Your investment portfolio likely contains stocks, bonds and cash, but what about real estate? For many people, real estate investing is limited to home ownership, with little thought of ever owning an office building or a shopping mall. But thanks to real estate investment trusts (REITs), individuals can participate in the ownership of commercial property and potentially reap the benefits of REITs.

What Is a REIT?
Simply stated, REITs are publicly traded companies that own and manage real estate properties, including:
- Apartment communities
- Industrial parks
- Health care facilities
- Storage centers
- Shopping centers and malls
- Office properties
- Hotels, motels and resorts.

What Are the Benefits of REITs?
REITs can increase portfolio diversification beyond what common stocks and fixed-income securities offer on their own, while offering advantages not found in companies across other industries. These potential benefits are part of the reason REITs have become a popular investment vehicle over the past few years.

1. Tangible Assets
REITs own tangible assets such as land and buildings, and most often sign their tenants to long-term lease contracts. As a result, REITs tend to be among the most stable companies on the market. And in this kind of real estate investing, you’ll never have to fix the plumbing.

2. Global Growth
As REITs expand in the U.S., they are also drawing significant interest overseas and rapidly changing the dynamic of the industry. With a universe more than twice the size of the U.S. market, global REITs are gaining momentum, providing a potentially greater breadth of investment opportunities.

3. Portfolio Diversification
Experts agree the most important factor in building wealth is a well-rounded mix of assets maintained over the long term. REITs provide access to an asset class that can perform independently of
other investments, which may mean better balance for your portfolio. Historically, REITs have demonstrated low correlation to other asset classes, which can help offset downturns in other asset classes, such as stocks or bonds.

**REITs Rarely Move in Lockstep with Stocks and Bonds**

Because real estate securities rarely move in lockstep with stock and bond markets, an investment in REITs as part of an asset allocation strategy can provide valuable portfolio diversification. The chart below shows correlations based on monthly returns and are for the 25-year period ended Dec. 31, 2004. The lower the correlation, the fewer times the index moved in tandem with REITs. For example, a value of 1.00 indicates two investments tend to move in exactly the same direction and magnitude, while a value of -1.00 indicates the two investments tend to move in opposite directions. A value of zero indicates no correlation.

REITs are represented by the NAREIT Equity Index, an unmanaged index considered representative of the U.S. REIT market. U.S. stocks are represented by the S&P 500 Index, an unmanaged index considered representative of the U.S. stock market. International stocks are represented by the MSCI EAFE® Index, an unmanaged index considered representative of stocks of Europe, Australia, Asia and the Far East. Bonds are represented by the Lehman Brothers U.S. Aggregate Bond Index, an unmanaged index considered representative of the U.S. investment-grade fixed-rate bond market. Performance reflects reinvestment of dividends. An investment cannot be made directly in an index.

Sources: Lipper Inc., NAREIT

### 4. Competitive Yields

REITs typically provide competitive yields when compared with other asset classes. Benefiting from preferential tax treatment, REITs are exempt from federal and corporate taxes if they distribute 90% of their income to shareholders in the form of dividends. As illustrated in the chart below, REITs have offered some of the highest yields around. Of course, past performance cannot guarantee comparable future results.

#### Attractive Dividend Yields

Thirty-day yields, as of Dec. 31, 2004

<table>
<thead>
<tr>
<th>Yields</th>
<th>NAREIT Equity Index</th>
<th>30-Year U.S. Treasury Bonds</th>
<th>90-Day U.S. Treasury Bills</th>
<th>S&amp;P 500 Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>30-Year Yld</td>
<td>4.66</td>
<td>2.23</td>
<td>1.71</td>
<td></td>
</tr>
<tr>
<td>90-Day Yld</td>
<td>4.83</td>
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Note that U.S. Treasury securities such as bills, notes and bonds offer a high degree of safety, and they guarantee the timely payment of principal and interest if held to maturity.

The charts are for illustrative purposes only and do not reflect the performance of any AIM fund.

Sources: Lehman Brothers, Bloomberg, Lipper Inc., NAREIT

### Talk to Your Financial Advisor

Talk to your financial advisor today to learn how REITs may fit into your overall investment strategy. It’s about your goals and the solutions AIM can provide.

### A Word About Risk

Investing in REITs involves risks not associated with investing in stocks.

Investing in a single-sector mutual fund involves greater risk and potential reward than investing in a more diversified fund.

**Consider the investment objectives, risks, and charges and expenses carefully. For this and other information about AIM funds, obtain a prospectus from your financial advisor and read it carefully before investing.**

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Note: Not all products available through all firms.