National Association of
Real Estate Investment Trusts®

REIT QUICK FACTS GUIDE

FOR FINANCIAL ADVISORS

- Guidelines for Strategic Portfolio Diversification
- FINRA-Reviewed Fact Sheets on Stock Exchange-Listed Equity REITs
- Additional References for Advisors

THERE'S A COMPELLING STORY TO BE TOLD ABOUT REITS…

Now you have an easier way to tell the story about stock exchange-listed Equity REITs!

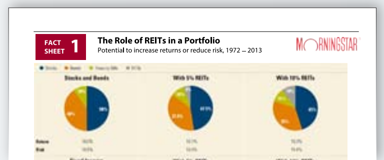
The enclosed FINRA-reviewed Fact Sheets about stock exchange-listed Equity REITs make it easy to explain the potential benefits of REITs to your clients. Each sheet defines a key reason to consider REITs by illustrating these key facts about the performance of listed REITs over the 42-year period from 1972 to 2013, the longest period of performance information available.

DIVERSIFICATION

QUICK FACT:

Adding a 5% allocation of REITs to a hypothetical portfolio **INCREASED RETURNS** and **DECREASED RISK.**

Full Story: See Fact Sheet 1 ▶

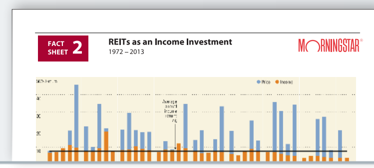


INCOME STABILITY

QUICK FACT:

REITs rewarded investors with a relatively **STABLE INCOME RETURN AVERAGING 7.6%** through 42 years of market fluctuations.

Full Story: See Fact Sheet 2 ▶

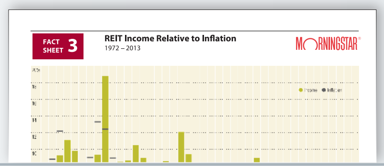


INFLATION PROTECTION

QUICK FACT:

The income return of REITs **OUTPACED INFLATION FOR 36 OUT OF 42 YEARS.**

Full Story: See Fact Sheet 3 ▶



LONG-TERM PERFORMANCE

QUICK FACT:

REITs provided the **LARGEST INCREASE IN WEALTH** over 42 years when compared to stocks, bonds and Treasury bills.

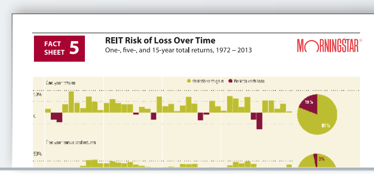
Full Story: See Fact Sheet 4 ▶

RISK MANAGEMENT

QUICK FACT:

An investment in REITs generated **NO LOSSES** when held for 15 years during any of 28 overlapping periods from 1972 to 2013.

Full Story: See Fact Sheet 5 ▶



IMPORTANT: These Quick Facts exclusively address **stock exchange-listed Equity REITs.** To learn how this type of REIT differs from a Mortgage REIT, and how listed REITs differ from non-listed REITs, see the SEC Investor Bulletin *Real Estate Investment Trusts (REITs)* available at http://sec.gov/investor/alerts/reits.pdf

HOW TO TAILOR REIT RECOMMENDATIONS TO INVESTOR NEEDS

Use these tips and guidelines to help your clients make informed decisions

1 START with a high-level explanation of the different types of REITs available to investors

- The U.S. REIT industry includes a vibrant range of companies engaged in real estate ownership or financing of virtually all types of properties that support nearly all sectors of the economy.
- A REIT may be a public company with its shares registered with the Securities and Exchange Commission (SEC), or it may be a private company. A public REIT's shares may be either listed on an established stock exchange, or its shares may be unlisted and sold directly to investors through a broker-dealer.
- The opportunity to invest in REITs is not limited exclusively to the United States. Investors can also choose from approximately 300 stock exchange-listed REITs and property companies that operate in 20 additional developed countries worldwide.

2 DISCUSS the potential risks and benefits of REITs that should be considered before investing

- Over time, listed U.S. Equity REITs have demonstrated a historical track record providing a high level of current income combined with long-term share price appreciation, inflation protection, and prudent diversification for investors of all ages with diverse investment goals.[1]
- Like all listed equities, REIT share prices rise and fall over time, but long-term gains have been demonstrated to offset short-term losses for the long-term investor.[1]

3 TAILOR the discussion to your client's unique needs, interests and time horizon

- **Early Savers** (*e.g.,* age 20 to 45, single/married, starting and/or raising a family): Just like investors in other public companies, REIT shareholders may receive value in the form of both dividend income and share price appreciation.
- **Mid-Life Accumulators** (*e.g.,* age 40 to 65, married, raising family, approaching retirement years): The ownership of listed Equity REIT shares has historically increased investors' total return and/or lowered the overall risk in both equity and fixed-income portfolios over time.[1]
- **Retirees** (*e.g.,* age 65+, approaching retirement or in retirement): REITs may be well suited for income investors, since they have provided generally high and consistent dividends and have outpaced inflation over time.[1]

4 **DEFINE** an appropriate portfolio allocation aligned with your client's needs and goals

- Historically, listed Equity REITs have improved portfolio performance and reduced risk over the long-term.[1]
- Many investors believe that a reasonable portfolio allocation to REITs is between 5% and 10%. However, multiple research studies from organizations such as Ibbotson, Morningstar and Wilshire Associates, have shown that the *optimal* portfolio allocation to listed Equity REITs may be high.

Wilshire Associates found that the optimal U.S. REIT allocation in a retirement savings portfolio would begin at 16.6% for an investor with a 40-year investment horizon, then gradually decline along with other equities as the investment horizon shortens, ultimately to 7.5% for an investor at retirement. Optimal portfolio allocations to global REITs were found to be comparable.[2]

5 **CHOOSE** the appropriate REIT investment strategy that is intended to match your client's needs and goals

- For clients who are interested in investing in specific companies, there are approximately 150 listed Equity REITs with a total equity market capitalization of approximately $650 billion traded on the NYSE and NASDAQ. For a searchable directory of REITs, visit **reit.com/quickfacts**.
- To access a diversified portfolio of REITs, investors can purchase REIT mutual funds or exchange traded funds (ETFs). There are about 200 mutual funds and ETFs are focused on listed REITs.
- Many 401(k) plans offer a distinct REIT fund, and an increasing number of target-date funds now include REITs in their asset allocations.

6 **PRESENT** your recommendations along with supporting research and rationale

- You can use the enclosed FINRA-reviewed Morningstar Fact Sheets to facilitate your discussion.
- For easy access to an extensive listing of REIT-focused mutual funds, exchange traded funds, closed-end funds and global funds — with contact information for each fund — visit **reit.com/quickfacts**.

1. Observations regarding the historical performance characteristics of REITs are based on stock exchange-listed Equity REITs for which historical performance data are readily available.
2. For more information on the Wilshire Study, visit reit.com/quickfacts.

Tell the REIT story to your clients now using these helpful tools available at

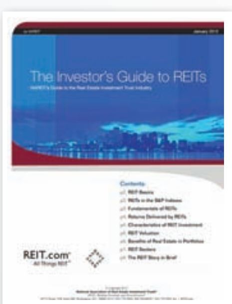
reit.com/quickfacts

Morningstar Fact Sheets

Use the enclosed FINRA-reviewed Fact Sheets in client presentations. To download a printable copy of these Fact Sheets, visit

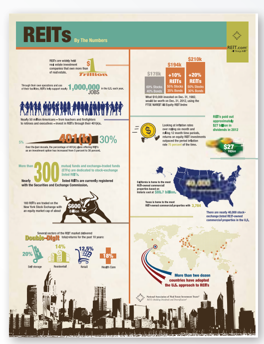
reit.com/quickfacts

Additional references



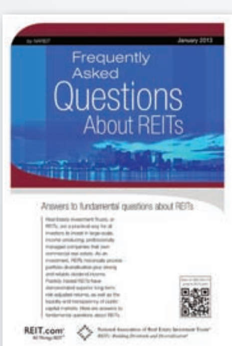
INVESTOR'S GUIDE

This 8-page Investor's Guide includes explanations of REIT fundamentals, sectors, characteristics, valuations, and more.



REITs BY THE NUMBERS

This informative flyer uses infographics to help a reader grasp key facts about REITs and past REIT performance.



FAQ GUIDE

This 42-page guide answers questions about types of REITs, how earnings are measured, taxation of dividends, and more.

To preview or download these and other materials from NAREIT, visit **reit.com/quickfacts.**

National Association of
Real Estate Investment Trusts®

About NAREIT

NAREIT®, the National Association of Real Estate Investment Trusts®, is the worldwide representative voice for REITs and publicly traded real estate companies with an interest in U.S. real estate and capital markets. NAREIT's members are REITs and other businesses throughout the world that own, operate, and finance income-producing real estate, as well as those firms and individuals who advise, study, and service those businesses.

To learn more about REITs, and to download a printable copy of the enclosed FINRA-reviewed Fact Sheets that you can use in client presentations, visit:

reit.com/quickfacts

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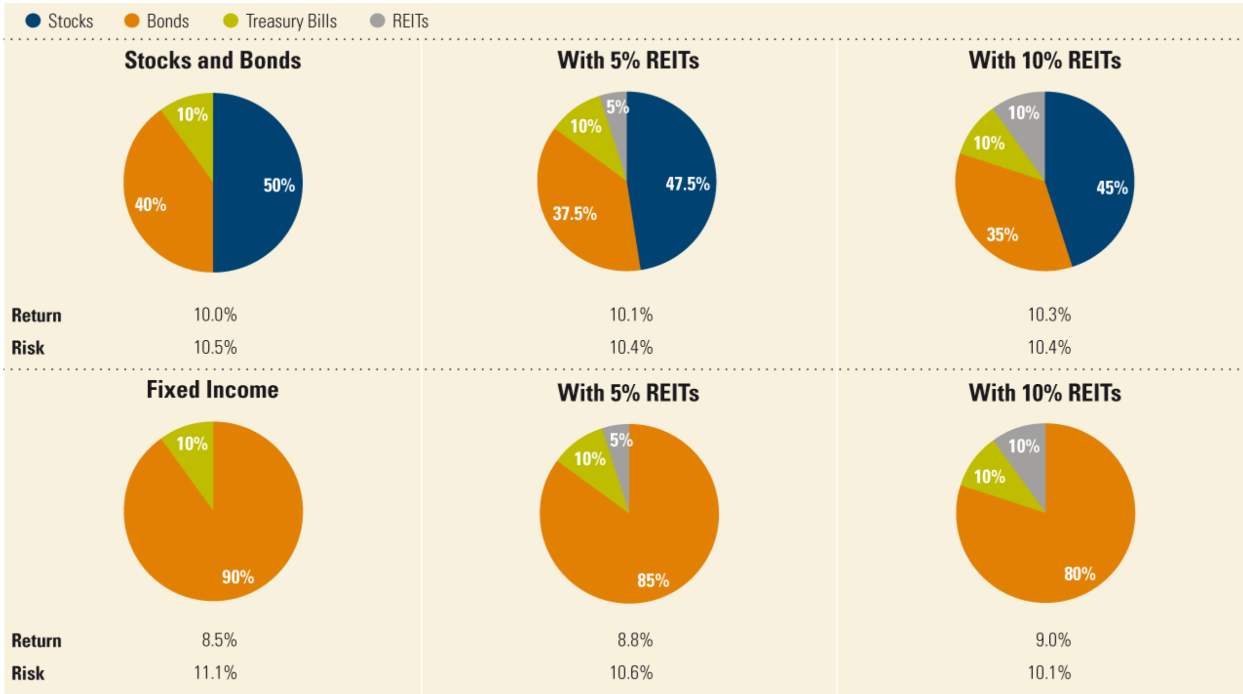
FACT SHEET 1

The Role of REITs in a Portfolio

Potential to increase returns or reduce risk, 1972 – 2013

MORNINGSTAR®



There may be a place for REITs in a portfolio

Real Estate Investment Trusts (REITs) have unique characteristics that may make them attractive to both income and growth investors. REITs trade like stocks and can fluctuate in price, but they also pay out a large part of their income in the form of dividends.

REITs may be used to help provide income in conservative portfolios or long-term growth in more aggressive portfolios. Some portion of a portfolio may be appropriately allocated to REITs for a broad range of investor types.

Reconstruct your portfolio to include REITs

The image illustrates the risk-and-return profiles of six hypothetical portfolios. Adding a 10% allocation to REITs in a stock, bond, and cash portfolio increased return from 10.0% to 10.3%. Adding a 10% allocation to REITs in a fixed-income portfolio decreased risk from 11.1% to 10.1%.

Because stocks, bonds, cash, and REITs generally do not react identically to the same economic or market stimuli, combining these assets may produce a more appealing risk-and-return trade-off. This makes REITs a potentially good candidate for investors looking to build a diversified portfolio. Whether you are an investor seeking long-term growth or income, you may want to consider finding a place for REITs in your portfolio.

Methodology: The allocations herein are intended to represent simplified portfolios for moderate (50% equity/50% fixed-income) and conservative (90%–100% fixed-income) investors. The portfolios represented are not Morningstar recommendations and should not be viewed as investment advice. The 1972 start date is constrained by the maximum available historical data for stock exchange-listed equity REITs. In order to analyze the impact of REITs on the portfolio's risk and return, 5% and 10% REIT allocations were added to the initial portfolios. Return was calculated by the arithmetic annual return and risk by annual standard deviation. Standard deviation measures the fluctuation of returns around the arithmetic average return of the investment. The higher the standard deviation, the greater the variability (and thus risk) of the investment returns. No optimizations were used in this analysis. The result of this analysis illustrates that adding REITs to a portfolio may either increase return, decrease risk, or, in some cases, both.

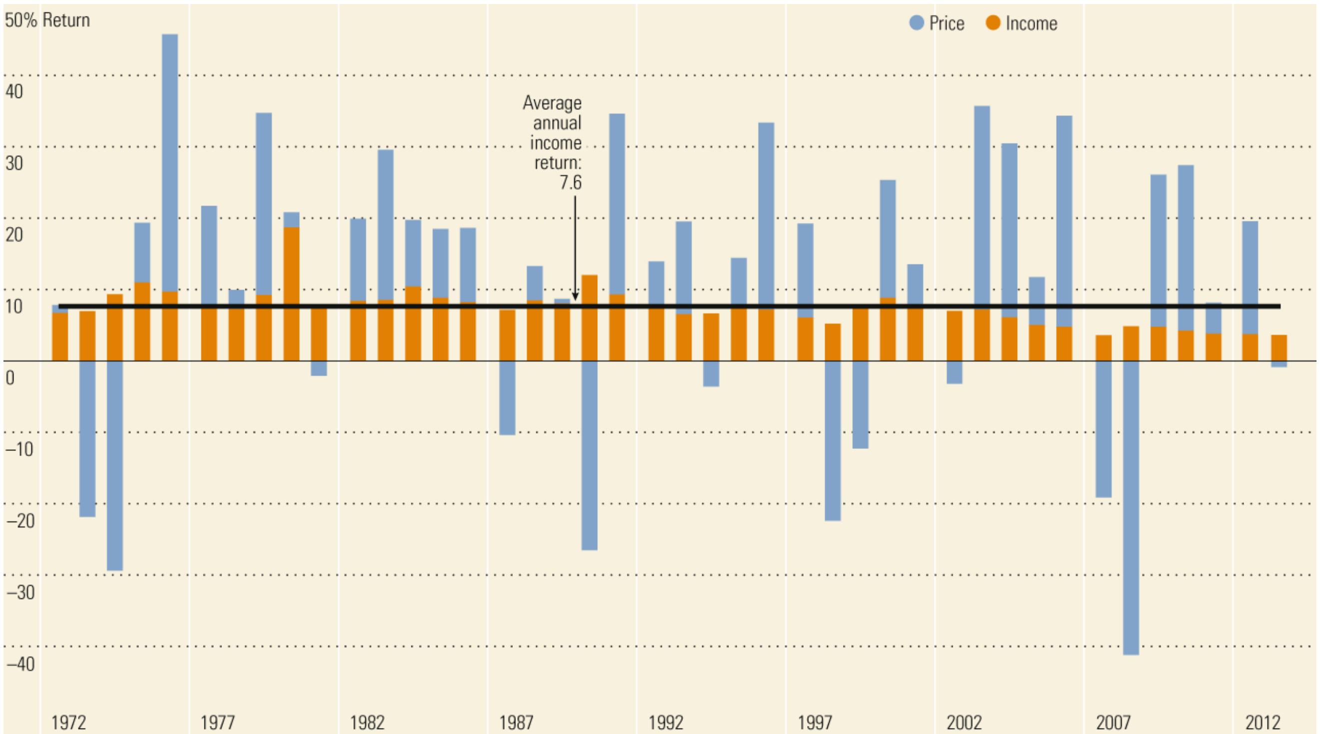
REIT investments are not suitable for all investors. Past performance is no guarantee of future results. Diversification does not eliminate the risk of experiencing investment losses. An investment cannot be made directly in an index. This is for illustrative purposes only and not indicative of any investment. The data assumes reinvestment of all income and does not account for taxes or transaction costs. Capital gains and dividends received may be taxed in the year received. Government bonds and Treasury bills are guaranteed by the full faith and credit of the United States government as to the timely payment of principal and interest. Bonds in a portfolio are typically intended to provide income and/or diversification. U.S. government bonds may be exempt from state taxes, and income is taxed as ordinary income in the year received. With government bonds, the investor is a creditor of the government. Stocks and REITs are not guaranteed and have been more volatile than bonds. Stocks provide ownership in corporations that intend to provide growth and/or current income. REITs typically provide high dividends plus the potential for moderate, long-term capital appreciation. A REIT must distribute at least 90% of its taxable income to shareholders annually. REITs involve special risks such as management quality, corporate structure, the ability to increase revenues from rents, and the balance of the supply of new buildings with demand for space. Additional risks include general and local economic conditions, interest rate fluctuation, credit risks, and liquidity risks. Holding REITs for the long term does not ensure a profitable outcome and investing in REITs always involves risk, including the possibility of losing the entire investment. The information, data, analyses and opinions contained herein do not constitute investment advice offered by Morningstar and are provided solely for informational purposes.

Source: Stocks—Standard & Poor's 500®, which is an unmanaged group of securities and considered to be representative of the U.S. stock market in general; Bonds—20-year U.S. Government Bond; Treasury Bills—30-day U.S. Treasury Bill; REITs—FTSE NAREIT All Equity REIT Index®.

FACT SHEET 2

REITs as an Income Investment

1972 – 2013



Traditional sources of income may not be sufficient
Individuals looking for income have traditionally turned to bonds. However, with current bond yields that are very low, investors may need to consider non-traditional asset classes to help meet their income needs.

Investors often think of REITs as a capital appreciation investment or a tool for growing portfolio wealth. Little do some investors realize, however, that REITs may also serve as an income tool. While more volatile than bonds, REITs may offer higher income potential compared with current fixed-income investments.

Consider REITs to potentially increase current income
The image illustrates the income return and price appreciation of REITs since 1972. While REITs offer the potential for appreciation, prices can fluctuate widely from year to year. On the other hand, the income generated from REITs has been relatively stable through various market conditions. The average annual income return for REITs from 1972 to 2013 was 7.6%.

REITs may serve as part of a growth investor's strategy, while also helping to seek the income return requirement for income-oriented investors. Talk to your financial advisor about the suitability and benefits of investing a portion of your portfolio in REITs.

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Government bonds are guaranteed by the full faith and credit of the United States government as to the timely payment of principal and interest. REITs are not guaranteed and have been more volatile than bonds. REITs typically provide high dividends plus the potential for moderate, long-term capital appreciation. A REIT must distribute at least 90% of its taxable income to shareholders annually. REITs involve special risks such as management quality, corporate structure, the ability to increase revenues from rents, and the balance of the supply of new buildings with demand for space. Additional risks include general and local economic conditions, interest rate fluctuation, credit risks, and liquidity risks. Holding REITs for the long term does not ensure a profitable outcome and investing in REITs always involves risk, including the possibility of losing the entire investment. The information, data, analyses and opinions contained herein do not constitute investment advice offered by Morningstar and are provided solely for informational purposes.

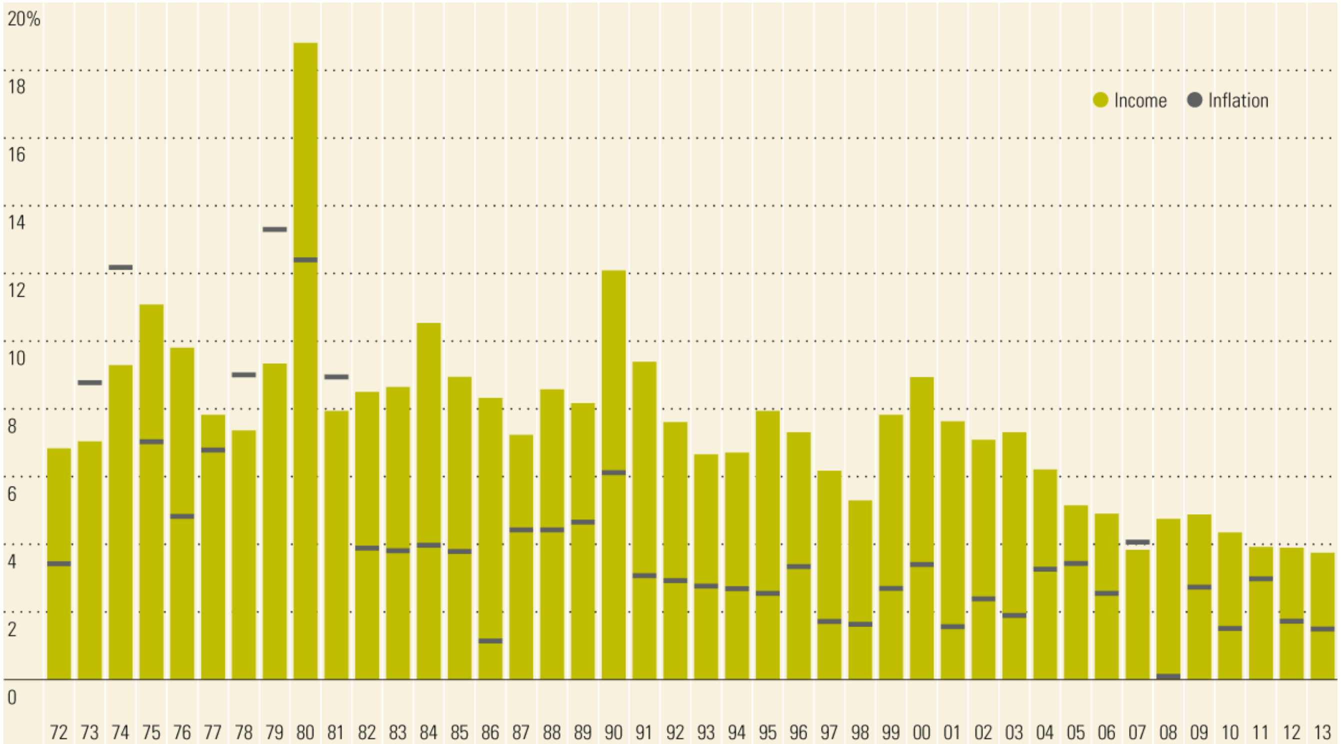
Source: REITs—FTSE NAREIT All Equity REIT Index®.

FACT SHEET 3

REIT Income Relative to Inflation

1972 – 2013

MORNINGSTAR



Overlooking inflation can be costly

For investors, particularly income-oriented investors, purchasing power risk is a great concern. Investors need to ensure that the income generated from their investments is enough to outpace inflation so that they will be able to purchase the same amount of goods or services in the future as they can today.

While inflation hasn't been at alarming levels recently (1.7% in 2012 and 1.5% in 2013), it does, however, erode savings over long time periods. Those looking for ways to achieve real returns may wish to consider asset classes that have historically performed well in periods of accelerating inflation. REITs may serve as a solution because the rents and profits generated by commercial properties generally increase as inflation increases.

REITs may serve as an inflation hedge

The image illustrates the income return of REITs compared with inflation since 1972. The income return of REITs has outpaced inflation for 36 of the 42 years analyzed. The average annual income return for REITs and the average annual rate of inflation from 1972 to 2013 were 7.6% and 4.3%, respectively. Historical data suggests that REITs may be effective when their income grows faster than the rate of inflation.

Investors may want to consider investments such as REITs, which offer the income potential to keep up with inflation. Amid the changing markets, it might be wise to include inflation protection, especially if you have a low tolerance for risk. Ask your financial advisor about how to protect your portfolio from potential high inflation.

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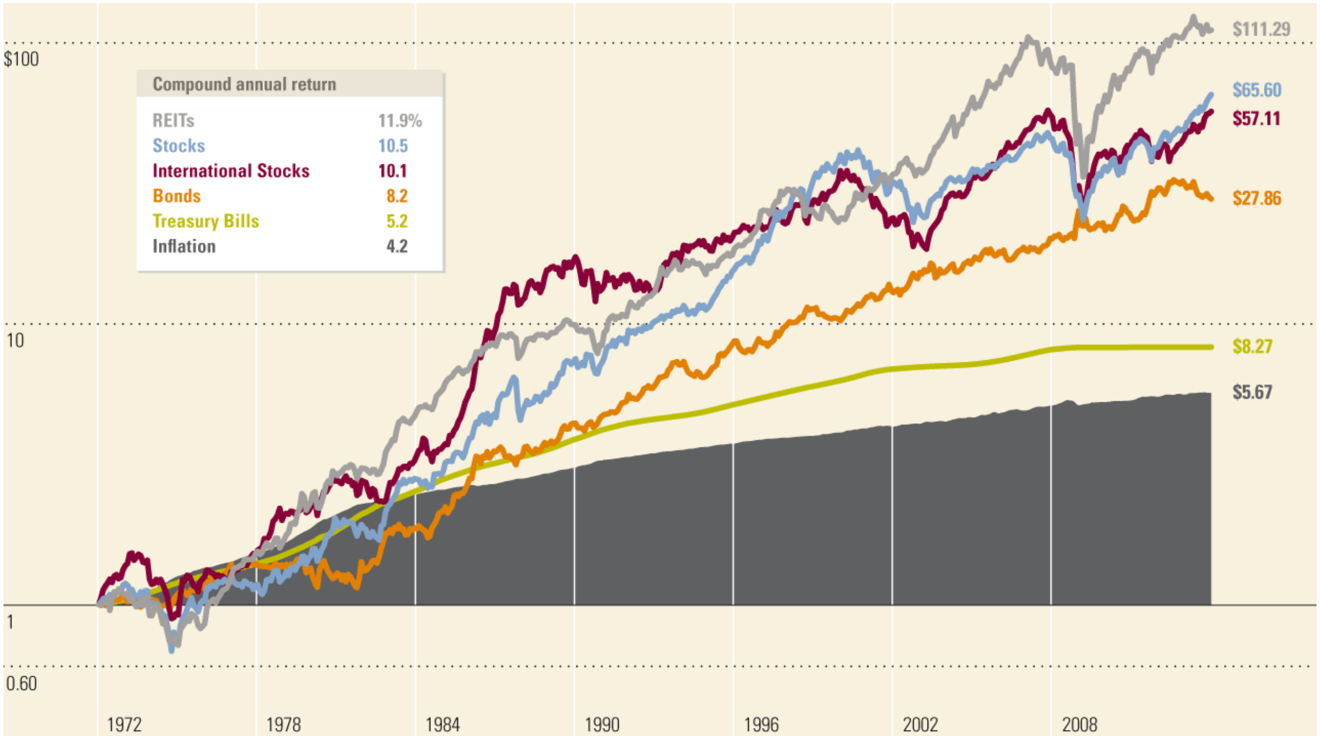
REITs are not guaranteed and have been more volatile than other asset classes. REITs typically provide high dividends plus the potential for moderate, long-term capital appreciation. A REIT must distribute at least 90% of its taxable income to shareholders annually. REITs involve special risks such as management quality, corporate structure, the ability to increase revenues from rents, and the balance of the supply of new buildings with demand for space. Additional risks include general and local economic conditions, interest rate fluctuation, credit risks, and liquidity risks. Holding REITs for the long term does not ensure a profitable outcome and investing in REITs always involves risk, including the possibility of losing the entire investment. The information, data, analyses and opinions contained herein do not constitute investment advice offered by Morningstar and are provided solely for informational purposes.

Source: REITs—FTSE NAREIT All Equity REIT Index®; Inflation—Consumer Price Index.

Performance of Stocks, Bonds, Bills, and REITs

1972 – 2013



Don't limit your portfolio to traditional investments

Real estate investing has gained popularity among investors around the globe. With increased access to commercial real estate through REITs, competitive historical performance, and potential diversification benefits, this once non-traditional asset class may now have a place in a diversified portfolio.

A historical examination of past capital market returns provides insight into the performance characteristics of various asset classes. Relative to the broad stock market and bonds, REITs have generated competitive returns since 1972. REITs may serve as an attractive investment because of their long-term growth potential, but investors shouldn't enter into these investments always expecting a positive short-term experience. True stability from such asset classes may come with time.

REITs have provided consistent long-term performance

The image illustrates the hypothetical growth of a $1 investment in five asset classes plus inflation over the time period January 1, 1972 through December 31, 2013. REITs have provided the highest returns and largest increase in wealth over the past 42 years. Among fixed-income investments, bonds appreciated considerably, but still finished behind REITs and stocks for the time period analyzed, and Treasury bills offered only a fraction of the growth provided by REITs and stocks. However, the higher returns achieved by REITs also come with higher risks, which can be identified by the volatility or fluctuation of the graph lines.

Talk to your financial advisor to see if a long-term investment in REITs may be right for you.

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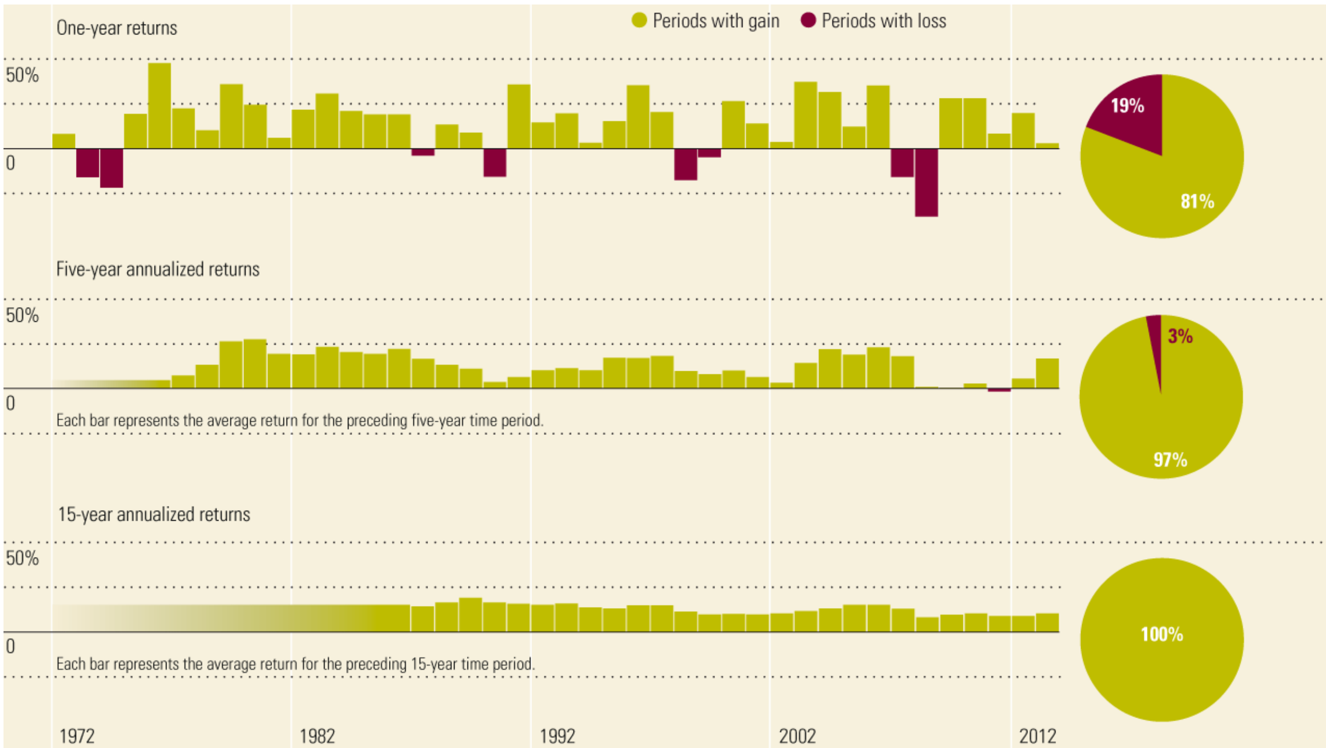
Government bonds and Treasury bills are guaranteed by the full faith and credit of the U.S. government as to the timely payment of principal and interest, while returns and principal invested in stocks and REITs are not guaranteed. REITs and stocks have been more volatile than bonds. REITs typically provide high dividends plus the potential for moderate, long-term capital appreciation. A REIT must distribute at least 90% of its taxable income to shareholders annually. REITs involve special risks such as management quality, corporate structure, the ability to increase revenues from rents, and the balance of the supply of new buildings with demand for space. Additional risks include general and local economic conditions, interest rate fluctuation, credit risks, and liquidity risks. Holding REITs for the long term does not ensure a profitable outcome and investing in REITs always involves risk, including the possibility of losing the entire investment. International investments involve special risks such as fluctuations in currency, foreign taxation, economic and political risks, liquidity risks, and differences in accounting and financial standards. The information, data, analyses and opinions contained herein do not constitute investment advice offered by Morningstar and are provided solely for informational purposes.

Source: REITs—FTSE NAREIT All Equity REIT Index®; Stocks—Standard & Poor's 500®, which is an unmanaged group of securities and considered to be representative of the U.S. stock market in general; International Stocks—Morgan Stanley Capital International Europe, Australasia, and Far East (EAFE®) Index; Bonds—20-year U.S. Government Bond; Treasury Bills—30-day U.S. Treasury Bill; Inflation—Consumer Price Index.

FACT SHEET 5

REIT Risk of Loss Over Time

One-, five-, and 15-year total returns, 1972 – 2013



Losses: A fact of investing
It is important to understand that investors could experience ups and downs when investing. In fact, no asset class comes with a guarantee, and losses can be expected for fixed-income investments as well as equities.

Though REITs are often considered risky investments, the long-term return potential, along with their large income component, may offset short-term losses for investors with longer holding periods. Investors can expect to experience losses from time to time when investing in REITs. With a long investment horizon, however, losses could be potentially recouped.

REITs may offer reliable returns in the long run
The graph illustrates the realized gains and losses in REITs for one-, five-, and 15-year periods. Of the 42 one-year periods from 1972 to 2013, only eight resulted in a loss. By increasing the holding period to five years, only one of the 38 overlapping five-year periods resulted in a loss, while none of the 28 overlapping 15-year periods from 1972 to 2013 resulted in losses.

Individuals looking for ways to safeguard their investments have traditionally turned to fixed income. However, given the income characteristics of REITs, they may be worth investigating as an addition to many types of portfolios. Talk to your financial advisor to see if REITs may be right for you.

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Government bonds are guaranteed by the full faith and credit of the United States government as to the timely payment of principal and interest. REITs and equities are not guaranteed and have been more volatile than other asset classes. REITs typically provide high dividends plus the potential for moderate, long-term capital appreciation. A REIT must distribute at least 90% of its taxable income to shareholders annually. REITs involve special risks such as management quality, corporate structure, the ability to increase revenues from rents, and the balance of the supply of new buildings with demand for space. Additional risks include general and local economic conditions, interest rate fluctuation, credit risks, and liquidity risks. Holding REITs for the long term does not ensure a profitable outcome and investing in REITs always involves risk, including the possibility of losing the entire investment. The information, data, analyses and opinions contained herein do not constitute investment advice offered by Morningstar and are provided solely for informational purposes.

Source: REITs—FTSE NAREIT All Equity REIT Index®.