



Private
Wealth



Robert A. Stanger & Co. LLC

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Innovative REAL ESTATE STRATEGIES

HOW ADVISORS CAN ACHIEVE PORTFOLIO DIVERSIFICATION THROUGH REAL ESTATE

Session Title

MODERATOR

Randy Anderson

Howard Phillips Eminent Scholar Chair
University of Central Florida

PANELISTS

Brad McMillan

Vice President & CIO
Commonwealth Financial Network

John Berg

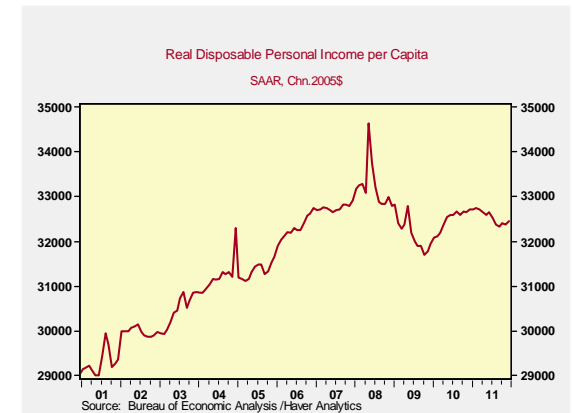
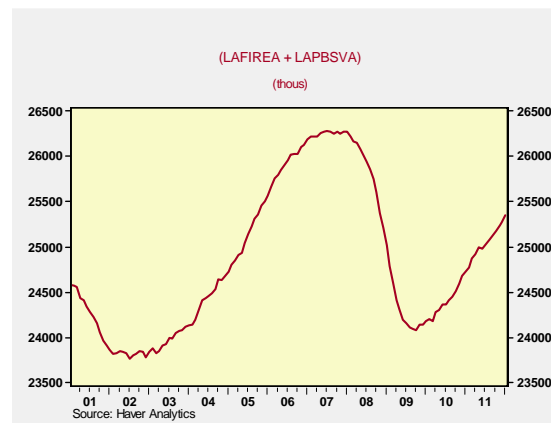
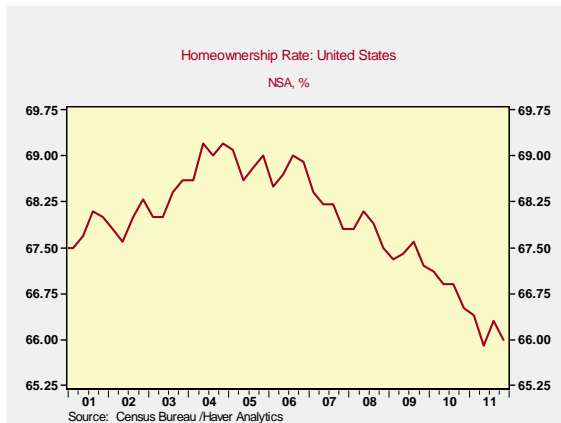
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Principal Real Estate Investors

Robb Chapin

Co-Founder and Managing Partner
Servant Investments

Is the Trend Your Friend?

- Macro trends drive sectoral real estate demand
 - Housing trends drive apartments and self-storage
 - FIRE and Business Services employment drives office
 - Disposable income drives retail
 - What are the trends?



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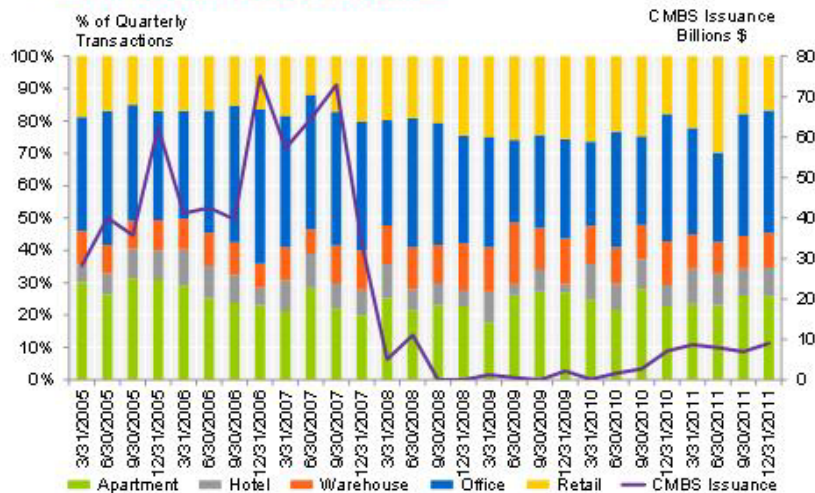
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Markets Reflect The Trends

RETAIL SALES REMAIN WEAK WHILE OFFICE AND APARTMENT RECOVER

QUARTERLY U.S. TRANSACTION VOLUME



Sources: CoStar Group, Inc.; Commercial Mortgage Alert

As of 11Q4



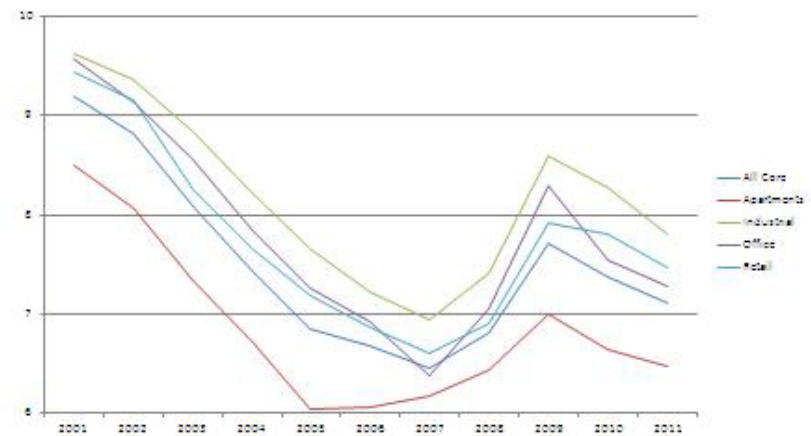
2005-2011
BOOK

CAPITAL
MARKETS

February 2012

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Capitalization Rates



Source: Real Capital Analytics

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So How Are Trends Changing?

- Apartments
 - Housing market starting to turn?
 - Cap rates and transaction volume close to highest levels
 - Construction increasing
 - Weakening fundamentals and limited financial appreciation going forward?
- Office
 - Employment continuing to recover, stoking demand
 - Construction still at decade-low levels, restricting supply
 - Transaction volumes and cap rates close to highest levels
 - Sound fundamentals but weaker financial appreciation going forward
- Retail
 - Consumer spending flat or declining in real terms
 - Transaction volume normalized but cap rates still somewhat above low
 - Weak fundamentals but some potential for financial appreciation

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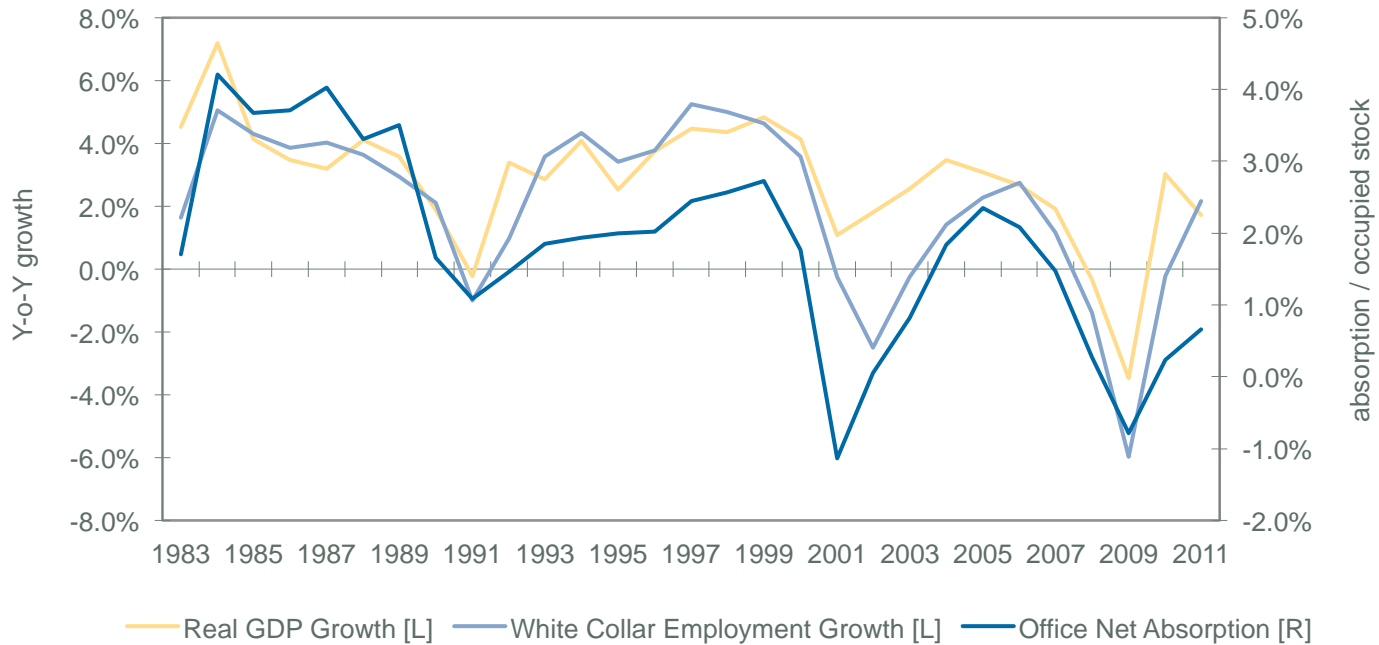
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Office

Office Demand Drivers

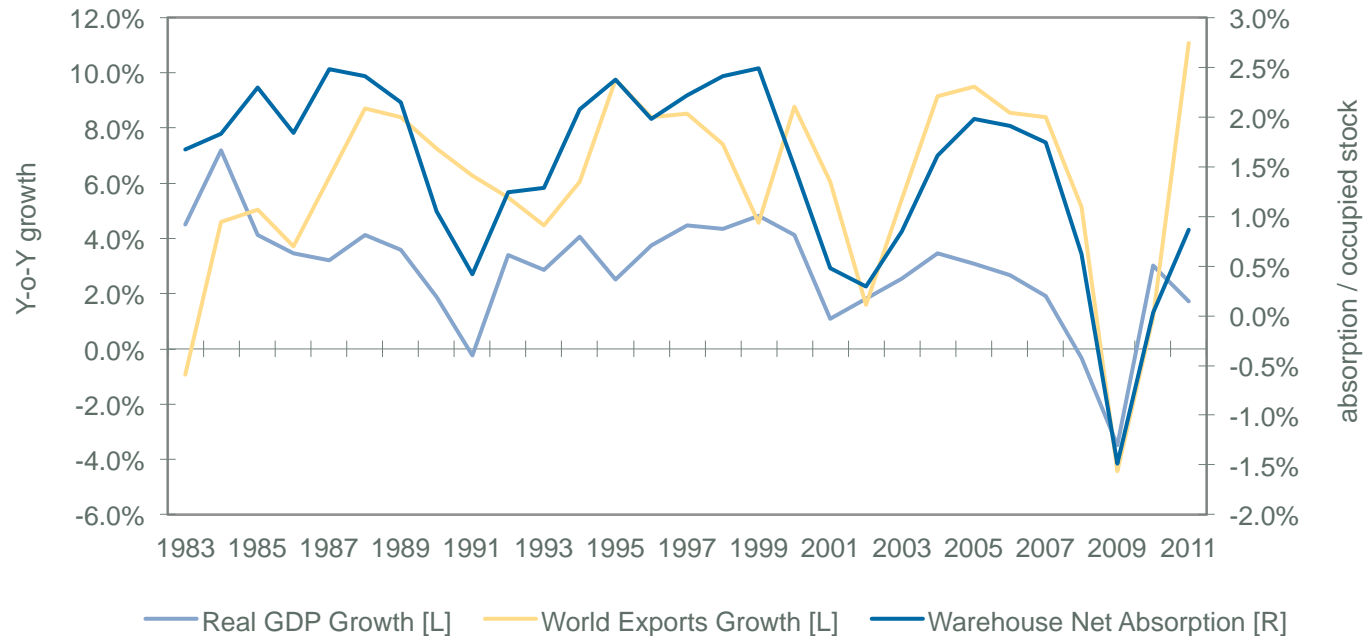


- GDP
- Office using employment growth

Sources: Bureau of Labor Statistics, Bureau of Economic Analysis, PPR, Inc., Principal Real Estate Investors

Industrial

Industrial Demand Drivers

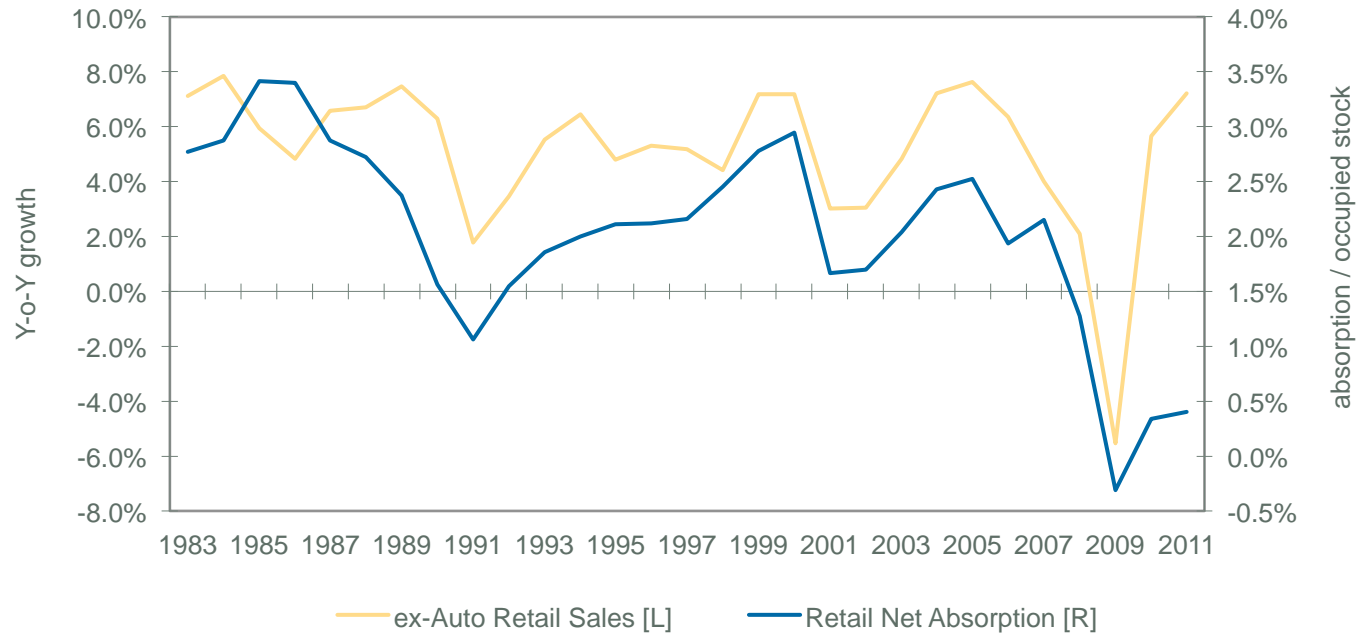


- GDP
- Trade

Sources: Bureau of Economic Analysis, International Monetary Fund, PPR, Inc., Principal Real Estate Investors

Retail

Retail Demand Drivers

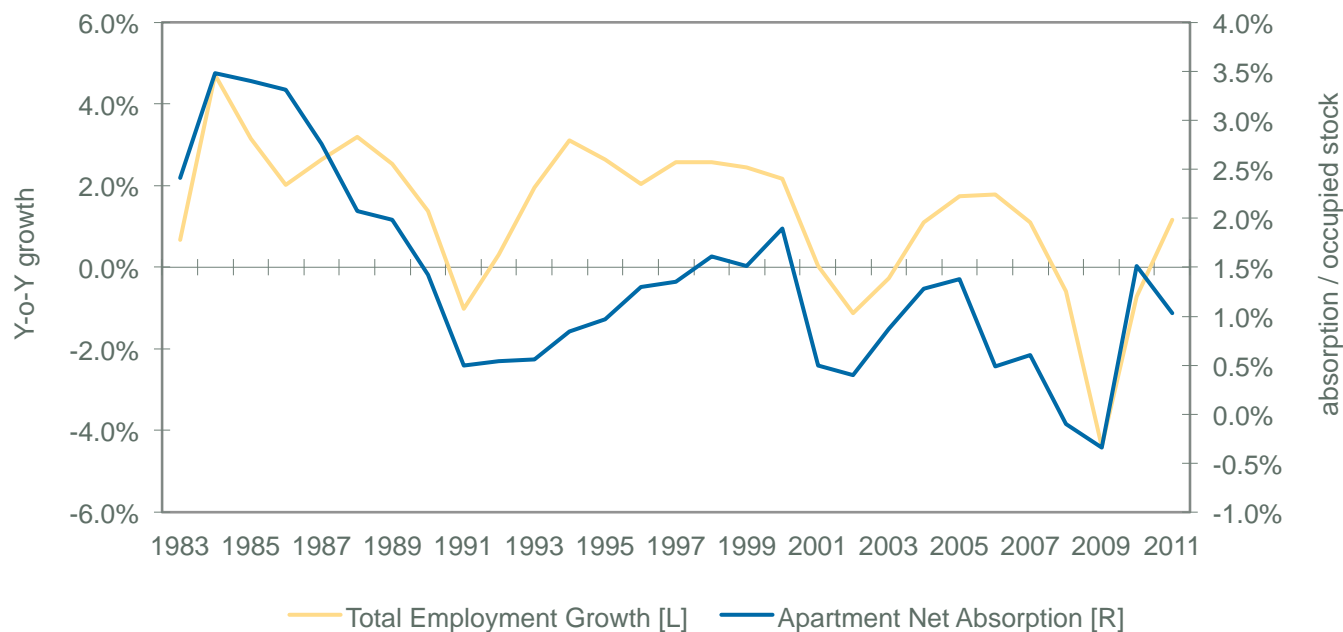


- Consumer Spending
- Credit

Sources: U.S. Census Bureau, PPR, Inc., Principal Real Estate Investors

Apartments

Apartment Demand Drivers



- Jobs
- Supply pipeline

Sources: Bureau of Labor Statistics, PPR, Inc., Principal Real Estate Investors

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Demographics Favor Healthcare

U.S. Population Estimates Age 75-Plus

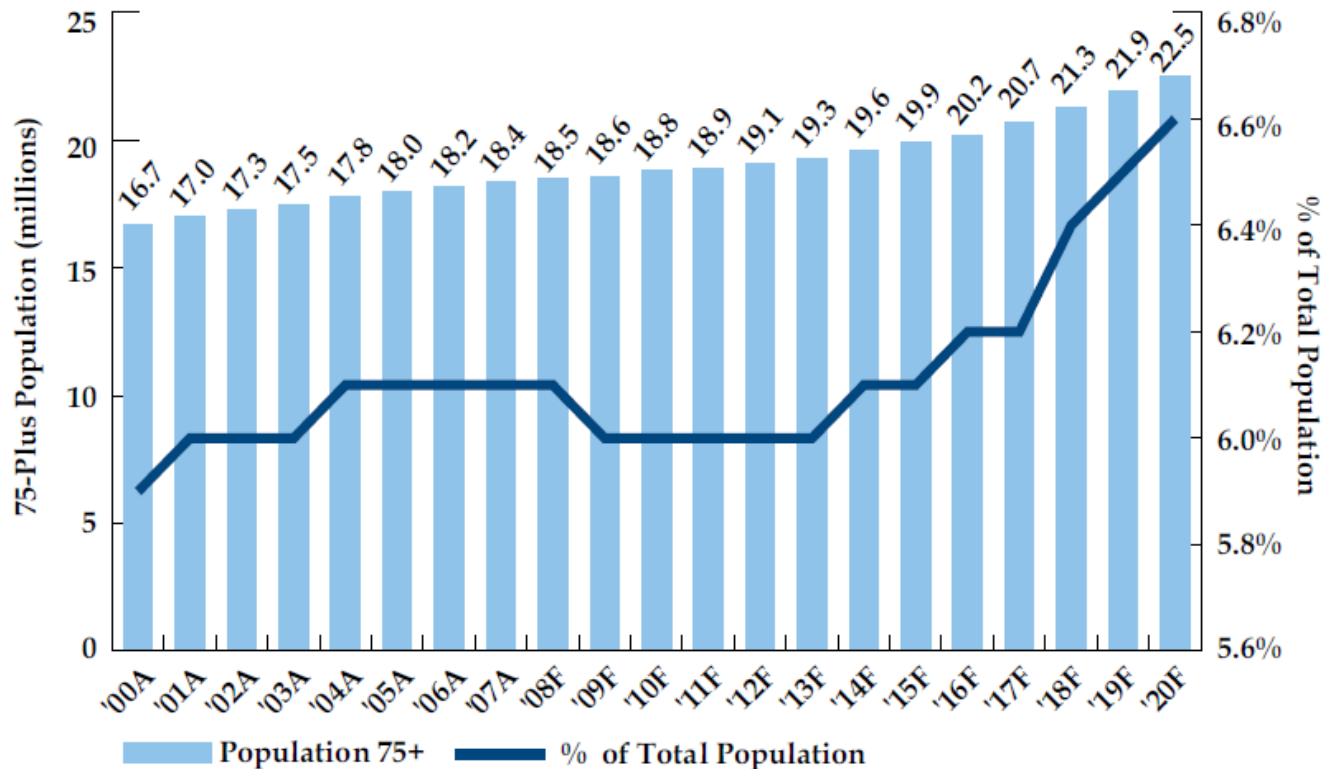


Chart Source: U.S. Census Bureau; release date: August 14, 2008.

Note: "A" indicates actuals based on estimate from 2000 Census and "F" indicates forecasted population projections from 2007 actuals.

Demographics Favor Healthcare

Number of People Age 65 and Over and 85 and Over (millions)

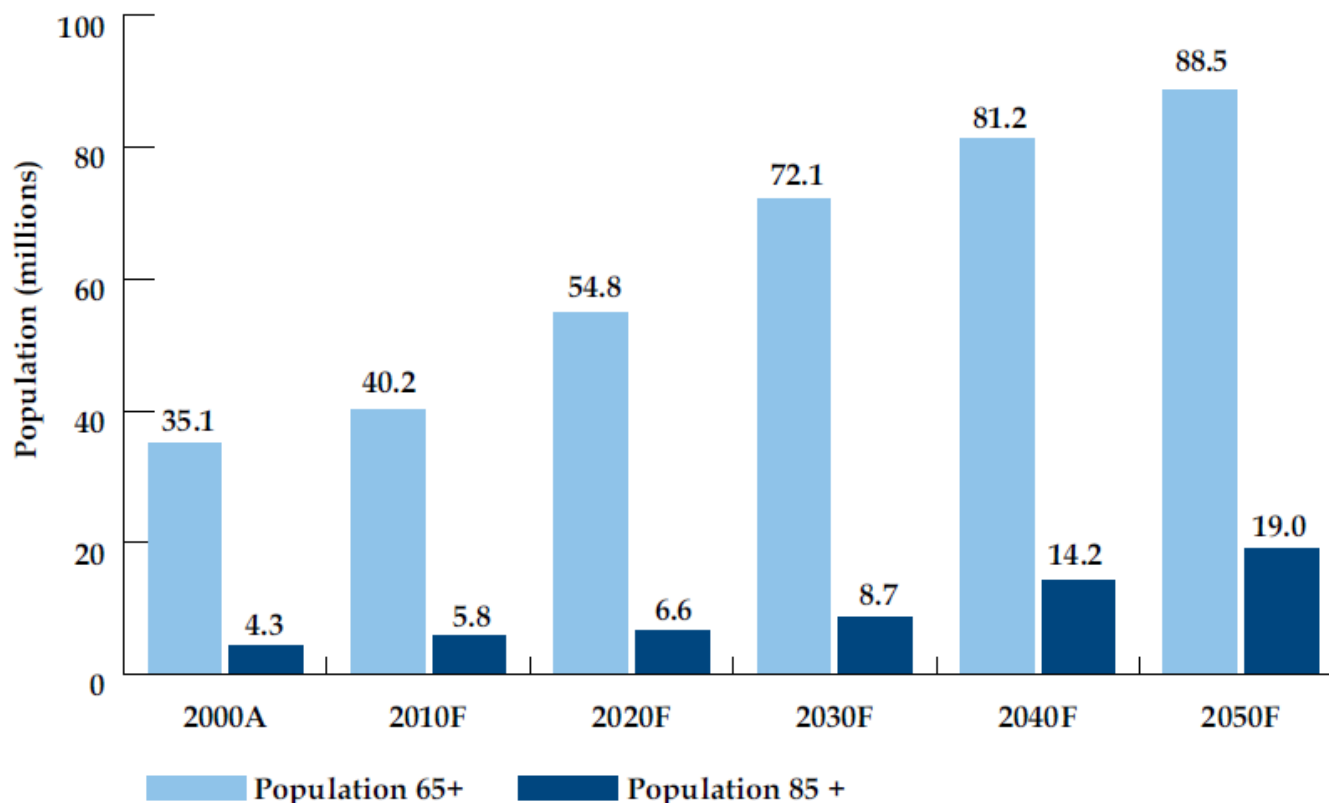


Chart Source: U.S. Census Bureau; release date: August 14, 2008.

Note: "A" indicates actuals based on estimate from 2000 Census and "F" indicates forecasted population projections from 2007 actuals.

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Demographics Favor Healthcare

Number of People Living in the U.S. Age 100 and Older

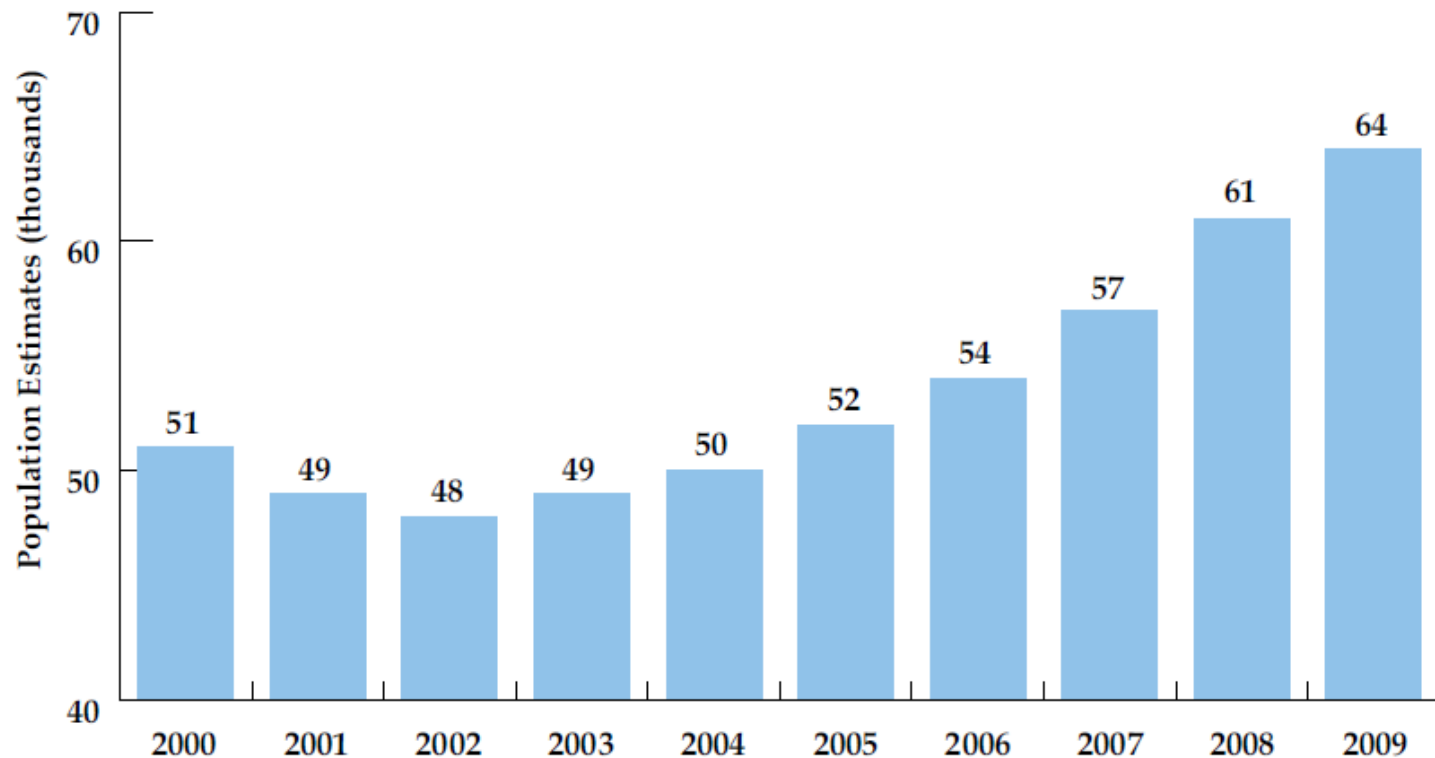


Chart Source: U.S. Census Bureau, Population Division. Release Date: June 2010

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Healthcare Expense Growing

National Health Expenditures

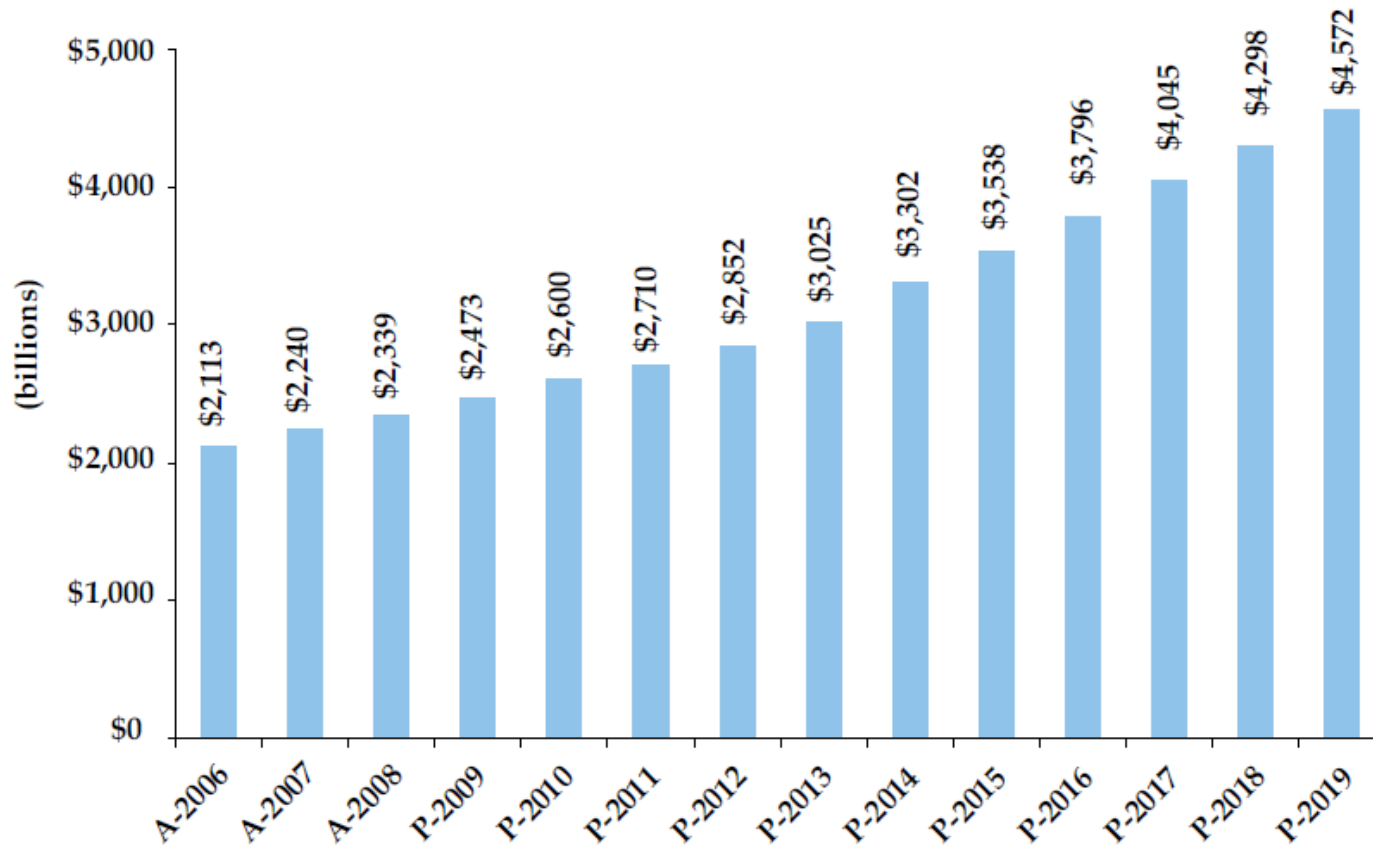


Chart Source: Centers for Medicare & Medicaid Services, released in September 2010.

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Healthcare Expense Growing

2012 Proposed Fiscal Year National Budget

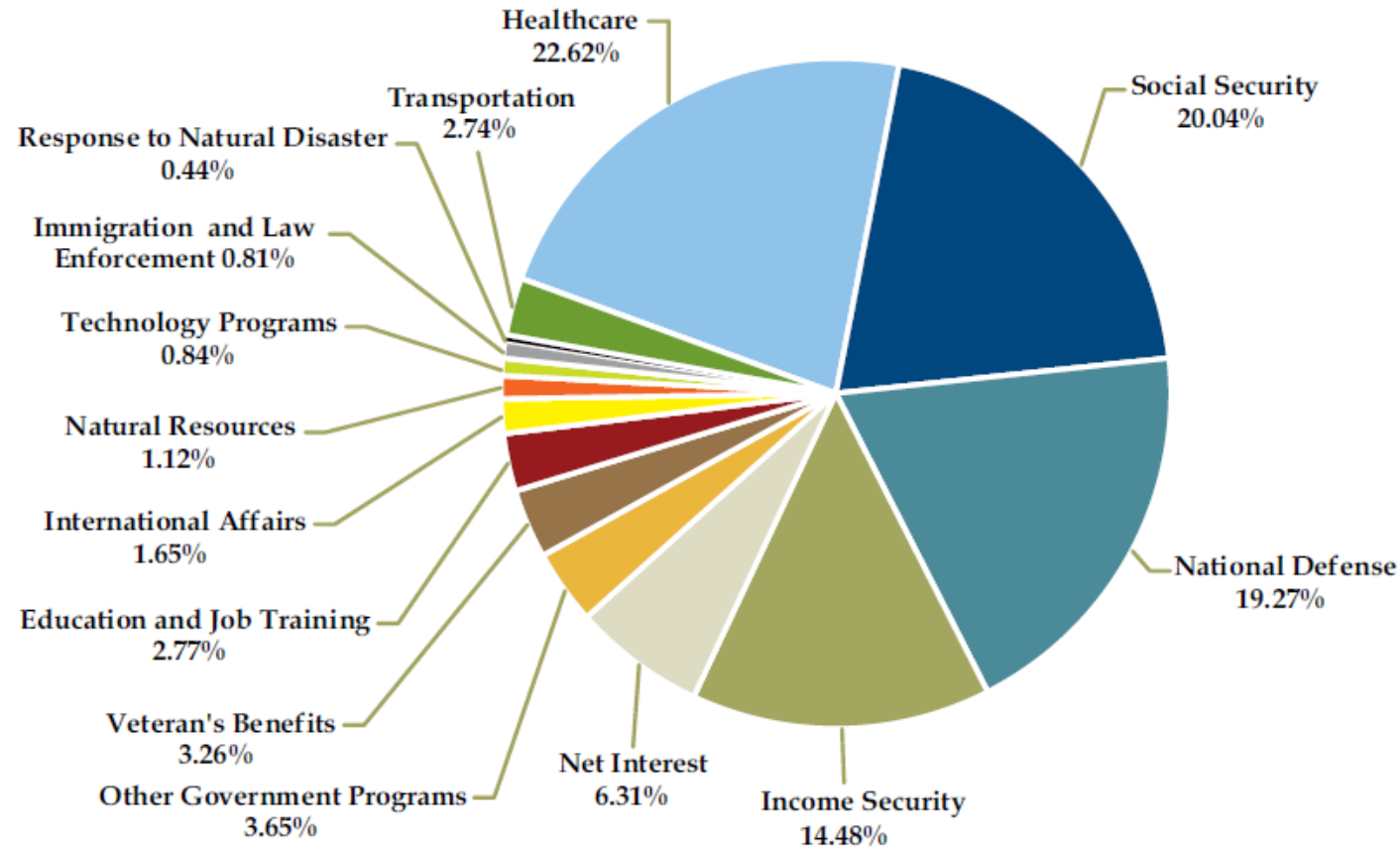


Chart Source: *WhiteHouse.gov*

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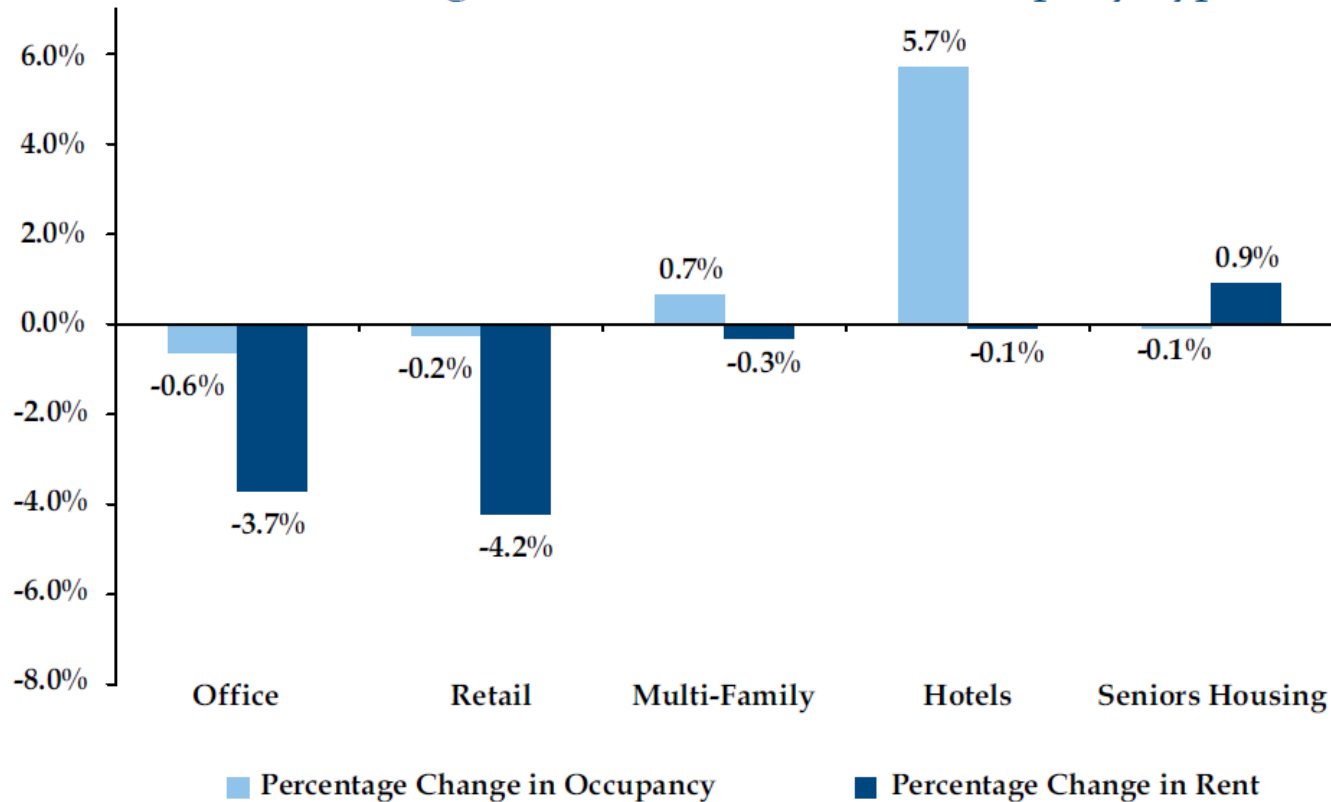
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Senior Housing in Demand

Comparison of Occupancy and Rental Rate Growth
Seniors Housing versus Other Commercial Property Types*



*Chart Sources and dates of year-to-year comparisons: Seniors Housing source is NIC MAP Data & Analysis Service 4Q10; Retail, Office and Multifamily source is Mortgage Bankers Association Quarterly Data Book, Property and Portfolio Research 3Q10; Hotel source is Hotel News Now STR Q4 2010 Report.

Pricing of Provider Stocks

Company	Ticker	Close Stock Price	Trailing P/E Ratio ⁽¹⁾ ⁽²⁾	Trailing Moving Average ⁽¹⁾	52-Week Change ⁽¹⁾	52-Week Range		Market Cap 4/14/2011 ⁽²⁾	Enterprise Value
		4/14/2011				High ⁽¹⁾	Low ⁽¹⁾		4/14/2011 ⁽¹⁾ ⁽⁴⁾
Independent/ Assisted Living:									
Assisted Living Concepts	ALC	36.20	25.48	33.37	5.13%	39.22	26.15	419.23M	535.02M
Brookdale Senior Living	BKD	26.09	N/A	21.80	23.05%	28.30	12.66	3,150.00M	5,650.00M
Capital Senior Living	CSU	9.38	58.63	7.36	80.15%	10.91	4.34	249.82M	398.45M
Emeritus Assisted Living	ESC	23.99	N/A	20.59	20.95%	26.35	14.55	1,060.00M	2,980.00M
Five Star Quality Care	FVE	8.36	13.04	6.78	164.17%	8.95	2.72	301.12M	308.93M
Sunrise Senior Living	SRZ	9.00	5.23	6.83	82.84%	12.44	2.18	503.14M	628.49M
Total IL/ AL								\$5.68B	\$10.5B
Nursing Care:									
Advocat	AVCA	7.08	11.78	5.64	9.38%	7.60	4.00	40.66M	56.84M
Ensign Group	ENSG	31.72	16.52	24.55	79.92%	34.85	15.01	661.24M	724.99M
Kindred	KND	23.76	16.69	19.11	38.55%	26.27	11.50	938.40M	1,200.00M
National Healthcare Corp.	NHC	46.55	N/A	N/A	29.45%	33.02	49.35	642.60M	416.14M
Skilled Healthcare Group	SKH	14.80	N/A	9.31	106.44%	15.93	1.43	559.03M	1,050.00M
Sun Healthcare	SUNH	13.84	N/A	12.96	N/A	15.01	9.37	345.71M	425.28M
Total NC								\$3.19B	\$3.87B
Total Providers								\$8.87B	\$14.37B

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Pricing of Healthcare REITs

Company	Ticker	Close Stock Price 4/14/2011	Trailing Annual Dividend Yield ⁽¹⁾	Dividend Date ⁽¹⁾	52-Week Change ⁽¹⁾	52-Week Range		Market Cap 4/14/2011 ⁽²⁾	Enterprise Value 4/14/2011 ^{(1) (3)}
						High ⁽¹⁾	Low ⁽¹⁾		
REITs:									
HCP, Inc.	HCP	37.50	5.10%	22-Feb-11	12.79%	38.29	28.53	15.06B	18.74B
Health Care REIT	HCN	52.17	5.30%	21-Feb-11	12.65%	53.10	38.42	7.69B	12.30B
Healthcare Realty Trust	HR	22.82	5.30%	2-Mar-11	-6.53%	25.24	20.06	1.53B	2.81B
LTC Properties	LTC	29.11	5.60%	28-Apr-11	1.60%	29.50	22.85	0.77B	1.03B
National Health Investors	NHI	46.38	5.20%	9-May-11	13.72%	49.00	34.18	1.28B	1.33B
Nationwide Health Properties	NHP	42.81	4.40%	3-Mar-11	20.59%	44.05	30.91	5.41B	6.89B
Omega Healthcare Investors	OHI	23.75	6.10%	14-Feb-11	13.67%	24.00	17.50	2.38B	3.57B
Senior Housing Properties Trust	SNH	23.40	6.40%	11-May-11	1.58%	25.28	19.25	3.32B	4.51B
Universal Health Realty	UHT	41.50	5.90%	30-Mar-11	7.52%	40.76	30.56	0.53B	0.59B
Ventas	VTR	54.90	4.00%	30-Mar-11	16.47%	57.45	43.14	8.94B	11.67B
Total REITs:								\$ 46.9B	\$ 63.44B
Providers & REITs Estimated Market Capitalization Total:								\$ 55.77B	\$ 77.81B

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Interest Rates Remain Low

U.S. Treasury Yield Curve Rates



Chart Source: U.S. Treasury (January 3, 2000 - April 14, 2011, YTD)

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Capital Markets Returning

Loan Performance

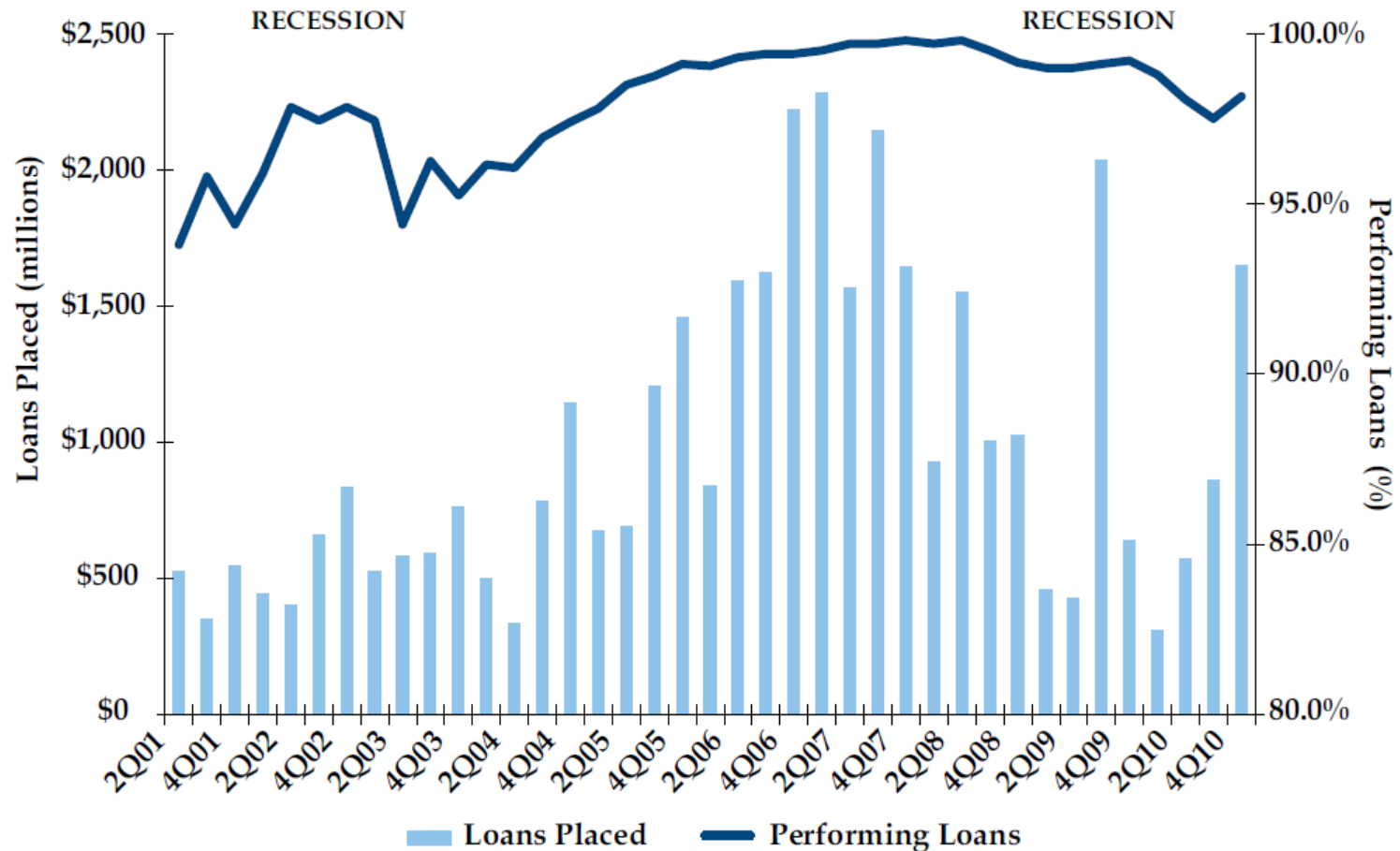


Chart Source: NIC MAP Capital Markets, Q4 2010.



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