The National Association of Real Estate Investment Managers (NAREIM) is partnering with FPL Associates to conduct the 2014 NAREIM Compensation Survey, which is widely considered the most comprehensive of its kind within the real estate investment management (REIM) industry. Unlike other surveys in the marketplace, this survey provides NAREIM members/participants with customized, real-time compensation trends and data that can be used at all levels of the organization to assist with human capital decisions.

Why Participate?

Compensation continues to be an emphasis at investment managers, especially coming out of the downturn. The NAREIM Compensation Survey has served as a valuable resource for participants and member organizations, providing a number of benefits:

- The survey’s real time compensation trends and positional information has helped firms react and adjust their compensation program to the changing economic environment
- Information helps firms stay competitive in all areas of compensation (fixed and variable pay) which results in increased employee retention
- Questions are relevant and attuned to the latest issues facing organizations today
- Position and department information is comprehensive and usable by organizations of all sizes, structures, and strategies

The survey questionnaire is easy to complete and the comprehensive report of results is free to participants.

2014 Survey Coming Soon!

This year's survey will be available to participants the week of May 12, 2014. Survey questionnaires and compensation worksheets are due to FPL by June 27, 2014 with results published in early September.

Questions/Comments

If you have any questions about this year's survey, questionnaire, or due date please contact us.

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2013 Survey Overview

The NAREIM Compensation Survey provided a variety of organizational and compensation information and trends across the REIM industry, including:

- Staffing and hiring trends
- Financial performance trends
- Compensation design trends and practices
- Positional ranges by component (e.g., base salary, annual incentive, and long-term incentive)

Data was also collected on anticipated changes and trends in compensation program design going forward, including promote/carried interest awards.

Key Findings from the 2013 Survey

- Financial performance at participating companies improved in 2012 in comparison to 2011, although the pace of year-over-year growth has slowed down in comparison to the previous calendar/fiscal year
- Growth in financial performance outpaced growth in compensation expense, with the average increase for revenue (approximately 22%), pre-bonus income (38%), and net income (46%) all exceeding the average increase in compensation expense (13%)
- Salary increases remained prevalent among participants, but the size of increases in 2013 was larger at most companies when compared to the increases made in 2012; three-quarters of participants expect salaries to continue to rise in 2014
- Performance year 2012 marked the third consecutive year of year-over-year increases in annual bonuses for most (76%) participating companies, with an average increase of nearly 30% at these firms
- Less than half of participants (44%) project that bonuses will continue to rise in 2013; for those that do anticipate an increase, these increases are expected to be smaller than the ones experienced last year (i.e., 1-10% when compared to 20%+)
- Over half (55%) of participants have a traditional (non-carry) LTI plan, and on average, 34% of employees are eligible for awards from these plans
- Approximately 40% of participants have a promote/carried interest plan, with these plans most commonly used for value-add and opportunistic funds
2013 Participant Demographics

The 2013 NAREIM Compensation survey had 46 participating organizations, reflecting an impressive 60% participation rate. In total, the participating companies in the 2013 survey manage over $640 billion in assets.

### Number of Full Time Employees

- Under 50 Employees: 33%
- 50 - 150 Employees: 20%
- 151 - 500 Employees: 25%
- Over 500 Employees: 22%

### Gross Assets Under Management (AUM)

- Under $2.5B: 26%
- $2.5B - $4.99B: 28%
- $5B - $25B: 19%
- Over $25B: 28%

#### 2013 Participant Companies

- AEW Capital Management, L.P.
- American Realty Advisors
- Bentall Kennedy
- Berkshire Property Advisors
- Blackrock, Inc.
- CBRE Global Investors
- Clarion Partners, LLC
- Cole Real Estate Investments
- Colony Realty Partners, LLC
- CommonWealth Partners, LLC
- Cornerstone Real Estate Advisers LLC
- Eagle Realty Group
- Goodman Birtcher North America Management, LLC
- Grosvenor
- Hart Realty Advisers, Inc.
- Heitman LLC
- Hines
- Industrial Development International, Inc.
- Invesco Real Estate
- LaSalle Investment Management
- Long Wharf Real Estate Partners, LLC
- Lowe Enterprises Investors, LLC
- Mesa West Capital
- Miller Capital Advisory, Inc.
- Morguard Investments Limited
- National Real Estate Advisors
- Northwestern Mutual Life Insurance Company
- Pacific Life
- Pearlmark Real Estate Partners, LLC
- PM Realty Group
- PNC Realty Investors, Inc.
- Principal Global Investors
- Prologis
- Prudential Real Estate Investors
- Sarofim Realty Advisors Co.
- TDA Investment Group
- Travelers Insurance, Inc.
- UBS Realty Investors LLC
Survey Departments/Positions

The survey report included current compensation practices for 128 positions across 26 departments. Within each department, we typically report compensation ranges for the following levels: (1) Head, (2) Senior-level, (3) Mid-level, (4) Associate, and (5) Analyst. The compensation data was then organized by position and broken out into the following participant categories: Aggregate (all companies), AUM, Fund Strategy/Account Type, and Number of Full-Time Employees.

<table>
<thead>
<tr>
<th>Survey Departments</th>
<th>Example Survey Positions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Management</td>
<td>• Chief Executive Officer (Head of Real Estate)</td>
</tr>
<tr>
<td>International Positions</td>
<td>• Chief Operating Officer</td>
</tr>
<tr>
<td>Accounting—Corporate</td>
<td>• Chief Financial Officer</td>
</tr>
<tr>
<td>Accounting—Portfolio/Fund</td>
<td>• Chief Investment Officer</td>
</tr>
<tr>
<td>Accounting—Property</td>
<td>• Chief Administrative Officer</td>
</tr>
<tr>
<td>Asset Management</td>
<td>• Chief Information/Technology Officer</td>
</tr>
<tr>
<td>Capital Markets</td>
<td>• Chief Accounting Officer</td>
</tr>
<tr>
<td>Investor Relations/Capital Raising</td>
<td>Regional Chief Operating Officer/Regional EVP</td>
</tr>
<tr>
<td>Investor Reporting</td>
<td>• Product or Business Line Chief Operating Officer/EVP</td>
</tr>
<tr>
<td>Construction</td>
<td>• Head of New Business Initiatives/Product Development</td>
</tr>
<tr>
<td>Corporate Marketing/Communications</td>
<td>Head of Real Estate Lending &amp; Debt Investments</td>
</tr>
<tr>
<td>Corporate Services</td>
<td>• Senior Portfolio Management Professional – Debt</td>
</tr>
<tr>
<td>Development</td>
<td>• Senior Originations/Production Professional</td>
</tr>
<tr>
<td>Due Diligence/Underwriting</td>
<td>• Mid-Level Originations/Production Professional</td>
</tr>
<tr>
<td>Engineering/Security</td>
<td>• Originations/Production Analyst</td>
</tr>
<tr>
<td>Finance</td>
<td></td>
</tr>
<tr>
<td>Human Resources</td>
<td></td>
</tr>
<tr>
<td>Leasing</td>
<td></td>
</tr>
<tr>
<td>Portfolio Management</td>
<td></td>
</tr>
<tr>
<td>Property Management</td>
<td></td>
</tr>
<tr>
<td>Research</td>
<td></td>
</tr>
<tr>
<td>Risk Management</td>
<td></td>
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<tr>
<td>Technology</td>
<td></td>
</tr>
<tr>
<td>Transactions</td>
<td></td>
</tr>
<tr>
<td>Debt</td>
<td></td>
</tr>
<tr>
<td>REIT Securities</td>
<td></td>
</tr>
</tbody>
</table>
Example Pages from 2013 Report

The pages below are excerpts from the 2013 survey and illustrate the types of analysis and information that are presented in the report.

**General Company Information**

Please provide the following financial information for 2012 (real estate group only):

Financial performance increased at most of the participating companies over the past year, and the size of these increases improved as well.

<table>
<thead>
<tr>
<th>Performance</th>
<th>Total Net</th>
<th>Total Compensation and Benefits</th>
<th>% in Total Net</th>
<th>Net Income</th>
<th>Total Annual Bonus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improved</td>
<td>80%</td>
<td>60%</td>
<td>10%</td>
<td>5%</td>
<td>10%</td>
</tr>
<tr>
<td>Decreased</td>
<td>27%</td>
<td>22%</td>
<td>1%</td>
<td>6%</td>
<td>7%</td>
</tr>
<tr>
<td>Mixed</td>
<td>23%</td>
<td>15%</td>
<td>3%</td>
<td>7%</td>
<td>13%</td>
</tr>
<tr>
<td>Improved</td>
<td>15%</td>
<td>10%</td>
<td>1%</td>
<td>6%</td>
<td>5%</td>
</tr>
<tr>
<td>Decreased</td>
<td>5%</td>
<td>10%</td>
<td>1%</td>
<td>6%</td>
<td>8%</td>
</tr>
<tr>
<td>Mixed</td>
<td>5%</td>
<td>15%</td>
<td>1%</td>
<td>6%</td>
<td>9%</td>
</tr>
</tbody>
</table>

*Includes all businesses operations, financials and information. This data includes data for companies that operate real estate companies.

**Annual Incentives**

How many performance measures does your company currently use or plan to use in 2013?

Most companies utilize 3-4 performance measures, which allows companies to keep employee focused on, and accountable for, the key strategic measures and initiatives of the company.

![Number of Performance Measures Chart]

**Compensation By Position**

Executive Assistant

<table>
<thead>
<tr>
<th>Position</th>
<th>25th Percentile</th>
<th>Median</th>
<th>75th Percentile</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pay</td>
<td>$40,000</td>
<td>$42,500</td>
<td>$45,000</td>
<td>$42,750</td>
</tr>
<tr>
<td>Bonus</td>
<td>$2,000</td>
<td>$2,250</td>
<td>$2,500</td>
<td>$2,375</td>
</tr>
<tr>
<td>Total Compensation &amp; Benefits</td>
<td>$42,000</td>
<td>$44,750</td>
<td>$47,500</td>
<td>$43,000</td>
</tr>
</tbody>
</table>

Does your company have a Promote/Carried interest plan?

Yes 37%

Thirty-seven percent (37%) of participating companies have a promote/carried interest plan. For long-term incentive (non-promote/carried interest) information, please see the previous section.

How many and what percentage of your company’s employees are eligible to receive a promote/carried interest award?

<table>
<thead>
<tr>
<th>Employees Eligible for Promote/Carried Interest Awards</th>
<th>Number of Employees Eligible</th>
<th>Percentage of Employees Eligible</th>
</tr>
</thead>
<tbody>
<tr>
<td>25th Percentile</td>
<td>40</td>
<td>10%</td>
</tr>
<tr>
<td>Median</td>
<td>50</td>
<td>20%</td>
</tr>
<tr>
<td>75th Percentile</td>
<td>60</td>
<td>30%</td>
</tr>
<tr>
<td>Average</td>
<td>50</td>
<td>25%</td>
</tr>
</tbody>
</table>

**Promote/Carried Interest Plan**

The following section refers solely to promote/carried interest plan. For long-term incentive (non-promote/carried interest) information, please see the previous section.

Thirty-nine percent (39%) of participating companies have a promote/carried interest plan. An information in this section is based only on that group of participants.

**Compliance & Risk**