



Capabilities Overview

Invesco Real Estate Capabilities Overview

Established in 1983, Invesco Real Estate (IRE) manages \$43.7 billion of global real estate investments in private real estate, real estate securities and real estate debt. With 322 employees and 16 offices worldwide, our professionals focus on top-down market and property type fundamentals combined with bottom-up local market intelligence. Senior members of the management team have worked together for more than 16 years, contributing to the consistent implementation of Invesco's investment strategy and resulting performance.

Why Invesco for real estate?

Global presence and local market intelligence. Our worldwide presence combined with the first-hand, local real estate expertise ensures we can access quality investment ideas and have the detailed knowledge to assess their value.

Focused on investment management. Invesco's sole business is investment management and acting as a fiduciary for clients. We are not a bank or insurance company, nor do we have other real estate related businesses (leasing or property management) that can distract or conflict with our fiduciary responsibilities or detract from performance.

Firm stability and specialized resources. Invesco has been investing in U.S. real estate since 1983. Our experts have the experience and knowledge to deliver investment returns in an increasingly complex environment. Our diversified global platform offering both direct real estate and real estate securities products via commingled funds and separate accounts, has positioned us well against our competitors. The attractiveness of this platform has allowed us to maintain a senior staff with extremely low turnover. This stability has led to an investment process that has been in place and fine-tuned over our 28-year history.

Research driven investment process. Much more than a dedicated department, research at Invesco Real Estate represents a firm-wide commitment to a systematic evaluation process. We employ applied, not theoretical, research. Invesco's research professionals regularly gather detailed economic and demographic data, at macro and local levels, to formulate well-founded opinions on investment potential. Our research group is also responsible for integrating its top-down, long-term market evaluations with the bottom-up expertise of acquisition and disposition professionals.

The importance of research

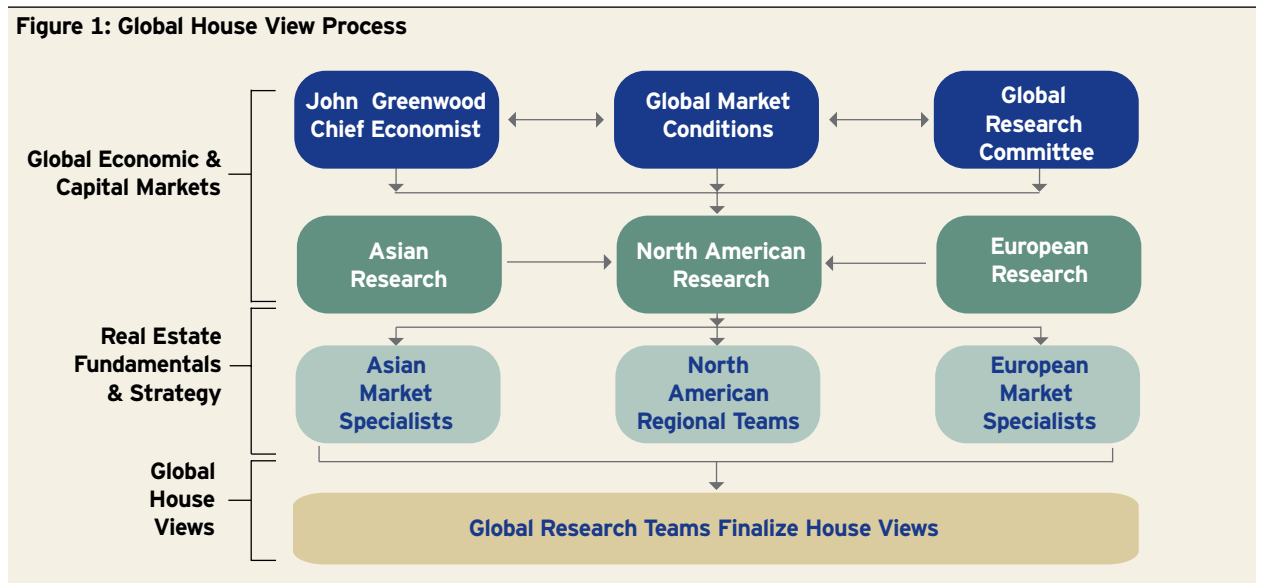
The starting point for achieving our investment objective is to develop our general view of the real estate market (the “House View”). The House View is IRE’s collective belief of the way our firm should invest in the institutional real estate market to help achieve our clients’ investment objectives.

The major components of the House View include:

- Target weightings by property type for IRE’s model portfolio.
- Market ratings for each qualified market.
- Investment strategies for each market targeted for investment.

The system for developing the House View is dependent on the input and participation of all of IRE’s investment professionals. Every member of the Research, Acquisitions, Underwriting, Asset Management and Portfolio Management groups is involved. This team-based approach ensures clarity in understanding the current opportunities and risks in the market, along with providing the team a specific plan upon which to execute to achieve the objectives.

Figure 1: Global House View Process



Direct Real Estate investment management

Invesco manages approximately \$25.9 billion in direct real estate portfolios with \$15.4 billion in the U.S., \$5.3 billion in Europe and \$5.2 billion in Asia. Our investment strategy is based on top-down economic fundamentals combined with bottom-up local market intelligence. Invesco also provides asset transfer services in the U.S., with more than \$4.0 billion in takeover experience. Additionally, our European Real Estate team provides advisory services including asset-based financings, hotel and leisure capabilities.

Our investment process includes four key steps:

- **Property Type Allocation:** Actively manage property type weightings by varying the mix of property types over a full market cycle – overweight in industrial and multifamily, equal weight in retail and underweight in office.
- **Market Selection:** The market selection process involves two steps:
 - Screening to identify qualified markets.
 - Identifying markets that have the greatest potential for income growth.
- **Property Specific Selection:** Applies in-depth knowledge of the markets, properties and people necessary to source high-quality investment opportunities.
- **Execution of Property Business Plan:** Asset management professionals become closely involved with an investment beginning with the initial due diligence period and are responsible for executing the value optimization plan established during due diligence. The asset manager provides continuity by remaining actively involved through the disposition phase of the asset transaction.

Figure 2: Direct Real Estate Investment Process



Real Estate Securities investment management

Invesco currently manages approximately \$17.8 billion in global real estate securities portfolios. We seek to provide real estate securities clients with favorable risk-adjusted returns, relatively high current income, liquidity, active management and portfolio diversification.

Our global investment process includes four key steps:

- **Step 1: Screen the universe** – The process begins with a global universe of 1,025 stocks. We screen out markets that lack transparency or overall size, leaving approximately 410 securities in our qualified universe.
- **Step 2: Conduct fundamental analysis** – We seek to identify property companies operating in the most attractive markets, with solid assets, strong management teams and sound balance sheets. We use a variety of qualitative and quantitative metrics and data to make these assessments. Figure 3 outlines our three key evaluation criteria along with the research and methods we use to evaluate them. After scoring each company, we choose approximately 205 companies to be analyzed at a security level.

Figure 3: Fundamental research process and scoring

Market cycle analysis	Property evaluation	Management and structure evaluation
<ul style="list-style-type: none"> ■ Apply market and sector rental growth forecasts to each company's portfolio of assets ■ Add in a simplified assumption that portfolios will perform in line with forecasts for each market and sector 	<ul style="list-style-type: none"> ■ Conduct city visits/property tours ■ Meet with company management ■ Interact with Invesco's real estate specialists on the ground ■ Use internal and external market research publications ■ Review company releases 	<ul style="list-style-type: none"> ■ Assess focus and strategic plan <ul style="list-style-type: none"> - Meet with company management - Compare results to previous guidance - Assess goals in light of market environment - Hold discussions with Invesco's real estate specialists on the ground ■ Align interests <ul style="list-style-type: none"> - Insider activities and compensation - Corporate governance ■ Leverage and fixed charge coverage <ul style="list-style-type: none"> - Debt levels and use of floating financing - Debt maturity schedules - Coverage ratios
<p>= Relative ranking of each portfolio's anticipated growth versus peers</p>	<p>= Relative ranking of each portfolio's physical qualities versus peers</p>	<p>= Relative ranking of company's management and strategy versus peers</p>

For illustrative purposes only.

- **Step 3: Complete securities analysis** – We calculate a relative valuation for each stock using a proprietary system that assesses a number of (weighted) criteria, allowing for a comprehensive view of the entire universe. Once we have obtained a valuation for each criteria, we have a relative valuation that we use to systematically evaluate and rate stocks.
- **Step 4: Construct portfolio** – We construct a portfolio of approximately 110 stocks, creating an optimal risk/return relationship.

Strategies and characteristics

We manage global real estate investments on an individual and pooled fund basis. Figures 4 and 5 illustrate the range of investment strategies we provide and the investment vehicles offered with each strategy.

Figure 4: Real Estate Investment Characteristics

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

Source: Invesco Real Estate as of Sept. 30, 2011. For illustrative purposes only; ranges shown are approximate and based on current market conditions subject to change. It is not known whether these returns can be realized.

*Generally anticipated range for these strategies.
**Invesco's fund structure for this strategy.

Figure 5: Available Investment Vehicles

	Separate Accounts	Private Commingled Funds	Registered Commingled Trusts	Mutual Funds	Institutional Collective Trust
U.S. Direct Real Estate	■	■			
European Direct Real Estate	■	■	■		
Asian Direct Real Estate	■	■			
Real Estate Debt	■	■			
Global Real Estate Securities	■			■	■
U.S. Real Estate Securities*	■			■	■
Global ex-U.S. Real Estate Securities	■				■
U.S. and Global Real Estate Securities Income Strategy				■	

*Closed to new investors.

Team

Invesco Real Estate is directed by its Global Executive Committee. Each of the company's lines of business including: U.S. direct real estate, European direct real estate, Asian direct real estate and real estate securities are managed by an executive committee, responsible for day-to-day operations of each group.

Invesco Real Estate Managing Directors



David A. Ridley

28 years with Invesco

- Managing Director, Executive Chairman
- Member of Invesco's Executive Committee
- B.B.A. in Finance from the University of Texas at Austin
- 38 years of real estate experience



R. Scott Dennis

19 years with Invesco

- Managing Director, Chief Executive Officer
- B.A. in Finance and Real Estate from The University of Texas at Austin
- 30 years of real estate experience



David N. Farmer, CPM, CSM, CRE

24 years with Invesco

- Managing Director, Chief Operating Officer
- Member of the Institute of Real Estate Management (IREM)
- B.S. in Finance from Louisiana State University
- 34 years of real estate experience



Mark Blackburn, CFA, CPA

13 years with Invesco

- Managing Director, Real Estate Securities Investments Director
- Member of the National Association of Real Estate Investment Trusts (NAREIT)
- B.S. in Accounting from Louisiana State University, M.B.A. from Southern Methodist University
- 24 years of real estate experience



Jeffrey S. Cavanaugh

9 years with Invesco

- Managing Director, Director of Separate Account Portfolio Management
- M.S. in Real Estate Appraisal and Investment Analysis from the University of Wisconsin, Madison; B.S. in Business Administration from California State University, Fullerton
- 28 years of real estate experience



William C. Grubbs, Jr.

6 years with Invesco

- Managing Director, Portfolio Manager, Invesco Core Real Estate – U.S.A.
- Member of Pension Real Estate Association (PREA) and a full member of the Urban Land Institute
- B.S. from Colorado State University, M.B.A. from the University of Michigan
- 21 years of real estate experience



Michael C. Kirby, CPM

18 years with Invesco

- Managing Director, Director of North American Real Estate Operations and U.S. Asset Management
- B.S. in Civil Engineering from the University of Texas at Austin
- 27 years of real estate experience



T. Gregory Kraus

11 years with Invesco

- Managing Director, Director of Acquisitions
- B.B.A. from Southern Methodist University
- 30 years of real estate experience

	<p>Cheng-Soon LAU 5 years with Invesco</p>	<ul style="list-style-type: none"> ■ Managing Director, Director of Asian Direct Real Estate ■ M.B.A. from the University of Chicago (U.S.) and a B.S. in Chemical Engineering from Oregon State University (U.S.). He is a member of the Investment Committee. ■ 20 years of real estate experience
	<p>Paul Michaels 29 years with Invesco</p>	<ul style="list-style-type: none"> ■ Managing Director, Director of North American Direct Real Estate ■ B.B.A. in Finance and Real Estate from The University of Texas at Austin ■ 30 years of real estate experience
	<p>Simon Redman 4 years with Invesco</p>	<ul style="list-style-type: none"> ■ Managing Director, Director of Europe Product Management ■ Land Management Degree, M.B.A. from John Cass Business School ■ 21 years of real estate experience
	<p>Joe V. Rodriguez, Jr 21 years with Invesco</p>	<ul style="list-style-type: none"> ■ Managing Director, Director of Real Estate Securities Management ■ Member of the National Association of Business Economists, and the American Real Estate Society ■ B.B.A. in Economics and Finance, M.B.A. in Finance from Baylor University ■ 28 years of real estate experience
	<p>Andy Rofe 7 years with Invesco</p>	<ul style="list-style-type: none"> ■ Managing Director, Director of European Direct Real Estate ■ Member of the Royal Institution of Chartered Surveyors and the Investment Property Forum ■ B.Sc. from Exeter University ■ 21 years of real estate experience
	<p>Max Swango 23 years with Invesco</p>	<ul style="list-style-type: none"> ■ Managing Director, Director of Client Portfolio Management ■ Member of Editorial Advisory Board of the Institutional Real Estate Letter ■ B.B.A. in Real Estate and Finance from The University of Texas at Austin ■ 23 years of real estate experience

Contact us

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This does not constitute a recommendation of the suitability of any investment strategy for a particular investor.

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