



Market Commentary

“Rough Winds [of June] do shake the ..buds of May” – WS 1595

June 9, 2011

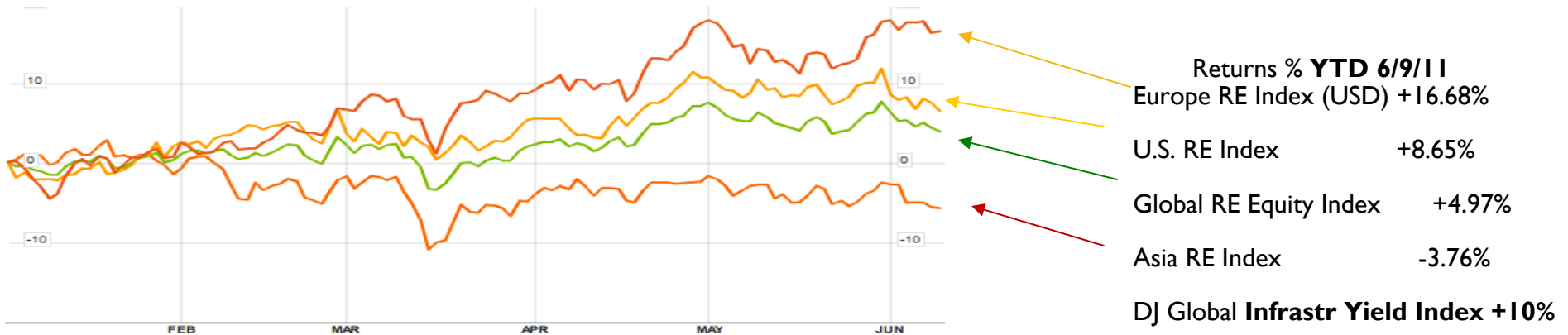
In June, the Global REIT index has given back 40% of the gains this year. Moodys index -4% YTD Feb

Global REIT index was up +8.77% now +4.98% YYD to 6/9/11 (+58% past 2 years cumulative return)

With Cap rates incredibly low in top markets, some Bldg and REIT prices above 2007 values. We continue to position to take opportunity later in the year. We would like to **discuss with clients seeking CASH FLOW.** We took profits +21% annualized since 2009 in CMBS in May, reduced low yielding holdings that had lower growth potential in UK also during May '11. Opportunities are still excellent in high current yield property and securities like Healthcare property, NNN bldgs and Liquid REITS/ Infrastructure securities with 7% to 9% yield and low risk.

While non-US markets like UK and Europe have done well for investors, much of the gains for USD based investors would have been reduced if the currency was hedged. Asia continues to struggle with China economic policy concerns and Japan weakness, return YTD -3.76%. A very good sign for potential returns in direct property is potential increase in availability of loans and the incredible tightening of CMBS spreads from 2009 to now. CMBS index spreads of 1200 in Q1 '09 are now near 200, bringing nearly 50% total returns for investors in AAA. Very attractive when compared to risk and returns in Direct RE. Strategia took the opportunity to take profits in this area in May and would like to discuss alternatives for income generation available now.

U.S. and Europe leading the EPRA NAREIT Real Estate Indexes for past 4 months



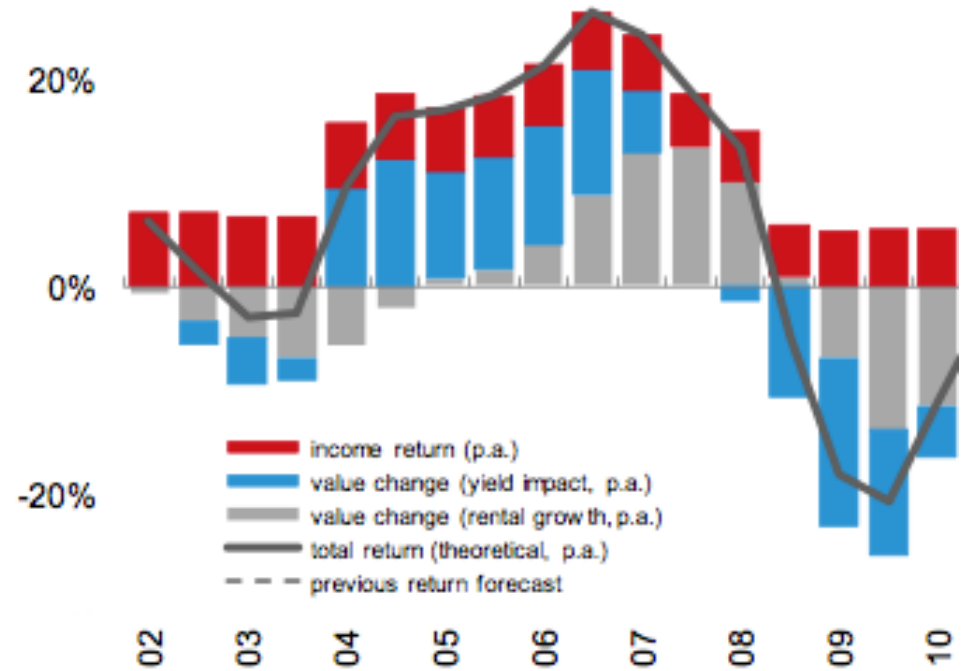
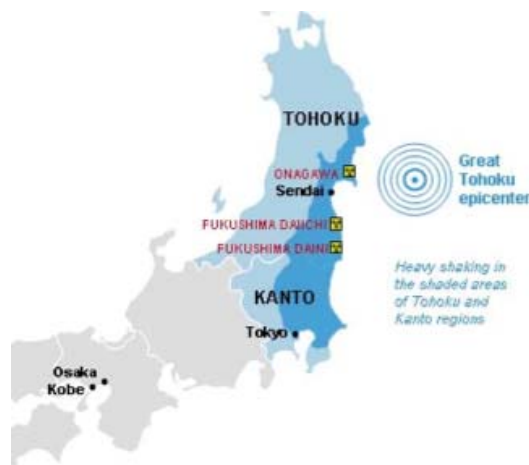
U.S. and Europe leading the EPRA Global Indexes
YTD to 6/9/11
% Return

Global RE Equity Index +4.97%
Moodys US Property Index -4.4% YTD Feb
MENA RE Index -2.89% YTD (USD)

If Japan turmoil resolves very quickly ...

Add J REOCs, so far the recovery of the economy looks slow

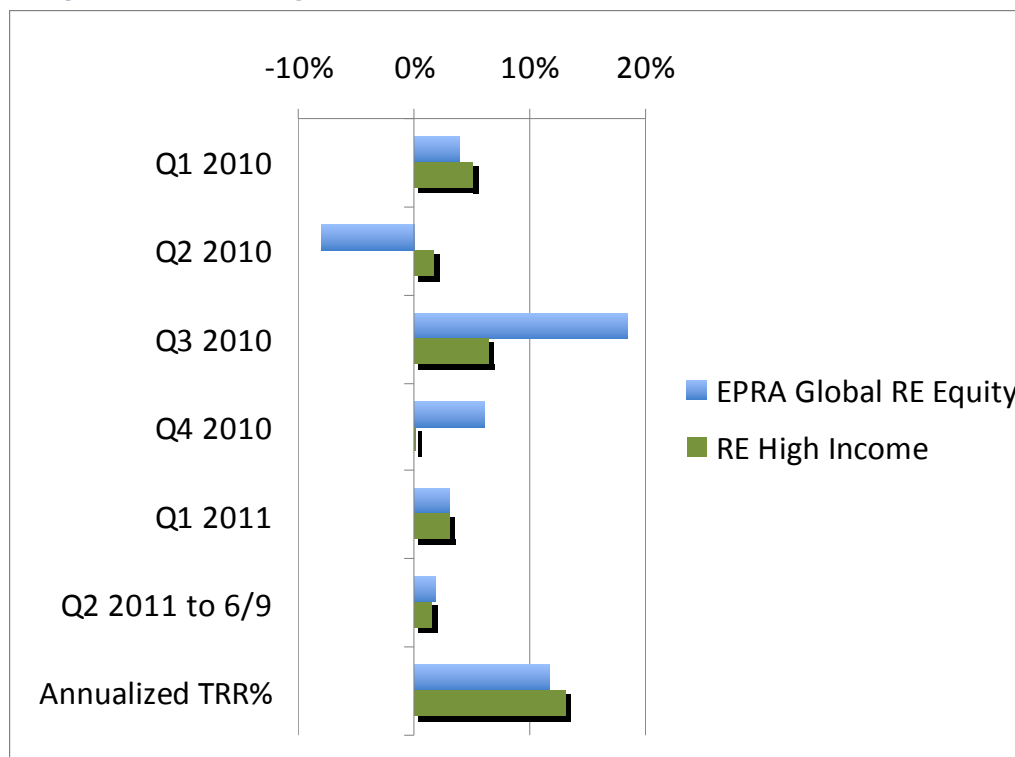
Strategia reduced exposure to Japan QI, watching for opportunity



HIGH INCOME RE securities

With dividends near 3% and Cap rates compressed... consider now, a portfolio yielding 7-8% in Liquid securities

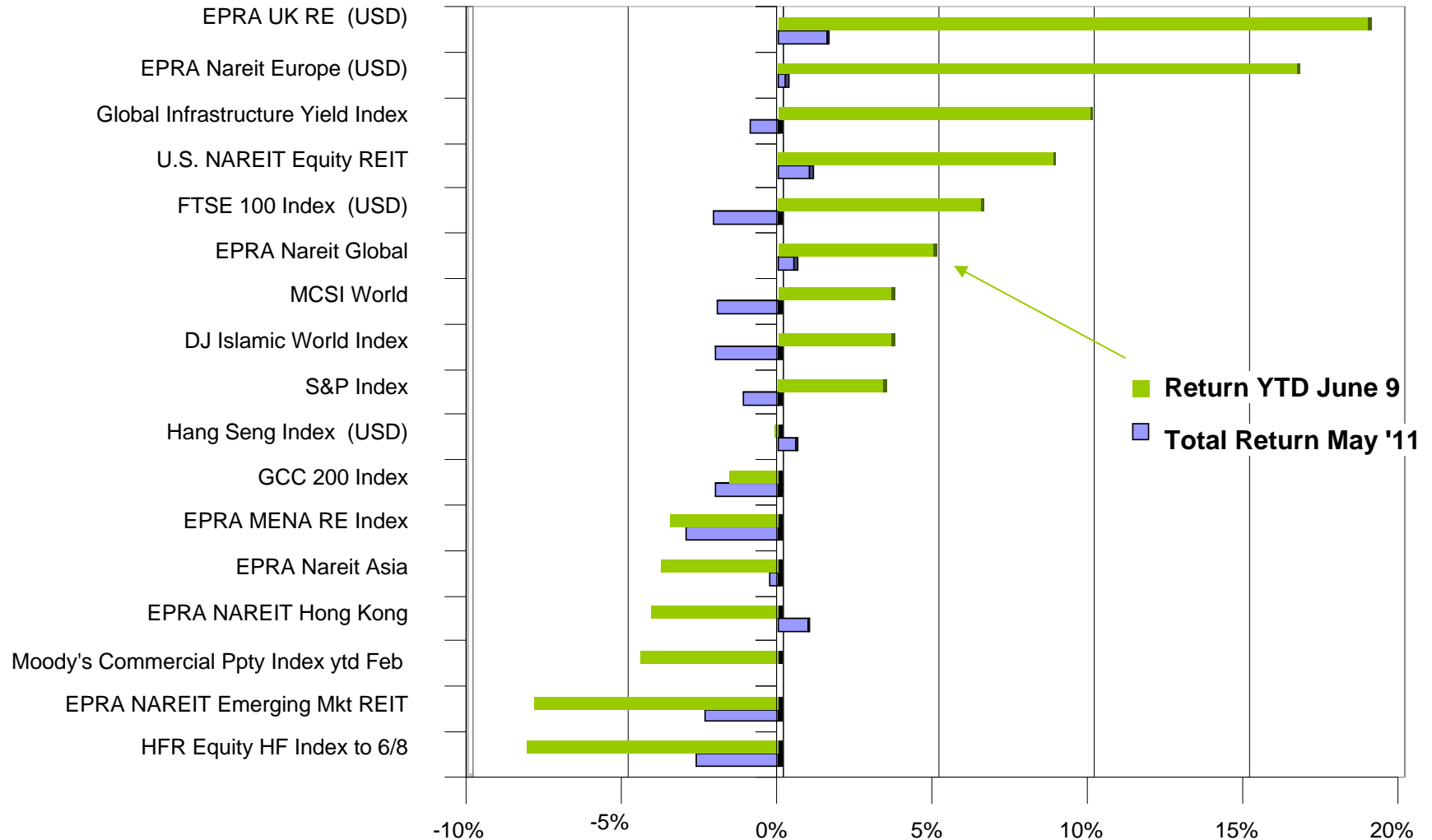
Returns Comparison: High Income, less Risk



NEW ALLOCATION for more INCOME, CF, LIQUID

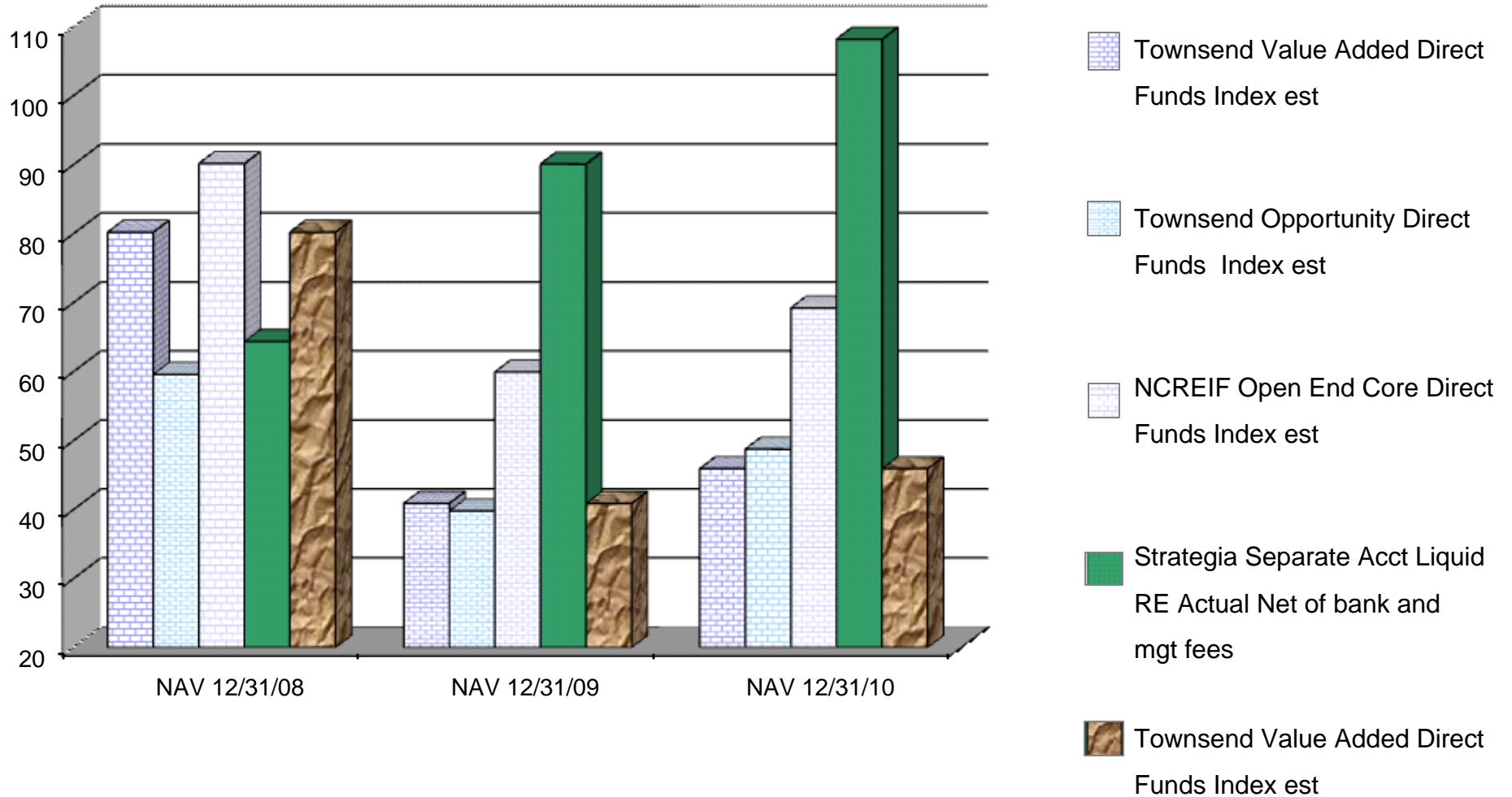
Index returns annualized for the strategy: less volatile than Equity, More return
12/31/09 to 6/9/11 +13.1% vs Global REITS +11.7% annualized

Returns Comparison



Direct vs Liquid Comparison for Discussion

Start with NAV 100 12/31/07



Direct returns Driver

AAA CMBS Index

Driver: CMBS Improved

58% Cumulative Return



Good News:

Income oriented strategy is working Very well in June, defensive positioning may pay off
Liquid RE strategies +58% past 2 yrs cumulative return

Caution:

In Q4 we talked about Nov-Apr as often the best
Regulatory, Political and commodity risks have risen Q2
Valuations in Securities and Property reflect very optimistic views and strong demand

We welcome Client questions and would like to discuss current opportunities.

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