

NAREIT Items for REITs In Deutschland, November 2008

Despite October Declines, U.S. REITs Continue To Offer Strong Value Opportunity For Long-Term Investors

Following a volatile October, the 31 percent decline in U.S. REIT total returns so far in 2008 is in line with declines seen across the broader U.S. market, according to the National Association of Real Estate Investment Trusts (NAREIT).

While the broader market has struggled all year, REITs had been trending upward since March through September. Brought down by the decline in the overall equity market, the FTSE NAREIT All REIT Index was down 30 percent in October.

REITs, however, continue to offer a strong value opportunity for long-term investors. Some real estate industry analysts are pointing to the likelihood of a 20 percent drop in direct commercial real estate values from the 2007 peak. Yet, REIT stocks currently are down approximately 47 percent from their peak in February 2007. Because REITs also traditionally have led the private commercial property market in recoveries, REITs today are an exceptional value opportunity. To read more, visit <http://www.reit.com/Portals/0/PDF/Nov08NMU.pdf>.

U.S. Treasury Guidance On REIT Stock Dividends

NAREIT has requested published guidance from the Treasury Department regarding REIT shareholders receiving dividends that are paid part in cash and part in stock.

In a letter to Eric Solomon, Treasury assistant secretary for tax policy, NAREIT President and CEO Steven A. Wechsler asked Treasury for published guidance granting

that a distribution from a REIT that allows shareholders to elect to receive stock or cash qualifies for the dividends paid deduction (DPD), so long as at least 20 percent of the distribution is in cash. Wechsler noted that such guidance would serve to “formalize” the guidance already issued in several private letter rulings. For a copy of the letter, visit www.reit.com/Portals/0/Files/Nareit/htdocs/policy/NAREIT%20Letter%20In%20Support%20of%20Ruling%20Request%2010-31-08.pdf. NAREIT asked for the guidance to be issued “as soon as possible” to enable REITs to plan appropriately for the rest of this year and 2009.

A Financial Statement Facelift

After three years of research and debate, both the Financial Accounting Standards Board (FASB) and International Accounting Standards Board (IASB) last month released a preliminary views document (PVD) on the *Financial Statement Presentation* Project. The boards’ preliminary views would dramatically change the format of financial statements issued by companies around the world.

The objectives of this project are to portray a cohesive financial picture of an entity’s activities, disaggregate information so that it is useful in predicting an entity’s future cash flows and help users assess an entity’s liquidity and financial flexibility. The PVD is available at www.fasb.org/draft/DP_Financial_Statement_Presentation.pdf.

NAREIT and its global partners have developed a real estate financial statement model in response to this joint FASB/IASB project. For more information on this model, visit <http://www.reit.com/tabid/260/Default.aspx>.

Analysts Say U.S. REIT Dividend Cuts Not Cause For Concern

Industry analysts say recent announcements of U.S. REITs' plans to cut their dividends are prudent, given current market conditions.

In fact, shareholders actually should expect more companies to revise their dividend policy in the near future, according to observers. However, they should not take that as a sign that REITs are in financial distress.

“We often see select dividend cuts in the REIT sector during a time of decelerating fundamentals,” says Christine McElroy, an analyst with Banc of America Securities LLC. “Many of the dividend cuts today, however, are related to preservation of capital during a time when cost and availability of capital is in question.” To read more, visit [http://www.reit.com/Portals/0/WebDividends%20 final .pdf](http://www.reit.com/Portals/0/WebDividends%20final.pdf)

Fitch to Take Closer Look at Revolving Credit Lines

U.S. REITs generally are in solid shape in terms of their ability to obtain revolving credit lines, although Fitch Ratings in a report said it is taking a more critical look at companies' abilities to extend the maturities of these financing facilities.

Fitch's report, entitled “Renewal and Pricing Risk for U.S. Equity REITs' Revolving Lines of Credit,” outlines the impact of the recent upheaval in the financial industry on REITs' ability to obtain unsecured, revolving credit lines. Companies use these lines of credit to finance acquisitions and working capital needs. In the past, lenders have allowed REITs to exercise options to extend the maturity of their credit accounts.

“Therefore, when reviewing the liquidity positions of U.S. equity REITs, Fitch has historically taken the view that line-of-credit maturities would not result in ultimate

repayment of such facilities. In the current market, Fitch is reexamining this assumption,”

the ratings agency’s REIT analysts wrote in the report. To read more, visit

http://www.reit.com/Portals/0/WebExclusive_Fitch.pdf

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The National Association of Real Estate Investment Trusts® (NAREIT) is the representative voice for U.S. REITs and publicly traded real estate companies worldwide. Members are real estate investment trusts (REITs) and other businesses that own, operate and finance income-producing real estate, as well as those firms and individuals who advise, study and service those businesses. Visit our Web site at REIT.com.

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