THE CASE FOR GLOBAL REAL ESTATE SECURITIES

The current market environment is leading to heightened demand for yield-oriented investments and income-producing asset classes. Brookfield believes this demand is creating a secular shift toward investment in Real Assets, which offer a unique combination of yield, stability and growth. The public securities markets offer a highly liquid and transparent means of achieving allocations to the asset class, driving demand for listed Real Asset investments, including global real estate securities. Typically characterized by relatively high dividend yields and steady cash flow streams, global real estate securities provide access to a diverse and established asset base that is poised for expansion.

EXECUTIVE SUMMARY

Global real estate securities represent a unique equity market opportunity to invest in an essential asset class. These securities include companies which own and operate commercial and residential real estate properties, including office buildings, retail shopping centers, health care facilities and multi-tenant housing. The operations of these companies are typically structured to generate stable, long-term cash flows, creating the potential for payment of attractive and growing dividend streams.

Brookfield Investment Management believes that public real estate companies are positioned for meaningful growth in coming years, driven by improving property fundamentals as well as opportunities for external expansion. The nascent global economic recovery is leading to increased demand for real estate, driving income and occupancy growth and leading to enhanced levels of profitability. Additionally, public real estate companies enjoy a meaningful cost of capital advantage over their private peers, providing an efficient means to fund new acquisitions and development opportunities.

Investors are recognizing these important trends and the attractive investment characteristics of the asset class. In recent years, global real estate securities have generated attractive nominal and relative returns, producing 10% annualized growth since 1992. Investors believe continued investor preference for higher yielding equity securities may provide further support for positive relative performance in the future.

Additionally, the diversity of geography and asset type underlying real estate securities creates inefficiencies within the market. Active portfolio management may therefore achieve compelling risk-adjusted performance beyond normal market returns.

As investors seek attractive opportunities in the current market environment, we believe global real estate securities represent an appealing option. With bond-like current yields, relatively stable cash flows and equity return upside, these securities may complement existing portfolios and enhance the potential for future capital appreciation.

Table 1: Benefits of Investment in Global Real Estate Securities

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>Reliable income returns with long-term capital appreciation potential</td>
</tr>
<tr>
<td>Performance</td>
<td>Compelling absolute and relative returns</td>
</tr>
<tr>
<td>Quality</td>
<td>Institutional quality assets</td>
</tr>
<tr>
<td>Inflation Protection</td>
<td>Natural inflation hedge</td>
</tr>
<tr>
<td>Diversification of Investment</td>
<td>Diversity of geography and property type</td>
</tr>
<tr>
<td>Liquidity</td>
<td>Real-time portfolio allocation and rebalancing</td>
</tr>
<tr>
<td>Transparency</td>
<td>Strong corporate governance</td>
</tr>
<tr>
<td>Growth Potential</td>
<td>Internal and external growth opportunities</td>
</tr>
<tr>
<td>Accessibility</td>
<td>No minimum investment size</td>
</tr>
</tbody>
</table>
REAL ESTATE: AN ATTRACTIVE ASSET CLASS

An essential component of the global economy, real estate is an established asset class encompassing commercial and residential property around the world. These Real Assets offer investors relatively steady income streams, a potential hedge against inflation, as well as important diversification benefits. As such, demand for the asset class is on the rise, as investors recognize the fundamental value of real estate investment over the long term.

Stable income
Real estate offers investors relatively steady income streams supported by attractive operating margins and contractual revenues. As the operation of many property types involves multi-year lease agreements, cash-flow streams tend to be relatively predictable and long-term in nature.

Inflation hedge
Ownership of real estate provides an important hedge against inflation, as rents and property values tend to rise along with input costs. Additionally, scheduled increases to contractual lease payments are often tied to inflation, providing a further hedge against rising prices.

Portfolio diversification
Real estate can provide important diversification benefits, as property returns have historically exhibited low correlations to traditional equity and fixed income investments. The addition of real estate to a mixed asset portfolio may lower overall volatility and enhance risk-adjusted returns.

BENEFITS OF GLOBAL REAL ESTATE SECURITIES

Depending on an investor’s needs surrounding liquidity, investment horizon and capacity, there are a number of options for participating in the real estate asset class, including public real estate securities such as Real Estate Investment Trusts (REITs). Real estate securities offer a proxy to investing in real estate directly, with the enhanced benefits of daily liquidity, daily pricing and transparency. Figure 1 summarizes the benefits offered by public REITs relative to other real estate investment options.

Attractive current income with long term capital appreciation
Real estate securities provide investors with attractive current income, which has grown increasingly important as yields have declined. The underlying assets owned by public real estate companies generate relatively steady income streams, which support attractive and growing distributions. Additionally, public REITs are often structurally required to distribute a significant portion of taxable income through dividends, such as a 90% distribution requirement in the U.S., creating reliable and predictable cash flow for shareholders.

Chart 1: Historical Global REIT Dividend Yields versus 10-Year Treasuries

As of December 31, 2012. Source: Bloomberg; European Public Real Estate Association. Brookfield Investment Management Inc. cannot warrant that dividend yield levels will meet historical percentages shown above.

Institutional quality assets
Public real estate companies tend to own large, high quality assets that are considered attractive by sophisticated institutional investors. Additionally, these assets are generally located in primary or secondary geographic markets, which benefit from more robust and reliable demand drivers.

Positive fundamental environment
Commercial real estate development activity slowed considerably following the global financial crisis and remains significantly below historical averages. As demand begins to recover with the broader economy, this supply imbalance is likely to drive revenue and occupancy growth for existing property owners.

Chart 2: Historical Aggregate U.S. Construction Starts

As of December 31, 2012. Source: Citi Research and Analysis. Data is not seasonally adjusted.

Investing in real estate securities offers additional benefits that can enhance existing portfolio income levels and capital growth potential.
Growth potential due to capital availability
Public real estate companies have access to a much larger pool of capital than private real estate owners and benefit from a lower cost of debt and equity capital. Since the first quarter of 2009, U.S. REITs have issued more than $200 billion² in equity and debt capital. This availability and efficiency of capital provides public real estate companies with a distinct advantage over private companies in funding external growth opportunities such as acquisitions, developments, and M&A activities.

Chart 3: REIT Capital Issuance


Low volatility of income streams
The long-term nature of lease structures in many real estate property sectors leads to generally stable and predictable income streams. While macroeconomic trends can affect commercial real estate operations, the impact tends to be relatively muted. Accordingly, the underlying cash flows of public real estate securities generally exhibit low volatility and produce relatively steady internal growth.

Chart 4: Historical and Projected U.S. REIT Same-Store NOI Growth

As of December 31, 2012. Source: Brookfield Investment Management Inc. research and estimates based on last reported earnings. Projected Same Store NOI Growth is based on Brookfield Investment Management Inc. research and is subject to change.

Hedge against inflation
Public real estate securities represent an attractive investment in tangible property, which tends to increase in value as input costs rise. Additionally, real estate rent levels often respond favorably to inflation, as short-term leases benefit from frequent resets, while longer-term lease structures often include rent escalations contractually linked to inflation. Investing in the asset class through public securities provides the added protection of a compelling current yield with equity upside in an inflationary environment. The protection afforded by REIT dividends is particularly compelling, as dividend growth has outpaced CPI growth in nearly every year over the last two decades.³

Diversification of investment
The real estate securities investment universe provides access to a global opportunity set across multiple property types. Given the liquidity of the public market, diversification of geography, currency, and property type exposure can be readily achieved and easily rebalanced. Although real estate securities exhibit higher correlations to broad equity market performance than private real estate investment, the diversity of investment opportunities offered by the public market can produce attractive risk-adjusted performance.

Liquidity, transparency, disclosure and governance
Public real estate securities offer investment in the same underlying high quality assets as direct real estate ownership and typically generate long-term returns similar to those achieved through private investment.

Chart 5: Listed versus Direct Real Estate Returns Over Time

As of December 31, 2012 and shown in US Dollars. Source: National Council of Real Estate Investment Fiduciaries; Bloomberg; Brookfield Investment Management Inc. Each portfolio is individually managed. Actual portfolios may have performance results that are higher or lower than performance of the benchmark. While actual portfolios incur transaction expenses, pay investment advisory fees, and may incur other account expenses, the benchmark indexes are shown without the impact of such charges.

Beyond these similarities with direct asset ownership, the liquidity of the public markets allows investors to allocate capital and rebalance portfolios with rapid execution. Additionally, investors have full discretion over the amount and timing of their allocation, as listed securities do not typically require a minimum investment level. Importantly, the public market also offers transparency of both investment value and underlying property performance, as securities are marked-to-market daily and operating results are updated regularly through corporate disclosures.

Compelling absolute and relative returns
Over the last 20 years, global real estate securities have produced impressive nominal and relative returns, outperforming both the global equity and global bond markets.

Chart 6: Attractive Relative Returns

As of December 31, 2012 and shown in US Dollars. Returns are annualized. Source: Barclays Capital Inc., Bloomberg, European Public-Real Estate Association. Each portfolio is individually managed. Actual portfolios may have performance results that are higher or lower than performance of the index. While actual portfolios incur transaction expenses, pay investment advisory fees, and may incur other account expenses, the indexes are shown without the impact of such charges.
**Active management**

Despite the established nature of the asset class, the diversity of public real estate securities across various geographies, asset types, stock exchanges and currencies results in market inefficiencies. Active portfolio management by an experienced investment manager provides the ability to exploit these inefficiencies and capitalize upon temporary market dislocations.

**The “Great Rotation”**

Following an unprecedented decline in yields, investor demand for bonds is expected to shift to equities over the medium term as part of the so-called “Great Rotation”. This trend is likely to benefit real estate securities, which generally exhibit an attractive mix of bond-like yields with equity returns.

**EVOLUTION OF THE PUBLIC REAL ESTATE SECURITIES ASSET CLASS**

The public real estate securities market was initially established in the United States in 1960, providing a means for individuals or small investors to invest in companies that owned large-scale commercial property assets. For the very first time, REITs offered investors the opportunity to access the benefits of real estate ownership in a liquid, diversified, and professionally managed vehicle.

In addition to creating a new investment opportunity set, the establishment of REITs also permitted a new tax-advantaged means of operation for real estate companies. By organizing as a REIT, commercial property companies would be exempt from paying corporate taxes, so long as the company met several basic requirements.

**Table 2: Qualifications for U.S. REIT Tax-Exempt Status**

- Organized as a corporation, business trust or similar association
- Managed by a Board of Directors or Trustees
- Maintain fully transferable shares
- Minimum of 100 shareholders
- No more than 50% of shares held by five or fewer individuals
- Pay dividends to shareholders of at least 90% of taxable income
- Invest at least 75% of assets in real estate
- Derive at least 75% of gross income from rents on real property or mortgage interest

The tax-exempt status afforded to REITs, coupled with the significant payout ratios required by the structure, resulted in meaningful benefits for investors. REIT dividend yields tended to be higher than traditional equities and these distributions were taxed only at the individual level, rather than at both the corporate and individual levels. These structural components benefited real estate companies as well, as the lower retained cash flow levels were usually offset by a lower tax burden.

**Growth of the public real estate securities market**

Although the U.S. REIT market grew modestly following its establishment, the modern REIT era began in earnest in the early 1990s. A confluence of events, including structural changes within REITs, macroeconomic developments and accelerating investor interest led to dramatic growth in the asset class over the span of several years.

In 1991, Kimco Realty, the largest owner of neighborhood shopping centers nationwide, successfully listed shares through an initial public offering (IPO), launching the start of the modern REIT era. Over the next two years, the U.S. REIT market would witness over 100 equity offerings, including 57 IPOs that would raise more than $13.2 billion. By the end of 1994, the market capitalization of the publicly-traded equity U.S. REIT market was approximately $39.0 billion, compared with just $5.5 billion at the end of 1990.

**Chart 7: Historical Fund Flows into Equities and Fixed Income**

![Chart 7: Historical Fund Flows into Equities and Fixed Income](image)

As of March 31, 2013. Source: Morningstar.

**Chart 8: Historical Growth of the U.S. REIT Market**

![Chart 8: Historical Growth of the U.S. REIT Market](image)


Through several macroeconomic, real estate and equity market cycles, the U.S. REIT market continued to grow in stature. As of December 31, 2012, the investible universe included over 120 companies, with a market capitalization of over $450 billion.

Over this time period, the public real estate securities market also developed into a widely accepted asset class within the investment community. The rising popularity and credibility of the REIT market led to the inclusion of publicly listed real estate companies in major equity indices, including the S&P index series. As of December 31, 2012, there were 16 REITs included in the S&P 500.
Additionally, as REITs were added to the S&P 500, the asset class was also added to ETF vehicles, eventually leading to the development of dedicated REIT ETFs. As of December 31, 2012, there were 28 publicly-traded real estate ETFs, offering a wide range of REIT investment options.

**GLOBAL EXPANSION OF THE REAL ESTATE SECURITIES ASSET CLASS**

The success of the market in the U.S. has encouraged the development of public real estate securities markets across the globe. Countries that have adopted REIT-like structures range from established financial markets, such as the U.K. and Australia, to emerging markets, such as Turkey and Malaysia. Public REIT markets now exist in 29 countries, with an additional 6 nations considering the authorization of REIT-like vehicles, as shown in Figure 2.

The expansion of publicly-traded real estate securities across the globe has provided investors with a growing opportunity to further diversify their portfolios. Similar to U.S. REITs, global real estate securities provide an attractive mix of liquidity, current income and long-term performance with the added benefit of allocating capital across various regions and countries.

As investors have recognized the important attributes of listed property investment, many newly developed REIT markets have grown quite rapidly. Among recent entrants to the listed property market, Mexico has witnessed particularly notable results. Since 2010, when Mexico first introduced a REIT-like vehicle, the listed property market in the country has grown to nearly $8 billion in equity market capitalization, with further entrants expected in the near future. As evidenced by this success, the global listed property market is poised for further growth and diversity of opportunity as additional countries enact REIT-like structures in coming years.

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**Table 3: Equity REITs in the S&P 500**

<table>
<thead>
<tr>
<th>REIT</th>
<th>Ticker</th>
<th>Entrance Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>AIMCO</td>
<td>AIV</td>
<td>2003</td>
</tr>
<tr>
<td>American Tower Corp.</td>
<td>AMT</td>
<td>2007</td>
</tr>
<tr>
<td>AvalonBay Communities</td>
<td>AVB</td>
<td>2007</td>
</tr>
<tr>
<td>Boston Properties</td>
<td>BXP</td>
<td>2006</td>
</tr>
<tr>
<td>Equity Residential</td>
<td>EQR</td>
<td>2001</td>
</tr>
<tr>
<td>HCP, Inc.</td>
<td>HCP</td>
<td>2008</td>
</tr>
<tr>
<td>Health Care REIT, Inc.</td>
<td>HCN</td>
<td>2009</td>
</tr>
<tr>
<td>Host Hotels &amp; Resorts</td>
<td>HST</td>
<td>2007</td>
</tr>
<tr>
<td>Kimco Realty Corp.</td>
<td>KIM</td>
<td>2006</td>
</tr>
<tr>
<td>Plum Creek Timber Co.</td>
<td>PCL</td>
<td>2002</td>
</tr>
<tr>
<td>ProLogis</td>
<td>PLD</td>
<td>2003</td>
</tr>
<tr>
<td>Public Storage</td>
<td>PSA</td>
<td>2005</td>
</tr>
<tr>
<td>Simon Property Group</td>
<td>SPG</td>
<td>2002</td>
</tr>
<tr>
<td>Ventas, Inc.</td>
<td>VTR</td>
<td>2009</td>
</tr>
<tr>
<td>Vornado Realty Trust</td>
<td>VNO</td>
<td>2005</td>
</tr>
<tr>
<td>Weyerhaeuser</td>
<td>WY</td>
<td>1964</td>
</tr>
</tbody>
</table>

Source: SNL; NAREIT®; Bloomberg; Company filings. The mention of specific securities is not a recommendation or solicitation for any person to buy, sell or hold any particular security.

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**Figure 2: Global Expansion of the REIT Model**

Source: NAREIT®
Global real estate securities investible universe
The global listed property market is currently valued at over $2.5 trillion in total capitalization, with real estate-related investment vehicles, including REITs and non-REITs, available in nearly 50 countries across the globe. In defining the investible universe within this market, Brookfield Investment Management has sought to focus on companies that pursue the ownership, operation and development of real estate assets. Additionally, we generally seek investments in markets where securities trade on regulated stock exchanges and companies are subject to disclosure and corporate governance requirements.

This focus is reflected in the FTSE EPRA/NAREIT Global Real Estate Index, which is currently comprised of 423 companies with an equity market capitalization of approximately $1.1 trillion as of December 31, 2012. This universe includes REITs, REIT-like vehicles and publicly-traded property owners and developers located around the world.

Chart 9: FTSE EPRA/NAREIT Global Real Estate Index by Region


Within this universe, companies can be classified among key property sectors. Interestingly, many real estate companies outside of the U.S. pursue a diversified strategy of owning assets across property types, while companies based in the U.S. tend to specialize within one sector. Among these sectors, the most significant include Retail, Residential, Office, Health Care and Industrial.

Chart 10: FTSE EPRA/NAREIT Global Real Estate Index by Property Sector


Retail property sector
The retail property sector is comprised of three main asset types: local community shopping centers, regional malls and outlet centers. The equity market capitalization of the sector totaled approximately $285 billion as of December 31, 2012.

The performance of retail property assets is driven by retailer demand for space in the short term and by trends in consumer spending over the long term. However, this performance tends to be relatively stable due to multi-year lease structures that often incorporate regular increases in contractual rent obligations, usually tied to inflation. As a result, listed property companies that own and manage retail assets produce relatively stable, long-term cash flow streams that can often weather short-term macroeconomic noise.

Residential property sector
The residential property sector in North America and Europe is focused primarily on the owners of rental apartment units, while in Asia, the sector encompasses both rental apartments as well as developers of for-sale housing. As of December 31, 2012, the equity market capitalization of the sector stood at $139 billion.

The main performance drivers for rental apartment assets include employment levels, the available supply of rental housing and competition for for-sale housing. As the typical duration of a rental apartment lease is only one year, this property sector tends to exhibit greater volatility and sensitivity to macroeconomic variables. However, this enhanced operating leverage provides numerous benefits during an up-cycle, allowing apartment owners to capture rising cash flow levels more quickly than owners of other property types.

For-sale housing tends to be heavily influenced by macroeconomic factors and government policy activities, including interest rates, employment and the availability of mortgage financing. Additionally, levels of supply of both new and existing homes impacts pricing, as does consumer sentiment towards home purchases. Listed companies focused upon the development of for-sale housing navigate each of these factors in determining the optimal level and timing of new home deliveries.

Office property sector
The office property sector is comprised of companies that own, develop and operate office buildings, ranging from Class A trophy buildings in major gateway cities to single-story buildings in suburban office parks. The equity market capitalization of the sector totaled $135 billion as of December 31, 2012.

The key driver of demand for office space across the globe is job growth, particularly within professional service industries. While this creates a degree of sensitivity to macroeconomic factors, such volatility is mitigated by the long-term nature of many office leases, which range anywhere from 5 to 30 years. A typical office company with an average lease term of 8 years would have only 12-15% of leases expiring in each year. As a result, 85% or more of revenue would be identified at least one year in advance. This predictability, when combined with modest levels of annual re-leasing, leads to relatively stable cash flow streams coupled with upside growth potential.

Health care property sector
The health care property sector encompasses a variety of assets that provide health care services or offer medical care, including senior housing and retirement centers, nursing homes, hospitals and medical office buildings. As of December 31, 2012, the equity market capitalization of the sector totaled $73 billion.

The health care sector is generally perceived to be relatively defensive, as the services provided by health care tenants are often need-based rather than discretionary. Additionally, given aging demographics in many parts of the world, demand for health care services is expected to grow meaningfully in coming years.
Lease arrangements within the sector tend to be long-term in nature, with contractual rental increases often tied to inflation. These arrangements are typically structured between the owners of the real estate and third party operators that specialize in providing health care services. Certain health care assets, including nursing homes and hospitals, provide services that are reliant upon government reimbursement programs, such as U.S. Medicare and Medicaid programs. Annual adjustments to reimbursement levels can create uncertainty over the ability of health care operators and service providers to meet rental obligations.

Given the variety of asset types and payor mix within the health care sector, companies are able to diversify their asset base, thereby mitigating the risk of cuts to government reimbursement while maintaining opportunities for growth.

**Industrial property sector**

The industrial property sector is comprised of companies that own, operate and develop assets such as bulk warehouse space, distribution centers, light manufacturing facilities and modular office space. Industrial assets are often located within warehouse parks, where individual buildings range in size from 25,000 to over 1 million square feet. As of December 31, 2012, the equity market capitalization of the sector stood at nearly $50 billion.

Demand for industrial and warehouse assets is derived primarily from inventory storage or the flow of goods through tenant supply chains. Growth in demand is therefore dependent upon trends in consumer spending, manufacturing and import/export activity. Additionally, as industrial assets play a key role in the distribution of commercial goods, these assets tend to be located near major centers of transportation, including ports, airports and roadway systems.

The industrial sector is generally viewed as relatively stable and defensive, due to the long-term nature of its lease structures and the commodity-like nature of industrial assets.

**LOOKING AHEAD**

The global real estate securities market has experienced dramatic growth in both size and stature since its humble beginnings over 50 years ago. Moving forward, we believe the market is poised for even further expansion through a combination of structural catalysts, organic growth and new entrants to the market.

As an additional 6 nations, with property markets valued at over $2 trillion, consider the adoption of REIT-like structures, public real estate securities are poised to flourish in new markets. Furthermore, we expect the listed component of established property markets to increase, as public real estate companies leverage their ability to efficiently access multiple sources of capital and gain market share.

As noted in Table 5, the public real estate securities market represents only 10% of global property markets, indicating significant potential for future growth across the globe.

Additionally, we expect publicly listed companies with meaningful property holdings to explore the possibility of electing REIT status. In recent years, such activity has begun to accelerate, as corporate management teams have looked to unlock the value of their underlying real estate holdings and achieve greater tax efficiencies. The public markets have generally rewarded this activity and shareholders are now actively encouraging further conversions in a variety of industries.

**Table 6: REIT Conversion Activity**

<table>
<thead>
<tr>
<th>Company</th>
<th>Ticker</th>
<th>Industry</th>
<th>Market Cap ($ billions)</th>
<th>REIT Convert Date</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Completed REIT Conversions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>American Tower Corporation</td>
<td>AMT</td>
<td>Communications</td>
<td>30.5</td>
<td>2012</td>
</tr>
<tr>
<td>The Geo Group</td>
<td>GEO</td>
<td>Correctional Facilities</td>
<td>2.0</td>
<td>2012</td>
</tr>
<tr>
<td>Ryman Hospitality</td>
<td>RHP</td>
<td>Lodging</td>
<td>2.0</td>
<td>2012</td>
</tr>
<tr>
<td>Weyerhaeuser</td>
<td>WY</td>
<td>Timber</td>
<td>15.1</td>
<td>2010</td>
</tr>
<tr>
<td><strong>In-Process REIT Conversions or REIT Spin-Offs</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loblaw Companies</td>
<td>TSX:L</td>
<td>Canadian Grocery Operator</td>
<td>11.8</td>
<td></td>
</tr>
<tr>
<td>Iron Mountain</td>
<td>IRM</td>
<td>Information Management</td>
<td>5.9</td>
<td></td>
</tr>
<tr>
<td>Corrections Corporation of America</td>
<td>CXW</td>
<td>Correctional Facilities</td>
<td>3.6</td>
<td></td>
</tr>
<tr>
<td>Equinix, Inc.</td>
<td>EQIX</td>
<td>Data Centers</td>
<td>10.1</td>
<td></td>
</tr>
<tr>
<td>Penn National Gaming</td>
<td>PENN</td>
<td>Leisure</td>
<td>3.8</td>
<td></td>
</tr>
<tr>
<td>Lamar Advertising Company</td>
<td>LAMR</td>
<td>Advertising Services</td>
<td>3.6</td>
<td></td>
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<tr>
<td>CBS Corporation</td>
<td>CBS</td>
<td>Media Services</td>
<td>24.0</td>
<td></td>
</tr>
</tbody>
</table>

As of December 31, 2012. Source: Company filings and Bloomberg. Represents completed or announced conversion of corporate real estate operations into a REIT structure. The mention of specific securities is not a recommendation or solicitation for any person to buy, sell or hold any particular security.

When combined with expected organic growth, the likely expansion of the listed real estate asset base provides the global REIT market with positive momentum moving forward. As the investible universe of global real estate securities grows, we anticipate investors around the world will continue to recognize and benefit from the attractive opportunities offered by the asset class.

**SUMMARY**

In the current economic environment, demand for income-producing asset classes with upside potential has accelerated, as investors seek the unique combination of yield, stability and growth offered by these alternatives. Global real estate securities have emerged as a particularly compelling investment option, offering liquidity, attractive current income, relatively stable cash flows, equity upside and an important hedge against future inflation. Moving forward, we expect demand for real estate equities to continue to rise, as investors recognize the ability of the asset class to help navigate the current investment landscape and position existing portfolios for future growth.

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Table 5: Listed Component of Global Real Estate Market

<table>
<thead>
<tr>
<th>Region</th>
<th>Underlying Property Market (USD$ billions)</th>
<th>Listed Property Market (USD$ billions)</th>
<th>Listed as % of Underlying Property Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>EMEA</td>
<td>8,970</td>
<td>370</td>
<td>4.1</td>
</tr>
<tr>
<td>North America</td>
<td>7,268</td>
<td>1,027</td>
<td>14.1</td>
</tr>
<tr>
<td>Asia</td>
<td>7,855</td>
<td>1,093</td>
<td>13.9</td>
</tr>
<tr>
<td>Latin America</td>
<td>1,294</td>
<td>71</td>
<td>5.5</td>
</tr>
<tr>
<td>Total</td>
<td>25,388</td>
<td>2,561</td>
<td>10.1</td>
</tr>
</tbody>
</table>

DISCLOSURES

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The mention of specific securities is not a recommendation or solicitation for any person to buy, sell or hold any particular security. The specific securities identified are not representative of all of the securities purchased, sold or recommended for advisory clients. It should not be assumed that an investment in the securities identified will be profitable. Actual holdings will vary for each client and there is no guarantee that a particular client’s account will hold any or all of the securities listed.

Forward-Looking Statements

Information herein contains, includes or is based upon forward-looking statements within the meaning of the federal securities laws, specifically Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements include all statements, other than statements of historical fact, that address future activities, events, or developments, including without limitation, business or investment strategy or measures to implement strategy, competitive strengths, goals, expansion and growth of business, plans, prospects and references to future success. These statements can be identified by the fact that they do not relate strictly to historical or current facts. Words such as “anticipate,” “estimate,” “expect,” “project,” “intend,” “plan,” “believe,” and other similar words are intended to identify these forward-looking statements. Forward-looking statements can be affected by inaccurate assumptions or by known or unknown risks and uncertainties. Many such factors will be important in determining actual future results or outcomes. Consequently, no forward-looking statement can be guaranteed. Actual results or outcomes may vary materially. Given these uncertainties, an investor should not place undue reliance on these forward-looking statements.

Brookfield Investment Management Inc. manages several strategies which concentrate their assets in global real estate securities. An investment in these strategies will be significantly impacted by the performance of real estate markets. Risks of investing in real estate securities strategies are similar to those associated with direct investments in real estate, including falling property values due to increasing vacancies, declining rents resulting from economic, legal tax or political developments and sensitivity to certain economic factors such as interest rate changes and market recessions. Foreign securities involve special risks, including currency fluctuations, lower liquidity, political and economic uncertainties and differences in accounting standards.

Definitions

The Barclays Capital Global Aggregate Index provides a broad-based measure of the global investment-grade fixed income markets. The three major components of this index are the U.S. Aggregate, the Pan-European Aggregate, and the Asian-Pacific Aggregate Indices. The Index also includes Eurodollar and Euro-Yen corporate bonds, Canadian government, agency and corporate securities, and USD investment grade 144A securities.

The FTSE EPRA/NAREIT Developed Index is a free-float adjusted, liquidity, size and revenue screened index designed to track the performance of listed real estate companies and REITs worldwide.

The MSCI World Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets.

The MSCI US REIT Total Return Index (RMS) is a total return market capitalization-weighted index which prices once per day after market close. It is calculated by MSCI and is composed of equity REITs that are included in the MSCI US Investable Market 2500 Index.

The NCREIF Property Index is a quarterly time series composite total rate of return measure of investment performance of a very large pool of individual commercial real estate properties acquired in the private market for investment purposes only. All properties in the NPI have been acquired, at least in part, on behalf of tax-exempt institutional investors - the great majority being pension funds. As such, all properties are held in a fiduciary environment.

The S&P 500 Total Return Index is the total return version of the S&P 500 Index. Dividends are reinvested on a daily basis and the base date for the index is January 1, 1988. All regular cash dividends are assumed reinvested in the S&P 500 Index on the ex-date. Special cash dividends trigger a price adjustment in the price return index.

The afore-mentioned indexes do not reflect deductions for fees, expenses or taxes. The indexes are unmanaged and cannot be purchased directly by investors. Index performance is shown for illustrative purposes only and does not predict or depict the performance of any investment. Index performance is not typical.

1. Source: European Public Real Estate Association
2. Source: NAREIT
4. Source: NAREIT, Barclays Capital

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