National Council of Real Estate Investment Fiduciaries (NCREIF) Property Index (NPI). The NPI is an index of quarterly returns reported by institutional investors on investment grade commercial properties owned by those investors and is presented without leverage or fees. The NPI is used as an industry benchmark to compare an investor's own returns against the industry average. Although not a measure of non-traded REIT performance, the NPI is an accepted index for the purpose of evaluating the relative volatility of an investment in non-traded REITs. Risk is represented by standard deviation, which is a statistical measurement that depicts how widely returns varied over time. The measurement is generally used to predict and understand the range of returns that are most likely for a given investment. Investors cannot invest directly into any index. Investing in real estate entails certain risks, including changes in: the economy, supply and demand, laws, tenant turnover, interest rates (including periods of high interest rates), availability of mortgage funds, operating expenses and cost of insurance. Some real estate investments offer limited liquidity options.

Bond Values DROP as Interest Rates Rise

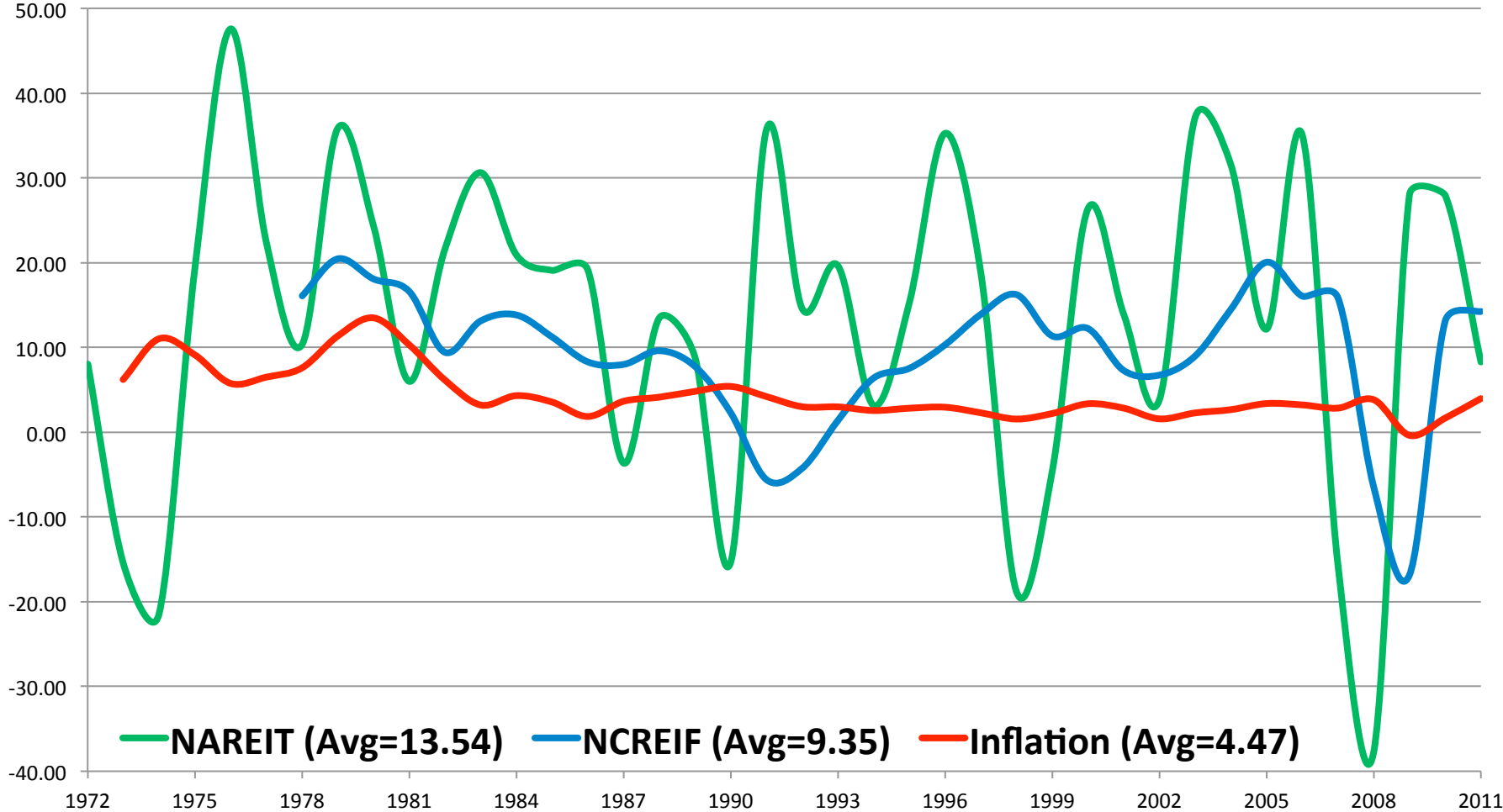


* As of October 31, 2011.

Source: U.S. Treasury — Federal Reserve Bank of St. Louis.

Real Estate Provides Inflation Protection

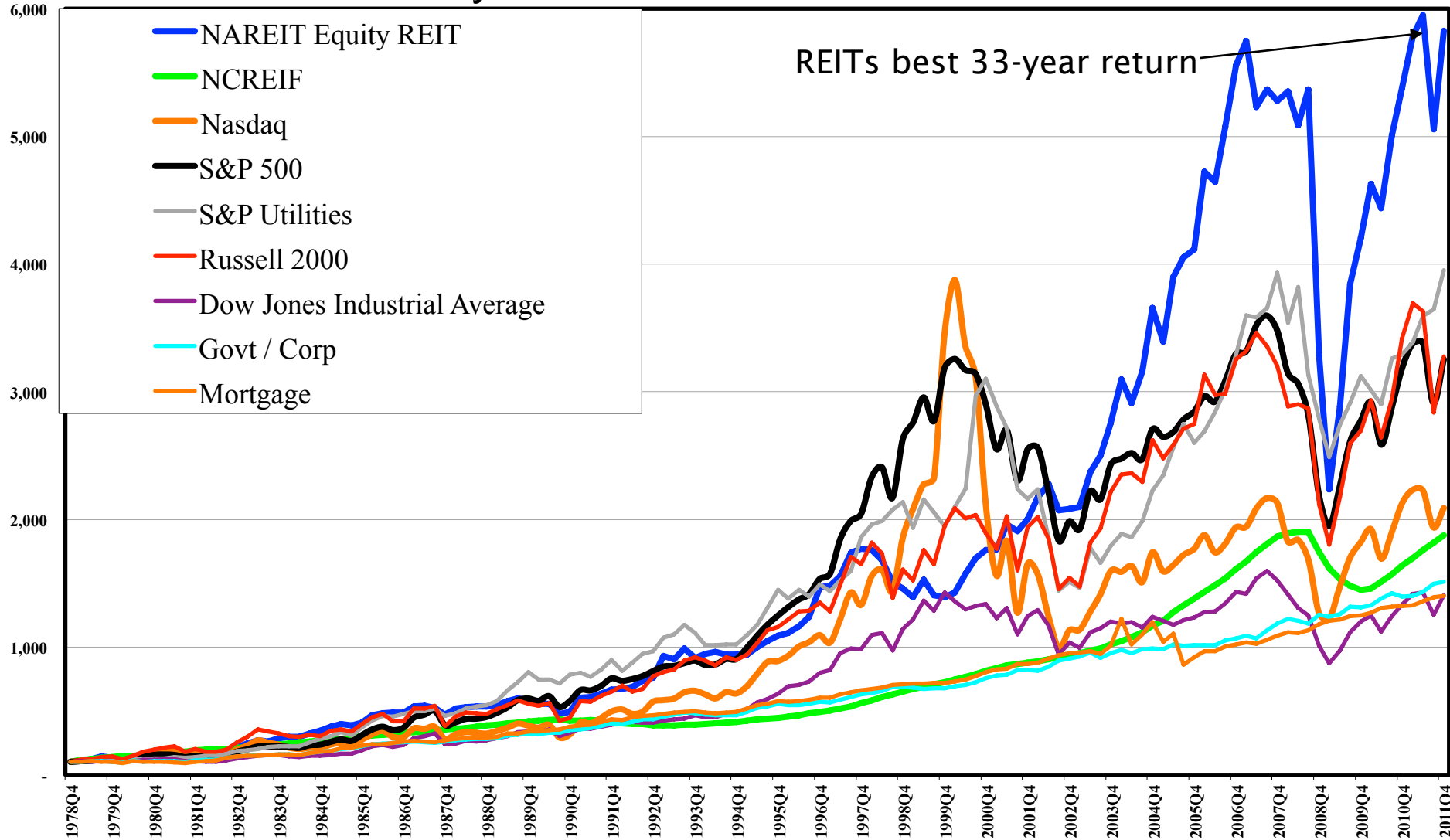
NAREIT & NCREIF Yearly Returns vs Inflation



Source: NAREIT, NCREIF, BLS, and Mueller

Best Cumulative Total Return Over Past 33 Years

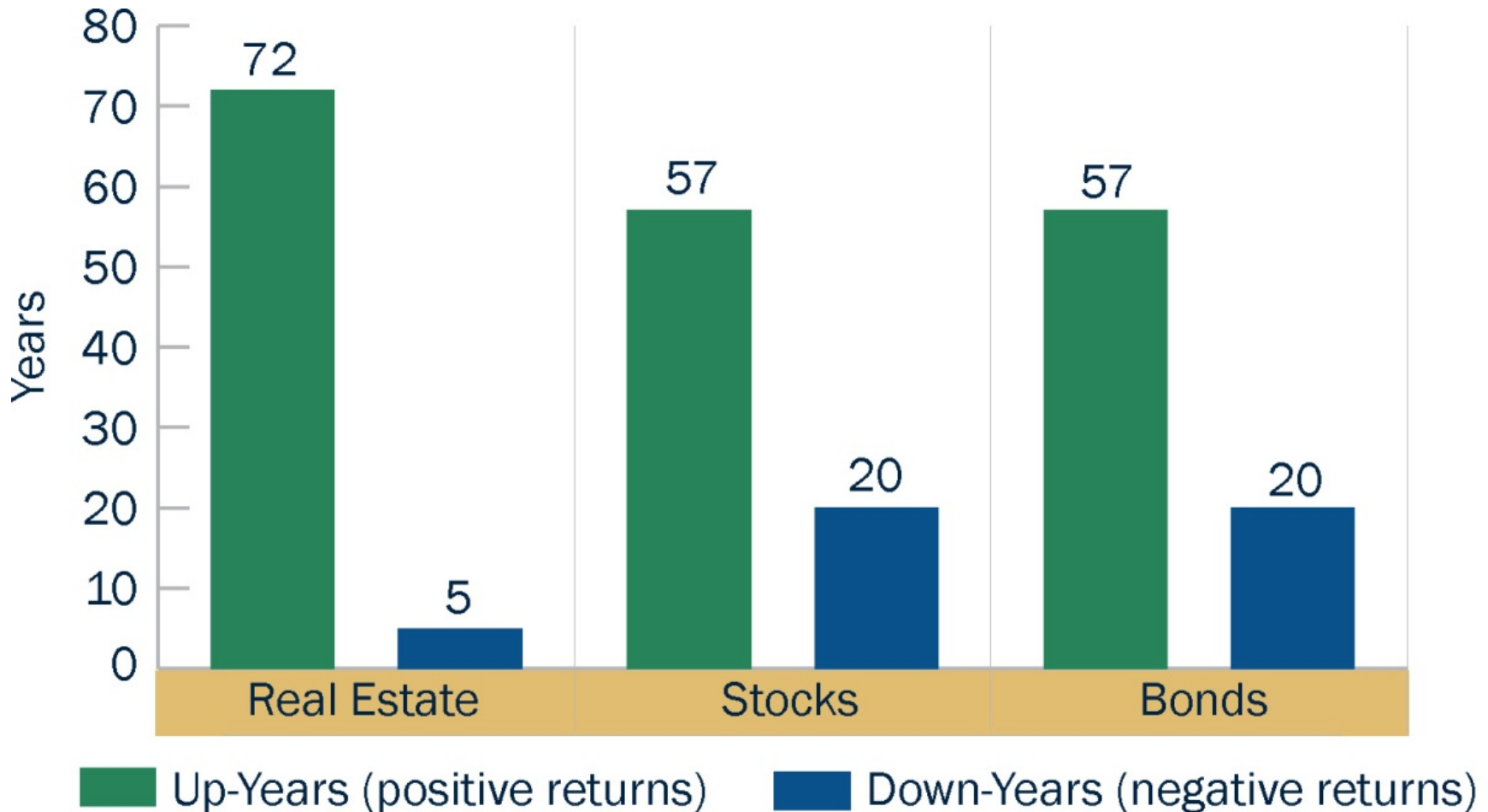
33 year Cumulative Total Returns



REITs best 33-year return

Long-Term Wealth Preservation

“Up” and “Down” Years For Direct Real Estate, Stocks and Bonds 1934 to 2010¹



¹ Sources: NCREIF (National Council of Real Estate Investment Fiduciaries), Bloomberg, Lehman, RCG. **Past performance is not a guarantee of future results.** The NCREIF Property Index (NPI) is an index of quarterly returns reported by institutional investors on investment grade commercial properties owned by those investors. The NPI is used as an industry benchmark to compare an investor's own returns against the industry average. Although not a measure of non-traded REIT performance, the NPI is an accepted index for the purpose of evaluating the relative volatility of an investment in non-traded REITs. The S&P 500 Index is an unmanaged index of the 500 largest stocks (in terms of market value), weighted by market capitalization and considered representative of the broad stock market. The Lehman Brothers U.S. Aggregate Index represents securities that are SEC-registered, taxable and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities and asset-backed securities. These major sectors are subdivided into more specific indices that are calculated and reported on a regular basis.

Bond *TOTAL* Returns Expected to be low
From a low interest rate starting point

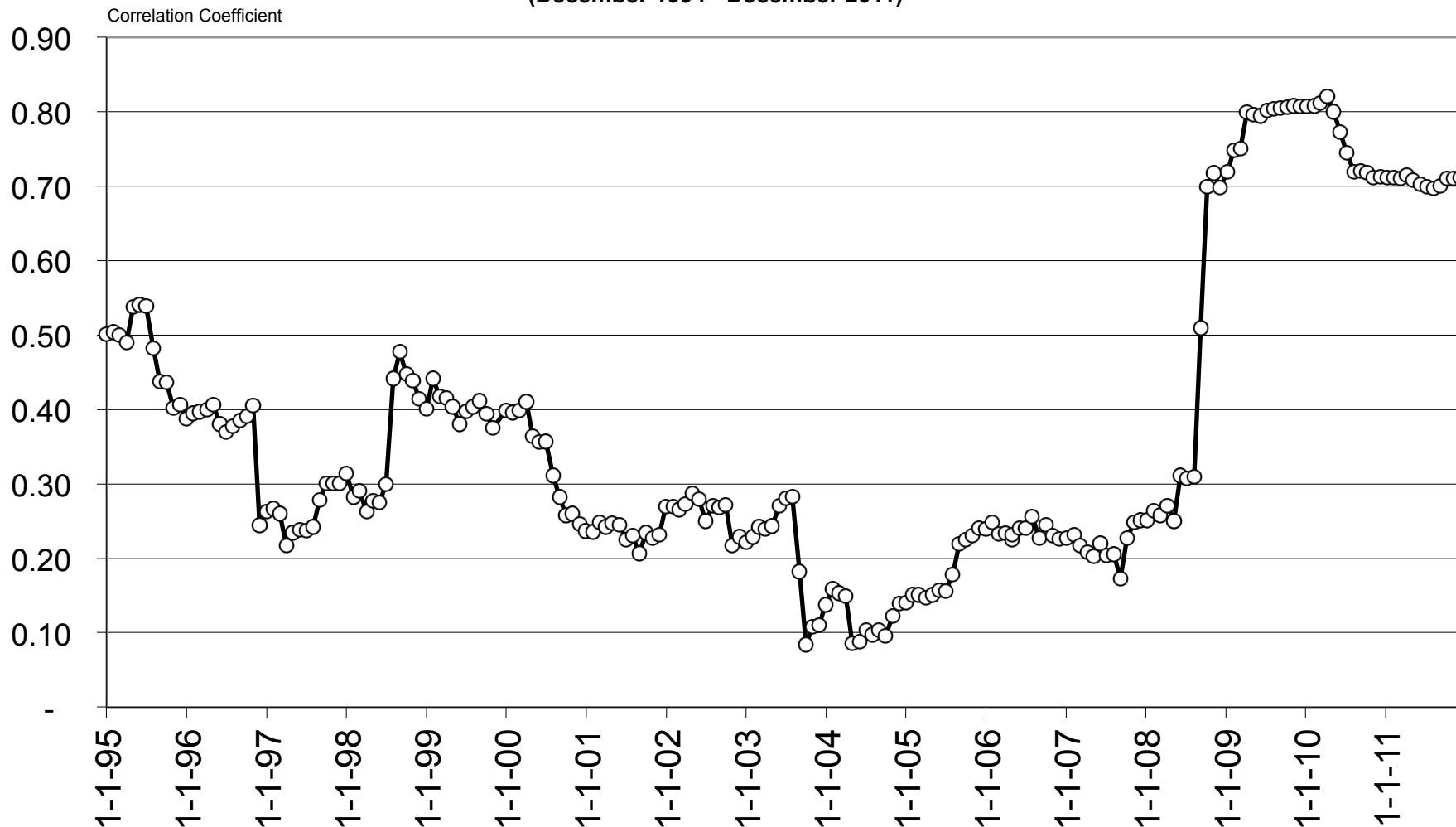
REITs have beat inflation
And had low correlation with stocks

REITS and Real Estate
Improve the Efficient Frontier
in a Historic Mixed Asset Portfolio

Declining Equity REIT Correlation

Monthly correlation of REIT total returns to other types of investments

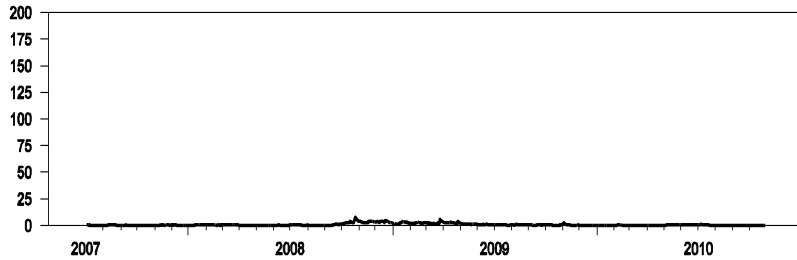
60 Month Rolling Correlation of Equity REIT and S&P 500 Total Returns
(December 1994 - December 2011)



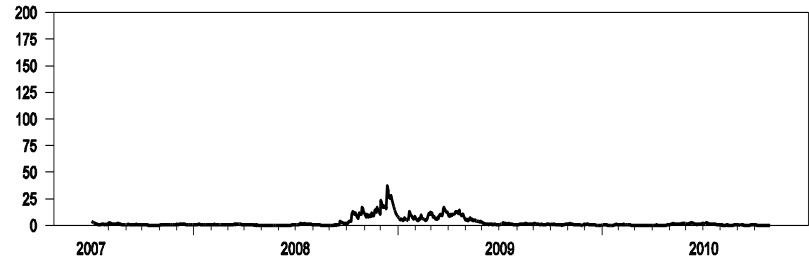
Source: REITs—NAREIT Equity Index; Small Stocks—Ibbotson U.S. Small Stock Series; Large Stocks—Standard & Poor's 500®; LT Bonds—20-year U.S. Government Bond.

Figure 3: Conditional Volatility of the Portfolio Returns

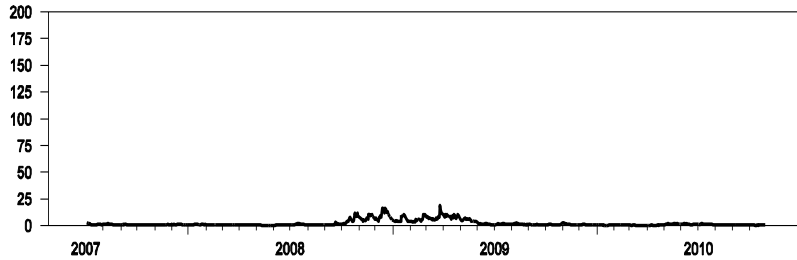
Trading Periods: 2:00



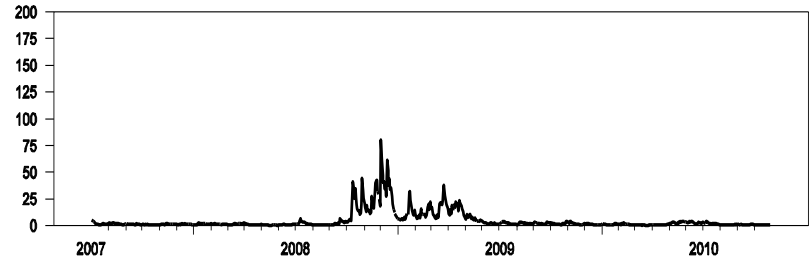
Trading Periods: 3:45



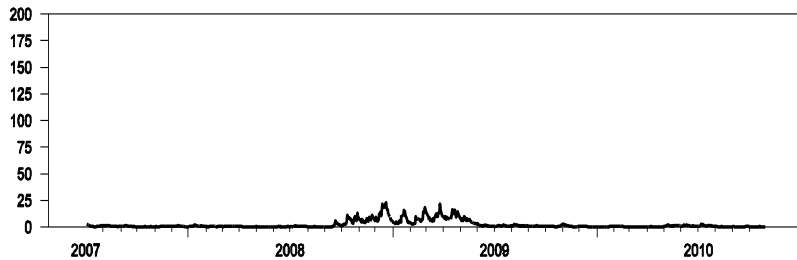
Trading Periods: 3:00



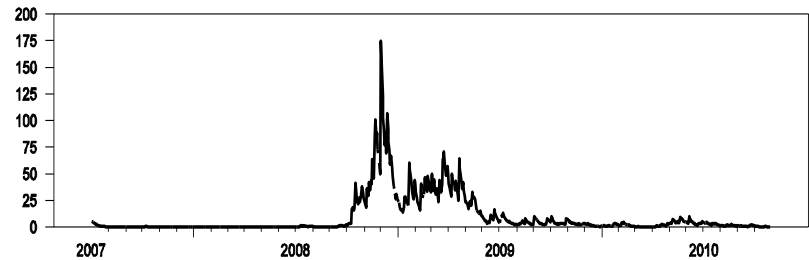
Trading Periods: 4:00



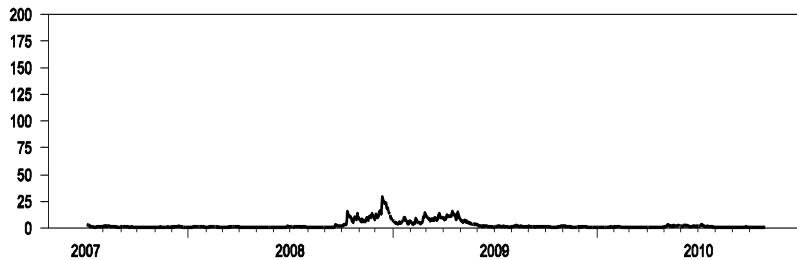
Trading Periods: 3:15



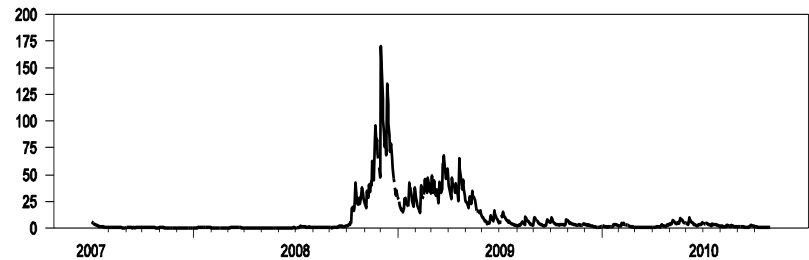
Trading Periods: 4:15



Trading Periods: 3:30



Trading Periods: 4:30



Low Correlations Changed

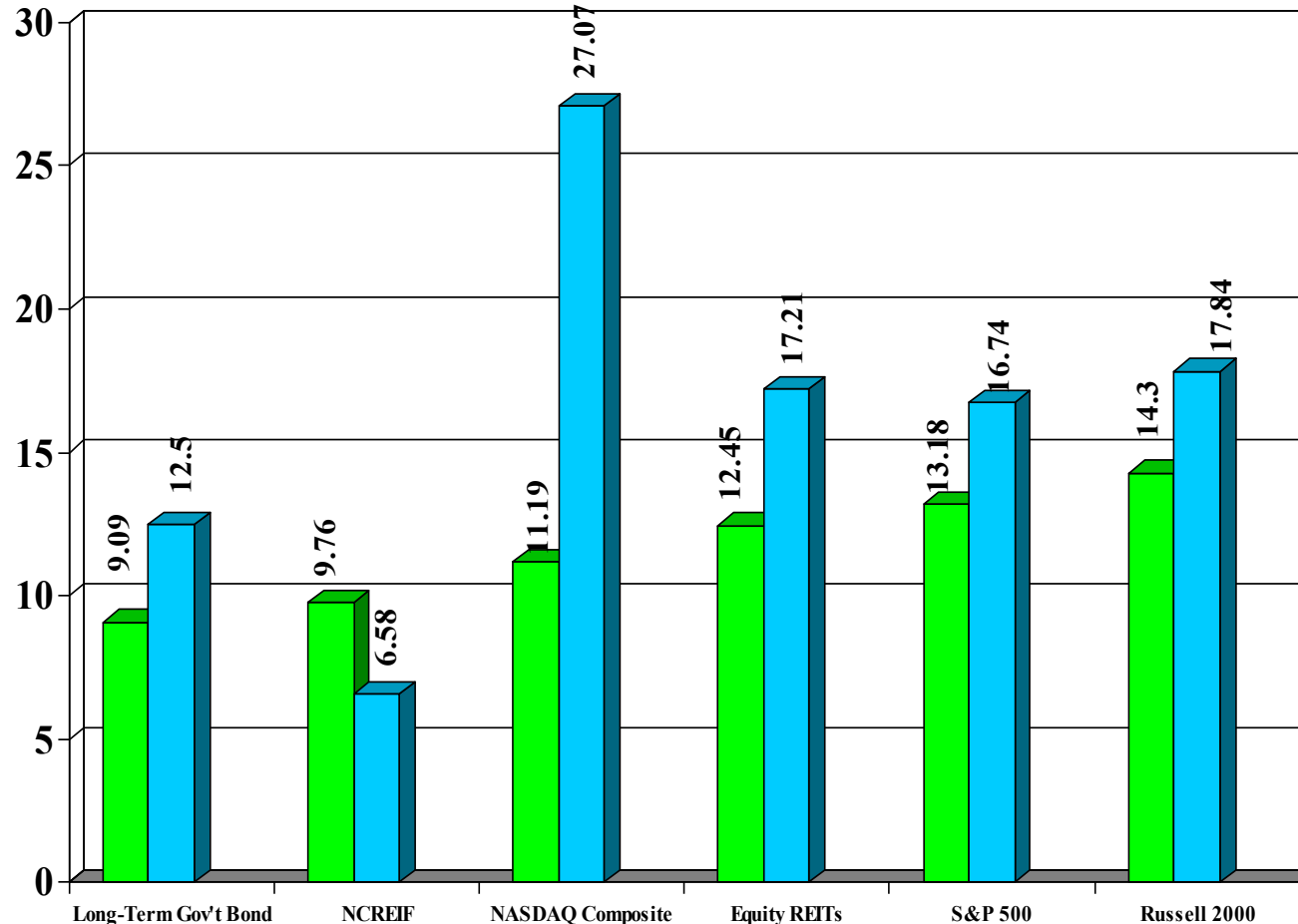
3-year rolling return correlations



Sources: Morningstar Principia, The Beta Investment Report

28-Year Compound Annual Returns and Standard Deviation of Annual Returns

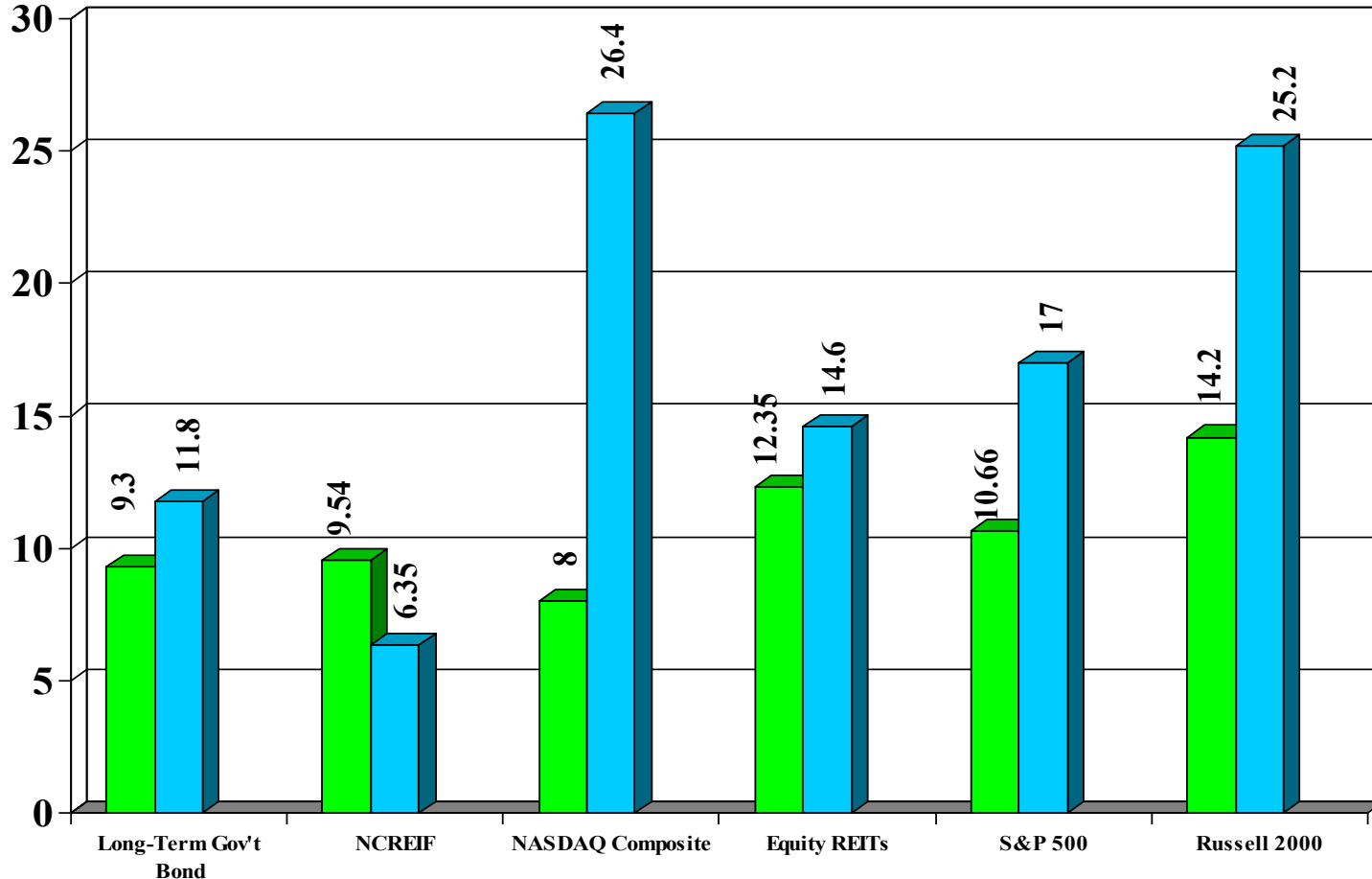
Compound Annual Total Returns 1972-2000
Standard Deviation of Annual Returns 1972-2000



Source: National Association of Real Estate Investment Trusts, Ibbotson Associates, NASDAQ. 1972 since it is the year the NAREIT Index started. NCREIF and NASDAQ series began January 1979. Equity REITs are price appreciation only.

30-Year Compound Annual Returns and Standard Deviation of Annual Returns

Compound Annual Total Returns 1972-2002
Standard Deviation of Annual Returns 1972-2002



Source: National Association of Real Estate Investment Trusts, Ibbotson Associates, NASDAQ. 1972 since it is the year the NAREIT Index started. NCREIF and NASDAQ series began January 1979. Equity REITs are price appreciation only.

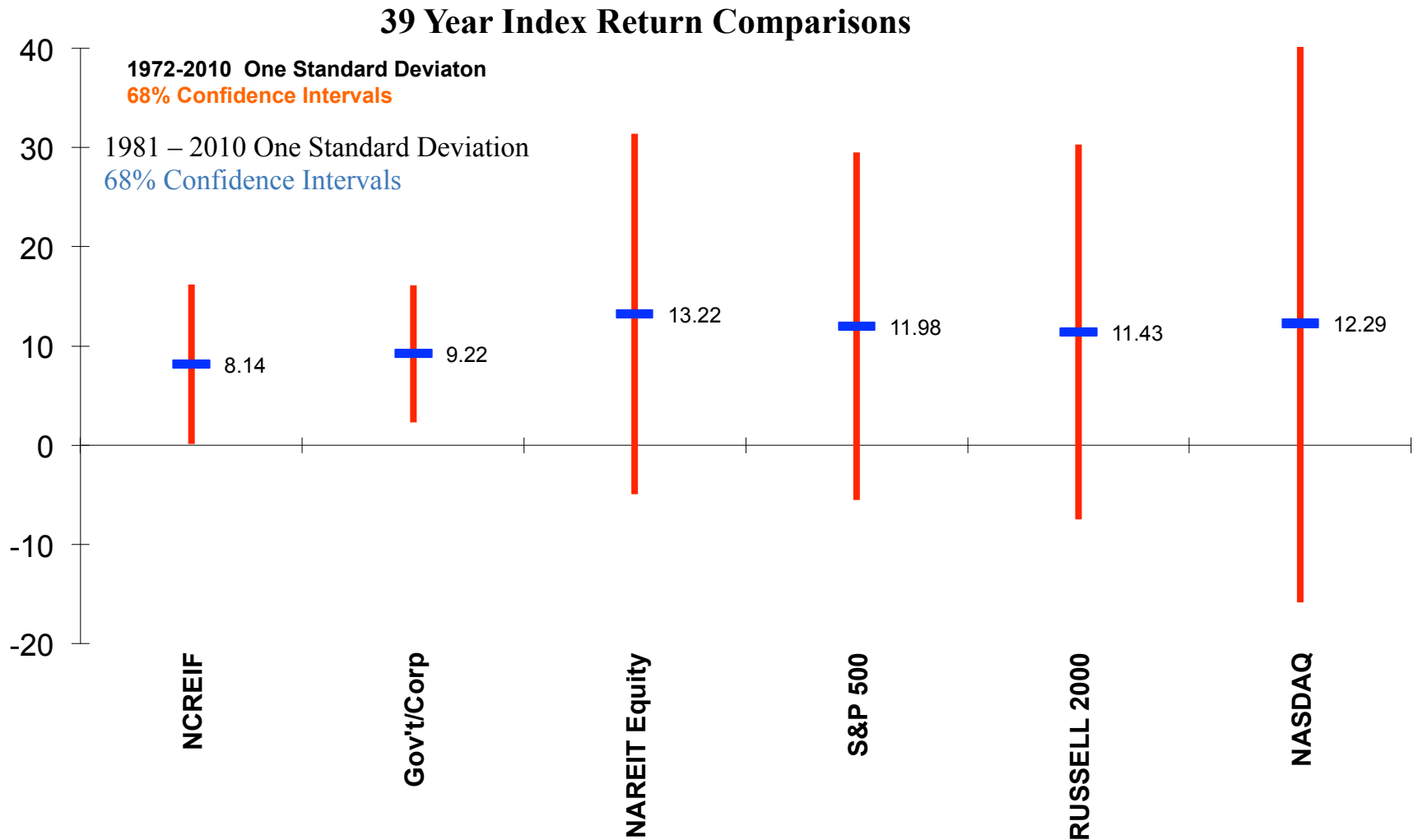
Risk = How Much Loss

39 Year Index Return Comparisons



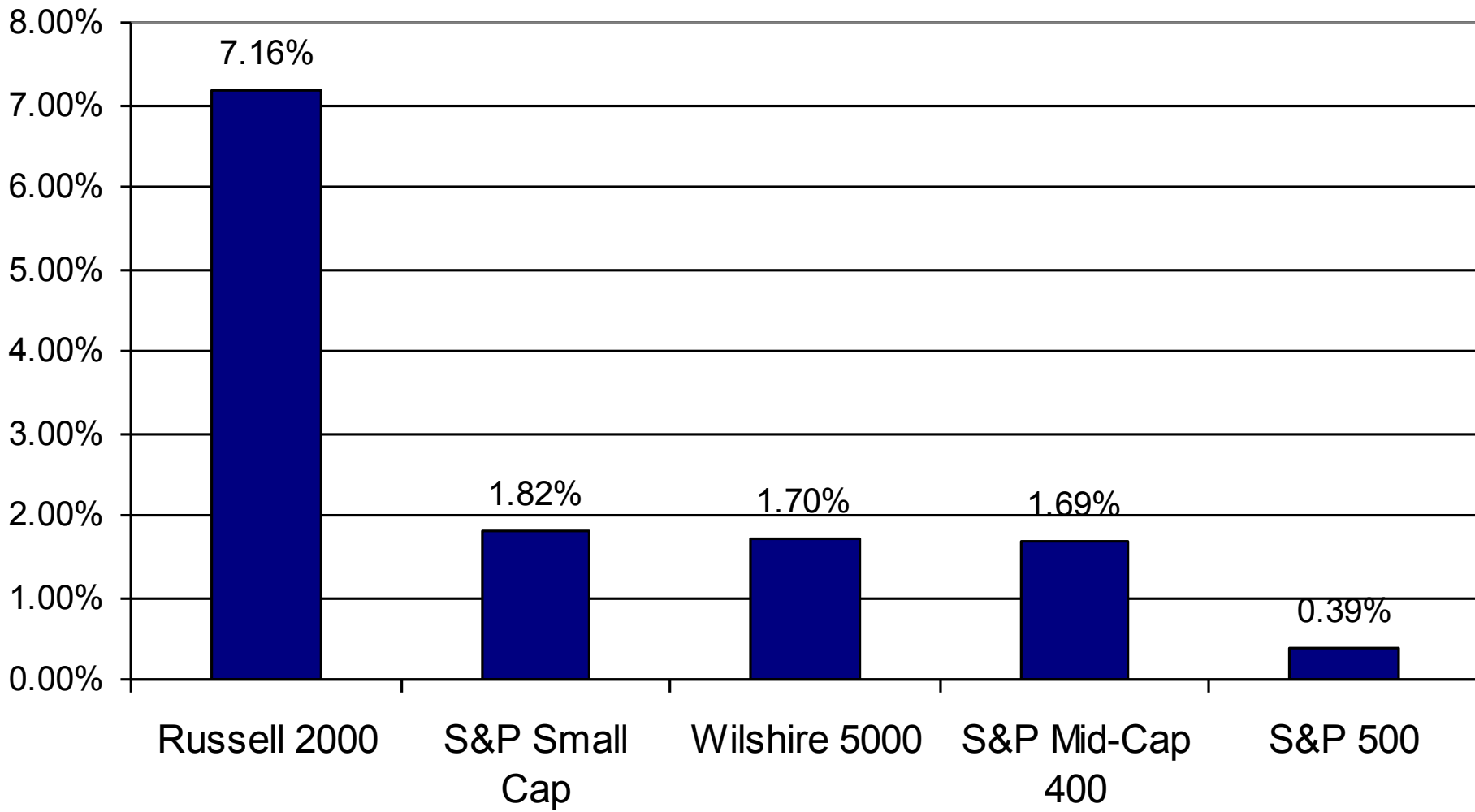
Sources: NCREIF, SLH Corp Bond Index, NAREIT, S&P, Frank Russell, NASDAQ.

Index Return Comparisons



Sources: NCREIF, SLH Corp Bond Index, NAREIT, S&P, Frank Russell, NASDAQ. Particular investments may contain risks not illustrated by its associated index. This is for illustrative purposes only and is not indicative of any particular investment or future results.

REIT % Value Share of Major Indexes

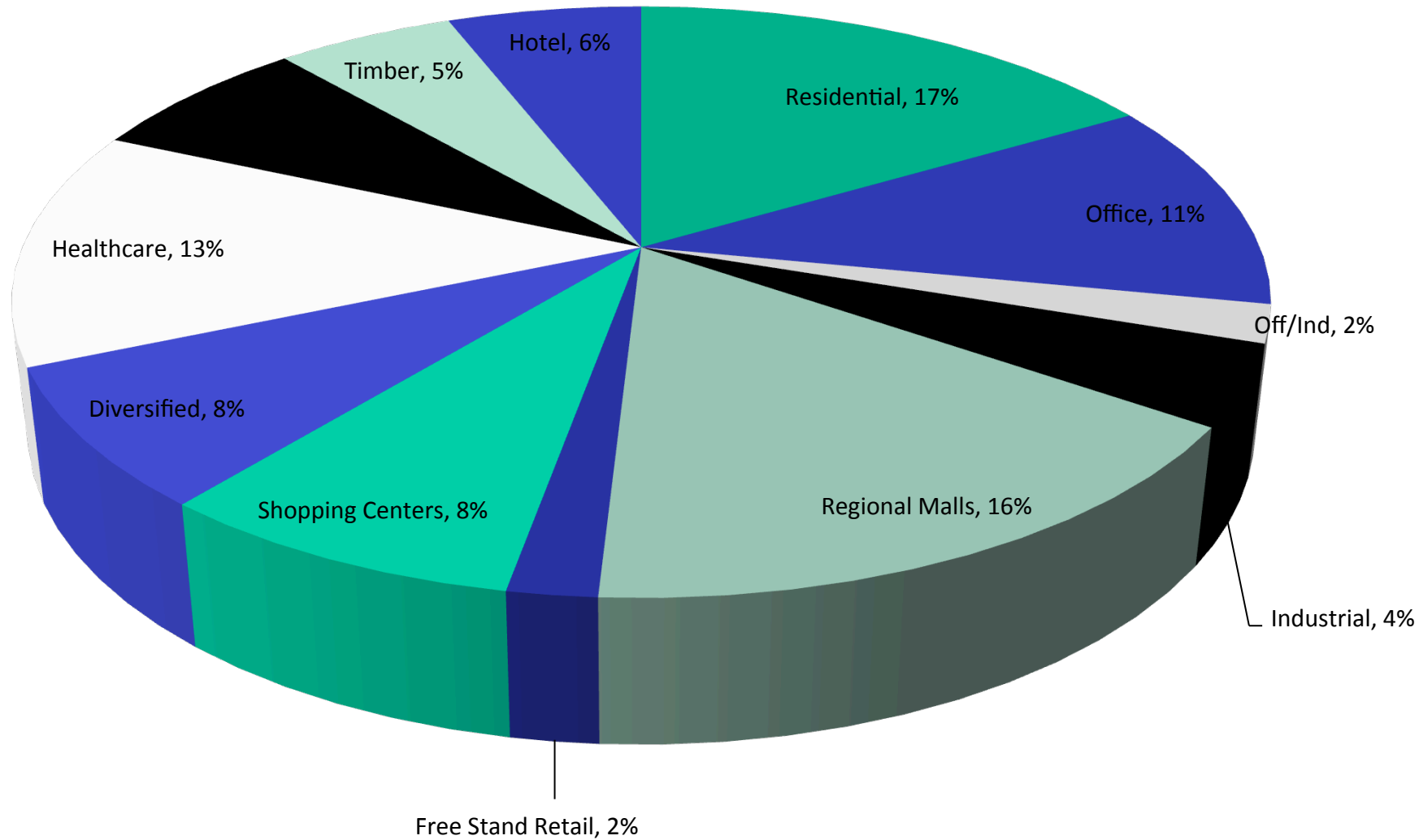


REITs Invest in All Property Types

Property Sector	Percent
Residential	19
Office Buildings	18
Shopping Centers	14
Regional Malls	13
Diversified	7
Industrial Facilities	6
Mixed (Industrial and Office)	6
Health Care	5
Specialty	6
Lodging/Resorts	4
Self Storage	4

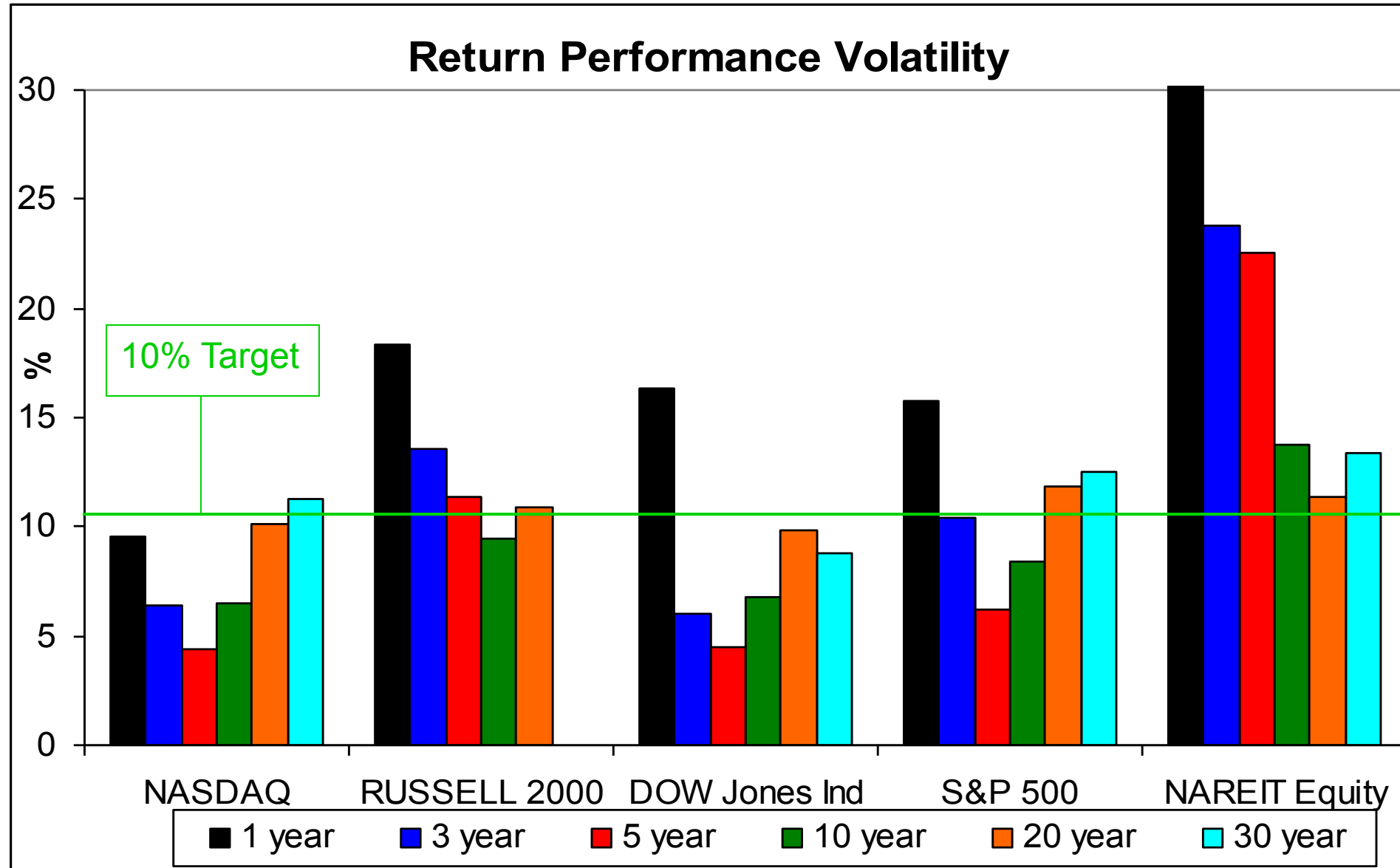
NAREIT Equity Index Property Composition

NAREIT Index Property Type



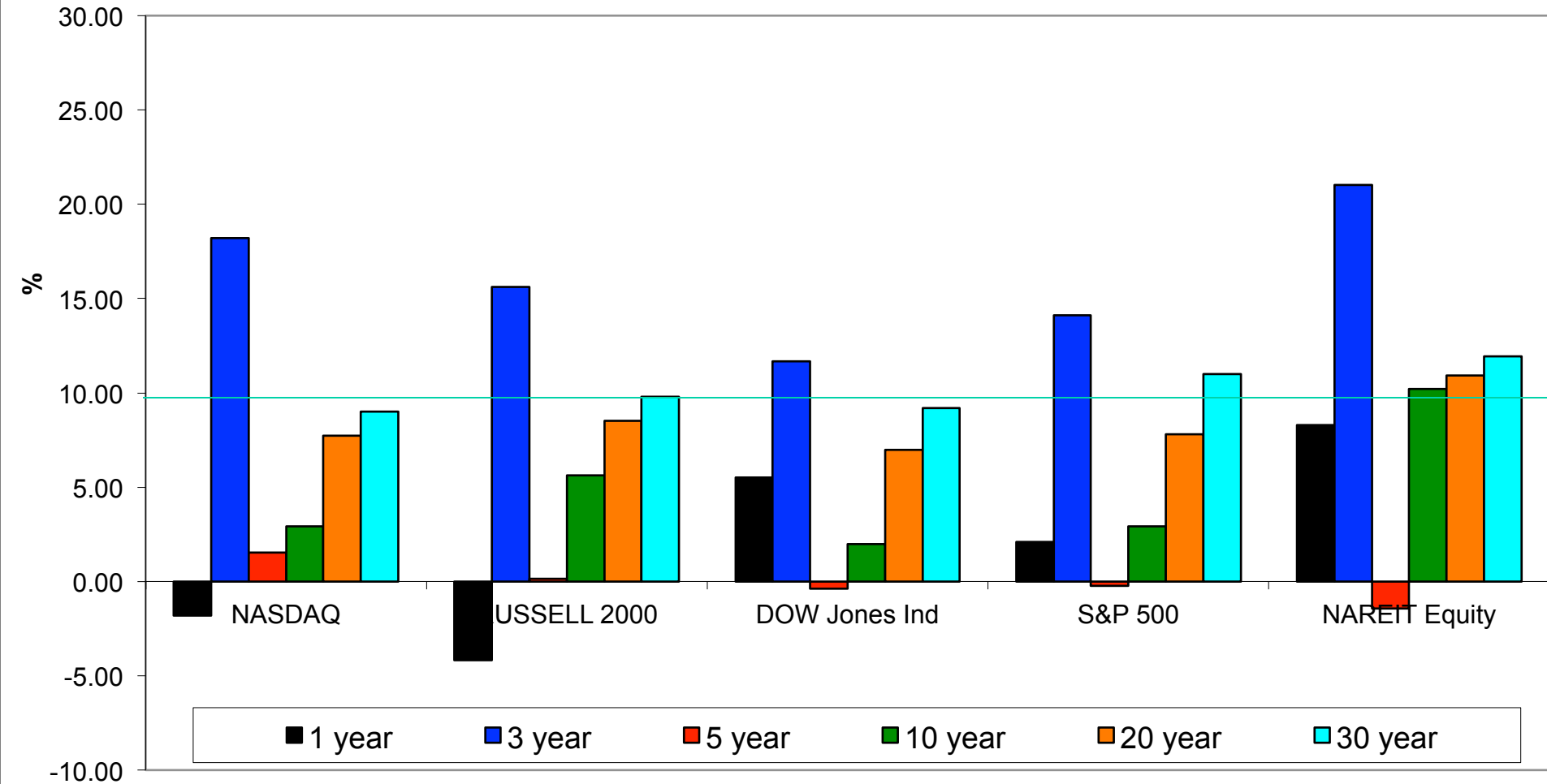
REITs exhibit consistent return performance 1976-2006

Return Performance Volatility



Historic Performance

Return Performance Volatility 1981 - 2011



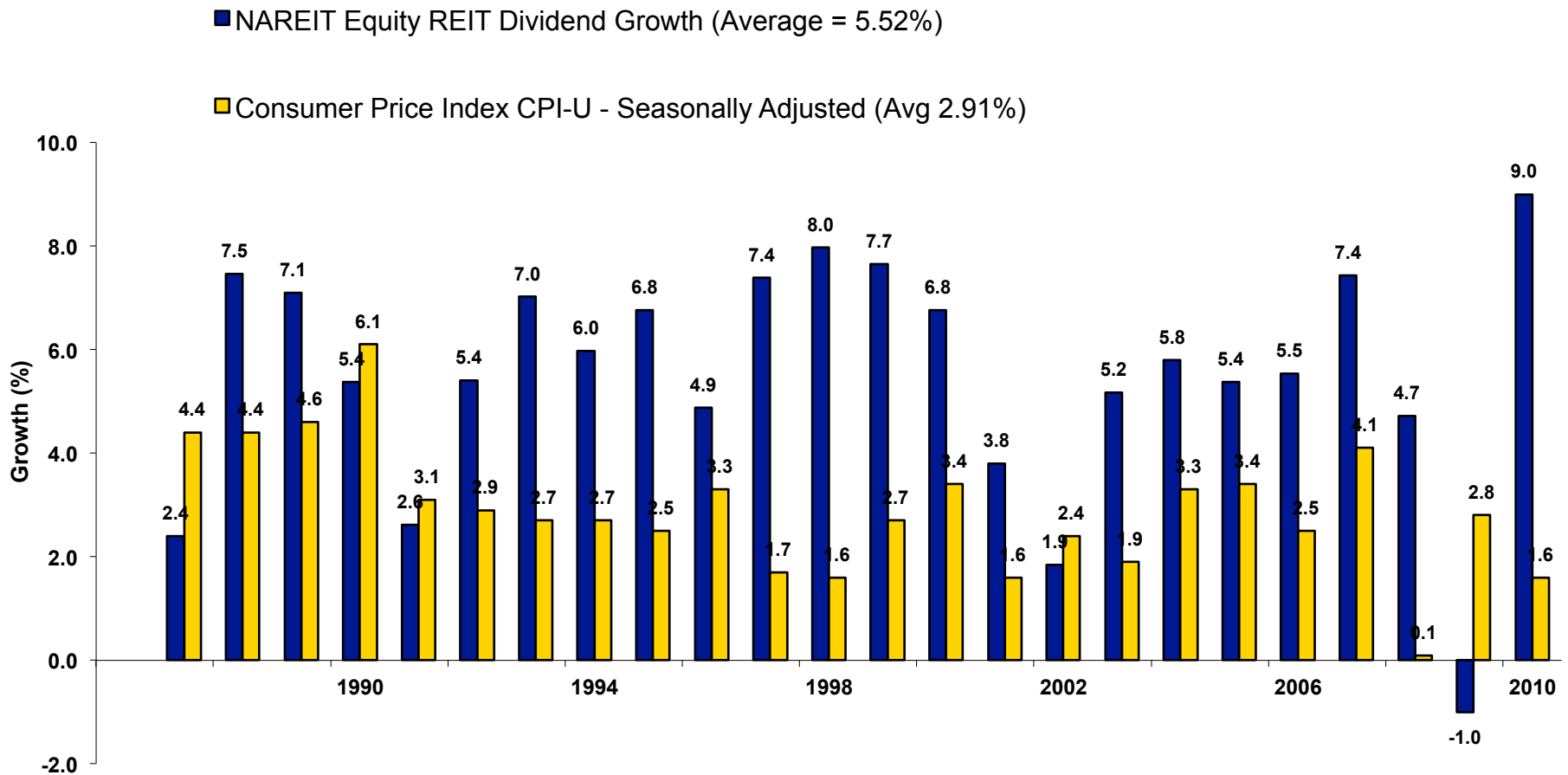
¹ Time period based off of trailing Four-Quarter Annualized Returns from 4Q09.

Source: NAREIT, January 2010 and NCREIF. **Past performance is not a guarantee of future results.** This material is for informational purposes only, and does not reflect the actual return of a specific investment. The National Council of Real Estate Investment Fiduciaries (NCREIF) Property Index (NPI) is an index of quarterly returns reported by institutional investors on investment grade commercial properties owned by those investors. The NPI is used as an industry benchmark to compare an investor's own returns against the industry average and does not include leverage or fees. Although not a measure of non-traded REIT performance, the NPI is an accepted index for the purpose of evaluating the relative volatility of an investment in non-traded REITs. The S&P 500 Index is an unmanaged index of the 500 largest stocks (in terms of market value), weighted by market capitalization and considered representative of the broad stock market. The Russell 2000 Index is an unmanaged index of the smallest 2,000 securities in the Russell 3000 Index, and considered representative of the U.S. small-cap equity universe. The NASDAQ Composite represents all stocks that trade on the NASDAQ stock market, weighted by capitalization, and is considered representative of the broad equity market. The Dow Jones Industrial Average is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the NASDAQ. These indices are used in comparison to the NPI in order to illustrate the differences in historical total returns generated by direct commercial real estate, stocks and bonds. Investors cannot invest directly into any index.

¹ Price-only returns are listed for the NASDAQ Composite.

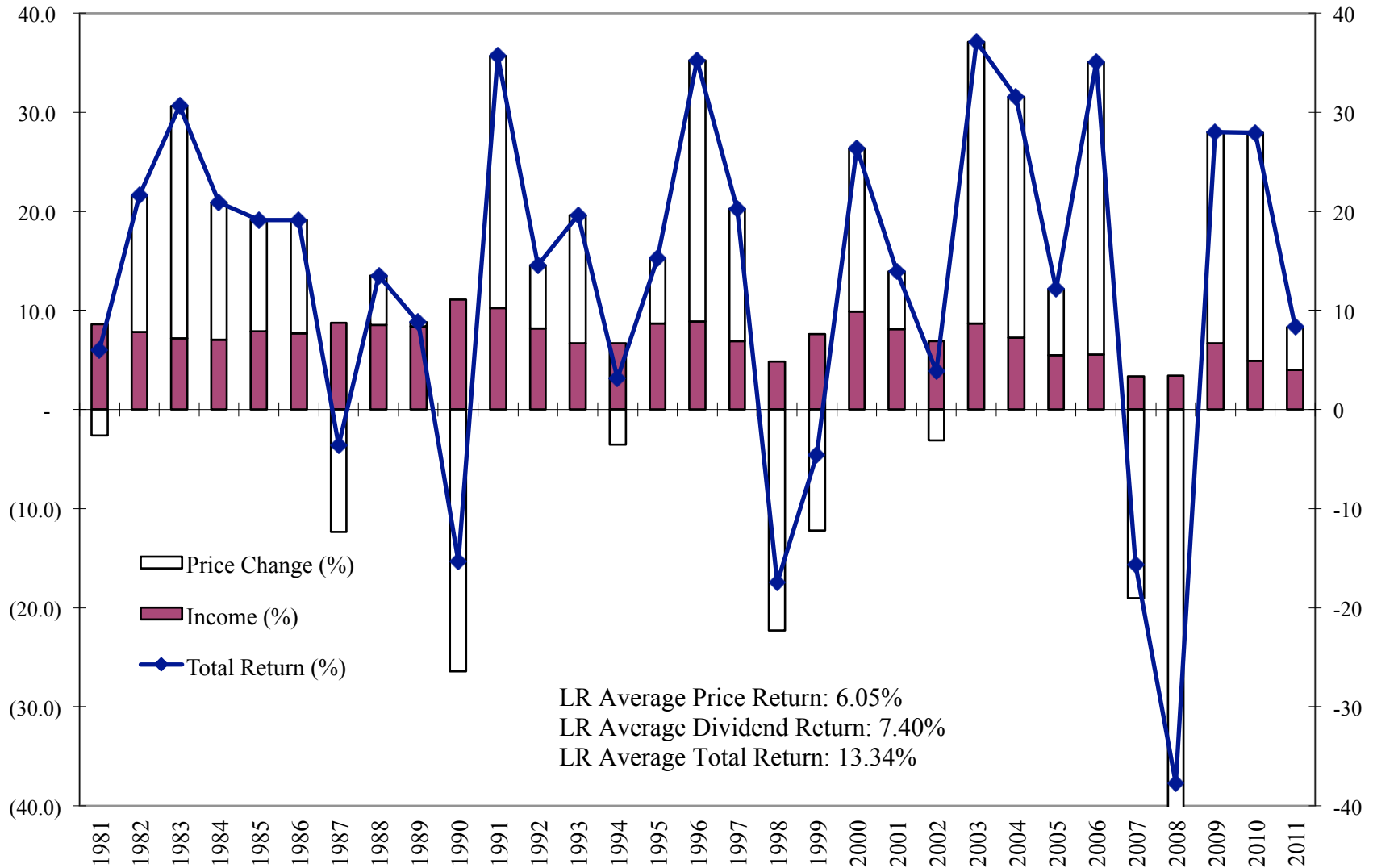
REIT Dividend Growth averaged 48% higher than CPI over 23 years

Equity REIT Dividend Growth versus CPI 1987-2010



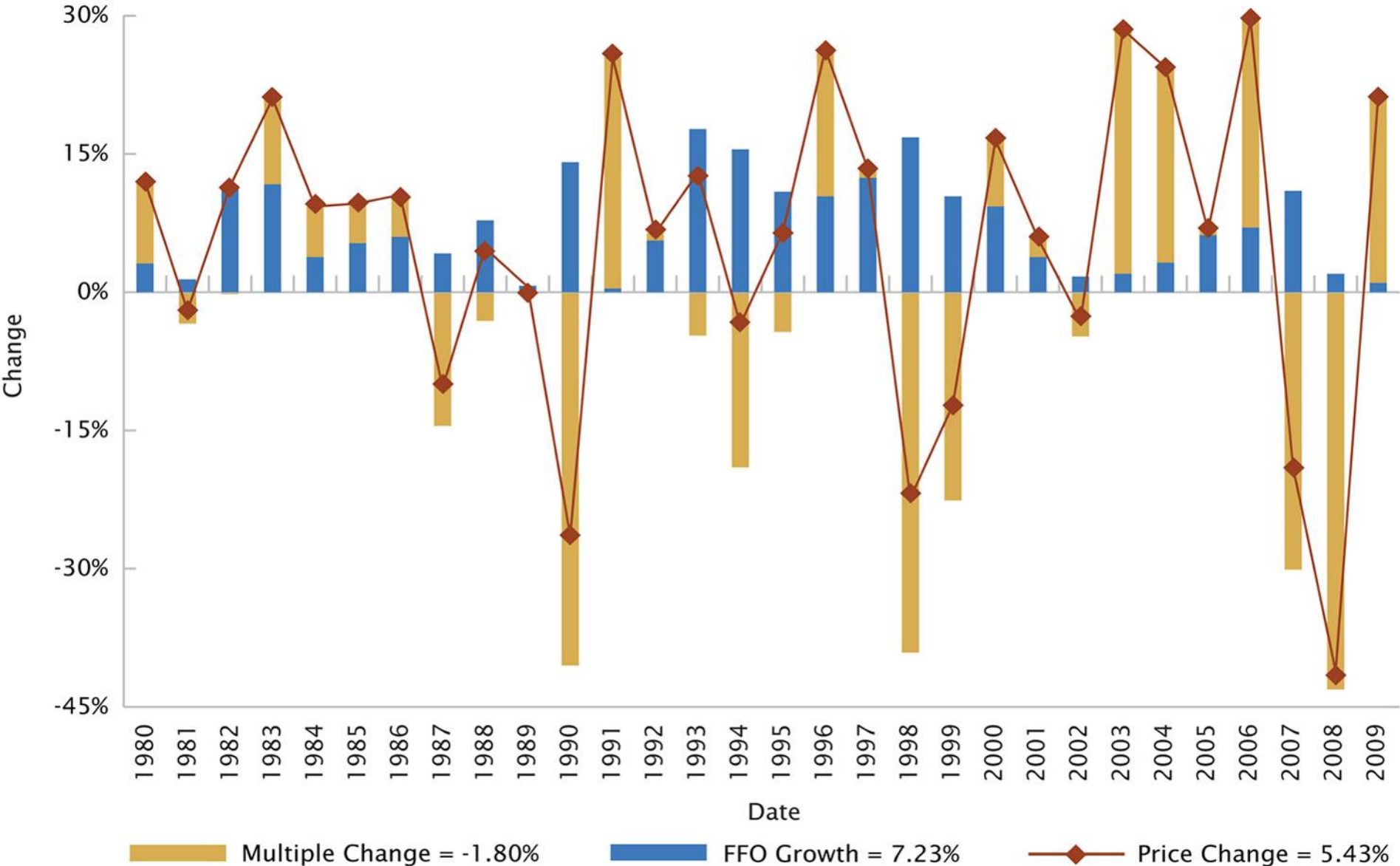
31-Year Public Equity REIT Return Composition

Equity REIT Return Composition (through year-end 2010)



Always Positive FFO Growth

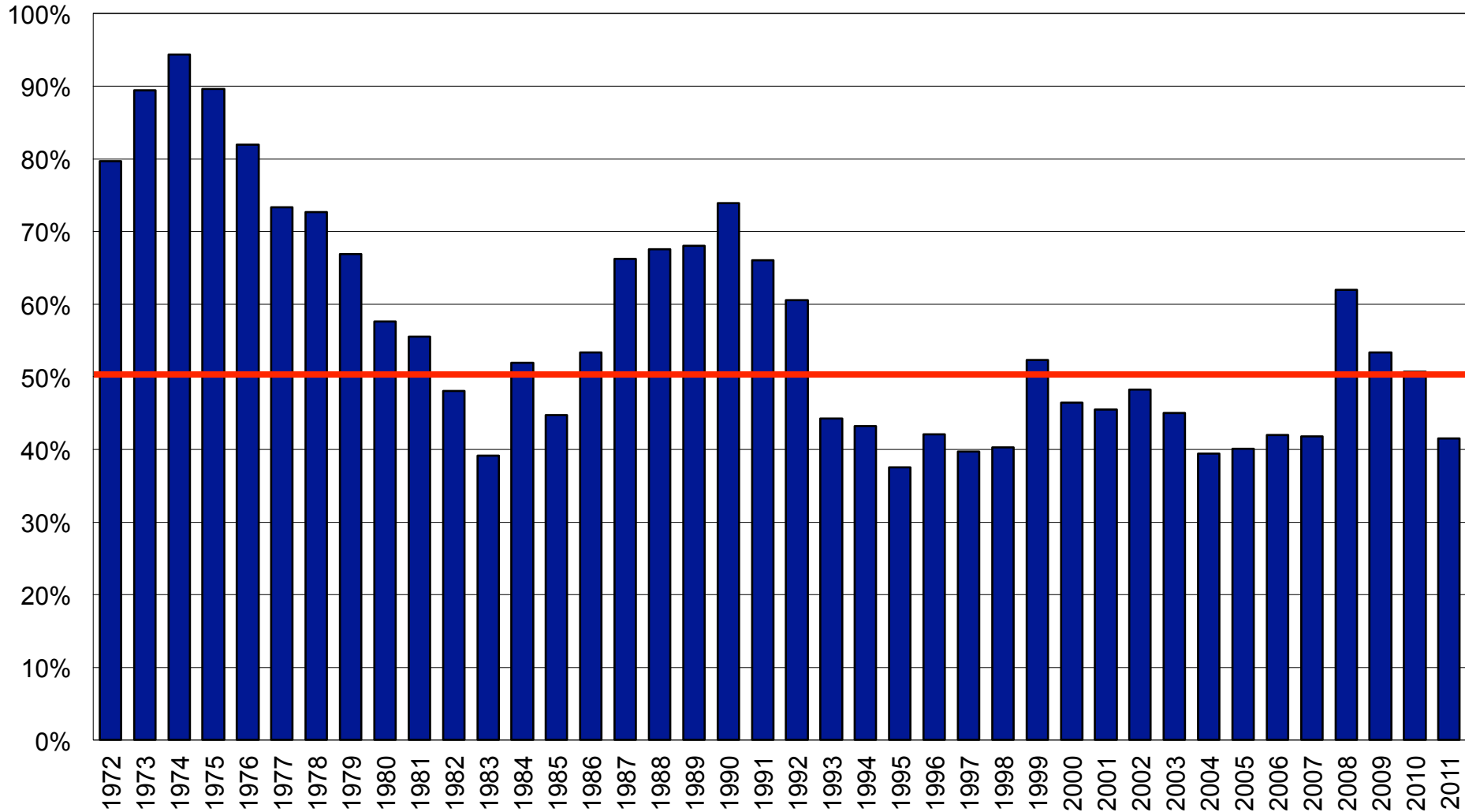
30 -Year Equity REIT Price Change Composition



Source: NAREIT, SNL Data Source and Mueller

REIT Leverage Low and Conservative

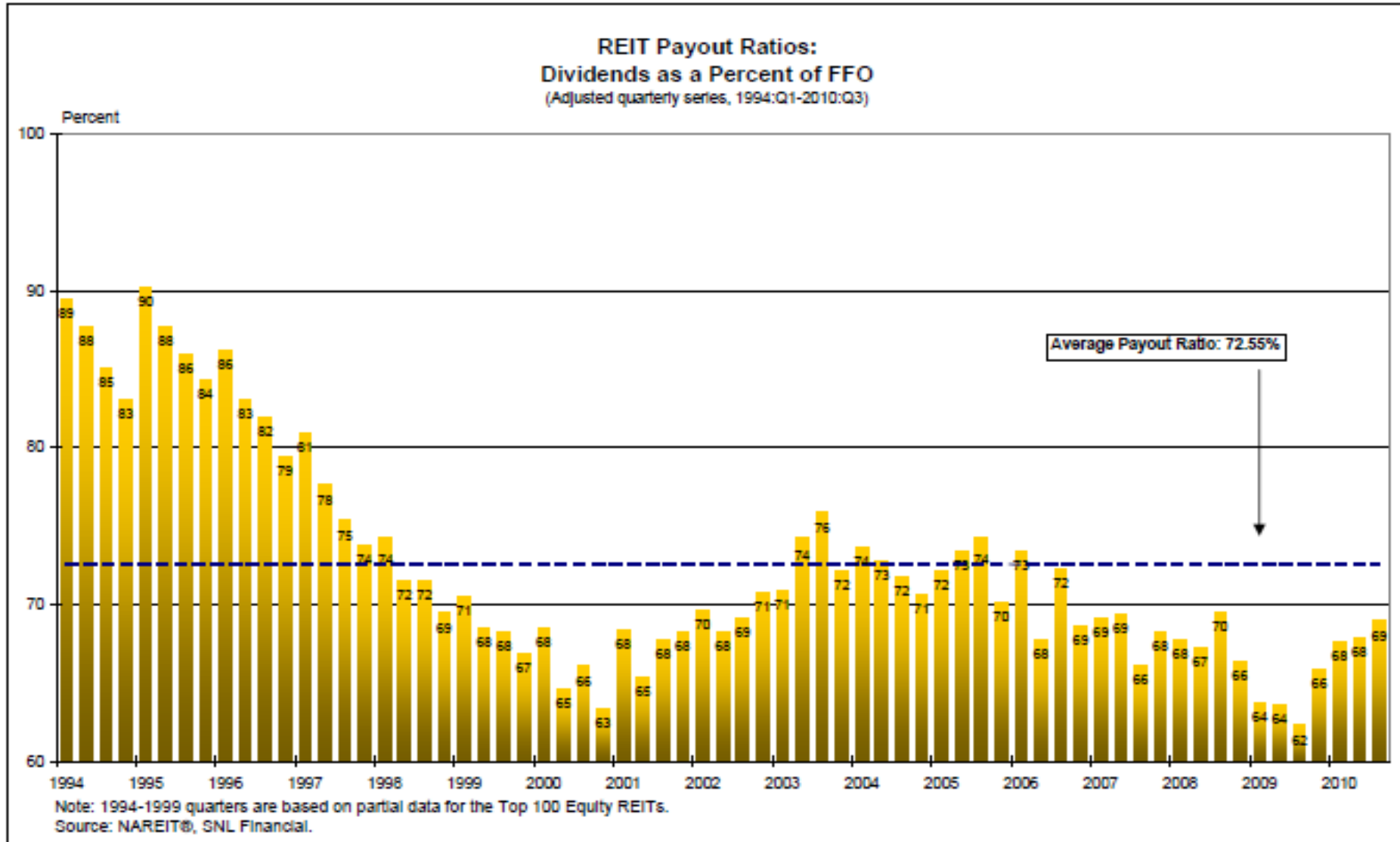
Composite REIT Leverage (1972 - 2011)



Lower Payouts Provide Safer Dividend Coverage

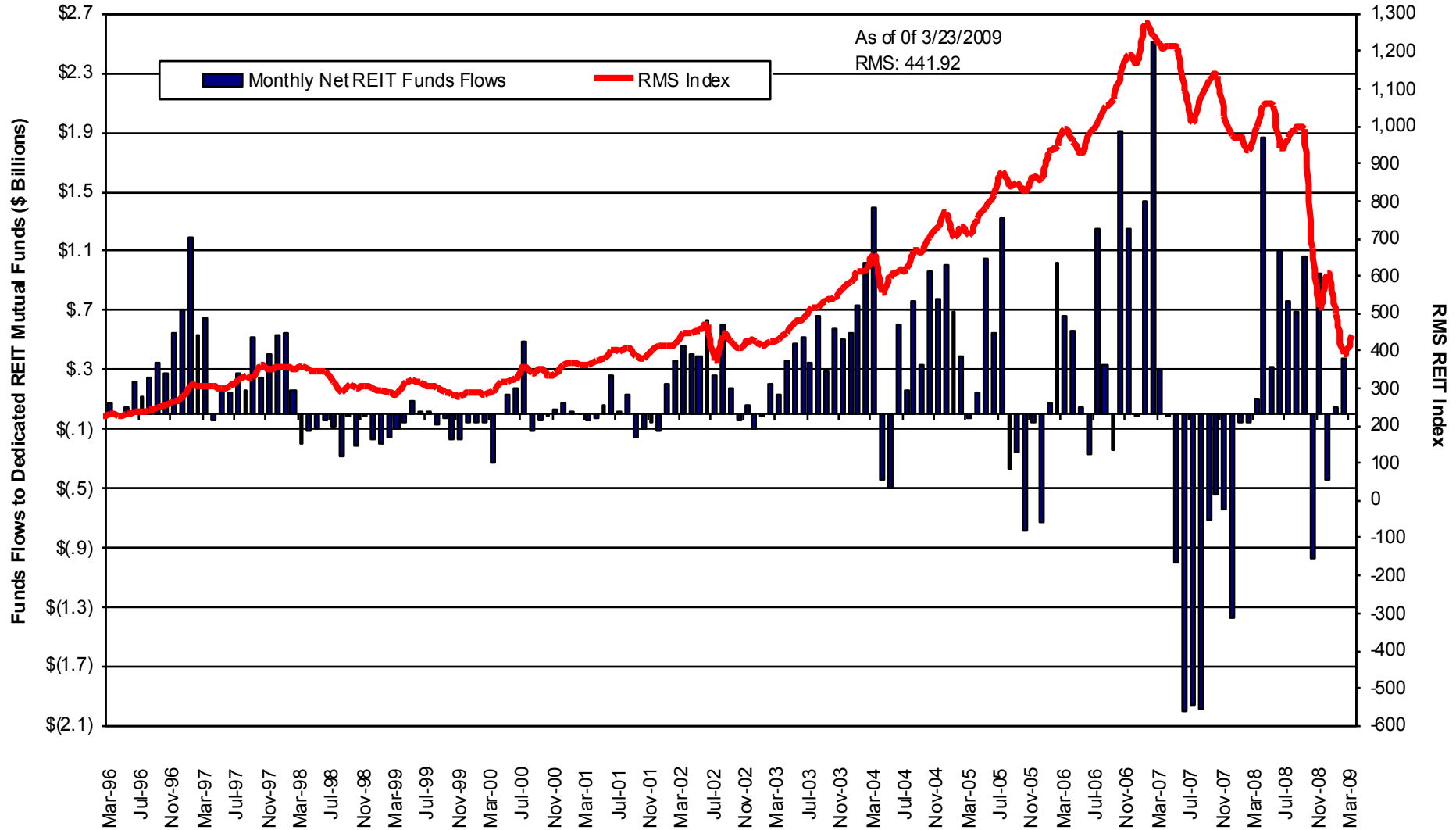


FFO Payout Ratio Analysis Trailing Twelve Month Dividend/Trailing Month FFO



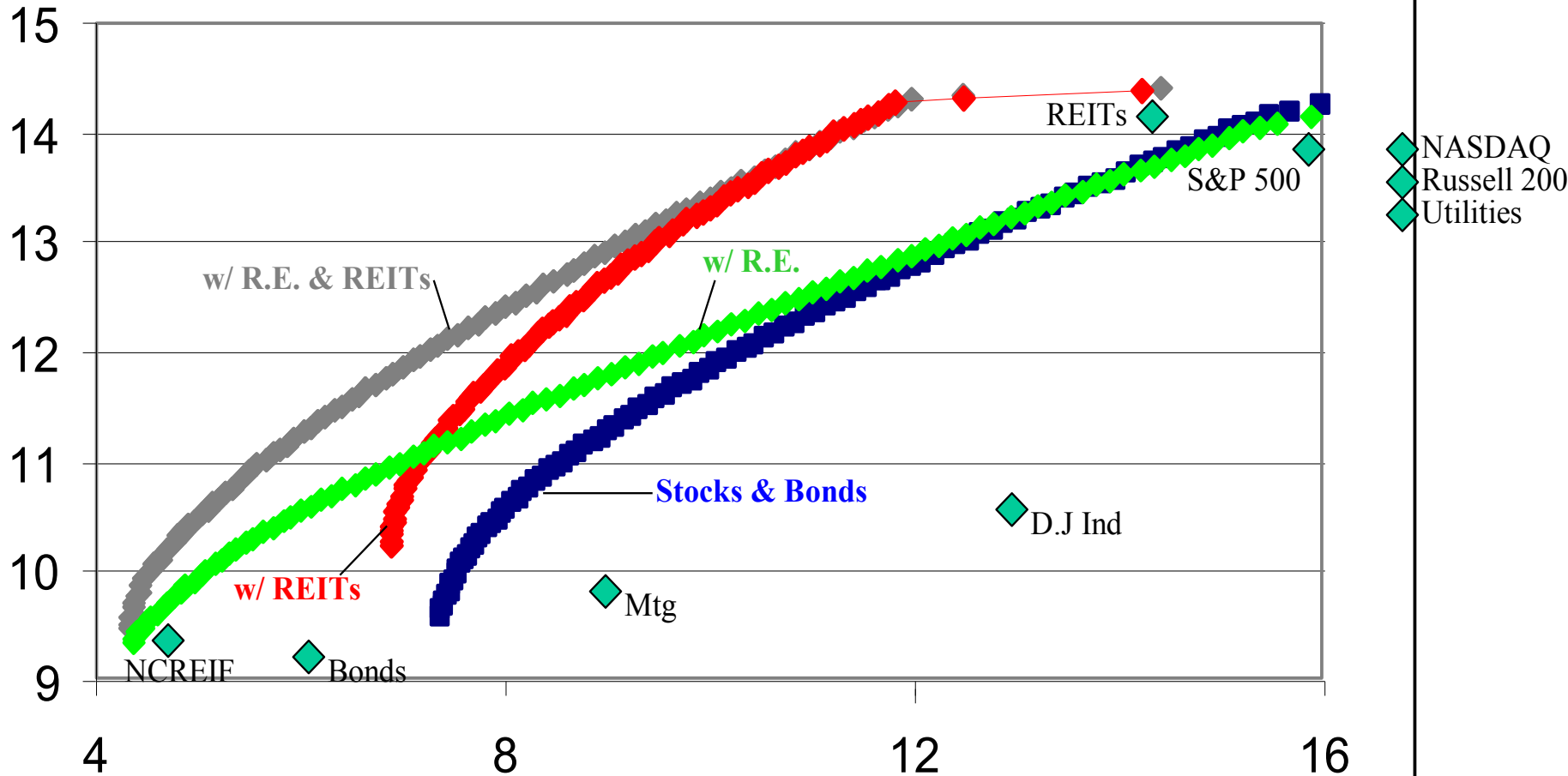
Fund Flows Drive Stock Prices – Short Term

REIT Mutual Funds Flows vs. Sector Performance



25 Year Risk Reward

Efficient Frontiers 25 Year Returns

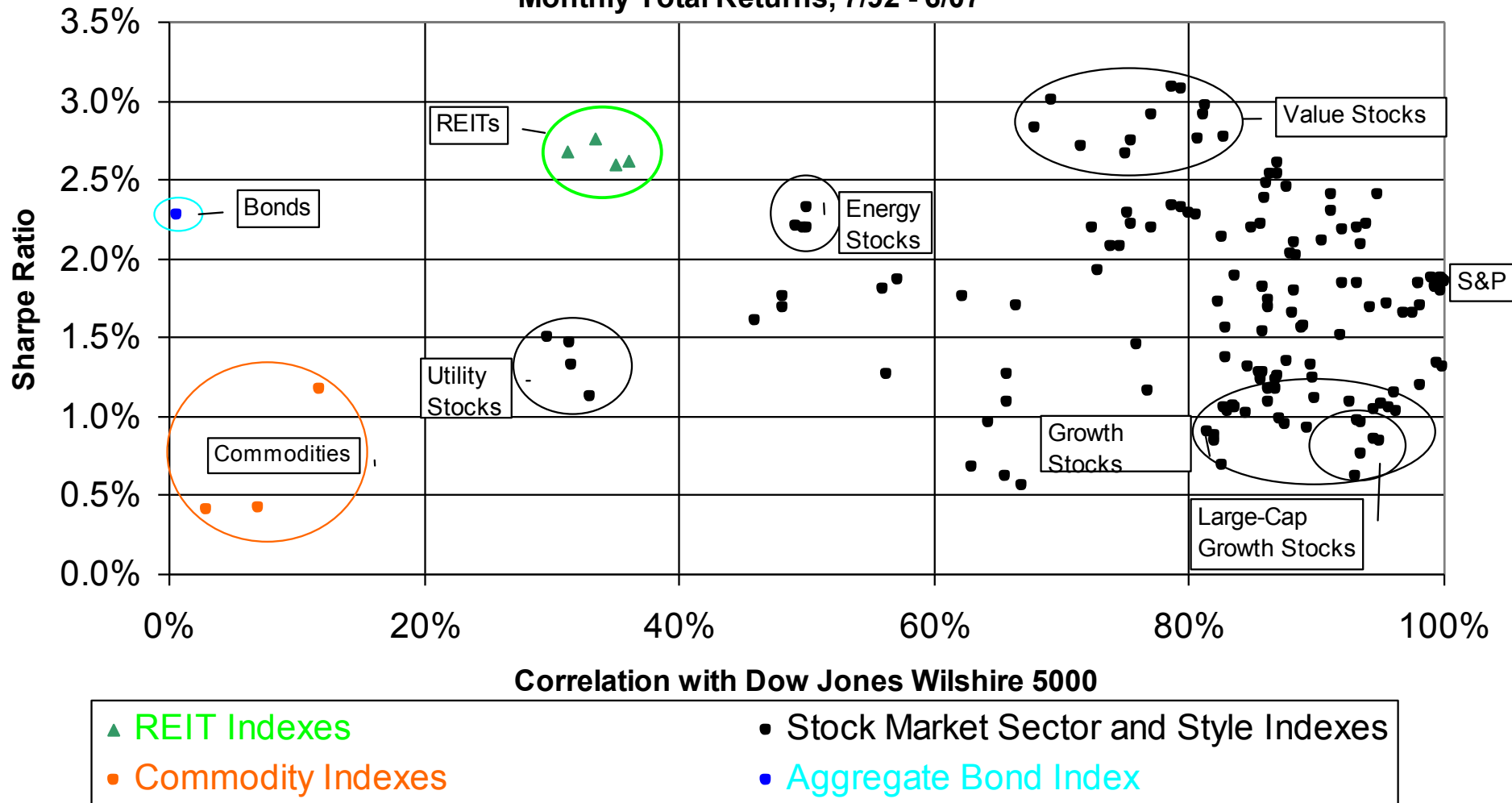


Source: Mueller & Mueller, Journal of Real Estate Portfolio Management, 2003

REITs ACT as a *Different* Asset Class

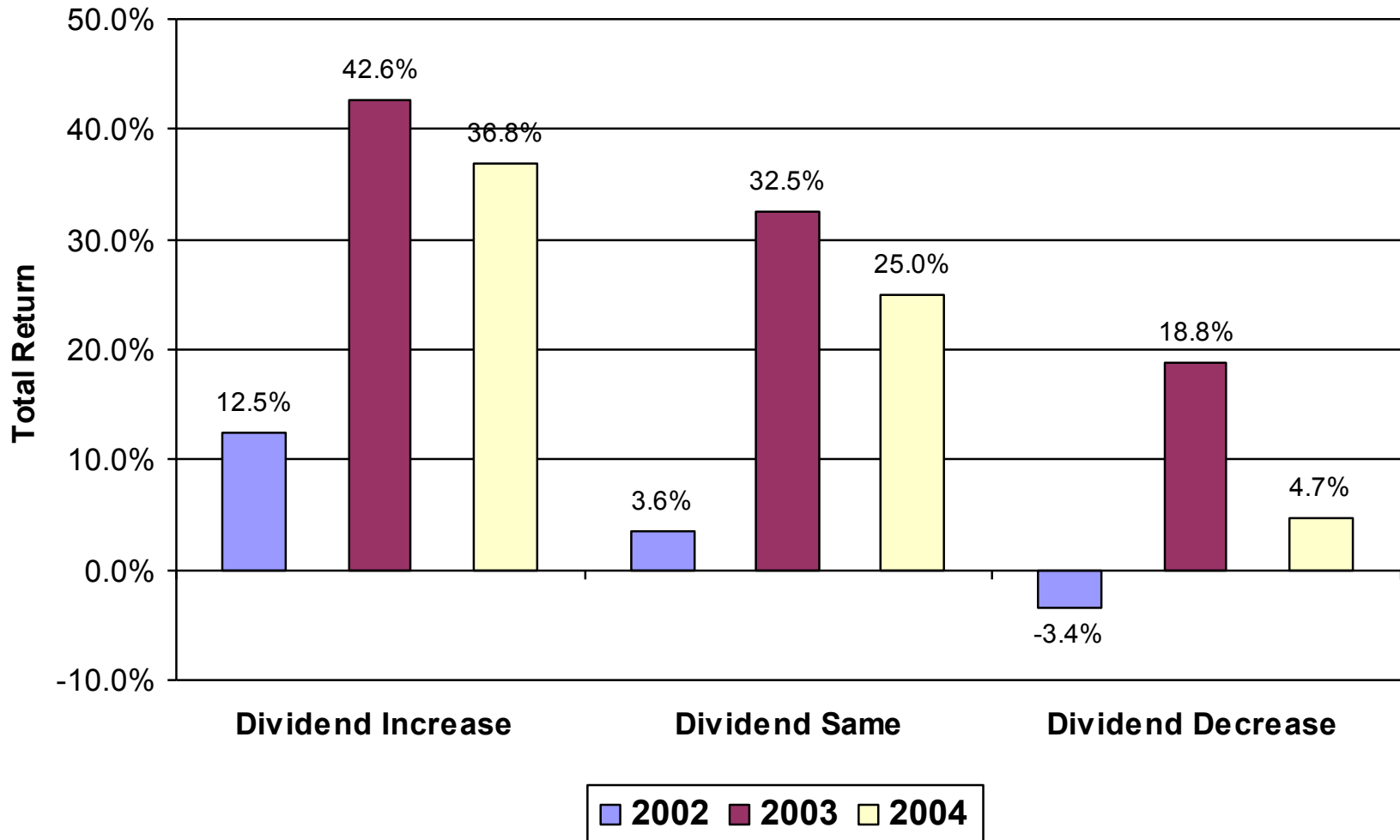
Correlation and Risk-Adjusted Performance of REIT and Stock Market Indexes

Monthly Total Returns, 7/92 - 6/07



Dividend Increases Outperform

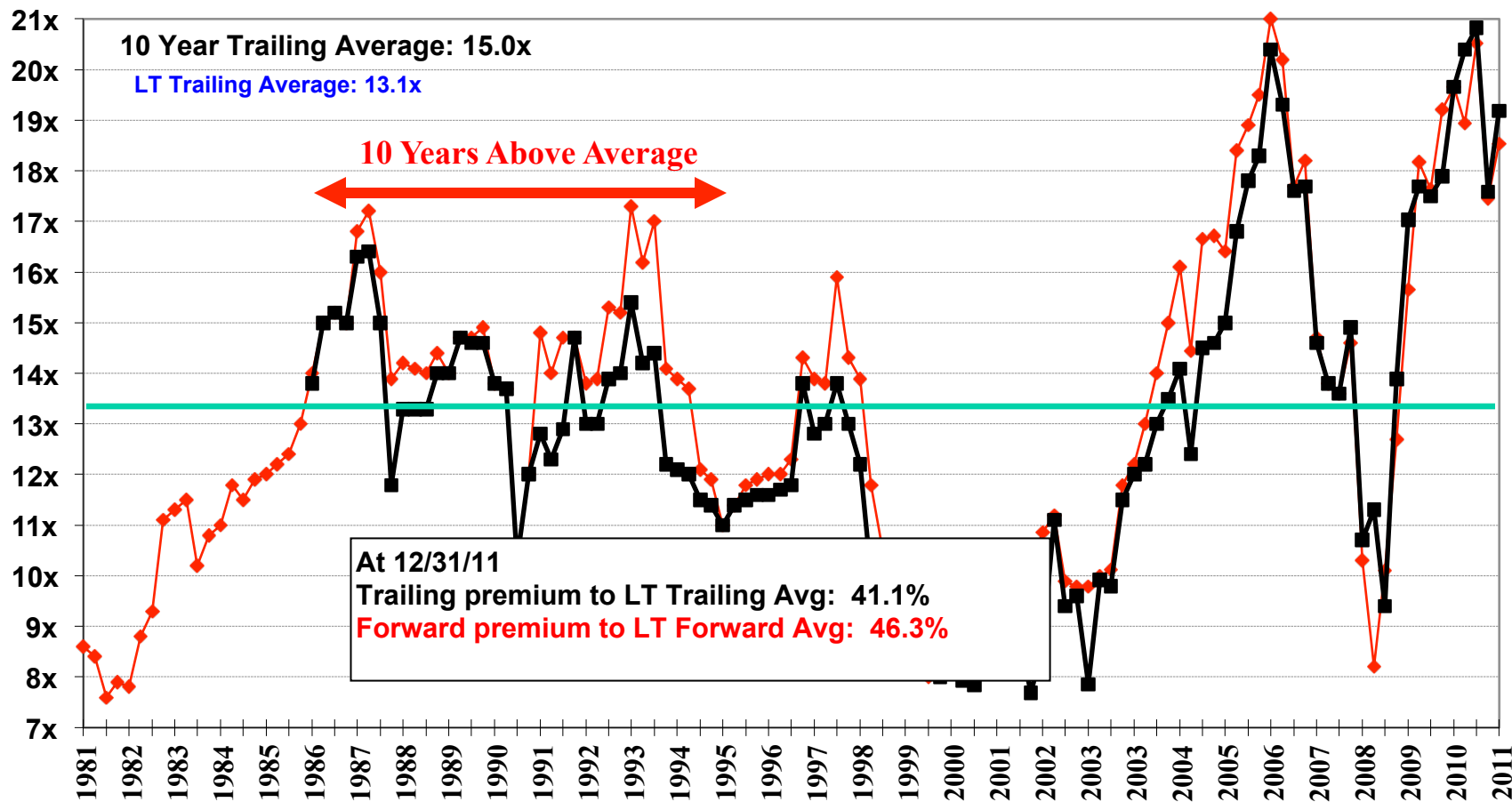
2002 - 2004 REIT Total Return Grouped by Dividend Policy



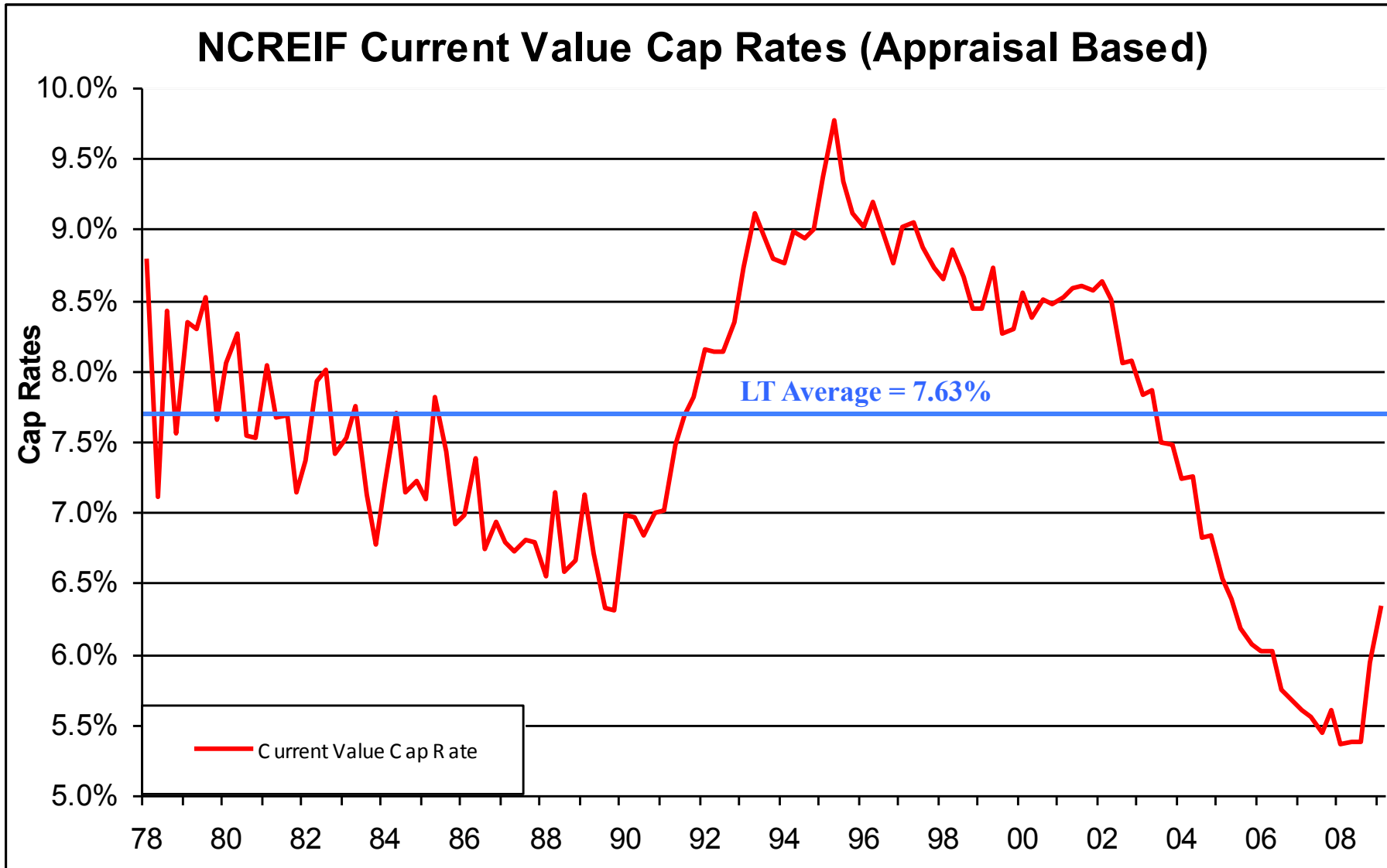
Source: SNL,

REIT Multiples Above LT Average

FFO Multiples Forward & Trailing



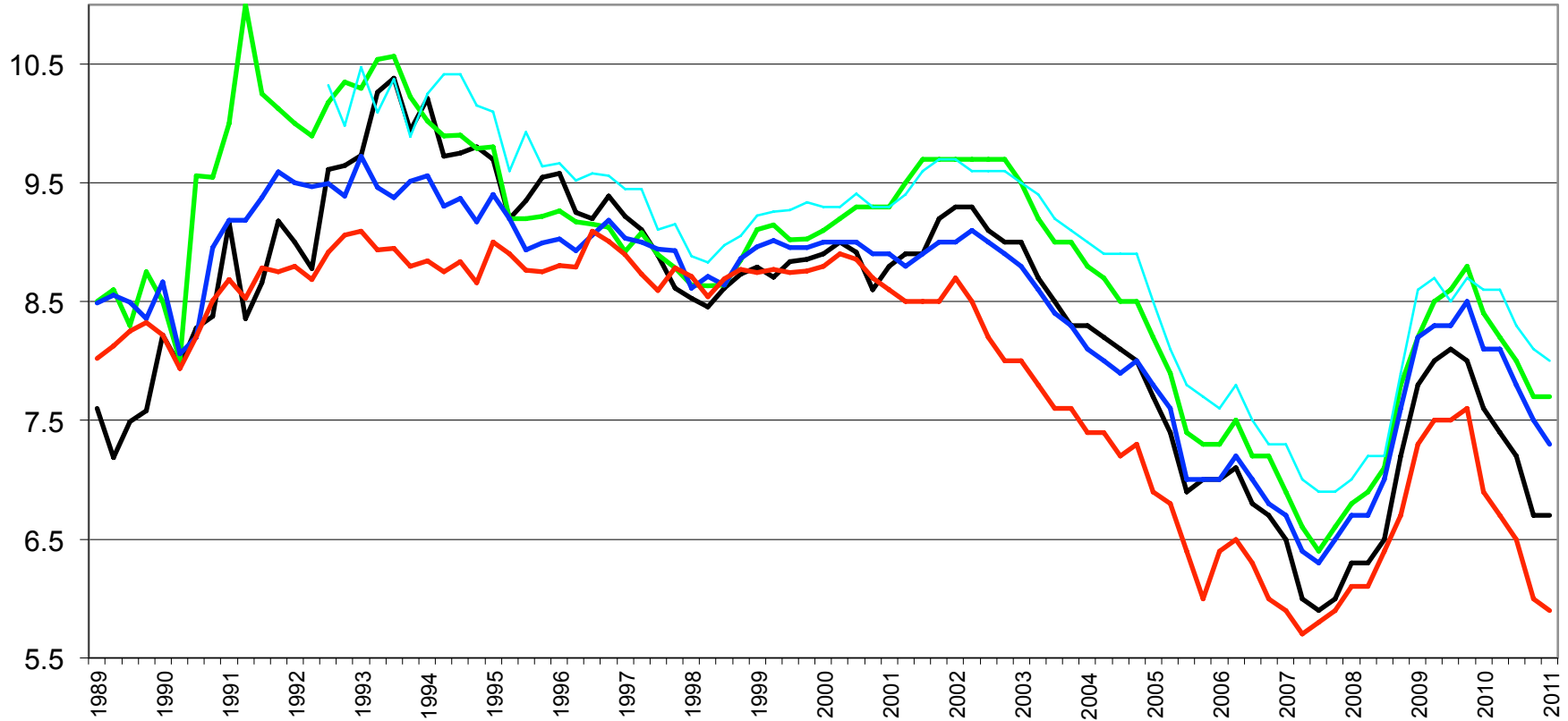
Institutional Price Movements



Property Price Movements

8.5 Office - CBD
8.9 Office - suburban
8.5 Industrial - Warehouse
9.0 Industrial - R&D
8.0 Apartments

Historic Cap Rates

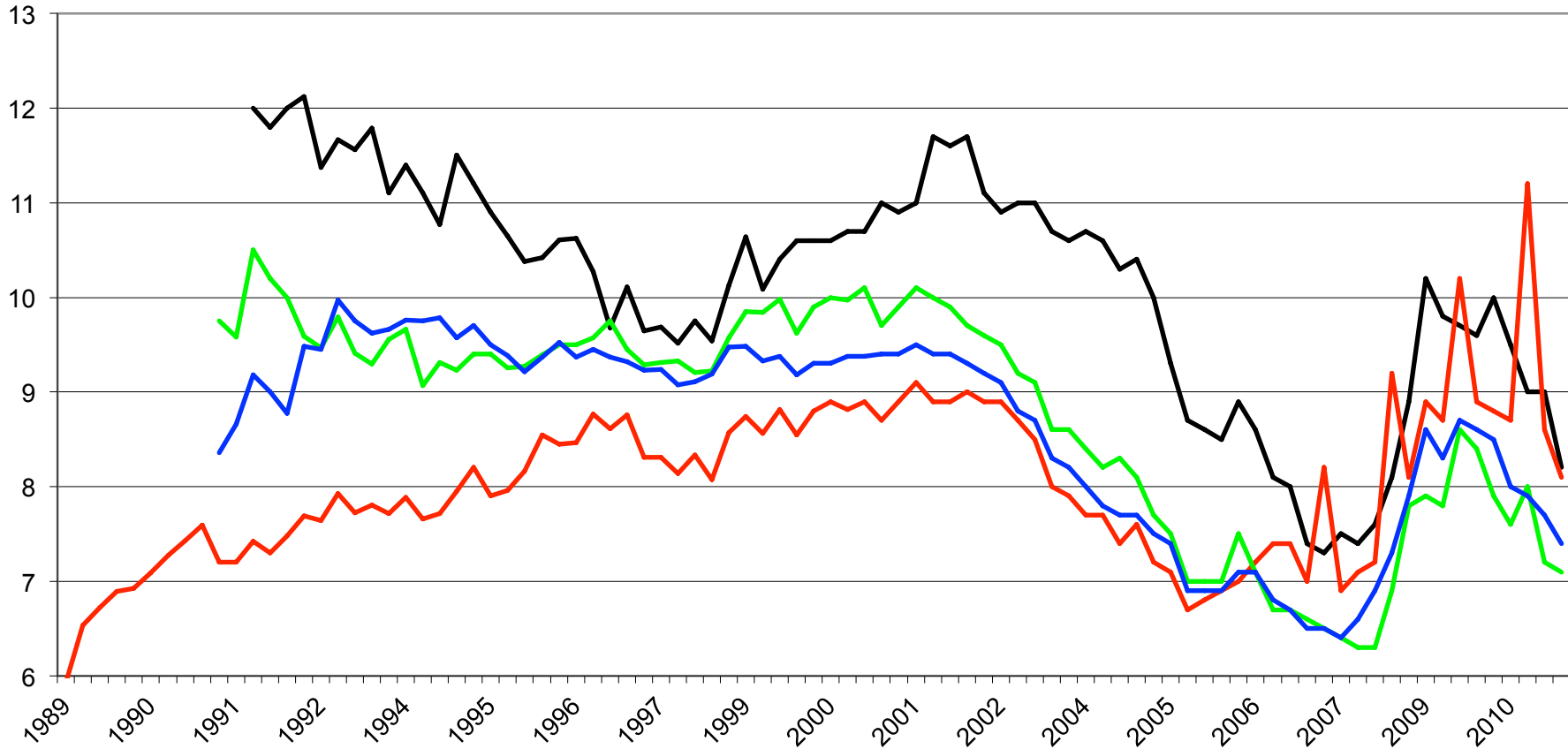


— Office - CBD — Office - suburban — Industrial - Warehouse
— Industrial - R&D — Apartments

Property Price Movements

10.2 Hotels
7.9 Regional Mall
8.9 Power Center
8.7 Neighborhood Comm.

Historic Cap Rates



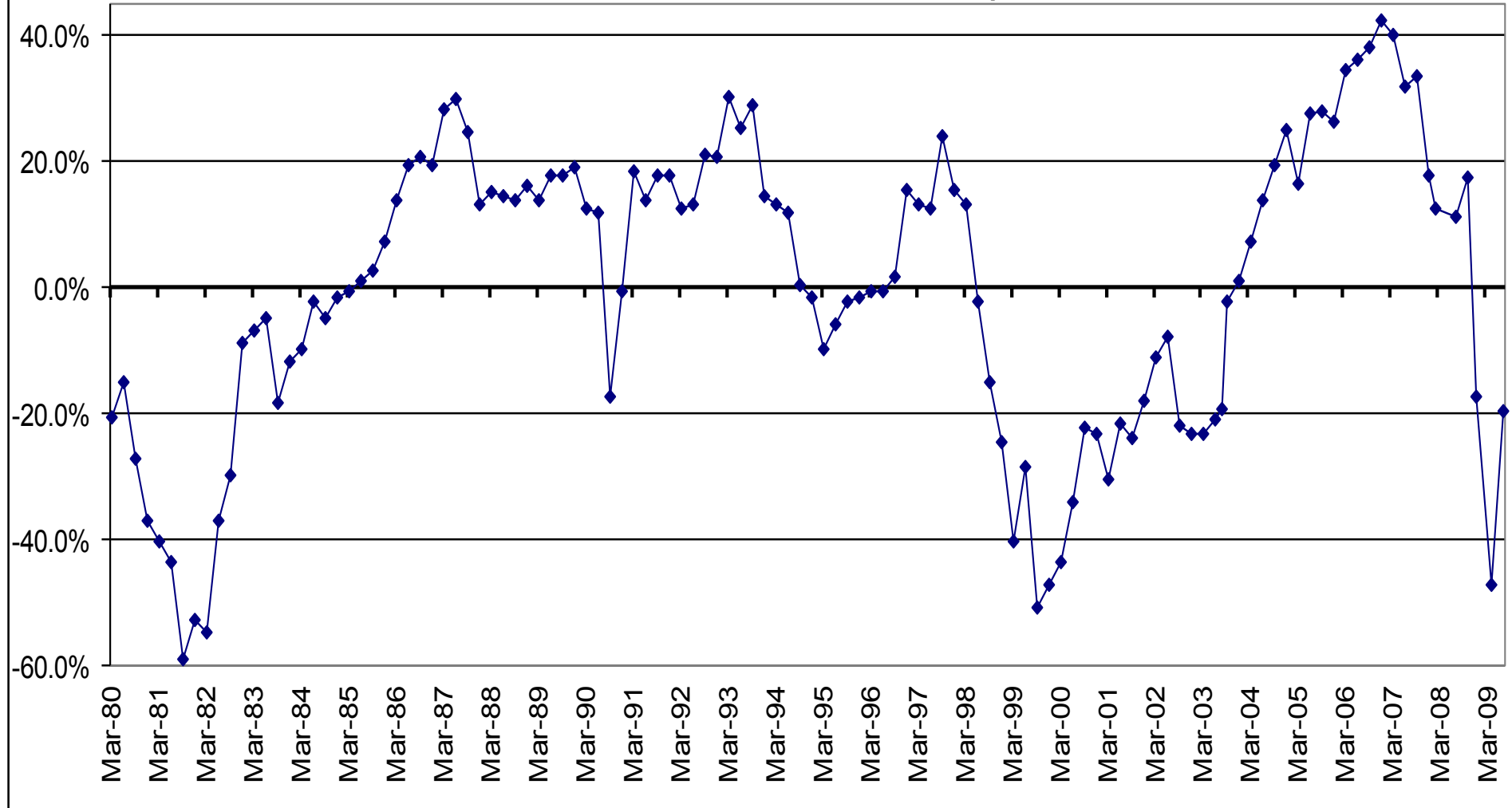
— Hotels — Regional Mall — Power Center — Neighborhood Comm.

FFO to Cap Rate Conversion

<u>1/FFO</u>	=	<u>Cap Rate</u>
10.0x	=	10
11.1x	=	9
12.5x	=	8
14.3x	=	7
16.7x	=	6

REITs Trading Below Private Market Pricing

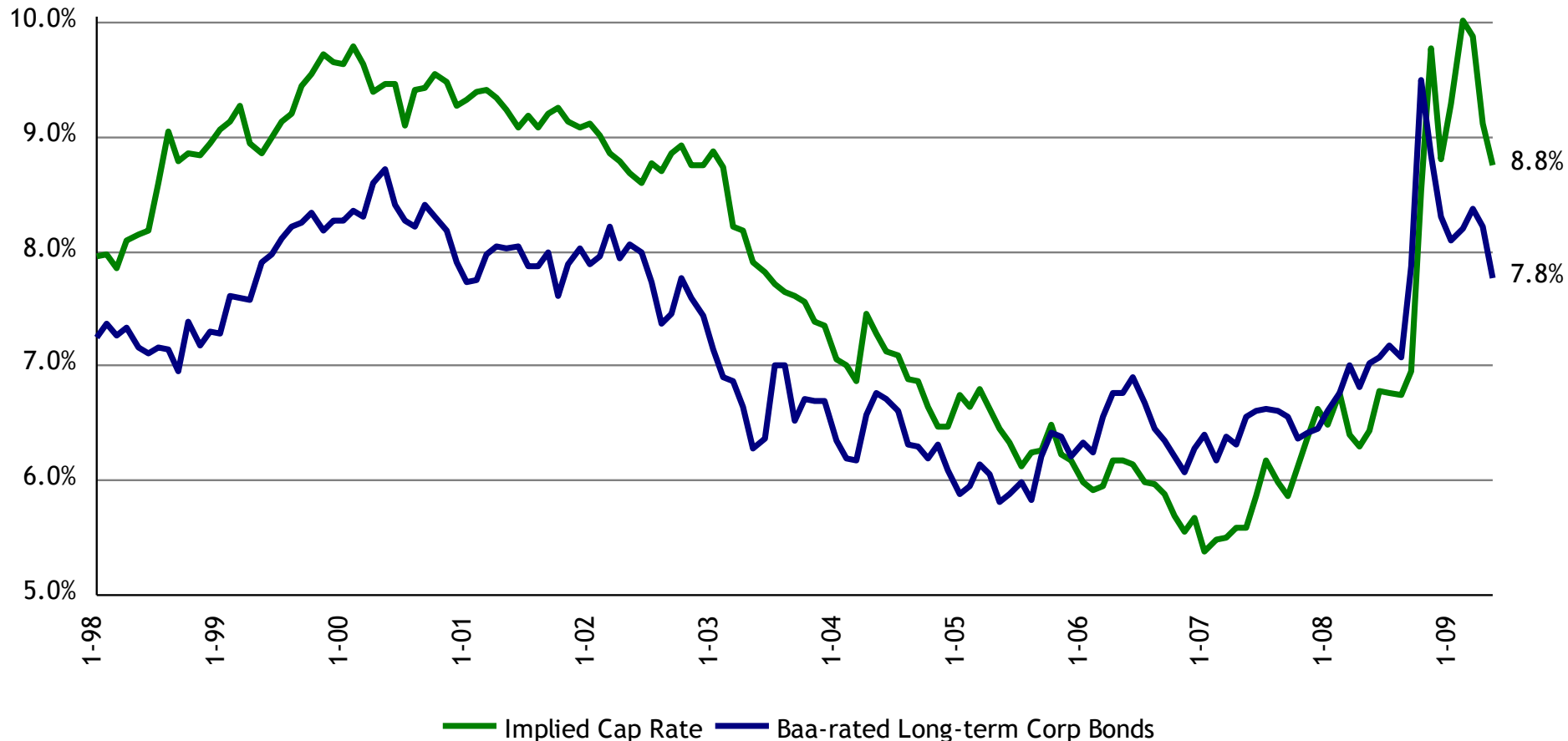
REIT NAV Premium / Discount at 8.5% Cap Rate



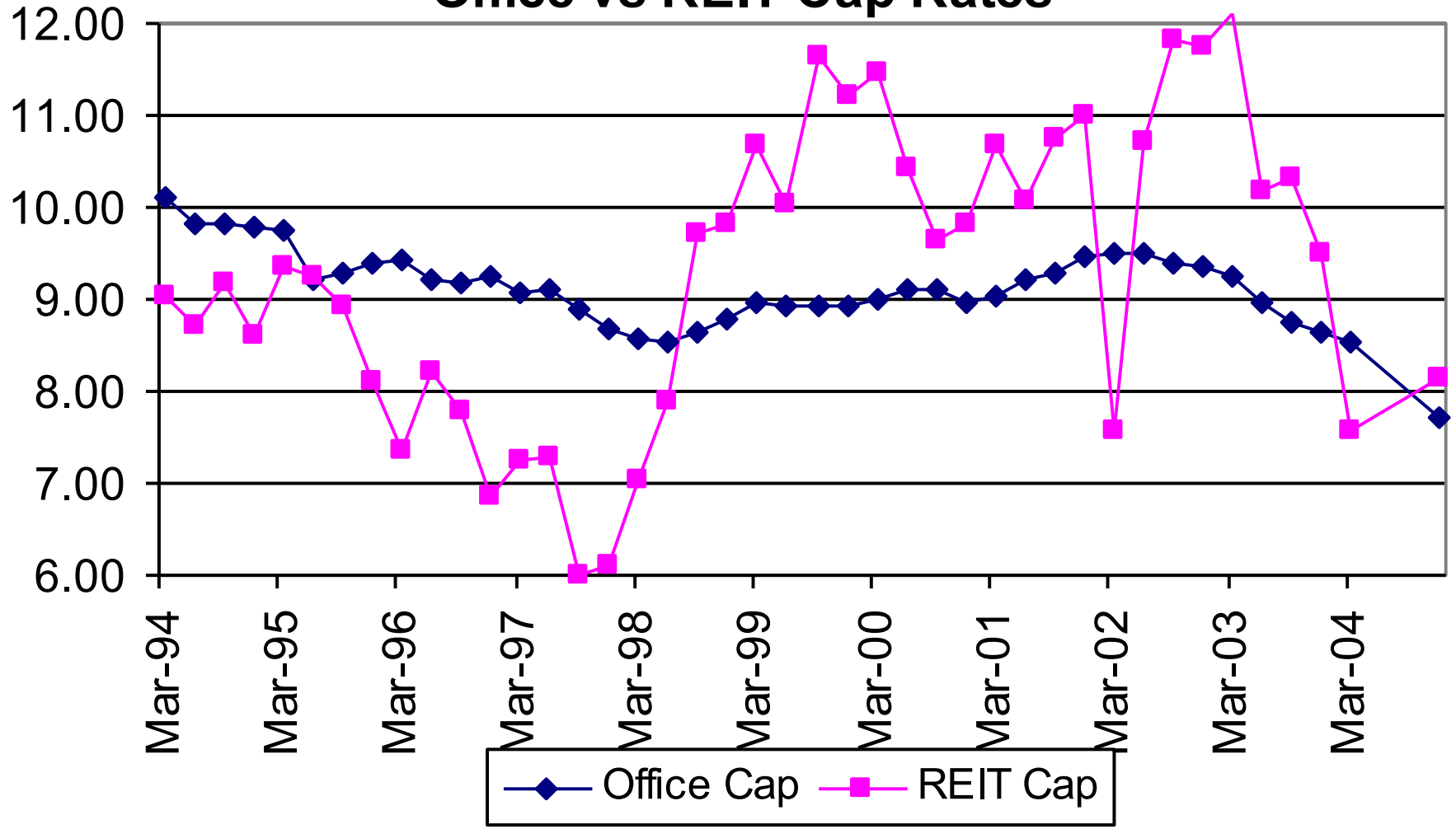
Where Should Real Estate be Valued?

REITs are trading at an implied cap rate (the cap rate at which NAV equals the current share price) of almost 9%.

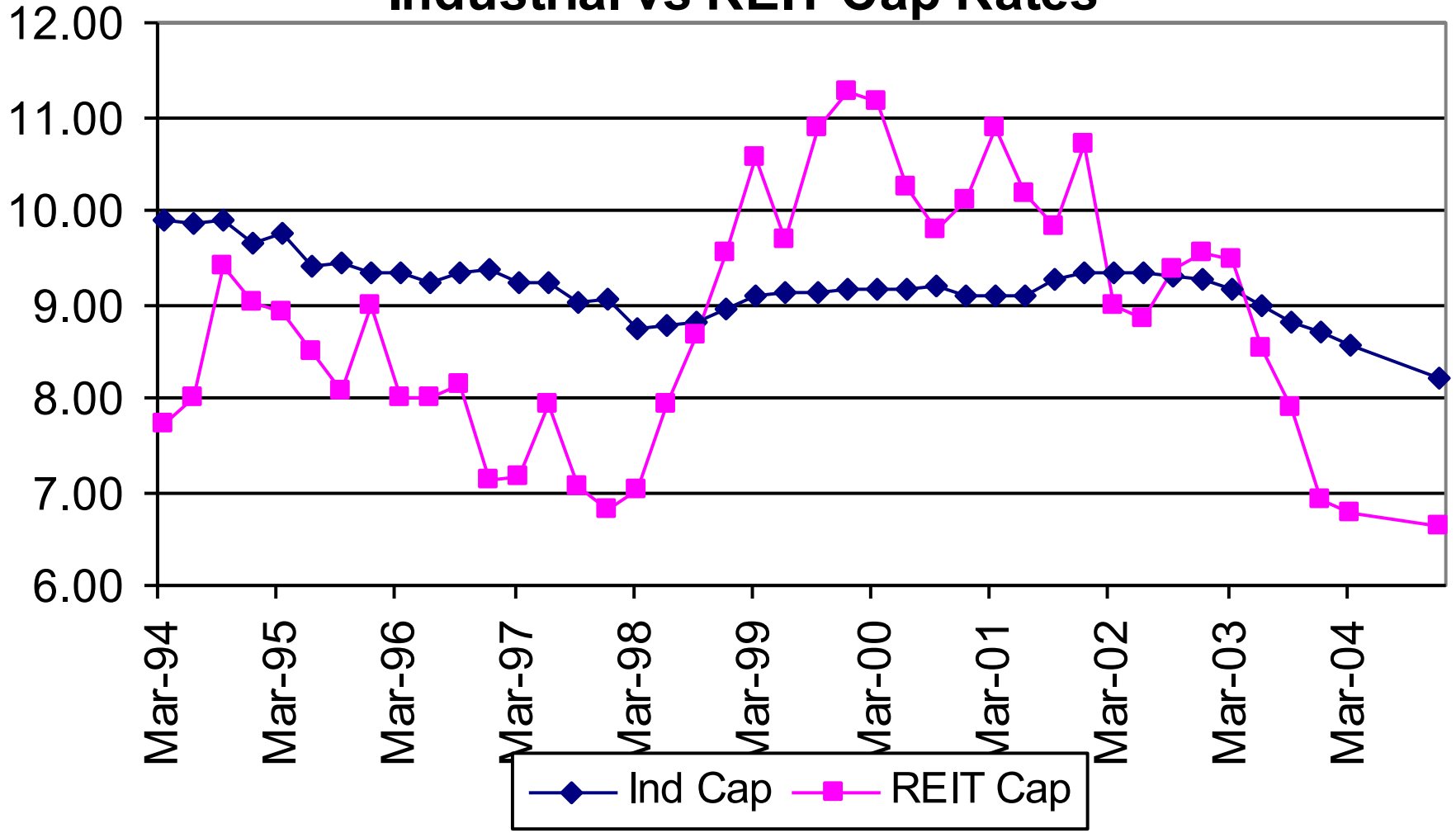
Implied Cap Rates & Corporate Bond Yields



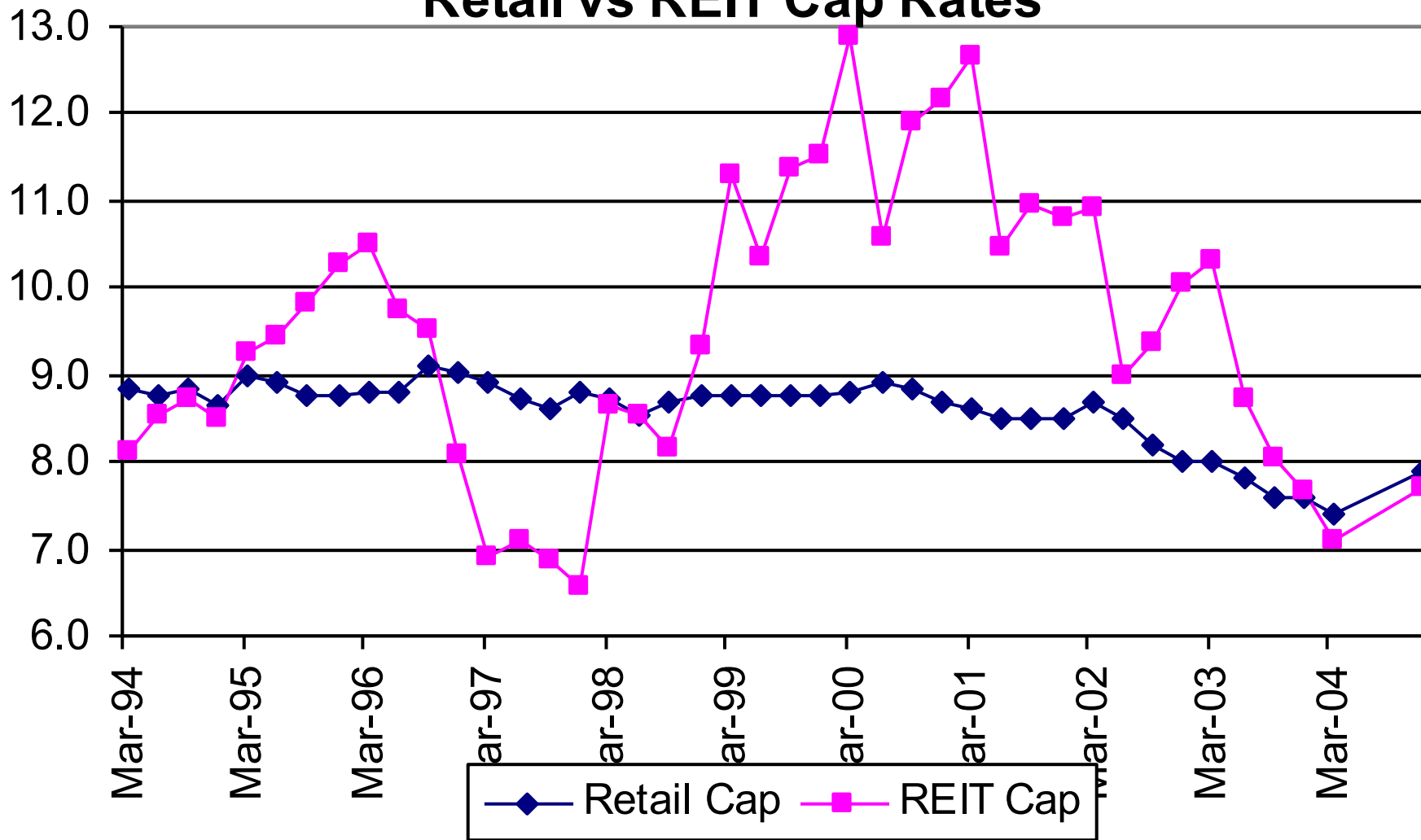
Office vs REIT Cap Rates



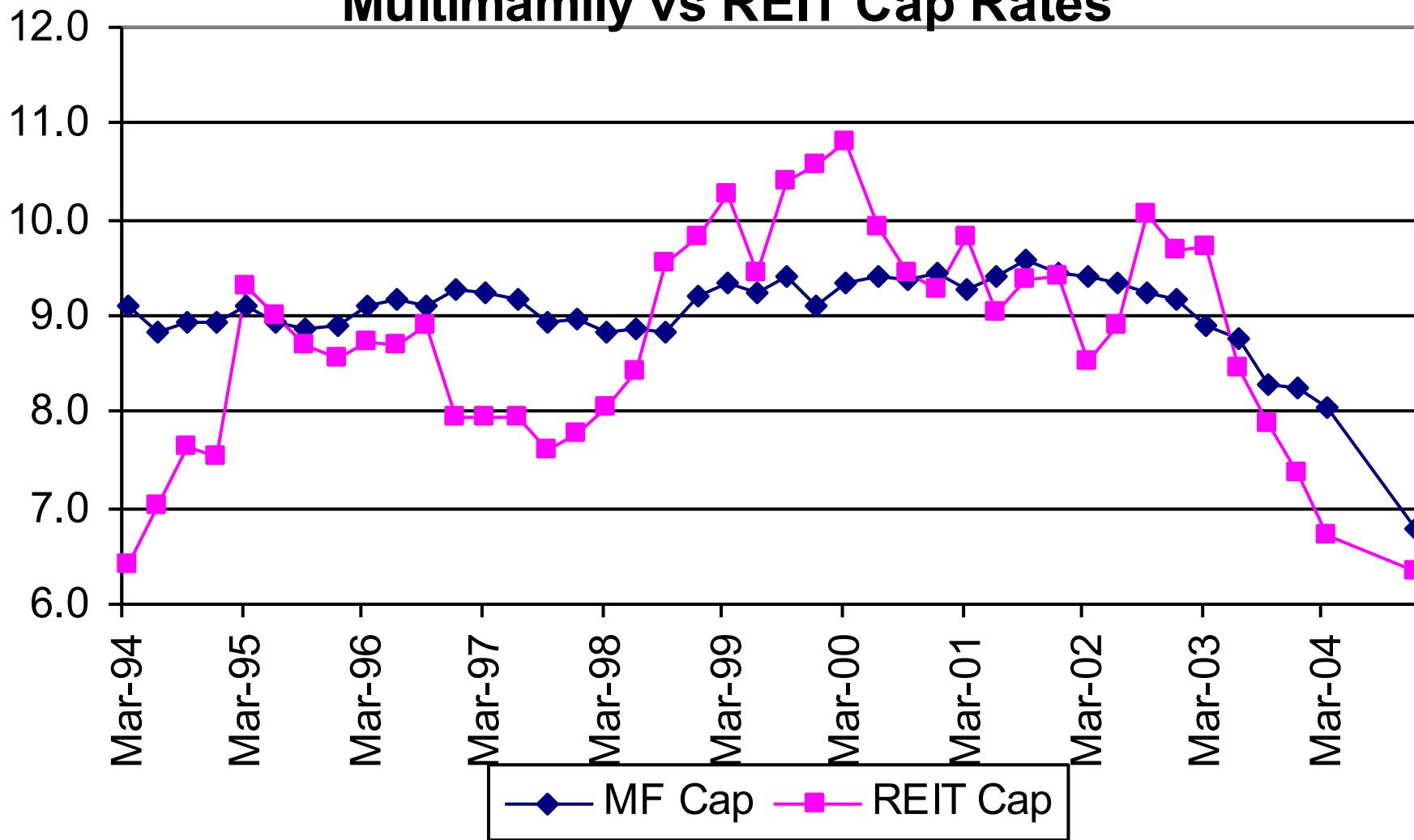
Industrial vs REIT Cap Rates



Retail vs REIT Cap Rates

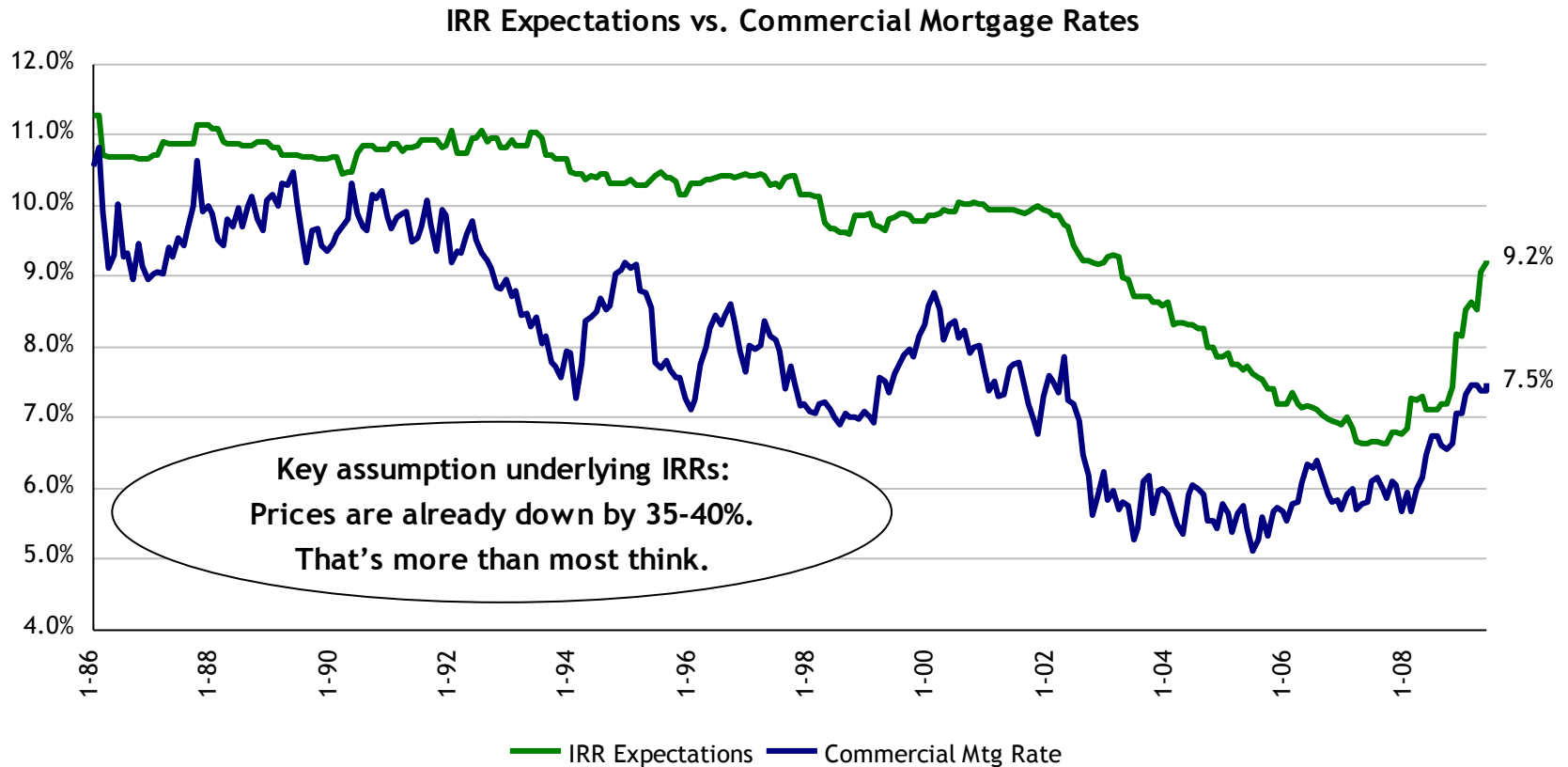


Multimamily vs REIT Cap Rates



Where Should Real Estate be Valued?

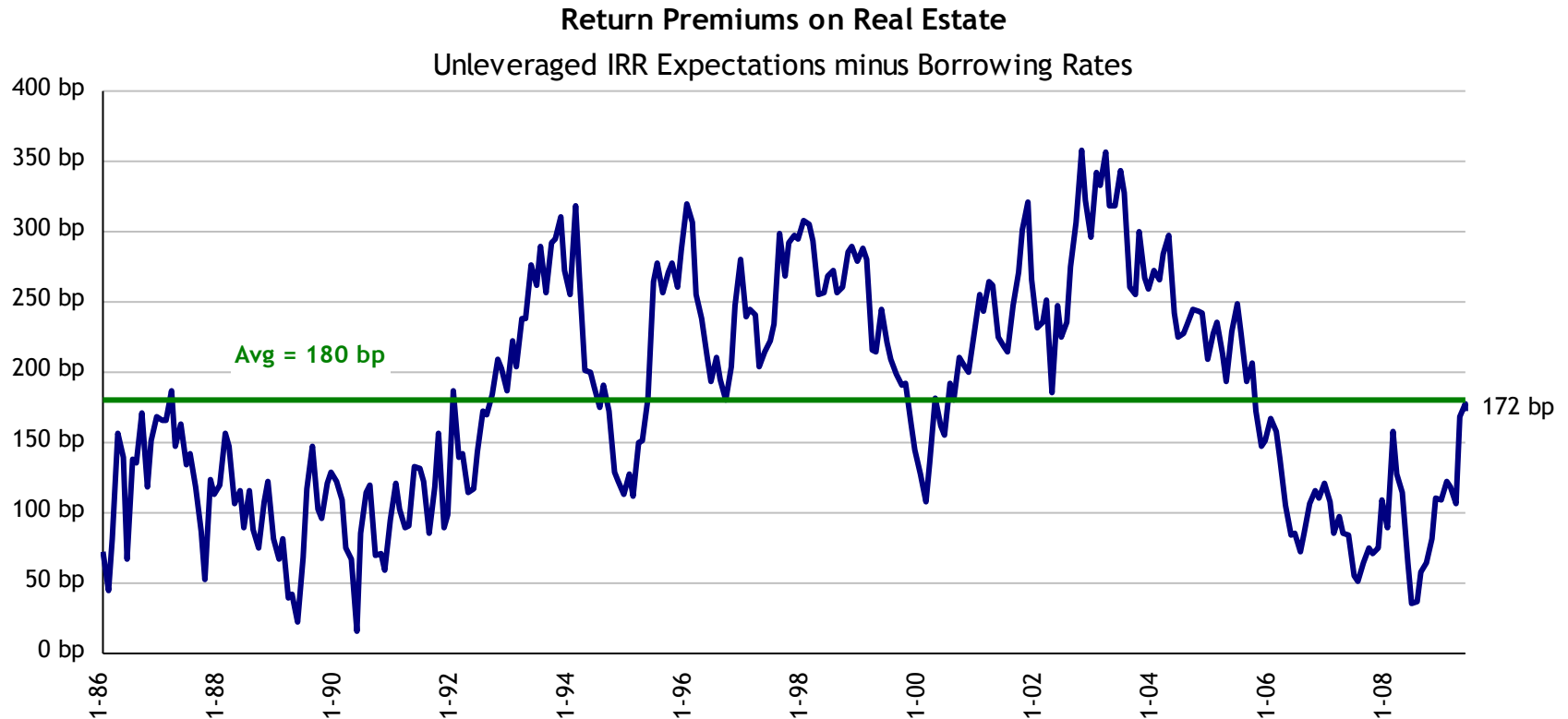
- By combining historic cap rate, intermediate growth, and inflation expectations, it is possible to construct a time series of the unleveraged returns that real estate investors historically have expected to achieve.



Proxy for IRR expectations = economic cap rates + intermediate-term growth + long-term growth (expected inflation less 110 basis points). Inflation source: Survey of Professional Forecasters. Source for Mortgage Rates: American Council of Life Insurers and Green Street.

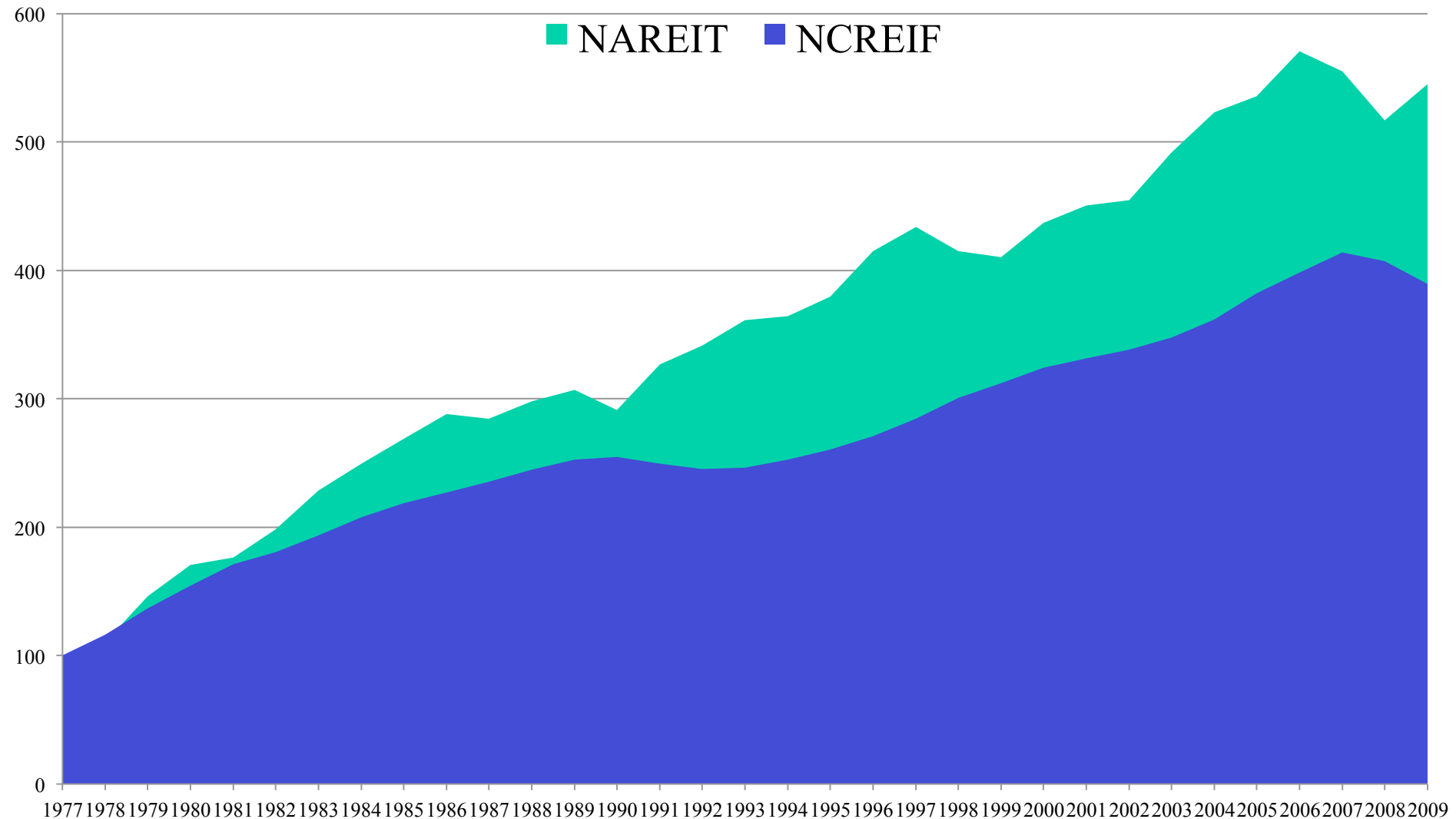
Where Should Real Estate be Valued?

- Historically, return (IRR) expectations have substantially exceeded borrowing rates. Assuming that values are down 35-40%, the spread is now about back to normal. Real estate is fairly valued if prices are down this much.



Total Return Analysis

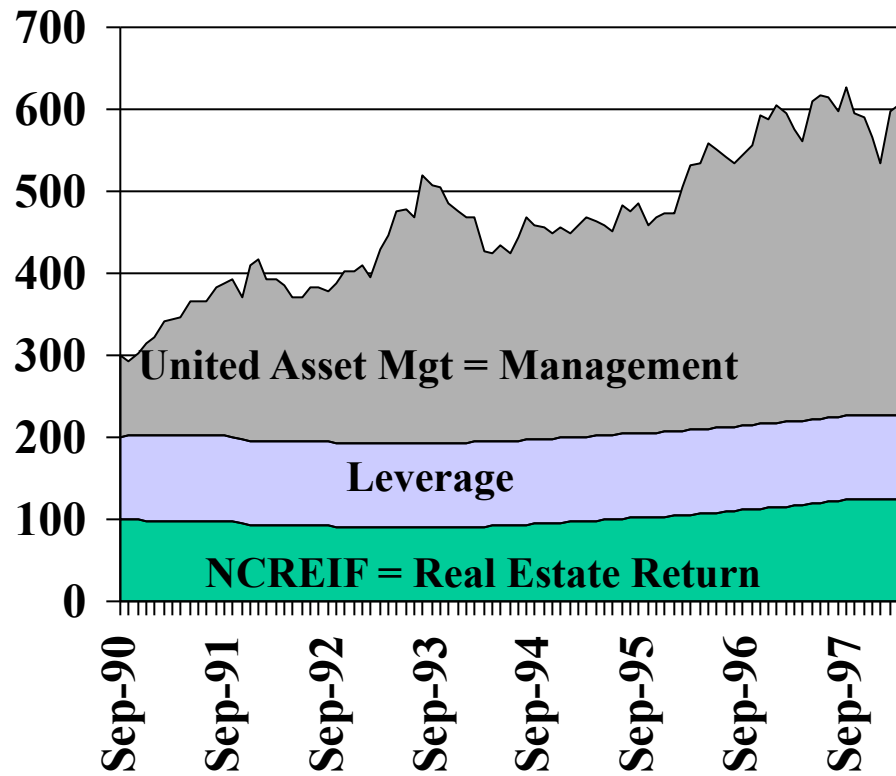
NCREIF vs NAREIT 1970 to 2009



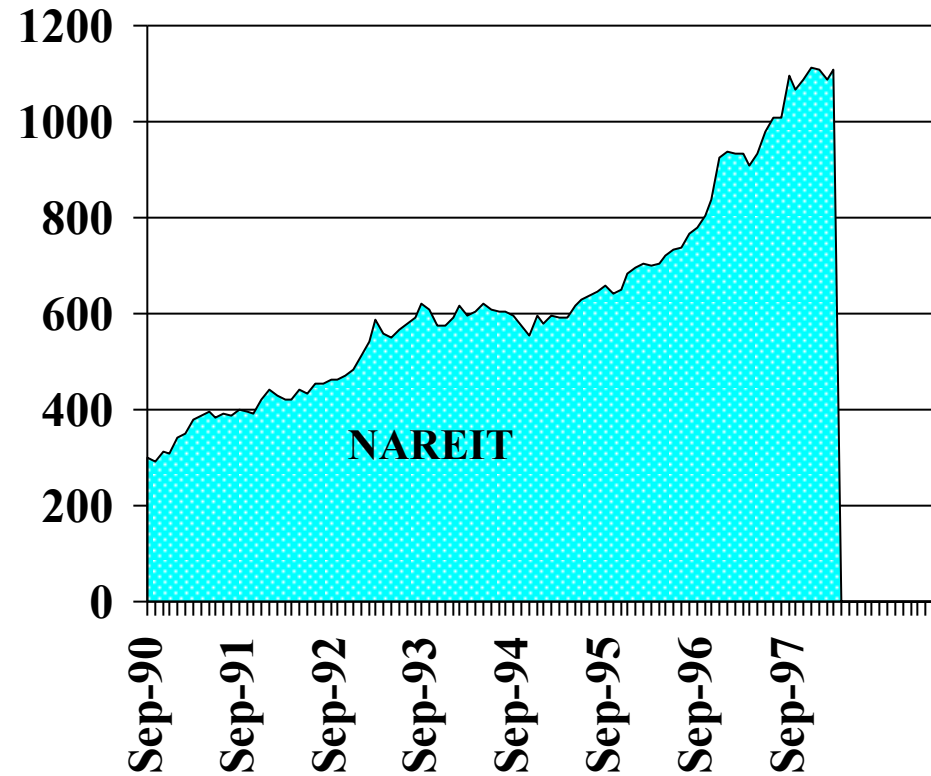
Source: NAREIT, NCREIF

Most current numbers (12/31/99)

3 Components of Real Estate Return

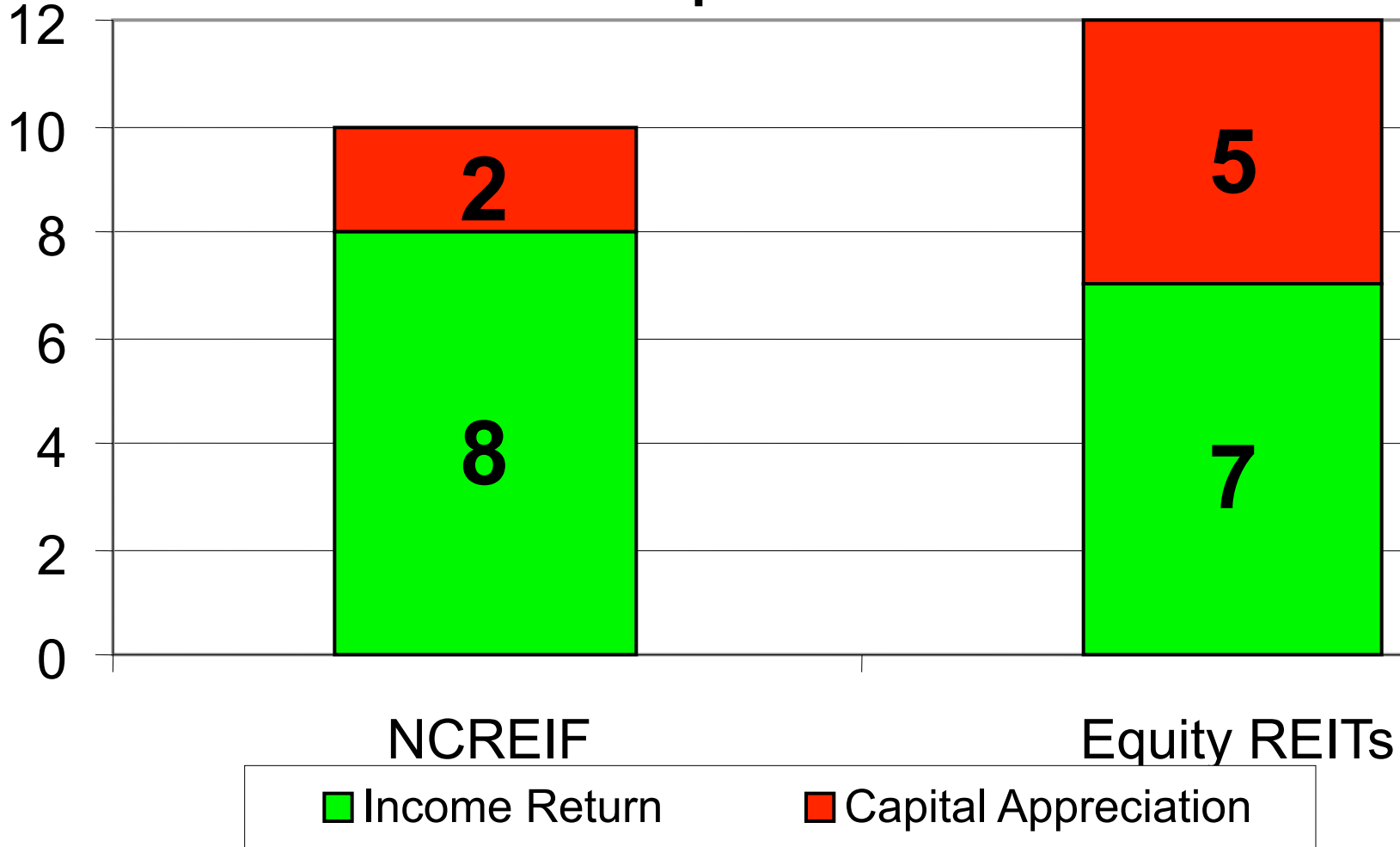


REIT Return (All 3 Components)



Private vs Public Pricing

Return Components 1995 - 2004



REIT evolve Globally

1960 – REIT established in US

Early 1980s – UK adopts REIT structure

Mid 1980s – Dutch and Canadians adopt REITs

Late 1980s – Japanese adopt JREIT

Early 1990s – Dutch invest in US REITs

Mid 1990s – Germans adopt REITs

2000s – many countries adopt REIT format

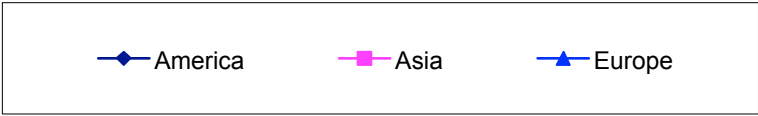
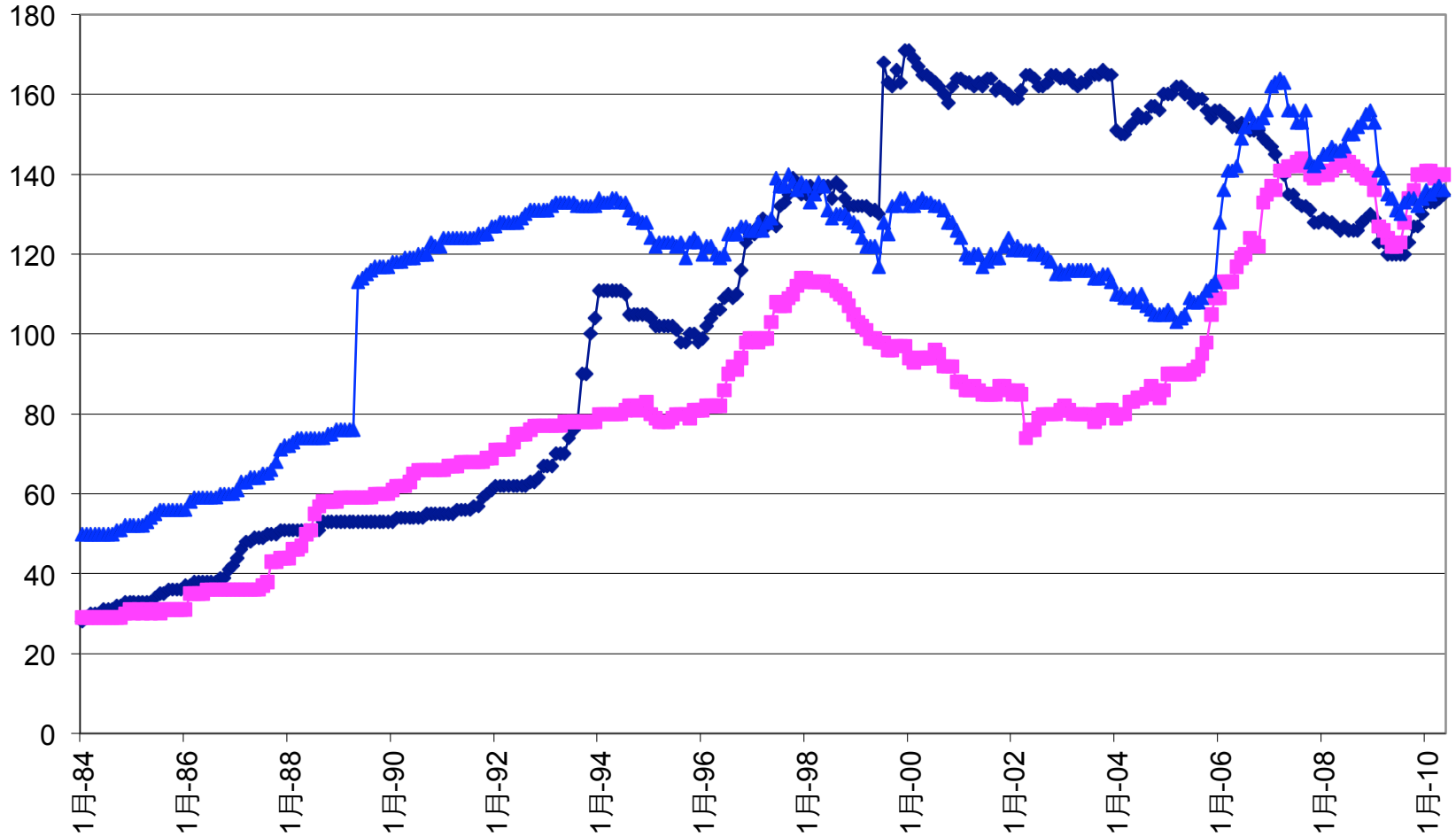
Countries with REIT Legislation

- Australia
- Belgium
- Bulgaria
- Canada
- France
- Germany
- Hong Kong
- Israel
- Italy
- Japan
- Korea
- Malaysia
- Mexico
- Netherlands
- New Zealand
- Singapore
- South Korea
- Taiwan
- Thailand
- Turkey
- United Kingdom

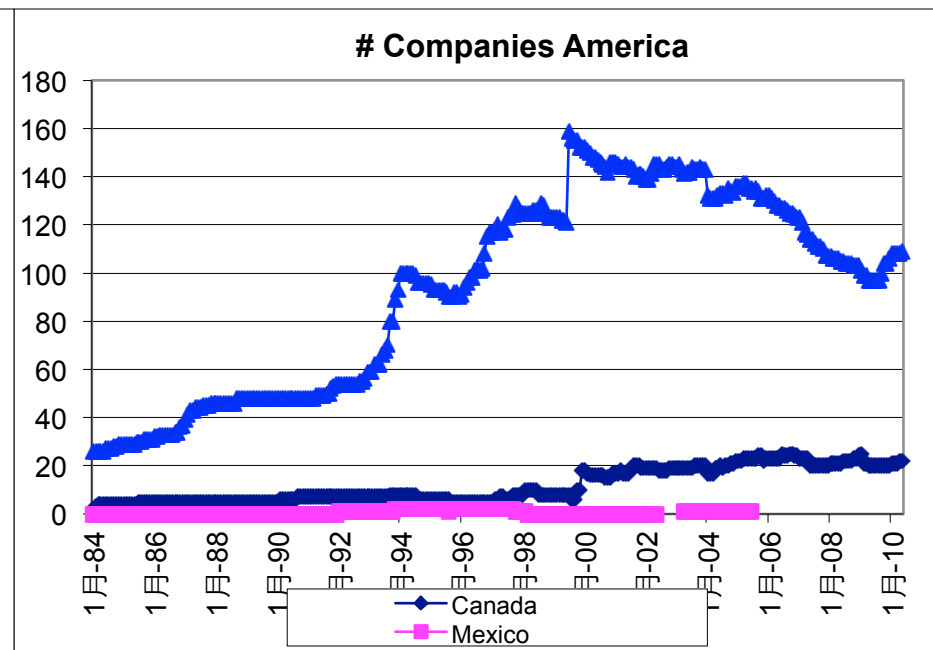
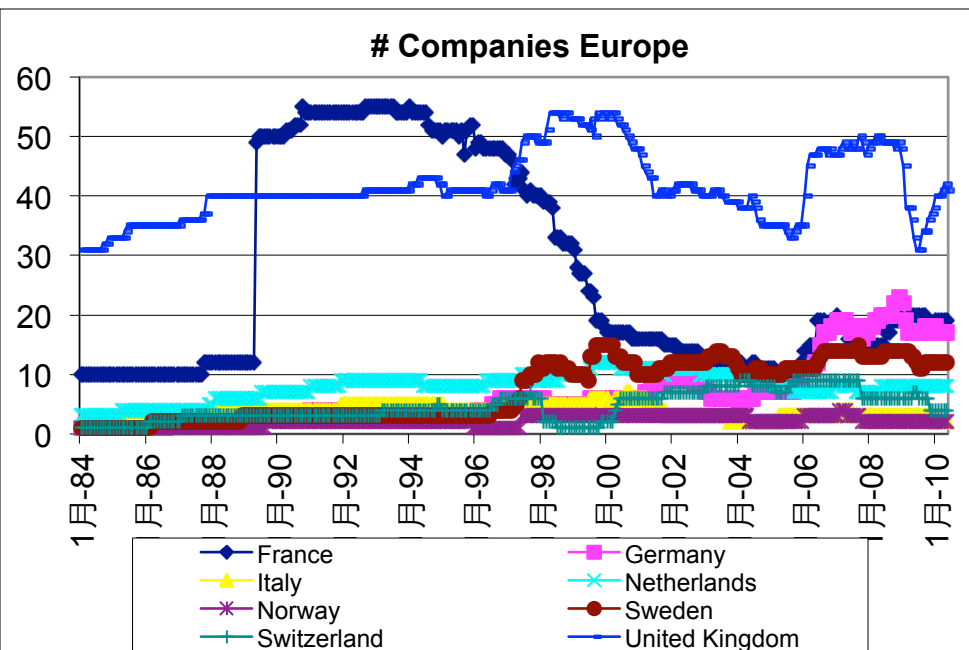
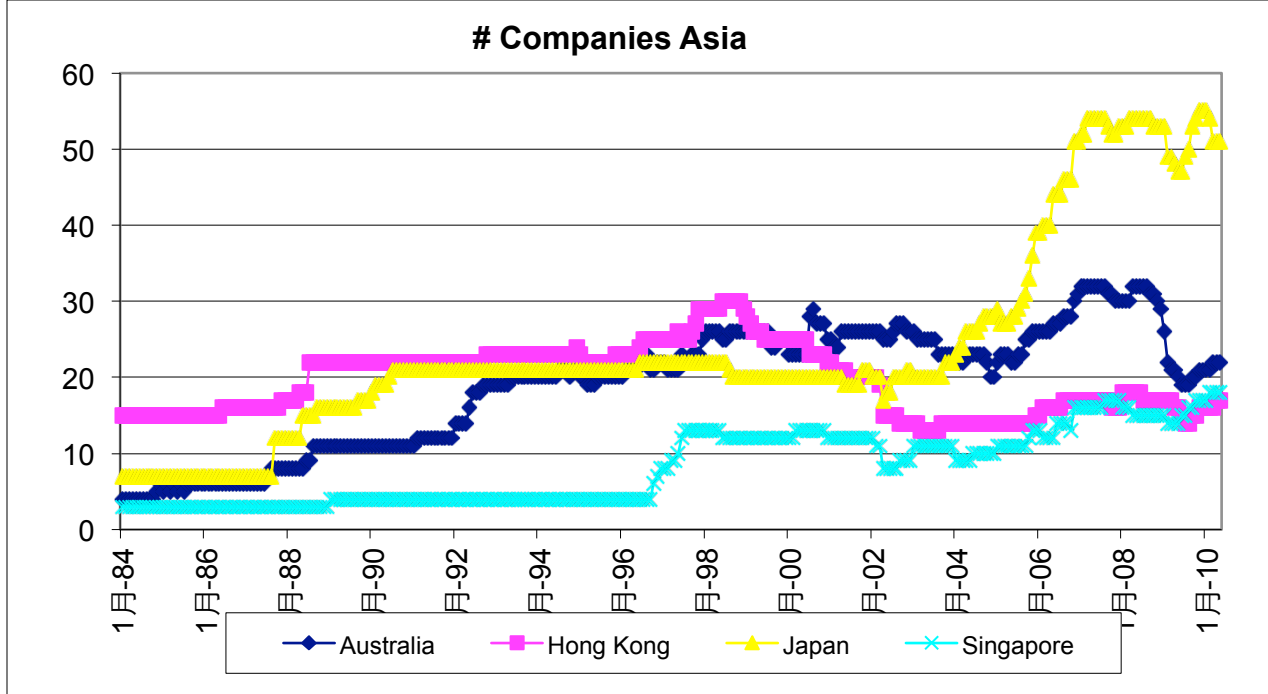
REIT Legislation Under Discussion 2009/10:

- Finland
- India
- Pakistan
- Spain

Companies by Region

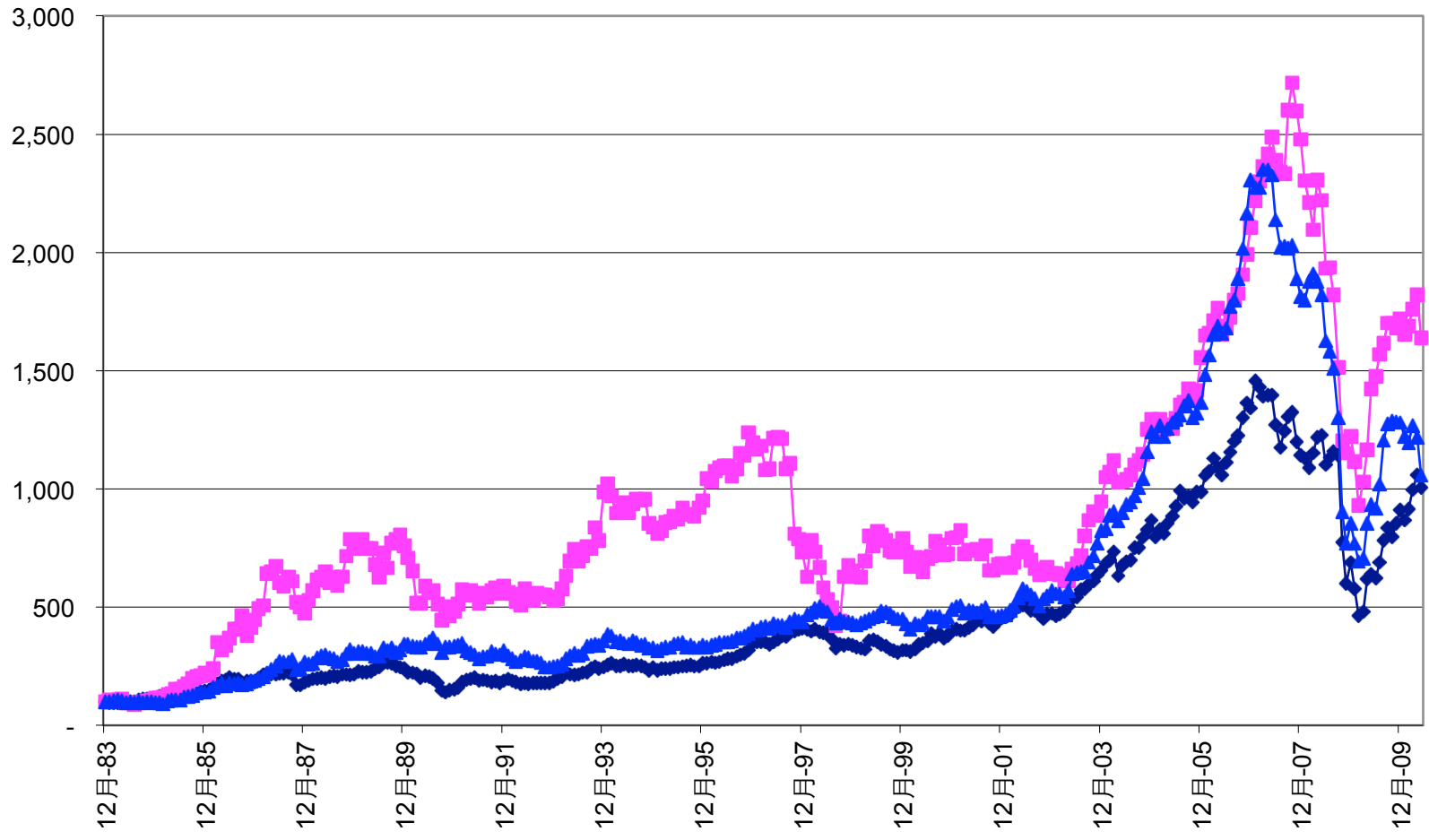


Source: Global Property Research



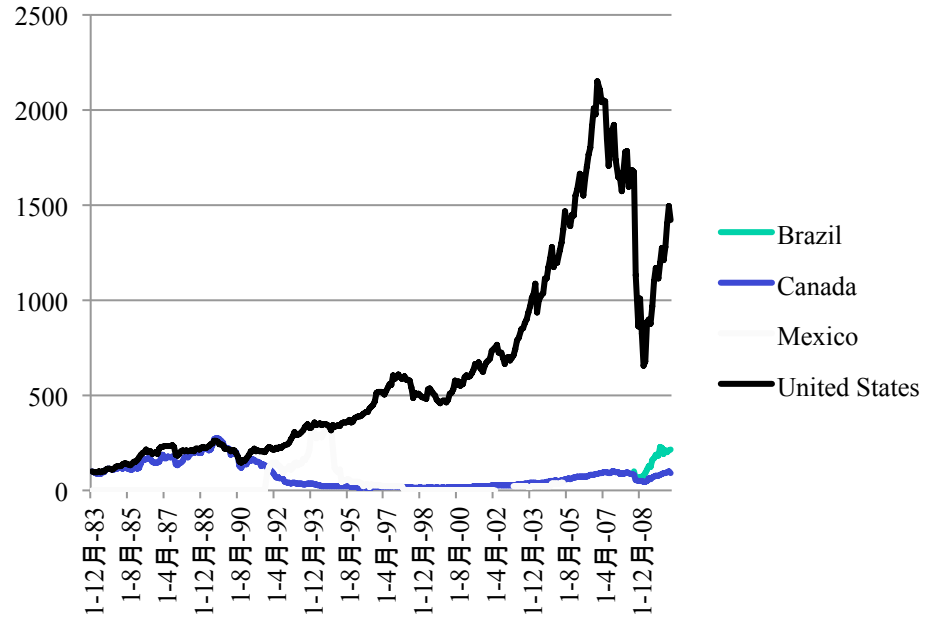
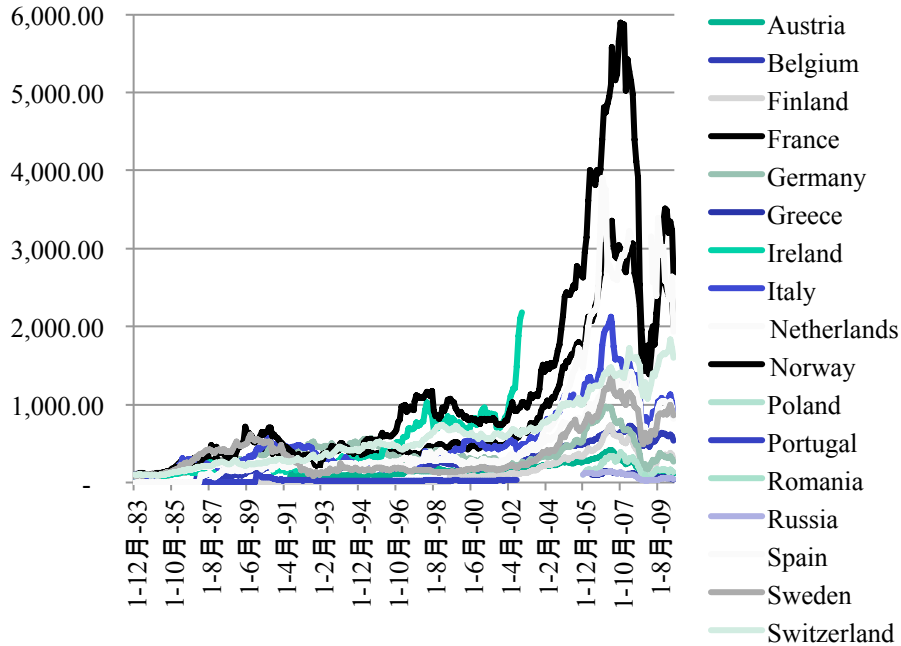
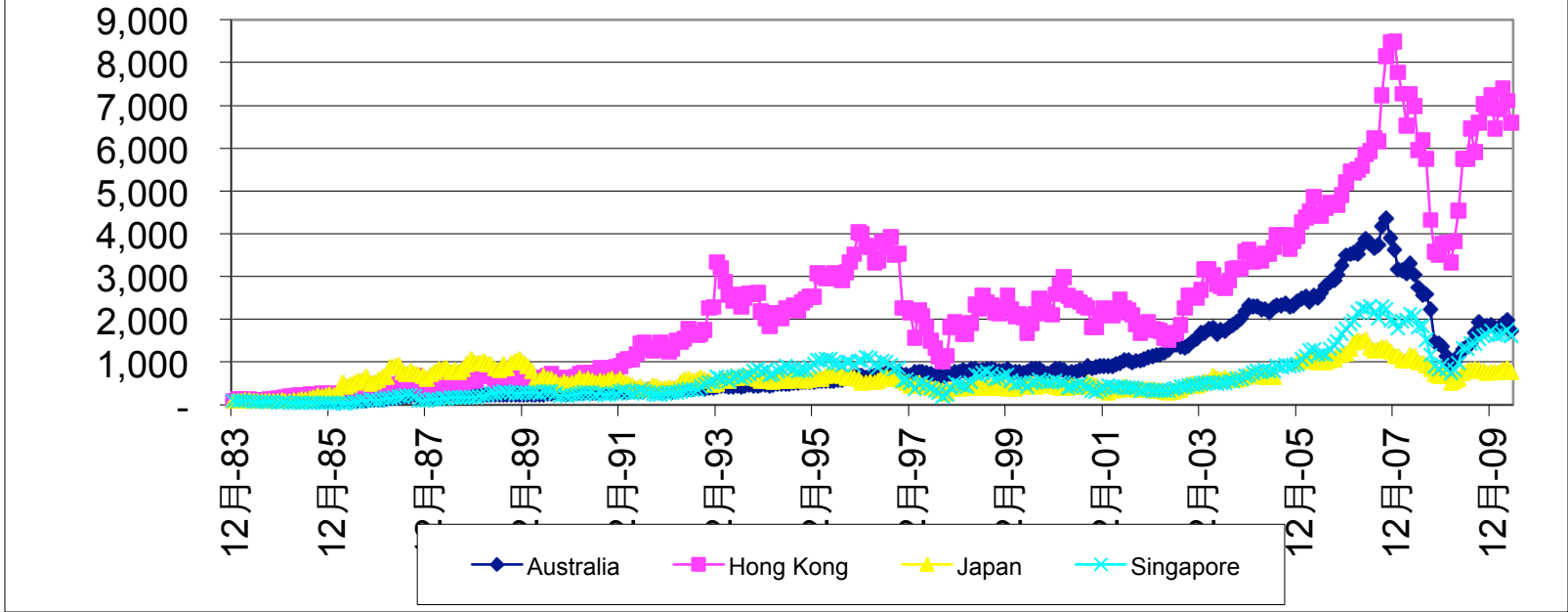
Source: Global Property Research

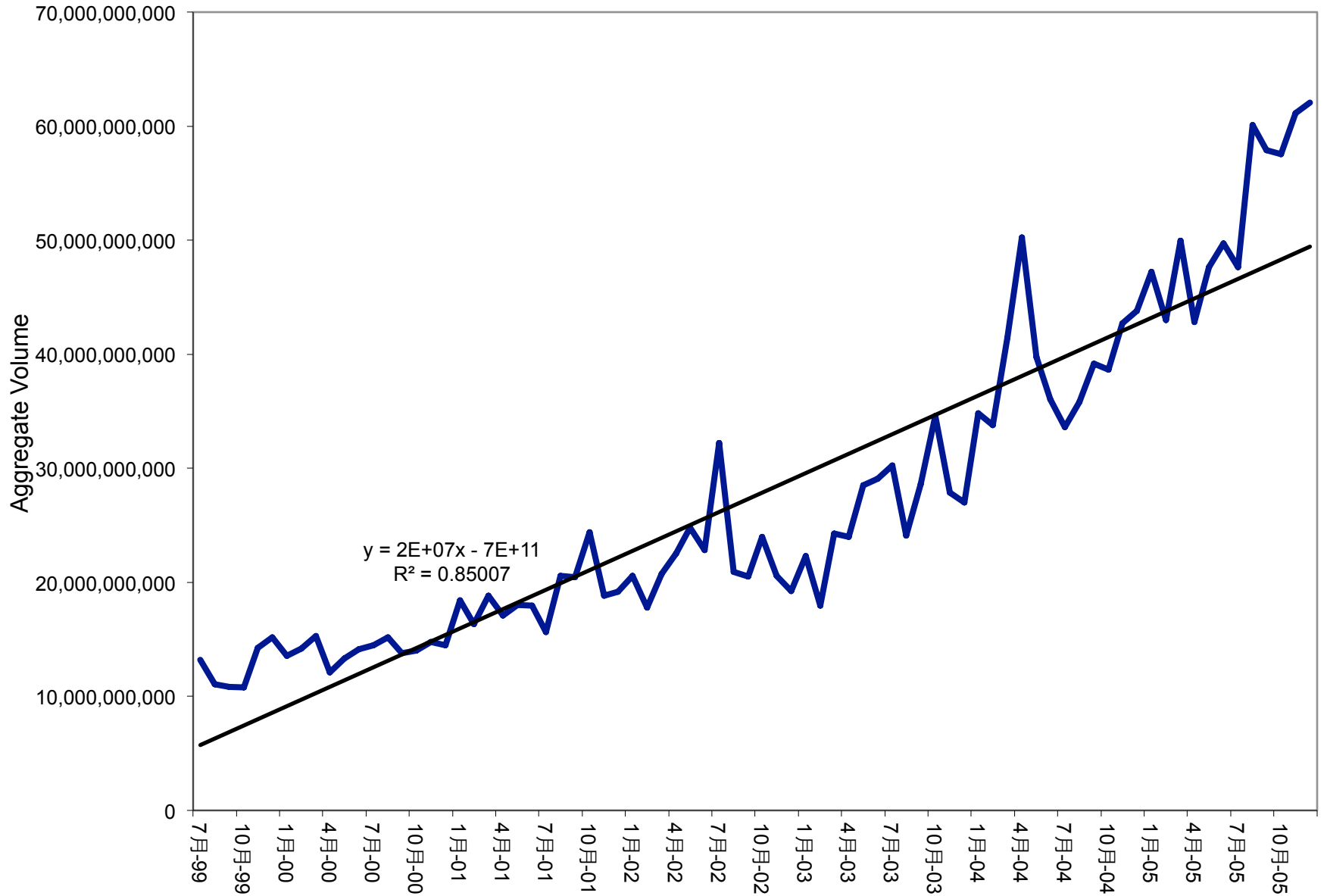
Cumulative Returns Regions



Source: Global Property Research

Cumulative Returns Asia





Source: Global Property Research

GPR in comparison

	GPR	FTSE/EPRA NAREIT	S&P/Citigroup
Inclusion Criteria			
Membership	N/A	N/A	N/A
Property Activity	>75% operational turnover >25% from rent	>75% EBITDA (>60% for Asia region)	>60% revenue from rent
Size	>US\$ 50m	North America: >US\$ 200m Europe: >€ 50m Asia: >US\$ 100m	>US\$ 100m
Liquidity (turnover p/a)	250 most liquid stocks	North America: >US\$ 100m Europe: >€ 25m Asia: >US\$ 100m	>US\$ 25m
Index Construction			
Country Allocation	Primary listing	Primary listing	Decided on a case-by-case basis
Weighting	Free float	Free float	Free float
Pricing Frequency	Daily	Daily	Daily
Revision Frequency	Quarterly	Quarterly	Annually

Source: "Benchmarking Global Listed Property", Russell Research, March 2008

Benchmarks comparison

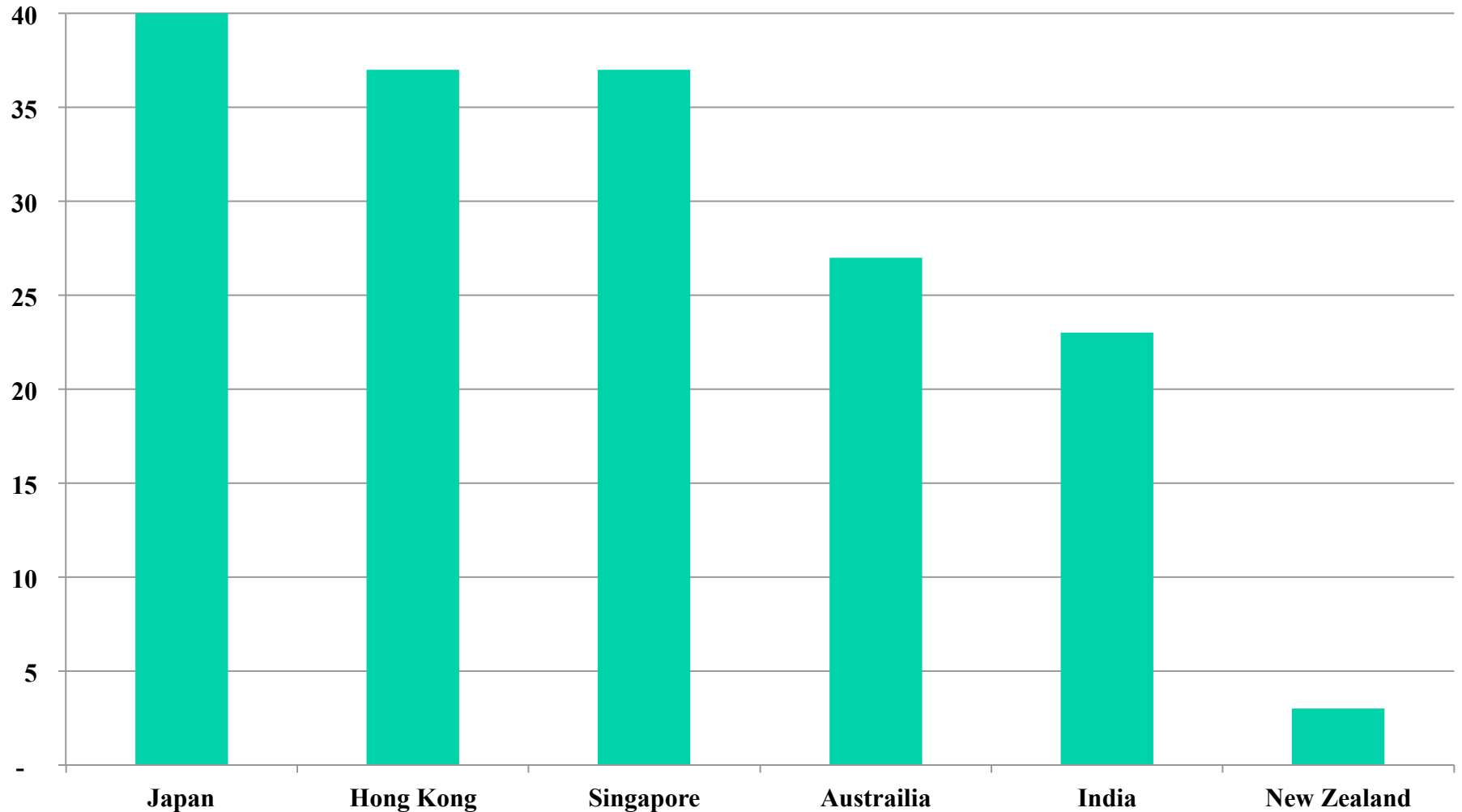
31 May 2010	GPR General	GPR General Quoted	GPR 250	GPR 250 REIT
Number of countries				
<i>Global</i>	31	31	26	15
<i>Africa</i>	1	1	1	1
<i>Americas</i>	3	3	3	2
<i>Asia</i>	11	11	6	4
<i>Europe</i>	16	16	14	6
<i>Oceania</i>			2	2

31 May 2010	GPR General	GPR General Quoted	GPR 250	GPR 250 REIT
Number of stocks				
<i>Global</i>	475	428	250	183
<i>Africa</i>	17	17	8	2
<i>Americas</i>	136	135	111	105
<i>Asia</i>	140	140	55	31
<i>Europe</i>	182	136	59	28
<i>Oceania</i>			17	17

For updated information, please contact info@gpr.nl.

ASIA REIT Markets 2010

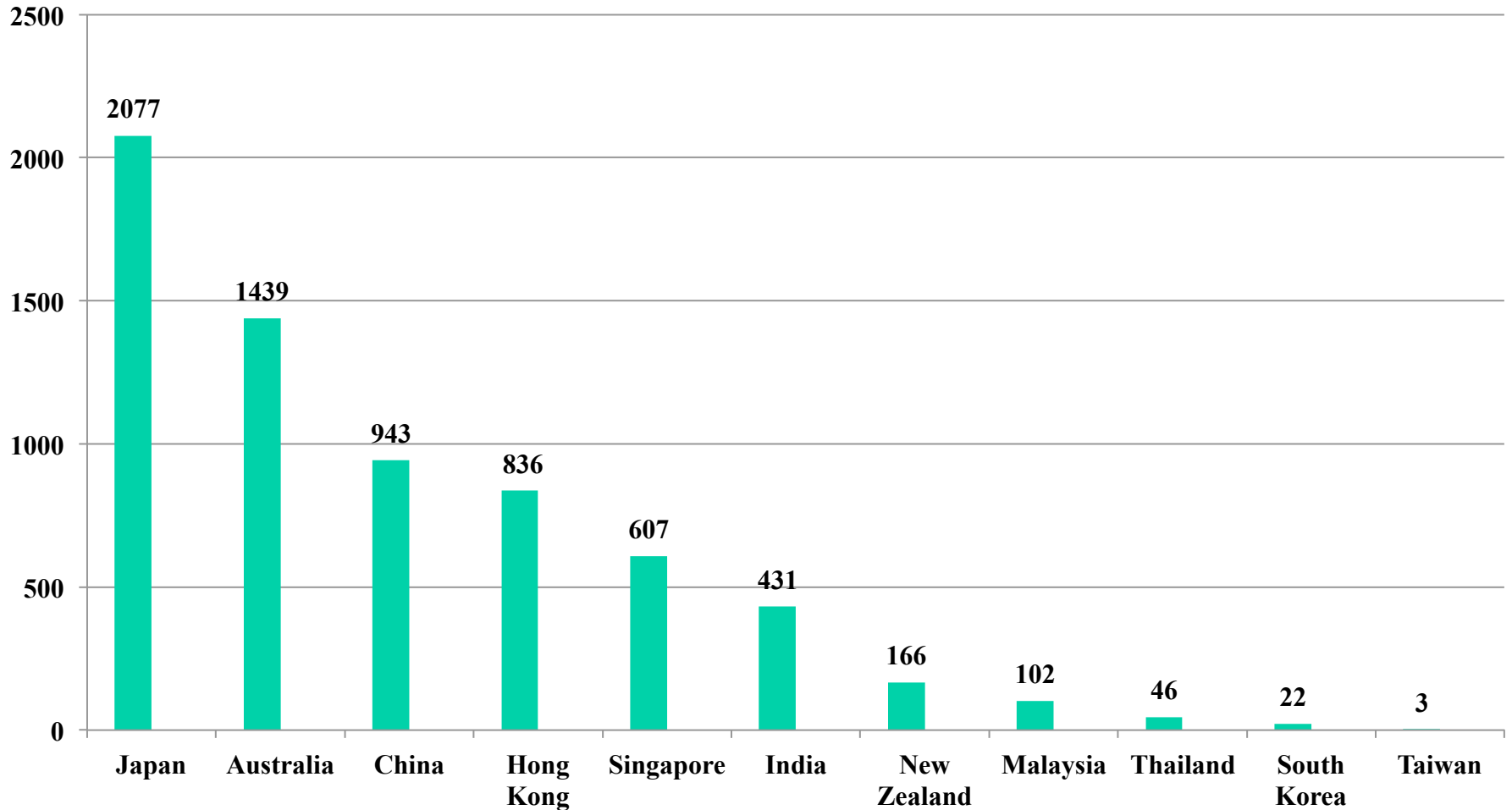
Number of Public Companies



Source: SNL data source

ASIA REIT Markets 2010

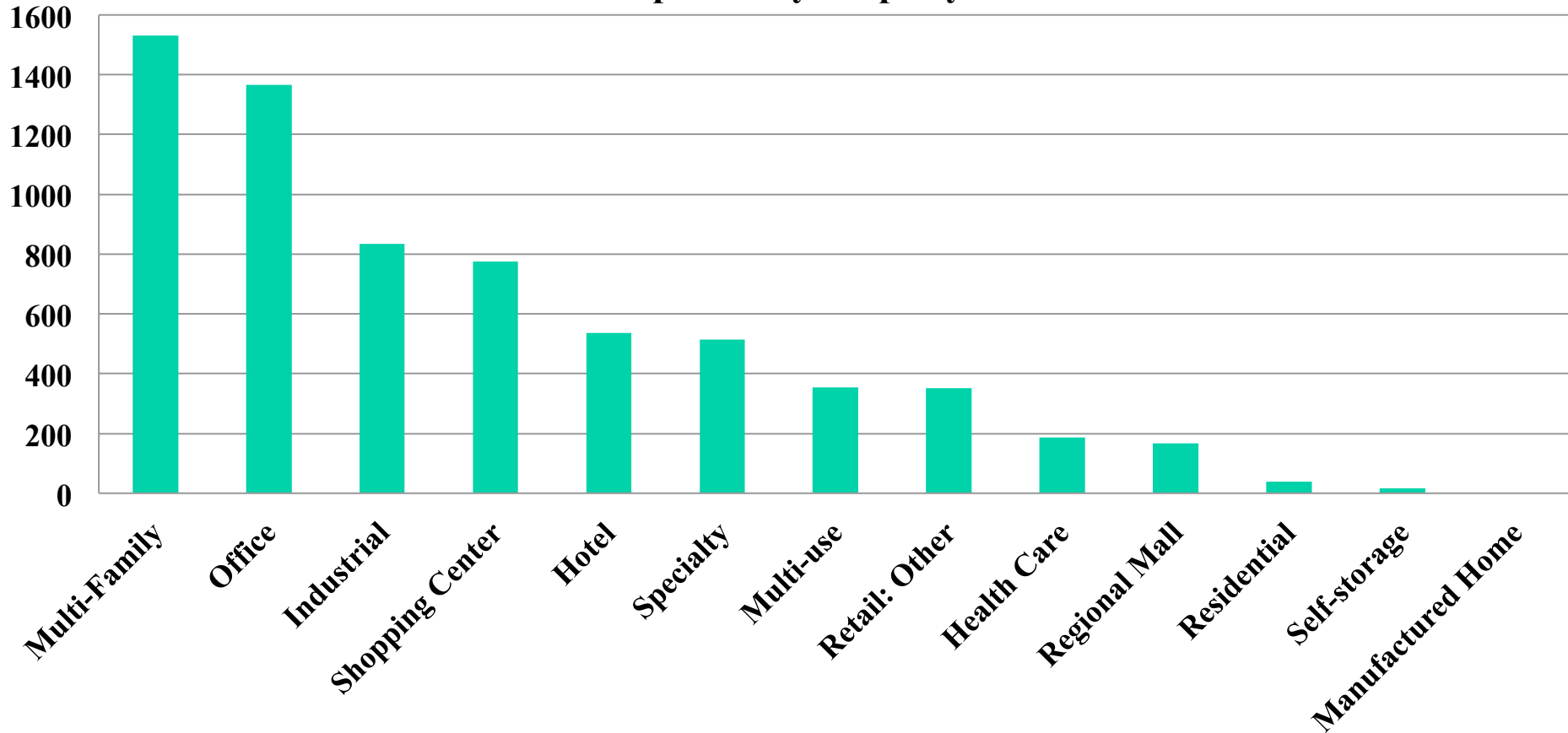
Number of properties by EAE Country



Source: SNL data source

ASIA REIT Markets 2010

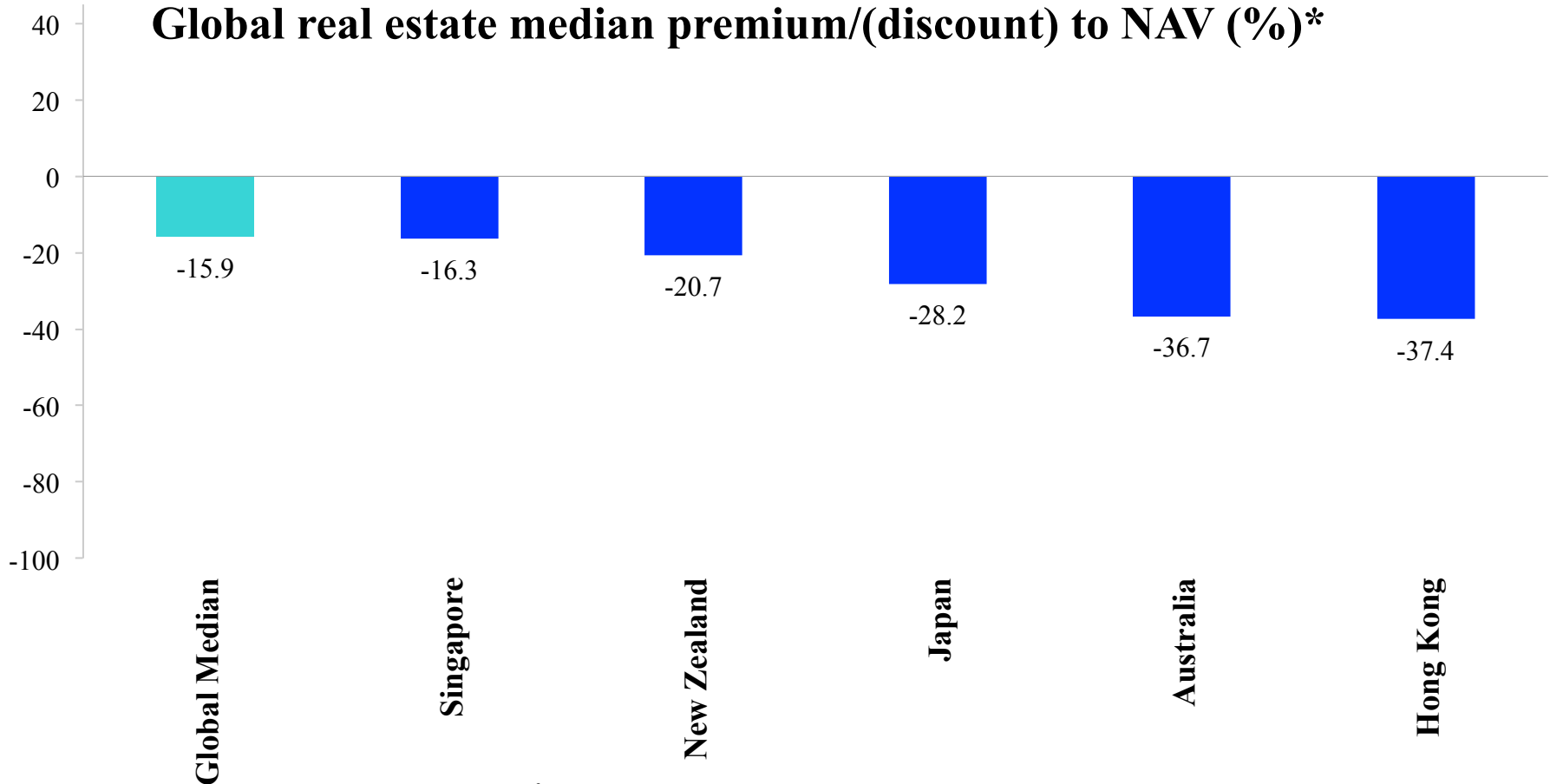
EAE Properties by Property Focus



Source: SNL data source

ASIA REIT Markets 2010

Global real estate median premium/(discount) to NAV (%)*



As of June 1

*Calculated using reported NAV. Reported NAV will take the following priority: NAV per share, Diluted NAV per share, EPRA Diluted NAV per share, EPRA Diluted NNAV per share. Global medians include all covered Real Estate companies and is not constrained to REITs. Asia-Pacific company values are based on June 1 close.

Source: SNL Financial

HOW TO ANALYZE A REIT STOCK

Glenn R. Mueller, Ph.D.

University of Denver

Professor

&

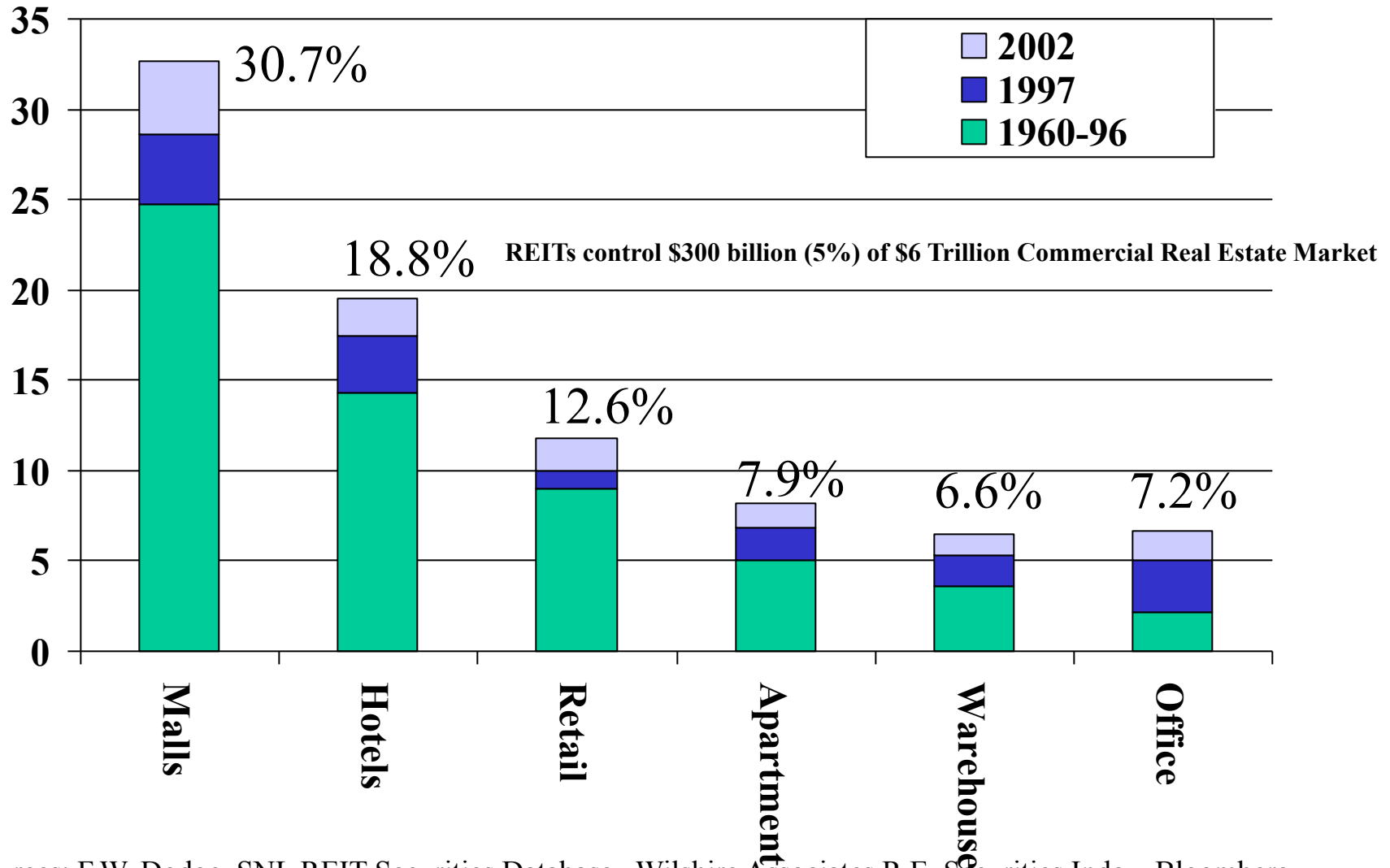
Dividend Capital Group

Real Estate Investment Strategist

The REIT Industry Today

- **160 REITs:**
 - **134 equity REITs** (largest REIT \$36 billion market cap)
 - **26 mortgage & hybrid REITs**
- **Over \$800 billion of real estate**
- **Own 10% of U.S. Institutional real estate**
- **All major property types and cities**
- **Improving liquidity** (S&P additions, company consolidations)
- **Financial leverage with investment grade status**
- **Distinguished by Property Type & Geography**
- **Viable for both large and small investors**

Percentage of Real Estate held by REITs as of December 2002



Sources: F.W. Dodge, SNL REIT Securities Database, Wilshire Associates R.E. Securities Index, Bloomberg REOC Index, CB Commercial - Torto Wheaton Research, Smith Travel, U.S. Census Bureau, U.S. Dept. of Commerce, National Research Bureau and Prudential Real Estate Investors Research

REIT Stock Selection

Top Down Process

- Real Estate Fundamentals - Physical Market Cycle
- Pricing - Current sector multiples vs. industry

Bottom Up Process

- Properties
- Management
- Capital Structure
- Stock Market's Valuation

REIT Investment Criteria

- Property
 - Property / Sub-Market Location
 - Age/Condition
 - Tenant Quality
 - Lease Structure (rollover risk)
 - Market Demand/Supply Balance (where in Cycle)
 - Market **Occupancy** Forecast
 - **Rent Growth** Potential
 - Occupancy, Rent Growth & Acquisitions ***DRIVE*** Rent Growth

REIT Investment Criteria

- Management
 - Ability to Create Value (growth strategies)
 - Acquisition
 - Development
 - Rehabilitation
 - Property Management
 - Leasing
 - Organization Structure
 - Management Focus
 - Conflicts of Interest
 - Insider Ownership (highest % of any stock sector)
 - Corporate Governance -Board of Directors

Bottom Up Capital Structure Analysis

- Capital Structure
 - Financial Strength (FFO and FAD)
 - Dividend Coverage
- Equity Structure
 - Debt / Total Market Capitalization Ratio
 - Operating Partnership Units
 - Preferred Stock & Convertible Preferred
 - Management Ownership & Control
- Debt Structure
 - Fixed Debt % and Terms
 - Floating Debt % and Terms
- Hybrids and Mergers

Bottom Up Stock Price Analysis

- Peer Group Analysis
 - Dividend Yield
 - FFO Growth
 - FFO Multiple
 - FFO Growth to Multiple Ratio vs. Peers
 - AFFO / FAD
- Objective & Subjective Factor Analysis
- Market Trend Impacts

Hotel REITs Comparison Table

By Dividend Yield

Name	Symbol	Price	Dividend Yield	52 Week		Market Cap (\$M)	Debt/Market Cap	FFO Growth	
				Low	High			2007	2008
Ashford Hospitality Trust	AHT	\$8.07	10.41%	\$7.33	\$13.48	\$990.57	53.90%	13.9	7.3
Hersha Hospitality	HT	\$10.27	7.01%	\$9.73	\$14.20	\$413.10	37.70%	18.0	14.4
FelCor Lodging	FCH	\$17.70	6.78%	\$17.50	\$29.50	\$1,105.20	44.00%	13.1	23.7
Sunstone Hotel Investors	SHO	\$23.71	5.90%	\$23.32	\$30.67	\$1,407.00	44.90%	15.8	18.3
LaSalle Hotel Properties	LHO	\$36.85	5.54%	\$36.27	\$49.75	\$1,477.30	28.70%	9.7	19.6

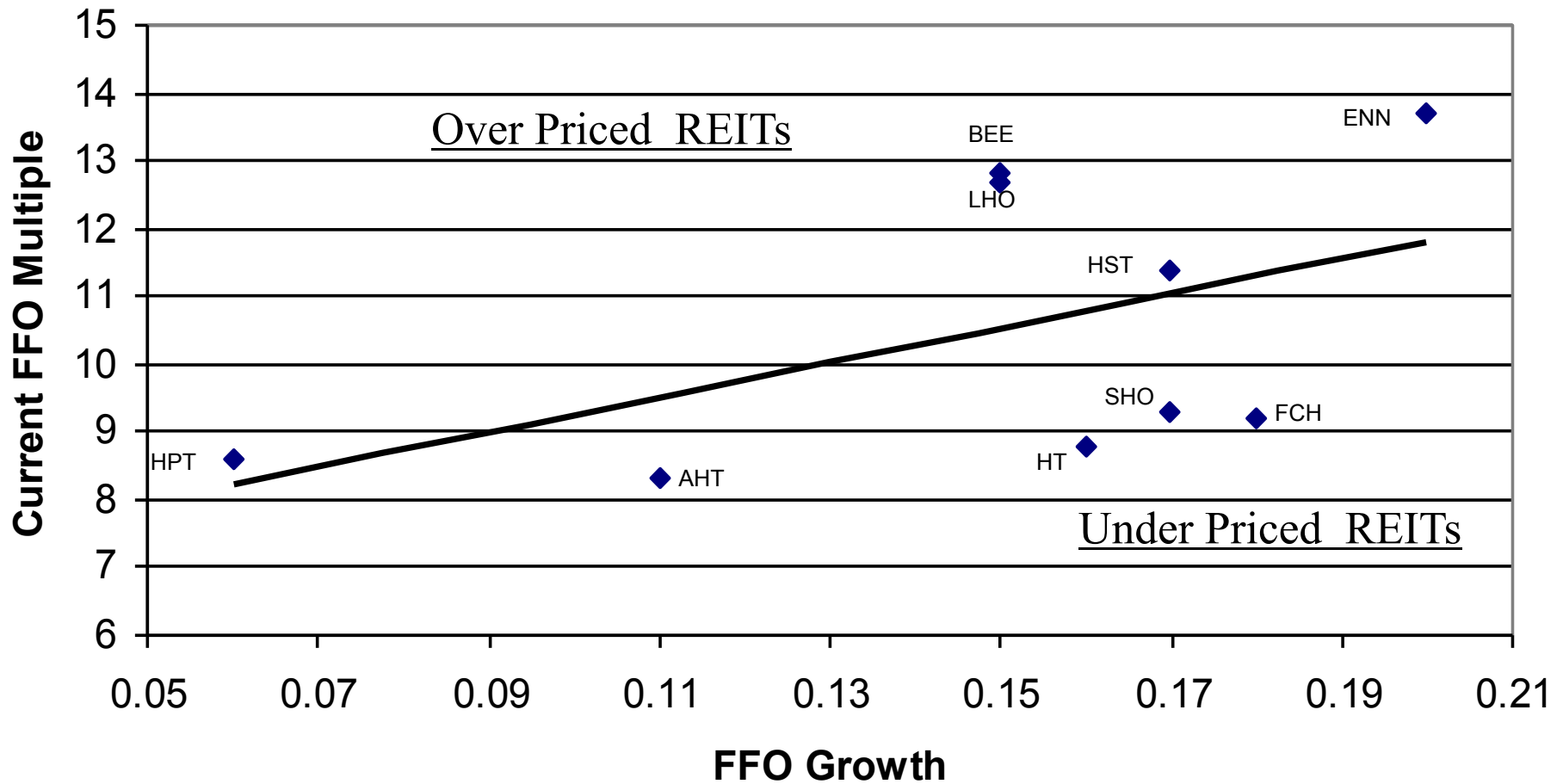
By Debt/Total Market Cap

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Hotel REITs



AHT – Ashford Hospitality Trust

HT – Hersha Hospitality

LHO – LaSalle Hotel Properties

SHO – Sunstone Hotel Investors

FCH – FelCor Lodging

Market Cycle Position

AHT = Red
 HT = Blue
 FCH = Green
 SHO = Orange
 LHO = Brown

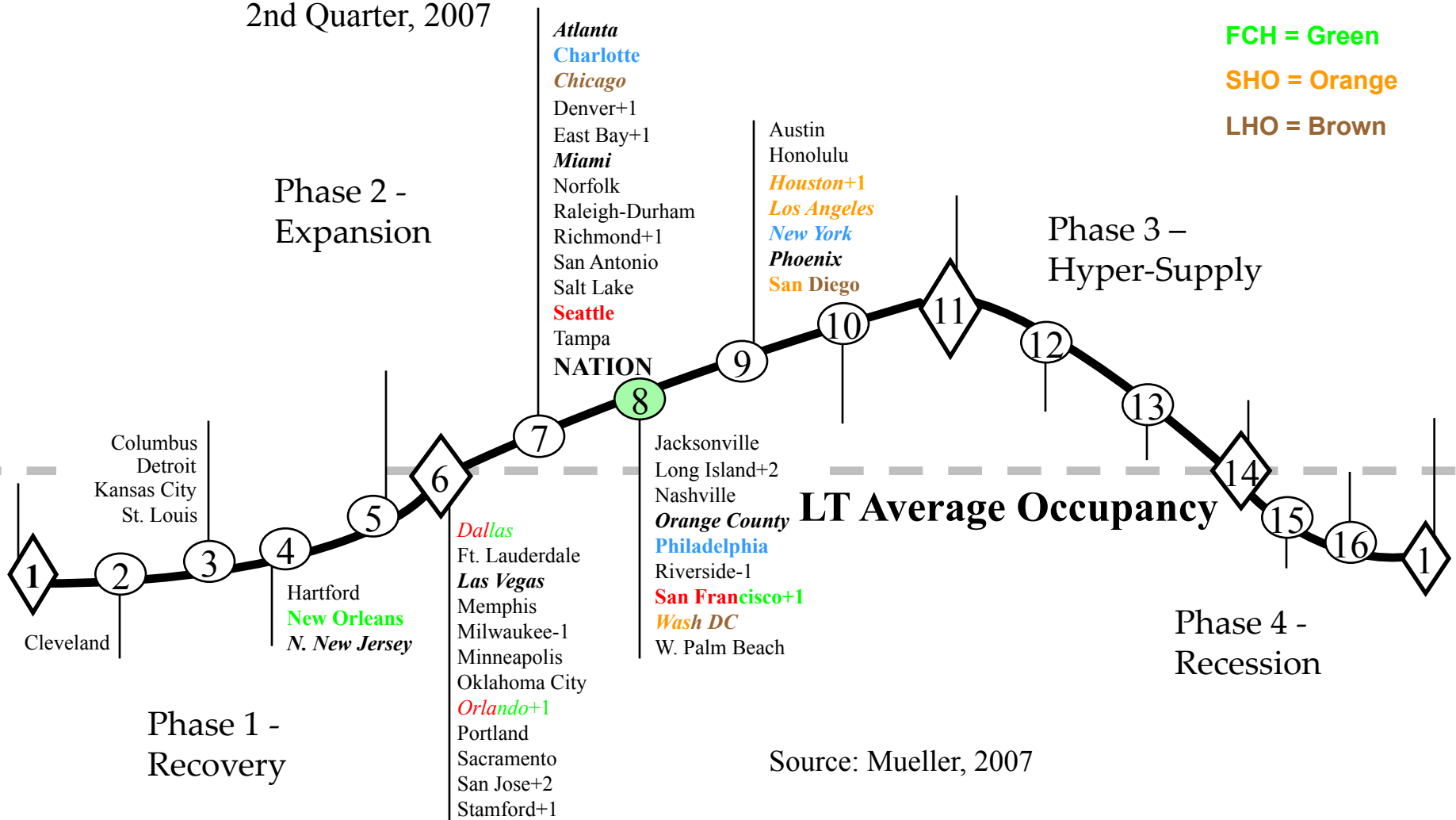
2nd Quarter, 2007

Phase 2 -
Expansion

Phase 3 -
Hyper-Supply

Phase 1 -
Recovery

Phase 4 -
Recession



Industrial REITs Comparison Tables

By Dividend Yield

Company Name	Ticker	Price	Current Dividend Yield (%)	Price/FFO	Total Capitalization (\$M)	Total Debt/Gtotal Market Capitalization	2007/2008 Average FFO Provedcted Growth
First Industrial Realty Trust, Inc.	FR	\$ 37.95	7.48	8.40	\$ 4,056	59.35	8.1%
Liberty Property Trust	LRY	\$ 35.15	7.11	11.80	\$ 6,403	56.72	1.5%
First Potomac Realty Trust	FPO	\$ 19.59	6.94	11.80	\$ 1,156	NA	7.5%
DCT Industrial Trust Inc.	DCT	\$ 10.47	6.11	15.20	\$ 3,177	38.84	11.1%
Average:			5.33	12.90	\$ 3,619	47.27	7.6%
EastGroup Properties, Inc.	EGP	\$ 45.14	4.43	14.70	\$ 1,671	52.24	7.3%
AMB Property Corporation	AMB	\$ 60.94	3.28	17.60	\$ 10,026	50.86	3.2%
ProLogis	PLD	\$ 67.32	2.73	15.20	\$ 27,582	54.52	13.4%
MI Developments Inc.	MIM	\$ 31.50	-	10.90	\$ 2,111	24.83	8.9%

By Debt/Total Market Cap

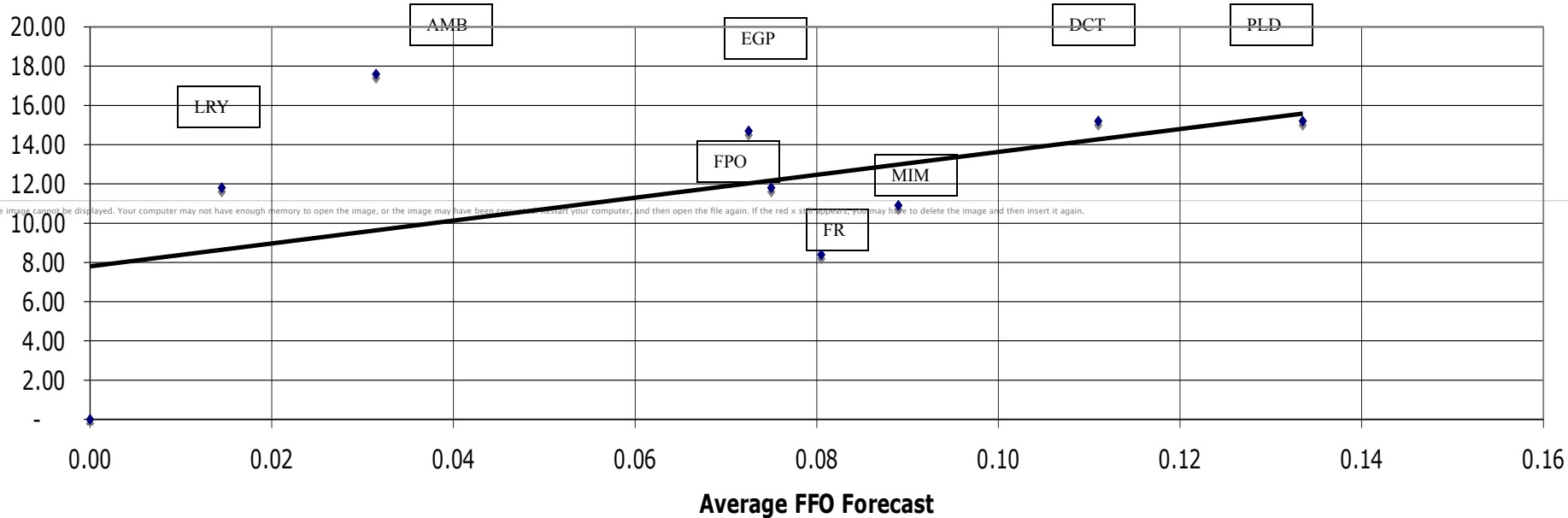
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Industrial REITs

Industrial Sector



LRY – Liberty Property Trust

FR – First Industrial Realty Trust

AMB – AMB Property Corporation

EGP – East Group Properties

FPO – First Potamic Realty Trust

MIM - MI Developments Inc.

DCT - DCT Industrial Trust Inc

PLD - ProLogis

Market Cycle Position

2nd Quarter, 2007

ProLogis - Red

AMB - Green

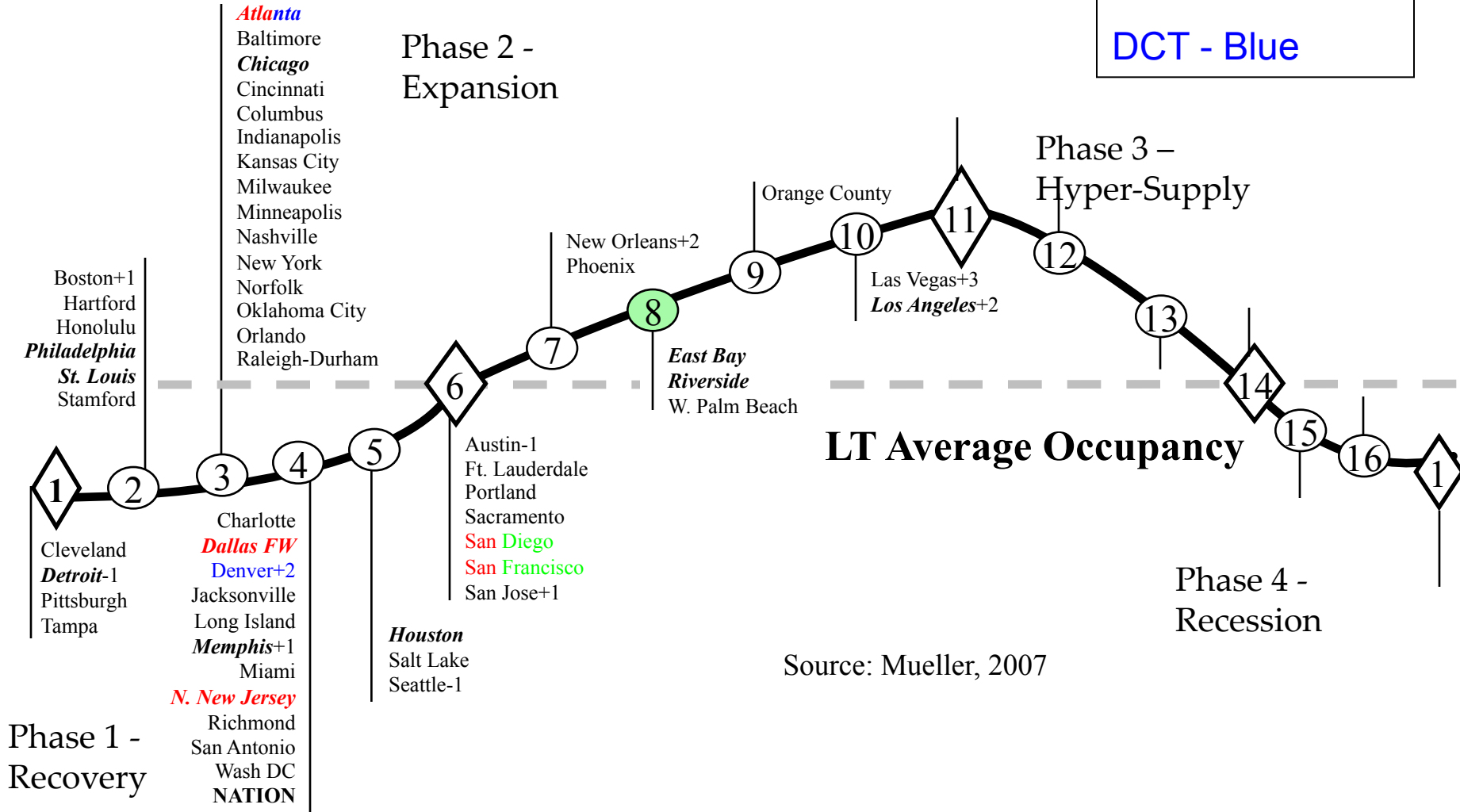
DCT - Blue

Phase 2 -
Expansion

Phase 3 -
Hyper-Supply

LT Average Occupancy

Phase 4 -
Recession



REIT Analysis - Conclusion

Earnings come from

- Real Estate Fundamentals – Occupancies & Rents
- Management
- Capital Structure

Pricing Comes from

- Earning Growth Expectations (relative)
- Stock Market Emotions (love / hate / scared)
- Make your selections on a “within RE basis”

Summary

Real estate prices declined 42% in 2008 & 9

- Tough for properties 70%+ financed at high prices
- Low bond rates not readily available in current mortgage rates
- Lower occupancy and rents stressed owners

2010, 2011, 2012 – recovery continues

- Occupancies then rents recovered – but at a slow pace
- Mortgage maturities - extended in 2010 & 11 - forced sales did not happen
- Credit markets open to REITs – tight for private owners (60% LTV)
- Prices increase in primary markets – still low in secondary & tertiary markets

Opportunities should Abound ?

- Low supply creates foundation of a solid recovery
- Distressed owners & mortgage maturity are great buying opportunity
- REITs with capital should be big winners
- Real Estate is an inflation hedge...that should matter a lot someday

Outline of Presentation by Glenn R. Mueller Ph.D.

- Investing in Real Estate Investment Trusts
- History and Fundamentals of REITs
- Performance of REIT investments
- Risks and Rewards
- How to analyze a REIT company
 - Property
 - Management
 - Capital Structure
 - Stock Valuation