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IBBOTSON UPDATE FINDS REITS IMPROVE PORTFOLIO PERFORMANCE OVER TIME

Washington, D.C. — Adding Real Estate Investment Trusts (REITs) to a wide selection of diversified portfolios from 1972-2001 boosted compound annual total returns by as much as 8 tenths of a percentage point when compared with non-REIT portfolios (Chart 1), according to an updated analysis of historical data by Ibbotson Associates.

For the time period of 1992-2001 — often referred to as the modern REIT era — putting REITs into the investment mix increased compound annual returns by up to 1.3 percentage points (Chart 2).

Ibbotson, a leading authority on asset allocation, was commissioned by the National Association of Real Estate Investment Trusts® (NAREIT) to update its initial analysis with 2001 performance data.

Based upon the results of Ibbotson's work, a $10,000 investment in a non-REIT portfolio in 1992 with dividends reinvested would have grown to $25,940 by 2001. A portfolio of similar risk that included an allocation of 10 percent to REITs would have increased to $27,890 by the end of last year. And a third portfolio, adjusted to include a 20 percent REIT allocation, would have returned $29,170, a gain of 12.5 percent — or more than $3,000 — over the non-REIT portfolio over the course of the decade (Chart 3).

"Investors are increasingly aware that REITs are a great diversifier," remarked NAREIT President and CEO Steven A. Wechsler. "Last year, Ibbotson highlighted the low correlation of REIT stock returns with those of other equities and bonds. This updated analysis, which factors in performance data through the end of 2001, makes an even more compelling case for the use of REITs to boost returns and reduce risks in a variety of investment portfolios, especially 401(k)s."

(more)

In the last three decades, REITs registered a compound annual total return exceeding that of both government bonds and the S&P 500. REITs returned 12.5 percent from 1972 to 2001, compared with 8.9 percent for bonds, 12.2 percent for the S&P 500 and 14.9 percent for Ibbotson's Small Stock Index (Chart 4).

"With the growth of real estate investment companies, the REIT industry has seen an increase in liquidity and more distinctive investment performance characteristics," Ibbotson reported. "These characteristics have allowed REITs to become a viable investment option for many types of portfolios."

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The National Association of Real Estate Investment Trusts® (NAREIT) is the national trade association for REITs and publicly traded real estate companies. 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 www.nareit.com.

Chart 1

Efficient Portfolios Performance Summary

Expected total return per level of standard deviation 1972—2001

	Portfolio Expected Returns					
	1	2	3	4	5	6
Without REITs	10.7%	11.7%	12.2%	12.7%	13.1%	13.5%
10% REIT Constraint	11.2%	11.9%	12.4%	12.9%	13.4%	13.8%
20% REIT Constraint	11.5%	12.1%	12.6%	13.1%	13.6%	14.0%
Standard Deviation	9.0%	10.0%	11.0%	12.0%	13.0%	14.0%

Source: Small Stocks—Ibbotson U.S. Small Stock Series; Large Stocks—Standard & Poors 500®; Bonds—20-year U.S. Government Bond; International Stocks—MSCI EAFE Index; T-Bills—U.S. 30-day T-Bill; REITs—NAREIT Equity Index.

This is for illustrative purposes only and not indicative of any investment.
Past performance is no guarantee of future results. 3/1/2002.

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Chart 2

Optimal Portfolio Performance Over Time

Hypothetical value of $1,000 invested over 10 years 1992—2001

		Selected Constrained Portfolios				
Risk (Std. Dev.)		**7%**	**8%**	**9 %**	**10 %**	**11%**
		Rates of total return in percent				
REIT Allocation	0%	**10.0**	**11.1**	**12.0**	**12.7**	**13.3**
	10%	**10.8**	**11.7**	**12.6**	**13.2**	**13.7**
	20%	**11.3**	**12.2**	**13.0**	**13.6**	**14.1**
		Hypothetical value of portfolio after 10 years				
	0%	**$2,594**	**$2,839**	**$3,106**	**$3,306**	**$3,486**
	10%	**$2,789**	**$3,024**	**$3,335**	**$3,455**	**$3,611**
	20%	**$2,917**	**$3,162**	**$3,395**	**$3,579**	**$3,740**
Difference with 20% REITs		***12.5%***	***11.4%***	***9.3%***	***8.3%***	***7.3%***

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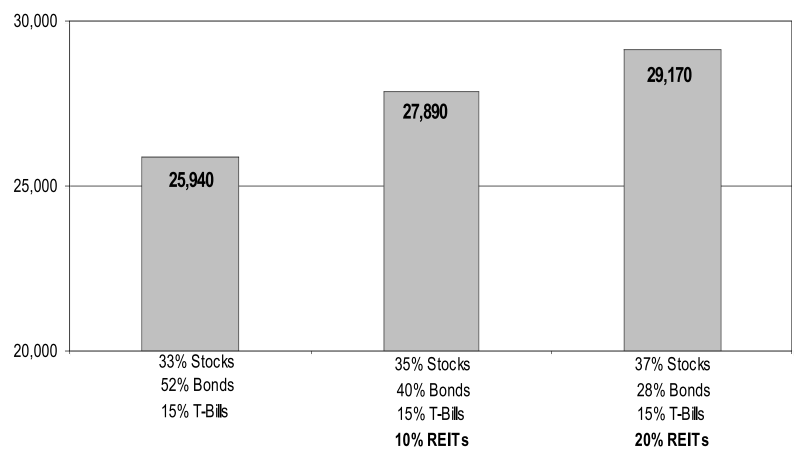
Chart 3

$10,000 Invested in 1992…

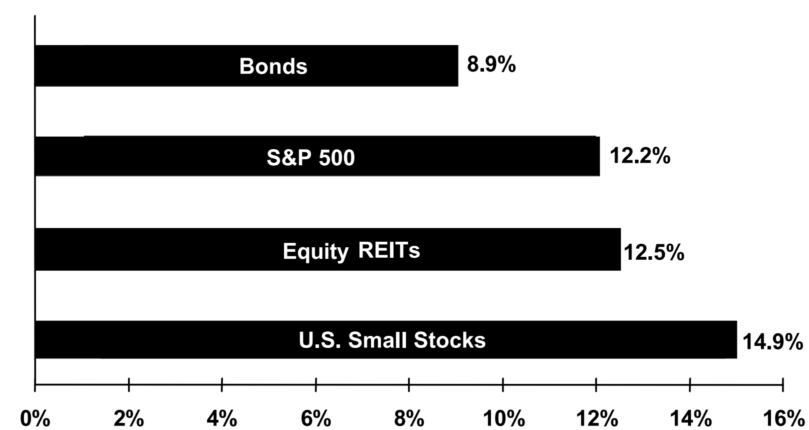


Source: NAREIT®; Stocks—S&P500, Ibbotson U.S. Small Stock Series, MSCI EAFE Index;Bonds—20-year U.S. Government Bond; T-Bills—U.S. 30-day T-Bill.
Figures based on average annual return over the period 1992-2001.
Portfolios re-balanced annually.

Chart 4

REITs Measure Up over Time

Compound annual total returns in percent 1972—2001



Source: NAREIT®