

INTRODUCTION TO REITS

Fourth Quarter 2016

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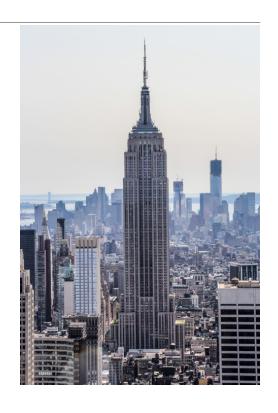


WHAT IS A REIT

- REITs own, manage, lease and finance investment-grade commercial real estate.
- At least 75% of assets must be real property and 75% of gross income must come from real estate.
- Dividends at least 90% of taxable income must be distributed to shareholders in the form of a dividend.
- Equity REITs derive revenues primarily from rental income.







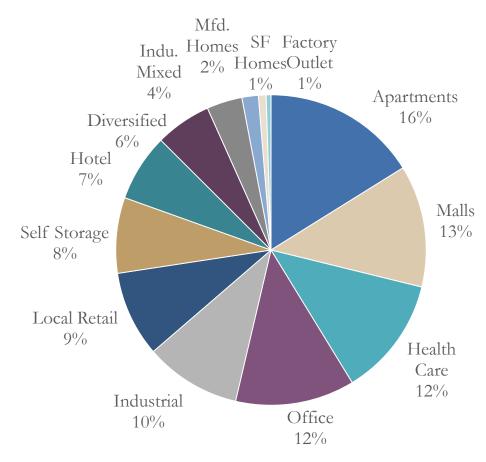




LISTED EQUITY REIT INDUSTRY SNAPSHOT

- Market Capitalization: \$711.7B
 - Largest \$55.8B
 - Smallest \$400M
- 118 Components
- REITs own ~10-15% of all institutionally owned CRE (\$1.8T)
- Diversification by geography and property type
- Dividend Yield: 3.7%

Property sector exposure





LISTED EQUITY REIT ADVANTAGES





- Efficient access to commercial real estate
- Attractive relative long-term investment performance



- Transparency and simplicity
- Diversification benefits
- Liquidity
- Strong, investor-aligned corporate governance
- Inflation hedge (real assets)







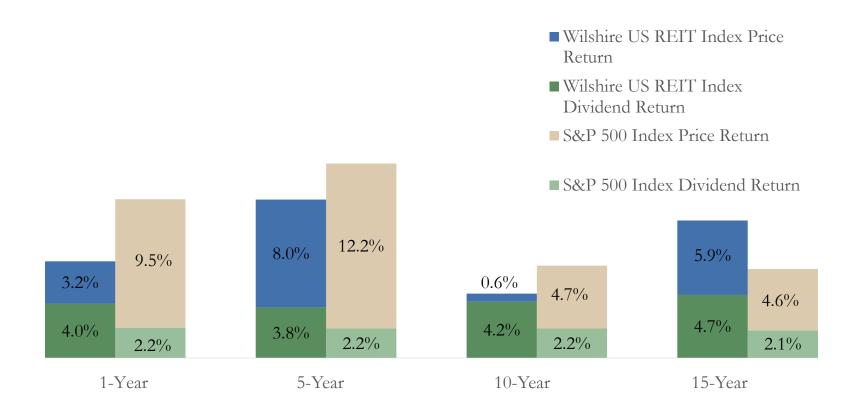






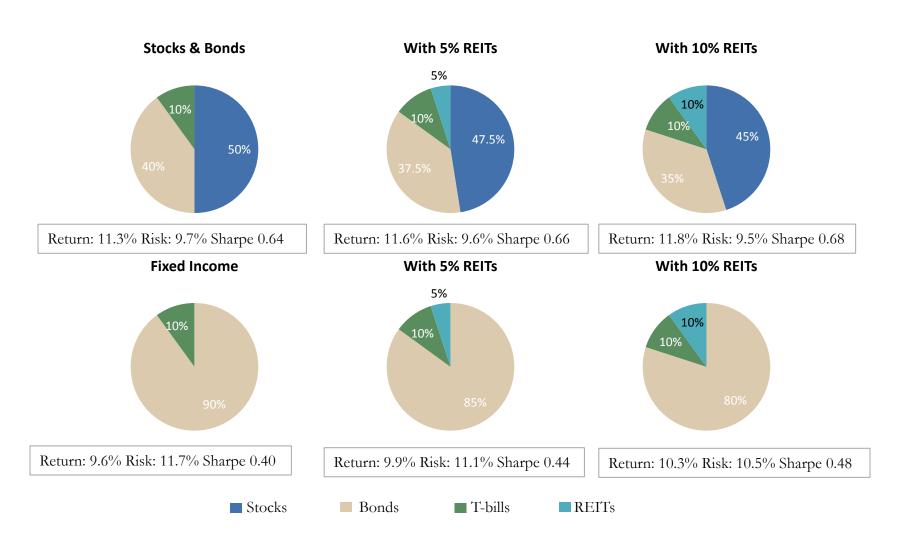


DIVIDEND AND PRICE RETURNS FOR REITS AND EQUITIES





REITS PROVIDE ATTRACTIVE DIVIDEND INCOME





COMPETITIVE LONG-TERM INVESTMENT PERFORMANCE (%)

	FTSE NAREIT U.S. Equity REITs TR	FTSE EPRA/NAREIT Developed TR	Russell 3000 TR	MSCI EAFE TR	Barclays Capital U.S. Aggregate Bond Index	Barclays Capital Global Aggregate Bond Index
1-Year	8.63	4.99	12.74	1.00	2.65	2.09
3-Year	12.66	6.78	8.43	-1.60	3.03	-0.19
5-Year	11.98	10.33	14.67	6.53	2.23	0.21
10-Year	5.07	2.23	7.07	0.75	4.34	3.29
15-Year	10.79	9.84	7.11	5.28	4.58	4.79
20-Year	9.67	7.36	7.86	4.17	5.29	4.40
25-Year	11.13	8.76	9.29	4.95	5.63	5.14



CORRELATIONS – DECEMBER 31, 2016

	U.S. Equity REITs	Large Cap Stocks	Small Cap Stocks	International Stocks	U.S. Bonds	Non-U.S. Bonds
U.S. Equity REITs	1.00	0.57	0.45	0.48	0.30	0.33
Large Cap Stocks		1.00	0.82	0.76	0.01	0.09
Small Cap Stocks			1.00	0.47	0.11	0.10
International Stocks				1.00	0.14	0.38
U.S. Bonds					1.00	0.62
Non-U.S. Bonds						1.00

All figures are based on a DCC-GARCH (Dynamic Conditional Correlation — Generalized Autoregressive Conditional Heteroskedasticity: Engle 2002) model using monthly data through December 2016. Listed U.S. equity REITs (FTSE NAREIT All U.S. Equity REIT), U.S. large-cap stocks (Russell 1000), and U.S. small-cap stocks (Russell 2000) from January 1979; non-U.S. stocks (MSCI AC World ex-US) from January 1988; U.S. bonds (BC US Aggregate) from January 1976; non-U.S. bonds (BS Global Aggregate x-USD) from January 1990. Source: NAREIT analysis using Matlab with Kevin Sheppard's DCC-GARCH routine.



DIVERSIFICATION MATTERS

Wilshire US REIT Index, annual returns ranked by property sectors (%)

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
-17.6	-39.2	28.6	28.6	9.2	17.6	1.9	31.8	4.2	7.2
Outlet 9.8	Storage 5.8	Hotel 66.8	Apartment 46.8	Storage 35.4	Industrial 31.7	Hotel 26.8	Mfd. Homes 47.4	Storage 40.7	Industrial 31.1
Healthcare 6.3	Outlet 4.0	Regional Mall 63.1	Hotel 40.0	Regional Mall 22.1	Regional Mall 28.0	Diversified 12.7	Apartment 39.9	Mfd. Homes 27.0	Indu. Mixed 28.7
Industrial 1.3	Healthcare -11.9	Indu. Mixed 50.5	Outlet 36.0	Mfd. Homes 21.6	Local Retail 26.2	Mfd. Homes 11.2	Healthcare 33.3	Apartment 16.5	Hotel 23.5
Regional Mall -15.6	Mfd. Homes -16.6	Mfd. Homes 40.9	Regional Mall 34.2	Outlet 18.0	Outlet 19.8	Storage 9.6	Regional Mall 32.4	Industrial 8.7	Single Family 14.4
Local Retail -18.2	Apartment -24.0	Office 35.7	Local Retail 30.1	Healthcare 15.4	Healthcare 19.1	Industrial 6.9	Hotel 32.2	Local Retail 6.2	Outlet 13.4
Mfd. Homes -19.3	Diversified -28.1	Apartment 30.0	Storage 29.2	Apartment 15.0	Storage 19.0	Office 5.9	Indu. Mixed 31.9	Regional Mall 4.3	Mfd. Homes 13.1
Office -20.2	Indu. Mixed -32.5	Healthcare 23.2	Mfd. Homes 26.5	Indu. Mixed 13.7	Office 14.4	Local Retail 5.8	Storage 31.5	Office 0.8	Office 12.2
Hotel -22.6	Local Retail -40.8	Diversified 19.0	Diversified 24.7	Office -0.3	Indu. Mixed 13.1	Single Family 0.0	Local Retail 30.7	Indu. Mixed -0.9	Diversified 8.2
Diversified -23.6	Office -42.2	Industrial 11.4	Office 19.5	Local Retail -2.6	Hotel 12.4	Regional Mall -1.0	Diversified 29.8	Single Family -1.5	Healthcare 6.8
Storage -24.4	Regional Mall -59.1	Outlet 8.3	Healthcare 19.1	Diversified -3.5	Diversified 10.6	Outlet -4.0	Office 26.7	Diversified -1.9	Apartment 3.8
Apartment -25.0	Hotel -59.6	Storage 8.1	Industrial 18.2	Industrial -4.7	Apartment 7.1	Indu. Mixed -4.7	Industrial 20.9	Healthcare -7.5	Local Retail 2.2
Indu. Mixed -27.2	Industrial -67.8	Local Retail -1.7	Indu. Mixed 8.9	Hotel 13.4	Mfd. Homes 6.3	Apartment -6.3	Outlet 18.6	Outlet -8.2	Regional Mall -5.0
						Healthcare -9.1	Single Family 5.7	Hotel -24.6	Storage -8.2



KEY TAKEAWAYS FOR REITS

- Real estate is a strategic asset class for investors.
- An investment in REITs is investing in real estate.
- A significant share of total REIT returns comes from dividends.
- Publicly traded REITs diversify an investment portfolio.











THANK YOU