



REIT Wise[®]

March 31- April 2
2015

REIT
INVESTING

NAREIT's Law, Accounting
& Finance Conference

JW Marriott Desert Ridge Resort & Spa
Phoenix, AZ



Key Drivers Impacting a REIT's Stock Price

April 1, 2015

Session Faculty

- ◆ Mark Denien, moderator, EVP & CFO, Duke Realty Corporation
- ◆ Scott Eisen, Managing Director, Citi
- ◆ Douglas Funke, Managing Director & Global Portfolio Manager, Forum Securities Ltd.
- ◆ Lukas Hartwich, Analyst, Green Street Advisors

Topics to be Discussed

- ◆ Impact of NAV models
- ◆ Importance of FFO and AFFO growth forecasts
- ◆ Dividends: Grow versus retain for reinvestment
- ◆ Impact of leverage
- ◆ “Intangibles” such as management team value add

- ◆ Using FFO vs AFFO/FAD vs NAV for REIT Valuations and Target Stock Price
 - ◆ Challenges in using forecasts of FFO and AFFO
 - ◆ Use of non-NAREIT FFO measures and lack of a standard definition of AFFO
 - ◆ Company analysts packages or audited financials or both

◆ NAV Considerations

- ◆ Debt mark-to-market under a “liquidation methodology” or under a “going concern view”
- ◆ Capitalization rates:
 - ◆ Differentiate portfolios based on asset quality factors and specific submarkets
 - ◆ Review of recent comparable transactions
 - ◆ Current and projected capital expenditure needs
 - ◆ Portfolio premiums

◆ Other Valuation Considerations

- ◆ Franchise value
- ◆ Quality of management team
- ◆ Corporate governance
- ◆ Track record of stock price performance

- ◆ Balancing Development as a Value Creator vs. Risk
- ◆ Leverage Considerations
 - ◆ Rating agency ratings
 - ◆ Current levels vs. target levels
 - ◆ Optimal leverage levels for REITs and why

Macroeconomic Factors