
Global Real Estate Investing

Max N. Swango

Managing Director,
Client Portfolio Management
Invesco Real Estate

April 7, 2010

North America: Dallas • San Francisco • Newport Beach • New York • Atlanta
Europe: London • Paris • Munich • Prague • Madrid
Asia: Hong Kong • Shanghai • Tokyo



Table of Contents

- The Case for Real Estate
- Investment Options
- Current Pricing/Outlook
- Real Estate Debt Discussion

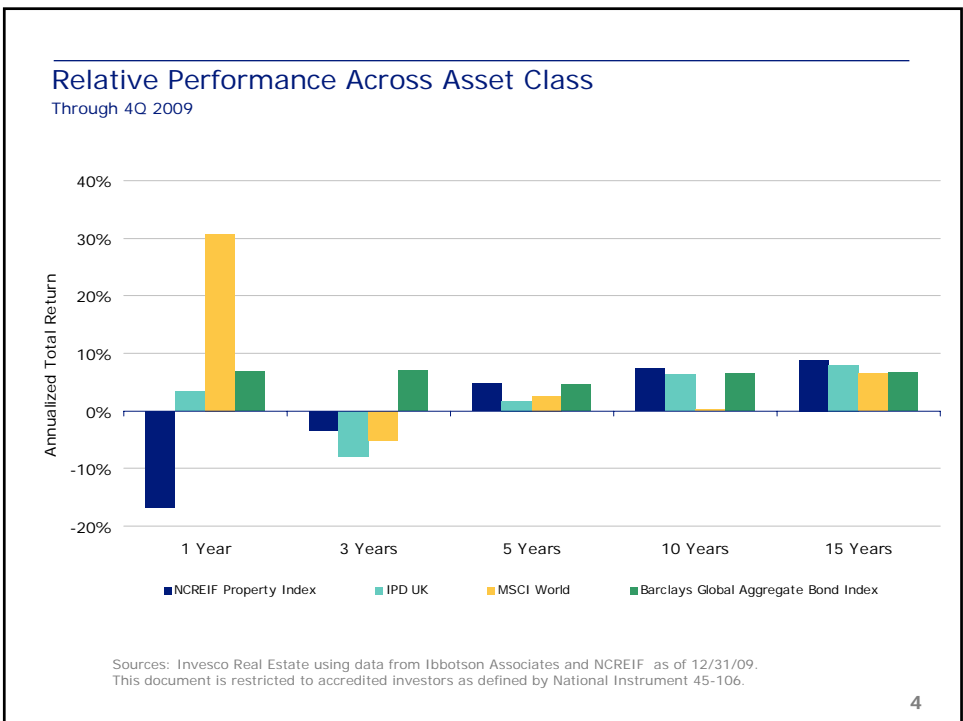
All data in US dollars unless otherwise stated. This document is restricted to accredited investors as defined by National Instrument 45-106. CONFIDENTIALITY NOTICE: All material presented is compiled from sources believed to be reliable and current, but accuracy cannot be guaranteed. This is not to be construed as an offer to buy or sell any financial instruments. It is not our intention to state, indicate or imply in any manner that current or past results are indicative of future profitability or expectations. As with all investments there are associated inherent risks. Please obtain and review all financial material carefully before investing. This publication may contain confidential and proprietary information of Invesco Institutional and/or Invesco Ltd. Circulation, disclosure, or dissemination of all or any part of this material to any unauthorized persons is prohibited. Unauthorized reproduction or distribution of all or any part of this material is prohibited.



The Case for Real Estate

- Competitive total and risk adjusted returns
- High income yield
- Diversification
- Large share of investment universe

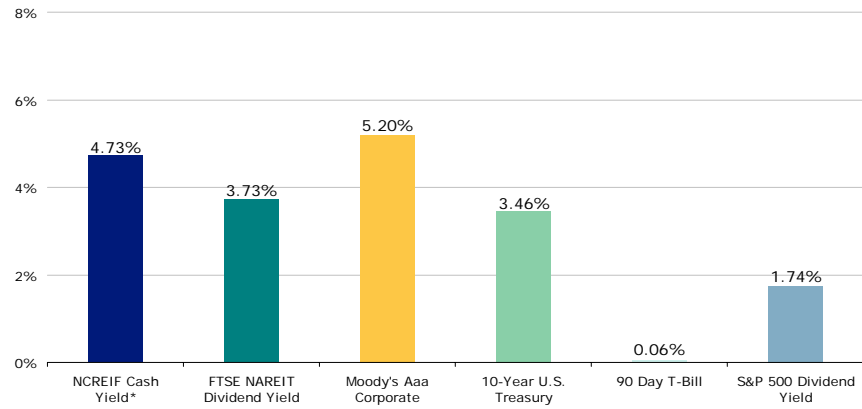
3



4

High Cash Return

Quarterly Yields at December 31, 2009



*Net of Capital Expenditures of 1.76%

Sources: Invesco Real Estate using data from FTSE NAREIT, Moody's, Economy.com and NCREIF through 12/31/09. This document is restricted to accredited investors as defined by National Instrument 45-106.

5

Diversification

1991-2009

- Real estate provides portfolio diversification with differential correlations to other asset classes.

Correlation of Returns With Other Sectors

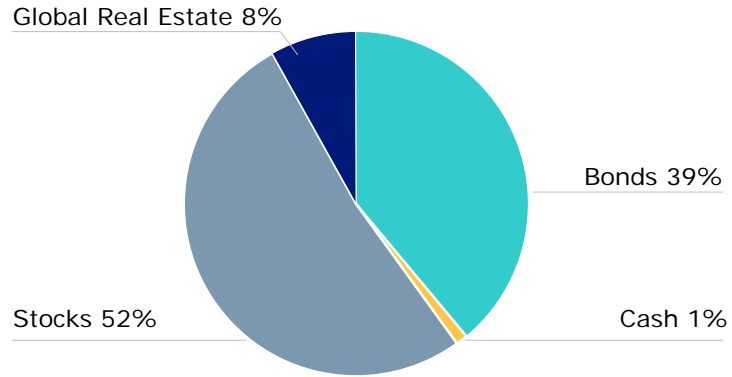
	Listed	Non-Listed	
	FTSE EPRA/NAREIT Global Real Estate Index	US NCREIF Property Index	IPD UK All Properties
MSCI World Equity	0.66	0.15	0.53
MSCI US Equity	0.44	0.10	0.36
MSCI Europe Equity	0.72	0.20	0.58
MSCI Asia ex-Japan Equity	0.72	(0.19)	0.30
Barclay Global Govt. G7 Bond	0.04	(0.18)	(0.34)
FTSE EPRA/NAREIT Global Equity	1.00	0.07	0.63
US 1 Year Treasury (Cash)	(0.32)	0.08	(0.34)

Data from 1Q 1991 through 4Q 2009

Sources: Ibbotson Associates, Lipper Inc, Bloomberg, FTSE EPRA/NAREIT Global Real Estate Index and Investment Property Databank as of 31/12/09 and in U.S. dollars with exception of IPD UK in pounds. Note on MSCI: Neither MSCI nor any other party involved in or related to compiling, computing or creating the MSCI data makes any express or implied warranties or representations with respect to such data (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any of such data. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any third party involved in or related to compiling, computing or creating the data have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages. No further distribution or dissemination of the MSCI data is permitted without MSCI's express written consent. This document is restricted to accredited investors as defined by National Instrument 45-106.

6

Global Market Capitalization Estimates



Source: Invesco Real Estate using data provided by Ibbotson Associates: *Commercial Real Estate: The Role of Global Listed Real Estate Equities in a Strategic Asset Allocation* (2 November 2006) This document is restricted to accredited investors as defined by National Instrument 45-106.

7

Investment Options

Real Estate Investment Styles



For illustrative purposes only. Source: Invesco Real Estate.

This document is restricted to accredited investors as defined by National Instrument 45-106.

8

Real Estate Investment Styles

Risk & Return →

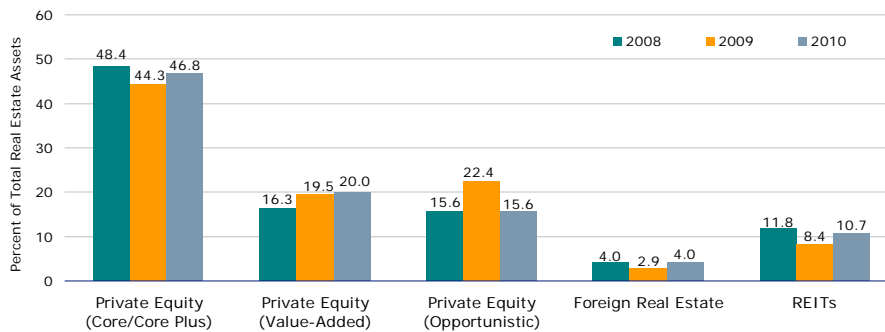
	Core	U.S. REITs	Real Estate Debt	Global RE Securities	Value-Added	High Return
Return Projections	8-10%	7-10%	8-18%	8-12%	10-14%	18%+
Occupancy	80%+	80%+	N/A	80%+	N/A	N/A
Property Types	Office, Retail, Industrial, Multi-Family	Office, Retail, Industrial, Multi-Family, Hotels	Office, Retail, Industrial, Multi-Family, Hotels	Office, Retail, Industrial, Multi-Family, Hotels	Expanded	All
Property Life Cycles	Stabilized, Leased Properties	Stabilized, Leased Properties, Development, JVs	Stabilized, Leased Properties	Stabilized, Leased Properties, Development, JVs	Identifiable Deficiency in the Asset	All Stages of Asset Life Cycle Will Employ Financial Engineering
Markets	Primary/Domestic	Primary/Secondary/Tertiary Domestic	Primary/Secondary/Tertiary Domestic	Primary/Secondary/Tertiary Domestic	Primary/Secondary/Tertiary Domestic	Primary/Secondary/Tertiary Domestic & International
Leverage	< 30%	40-50%	50%	40-55%	Up to 60%	Up to 75%
Income Return as a % of Total Return	70%+	60-70%	60-70%	40-50%	40-60%	0-50%
Development	None	Approximately 5%	None	Approximately 10%	Modest, with some forward commitments	Significant development potential
Fund Structure	Generally, open-end	Publicly Traded Securities	Closed-end	Publicly Traded Securities	Generally, Closed-end	Closed-end
Typical Benchmark	NCREIF Property Index	FTSE NAREIT Equity Index	N/A	FTSE EPRA/NAREIT Global Real Estate Index	NCREIF Property Index + 400 bps*	NCREIF Property Index + 800 bps*

Source: Invesco Real Estate for illustrative purposes only, ranges shown are approximate and based on current market conditions which is subject to change. It is not known whether these returns can be realized. *Generally anticipated range for these strategies. This document is restricted to accredited investors as defined by National Instrument 45-106.

9

Target Real Estate Portfolio Mix

Historical Real Estate Portfolio Allocations

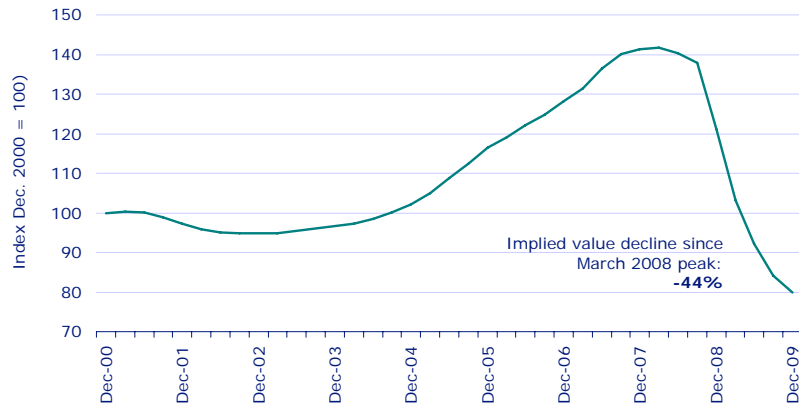


Sources: Kingsley Associates, Institutional Real Estate, Inc. 2010 Plan Sponsor Survey. This document is restricted to accredited investors as defined by National Instrument 45-106.

10

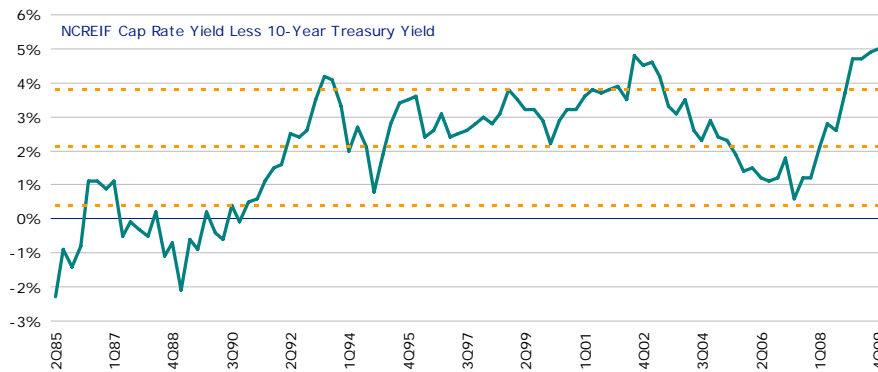
Current Pricing/Outlook

NFI-ODCE - Gross Appreciation Returns



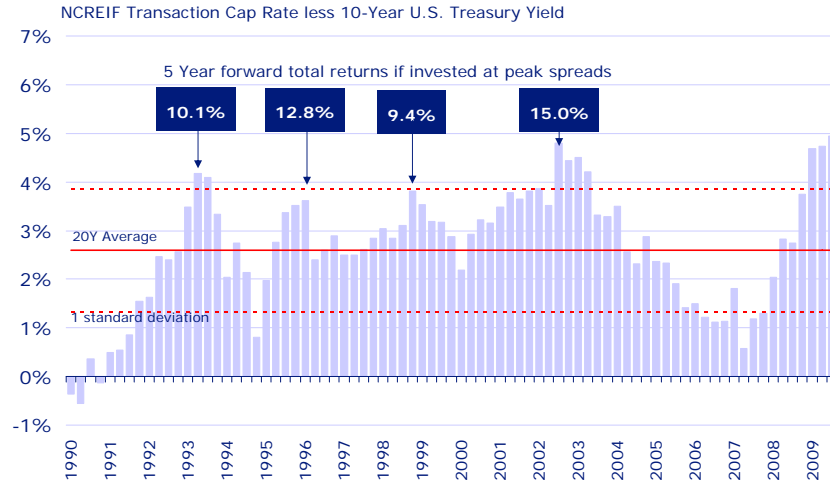
Source: Invesco Real Estate based on data provided by NCREIF as of December 31, 2009
 * The NCREIF Fund Index (NFI)-Open-End Diversified Core Equity ("NFI-ODCE") is a capitalization-weighted, gross of fee, time-weighted return index for institutional quality commercial real estate. According to NCREIF, "the term Diversified Core Equity style typically reflects lower risk investment strategies utilizing low leverage and generally represented by equity ownership positions in stable U.S. operating properties."
 This document is restricted to accredited investors as defined by National Instrument 45-106.

Transaction Cap Rate Spread vs. Treasuries



Sources: Invesco Real Estate based on data provided by NCREIF, Economy.com (4Q09)
 Note: 68% of the time, the spread falls within the range shown which is the long-term average plus and minus 1 standard deviation. This document is restricted to accredited investors as defined by National Instrument 45-106.

Wide Yield Spreads Today Suggests Potentially Attractive Future Returns

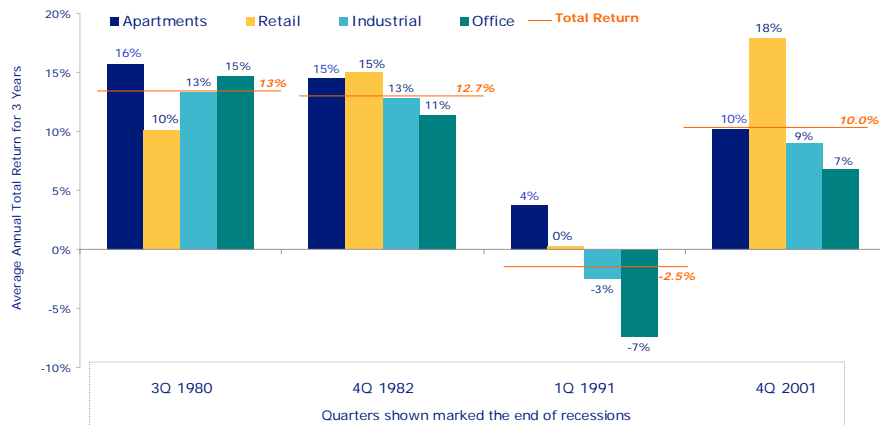


NCREIF annualized return since inception (4Q-1977) = 8.9%; 20-year annualized return = 6.7%. Source: NCREIF, Invesco Real Estate as of December 31, 2009. This document is restricted to accredited investors as defined by National Instrument 45-106.

13

Vintage Year Returns Following Recessions

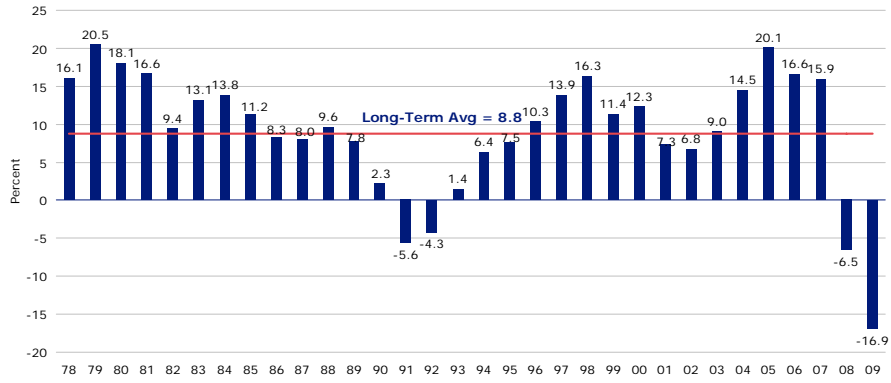
- Apartments or Retail produced the highest returns following recessions



Source: NCREIF as of 12/31/08. All data for U.S. recession periods. This document is restricted to accredited investors as defined by National Instrument 45-106.

14

NCREIF* Annual Returns 1978-2009



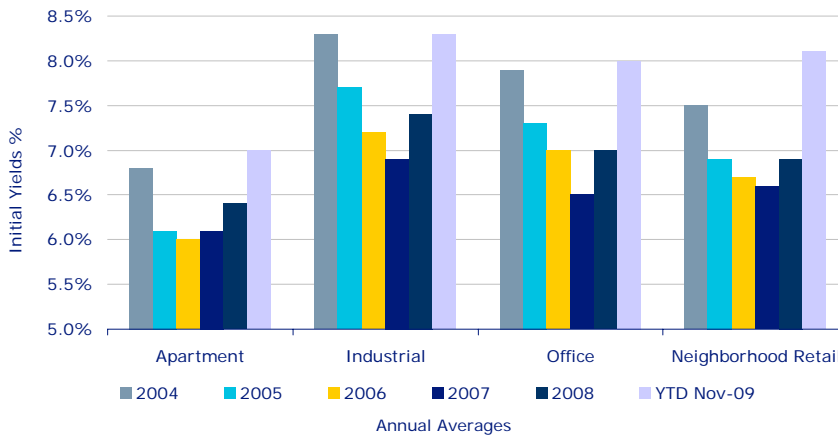
Source: NCREIF as of 12/31/09

*National Council of Real Estate Investment Fiduciaries ("NCREIF") is an organization that was established to serve the U.S. real estate investment community as a non-partisan collector, processor, validator and disseminator of real estate performance information. The NCREIF Property Index ("NPI") is often cited as the benchmark for U.S. institutional real estate performance.

This document is restricted to accredited investors as defined by National Instrument 45-106.

15

Initial Yields are Already More Attractive

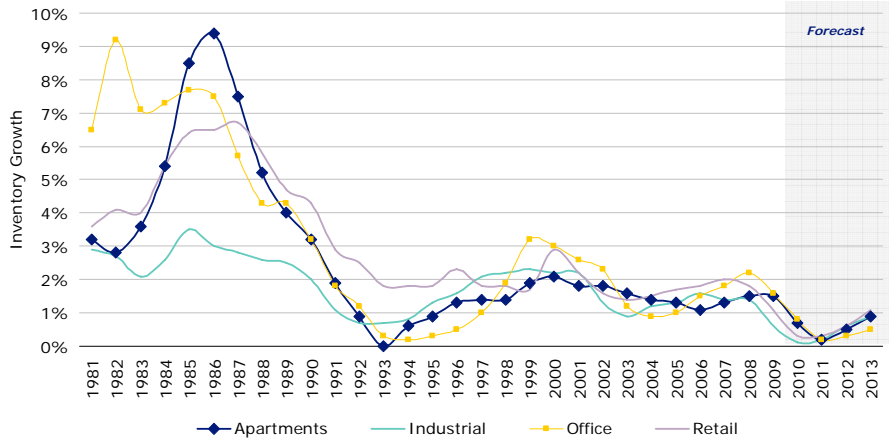


Source: Real Capital Analytics (December 2009)

This document is restricted to accredited investors as defined by National Instrument 45-106.

16

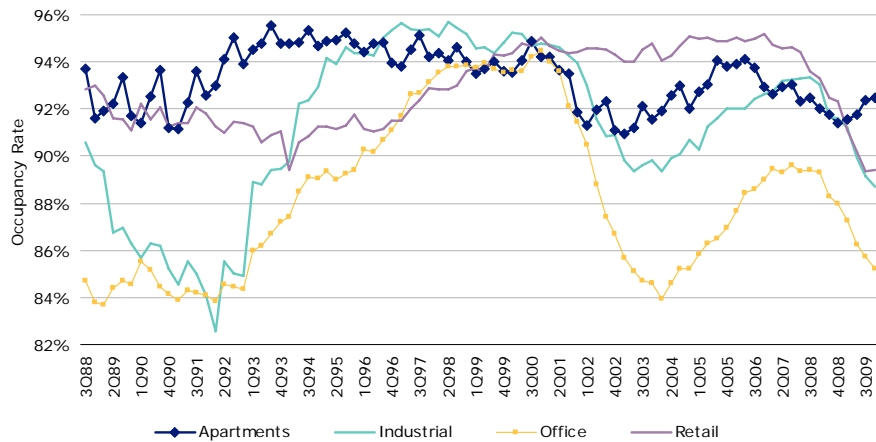
Inventory Growth by Property Sector is Low



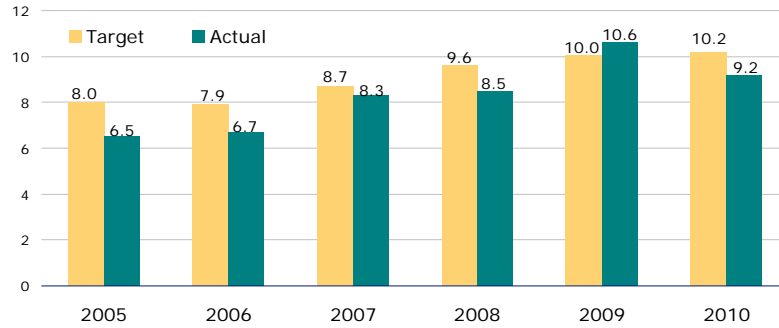
Sources: CBRE Econometric Advisors, Invesco Real Estate as of December 31, 2009;
2010 -2013 are forecasts
This document is restricted to accredited investors as defined by National Instrument 45-106.

17

Occupancy Rates



Investors Increase Target for Real Estate

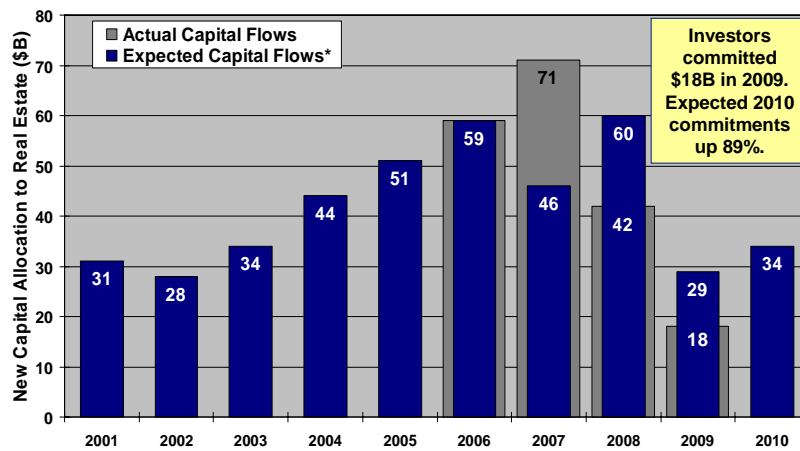


Sources: Kingsley Associates, Institutional Real Estate, Inc. 2010 Plan Sponsor Survey

This document is restricted to accredited investors as defined by National Instrument 45-106.

19

New Capital Flows to Real Estate Projected to Increase



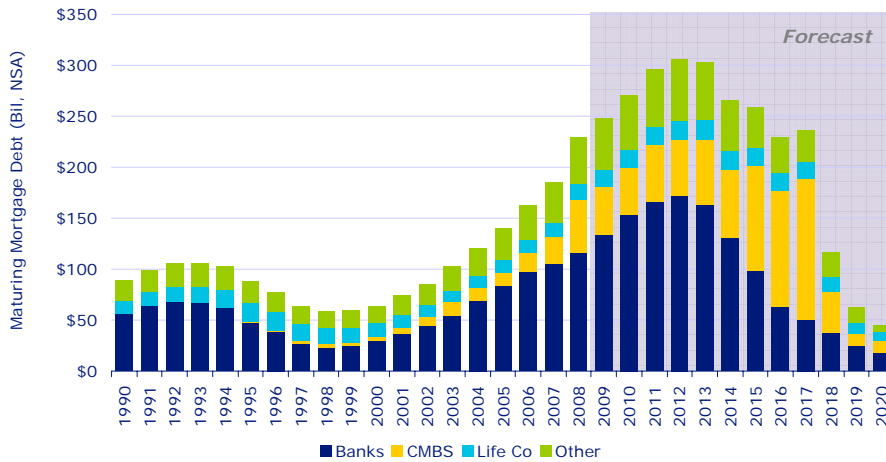
* "Expected Capital Flows" are based on respondent-provided new capital plans for each year, grossed up based on respondents' aggregate share of the entire tax-exempt real estate universe as defined by the annual *S&P Money Market Directory*

Sources: Kingsley Associates, Institutional Real Estate, Inc. 2010 Plan Sponsor Survey
This document is restricted to accredited investors as defined by National Instrument 45-106.

20

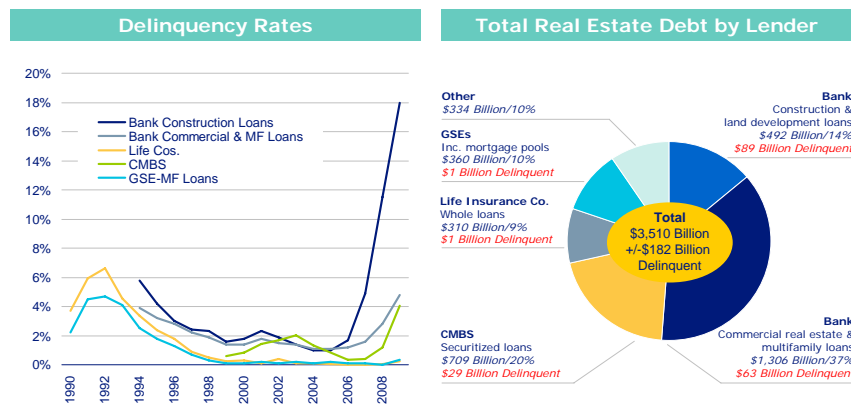
Debt Discussion

Mortgage Maturity Risk is Higher In the US and Risks Remain in the Banking Sector



Source: Foresight Analytics; Invesco Real Estate. Data as of March 17, 2009 (latest data available); forecast 2009-2020

Risk is Concentrated In Construction Loans and Secondary Markets. Lower Risk for High-Quality Assets & Markets

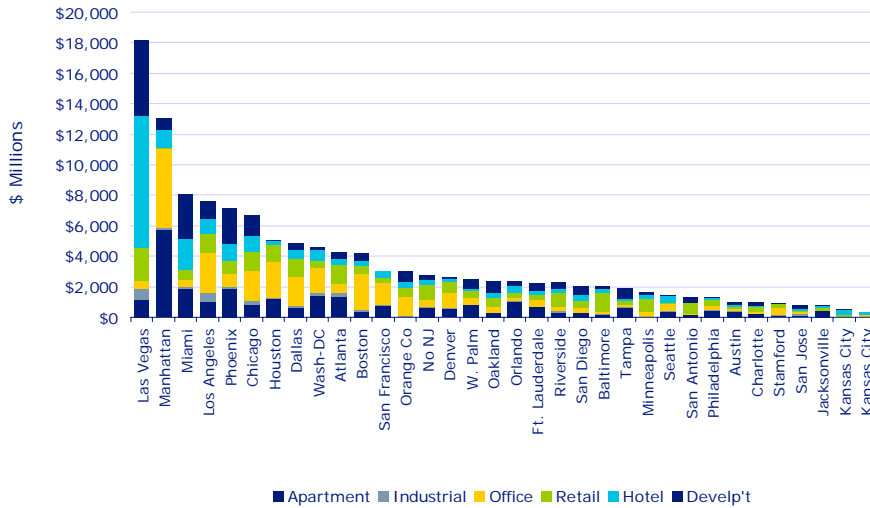


Banks: 30+ days delinquent and non-accrual loans; ACLI: 60+ days and in process of foreclosure; GSEs: 60+ days past due (average of Fannie Mae and Freddie Mac); CMBS: all loans 30+ days delinquent, performing and non-performing matured loans, loans in foreclosure and REO.

Source: Invesco Real Estate using data provided by FDIC, ACLI, Freddie Mac, Fannie Mae, Trepp and Federal Reserve as of 3Q2009. All data for U.S. market.

This document is restricted to accredited investors as defined by National Instrument 45-106.

Distress Concentrated in Oversupplied Housing Markets and Over-leveraged Markets



Source: Real Capital Analytics; Invesco Real Estate. Data as of January 22, 2010 and does not include construction loans
 This document is restricted to accredited investors as defined by National Instrument 45-106. Past recovery rate not indicative of future rates.

Invesco Real Estate

As of December 31, 2009

\$26.3 Billion Under Management
Over 760 properties; 223 Employees Worldwide

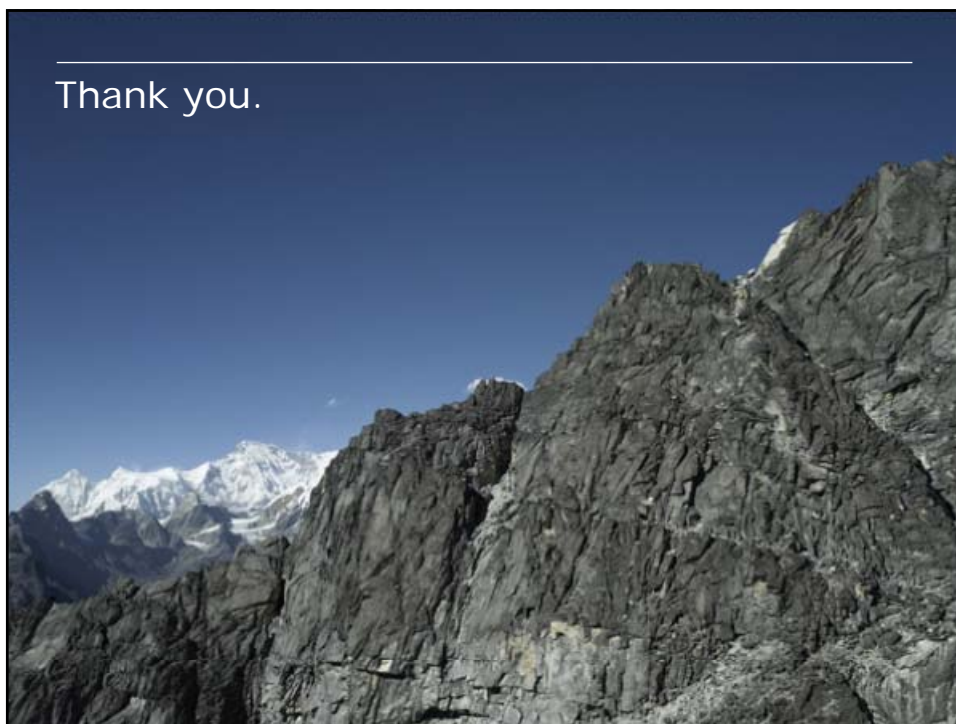


- **North American Direct Real Estate Investments**
 — \$11.1 BN Under Management
 — Since 1983
- **Real Estate Securities Management**
 — \$8.4 BN Under Management
 — Since 1988
- **European Direct Real Estate Investments**
 — \$6.7 BN Under Management
 — Since 1996
- **Asian Direct Real Estate Investments**
 — \$0.1 BN Under Management
 — Since 2006

Assets as of December 31, 2009 in US\$bn

This document is restricted to accredited investors as defined by National Instrument 45-106. Past rates are not indicative of future rates.

Thank you.



These are the personal views of the presenter and not necessarily the views of Invesco. The comments are for information purposes only and should not be considered a recommendation to buy or sell any security. The presenter's views may have changed since the date indicated and are not intended to convey any specific investment advice. Any statement that necessarily depends on future events may be a forward-looking statement. Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions. Although such statements are based on assumptions that are believed to be reasonable, there can be no assurance that actual results will not differ materially from expectations. Investors are cautioned not to rely unduly on any forward-looking statements. In connection with any forward-looking statements, investors should carefully consider the areas of risk described in the most recent simplified prospectus.

