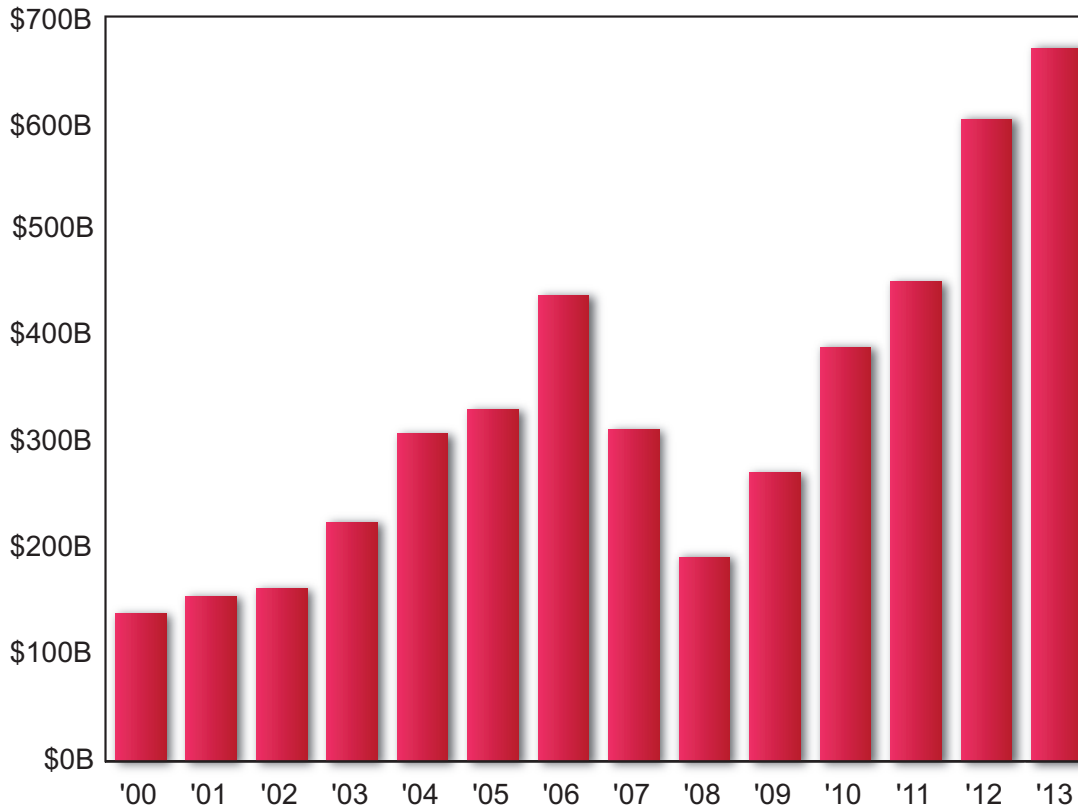


# The Rebound In REITs Persists

Market Capitalization of Equity REITs Outstanding (Year-End)



Source: REIT.com/National Association of Real Estate Investment Trusts

## View from the Observation Deck

1. While the tagline “Too Big to Fail” reminds us all of the high-profile roles that major banks and financial institutions played in the 2008 financial crisis – real estate was the true epicenter of the crisis, in our opinion.
2. Equity REITs, like real estate in general, began to draw more attention from investors after the Internet bubble burst in March 2000.
3. In our opinion, many investors gradually grew disenchanted with equities during the bear market (3/00-10/02) and chose to shift at least a portion of their capital to real estate-related opportunities and income-producing securities. Equity REITs happen to meet both criteria.
4. The value of the equity REIT market increased from \$134.4 billion at the end of 2000 to \$400.7 billion at the close of 2006 (U.S. real estate boom peaked in '06). Much of that gain was eliminated in 2007-2008.
5. The value of the equity REIT market shrank from \$400.7 billion in 2006 to \$176.2 billion in 2008. From the end of 2008 to the close of 2013, however, the size of the equity REIT market surged to \$608.3 billion.
6. Equity REITs have staged an impressive recovery following the 2008 financial crisis, in our opinion. REITs are cyclical in nature in that valuations are influenced by the relative strength of the overall economy. We will continue to monitor.

The chart and performance data referenced are for illustrative purposes only and not indicative of any actual investment.