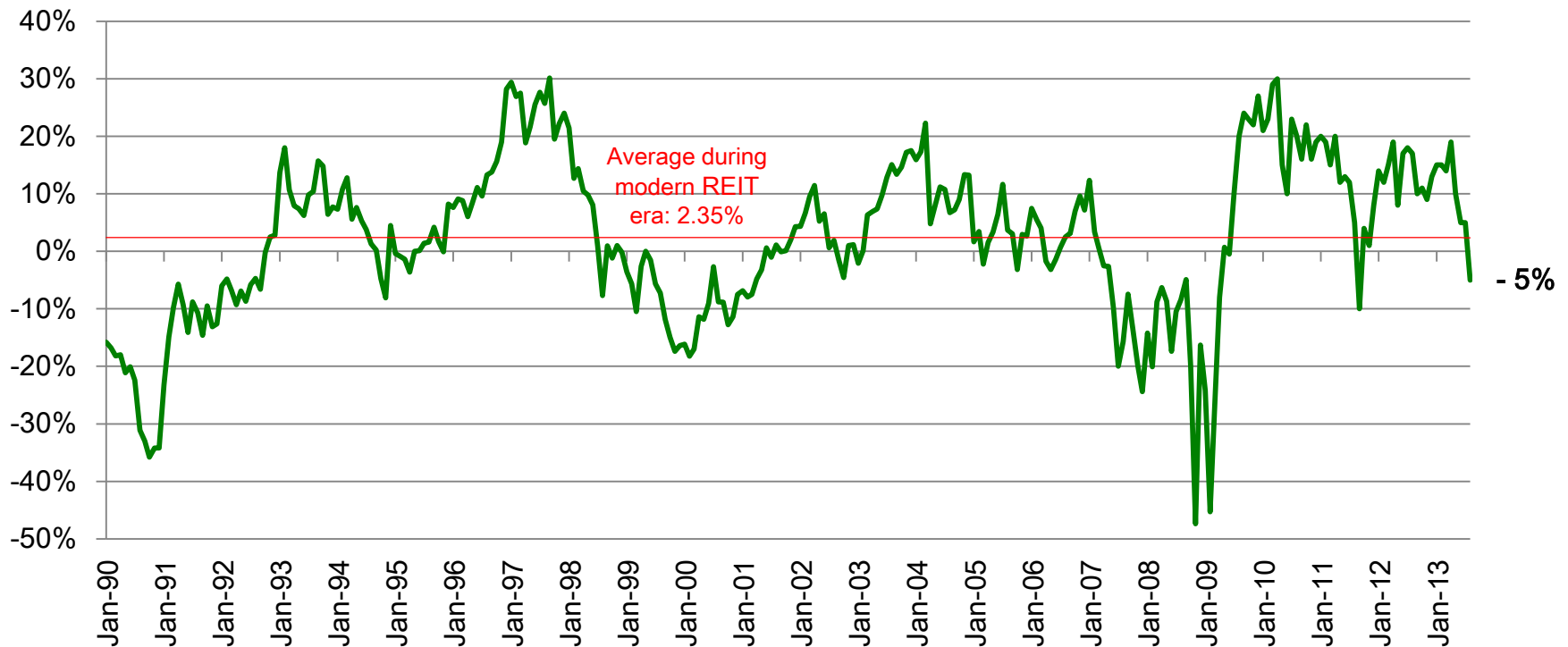


U.S. REIT Stock Prices Reflect Increasing Property Values While Operating Fundamentals and Property Values Continue to Recover



- “Unlevered real estate has historically offered a return that is somewhere between the yield on investment-grade corporate bonds and the yield on high-yield bonds. In order to bring current premium in line with its long-term average relative to these two assets, real estate values need to change by +3%.”
- “On average, REITs have traded roughly at parity relative to asset value/NAV over the last twenty+ years. Based on prevailing share prices and the resultant observed premium/discount, public-market investors are effectively assuming that real estate values will change by -6%.”
- “Assuming that unlevered property values revert to their long-term relationship relative to fixed-income alternatives, REIT share prices should change by +16%.”

Data as of September 3, 2013

Source: Green Street Advisors, Inc., based on NAV estimates for U.S. REITs under coverage (excluding hotels)