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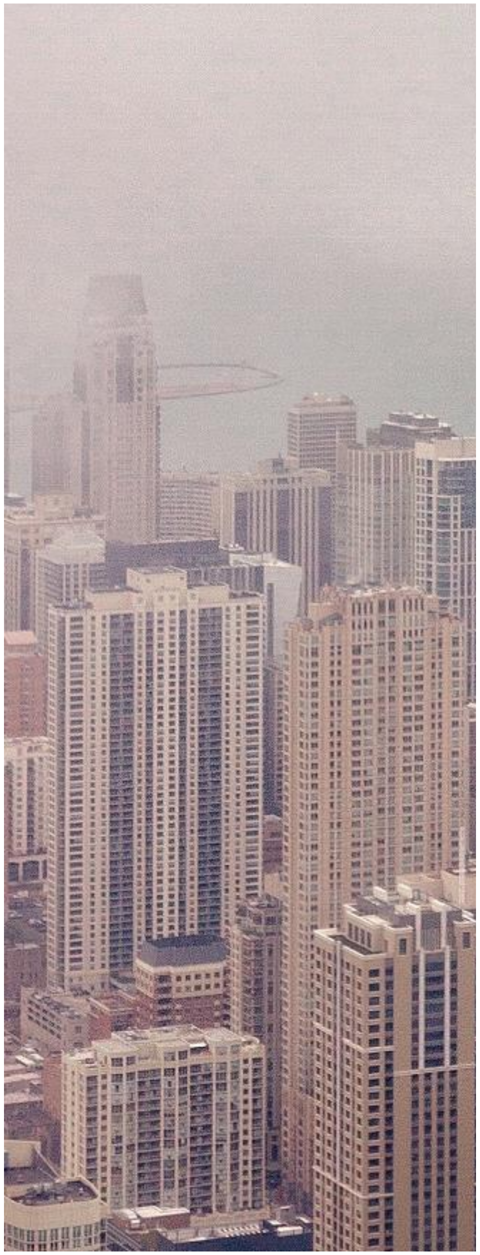

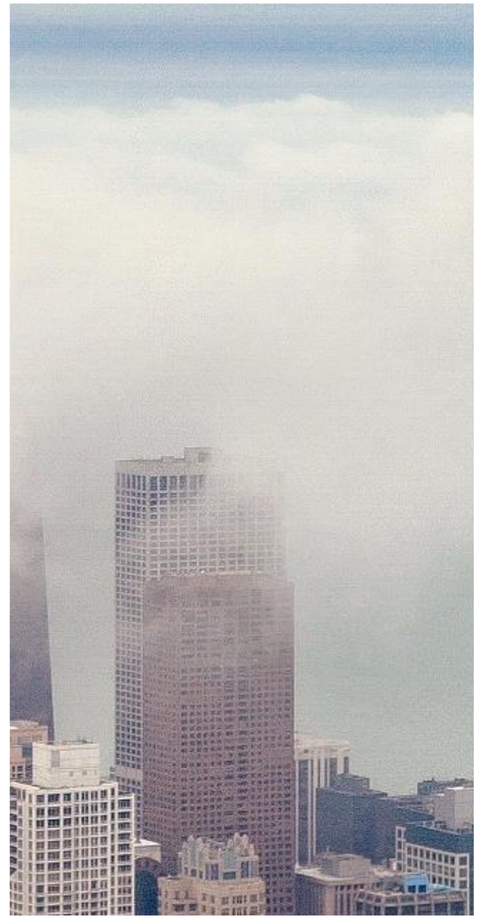

Q2 2017 CHARTBOOK

STATE OF THE REAL ESTATE MARKET

ABOUT RCLCO

Since 1967, RCLCO has been the "first call" for real estate developers, investors, the public sector, and non-real estate companies and organizations seeking strategic and tactical advice regarding property investment, planning, and development. RCLCO leverages quantitative analytics and a strategic planning framework to provide end-to-end business planning and implementation solutions at an entity, portfolio, or project level.

With the insights and experience gained over 50 years and thousands of projects – touching over $5B of real estate activity each year – RCLCO brings success to all product types across the United States and around the world.

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Report prepared by Taylor Mammen, Managing Director, and Taylor Kuntz, Senior Associate

Each quarter, RCLCO releases our Chartbook on the State of the U.S. Real Estate Market, detailing industry trends and key takeaways. These reports feature an overview of market performance and investment fundamentals for residential, office, retail, industrial, and hotels.

If you are viewing this on your computer or tablet, click or tap on the bar to the right of every page to jump to the beginning of each section.

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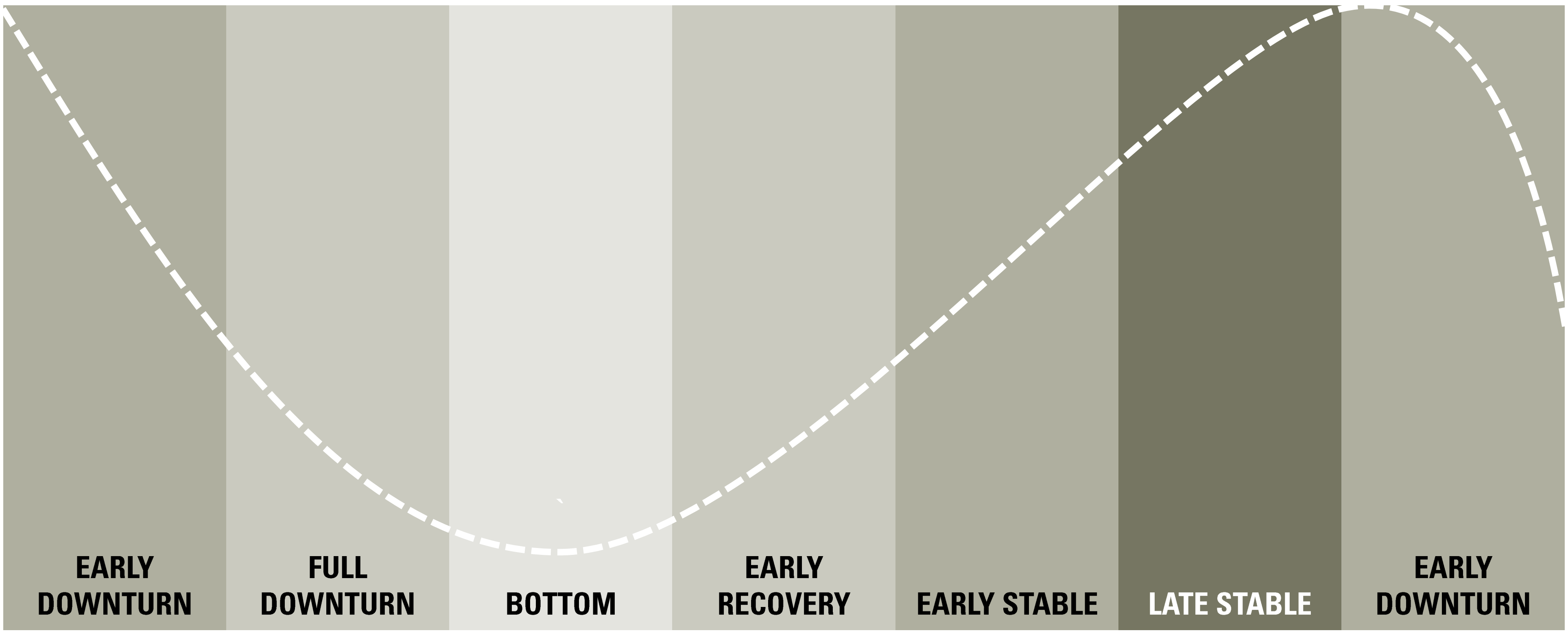
SUMMARY POV
CAPITAL
RESIDENTIAL
OFFICE
RETAIL
INDUSTRIAL
HOTEL

POINT OF VIEW FOR REAL ESTATE

Current and Short-Term Outlook (as of August 2017)

Multiple metrics and indicators suggest that we are in or nearing a "late stable" stage of the market cycle for most property types in most geographies. In fact, multiple property types in some geographies (Washington, DC; Houston) and multifamily nationally appear to have surpassed "peak" conditions at this point, though we have no reason to expect a sharp downturn.

Our "base case" scenario for real estate performance assumes these "late stable" conditions extend beyond 2017, though the probability that "left tail" events derail this trajectory continues to be high. On balance, we anticipate moderating, though still generally positive, operating and investment performance for the duration of 2017 and into 2018, resulting largely from a strong economy and healthy property market fundamentals.



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PROPERTY MARKETS SHORT-TERM OUTLOOK

Our near-term (~12 month), high-level assessment of U.S. real estate property markets is that they continue a steady march toward "peak" conditions. Economic and demographic drivers are still increasing demand, though construction activity is catching up in most products and market areas. With inventory at or near equilibrium with demand, operating fundamentals are positive but moderating. At this stage in the cycle, significant increases in rents, occupancy, and prices may be more difficult to achieve.

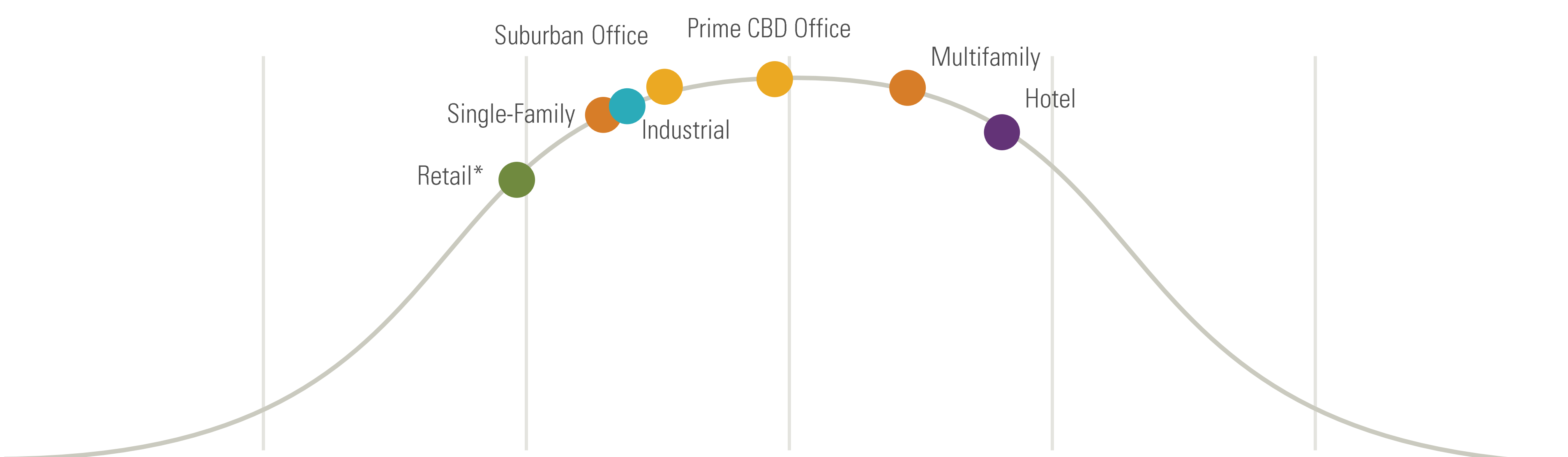
RESIDENTIAL: Supply has reached equilibrium in most markets, and exceeds it in some; expect NOI growth—and asset pricing—to moderate.

OFFICE: In 2Q 2017, absorption did not exceed new deliveries for the second straight quarter; expect to see flattening performance in most markets.

RETAIL: Very limited construction activity continues to benefit operating performance, but certain retail types and locations may suffer from "structural obsolescence," thanks to e-commerce.

INDUSTRIAL: The healthiest major property sector as demand continues to outpace new supply deliveries.

HOTEL: Occupancy and RevPAR reach peak levels. Transaction volume increased Q-o-Q amid expanding cap rates.

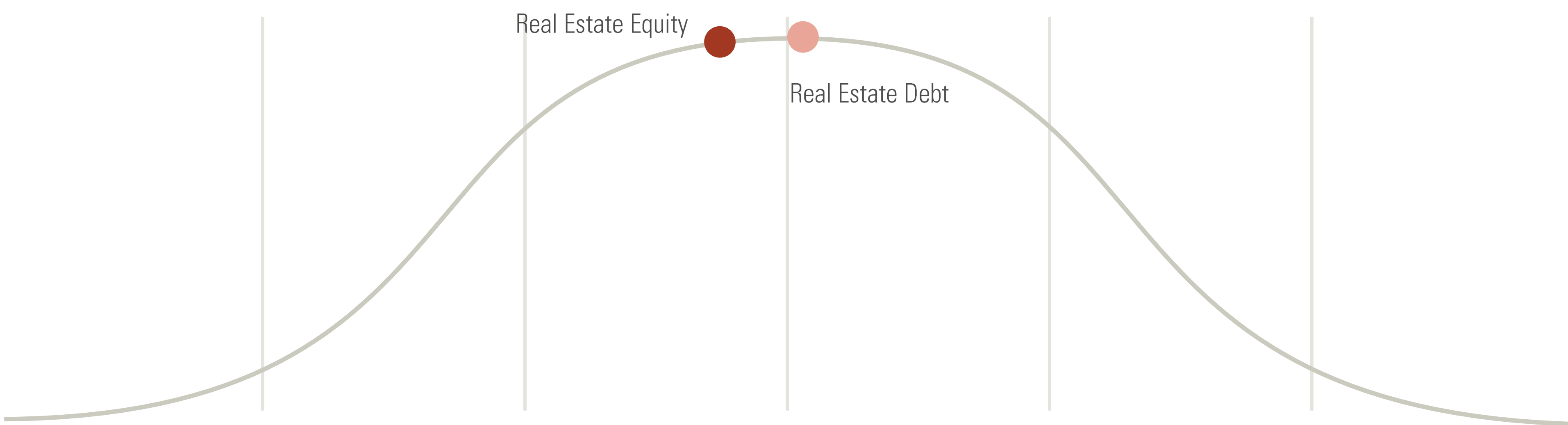


** Community and neighborhood centers*

CAPITAL MARKETS OUTLOOK

Six months in, the Trump presidency's policies have had little impact on capital markets for real estate. Conditions are largely unchanged from year-end 2016.

- ***Equity*** – Transaction volume increased significantly in 2Q 2017, putting the year-to-date volume just behind 2016. Slow 1Q activity likely resulted from the presidential election "hangover," but strong fundamentals seem to have convinced investors to continue their business plans. The amount of capital seeking investments continues to exceed available opportunities, but moderating operating fundamentals appear to be neutralizing pressure on asset prices.
- ***Debt*** – Debt continues to be abundant for stabilized real estate, but tightening lending standards may make it even more difficult to finance "non-core" investments. This has created an opportunity for non-traditional capital players to step into the void, though commercial banks and the GSEs are still predominant. Upward pressure on interest rates is likely to persist—and the impacts of more expensive debt and higher equity requirements could put downward pressure on asset prices.



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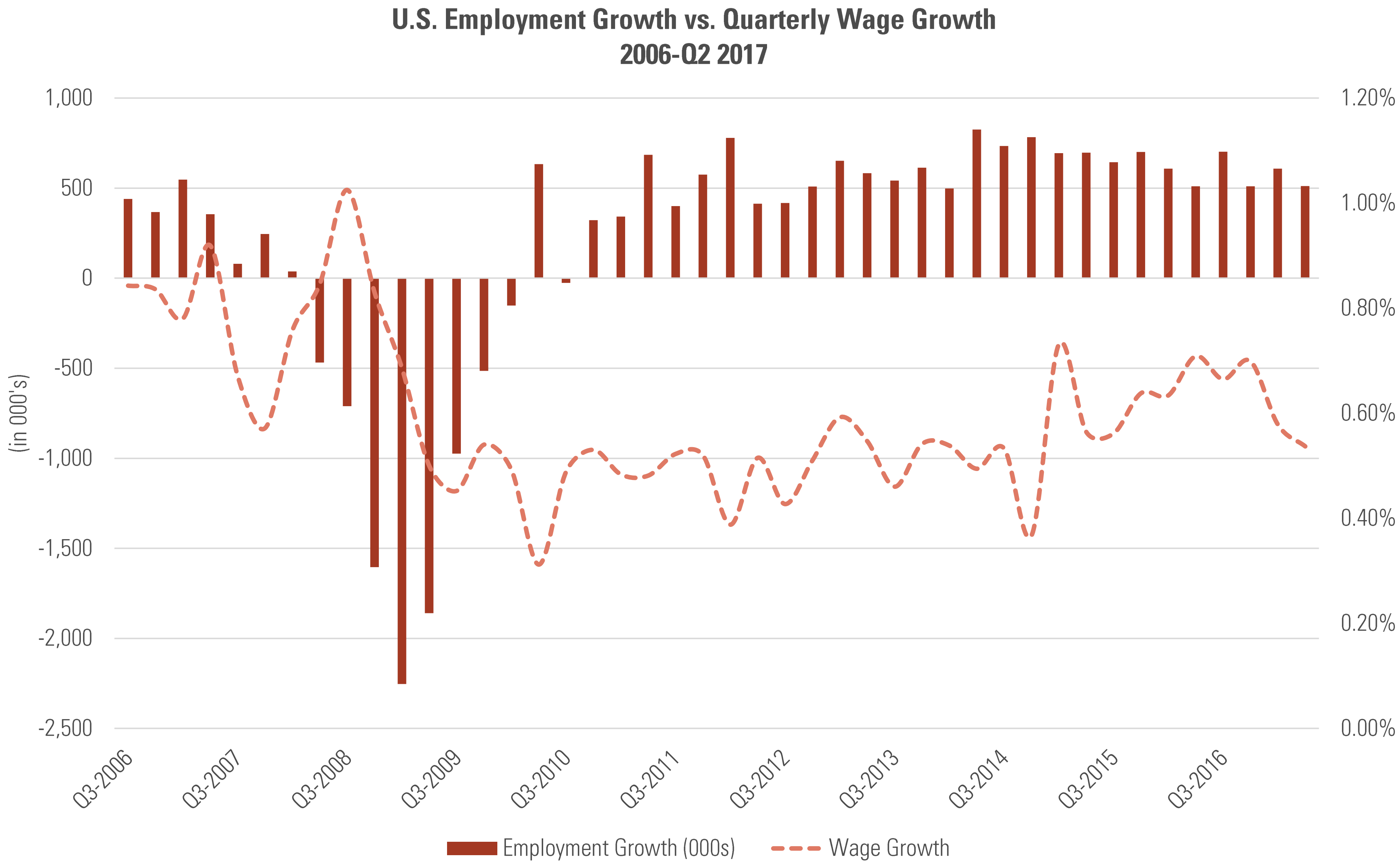
EMPLOYMENT SENDS MIXED SIGNALS

Job growth is positive but wages continue uneven recovery



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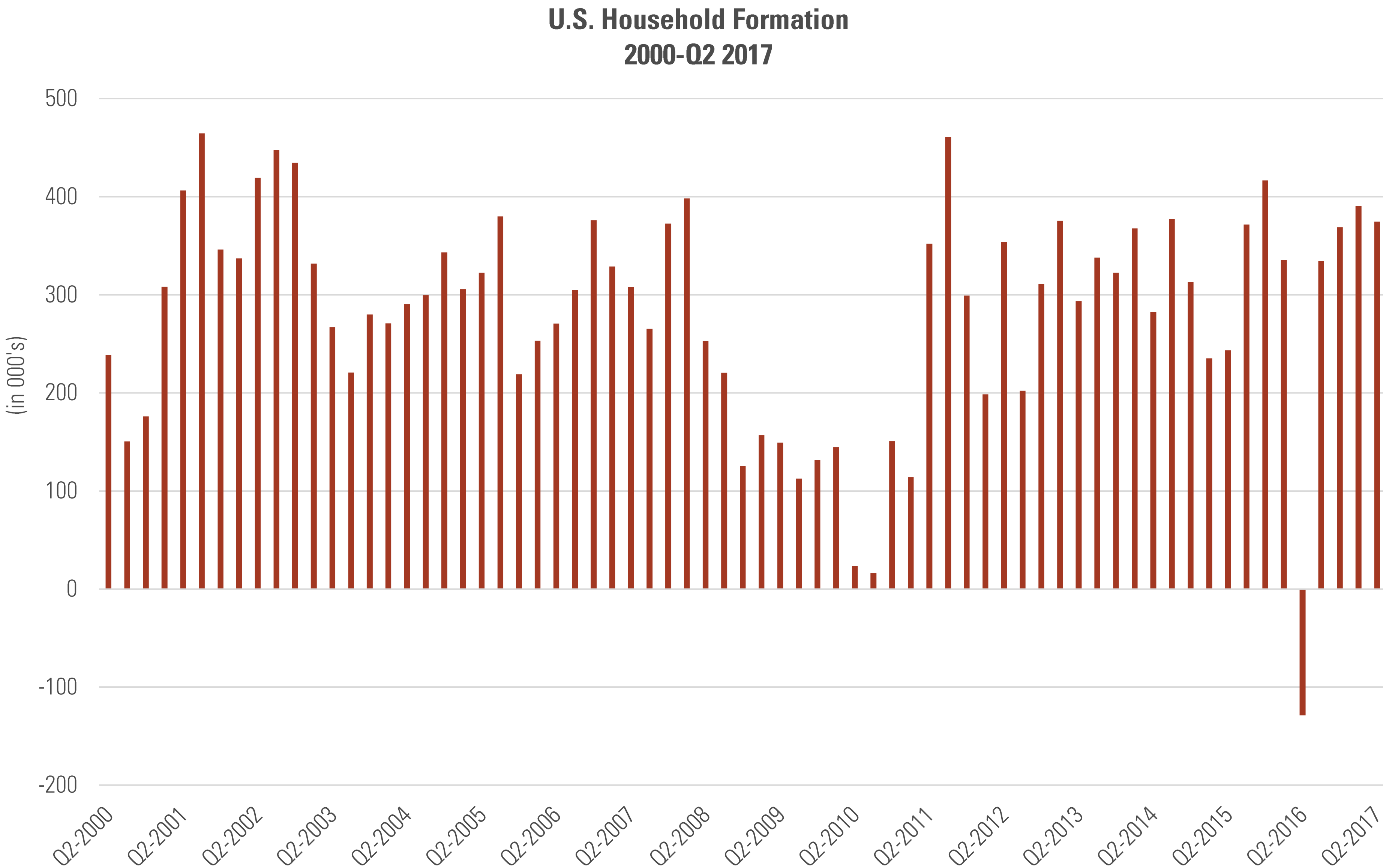
Source: Moody's Economy.com; St. Louis Federal Reserve

HOUSEHOLD FORMATION IS STRONG

The liberation from parents' basements continues



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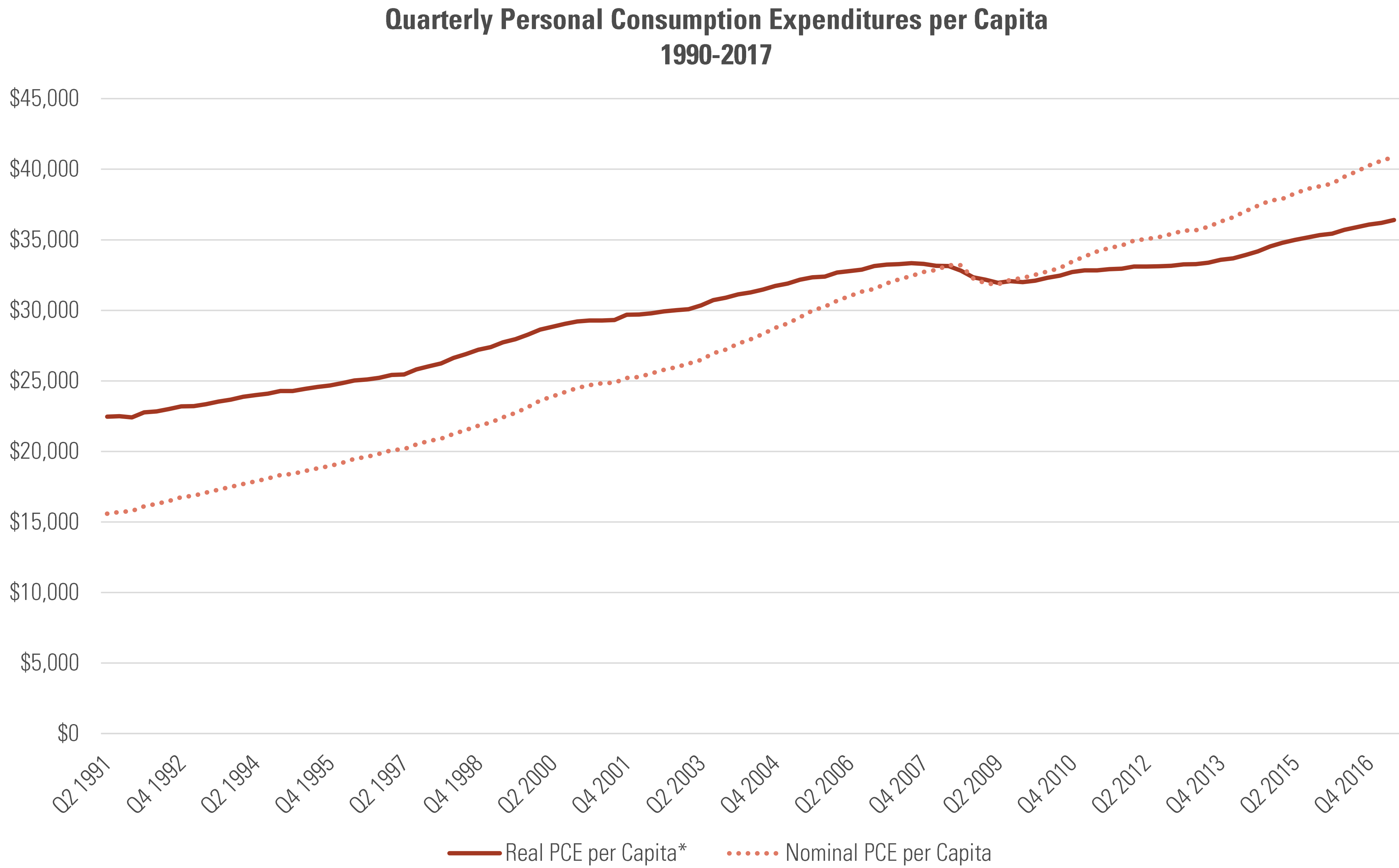
Source: Moody's Economy.com

PER CAPITA SPENDING GROWING STEADILY

Real per capita spending is now 9% above 2007 peak



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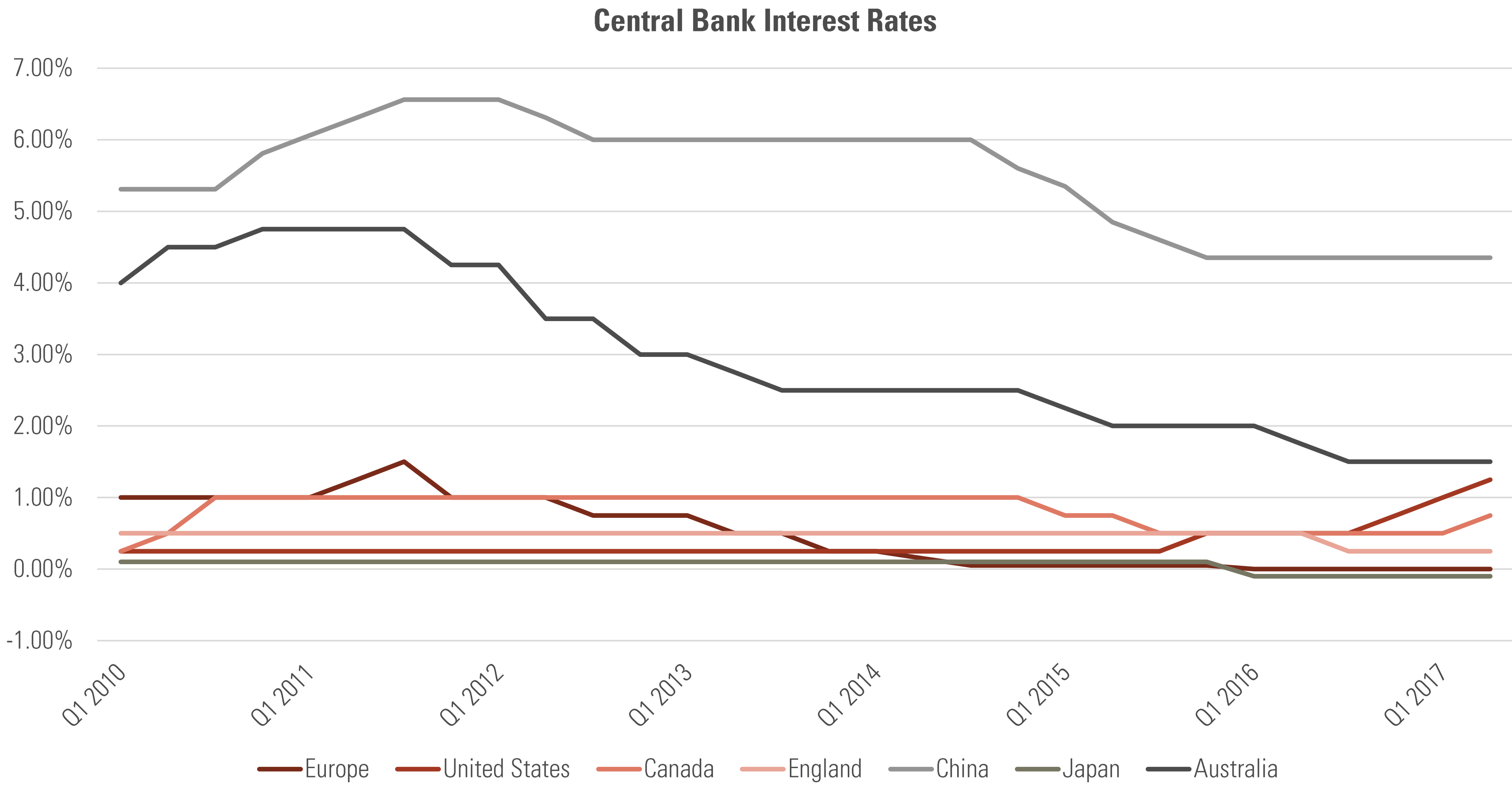
**Chained 2009 Dollars*

Source: St. Louis Federal Reserve

MONETARY POLICY STILL RELATIVELY LOOSE

North Americans are pumping the breaks



	EUROPE	UNITED STATES	CANADA	ENGLAND	CHINA	JAPAN	AUSTRALIA
Current Rate	0.00%	1.25%	0.75%	0.25%	4.35%	-0.10%	1.50%

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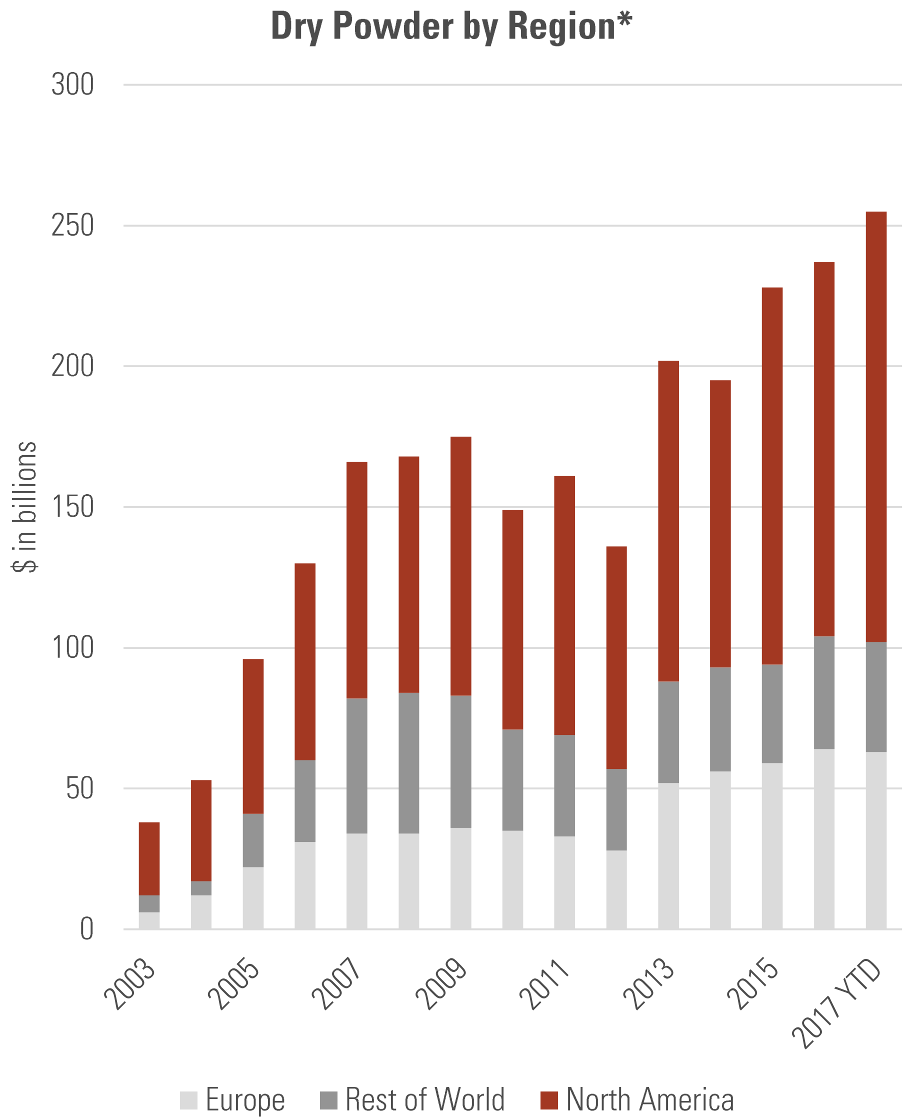
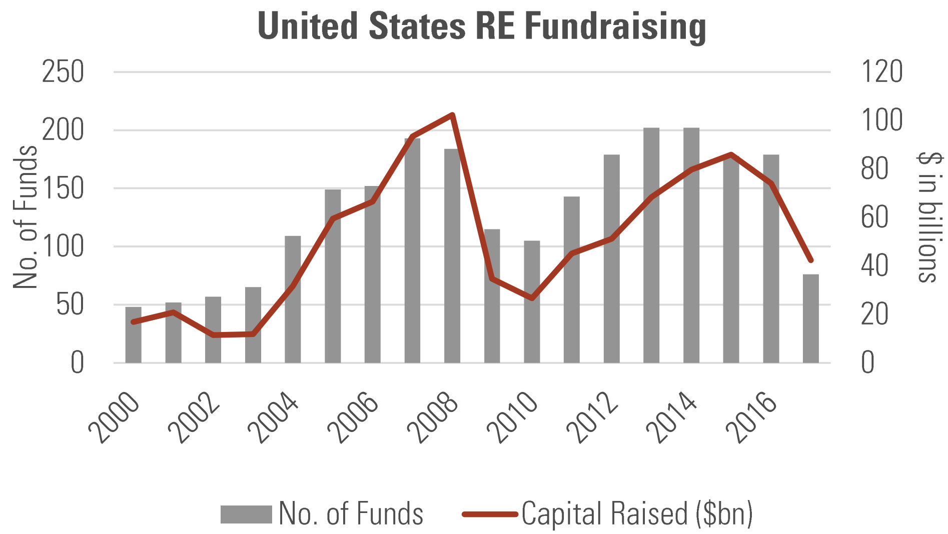
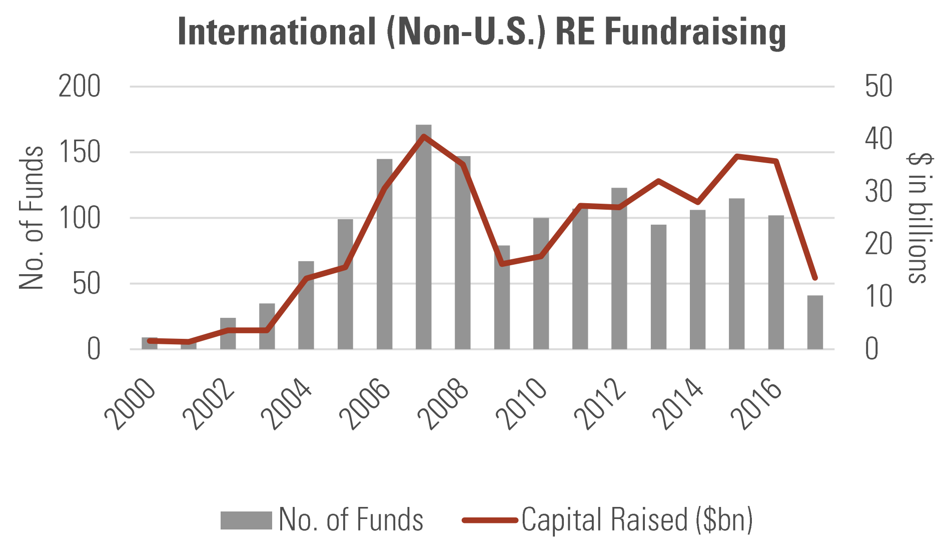
Source: FXStreet.com

REAL ESTATE EQUITY IS ABUNDANT

Plentiful "dry powder," but fundraising may be moderating







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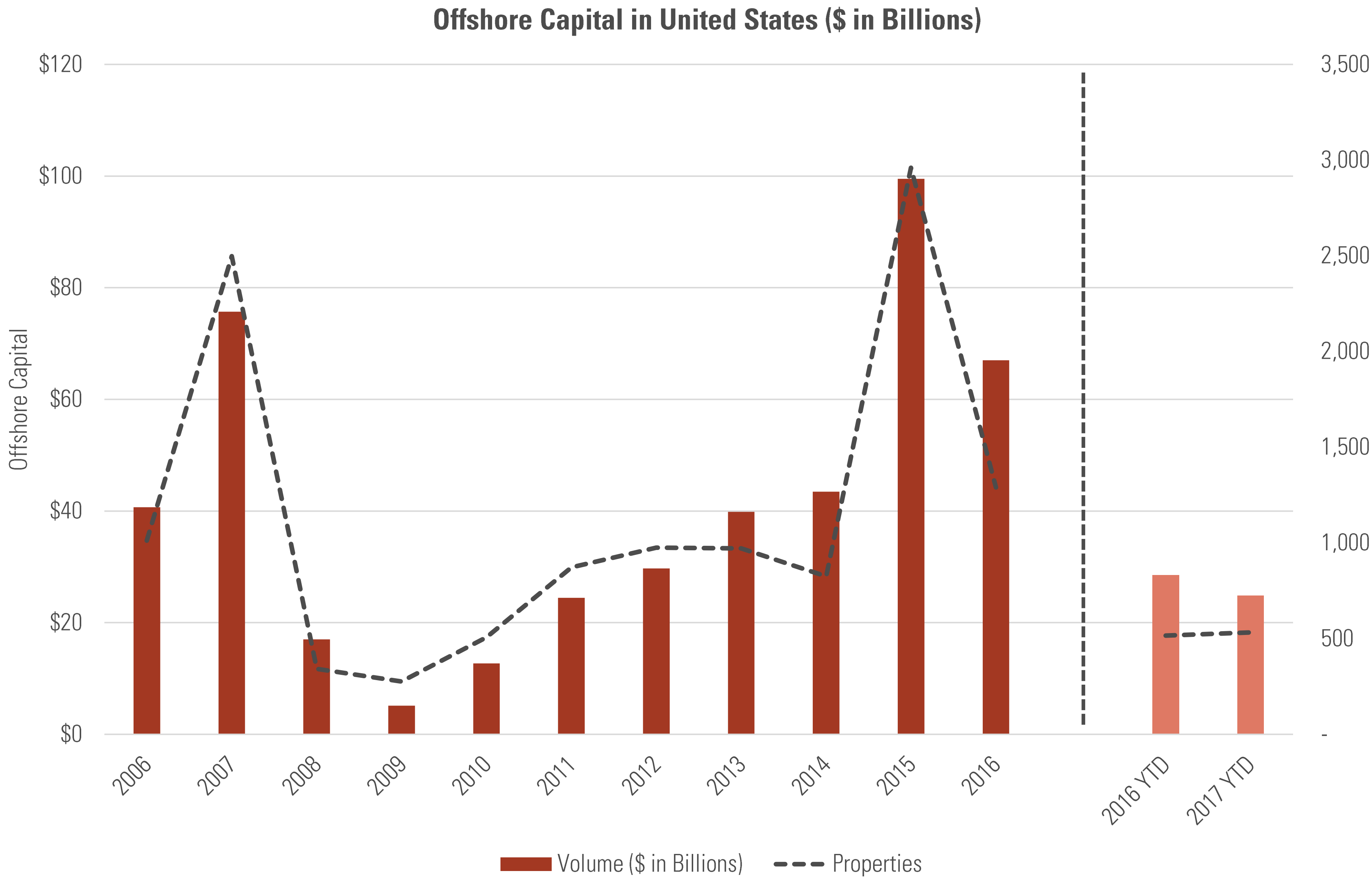
**Private equity cash reserves held to fund future obligations*

Source: Preqin; RCLCO

STILL PLENTY OF OFFSHORE CAPITAL

2017 foreign capital transactions close to 2016 pace



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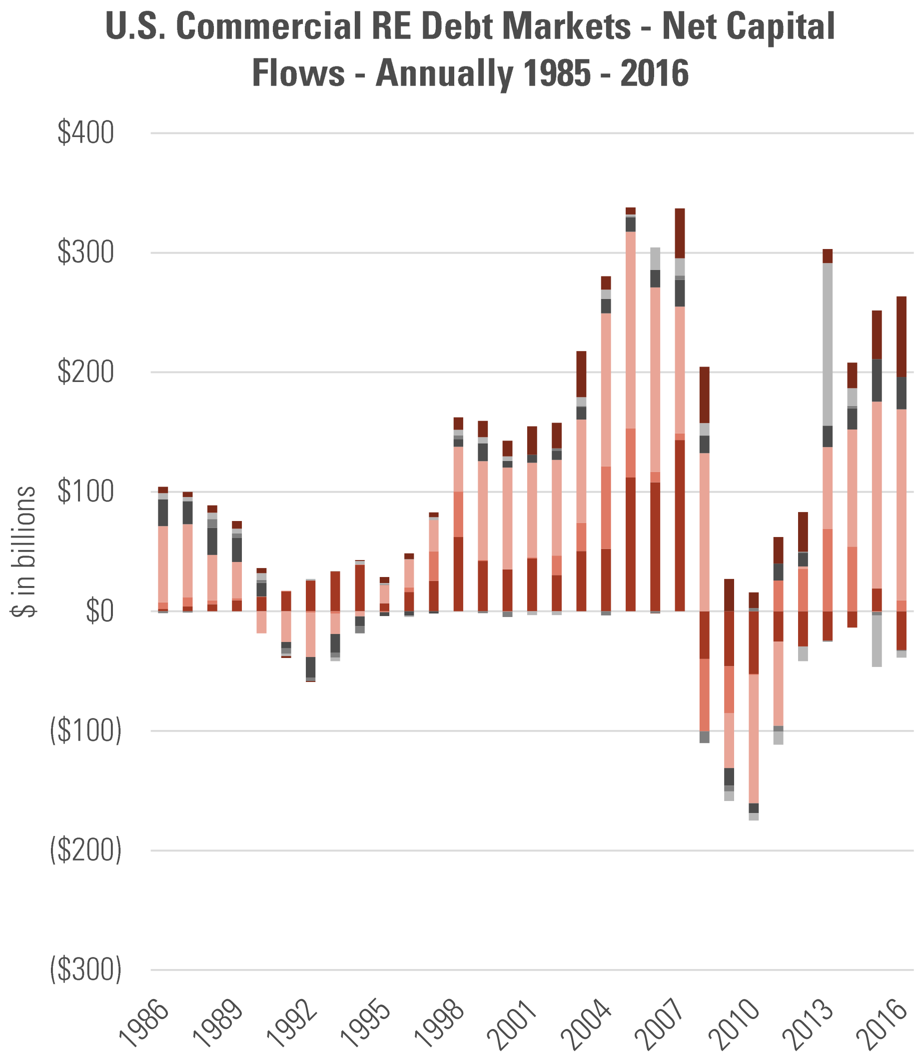
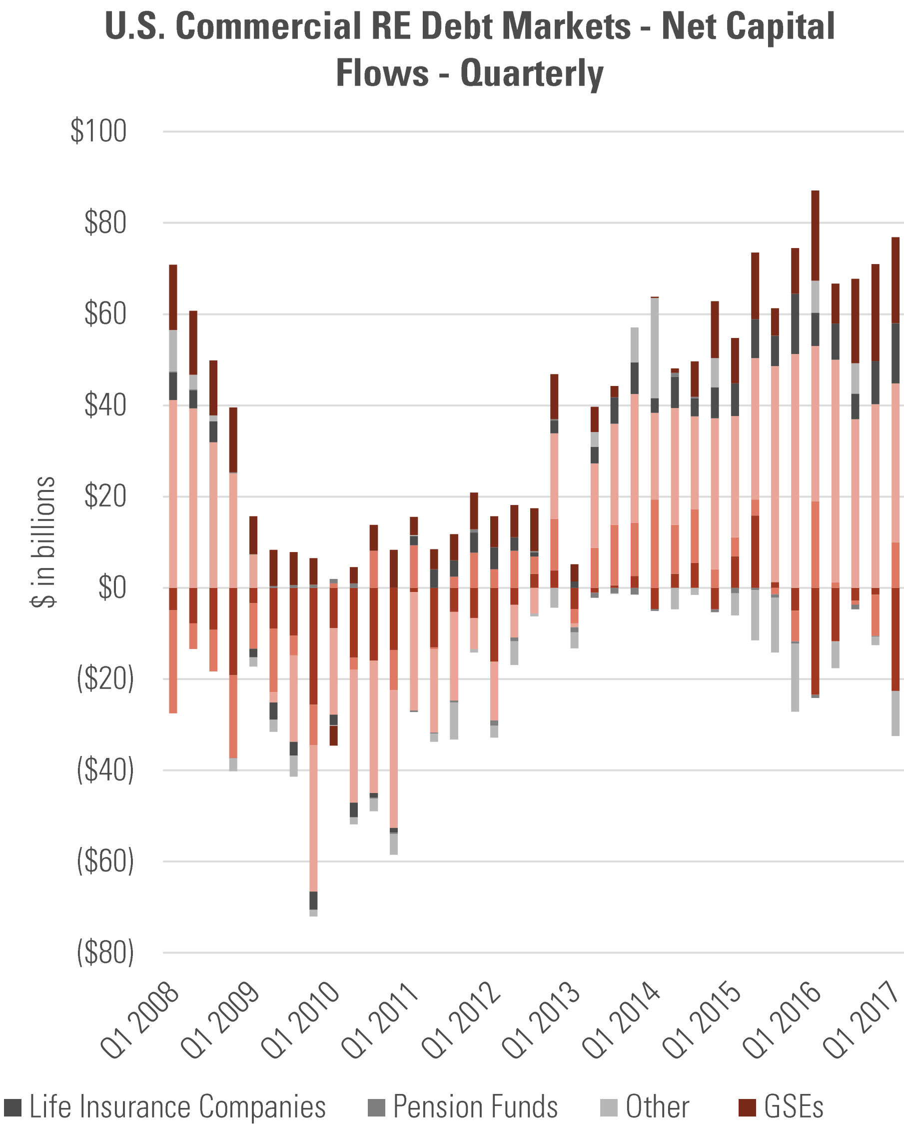
Source: RCA

REAL ESTATE DEBT SEEMS ABUNDANT

Also, overall, debt markets are active thanks to commercial banks & GSEs





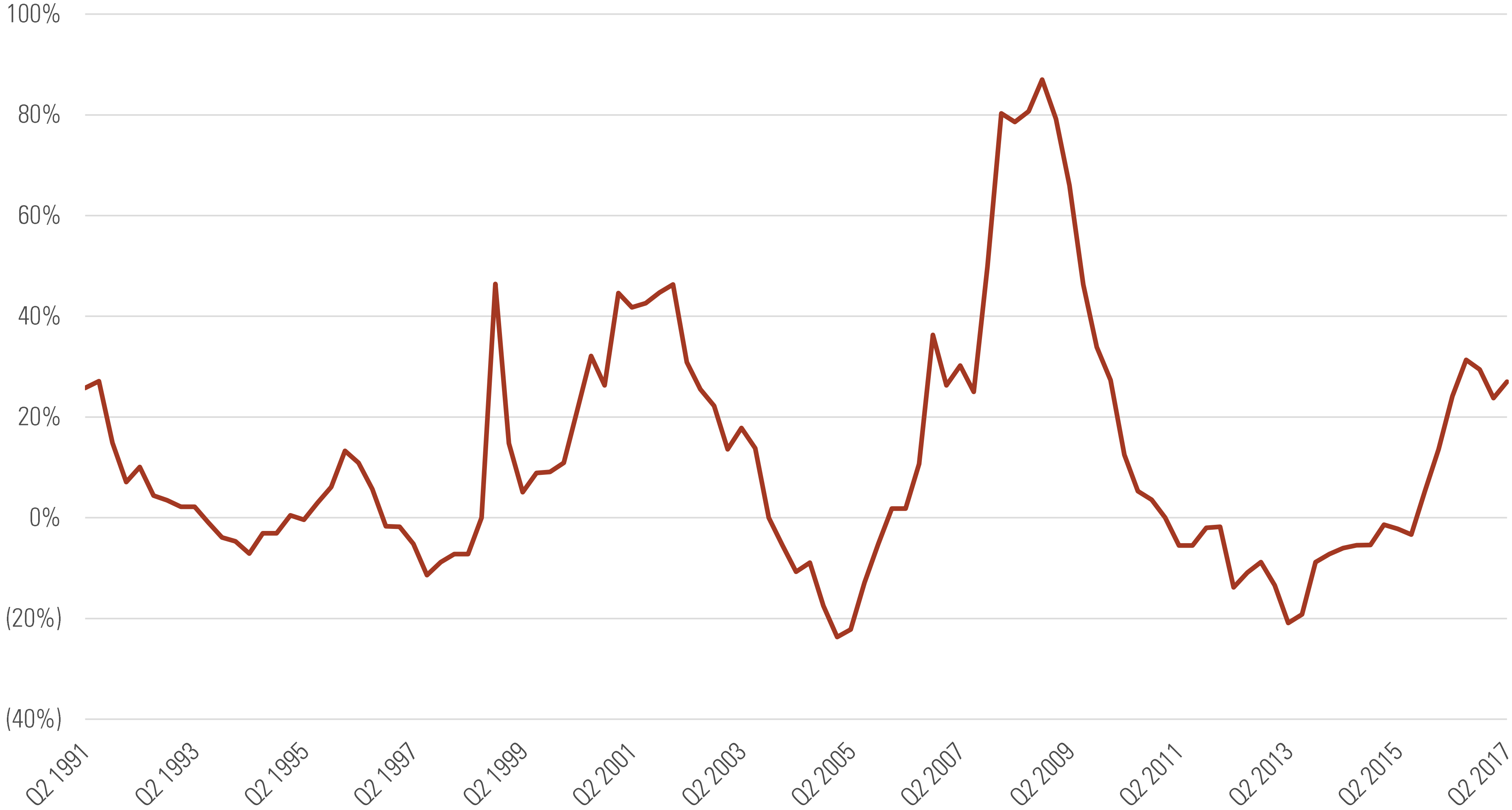
Note: Federal Reserve Data releases lag by one quarter. As of Q2 2017, the most recent data is as of Q1 2017.

Source: U.S. Federal Reserve; National Association of Real Estate Investment Trusts (NAREIT); RCLCO

BUT STANDARDS MAY BE TIGHTENING

Continued post-recession challenge to finance anything with risk

Net % of Banks Tightening Lending Standards



Notes: As of Q4 2013, the U.S. Federal Reserve separated this data into three categories (construction/development, nonfarm nonresidential, and multifamily residential), depending on the type of structure for which the loan is intended. For these time periods, the data shown on the graph represents the average of these three categories.

Source: U.S. Federal Reserve; RCLCO

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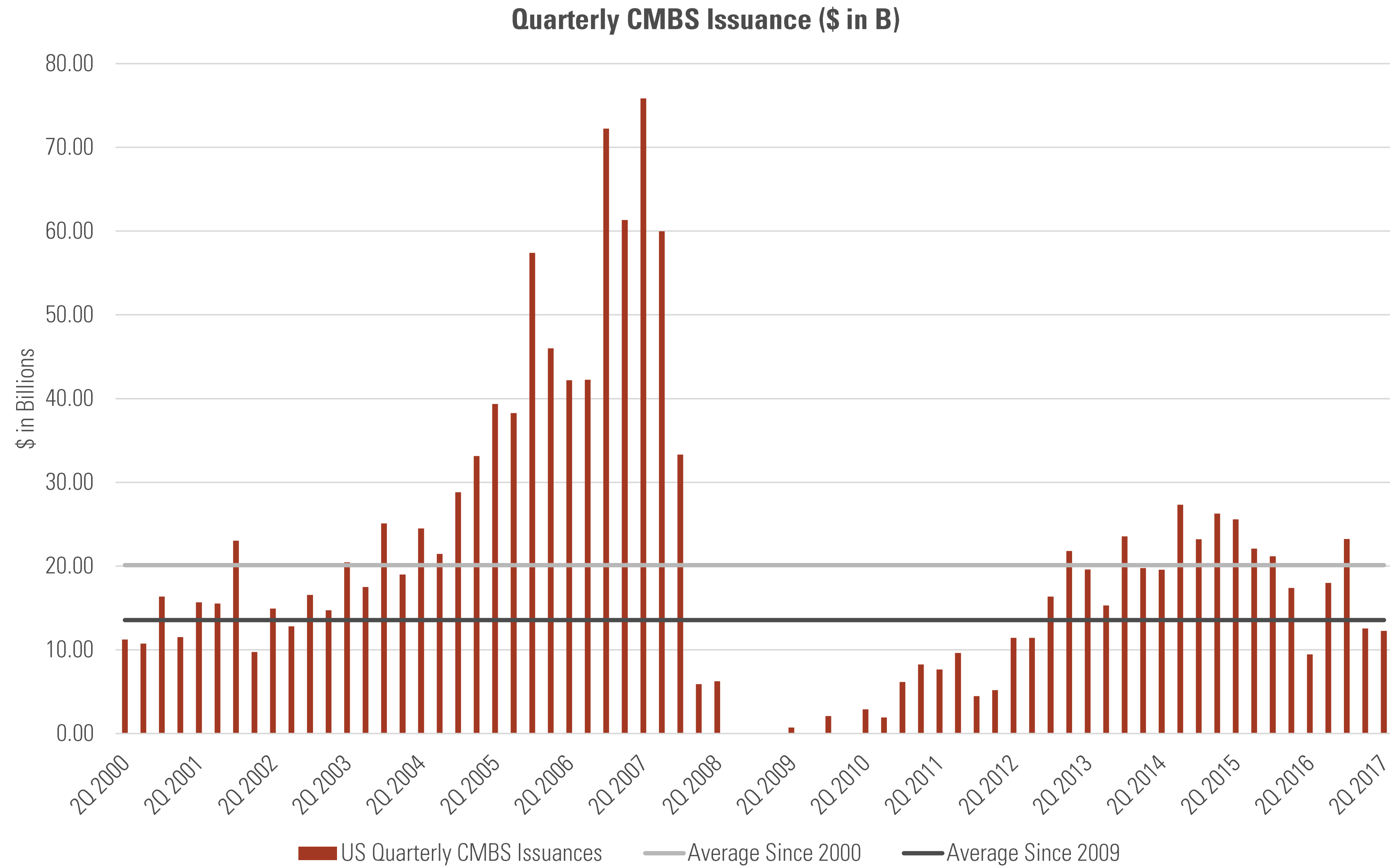
CMBS PLAYING A MORE LIMITED ROLE

Risk retention rules likely diminish CMBS issuances…



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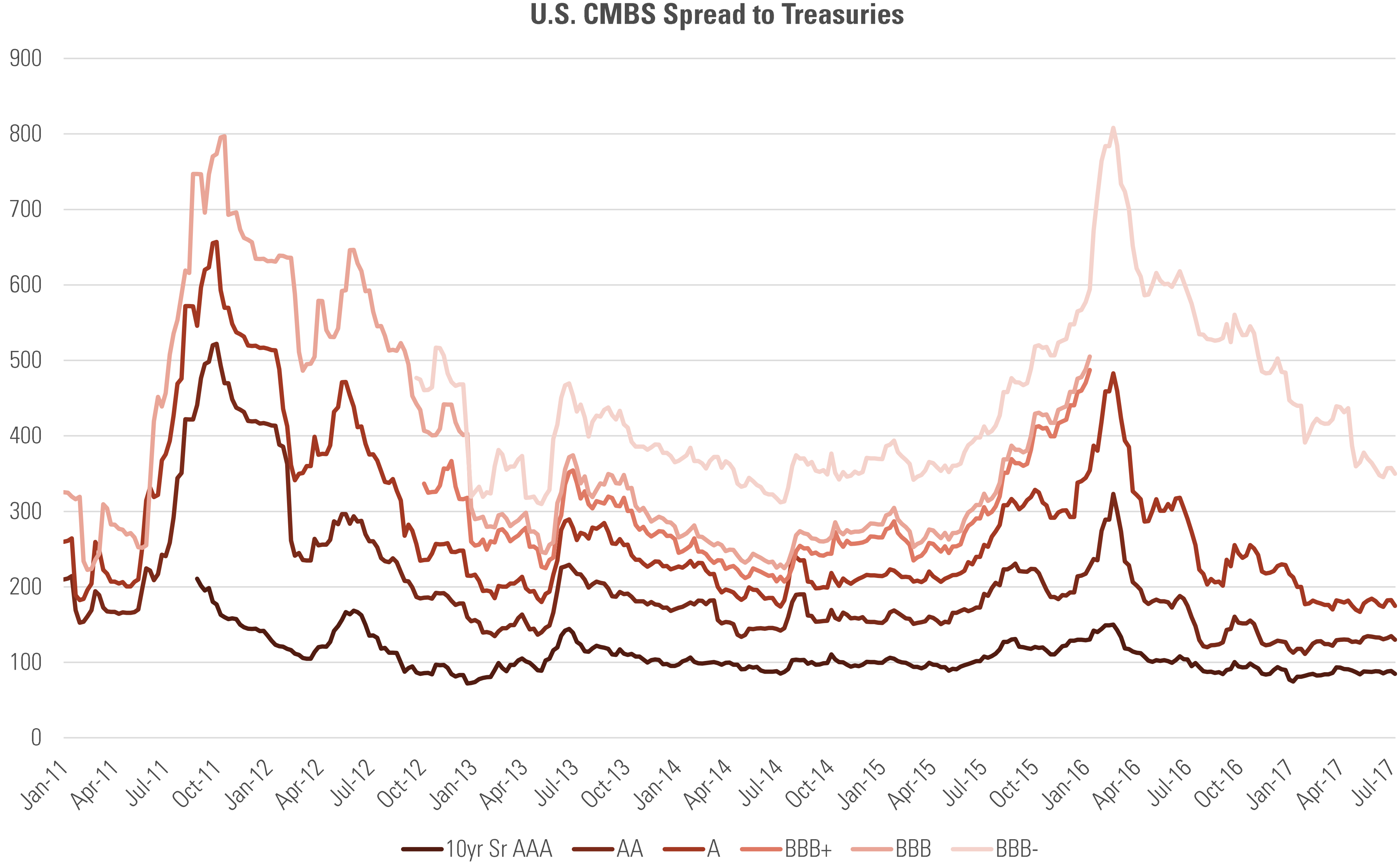
Source: Commercial Real Estate Finance Council

CMBS PLAYING A MORE LIMITED ROLE

…but CMBS borrowers in 2017 receive very attractive rates



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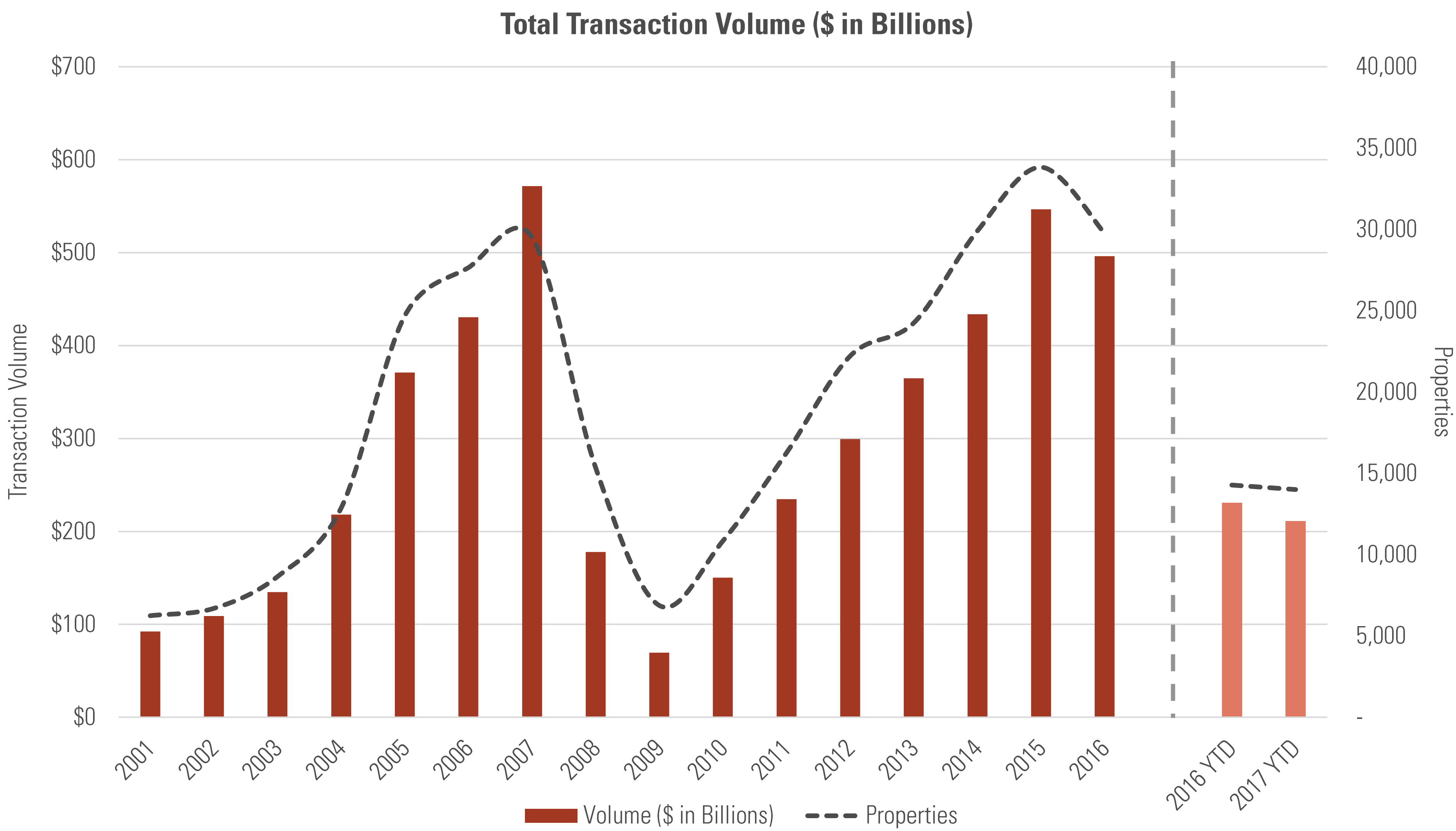
Source: Commercial Real Estate Finance Council; JP Morgan; Urban Land Institute (ULI); RCLCO

CAPITAL MARKET TRENDS DRIVE STRONG TRANSACTION VOLUME

2017 real estate transactions very close to 2016 pace



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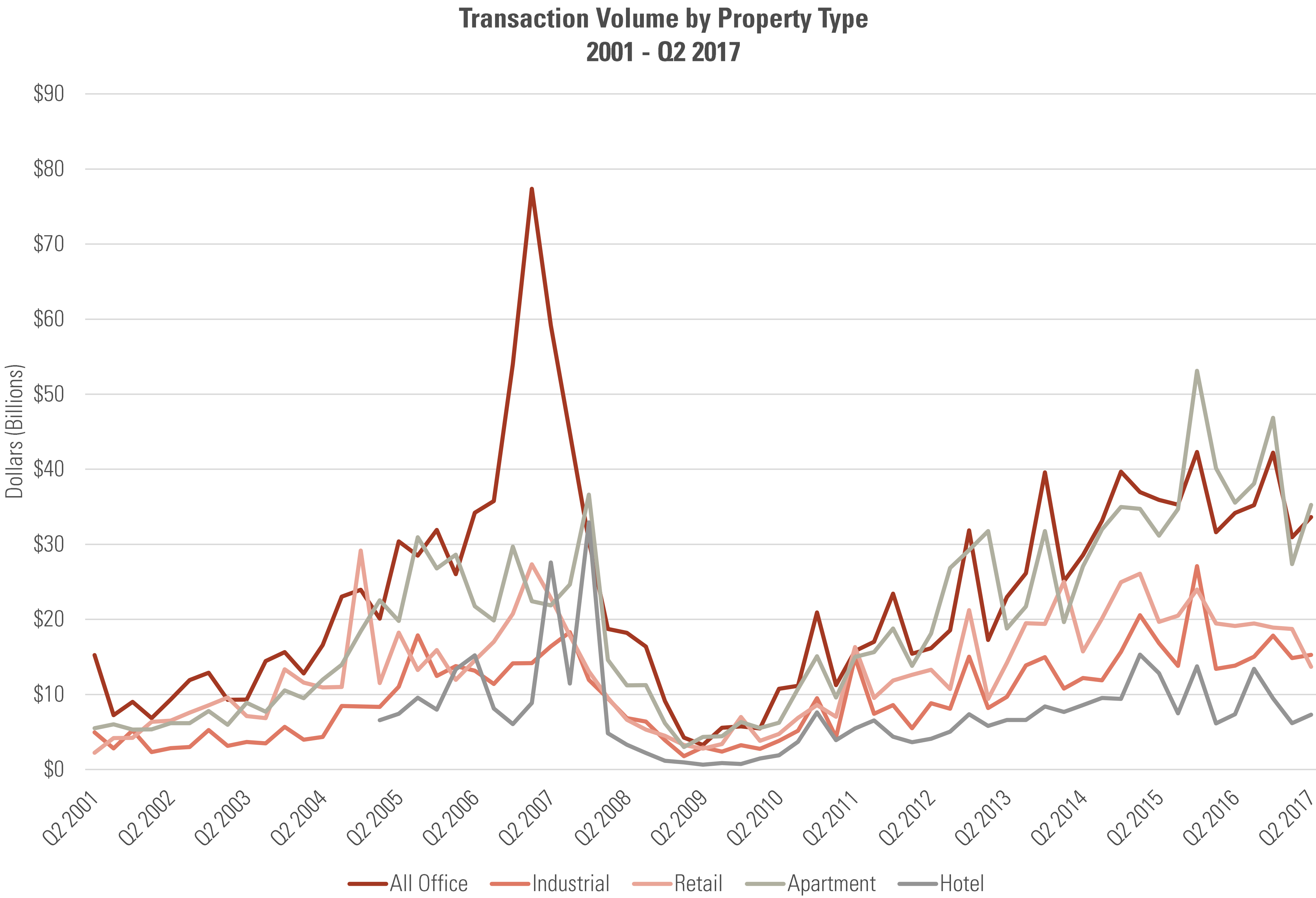
Note: Only includes transactions valued at $2.5 million or greater

Source: Real Capital Analytics (RCA)

OFFICE & APARTMENTS DOMINATE



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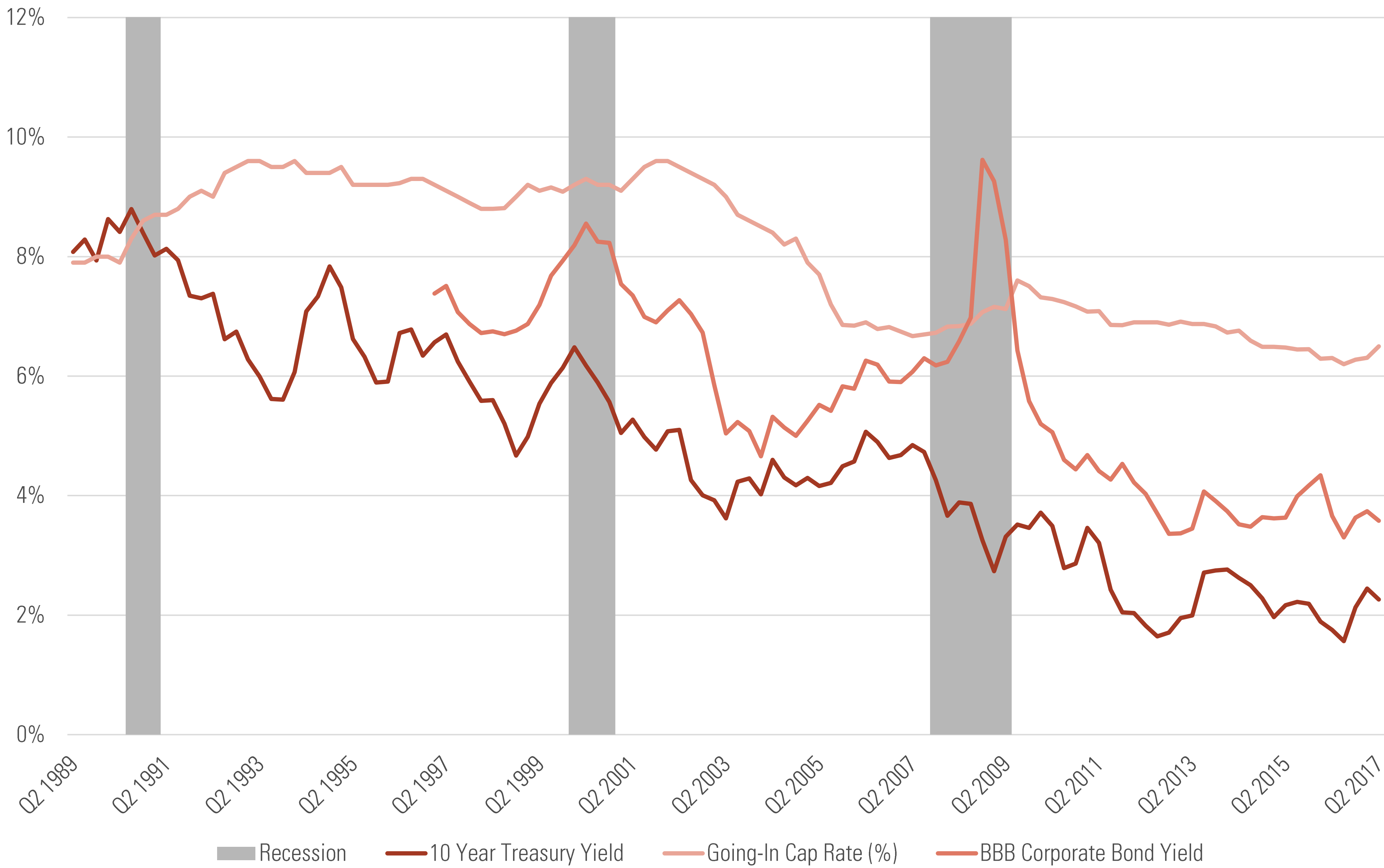
Source: RCA

CAP RATES INCREASE

Most consistent cap rate expansion since the recession



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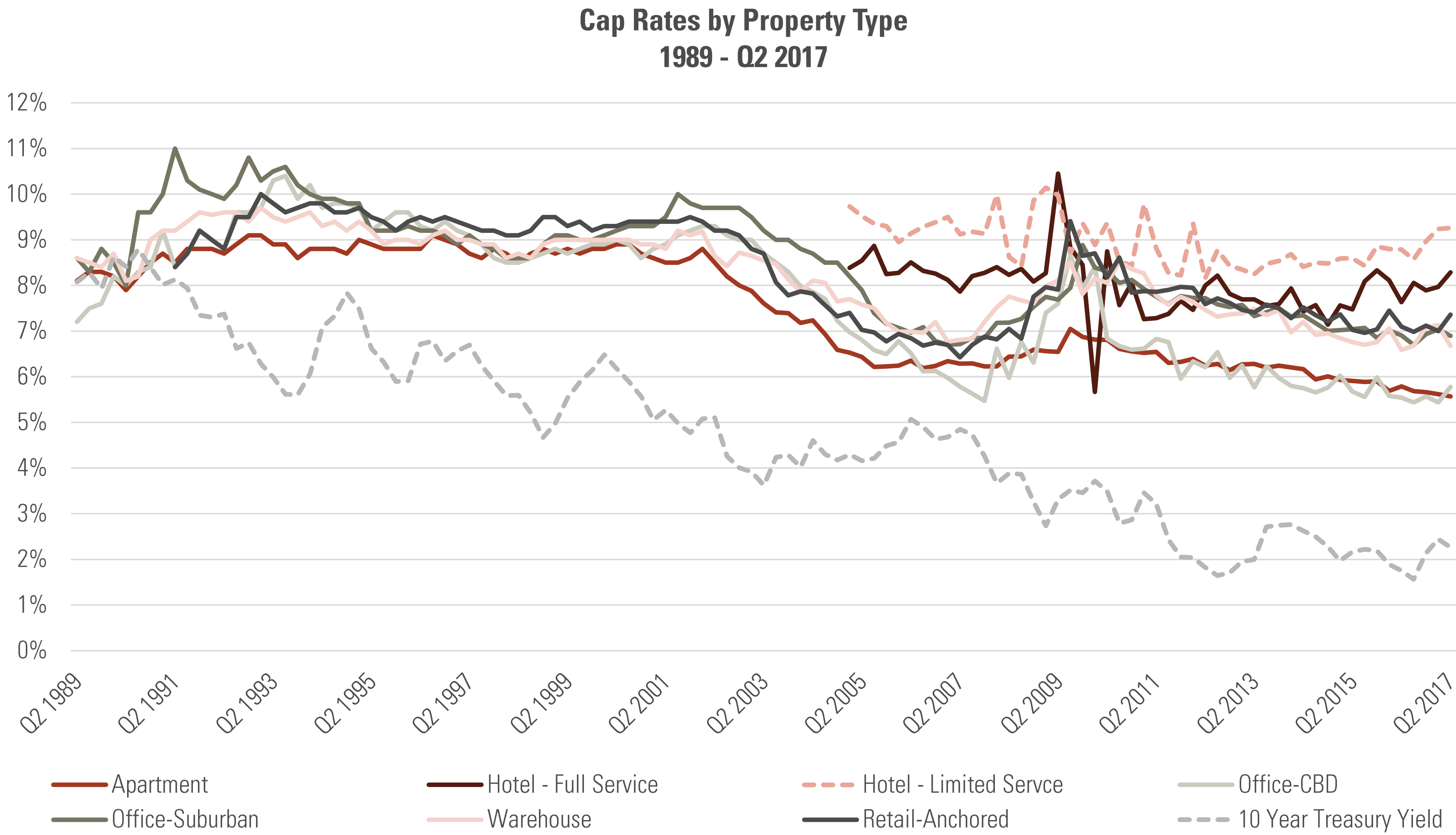
Source: U.S. Federal Reserve; Real Estate Research Corporation (RERC); RCA; Federal Reserve Bank of St. Louis; RCLCO

INCREASE FELT BY MOST PROPERTY TYPES

Cap rates are now expanding, but not yet for highly desirable assets or multifamily generally



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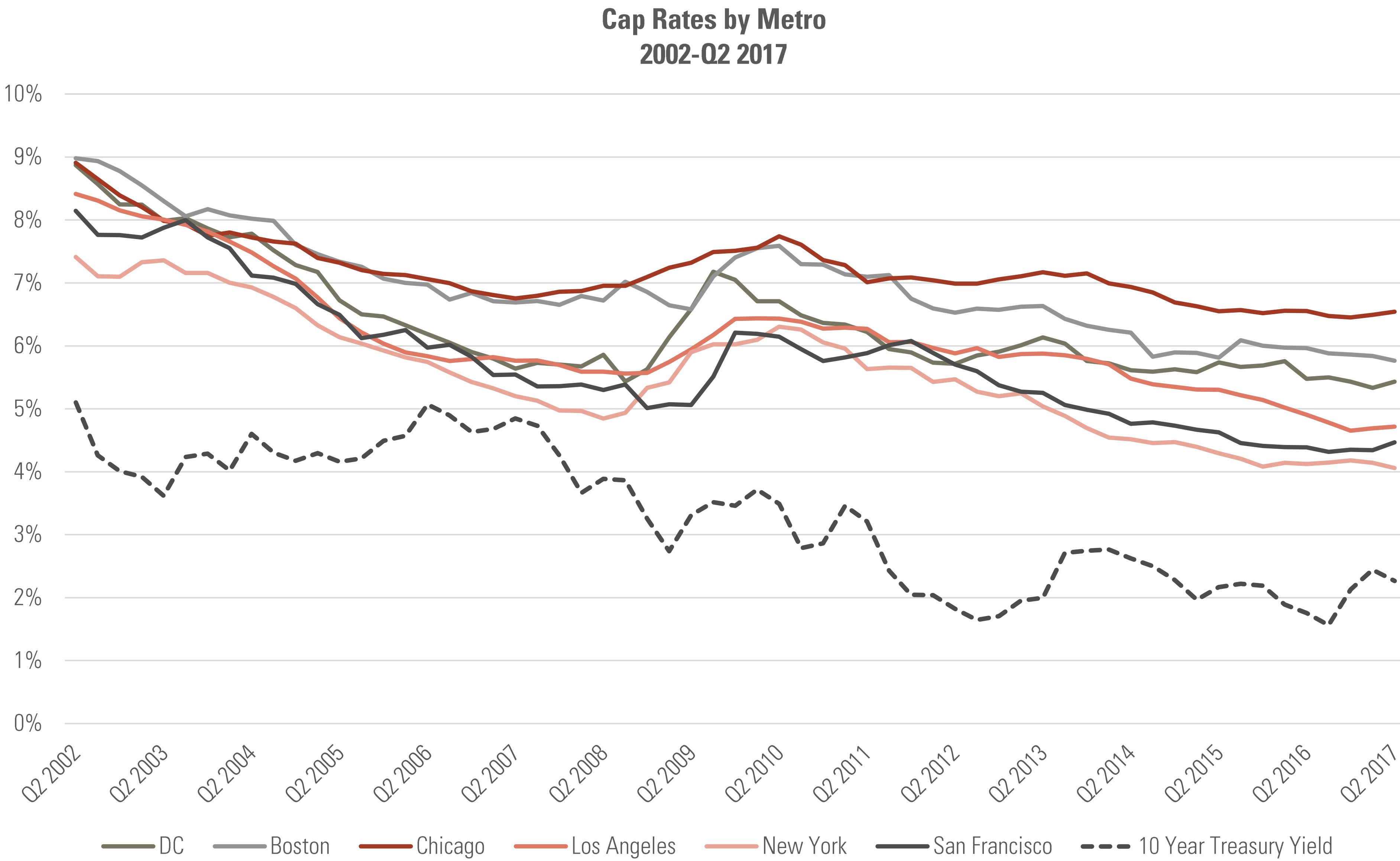
Source: RERC; RCA

CAP RATE SPREAD BY MARKET WIDENS

Most major markets experiencing cap rate increases



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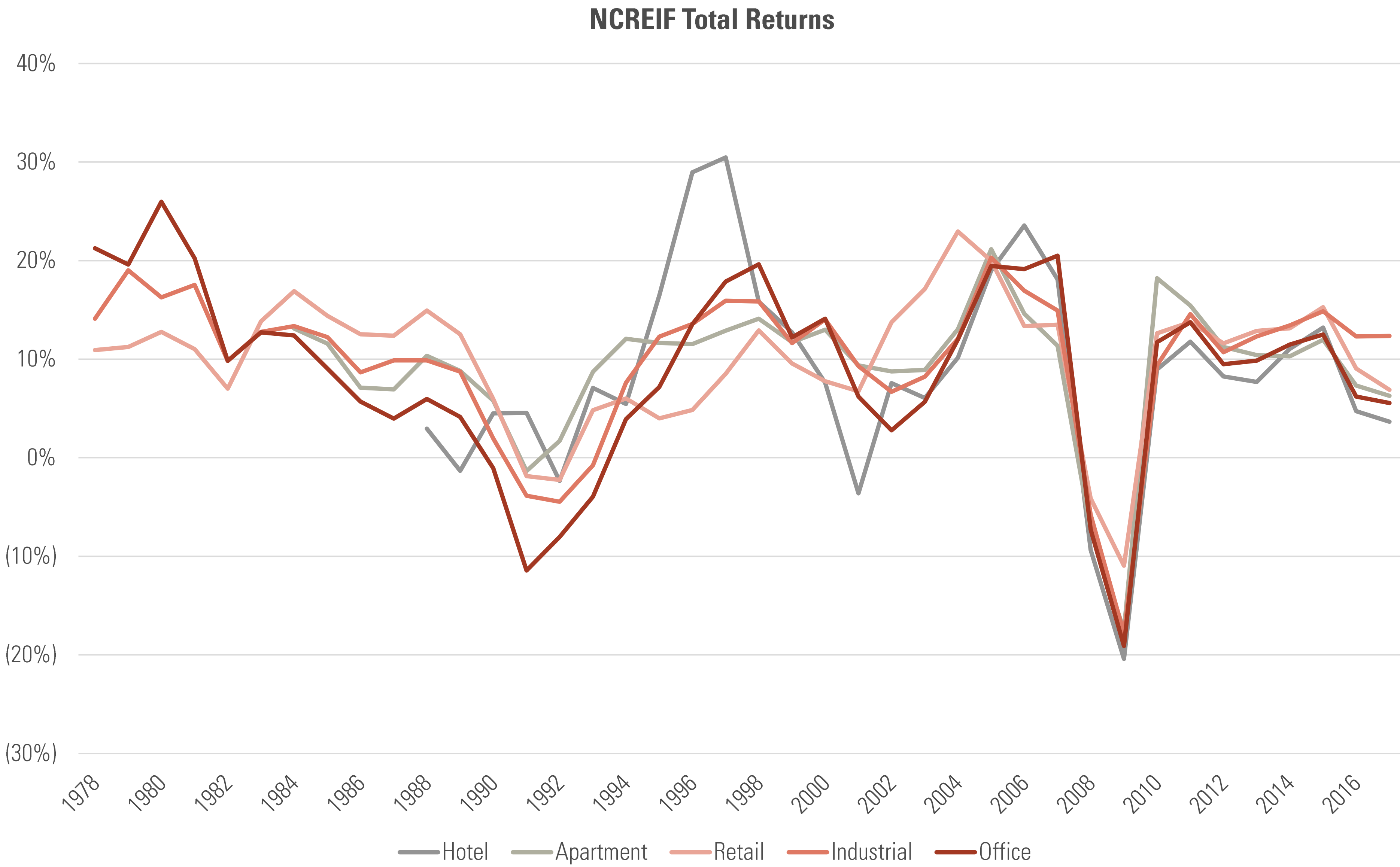
Source: PwC Real Estate Investor Survey; RCA

NCREIF RETURNS CONTINUE TO MODERATE

Industrial leads total returns, while others lag more sharply



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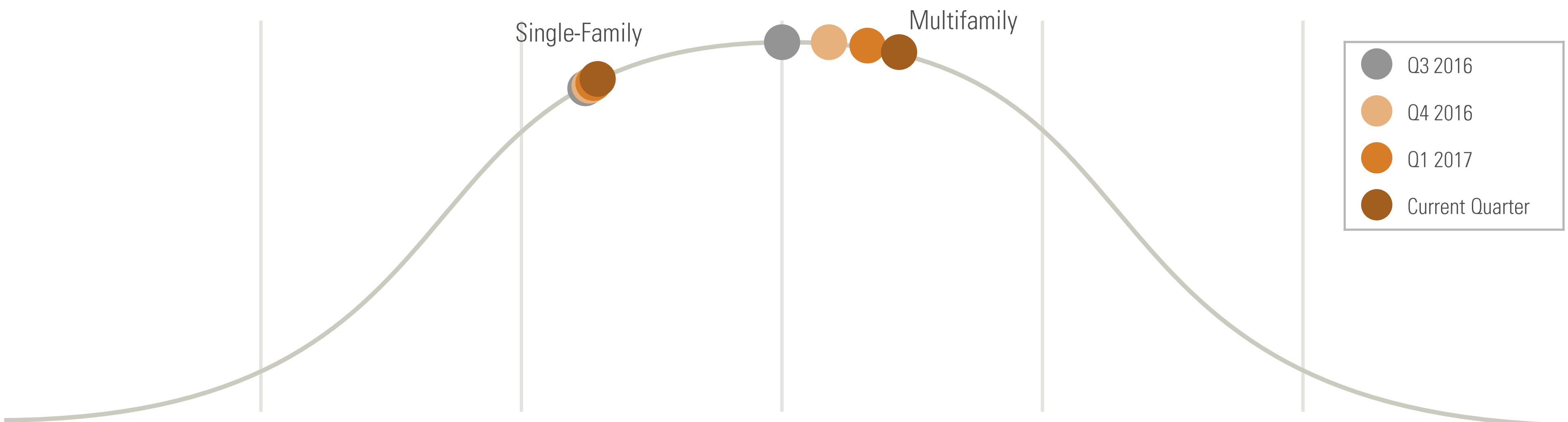
Source: National Council of Real Estate Investment Fiduciaries (NCREIF); RCLCO

RESIDENTIAL PROPERTY MARKET OVERVIEW

- Multifamily demand and supply reaching equilibrium in most markets, and exceeding it in some
- Nationwide, multifamily vacancy remains below average, but the four-quarter rolling average vacancy increased in Q2 2017
- Multifamily rents grow, but rate is slowing
- Investor demand for multifamily product remains strong: pricing grew by 8.6% Y-o-Y, and multifamily transactions comprised over one-third of investment activity in Q2 2017
- Despite strong multifamily performance, there is likely pent-up demand for single-family product
- Both new and existing homes continue to sell at a steady pace (despite monthly fluctuations), and the price spread between new and existing product may be narrowing given lack of existing housing supply and as builders strive to reach lower price points



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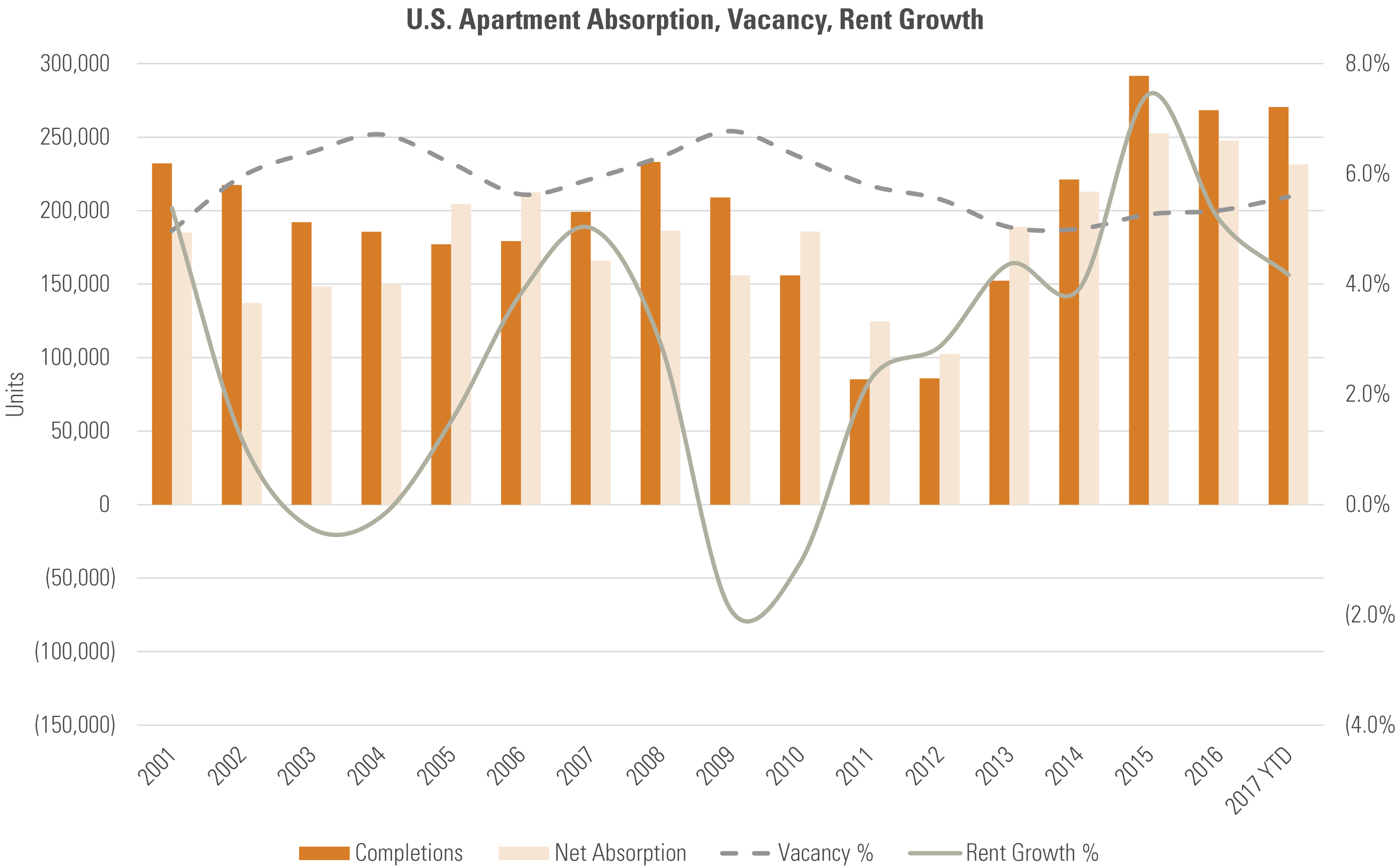
VACANCY CONTINUES TO INCREASE

Rent growth remains strong, but is slowing



Notes: Apartment criteria filtered as follows: multifamily property (secondary type is apartment), 50+ units, and a 3-star or greater CoStar rating

Source: CoStar; RCLCO

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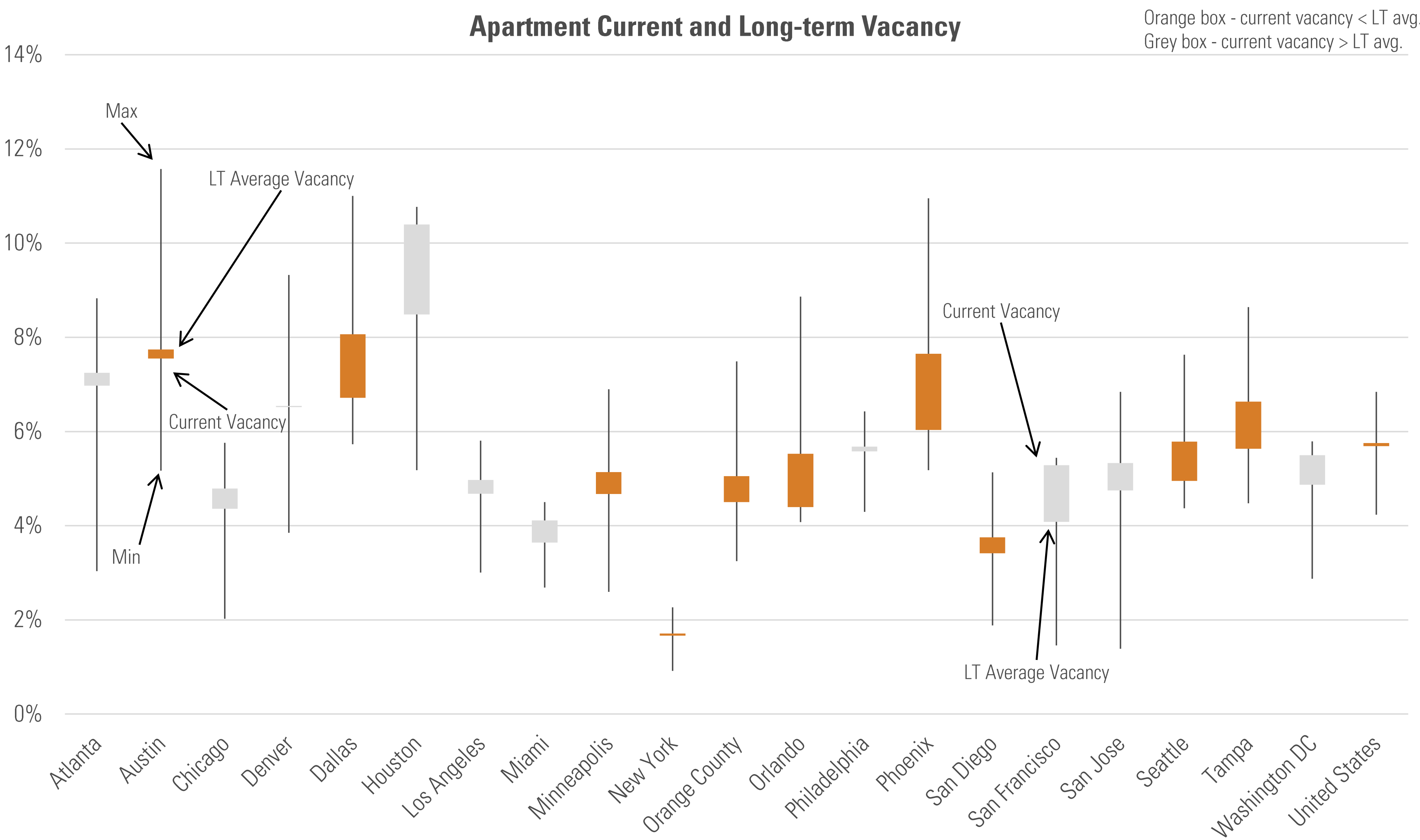
CURRENT & LT MULTIFAMILY VACANCY

Current exceeds long-term average in increasing number of markets



Notes: Occupancy is based on a rolling 4-quarter average; The markets in the above chart are not necessarily MSAs or central cities, but are CoStar-defined real estate markets; Apartment criteria filtered as follows: multifamily property (secondary type is apartment), 50+ units, and a 3-star or greater CoStar rating

Source: CoStar; RCLCO

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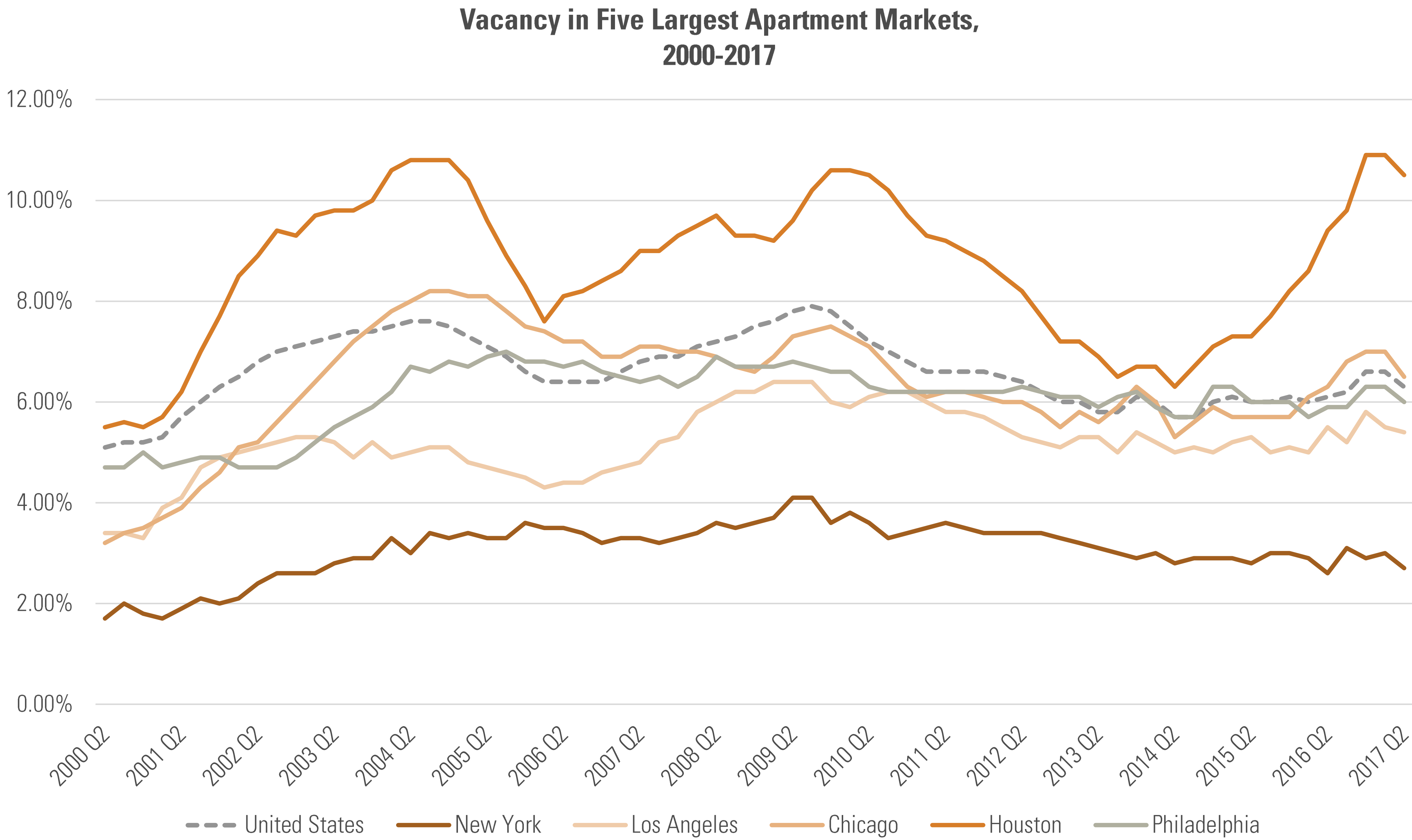
VACANCY STILL LOW IN LARGEST MARKETS

Occupancy improved across the board in 2Q (even in Houston)



Notes: Apartment criteria filtered as follows: multifamily property (secondary type is apartment), 50+ units, and a 3-star or greater CoStar rating; the markets in the above chart are not necessarily MSAs or central cities, but are CoStar-defined real estate markets

Source: CoStar; RCLCO

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U.S. APARTMENT MARKET RISK INDICATORS

Construction catches demand; rent growth strong but moderating

	Net Absorption % of Stock Current* Quarter	Completions % of Stock Current* Quarter**	Under Constr % of Stock Current* Quarter***	Occupancy****	Q-o-Q Occupancy Change	Y-o-Y Occupancy Change	Q-o-Q Asking Rent Growth	Y-o-Y Asking Rent Growth
2012 Q2	0.4%	0.3%	2.8%	94.3%	0.1%	0.2%	0.7%	2.3%
2012 Q3	0.5%	0.4%	3.1%	94.4%	0.1%	0.2%	0.8%	2.7%
2012 Q4	0.5%	0.4%	3.3%	94.5%	0.1%	0.3%	0.9%	3.0%
2013 Q1	0.5%	0.5%	3.6%	94.7%	0.1%	0.4%	1.0%	3.4%
2013 Q2	0.6%	0.5%	3.9%	94.8%	0.1%	0.5%	1.1%	3.8%
2013 Q3	0.6%	0.6%	4.1%	94.9%	0.1%	0.4%	1.1%	4.1%
2013 Q4	0.3%	0.6%	4.3%	94.9%	(0.0%)	0.3%	1.1%	4.3%
2014 Q1	0.6%	0.6%	4.5%	94.8%	(0.0%)	0.2%	1.0%	4.4%
2014 Q2	0.9%	0.7%	4.6%	94.9%	0.0%	0.1%	1.0%	4.3%
2014 Q3	0.8%	0.8%	4.6%	94.9%	0.0%	0.0%	1.0%	4.2%
2014 Q4	0.5%	0.8%	4.7%	94.9%	0.0%	0.0%	1.1%	4.2%
2015 Q1	0.6%	0.7%	4.8%	94.8%	(0.0%)	(0.0%)	1.5%	4.7%
2015 Q2	0.9%	0.8%	4.9%	94.8%	(0.1%)	(0.1%)	1.8%	5.5%
2015 Q3	0.8%	0.8%	5.1%	94.7%	(0.1%)	(0.2%)	1.8%	6.4%
2015 Q4	0.6%	0.7%	5.3%	94.7%	(0.0%)	(0.2%)	1.5%	6.8%
2016 Q1	0.6%	0.5%	5.7%	94.7%	0.0%	(0.1%)	1.5%	6.8%
2016 Q2	0.7%	0.8%	5.8%	94.7%	(0.0%)	(0.1%)	1.3%	6.2%
2016 Q3	0.7%	0.9%	5.9%	94.6%	(0.0%)	(0.1%)	1.1%	5.5%
2016 Q4	0.2%	0.7%	6.1%	94.5%	(0.1%)	(0.2%)	1.0%	4.9%
2017 Q1	0.6%	0.6%	6.1%	94.4%	(0.1%)	(0.3%)	2.0%	5.9%
2017 Q2	0.8%	0.6%	6.2%	94.3%	(0.1%)	(0.4%)	2.0%	5.5%

**Current quarter defined as Q2 2017; **Completions highlighted in Red if above 0.25% of Stock; ***Under Construction highlighted in Red if above 1% of Stock; ****Green if above historical average since 2000*

Notes: Above data includes only market-rate rentable apartment space; Rent and occupancy are based on a rolling 4-quarter average; Rent growth numbers utilize asking rent data; Apartment criteria filtered as follows: multifamily property (secondary type is apartment), 50+ units, and a 3-star or greater CoStar rating

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Source: CoStar.; RCLCO

U.S. APARTMENT MARKET RISK INDICATORS

Expect slowing rent growth

	Net Absorption % of Stock Current* Quarter	Completions % of Stock Current* Quarter**	Under Constr % of Stock Current* Quarter***	Occupancy****	Q-o-Q Occupancy Change	Y-o-Y Occupancy Change	Q-o-Q Asking Rent Growth	Y-o-Y Asking Rent Growth
Atlanta	1.0%	0.7%	4.9%	92.8%	(0.2%)	(0.8%)	1.4%	6.0%
Austin	0.4%	0.1%	7.5%	92.5%	(0.1%)	(0.7%)	0.5%	2.3%
Chicago	0.9%	0.6%	4.8%	95.2%	(0.0%)	(0.7%)	1.2%	4.7%
Dallas	0.8%	0.8%	6.6%	93.3%	(0.1%)	(0.7%)	1.3%	5.7%
Denver	1.4%	0.8%	10.5%	93.5%	(0.0%)	(0.3%)	1.2%	3.5%
Houston	1.0%	0.6%	3.2%	89.6%	(0.3%)	(2.1%)	0.3%	1.0%
Los Angeles	0.7%	0.6%	10.8%	95.0%	0.0%	(0.3%)	1.3%	5.8%
Miami	0.4%	0.4%	9.3%	95.9%	(0.1%)	(0.7%)	1.1%	4.6%
Minneapolis	1.0%	0.4%	5.7%	95.3%	0.0%	0.3%	1.4%	5.3%
New York	0.5%	0.4%	4.6%	98.3%	(0.0%)	(0.0%)	0.3%	1.3%
Orange County	0.8%	0.3%	6.0%	95.5%	0.0%	0.3%	1.2%	5.3%
Orlando	1.0%	0.9%	7.5%	95.6%	(0.1%)	0.1%	1.5%	5.6%
Philadelphia	0.9%	0.6%	3.9%	94.3%	(0.0%)	(0.2%)	0.9%	3.6%
Phoenix	0.2%	0.1%	6.4%	94.0%	0.1%	0.0%	1.4%	5.9%
San Diego	0.7%	0.4%	5.8%	96.6%	0.1%	0.6%	1.1%	4.6%
San Francisco	0.8%	1.2%	8.5%	94.7%	(0.1%)	(1.0%)	0.8%	1.9%
San Jose	1.7%	0.9%	9.4%	94.7%	(0.0%)	(0.2%)	0.5%	1.1%
Seattle	1.4%	0.8%	7.9%	95.1%	0.1%	0.3%	1.8%	7.5%
Tampa	0.8%	0.5%	5.0%	94.4%	(0.2%)	(1.0%)	1.1%	5.4%
Washington DC	0.9%	0.8%	5.9%	94.5%	0.0%	(0.2%)	0.6%	2.6%
United States	0.8%	0.6%	6.2%	94.3%	(0.1%)	(0.4%)	1.0%	4.2%

**Current quarter defined as Q2 2017; **Completions highlighted in Red if above 0.25% of Stock; ***Under Construction highlighted in Red if above 1% of Stock; ****Green if above historical average since 2000*

Notes: Above data includes only market-rate rentable apartment space; Rent and occupancy are based on a rolling 4-quarter average. Rent growth numbers utilize asking rent data; Apartment criteria filtered as follows: multifamily property (secondary type is apartment), 50+ units, and a 3-star or greater CoStar rating

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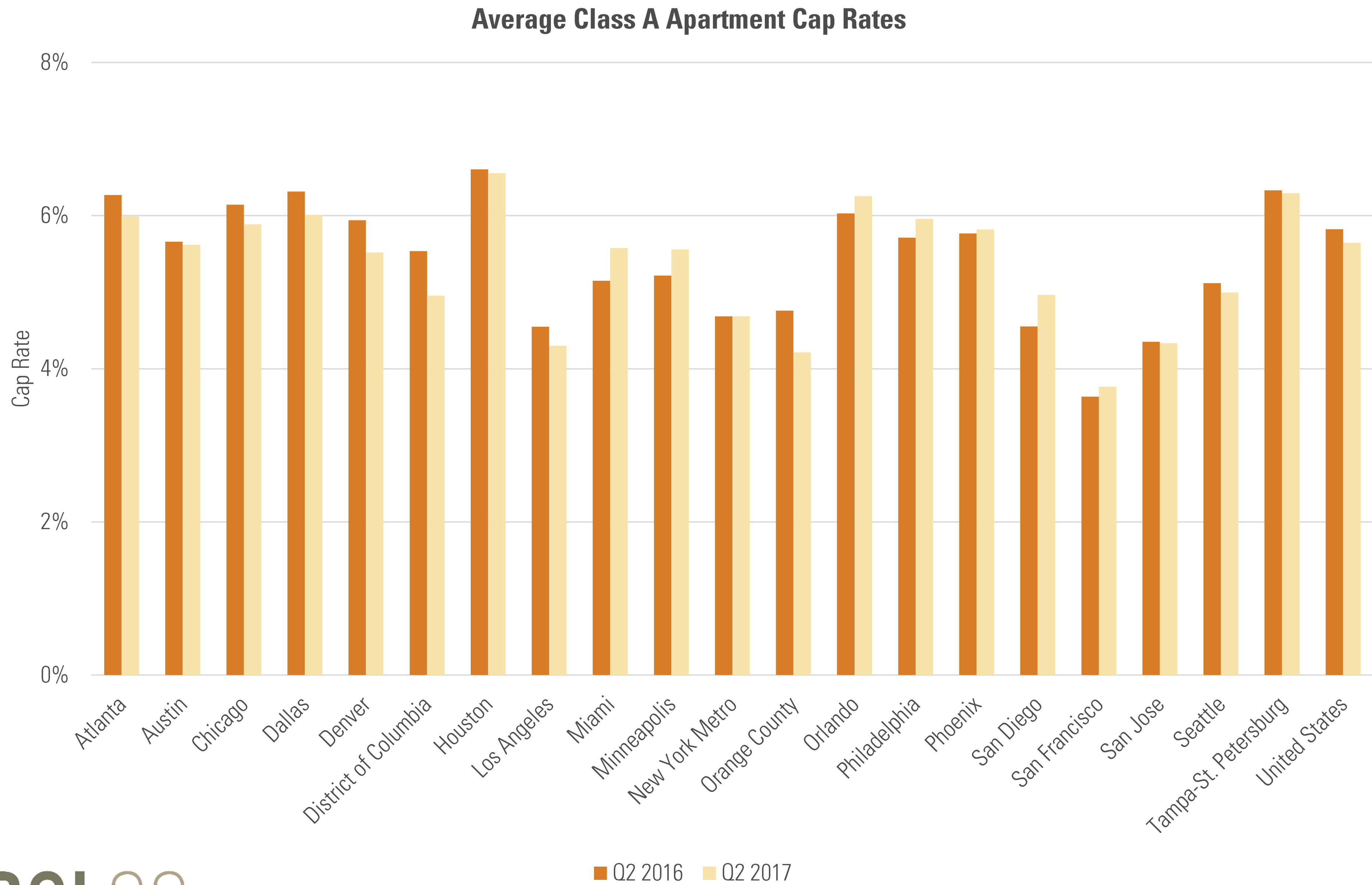
Source: CoStar.; RCLCO

AVERAGE APARTMENT CAP RATES STAY LOW

Denver, D.C., and Orange County show greatest compression



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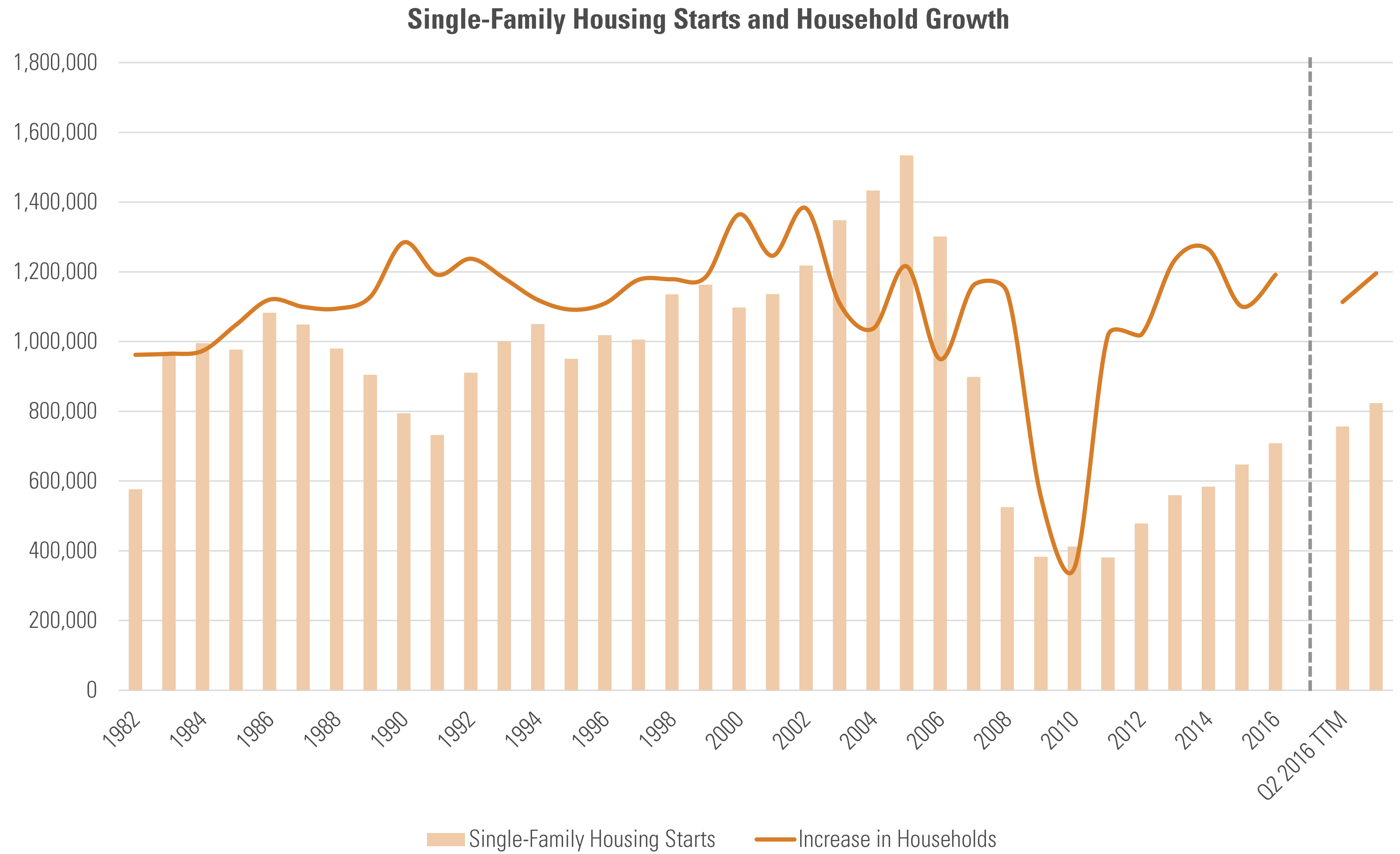
Source: RCA

NEW HOUSEHOLDS OUTPACE SF STARTS

Multifamily filling the gap; pent-up demand is likely growing

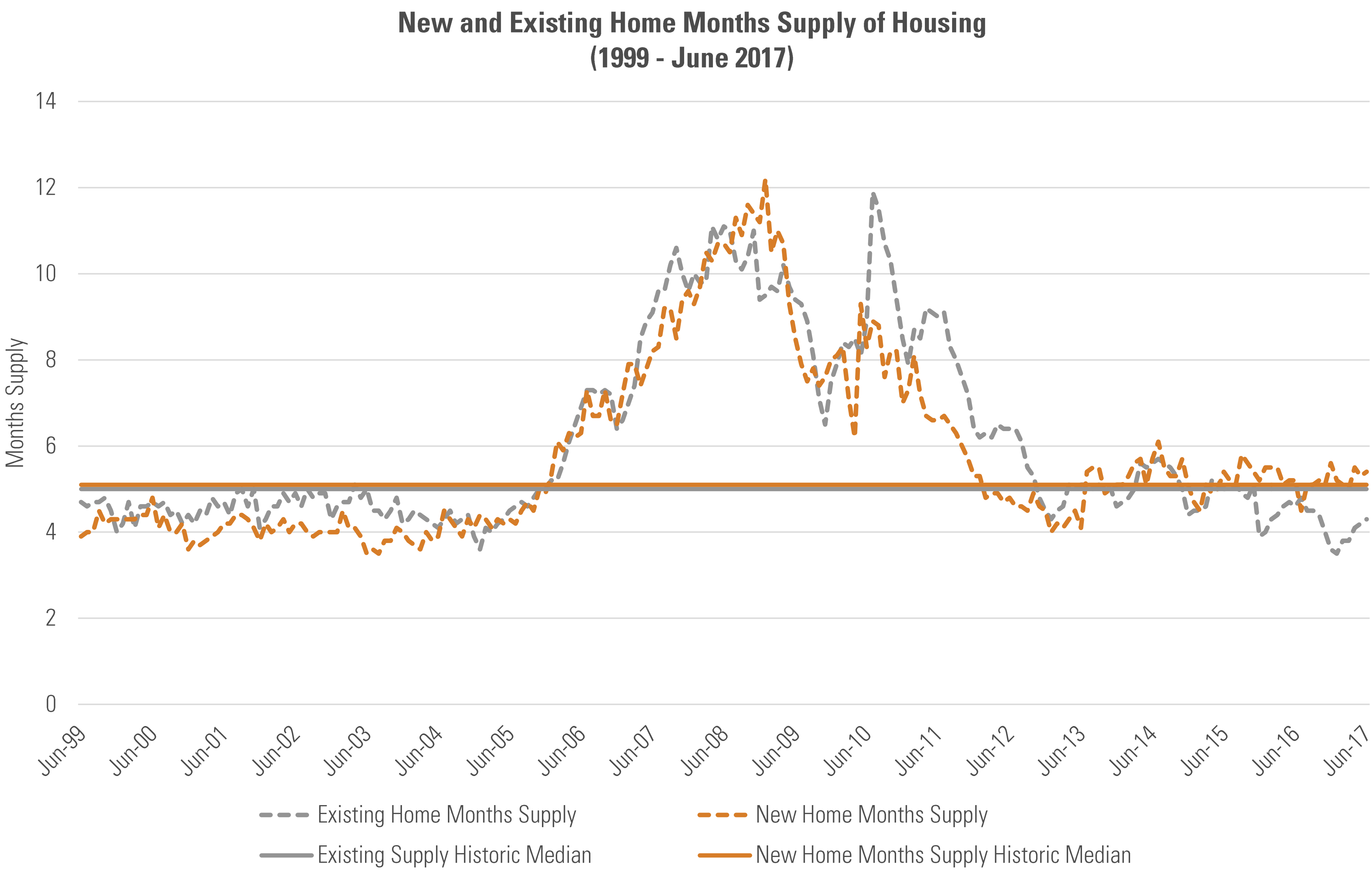


Note: Single-Family Housing Starts include single-family detached and single-family attached (townhomes)

Source: Moody's Analytics; RCLCO

NEW HOME SUPPLY ABOVE MEDIAN

Existing housing supply still below median level of inventory

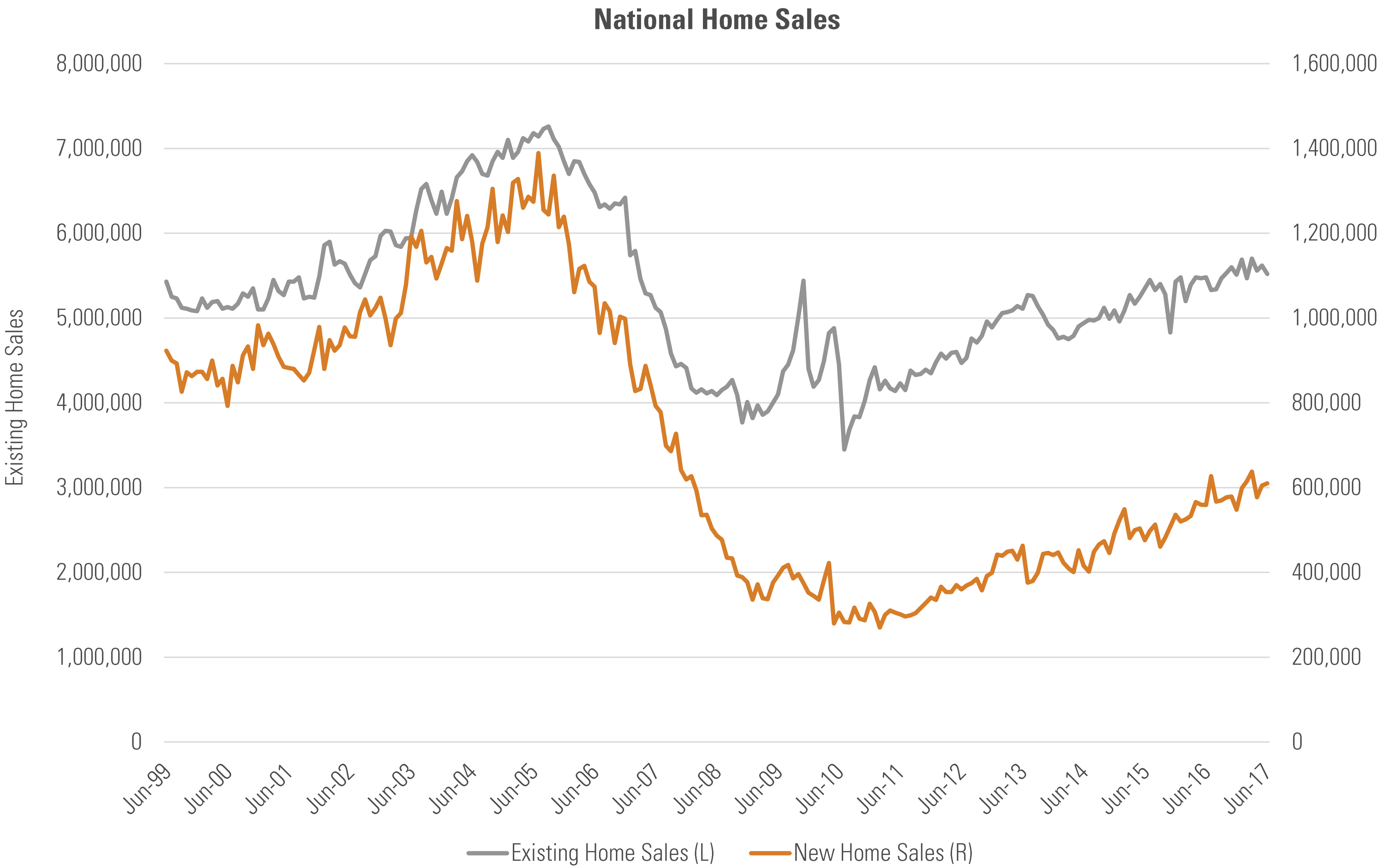


Note: Home supply includes single-family detached, condo, and townhomes

Source: National Association of Realtors (NAR); RCLCO

STEADY INCREASE IN HOME SALES

New home sales still significantly lag historical levels



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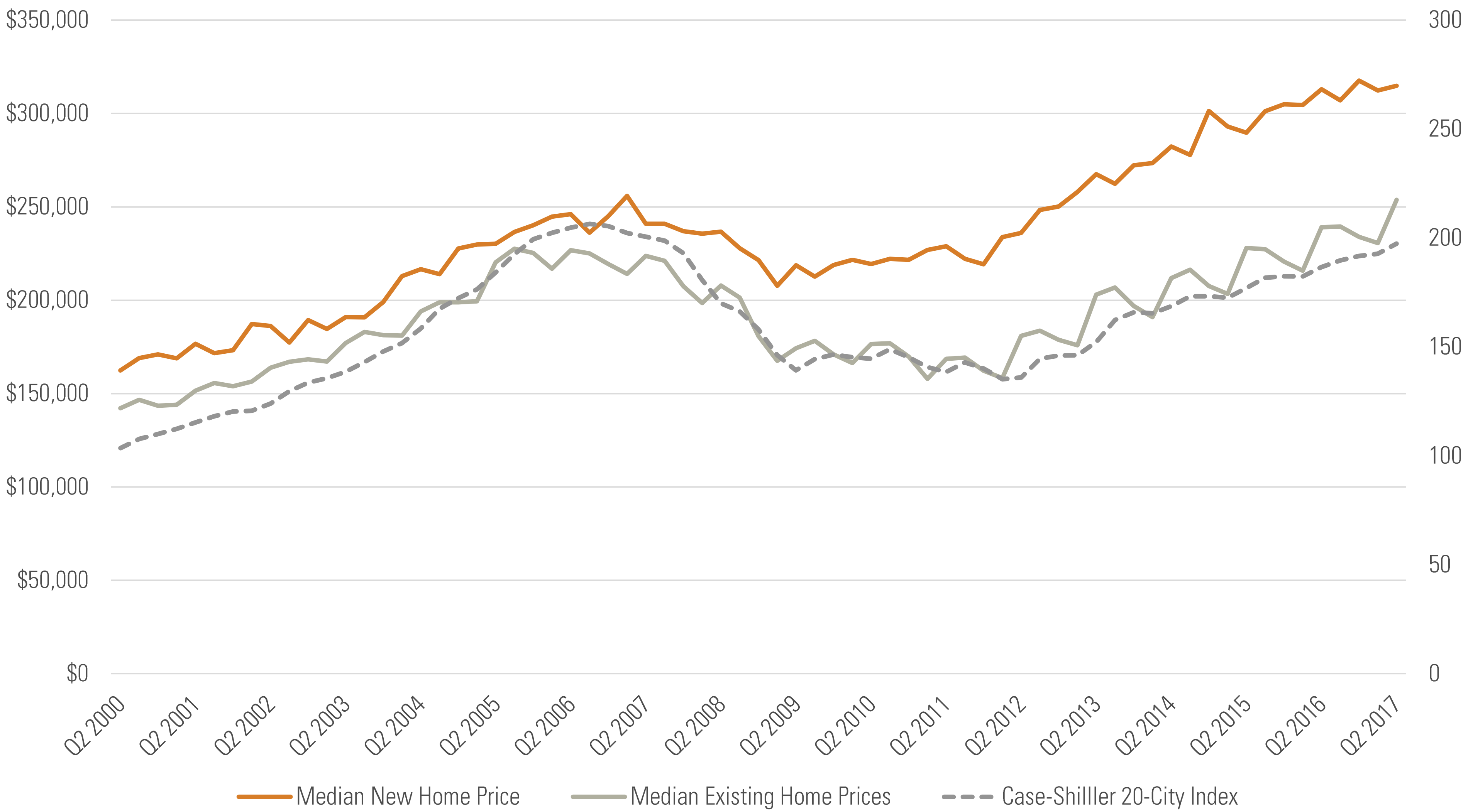
Note: Monthly data are seasonally adjusted annual rates

Source: U.S. Census Bureau; NAR

PRICING CONTINUES TO INCREASE

New home prices may be moderating as builders reach for the entry level

Median Home Price and Case-Shiller 20-City Price Index (2000 – Q2 2017)



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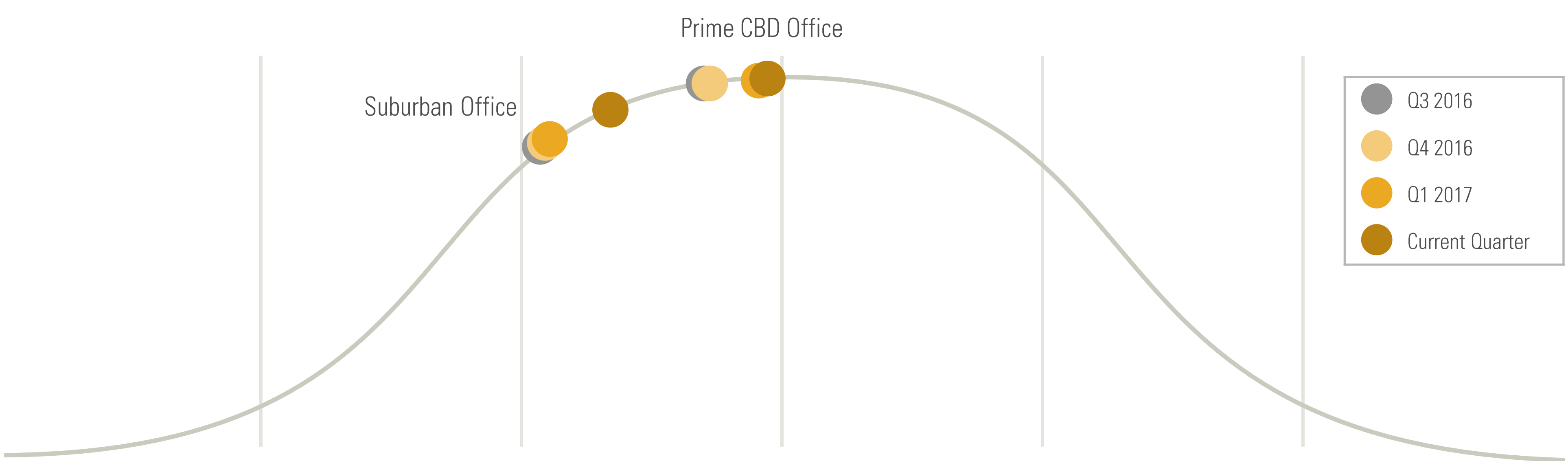
Source: U.S. Census; NAR; Standard & Poor's; Federal Reserve Bank of St. Louis

OFFICE MARKET OVERVIEW

- Office vacancy is relatively stabilized as supply exceeds demand for the second straight quarter
- Annual rental rate growth of 3.7% marks strongest level of growth since the recession
- While construction activity remains elevated nationwide, it is beginning to slow
- Investor demand for CBD office product remains strong; pricing has increased by 15.5% over the past year
- Overall, office cap rates have declined slightly nationwide, driven by an increased level of CBD office transaction activity
- Washington, DC, and Houston office markets continue to exhibit subpar fundamentals, with both markets exhibiting above average vacancy rates and high levels of construction activity



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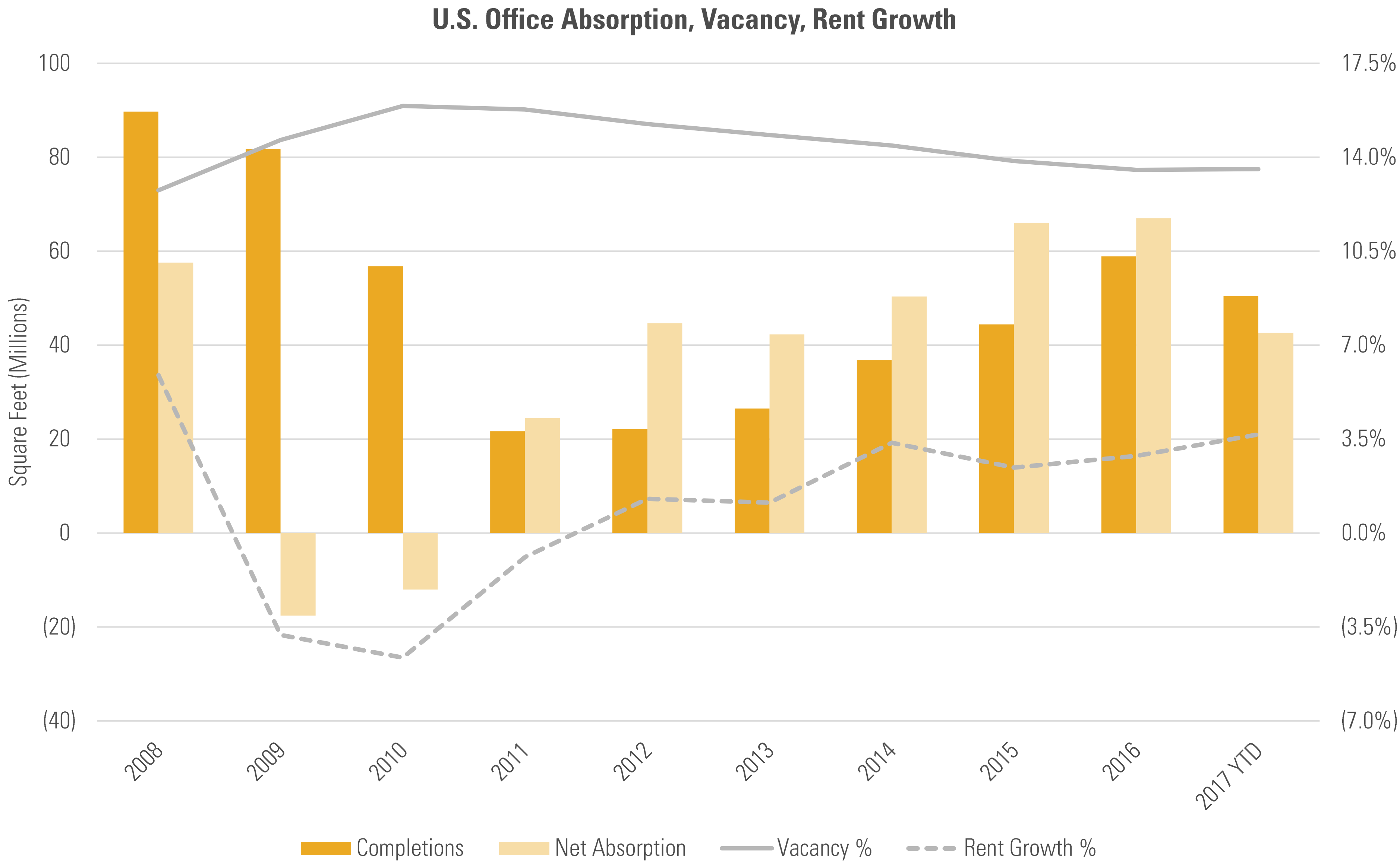
U.S. OFFICE VACANCY STABILIZED

Rents continue to improve; new supply slightly exceeding demand



Note: Office criteria filtered as follows: office property, not owner occupied, 30,000+ SF, and a 3-star or greater CoStar rating

Source: CoStar; RCLCO

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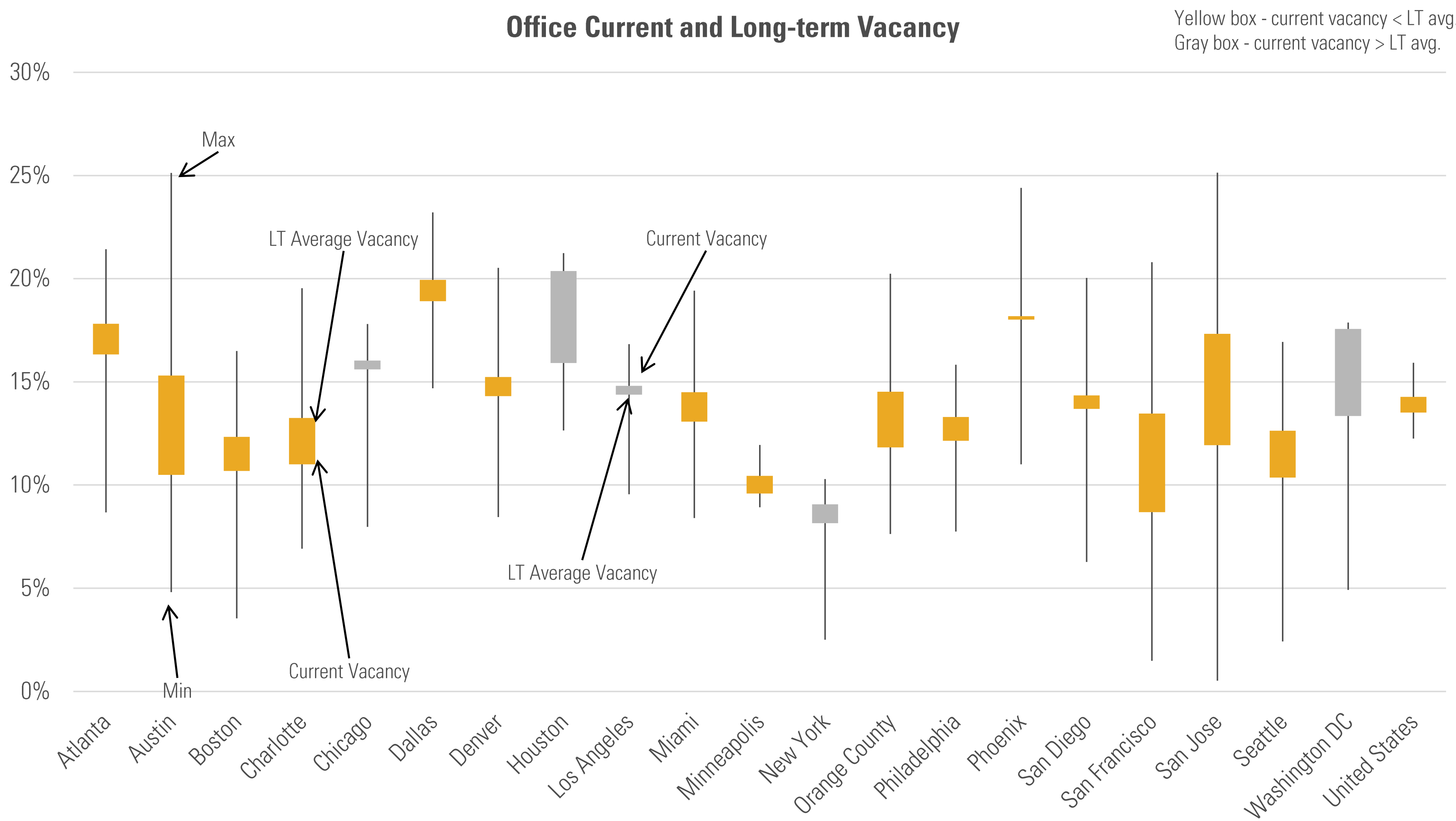
LITTLE CHANGE IN VACANCY FROM 1Q17

Above-average vacancy persists in Houston and Washington, DC



SUMMARY POV | CAPITAL | RESIDENTIAL | **OFFICE** | RETAIL | INDUSTRIAL | HOTEL

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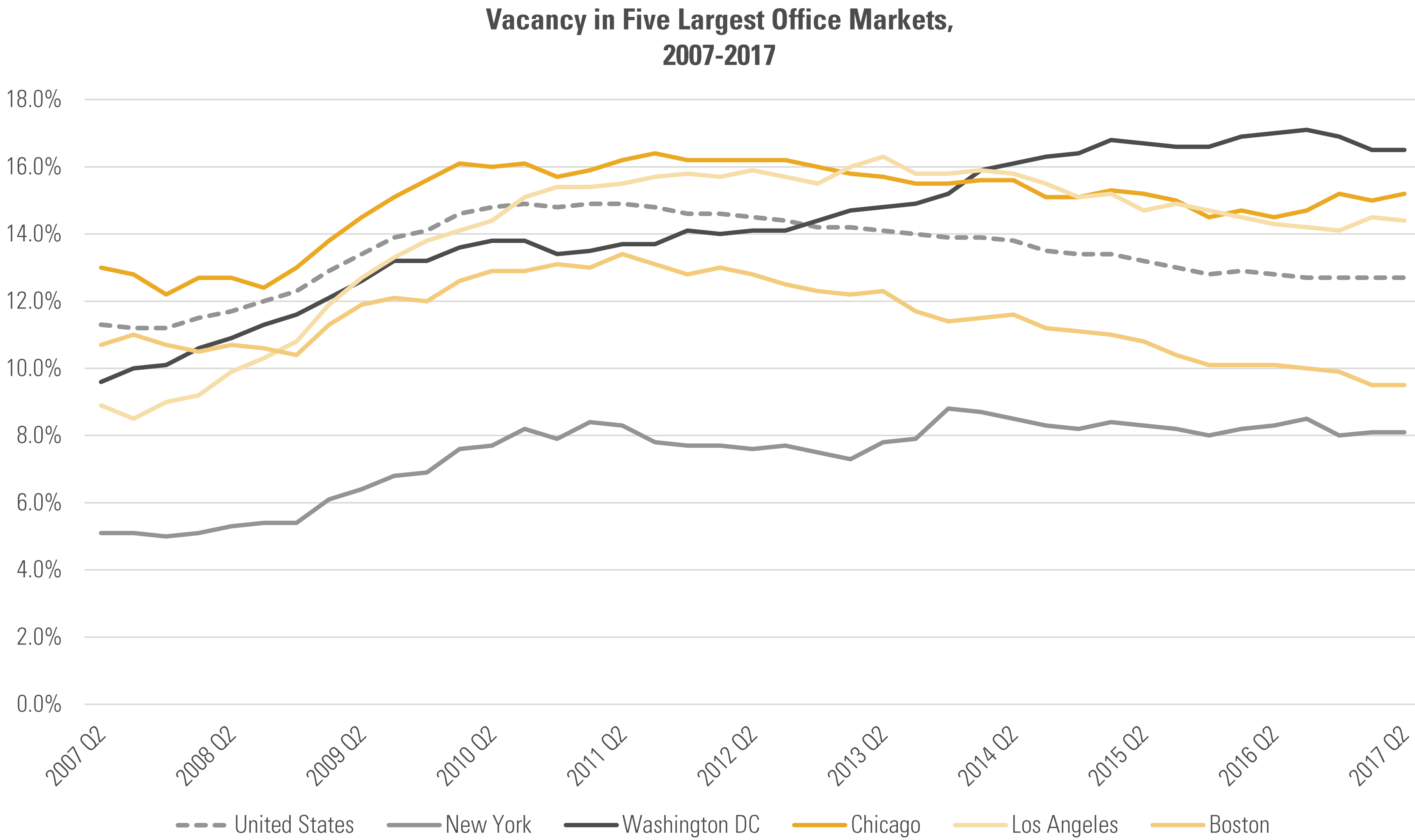
Notes: The markets in the above chart are not necessarily MSAs or central cities, but are CoStar-defined real estate markets; Office criteria filtered as follows: office property, not owner occupied, 30,000+ SF, and a 3-star or greater CoStar rating

Source: CoStar; RCLCO

U.S. OFFICE VACANCY GENERALLY STABLE

Vacancy levels vary across major markets



Notes: Office criteria filtered as follows: office property, not owner occupied, 30,000+ SF, and a 3-star or greater CoStar rating; The markets in the above chart are not necessarily MSAs or central cities, but are CoStar-defined real estate markets

Source: CoStar; RCLCO

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U.S. OFFICE MARKET RISK INDICATORS

Continued very slow improvement nationwide

	Net Absorption % of Stock Current* Quarter	Completions % of Stock Current* Quarter**	Under Constr % of Stock Current* Quarter***	Occupancy****	Q-o-Q Occupancy Change	Y-o-Y Occupancy Change	Q-o-Q Asking Rent Growth	Y-o-Y Asking Rent Growth
2012 Q2	0.2%	0.2%	1.0%	84.6%	0.1%	0.4%	0.3%	0.2%
2012 Q3	0.2%	0.2%	1.0%	84.7%	0.1%	0.5%	0.4%	0.8%
2012 Q4	0.3%	0.2%	1.0%	84.8%	0.1%	0.5%	0.3%	1.1%
2013 Q1	0.2%	0.1%	1.1%	85.0%	0.1%	0.5%	0.2%	1.2%
2013 Q2	0.2%	0.1%	1.2%	85.1%	0.1%	0.4%	0.3%	1.2%
2013 Q3	0.3%	0.2%	1.3%	85.2%	0.1%	0.4%	0.4%	1.2%
2013 Q4	0.3%	0.2%	1.3%	85.3%	0.1%	0.4%	0.5%	1.4%
2014 Q1	0.2%	0.1%	1.6%	85.3%	0.1%	0.4%	0.9%	2.1%
2014 Q2	0.3%	0.2%	1.7%	85.4%	0.1%	0.4%	0.8%	2.7%
2014 Q3	0.4%	0.3%	1.9%	85.6%	0.1%	0.4%	0.8%	3.1%
2014 Q4	0.4%	0.3%	2.0%	85.7%	0.1%	0.4%	0.7%	3.3%
2015 Q1	0.1%	0.1%	2.0%	85.8%	0.1%	0.5%	0.5%	2.8%
2015 Q2	0.5%	0.4%	2.2%	85.9%	0.1%	0.5%	0.6%	2.6%
2015 Q3	0.4%	0.3%	2.1%	86.1%	0.1%	0.5%	0.7%	2.5%
2015 Q4	0.5%	0.4%	2.0%	86.2%	0.1%	0.5%	0.8%	2.6%
2016 Q1	0.2%	0.1%	2.0%	86.3%	0.1%	0.5%	0.7%	2.8%
2016 Q2	0.3%	0.2%	2.0%	86.4%	0.1%	0.5%	0.7%	2.9%
2016 Q3	0.2%	0.3%	1.9%	86.5%	0.0%	0.4%	0.9%	3.2%
2016 Q4	0.3%	0.2%	1.8%	86.5%	0.0%	0.3%	1.0%	3.4%
2017 Q1	0.1%	0.1%	1.6%	86.5%	0.0%	0.2%	1.0%	3.7%
2017 Q2	0.2%	0.2%	1.6%	86.5%	(0.0%)	0.1%	0.9%	3.9%

**Current quarter defined as Q2 2017; **Completions highlighted in Red if above 0.25% of Stock; ***Under Construction highlighted in Red if above 1% of Stock; ****Green if above market's historical average since 2008*

Notes: Above data does not include Medical Office; Rent and occupancy are based on a rolling 4-quarter average. Rent growth numbers utilize asking rent data; The markets in the above chart are not necessarily MSAs or central cities, but are CoStar-defined real estate markets; Office criteria filtered as follows: office property, not owner occupied, 30,000+ SF, and a 3-star or greater CoStar rating

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Source: CoStar; RCLCO

U.S. OFFICE MARKET RISK INDICATORS

Variations driven by local economic conditions, construction activity

	Net Absorption % of Stock Current* Quarter	Completions % of Stock Current* Quarter**	Under Constr % of Stock Current* Quarter***	Occupancy****	Q-o-Q Occupancy Change	Y-o-Y Occupancy Change	Q-o-Q Gross Asking Rent Growth	Y-o-Y Gross Asking Rent Growth
Atlanta	0.4%	0.9%	1.9%	83.7%	(0.1%)	(0.1%)	1.7%	6.4%
Austin	1.0%	1.7%	0.8%	89.5%	0.2%	0.6%	0.8%	5.0%
Boston	0.4%	0.3%	0.9%	89.3%	0.2%	0.3%	1.4%	0.6%
Charlotte	0.8%	1.5%	4.7%	89.0%	(0.2%)	(0.1%)	1.4%	4.4%
Chicago	(0.3%)	0.0%	0.5%	84.0%	(0.2%)	(0.5%)	0.0%	1.6%
Dallas	(0.2%)	0.2%	2.6%	81.1%	(0.2%)	(0.3%)	1.0%	3.9%
Denver	0.3%	0.7%	3.1%	85.7%	(0.4%)	(0.9%)	0.3%	2.4%
Houston	(0.1%)	0.1%	1.2%	79.6%	(0.7%)	(2.7%)	0.1%	(0.1%)
Los Angeles	0.3%	0.1%	0.6%	85.2%	(0.0%)	0.3%	1.5%	5.7%
Miami	0.5%	0.1%	0.9%	86.9%	0.4%	0.9%	0.9%	4.3%
Minneapolis	(1.0%)	0.0%	0.6%	90.4%	(0.2%)	(0.1%)	0.2%	2.9%
New York	(0.1%)	0.0%	2.9%	90.9%	(0.0%)	(0.2%)	1.8%	9.4%
Orange County	(0.1%)	0.0%	0.2%	88.2%	0.0%	0.4%	1.4%	7.1%
Philadelphia	0.5%	0.1%	1.2%	87.9%	0.1%	0.4%	0.9%	3.2%
Phoenix	0.6%	0.3%	0.8%	82.0%	0.2%	0.7%	1.1%	5.0%
San Diego	(1.0%)	0.0%	0.8%	86.3%	0.1%	0.9%	1.5%	4.4%
San Francisco	0.0%	0.1%	5.3%	91.3%	(0.2%)	(0.3%)	1.4%	7.6%
San Jose	(0.3%)	0.8%	9.4%	88.1%	(0.5%)	(1.0%)	1.2%	8.6%
Seattle	0.3%	0.3%	2.3%	89.6%	(0.2%)	0.4%	0.2%	0.2%
Washington DC	(0.0%)	0.1%	2.3%	82.4%	0.1%	0.0%	0.5%	1.5%
United States	0.2%	0.2%	1.6%	86.5%	(0.0%)	0.1%	0.9%	3.9%

**Current quarter defined as Q2 2017; **Completions highlighted in Red if above 0.25% of Stock; ***Under Construction highlighted in Red if above 1% of Stock; ****Green if above market's historical average since 2008*

Notes: Above data does not include Medical Office; Rent and occupancy are based on a rolling 4-quarter average. Rent growth numbers utilize asking rent data; The markets in the above chart are not necessarily MSAs or central cities, but are CoStar-defined real estate markets; Office criteria filtered as follows: office property, not owner occupied, 30,000+ SF, and a 3-star or greater CoStar rating

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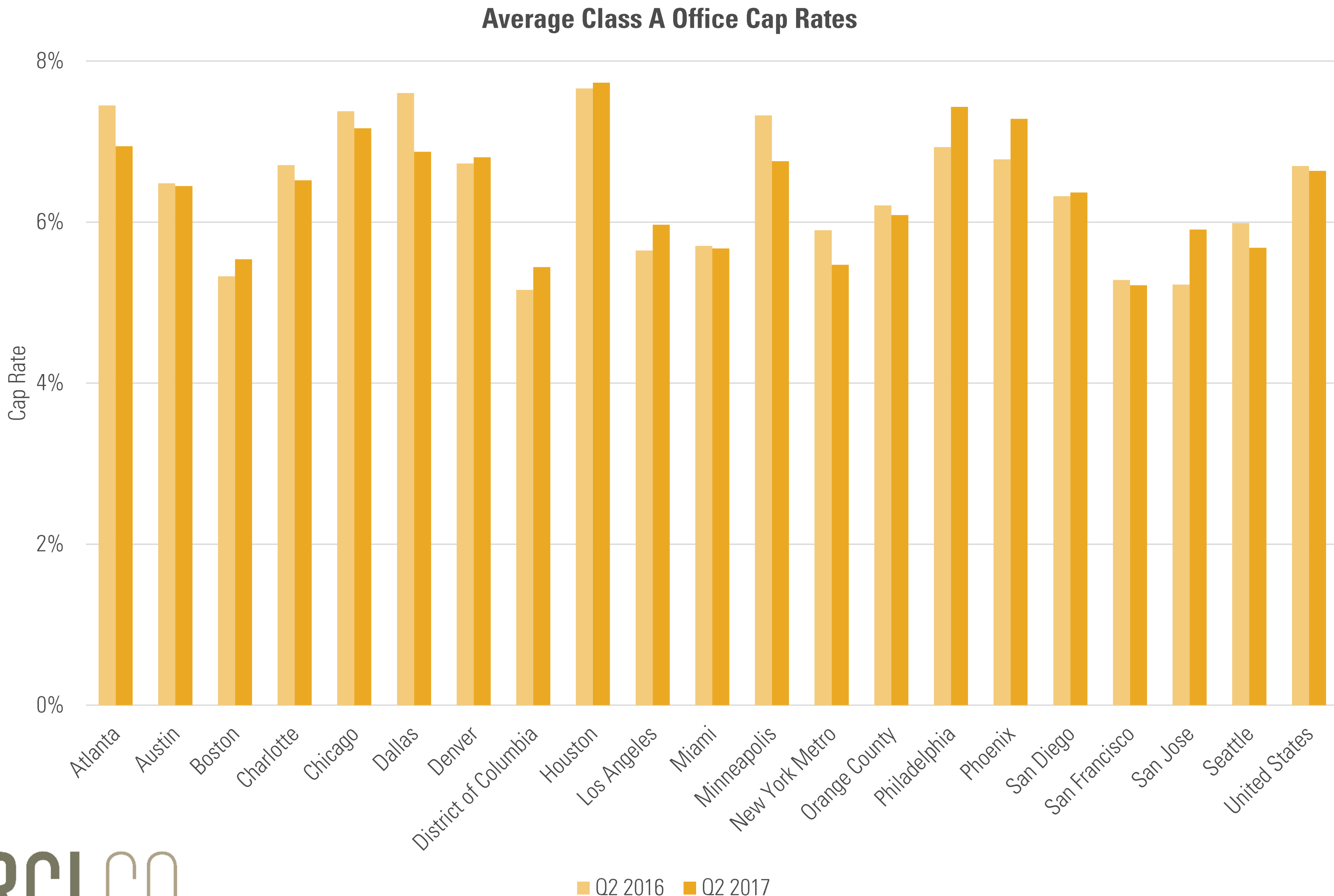
Source: CoStar; RCLCO

U.S. OFFICE CAP RATES COMPRESS SLIGHTLY

Cap rate movement reflects changes in local market conditions



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Source: RCA

RETAIL MARKET OVERVIEW *

- Retail real estate continues to be under threat from e-commerce, but fundamentals for neighborhood and community centers continue to improve given lack of new supply. The full impacts of e-commerce are still unknown, however, leading investors to be cautious (for good reason, we believe)
- Neighborhood and community center vacancy continues to decline nationwide due to the limited new supply, rather than growing demand for stick-and-brick retail
- Asking rents have increased modestly in recent quarters
- Retail transaction volume experienced a sharp decline in Q2 2017; cap rates for now remain relatively unchanged
- We continue to position retail in the "early recovery" stage of the cycle given slowly improving market performance, but recognize that structural threats may not permit it to fully recover in the near term

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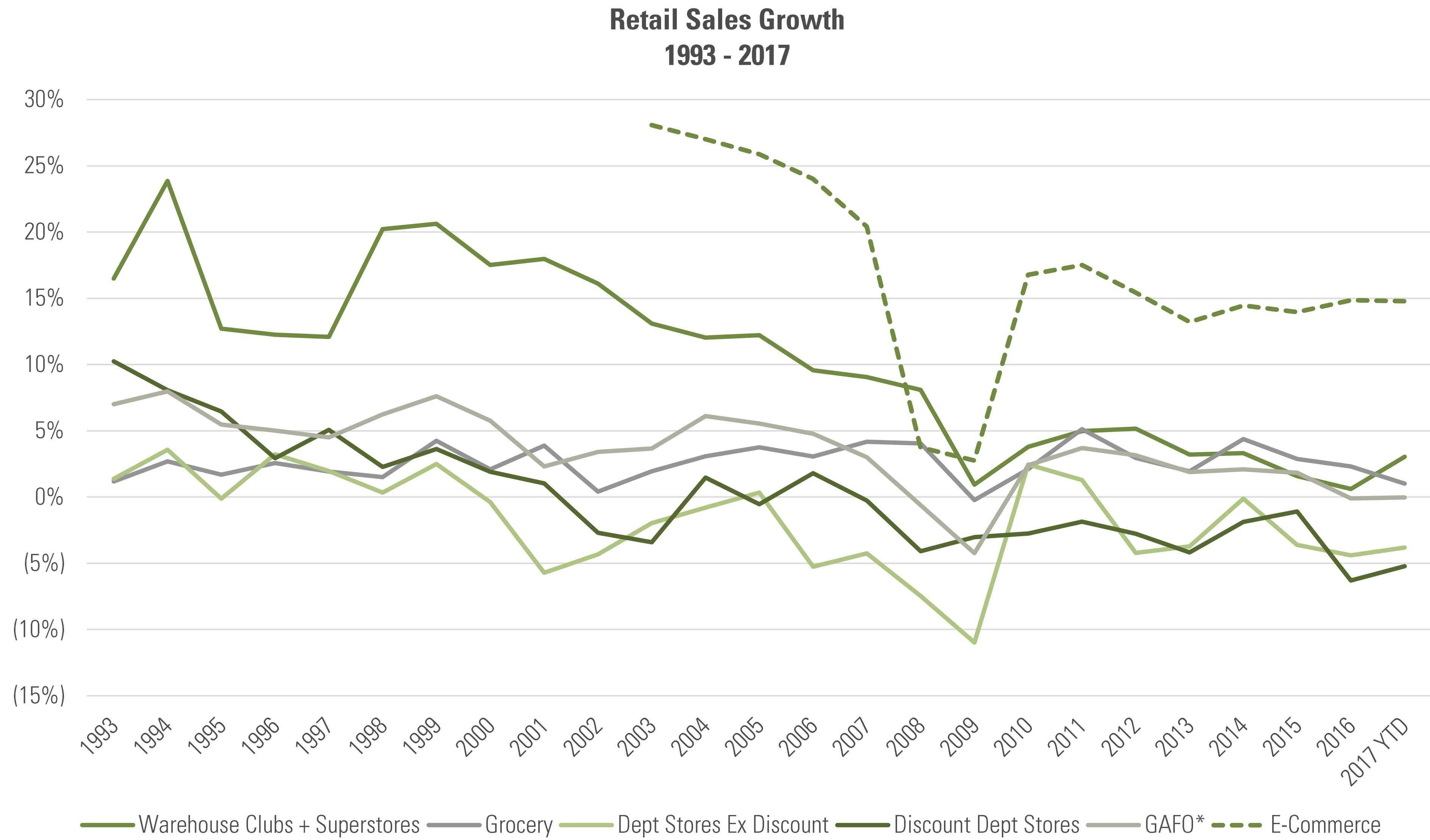
** Neighborhood and community centers*

ONLY E-COMMERCE SEES ROBUST GROWTH

All other retail sectors experiencing flat or negative growth



*GAFO includes furniture, appliance, office supply, and general merchandise stores

Note: 2017 E-Commerce data only available through Q1 2017

Source: US Census

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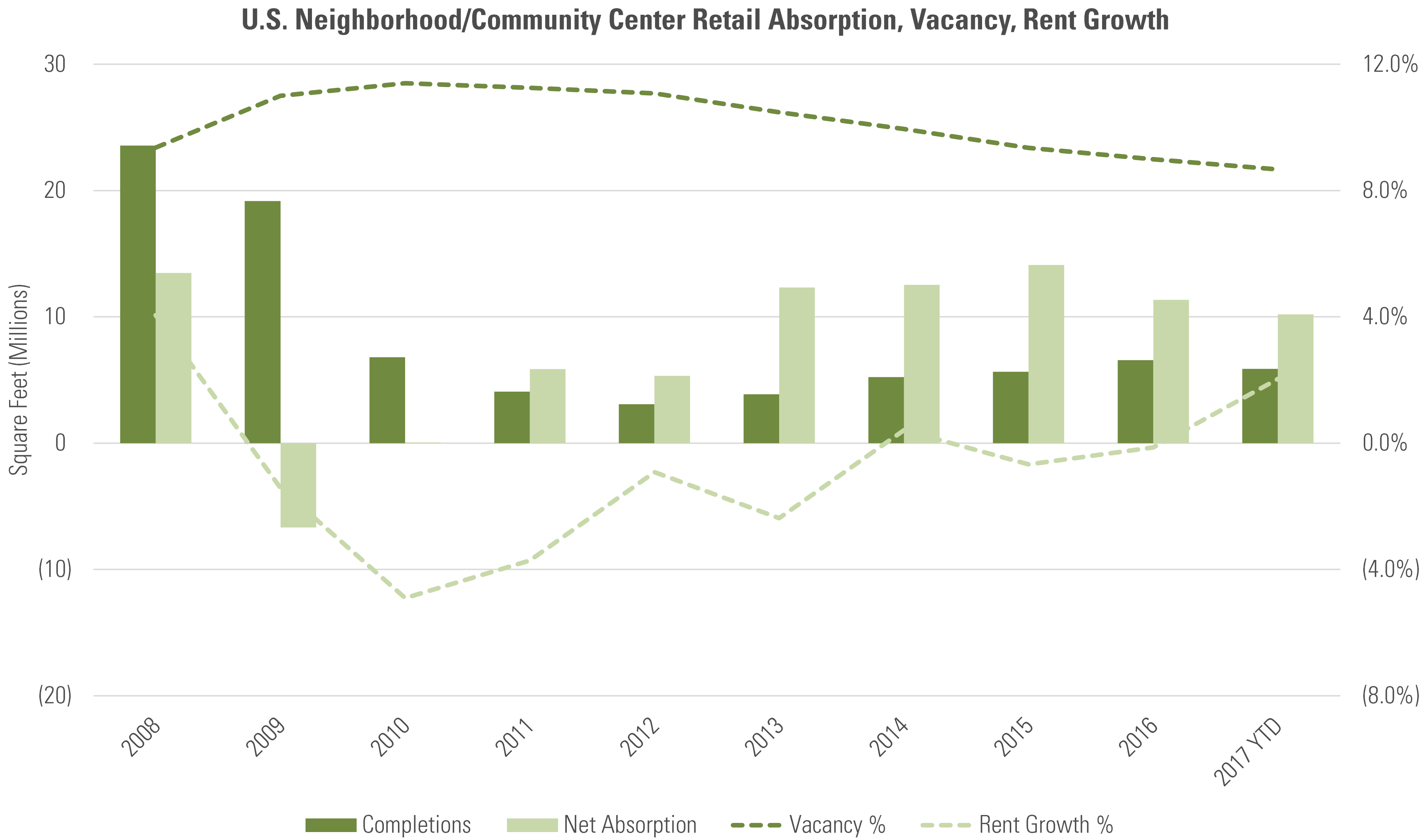
"CONVENIENCE" RETAIL FUNDAMENTALS

Declining vacancy/rent growth attributable to limited new supply



Notes: Above data is for neighborhood and community centers only; Retail criteria filtered as follows: retail property in a shopping center, not owner occupied, 30,000+ SF, multiple tenancy, and a 3-star or greater CoStar rating

Source: CoStar; RCLCO

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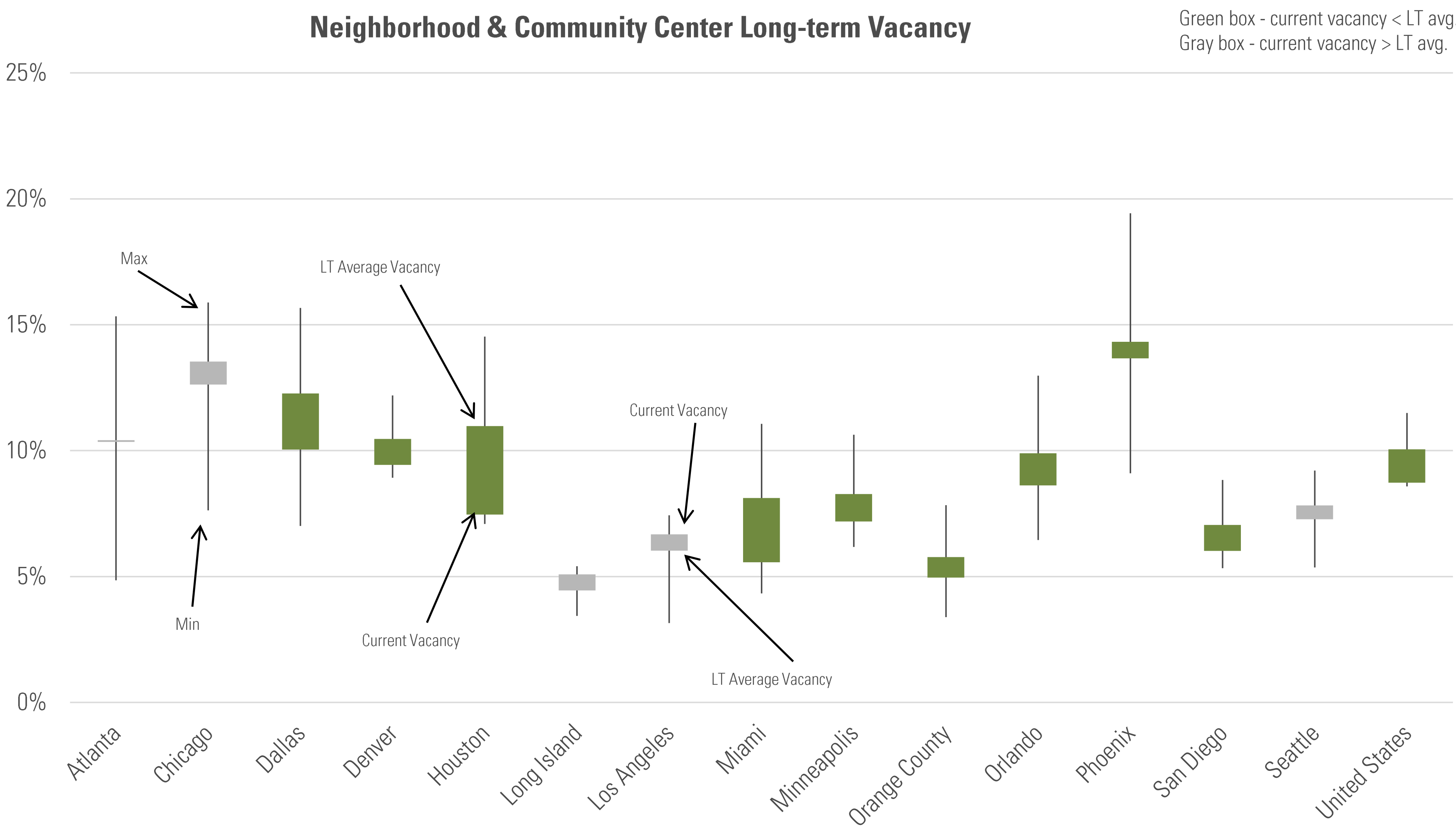
U.S. RETAIL OCCUPANCY ABOVE AVERAGE

However, retail occupancy has yet to fully recover in select markets



Notes: Retail criteria filtered as follows: retail property in a shopping center, not owner occupied, 30,000+ SF, multiple tenancy, and a 3-star or greater CoStar rating; the markets in the above chart are not necessarily MSAs or central cities, but are CoStar-defined real estate markets

Source: CoStar; RCLCO

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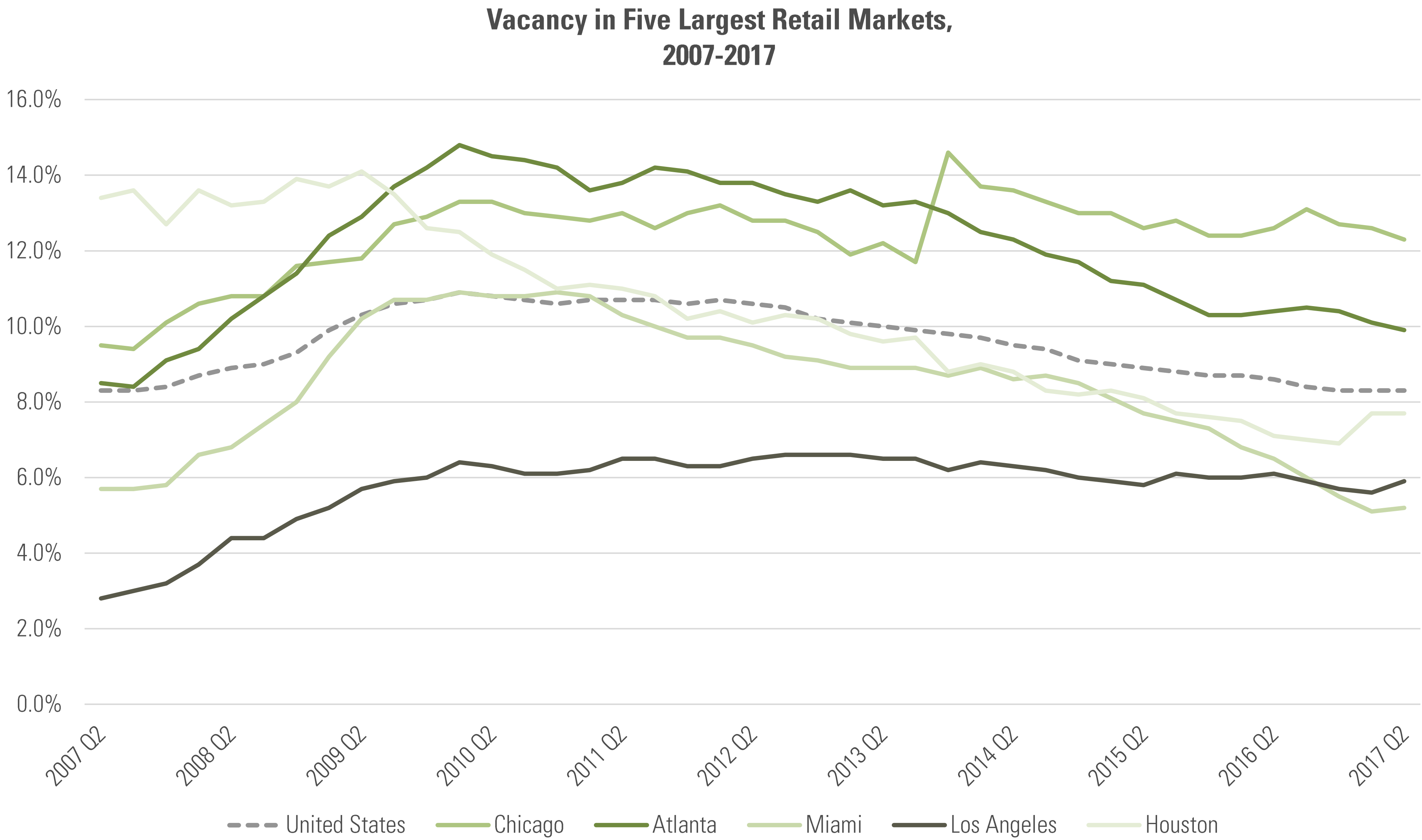
MARKETS SEE IMPROVING OCCUPANCY

Retail vacancy approaches pre-recession levels in most markets



Notes: Retail criteria filtered as follows: retail property in a shopping center, not owner occupied, 30,000+ SF, multiple tenancy, and a 3-star or greater CoStar rating; the markets in the above chart are not necessarily MSAs or central cities, but are CoStar-defined real estate markets

Source: CoStar; RCLCO

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U.S. RETAIL MARKET RISK INDICATORS

Rent and occupancy slowly improving

	Net Absorption % of Stock Current* Quarter	Completions % of Stock Current* Quarter**	Under Constr % of Stock Current* Quarter***	Occupancy****	Q-o-Q Occupancy Change	Y-o-Y Occupancy Change	Q-o-Q Asking Rent Growth	Y-o-Y Asking Rent Growth
2012 Q2	0.1%	0.0%	0.3%	88.9%	0.0%	0.1%	(0.2%)	(1.7%)
2012 Q3	0.2%	0.0%	0.3%	89.0%	0.1%	0.2%	(0.4%)	(1.5%)
2012 Q4	0.3%	0.1%	0.2%	89.0%	0.1%	0.2%	(0.8%)	(1.8%)
2013 Q1	0.2%	0.1%	0.3%	89.2%	0.1%	0.3%	(0.7%)	(2.1%)
2013 Q2	0.2%	0.1%	0.4%	89.3%	0.1%	0.4%	(0.6%)	(2.5%)
2013 Q3	0.3%	0.1%	0.3%	89.5%	0.2%	0.5%	(0.6%)	(2.7%)
2013 Q4	0.1%	0.1%	0.3%	89.6%	0.1%	0.5%	(0.3%)	(2.2%)
2014 Q1	0.2%	0.1%	0.4%	89.7%	0.1%	0.5%	(0.1%)	(1.6%)
2014 Q2	0.2%	0.1%	0.4%	89.8%	0.1%	0.5%	0.1%	(0.9%)
2014 Q3	0.3%	0.1%	0.3%	90.0%	0.1%	0.5%	0.4%	0.1%
2014 Q4	0.3%	0.1%	0.3%	90.2%	0.2%	0.6%	0.3%	0.7%
2015 Q1	0.2%	0.1%	0.4%	90.3%	0.2%	0.6%	0.2%	1.0%
2015 Q2	0.1%	0.1%	0.4%	90.5%	0.2%	0.6%	(0.2%)	0.7%
2015 Q3	0.3%	0.1%	0.5%	90.6%	0.1%	0.6%	(0.3%)	0.0%
2015 Q4	0.1%	0.2%	0.4%	90.7%	0.1%	0.5%	(0.2%)	(0.5%)
2016 Q1	0.1%	0.1%	0.5%	90.8%	0.1%	0.5%	(0.2%)	(0.8%)
2016 Q2	0.2%	0.1%	0.4%	90.9%	0.1%	0.4%	(0.0%)	(0.7%)
2016 Q3	0.3%	0.2%	0.3%	91.0%	0.1%	0.3%	0.0%	(0.4%)
2016 Q4	0.2%	0.1%	0.3%	91.1%	0.1%	0.4%	0.0%	(0.2%)
2017 Q1	0.2%	0.1%	0.2%	91.2%	0.2%	0.5%	0.2%	0.1%
2017 Q2	0.1%	0.1%	0.2%	91.3%	0.2%	0.5%	0.5%	0.7%

**Current quarter defined as Q2 2017; **Completions highlighted in Red if above 0.25% of Stock; ***Under Construction highlighted in Red if above 1% of Stock; ****Green if above city's historical average since 2008*

Notes: Above data includes only Neighborhood/Community centers; does NOT include power centers, regional malls, or lifestyle retail centers; Rent and occupancy are based on a rolling 4-quarter average. Rent growth numbers utilize asking rent data; The markets in the above chart are not necessarily MSAs or central cities, but are CoStar-defined real estate markets; Retail criteria filtered as follows: retail property in a shopping center, not owner occupied, 30,000+ SF, multiple tenancy, and a 3-star or greater CoStar rating

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Source: CoStar; RCLCO

U.S. RETAIL MARKET RISK INDICATORS

Significant performance variation across markets

	Net Absorption % of Stock Current* Quarter	Completions % of Stock Current* Quarter**	Under Constr % of Stock Current* Quarter***	Occupancy****	Q-o-Q Occupancy Change	Y-o-Y Occupancy Change	Q-o-Q Asking NNN Rent Growth	Y-o-Y Asking NNN Rent Growth
Atlanta	0.5%	0.2%	0.0%	89.6%	0.1%	0.2%	0.9%	3.2%
Chicago	0.3%	0.1%	0.1%	86.5%	0.1%	0.0%	(0.3%)	(4.6%)
Dallas	(0.1%)	0.0%	0.7%	90.0%	0.0%	0.9%	1.9%	0.3%
Denver	0.3%	0.0%	0.7%	90.6%	0.3%	0.7%	2.4%	6.7%
Houston	(0.1%)	0.0%	0.2%	92.5%	(0.1%)	0.2%	0.4%	0.7%
Long Island	0.3%	0.2%	0.0%	94.9%	(0.0%)	(0.6%)	1.3%	3.4%
Los Angeles	(0.3%)	0.0%	0.1%	93.3%	0.1%	0.4%	0.7%	0.8%
Miami	(0.1%)	0.0%	0.1%	94.4%	0.3%	1.5%	1.5%	4.5%
Minneapolis	0.4%	0.4%	0.0%	92.8%	(0.1%)	(0.3%)	0.1%	1.2%
Orange County	(0.4%)	0.0%	0.0%	95.0%	(0.1%)	0.0%	1.7%	4.4%
Orlando	0.3%	0.0%	0.0%	91.4%	0.2%	0.5%	0.1%	(2.2%)
Phoenix	0.1%	0.0%	0.2%	86.3%	(0.2%)	(0.4%)	0.9%	2.1%
San Diego	0.0%	0.0%	0.0%	94.0%	0.3%	1.4%	1.1%	(1.0%)
Seattle	0.9%	0.0%	0.3%	92.2%	0.0%	(0.9%)	0.0%	1.0%
United States	0.1%	0.1%	0.2%	91.3%	0.1%	0.4%	0.5%	0.7%

**Current quarter defined as Q2 2017; **Completions highlighted in Red if above 0.25% of Stock; ***Under Construction highlighted in Red if above 1% of Stock; ****Green if above city's historical average since 2008*

Notes: Above data includes only Neighborhood/Community centers; does NOT include power centers, regional malls, or lifestyle retail centers; Rent and occupancy are based on a rolling 4-quarter average. Rent growth numbers utilize asking rent data; The markets in the above chart are not necessarily MSAs or central cities, but are CoStar-defined real estate markets; Retail criteria filtered as follows: retail property in a shopping center, not owner occupied, 30,000+ SF, multiple tenancy, and a 3-star or greater CoStar rating

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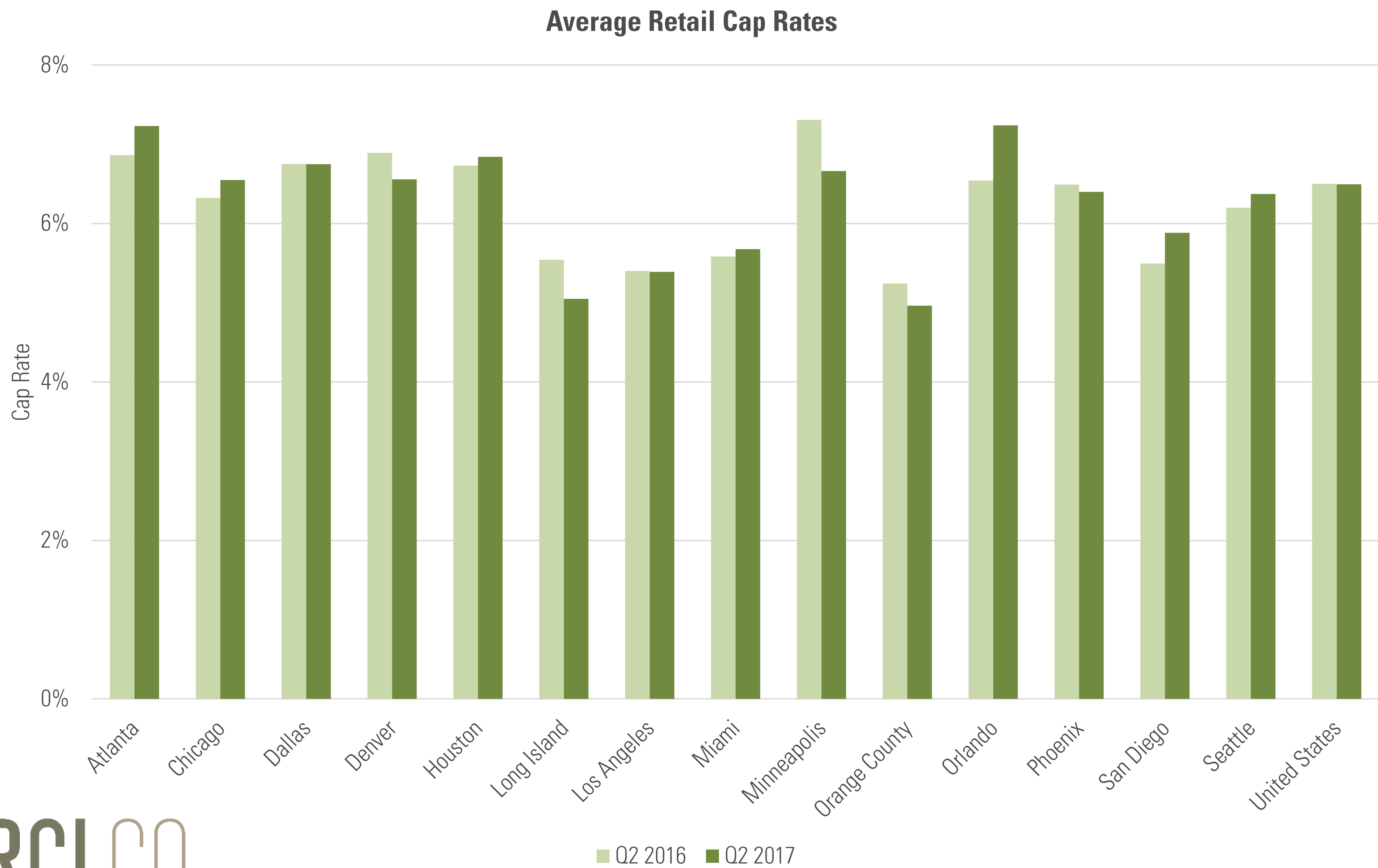
Source: CoStar; RCLCO

RETAIL CAP RATES VARY BY MARKET

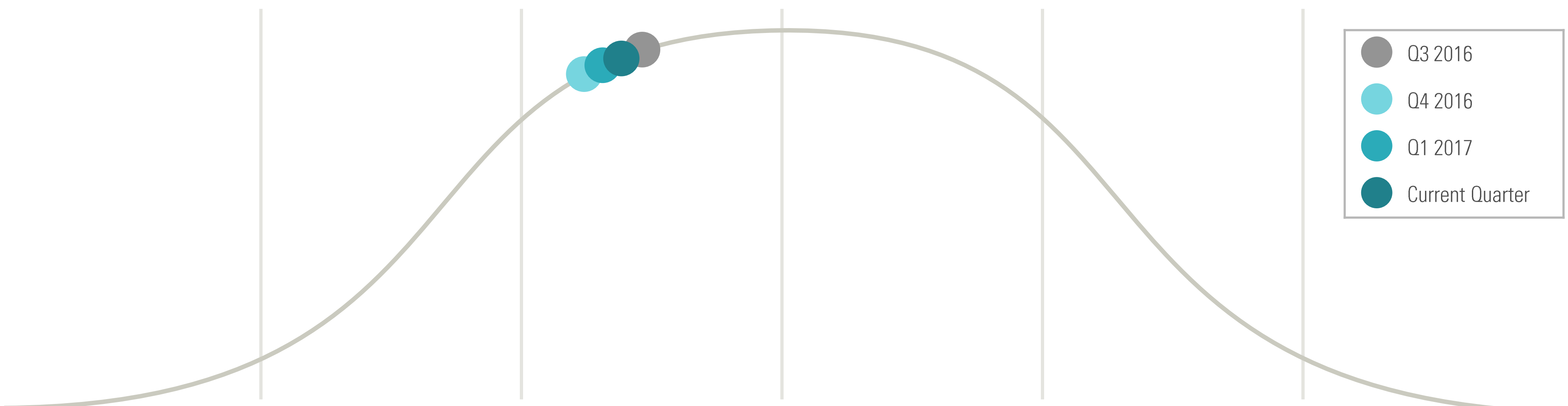
Minneapolis experiences notable compression, while Orlando experiences significant expansion



Source: RCA

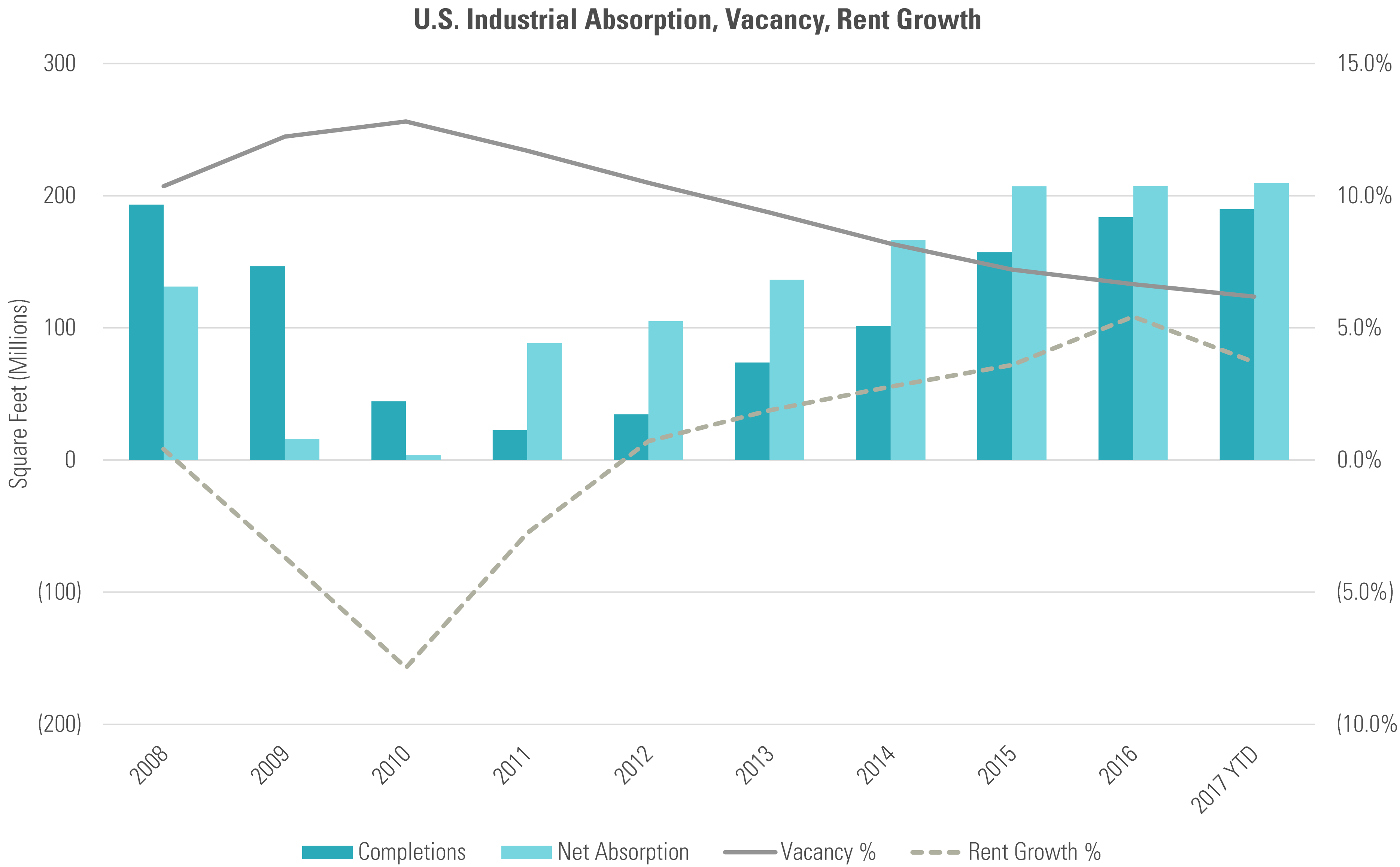
INDUSTRIAL MARKET OVERVIEW

- Industrial demand continues to exceed supply; however, the gap between net absorption and new completions continues to narrow
- Vacancy rates remain below average in most markets nationwide
- Industrial construction activity has slowed in recent quarters; however, it still remains at peak levels
- Industrial transaction volume remains above its post-recession average, as industrial pricing has increased by 8.35% over the past year
- Cap rates remain low despite exhibiting modest expansion nationwide



NET ABSORPTION OUTPACES NEW SUPPLY

Occupancy and rent growth remain strong



Note: Industrial criteria filtered as follows: industrial property (secondary type is either distribution or warehouse), 30,000+ SF, and a 3-star or greater CoStar rating

Source: CoStar; RCLCO

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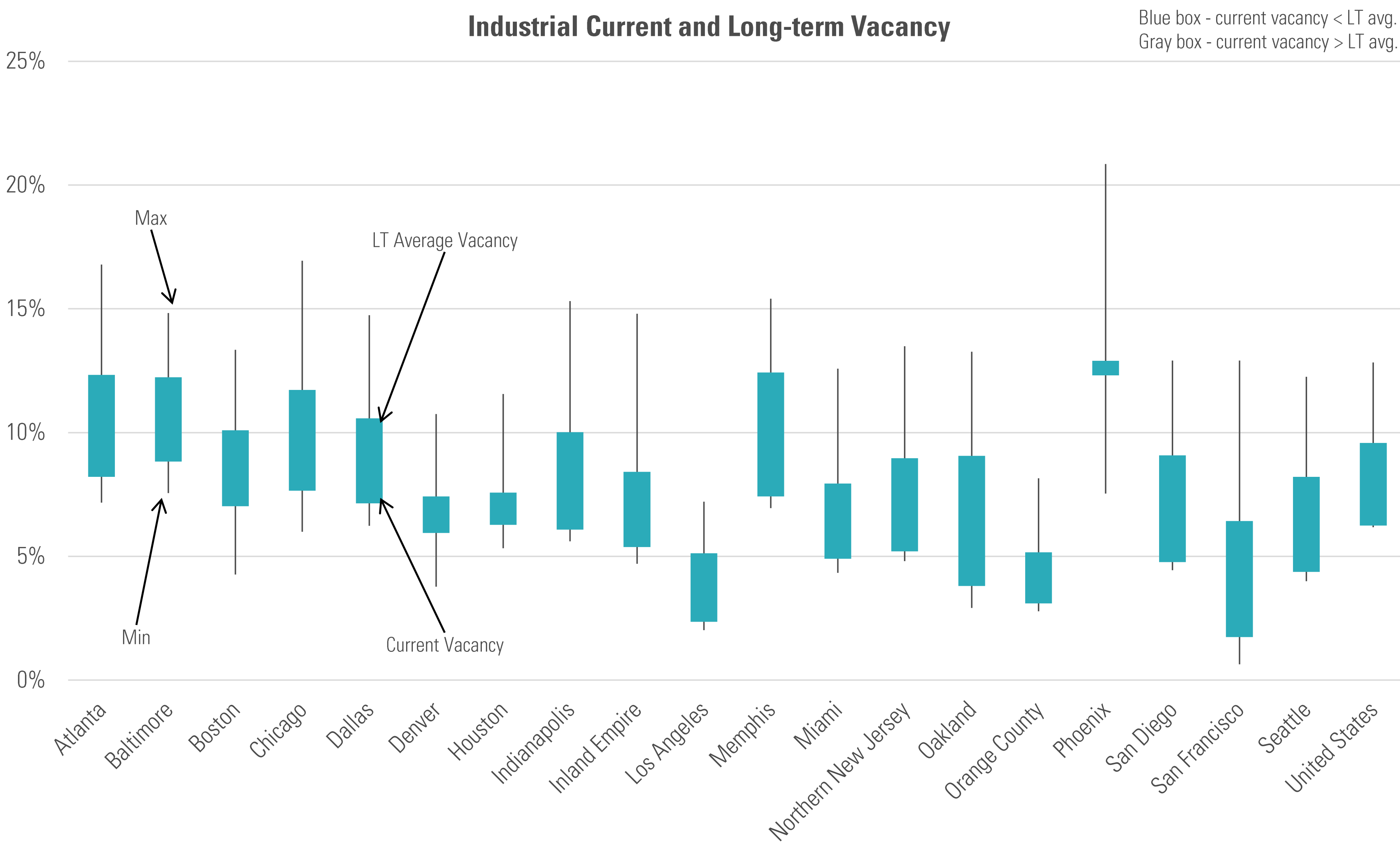
U.S. VACANCY AT AN ALL-TIME LOW

Industrial vacancy remains below average in all markets



Notes: Industrial criteria filtered as follows: industrial property (secondary type is either distribution or warehouse), 30,000+ SF, and a 3-star or greater CoStar rating; The markets in the above chart are not necessarily MSAs or central cities, but are CoStar-defined real estate markets

Source: CoStar; RCLCO

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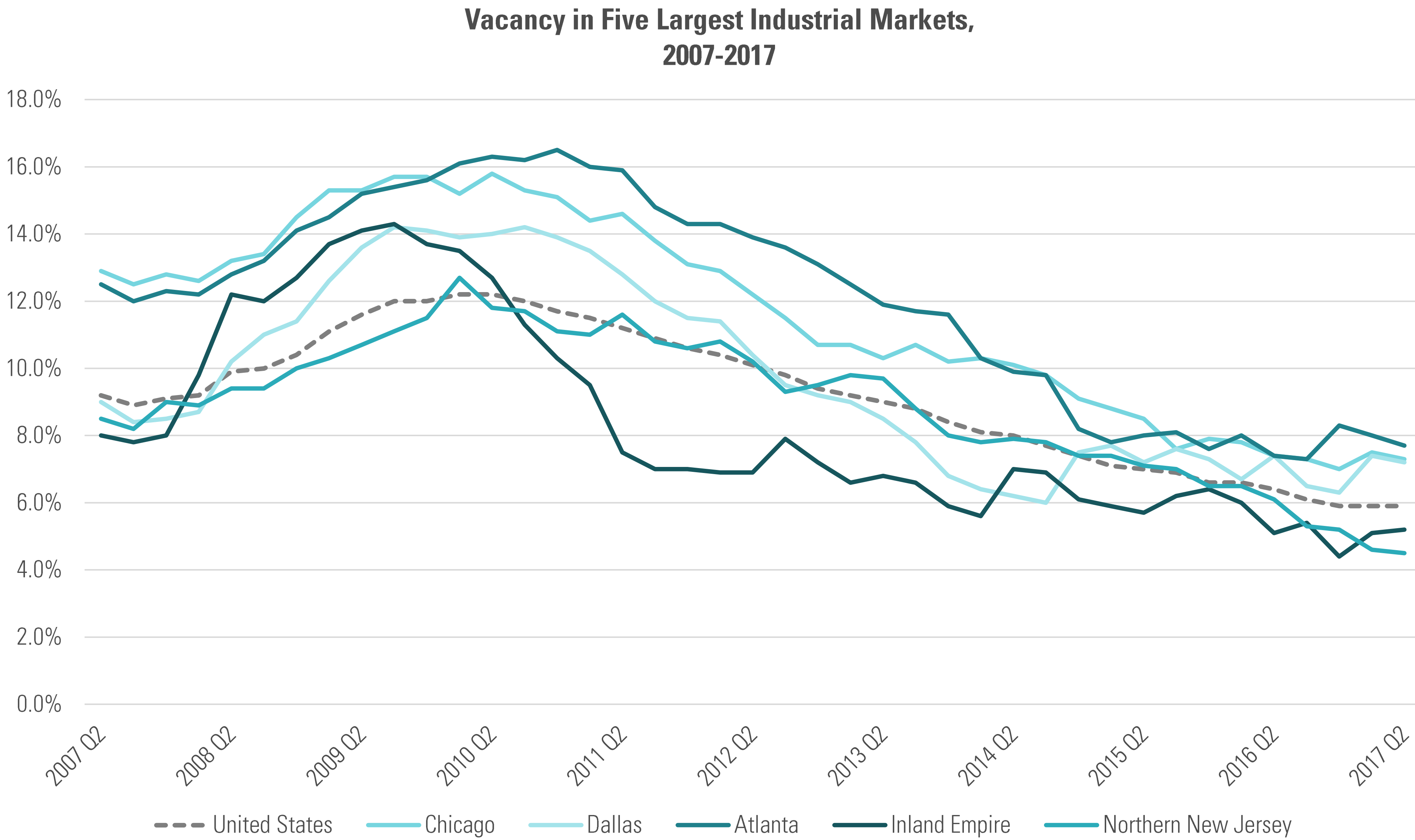
VACANCY CONTINUES TO DECLINE

Well-below pre-recession levels



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Notes: Industrial criteria filtered as follows: industrial property (secondary type is either distribution or warehouse), 30,000+ SF, and a 3-star or greater CoStar rating; The markets in the above chart are not necessarily MSAs or central cities, but are CoStar-defined real estate markets

Source: CoStar; RCLCO

U.S. INDUSTRIAL MARKET RISK INDICATORS

Construction activity is slowing; rent growth high but moderating

	Net Absorption % of Stock Current* Quarter	Completions % of Stock Current* Quarter**	Under Constr % of Stock Current* Quarter***	Occupancy****	Q-o-Q Occupancy Change	Y-o-Y Occupancy Change	Q-o-Q Asking Rent Growth	Y-o-Y Asking Rent Growth
2012 Q2	0.4%	0.1%	0.9%	89.1%	0.3%	1.2%	0.2%	(0.1%)
2012 Q3	0.6%	0.2%	1.0%	89.4%	0.3%	1.2%	0.2%	0.4%
2012 Q4	0.7%	0.4%	0.9%	89.7%	0.3%	1.2%	0.2%	0.7%
2013 Q1	0.4%	0.2%	1.3%	90.0%	0.3%	1.2%	0.3%	0.9%
2013 Q2	0.5%	0.3%	1.3%	90.3%	0.3%	1.2%	0.5%	1.2%
2013 Q3	0.7%	0.5%	1.4%	90.6%	0.3%	1.2%	0.6%	1.6%
2013 Q4	0.8%	0.3%	1.7%	90.8%	0.3%	1.2%	0.7%	2.1%
2014 Q1	0.6%	0.4%	1.9%	91.1%	0.3%	1.1%	0.7%	2.5%
2014 Q2	0.6%	0.5%	2.1%	91.4%	0.3%	1.1%	0.7%	2.7%
2014 Q3	0.8%	0.6%	2.3%	91.7%	0.3%	1.2%	0.6%	2.7%
2014 Q4	1.0%	0.7%	2.2%	92.0%	0.2%	1.1%	0.5%	2.5%
2015 Q1	0.7%	0.5%	2.2%	92.2%	0.2%	1.1%	0.8%	2.6%
2015 Q2	0.8%	0.6%	2.3%	92.5%	0.2%	1.0%	0.9%	2.8%
2015 Q3	0.8%	0.8%	2.4%	92.7%	0.2%	0.9%	1.1%	3.3%
2015 Q4	0.9%	0.7%	2.5%	92.9%	0.2%	0.9%	1.4%	4.3%
2016 Q1	0.7%	0.7%	2.5%	93.0%	0.1%	0.8%	1.4%	4.9%
2016 Q2	0.8%	0.6%	2.6%	93.1%	0.1%	0.7%	1.3%	5.4%
2016 Q3	1.1%	0.9%	2.6%	93.3%	0.2%	0.6%	1.2%	5.5%
2016 Q4	0.9%	0.7%	2.7%	93.5%	0.2%	0.6%	0.9%	4.9%
2017 Q1	0.6%	0.7%	2.6%	93.6%	0.2%	0.6%	0.7%	4.2%
2017 Q2	0.6%	0.6%	2.4%	93.8%	0.1%	0.6%	0.9%	3.8%

**Current quarter defined as Q2 2017; **Completions highlighted in Red if above 0.25% of Stock; ***Under Construction highlighted in Red if above 1% of Stock; ****Green if above city's historical average since 2008*

Notes: Above data includes only warehouses and distribution centers; does NOT include other industrial buildings; Rent and occupancy are based on a rolling 4-quarter average. Rent growth numbers utilize asking rent data; The markets in the above chart are not necessarily MSAs or central cities, but are CoStar-defined real estate markets; Industrial criteria filtered as follows: industrial property (secondary type is either distribution or warehouse), 30,000+ SF, and a 3-star or greater CoStar rating

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Source: CoStar; RCLCO

U.S. INDUSTRIAL MARKET RISK INDICATORS

Construction is still elevated, but not yet outpacing demand

	Net Absorption % of Stock Current* Quarter	Completions % of Stock Current* Quarter**	Under Constr % of Stock Current* Quarter***	Occupancy****	Q-o-Q Occupancy Change	Y-o-Y Occupancy Change	Q-o-Q Asking NNN Rent Growth	Y-o-Y Asking NNN Rent Growth
Atlanta	1.2%	0.9%	3.2%	91.8%	(0.0%)	(0.1%)	0.5%	4.5%
Baltimore	1.7%	0.3%	5.1%	91.2%	0.5%	1.2%	(0.6%)	0.2%
Boston	0.1%	0.0%	1.3%	93.0%	0.5%	1.8%	2.4%	5.4%
Chicago	0.9%	0.9%	2.1%	92.3%	(0.0%)	0.3%	(0.1%)	(0.3%)
Dallas	0.8%	0.6%	4.0%	92.9%	0.0%	0.3%	0.8%	3.8%
Denver	0.9%	1.1%	2.8%	94.1%	(0.2%)	(1.3%)	(0.2%)	0.5%
Houston	(0.1%)	0.5%	1.3%	93.7%	0.1%	0.1%	0.8%	4.6%
Indianapolis	(0.1%)	0.6%	0.9%	93.9%	0.1%	2.1%	(0.5%)	(0.6%)
Inland Empire	1.7%	1.6%	5.5%	94.6%	0.0%	0.7%	(0.3%)	3.3%
Los Angeles	0.0%	0.1%	1.3%	97.6%	(0.1%)	0.0%	1.5%	6.7%
Memphis	0.8%	0.9%	0.1%	92.6%	(0.1%)	1.1%	1.2%	3.3%
Miami	0.2%	0.8%	2.1%	95.1%	0.2%	1.2%	1.4%	7.4%
Northern New Jersey	0.7%	0.7%	3.2%	94.8%	0.4%	1.9%	3.7%	14.1%
Oakland	0.7%	0.1%	0.9%	96.2%	0.3%	0.6%	4.3%	16.4%
Orange County	0.8%	0.0%	0.2%	96.9%	0.1%	0.0%	1.7%	8.7%
Phoenix	0.5%	0.3%	2.6%	87.7%	0.5%	0.9%	(0.7%)	2.3%
San Diego	0.2%	0.0%	0.4%	95.2%	0.5%	1.0%	1.9%	11.9%
San Francisco	(0.2%)	0.0%	0.0%	98.3%	(0.3%)	0.3%	5.9%	18.8%
Seattle	0.9%	0.8%	2.3%	95.6%	0.4%	1.4%	5.5%	14.1%
United States	0.6%	0.6%	2.4%	93.8%	0.1%	0.6%	0.9%	3.8%

**Current quarter defined as Q2 2017; **Completions highlighted in Red if above 0.25% of Stock; ***Under Construction highlighted in Red if above 1% of Stock; ****Green if above city's historical average since 2008*

Notes: Above data includes only warehouses and distribution centers; does NOT include other industrial buildings; Rent and occupancy are based on a rolling 4-quarter average. Rent growth numbers utilize asking rent data; The markets in the above chart are not necessarily MSAs or central cities, but are CoStar-defined real estate markets; Industrial criteria filtered as follows: industrial property (secondary type is either distribution or warehouse), 30,000+ SF, and a 3-star or greater CoStar rating

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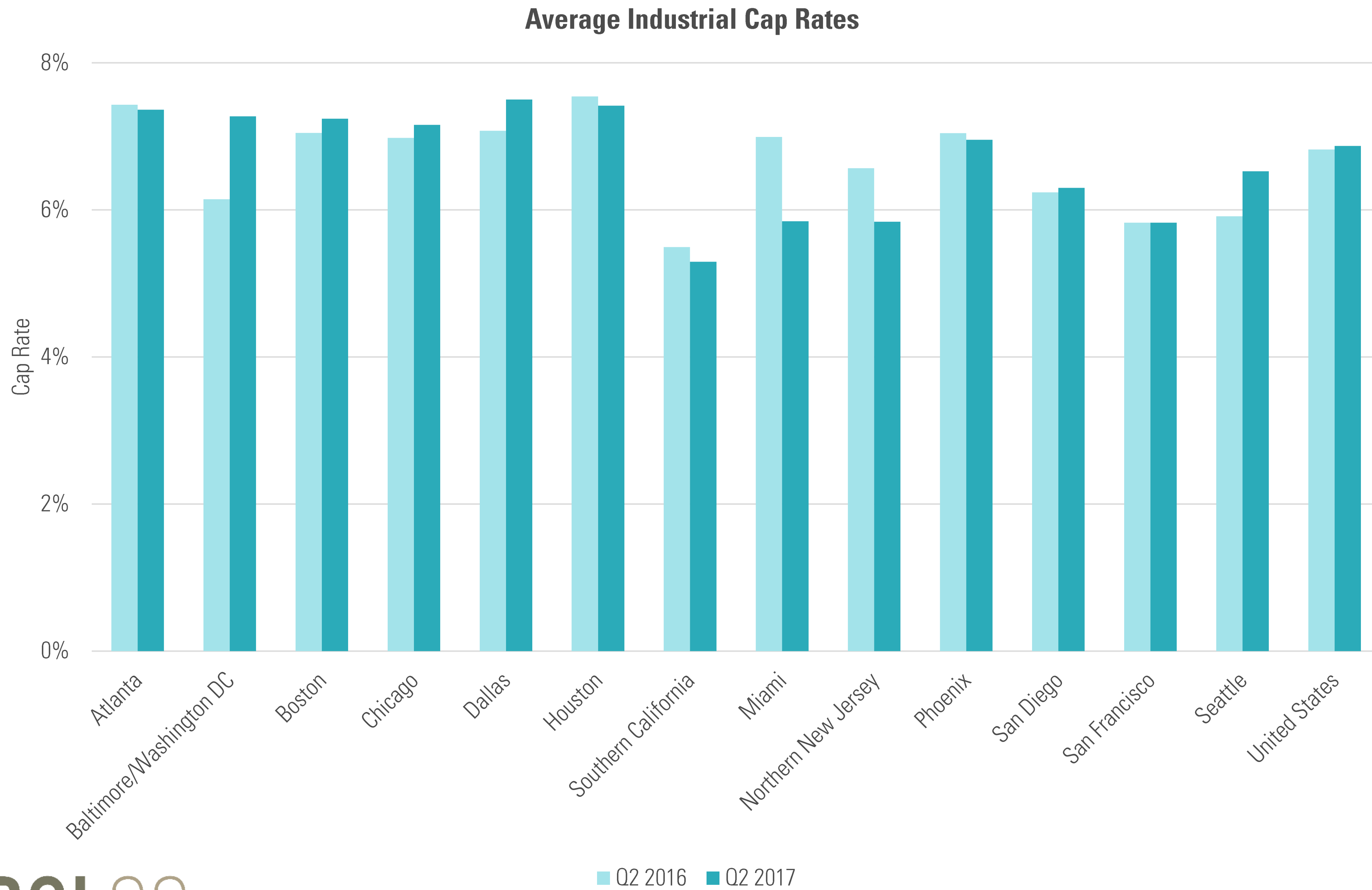
Source: CoStar; RCLCO

INDUSTRIAL CAP RATES STILL LOW

Compression continues in highest barrier-to-entry markets



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Source: RCA

HOTEL MARKET OVERVIEW

- Hotel occupancy and RevPAR reach peak levels
- Transaction volume increased modestly nationwide
- Hotel cap rates continue to vary by market, but exhibit expansion nationwide

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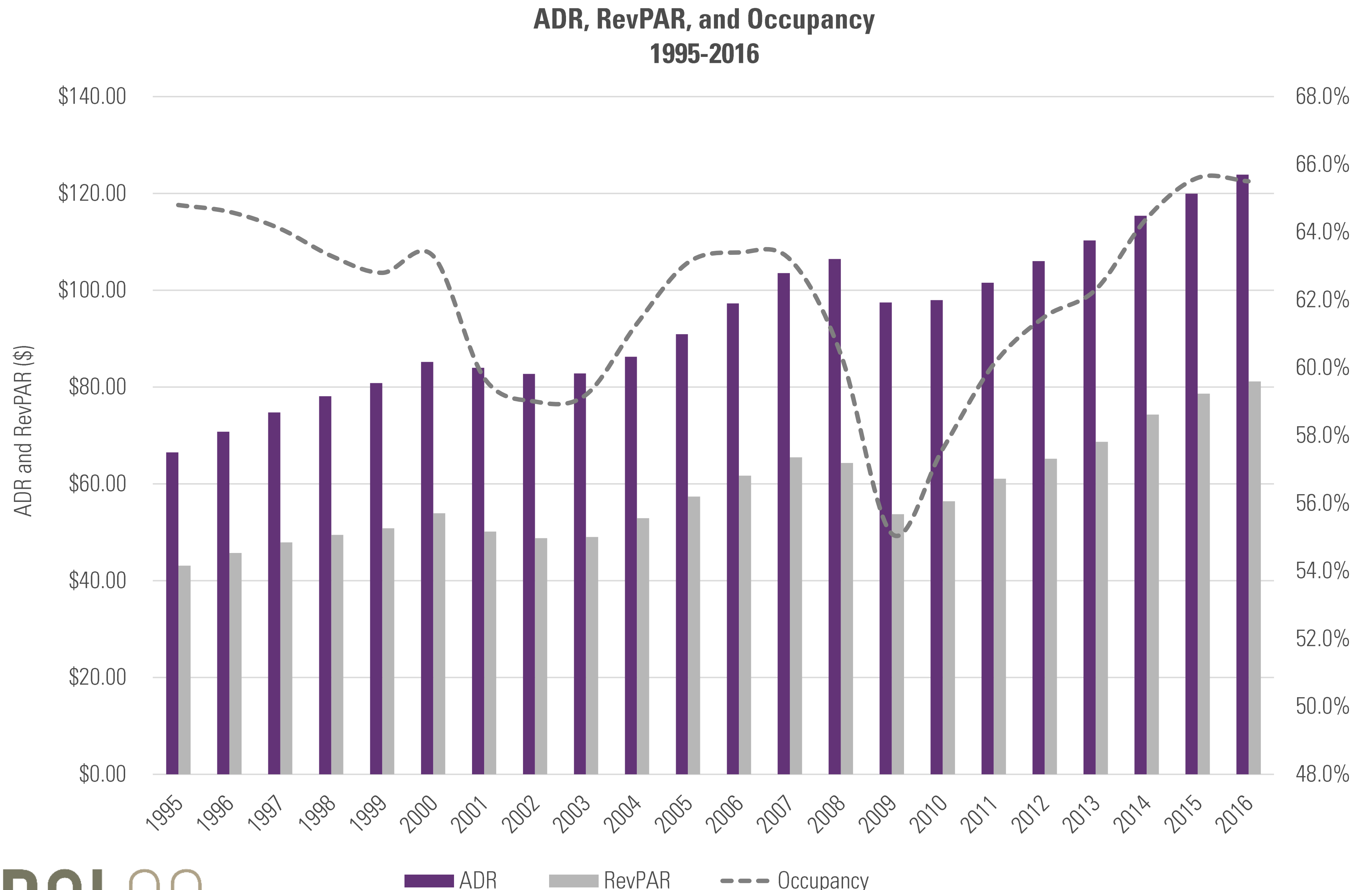
HOTEL OCCUPANCY REACHES PEAK

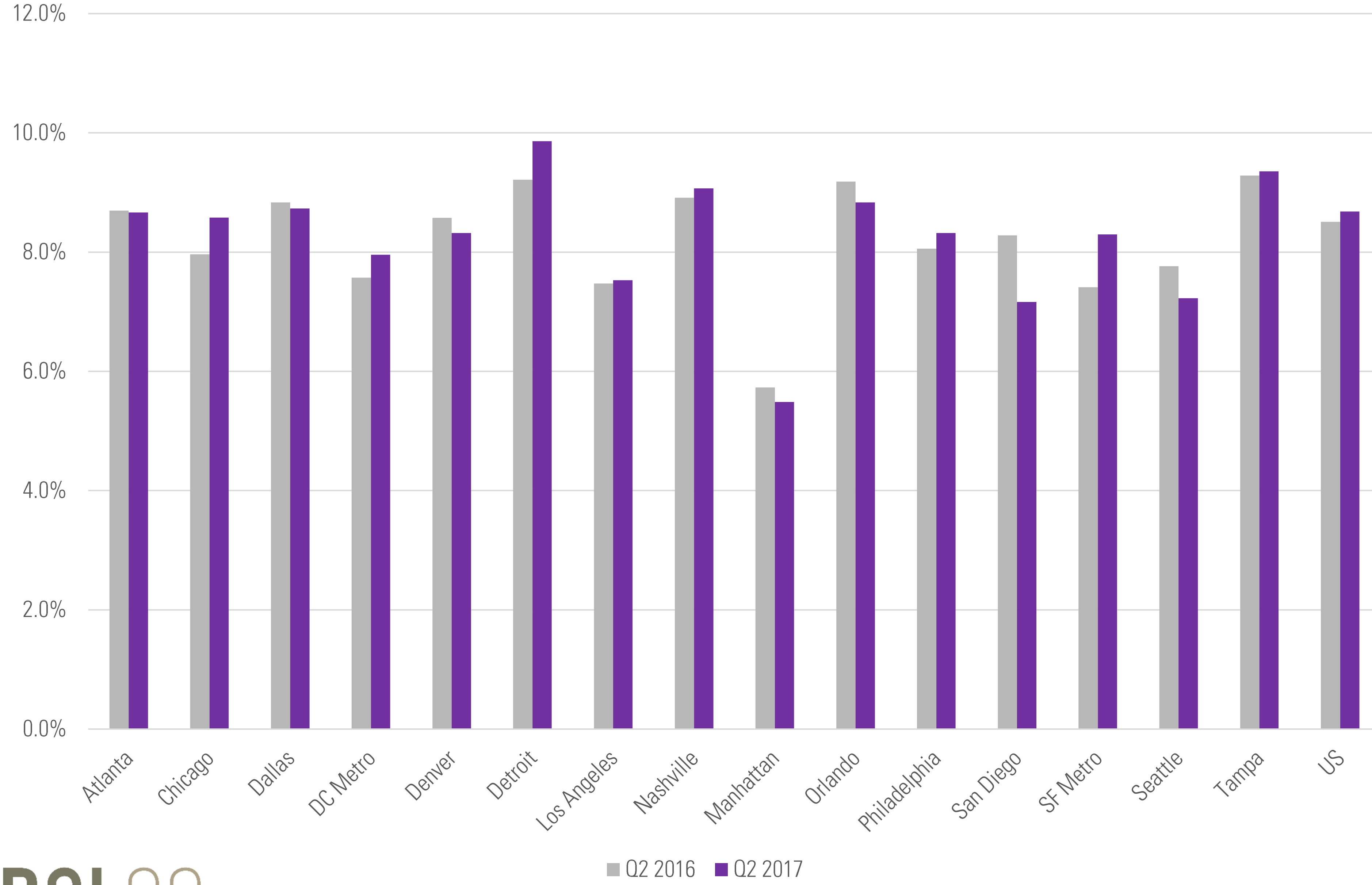
RevPAR and ADR reach peak, exhibit strong post-recession growth



Source: Cushman & Wakefield; RCLCO

HOTEL CAP RATES EXPAND NATIONWIDE

Cap rates vary by market



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Source: RCA

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