

NAIOP

COMMERCIAL REAL ESTATE
DEVELOPMENT ASSOCIATION

Development '09

The Annual Meeting for
Commercial Real Estate

PUBLIC VERSUS PRIVATE PANEL

Presented by

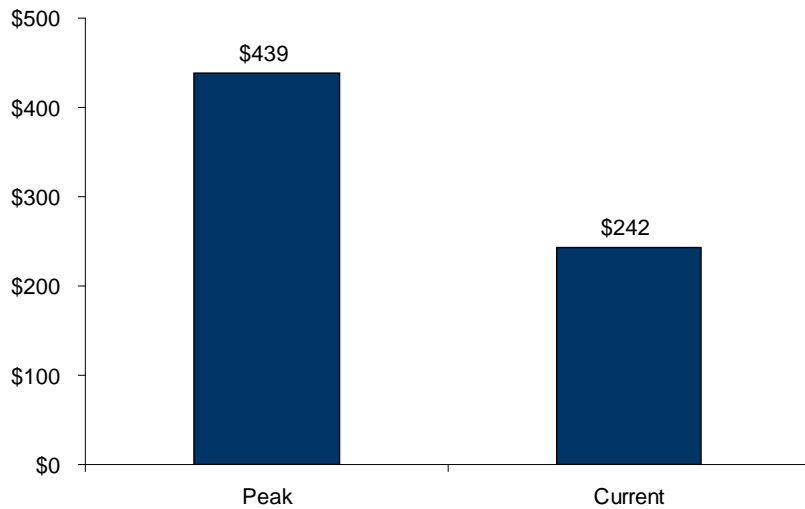


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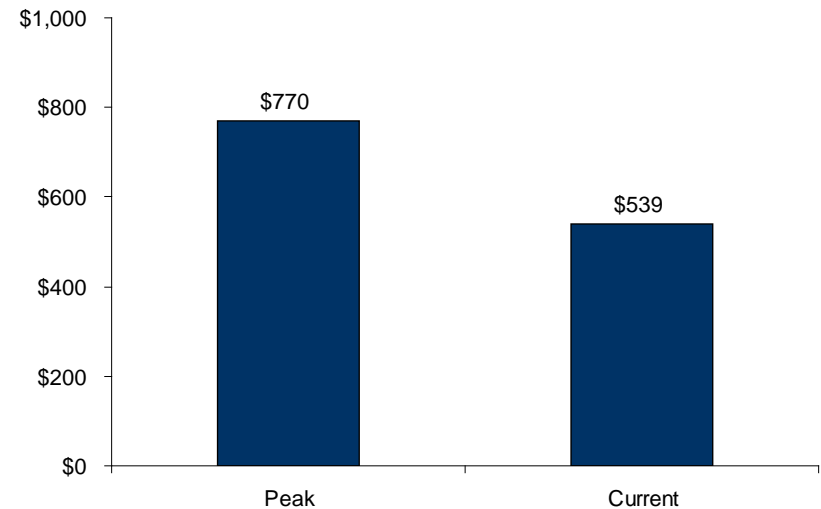
DEVELOPMENT '09: THE ANNUAL MEETING FOR COMMERCIAL REAL ESTATE

REIT MARKET CAPITALIZATION

Equity Market Capitalization

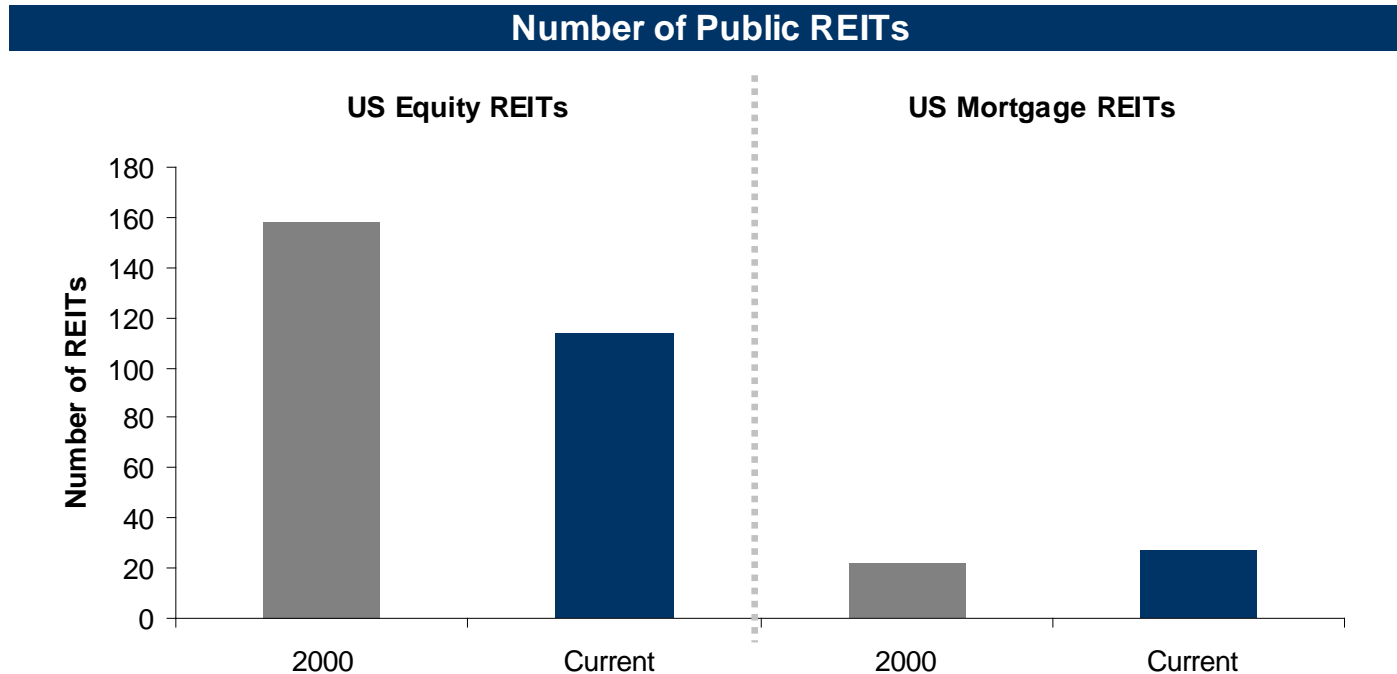


Total Market Capitalization



Source: NAREIT and Green Street.

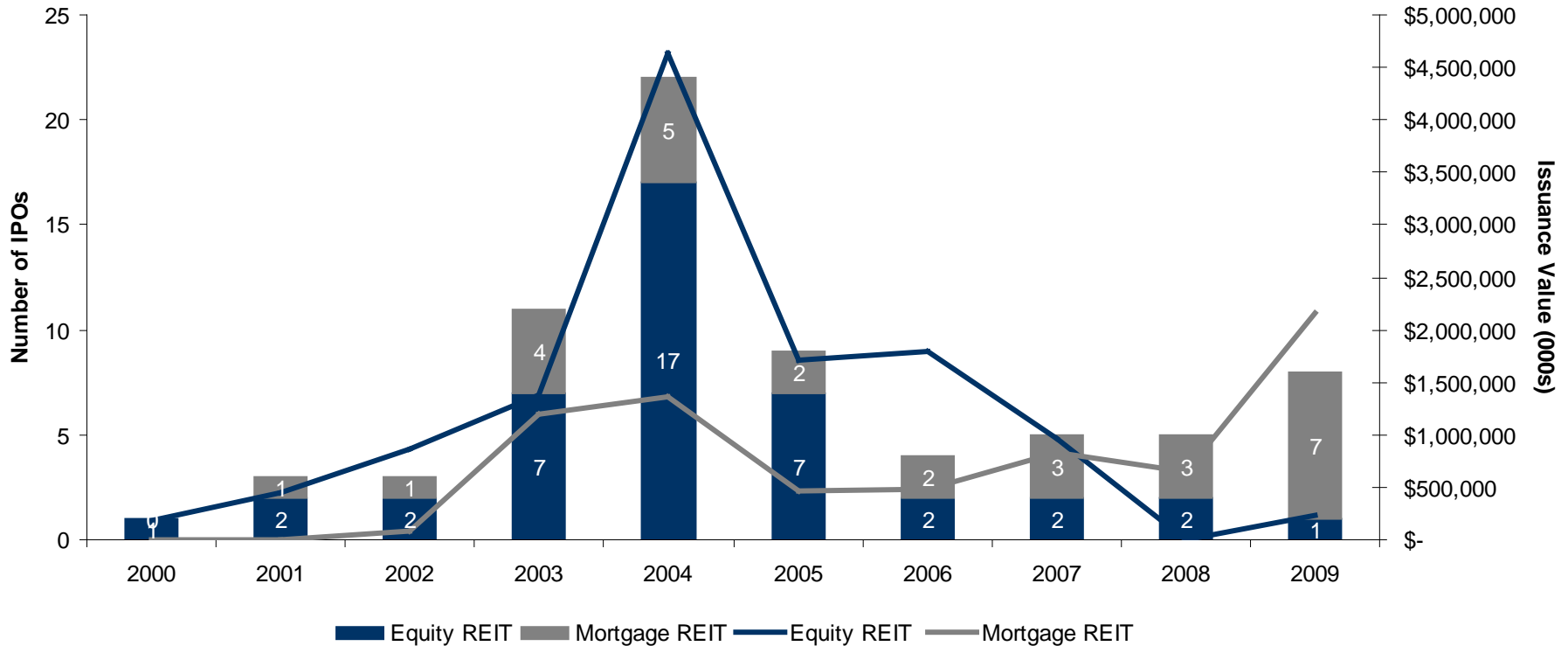
EQUITY AND MORTGAGE REIT OVERVIEW



Source: NAREIT and SNL Financial.

REIT IPOs

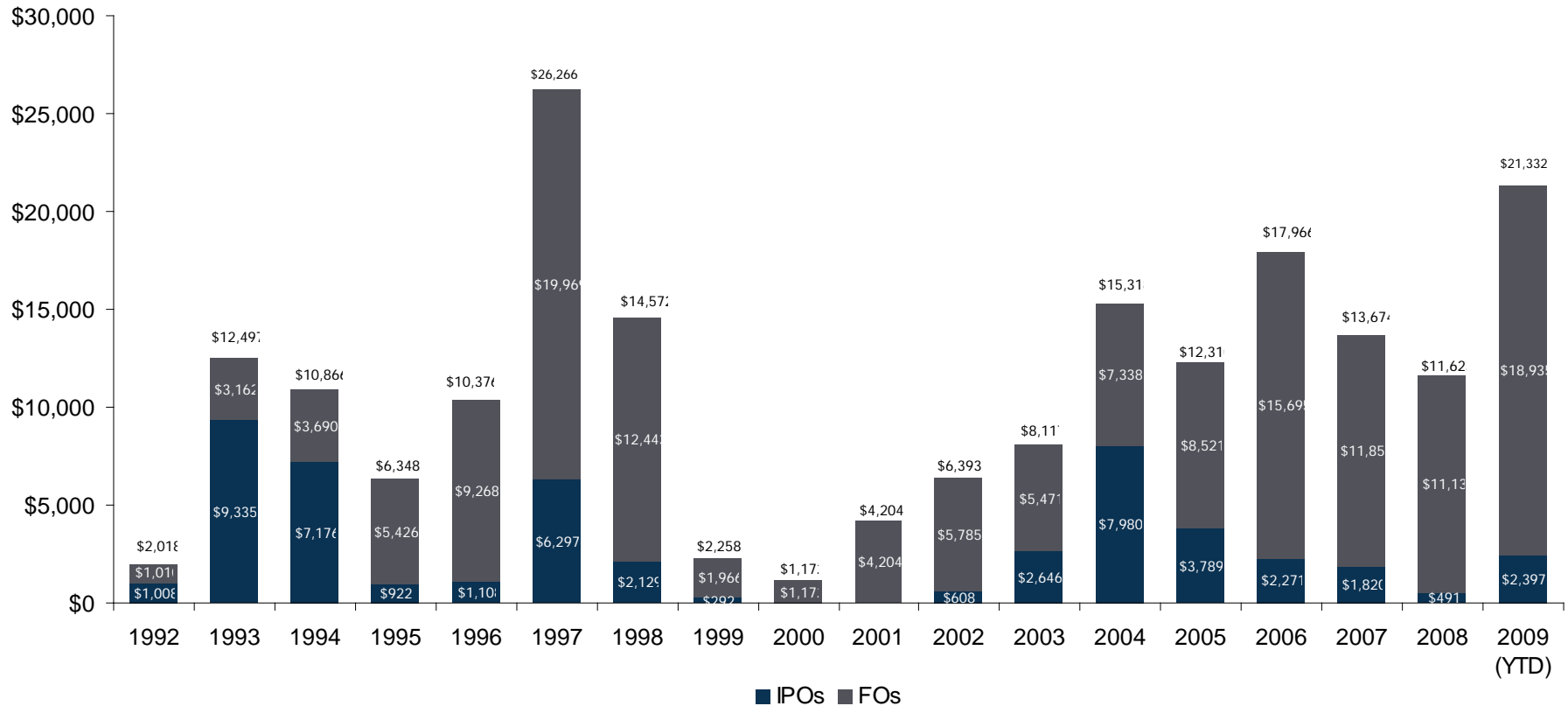
Historical REIT IPOs



Source: SNL Financial.

ANNUAL REIT MARKET ISSUANCE

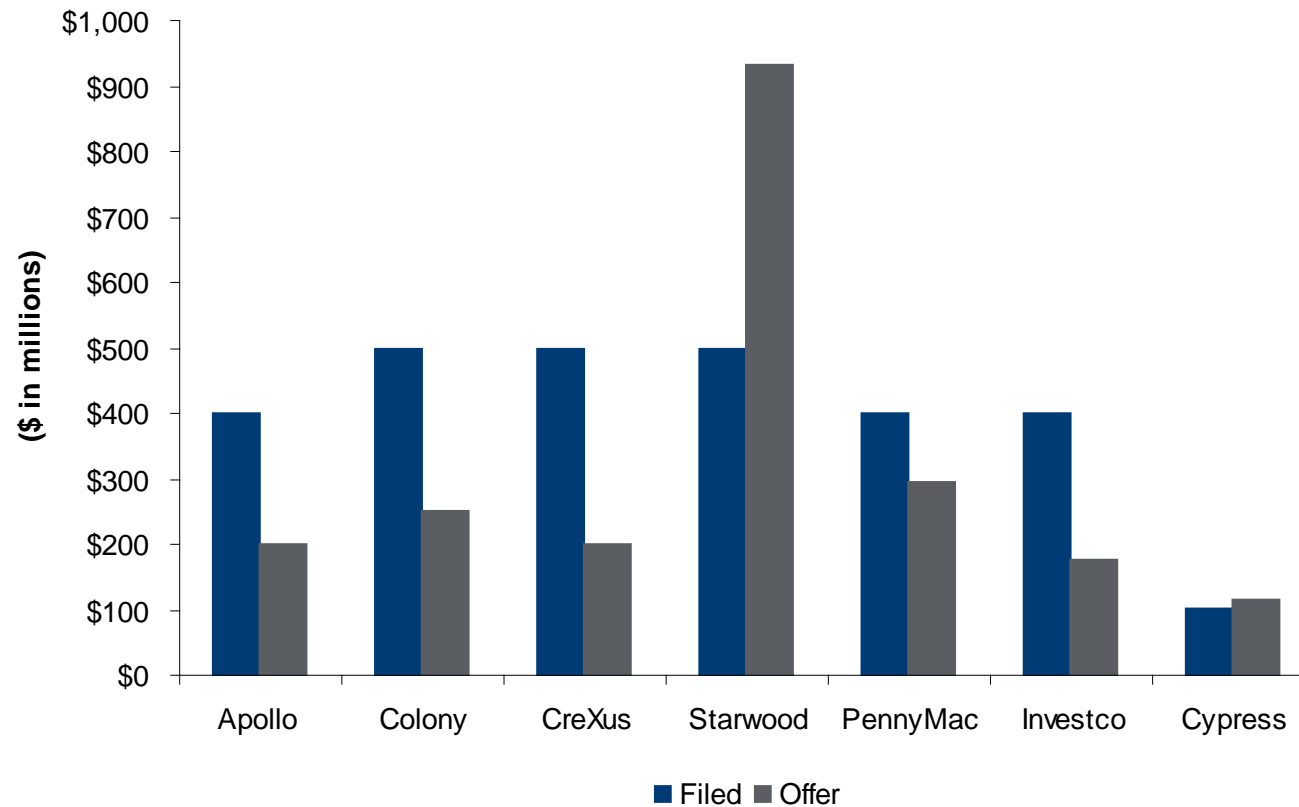
Total Dollar Amount of New Stock Issuance (\$ in millions)



Source: NAREIT and Dealogic.

2009 MORTGAGE REIT SIZING

2009 Mortgage REIT IPOs - Filing vs Closing Size



Source: Dealogic, FactSet. Market data as of 10/5/09.

REAL ESTATE IPO OUTLOOK

Chesapeake Lodging Trust

\$400 Million
Initial Public Offering
In Registration

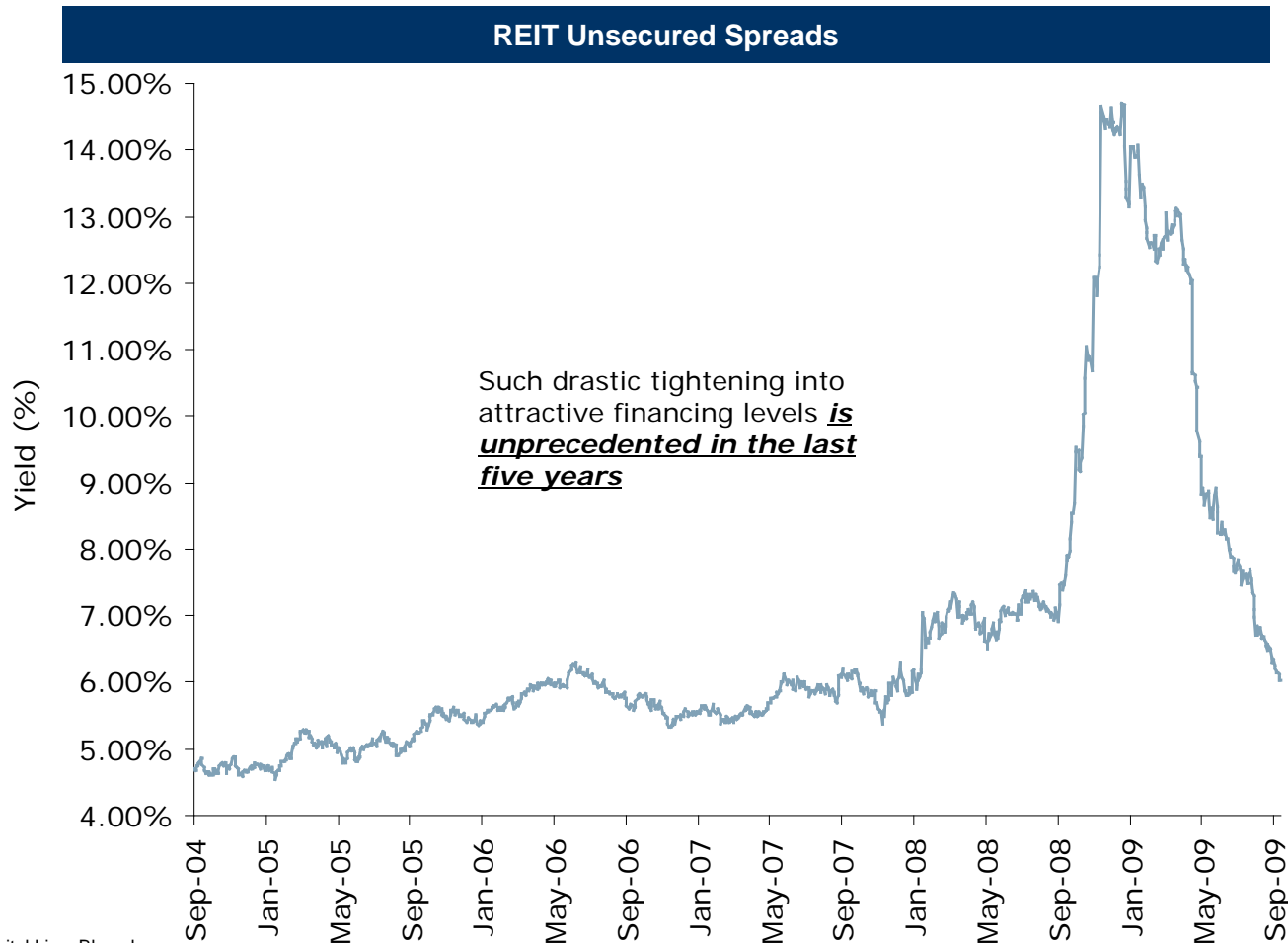
- Asset Base: 100% blind pool
- Sector Focus: Hotels
- Filing Date: September 28, 2009
- Transaction: Two private placements planned concurrent with public offering

Shares will be sold to sourcing partner Hyatt Hotels Corporation (max \$20 million or 4.9% shares outstanding) and management (amount TBD)

- Management: Founders of Highland Hospitality Corporation (internally managed)

UNSECURED DEBT MARKET

REIT Unsecured Spreads Have Tightened Since Reaching Their Peak in Early 2009

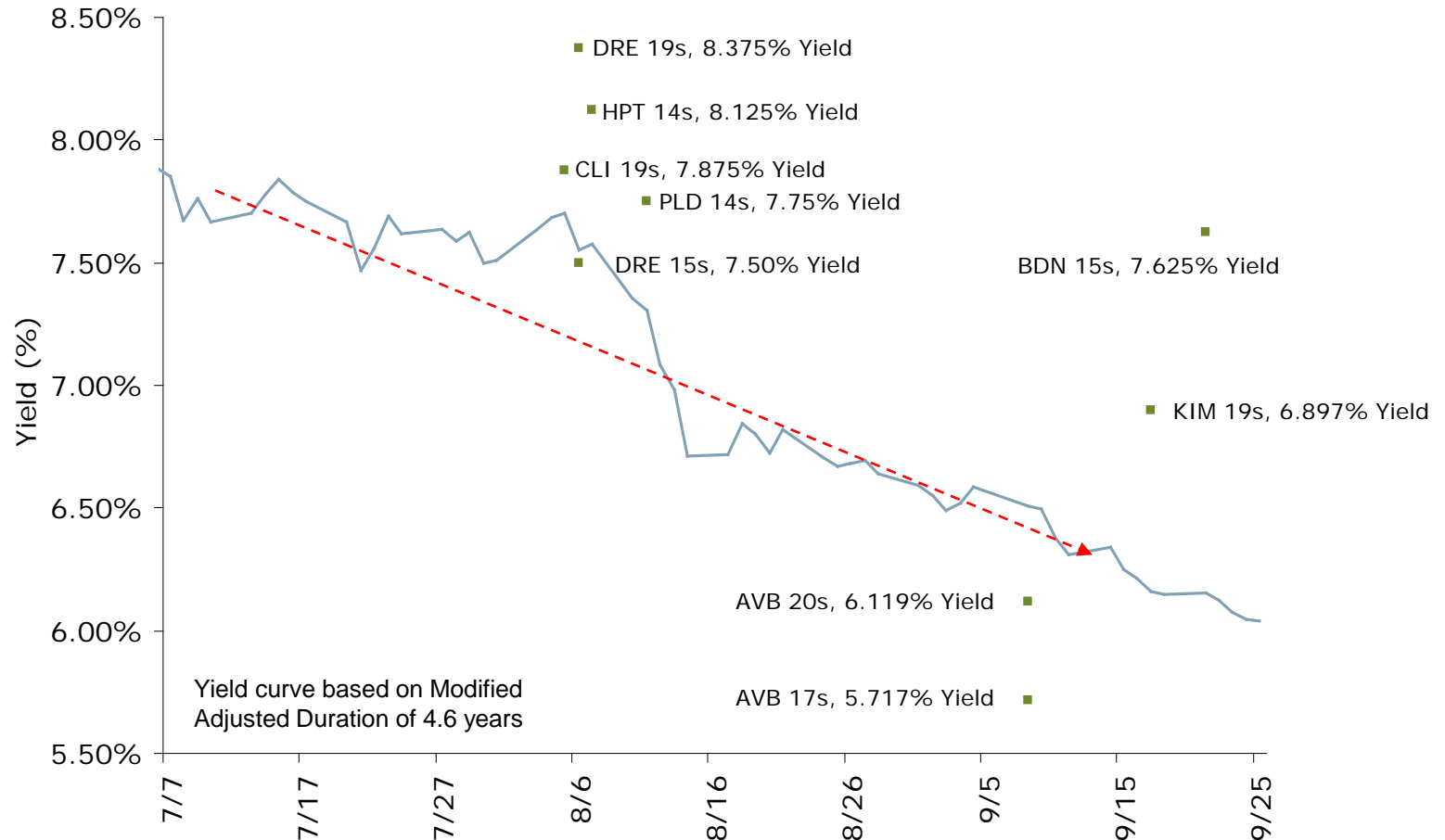


Source: Barclays Capital Live, Bloomberg.

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UNSECURED DEBT MARKET ISSUANCE

The Dramatic Tightening in August to Attractive Financing Levels Fueled New Issuance

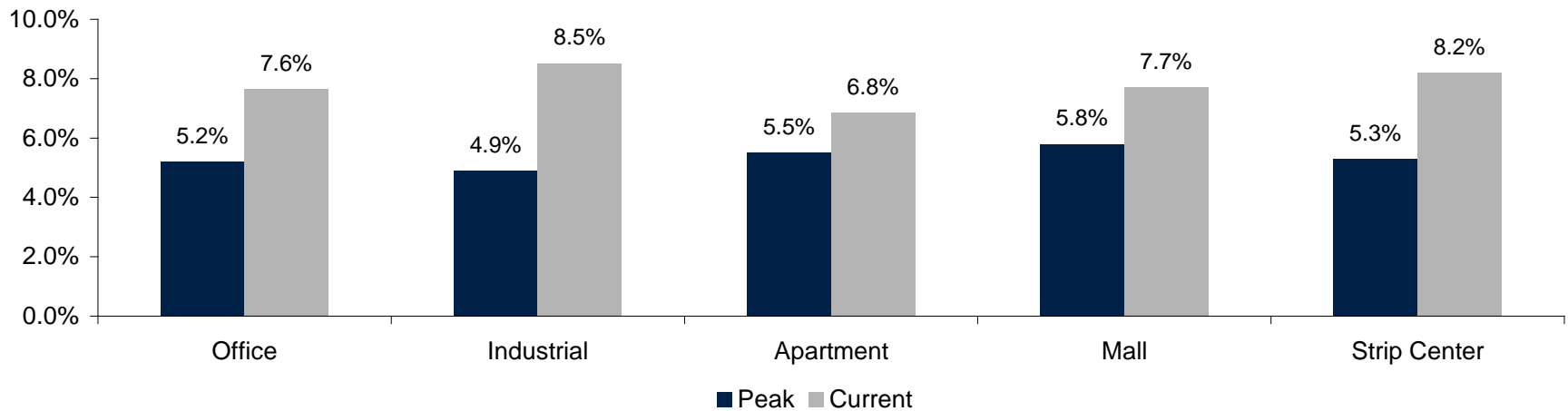


Source: Barclays Capital Live, Bloomberg.

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REIT MARKET VALUATION

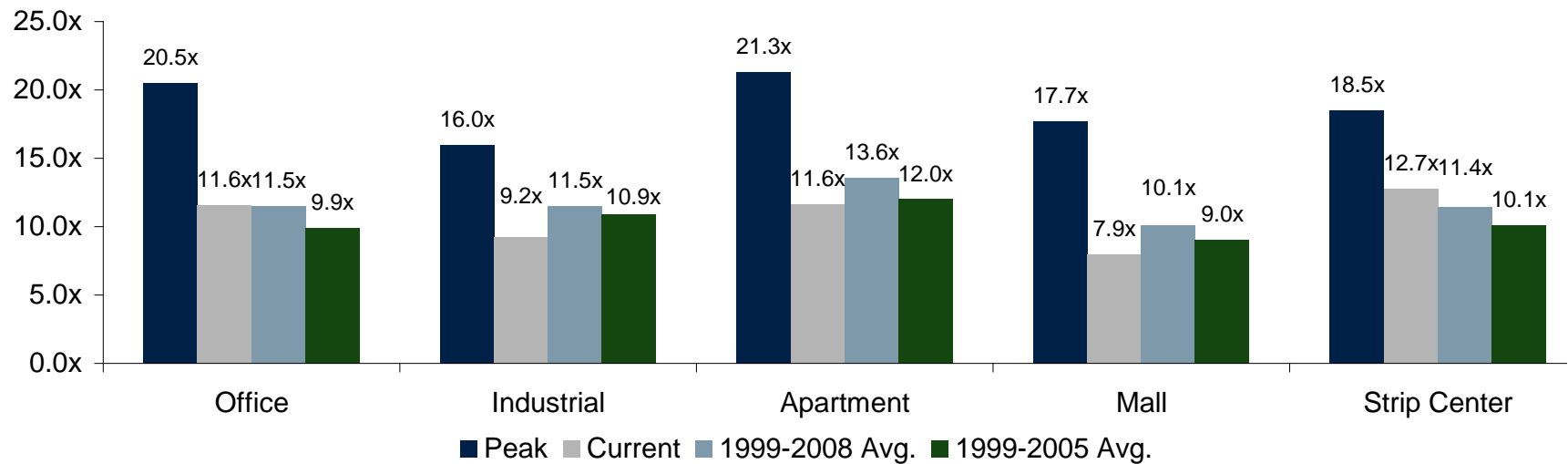
Implied Nominal Cap Rates



Source: Green Street Advisors, Capital IQ, and SNL Financial.

REIT MARKET VALUATION (CONT.)

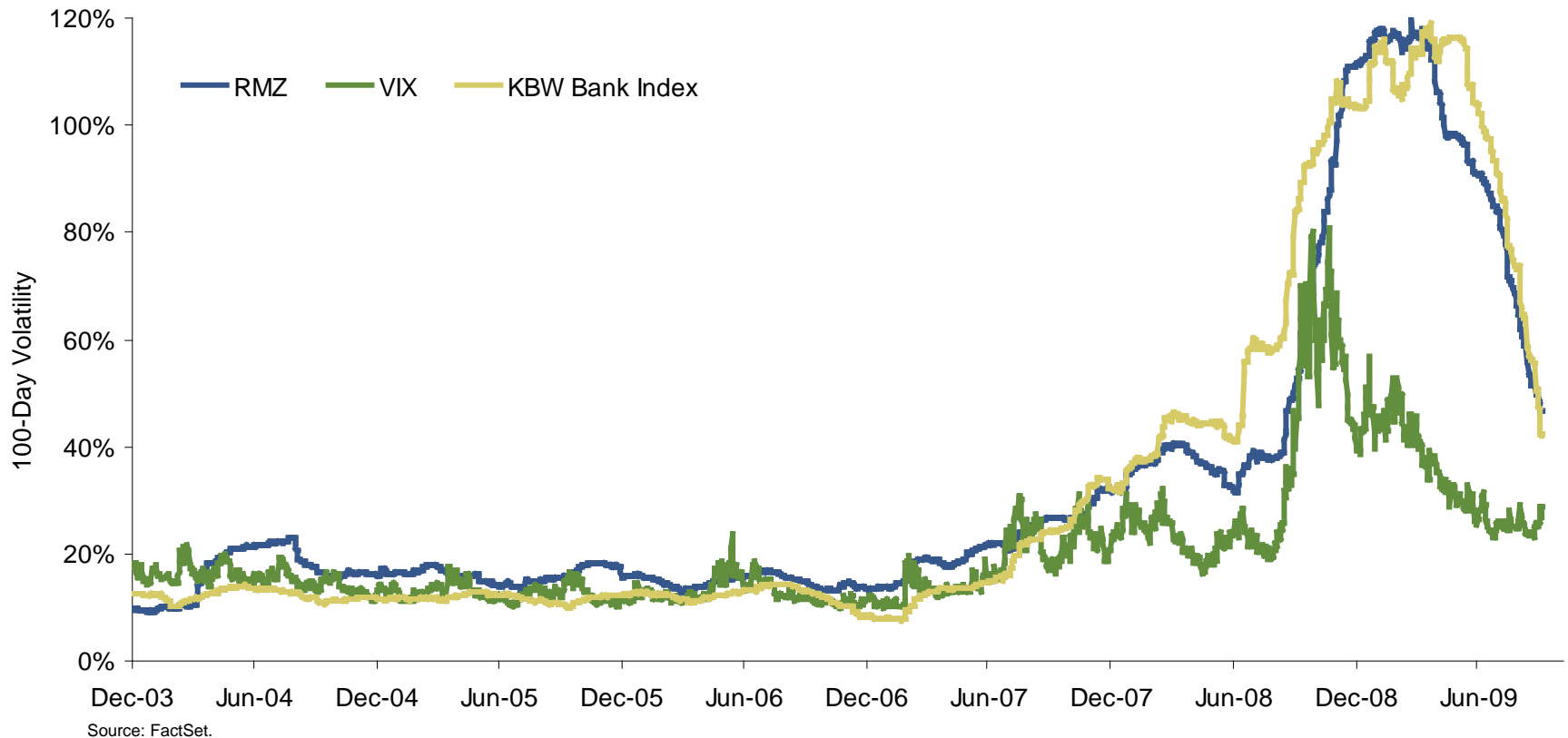
Forward FFO Multiples



Source: Green Street Advisors, Capital IQ, and SNL Financial.

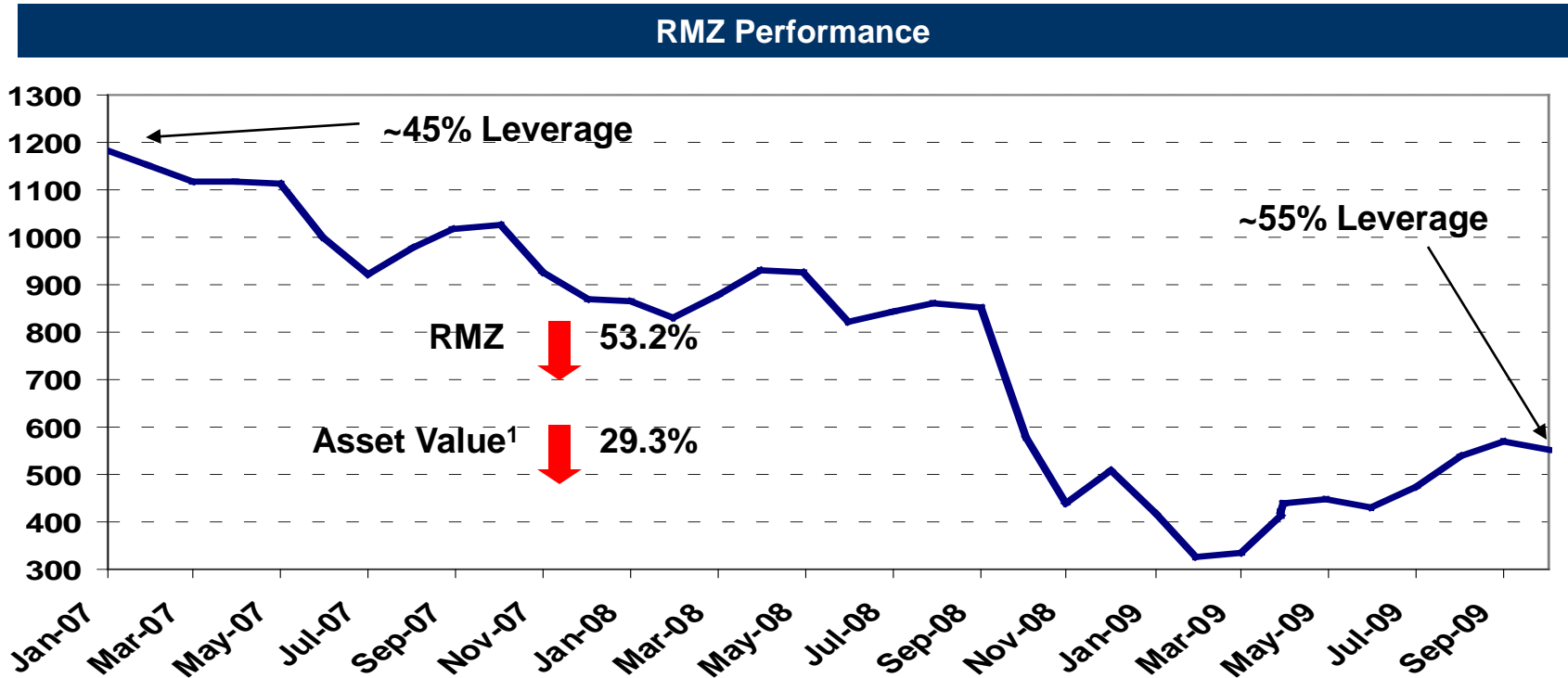
REIT SECTOR VOLATILITY

Volatility Declining Rapidly



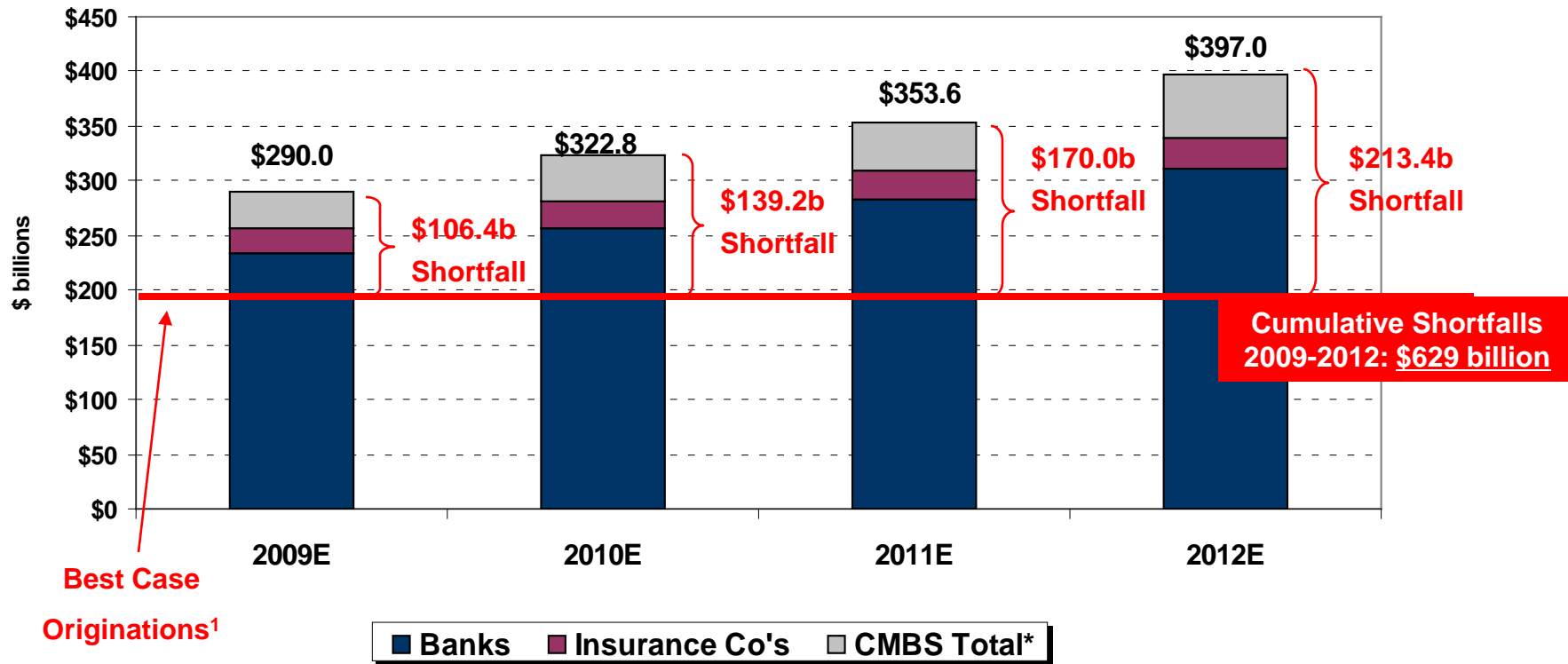
While volatility has declined rapidly in recent weeks, real estate volatility remains high due to REIT's relationship to financial / bank stocks.

IMPLIED LTV OF EQUITY REITs



¹ Assumes 45% leverage at January 2007.
Source: Bloomberg.

REAL ESTATE DEBT MATURITIES

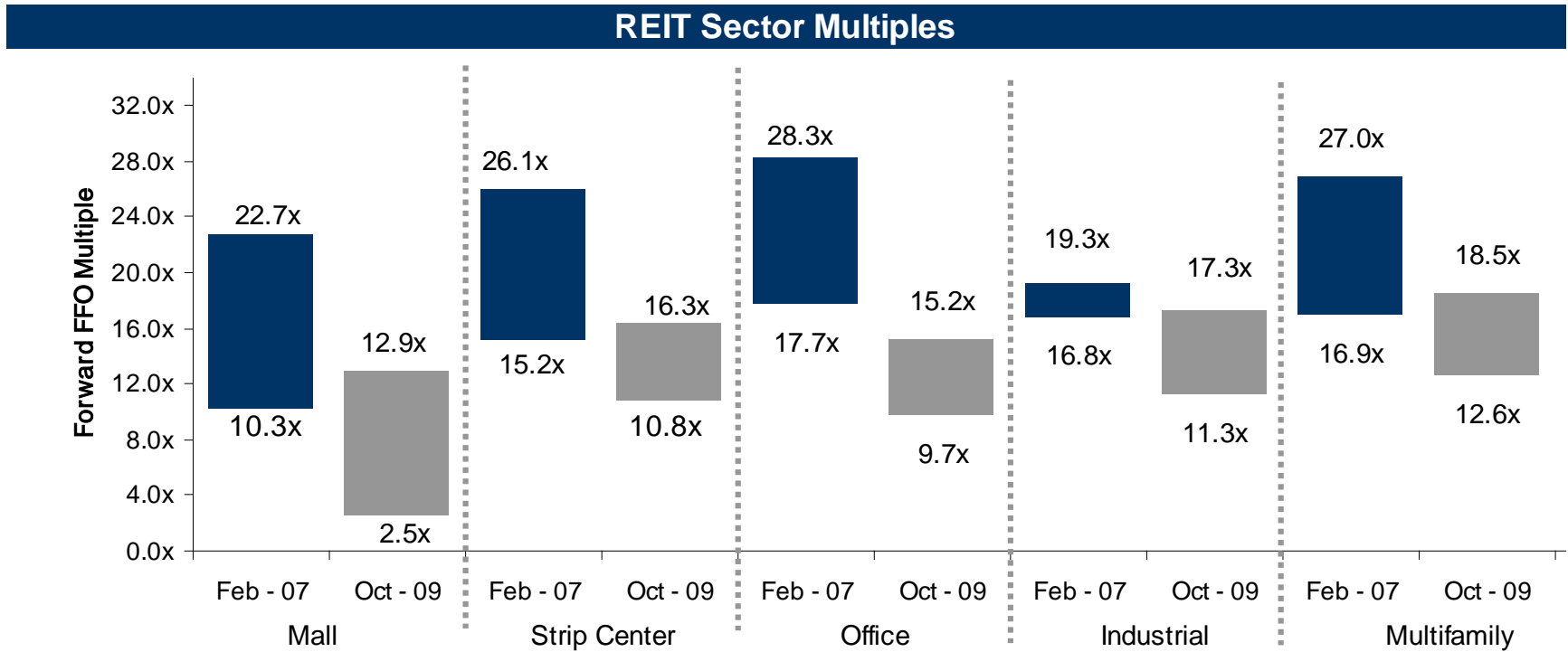


¹ Origination projections based on the average 4-year historical **gross** originations from all non-CMBS lenders (excludes HUD/Gov't).

* CMBS total includes both fixed and floating rate loans to first maturity.

Source: Wells Fargo.

VALUATION DIVERGENCE BY SECTOR



Source: SNL Financial.

Note: Bars represent the range from highest multiples within each sector to the lowest multiple within each sector.

Mall sector includes: CBL, GGP, GRT, MAC, MLS, PEI, SPG, TCO.

Strip Center sector includes: EQY, FRT, KIM, NXL, REG, WRI.

Office sector includes: BXP, OFC, DEI, DRE, VNO, SLG, BPO.

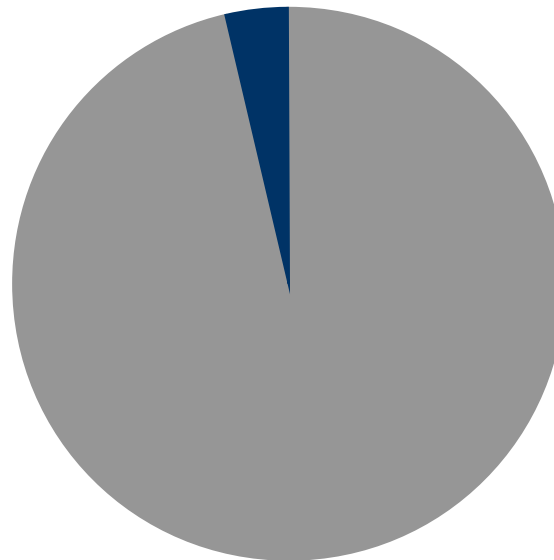
Industrial sector includes: AMB, DCT, EGP, LRY, PLD.

Multifamily sector includes: AIV, ASN, BRE, CPT, EQR, ESS, HME, MAA, PPS, UDR.

SIZE OF REIT MARKET

Total US Real Estate Value

Total REIT Ownership
\$243.2 Billion



Privately-Owned Real Estate
\$6.7 Trillion

Source: NASDAQ.

The value of public REITs remain a fraction of the value of the total commercial real estate market.

QUESTIONS?