

## Ranking Procedure

The method we use to compute the rankings for the Top 10 REITs is as follows:

**Note:** Rankings are done using *Sure Analysis Research Database* data. We typically create our rankings using data from the Wednesday before the special report publishes.

1. Exclude all non-REITs.
2. Exclude all international REITs.
3. Filter for dividend yields of 4% or greater.
4. Sort by expected total returns (the higher the better).
5. Manually review each REIT for safety. The review process looks at dividend history, payout ratio, and qualitative factors.
6. No more than 3 REITs in each REIT subcategory. As an example, there can be no more than 3 mortgage REITs in any one edition of the Top 10 REITs report.

Our expected total returns are calculated in the *Sure Analysis Research Database*. They are based on expected returns over the next five years. Our expected total returns take into account dividends, growth, and valuation returns.

We compare all the 700+ securities in Sure Analysis – including more than 100 REITs – to one another using the same expected total return framework. This means we can compare the REITs in our database to one another on an ‘apples-to-apples’ basis. This is necessary to create the rankings in the Top 10 REITs service.

Note that our expected total returns are based on the idea that the economy will continue forward ‘as is’ for the foreseeable future, and not encounter a recession.

Recessions happen, of course, and we seek to recommend securities likely to pay steady or rising dividends during recessions.

COVID-19 was especially hard on REITs in general. As a result, 2020 and 2021 represent excellent ‘test years’ to show the dividend safety of REITs even in an extremely difficult operating environment. Avoiding REITs that reduced their dividends in 2020 or 2021 serves as a helpful screen in identifying REITs likely to pay steady or rising dividends into the future.

The goal of our Top 10 REITs service is to find REITs that have solid dividend yields of 4% or greater, provide reasonable safety and the likelihood of steady or rising dividends in the future, and that offer solid expected total returns ahead. We believe the ranking procedure outlined above combined with our extensive research done in the *Sure Analysis Research Database* identifies securities very likely to match these characteristics going forward.