



NAREIM/FPL Pulse Survey

Participant Report of Findings
Second Quarter, 2010



FPL ADVISORY GROUP
FERGUSON PARTNERS
FPL ASSOCIATES

NAREIM

Real Estate Investment Managers



NAREIM/FPL Pulse Survey

Introduction

NAREIM and FPL Associates L.P. are pleased to present the results from the NAREIM/FPL Pulse Survey for the second quarter of 2010. This initiative is designed to provide NAREIM members with a “real-time” assessment of industry/ market trends and an understanding of peer perspectives on the state of the workforce, hiring and compensation in the REIM sector.

This survey is designed to provide up-to-date insights in light of both the current state of the economy and the real estate industry. We are always trying to make the survey more useful to you, so please let us know of any changes that you think would be helpful.

We extend our sincere appreciation to all participating organizations for providing valuable information.

Sincerely,

Stephen M. Renna
President
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Quantitative Survey Methodology

- In May 2010, FPL Associates sent out a survey questionnaire for the purpose of gathering relevant information on investment manager compensation and staffing trends.
- For the second incarnation of this survey, 29 organizations provided thorough responses. Participants vary in size, strategy, and location and represent a cross-section of real estate investment managers. FPL gathered all of the responses, clarified information with participants as needed, and then analyzed the data to develop this summary report.
- Due to company policies and/or unique aspects of their operations, not every participating company was able to provide information for every survey question. In cases where certain participants did not respond to a particular question, they were excluded from the reported statistics related to that question.

Survey Respondent List

- Survey respondents represented the following organizations (please note that not all participants elected to be listed):
 - American Realty Advisors
 - Brookdale Group, LLC, The
 - Cabot Properties
 - Citi Property Investors
 - Colony Realty Partners, LLC
 - Commonfund Realty, Inc.
 - Great Point Investors
 - Grosvenor Investment Management
 - Fidelity Investments
 - Hart Realty Advisers, Inc.
 - Heitman LLC
 - ING Clarion Partners
 - INVESCO Real Estate
 - Inland Institutional Capital Partners Corporation
 - Jamestown
 - Kennedy Associates Real Estate Counsel, LP
 - Kensington Realty Advisers, Inc.
 - Kimco Realty Corporation
 - LaSalle Investment Management
 - Metzler North America Corporation
 - TDA Investment Group Inc.
 - TriMont Real Estate Advisers
 - PNC Realty Investors
 - UBS Realty Investors LLC
 - URDANG

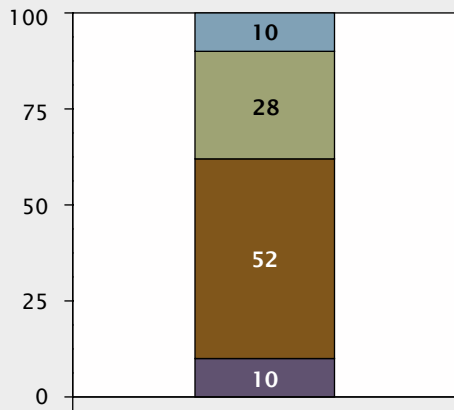
Due to mounting financial pressures, many firms implemented cost-cutting initiatives in 2009.

A majority of firms downsized in 2009.

Respondents (%)

- Significantly Increased (>21%)
- Somewhat Increased (0-20%)
- About the Same
- Somewhat Reduced (0-20%)
- Significantly Reduced (>21%)

2009 Headcount Levels vs. 2008¹



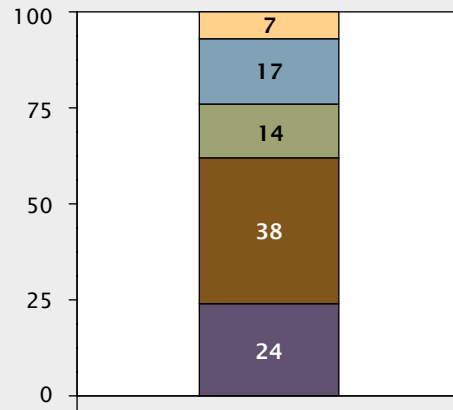
¹ Question: In 2009, what happened to your company's overall headcount?

Bonuses were also reduced from 2008 levels.

Respondents (%)

- Significantly Increased (>25%)
- Somewhat Increased (0-25%)
- About the Same
- Somewhat Reduced (0-25%)
- Significantly Reduced (>25%)

2009 Bonus Magnitudes vs. 2008²



² Question: How did individual 2009 bonuses compare to 2008 bonuses?

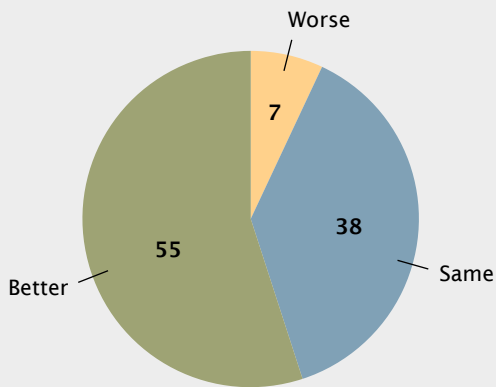
- 80% of former employees are thought to have found new jobs in real estate, with only 12% taking jobs in other industries.

However, market conditions are believed to be improving.

Most respondents indicated that market conditions are either flat or have started to improve.

Respondents (%)

REIM Industry Conditions Q2 vs. Q1¹



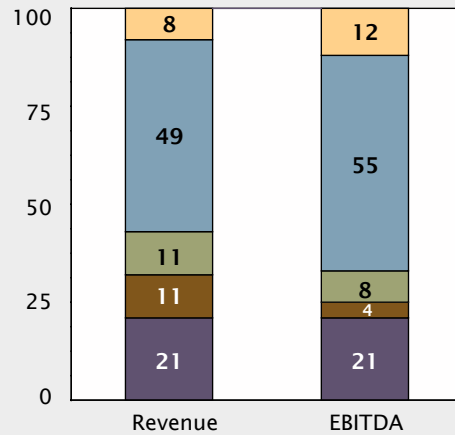
¹ Question: How do current Real Estate Investment Management industry conditions compare to the prior quarter?

As a result, a majority of companies expect their financial performance to be better in 2010.

Respondents (%)

- Significantly Increased (>11%)
- Somewhat Increased (0-10%)
- No Change
- Somewhat Reduced (0-10%)
- Significantly Reduced (>11%)

2010 Revenue and EBITDA Expectations vs. 2009²



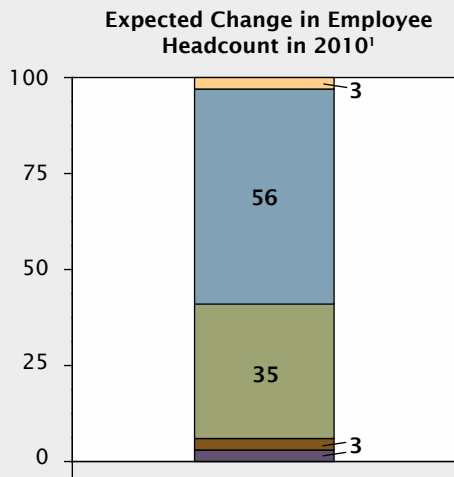
² Question: How do you expect your company's 2010 financial performance to compare to 2009 performance?

As a result, hiring activity is expected to pick up this year.

Almost all respondents expect headcount to increase or stay flat in 2010.

Respondents (%)

- Significantly Increased (>11%)
- Somewhat Increased (0-10%)
- About the Same
- Somewhat Reduced (0-10%)
- Significantly Reduced (>11%)

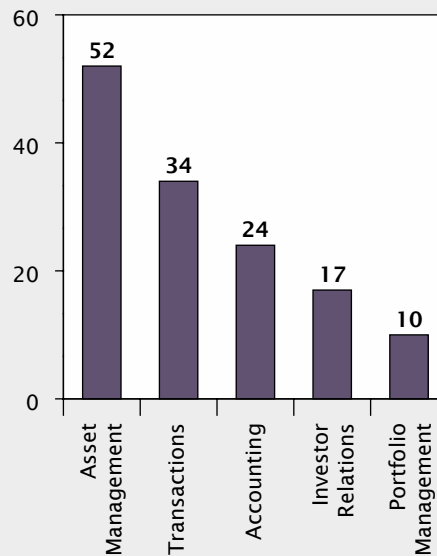


¹ Question: In 2010, what are your overall plans with regards to headcount?

Asset management positions are in greatest demand followed by transactions.

Respondents (%)

Functions in Highest Demand in 2010²



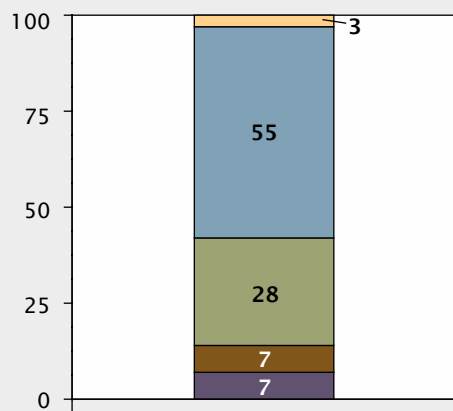
² In what areas do you expect to hire the most people in the coming year? (check two)

Salaries are also up modestly in 2010.

Change in Salary Levels 2009-2010¹

Respondents (%)

- Significant Increase (>4%)
- Small Increase (1-3%)
- No Change
- Small Decrease (1-3%)
- Significant Decrease (>4%)



¹ Question: What was the typical change in salaries (from 2009 salaries), excluding promotion increases?

- Most companies chose to keep salaries flat or to increase them slightly.
- However, some (approximately 14%) decided to make salary reductions.



Thank You

We sincerely appreciate your participation in this valuable and timely survey. We would not be able to produce such a detailed and robust report of findings without your participation. We welcome your comments and feedback on our survey process, scope, and approach.

Contact

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