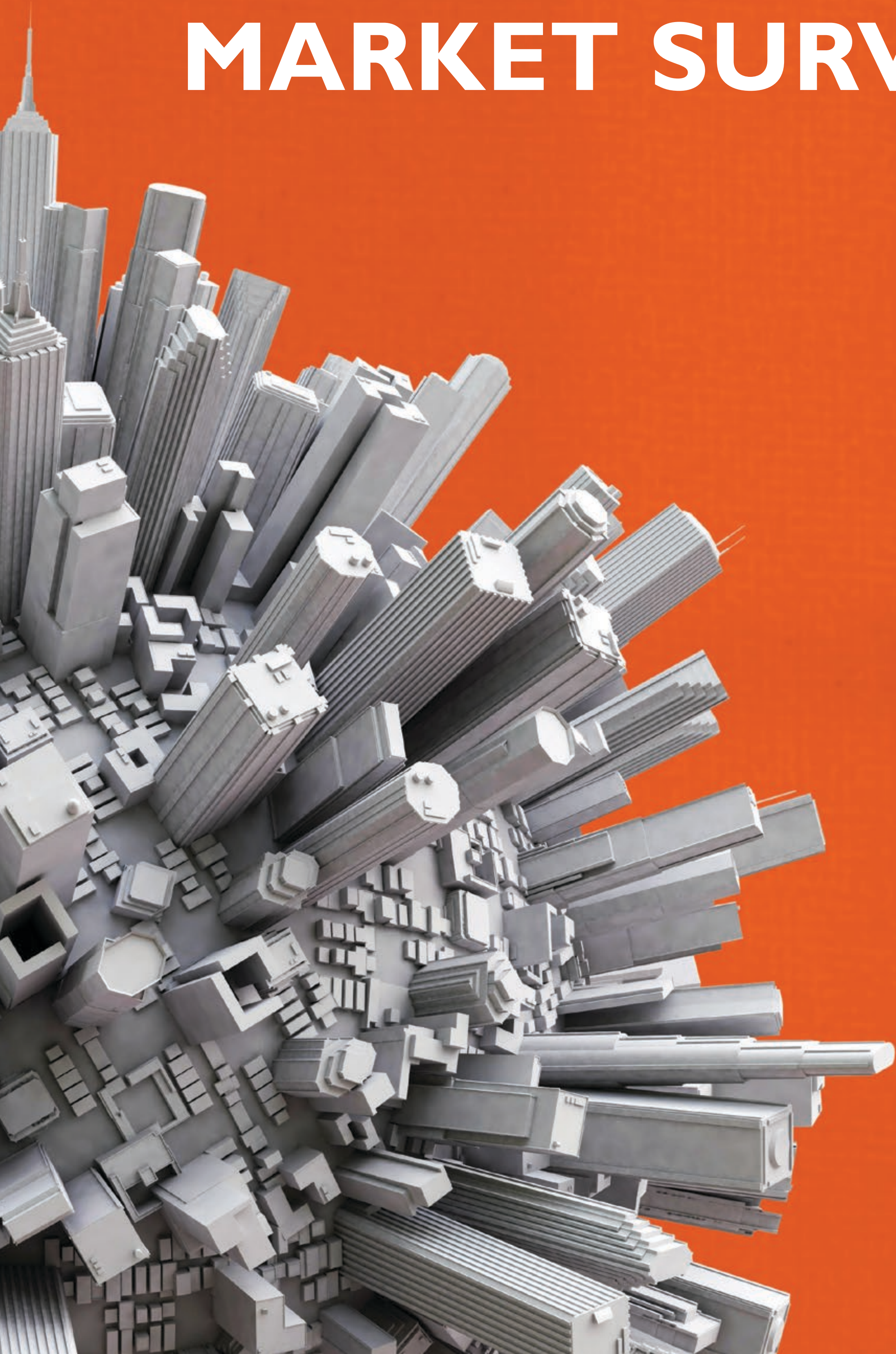
DLA PIPER 11TH GLOBAL REAL ESTATE SUMMIT

APRIL 30, 2013

STATE OF THE MARKET SURVEY



DLA PIPER

EXECUTIVE SUMMARY

"Bullish"

Despite the slow economic recovery, the overwhelming majority of commercial real estate executives report feeling very optimistic about the sector's prospects for the coming year. In DLA Piper's 2013 State of the Market Survey, 85 percent of executives describe themselves as having a bullish outlook, reversing a far more pessimistic view in 2011.

It has been a tumultuous five years since the financial crisis knocked the commercial property market to its knees. When financing and credit markets dried up in the wake of Lehman Brothers' collapse in September 2008, commercial real estate executives went overwhelmingly bearish and remained so for years. Only 30 percent of these executives characterized themselves as bullish in October 2011, when DLA Piper released its previous State of the Market Survey.

The economy still isn't booming, and job growth has been only modest. What has executives feeling so good in 2013? Some cite a strengthening economy, yet most don't expect to see a sustained, broad economic recovery lift real estate fundamentals this year. Instead, most cite low-cost financing afforded by artificially low interest rates and easier access to capital. Most executives are not expecting additional major tax increases this year, either. As a result, most see real estate capitalization rates remaining steady or even going down some – keeping commercial property values aloft and perhaps even boosting them to new highs.

Highlights of DLA Piper's 2013 Survey include:

- Available, low-cost money is driving this optimism. Fifty-six percent of executives attribute their bullishness to a combination of the current low interest rate environment and abundant debt and equity capital supplies, while just 40 percent attribute their bullish outlook to the strengthening US economy.
- Executives believe the Fed when it says interest rates will remain low for the upcoming year. Half believe interest rates will rise slightly, and the other 49 percent believe rates won't change at all.
- Following reports that the Obama administration wants to raise the tax rate on carried-interest income – the kind received by investors in real estate partnerships, joint ventures and private equity funds – 72 percent of respondents don't think Congress will eliminate the carried-interest provision in the coming year.
- Sixty-eight percent expect cap rates to remain steady. But 19 percent think cap rates are headed down, a sign they believe real estate prices will go up.
- Industry sectors: Health Care, although a specialized segment in the overall real estate market, is rated as the most attractive opportunity for investors in the year ahead, followed by Multifamily and Industrial.
- Among non-gateway cities, Houston, Dallas and Miami are expected to have the best-performing commercial real estate markets in the coming year.
- Internationally, Australia is viewed as the second-most attractive market for investment, topping China, which ranks third. Brazil is the most attractive.
- Despite turmoil in the Middle East and North Korea, executives' attention is on Europe. They rank the European sovereign debt crisis and the potential breakup of the euro as the top external global factors that could impact the US commercial real estate market this year.
- Political gridlock in Washington, DC, is grating on executives and is ranked as the number one thing that needs to change for the US to get its fiscal house in order.
- The market remains awash in capital. Executives expect private equity (29 percent), foreign investors (26 percent) and pension funds (23 percent) to be the most active players.

VERBATIMS

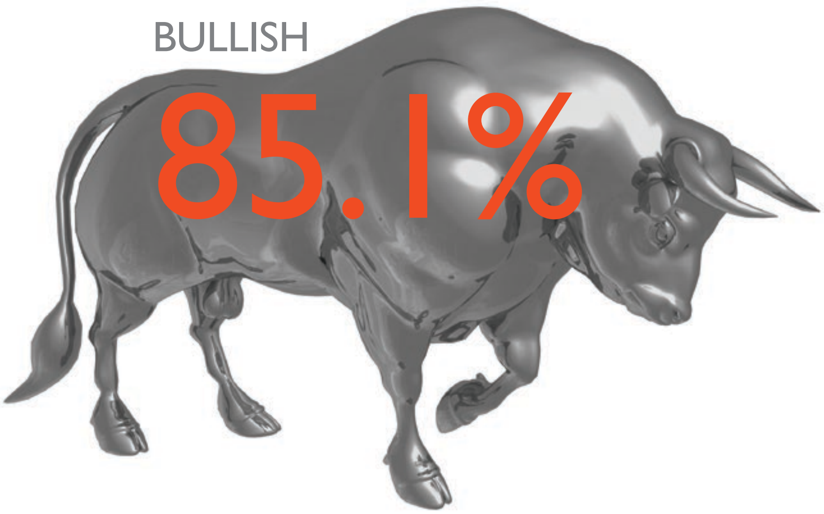
Beyond job growth, what is the single largest ISSUE and/or CHALLENGE facing the US commercial real estate industry?

- Potential for rapidly rising interest rates
- International political uncertainty
- Uncertainty of US fiscal policy
- Economic uncertainty
- Political gridlock
- Available debt for new development
- Readily available low-cost debt, resulting in loosening underwriting standards
- Consumer confidence
- Alternative workplace strategies
- Lack of capital spending
- Internet making geographic and physical presence irrelevant
- Need to renegotiate mortgages
- Economic growth beyond the five to seven typical US cities
- Unstable European markets
- Growth of government programs and payroll
- Midterm squeeze on liquidity when interest rates go up and existing debts come due
- Regulation and taxes
- Small business ecosystem/barriers to starting new businesses
- Too much capital chasing too few deals
- Health care spending
- Global competition
- Overbuilding

1. How would you describe your 12-MONTH OUTLOOK for the US Commercial Real Estate market?

BULLISH

85.1%



BEARISH

14.9%

- This is a big jump from 2011, following volatility in the financial markets that dampened the sense of recovery in the US, when only 30 percent described their outlook as bullish. It's a tremendous leap from 2008, when only 10 percent of respondents were bullish.

2. What is the primary reason for your CONFIDENCE?

Continued strengthening of the US economy	**39.7%**
Increased foreign investment in the US market	**4.0%**
Continuation of the low interest rate environment	**23.6%**
Abundance of debt and equity capital available for investment	**32.7%**

- Of the respondents who hold a bullish outlook for the US commercial real estate market, 40 percent cite the continued strength of the US economy and 33 percent cite the abundance of debt and equity capital available for investment as their top reason for optimism.
- Despite reports that foreign investment in the US has been rejuvenating the US commercial real estate markets, only 4 percent of respondents attributed increased foreign investment as a reason for their bullish view. Note, however, that 26 percent of respondents in question No. 8 say they expect foreign investors to be the most active investors in the US commercial real estate markets in 2013.

3. What is the primary reason for your LACK OF CONFIDENCE?

Slow US job growth	**48.8%**
Continued gridlock in Washington, DC	**36.6%**
Impact of sequestration cuts on US economic growth	**4.9%**
Ongoing European debt crisis	**9.8%**

- The vast majority of bearish respondents attributed their outlook to a combination of sluggish job growth (49 percent) and continued gridlock in Washington, DC (37 percent).
- Washington gridlock was a theme in DLA Piper's 2011 State of the Market Survey and continues to inspire doubt in some executives, despite a variety of upbeat indicators and reports.

4. Where do you think INTEREST RATES are headed in the next 12 months?

Up significantly	0.5%
Up slightly	50.3%
No change	48.7%
Down slightly	0%
Down significantly	0.5%

- The Fed has pledged to keep interest rates low through the end of 2014, and 99 percent of respondents believe there will be little if any movement in rates in the coming year.

5. Where do you think CAP RATES are headed in the next 12 months?

13.2%	Up
68.3%	No significant change
18.5%	Down

- Consistent with the Survey's 2010 and 2011 findings, 68 percent believe there will be no movement in cap rates in the next 12 months.
- Surprisingly, although cap rates have compressed to historic low levels, 19 percent of respondents expect them to go down even further.

6. Which INDUSTRY SECTOR do you think presents the most attractive opportunity for real estate investors during the next 12 months?

1	HEALTH CARE*	(1025)
2	MULTIFAMILY	(930)
3	INDUSTRIAL	(808)
4	HOTEL	(754)
5	OFFICE DOWNTOWN	(745)
6	RETAIL	(608)
7	OFFICE SUBURBAN	(422)

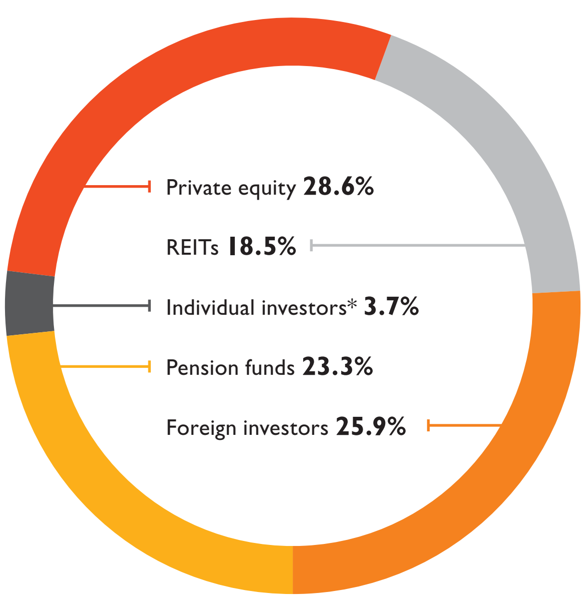
- Respondents chose Health Care, Multifamily, and Industrial as the sectors that present the most attractive asset class for real estate investors over the next 12 months.
- Health Care is ranked as the top choice despite being a specialized real estate segment. That shows it's being recognized for its investment stability, superior performance and long-term opportunity following the re-election of President Obama and the implementation of the Affordable Care Act, which creates the expectation of a greater need for properties serving health care uses.
- Multifamily, the asset class that ranked as the most attractive investment opportunity and outpaced all other categories by a wide margin in 2011, remains highly attractive to respondents.

* Includes medical office buildings, assisted living, continuing care, etc.

7. Which of the following INTERNATIONAL MARKETS/REGIONS outside of the US are most attractive for investment during the next 12 months?

- Brazil, Australia and China were the three international markets/regions executives found most attractive for investment during the next 12 months.
- This is the first time in the Survey's seven-year history that Australia was offered as an option. It leapfrogged China and India, which in 2010 and 2011 were ranked just behind Brazil.

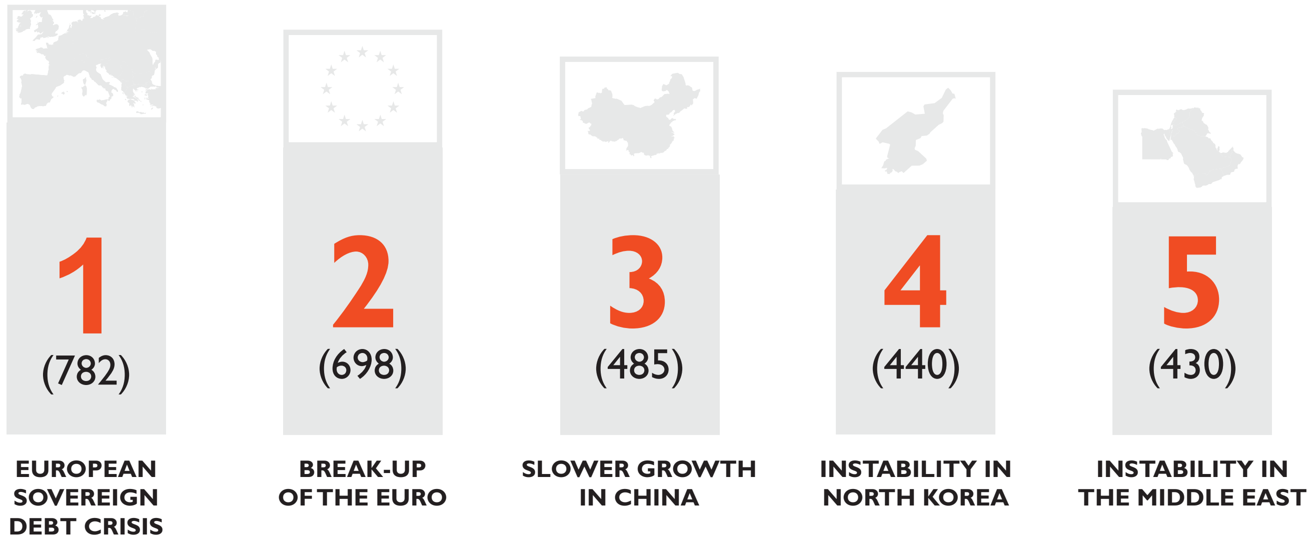
8. What types of EQUITY INVESTORS do you expect to be most active in the US in the coming year?



- Consistent with the Survey's 2011 findings, respondents expect private equity (29 percent), foreign investors (26 percent) and pension funds (23 percent) to be the most active investors in the next year. The fact that these deal makers are perceived to be active indicates that the commercial real estate market is flush with capital.
- As is evident by the recent performance of REITs in the public markets, 18 percent of respondents have high expectations for REITs. This continues a comeback trend from 2011, when 16 percent of respondents expected REITs to be the most active investors, as contrasted with 29 percent in 2010.

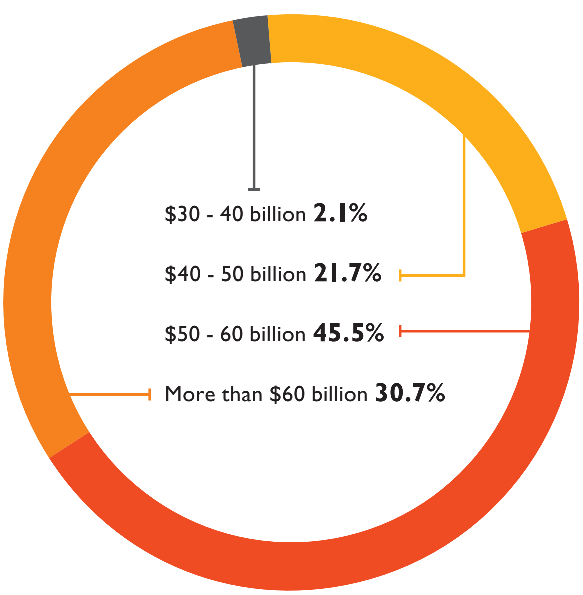
* EB-5, high net worth individuals, crowdfunding, etc.

9) Which of the following EXTERNAL GLOBAL FACTORS (if they take place in the next 12 months) would have the greatest impact on the US commercial real estate market?



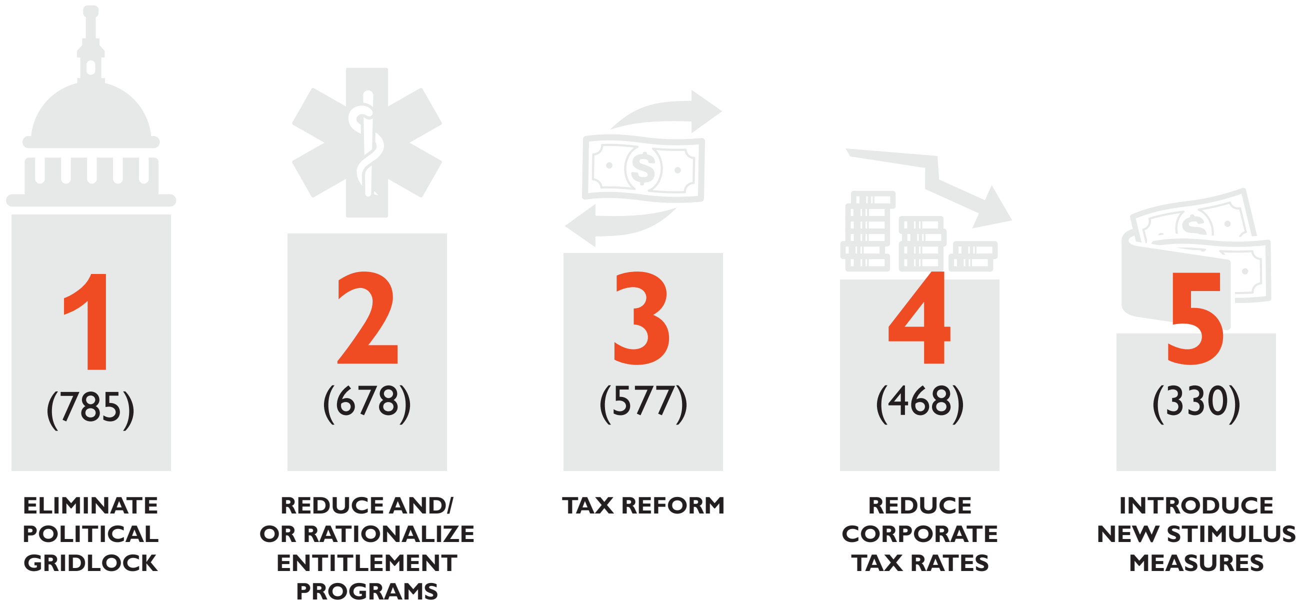
- Respondents think the European sovereign debt crisis, the breakup of the euro and slower growth in China are the top external global factors with potential to affect the US commercial real estate market in the year ahead.
- While it's clear that the financial instability that continues to plague Europe is the top concern, most respondents doubt the political instability in North Korea and the Middle East will play out in a way that will impact US commercial real estate markets.

10. Amid the continued resurgence of the domestic CMBS markets – with 2012 issuance reaching $46 billion compared to $33 billion in 2011 – how high will CMBS VOLUMES reach in 2013?



- According to industry reports, CMBS issuance in the first quarter of 2013 jumped to $21.3 billion, the biggest total since the final three months of 2007, before the credit crisis.
- Notwithstanding the robust first quarter, many respondents predicted more modest growth for the remainder of the year. But the good news is that 76 percent of respondents believe that the CMBS markets will continue to be active and that 2013 volume will exceed that of the prior year, reaching at least $50 billion, up from $33 billion in 2011.

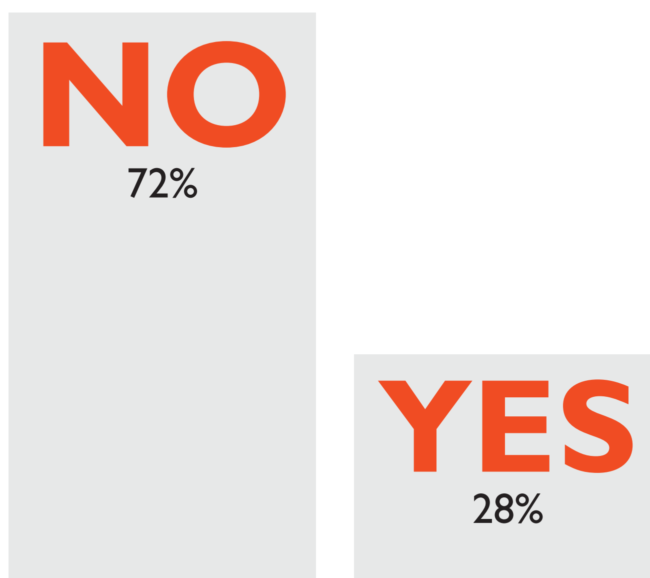
11. What must the United States do to get its FISCAL HOUSE in order?



- Respondents rank an elimination of political gridlock, entitlement reductions and tax reform – including eliminations of deductions and tax simplification – as their top recommendations for improving the fiscal strength of the United States.
- It's clear that a majority of respondents are sick of the White House and Congress butting heads. Not only do 37 percent say that gridlock drives their bearish sentiment about the US commercial real estate industry (see question No. 3), but it was ranked as the number one issue affecting the nation's fiscal strength.

12. In the next 12 months, do you expect that Congress will vote to eliminate the CARRIED-INTEREST provision?

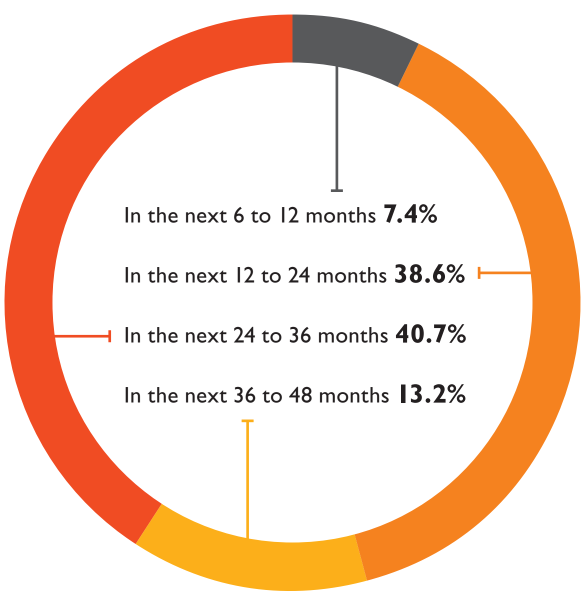
- In the 2014 budget proposal announced in April, the Obama administration once again put forth an increase in the tax on carried-interest income received by managers of hedge funds, private equity funds and venture capital funds.
- In line with the 2011 State of the Market Survey, a majority of respondents (72 percent) do not expect Congress to vote to eliminate the carried-interest provision.



13. Which of the following NON-GATEWAY CITIES do you believe will perform the strongest within the US commercial real estate industry in the year ahead?

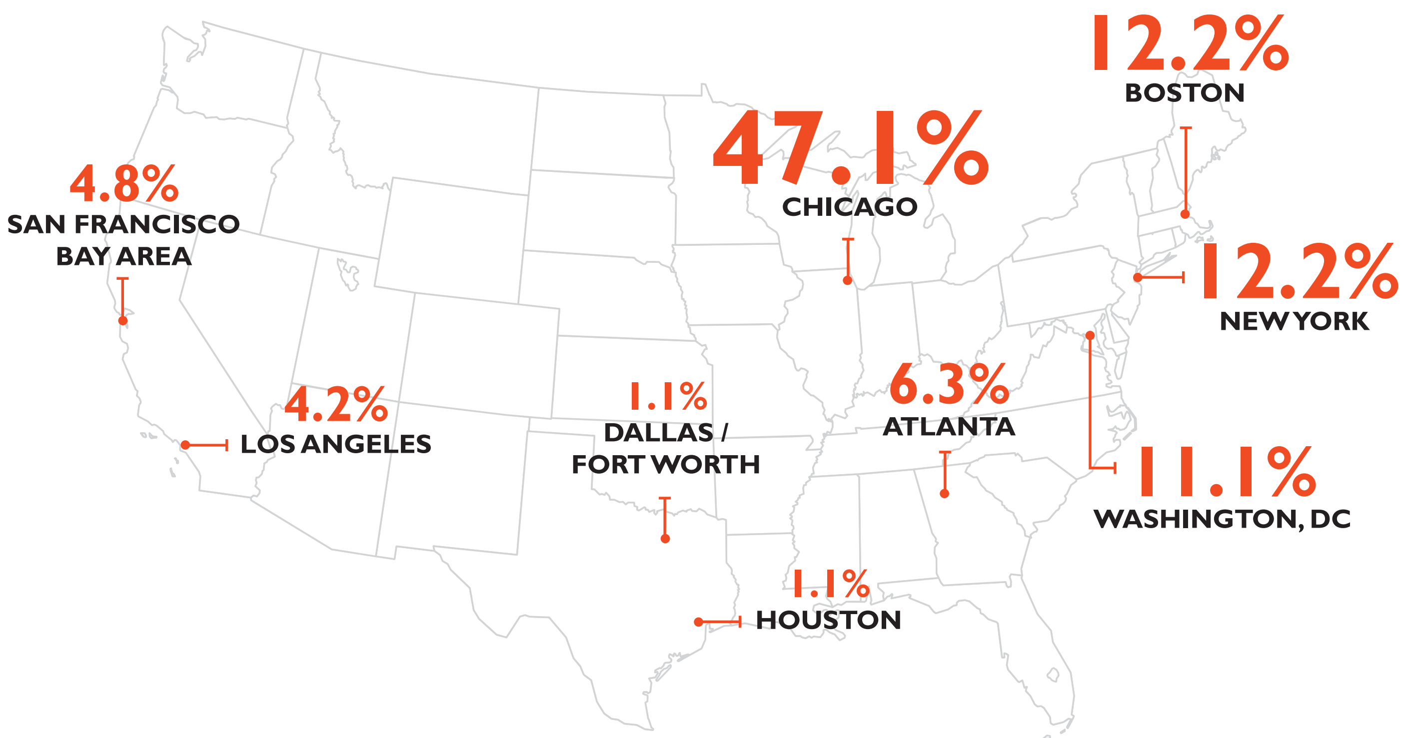
- Among non-gateway cities, respondents rank Houston, Dallas and Miami as those anticipated to perform the strongest within the commercial real estate industry in the year ahead.
- Why were the commercial real estate markets in these cities anticipated to have such a strong year ahead? In Houston, the energy sector continues to drive job growth and most other business activity. Dallas has one of the most stable local economies in the country and leads the way in both job and population growth. And more than 1.2 million square feet of speculative industrial space is in development in Miami-Dade County, after several years of virtually no new industrial construction in the county.

14. When will a SUSTAINED ECONOMIC RECOVERY overtake the artificially low interest rate environment as the principal driver of commercial real estate investment?



- Forty-one percent of respondents believe it will take two to three years for a sustained economic recovery to become the principal driver of commercial real estate investment.
- Thirty-nine percent of respondents think a sustained economic recovery is at least a year away.

15. In which MARKET are you located?



METHODOLOGY

In April 2013 DLA Piper distributed a survey via e-mail to top executives within the real estate industry, including CEOs, COOs, CFOs and other senior executives, which was completed by 189 respondents.

The Survey coincides with DLA Piper's 2013 Global Real Estate Summit held in Chicago on April 30, 2013, and is attended by many of the executives included in the Survey.

- Question No. 2 was made available only to respondents who described themselves as "bullish" in question 1.
- Question No. 3 was made available only to respondents who described themselves as "bearish" in question 1.
- Question No. 6 was calculated by using a weighted rank (score); selections were ranked 1-7 using an inverse weighted scale that valued each response as following: 1 = 7 points, 2 = 6 points, 3 = 5 points, 4 = 4 points, 5 = 3 points, 6 = 2 points, 7 = 1 point.
- Question No. 7 was calculated by using a weighted rank (score); selections were ranked 1-7 using an inverse weighted scale that valued each response as following: 1 = 7 points, 2 = 6 points, 3 = 5 points, 4 = 4 points, 5 = 3 points, 6 = 2 points, 7 = 1 point.
- Question No. 9 was calculated by using a weighted rank (score); selections were ranked 1-5 using an inverse weighted scale that valued each response as following: 1 = 5 points, 2 = 4 points, 3 = 3 points, 4 = 2 points, 5 = 1 point.
- Question No. 11 was calculated by using a weighted rank (score); selections were ranked 1-5 using an inverse weighted scale that valued each response as following: 1 = 5 points, 2 = 4 points, 3 = 3 points, 4 = 2 points, 5 = 1 point.
- Question No. 13 was calculated by using a weighted rank (score); selections were ranked 1-7 using an inverse weighted scale that valued each response as following: 1 = 7 points, 2 = 6 points, 3 = 5 points, 4 = 4 points, 5 = 3 points, 6 = 2 points, 7 = 1 point.
- Due to rounding, all percentages used in all questions may not add up to 100 percent.

ABOUT
DLA PIPER

DLA PIPER
AT A GLANCE

Building strong and substantial client relationships is the compass for DLA Piper's business strategy and future development. Today, we have 4,200 lawyers in Asia Pacific, Europe, the Middle East and the United States. With a direct presence in more than 30 countries, we represent more clients in a broader range of geographies and practice areas than any other law firm in the world.

OUR CLIENTS

Our clients range from multinational, Global 1000 and Fortune 500 enterprises to emerging companies developing industry-leading technologies. They include more than half of the Fortune 250 and nearly half of the FTSE 350 or their subsidiaries.

KEY FACTS

- More than 250 lawyers in New York and 350 in London, the world's two most important financial centers
- More than 120 lawyers in China and 700 across Asia Pacific
- The only firm with more than 1,000 lawyers both in Europe and in the US
- In jurisdictions where we do not have offices, we have relationships with DLA Piper Group Firms, Focus Firms and Preferred Firms. Additionally, in both Brazil and Turkey, we work in cooperation with leading local firms to support the needs of clients looking to expand or do business there.

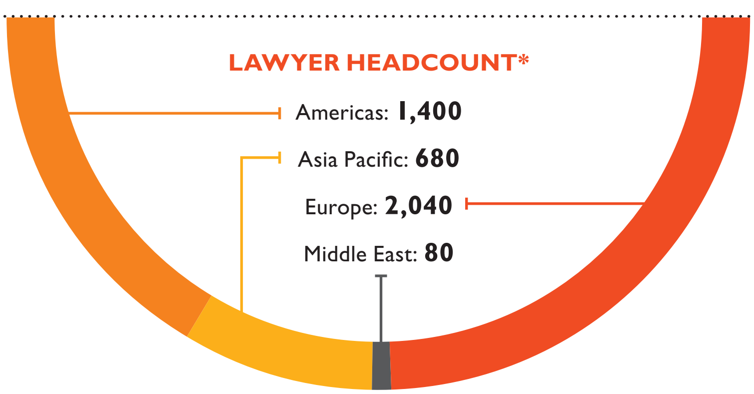
OUR SERVICES

Our core practice areas include:

- Corporate and Finance
- Litigation and Arbitration
- Real Estate and Real Estate Capital Markets
- Regulatory and Government Affairs
- Intellectual Property and Technology
- Tax (including International Tax)

GLOBAL SECTOR FOCUS

- Banking
- Energy and Water
- Health Care
- Hospitality and Leisure
- Insurance
- Life Sciences
- Mining
- Sports, Media and Entertainment
- Technology



RANKINGS

1st by revenue and headcount among the highest-grossing law firms in the US in The Am Law 100 (*The American Lawyer*, 2013)

1st in overall M&A deal volume and mid-market deal volume globally during 2012 (*mergermarket* and *Thomson Reuters*)

2nd among the world's top 20 firms for global reach and breadth of international work (*Law360*, 2012)

900 DLA Piper lawyers ranked as leaders in their fields (*Chambers and Partners*, 2012)

4th among the "Global Elite" law firms for having one of the strongest law firm brands worldwide (*BTI Brand Elite*, 2012)

5th among the most powerful law firm brands recognized by in-house counsel (*Acritas*, 2012)

Recognized as one of the law firms "that corporate America turns to the most" (*The National Law Journal*, 2010)

* Lawyer headcounts above exclude Group and Focus Firms

REAL ESTATE AT A GLANCE

LARGEST REAL ESTATE PRACTICE IN THE WORLD

175 Real Estate lawyers in the US

500 Real Estate lawyers worldwide

ACCOLADES

Chambers USA: America's Leading Lawyers for Business
29 DLA Piper Real Estate and Construction lawyers named leading business lawyers in the US, more than any other US law firm (2012)

Won the 2008 and 2011 Award for Excellence, recognizing DLA Piper as the top Real Estate practice in the US – the only firm to win this award twice

Who's Who Legal: The International Who's Who of Business Lawyers
Named Law Firm of the Year in real estate for eight consecutive years (2012)

Commercial Property Executive Magazine
Named the Leading Real Estate Law Firm in the US (2011)

Law360
Top spot as the law firm with the largest Real Estate practice in the US (2012)

RECENT US REPRESENTATIVE MATTERS

DLA Piper represented clients in many of the most significant, recent US commercial real estate transactions, among them:

- Oxford Properties in a joint venture with Crown Acquisitions to purchase an interest in the iconic Olympic Tower in New York City
- Ongoing representation of The Port Authority of New York and New Jersey in all aspects of the redevelopment of the World Trade Center site in Lower Manhattan
- David Nassif Associates in the $734 million sale of Constitution Center, the largest privately owned office building in Washington, DC
- Bank of China in its $3.5 billion refinance of the Venetian Macao Resort Hotel and Casino
- The Related Companies in its acquisition of the operating assets of Boston-based The Beal Companies, LLP
- L'Oreal USA, Inc. with respect to its North American headquarters lease, for more than 400,000 square feet, at the South Tower of the new Hudson Yards development project in New York City
- CPP Investment Board in its acquisition of a US-based agricultural REIT that owns and operates more than 90,000 tillable acres across six states
- Boston Properties with the acquisition of a 50 percent interest in two buildings in Reston Town Center, a transaction with a value in excess of $420 million
- Bank of China in the $275 million refinancing of Rego Park II, a 610,000-square-foot shopping center in central Queens, New York
- Tishman Speyer in financing, government leasing and intellectual property matters for 1300 N. 17th Street in Arlington, Virginia
- Israeli-based, Harel Insurance Company, in partnership with SL Green, in the acquisition of a 49.5 percent interest in the ground-up development of a dormitory for Pace University at 33 Beekman Street, New York City
- Harrison Street Real Estate Capital, LLC in the acquisition of a 47 percent interest in a five-story mixed-use building in Brooklyn, New York
- InterContinental Hotels Group in multiple acquisitions, dispositions and joint ventures in key markets (New York, San Francisco, and Washington, DC, area) to convert hotels to its new wellness-themed brand, EVEN
- Equity Residential in the acquisition of The Beatrice Apartments in New York City for $280 million and The Irene Apartments in Bethesda, Maryland, for $210 million
- Prudential Real Estate Investors and Northwestern Mutual Life as lenders in the closing of a $300 million loan facility for Warner Center, a multi-building commercial complex in Los Angeles
- Piedmont Office Realty Trust with the 15-year lease of approximately 600,000 square feet for NASA's headquarters building in Washington, DC

INTERNATIONAL CONTACTS

GLOBAL

Jay Epstien
Co-Chair, Global Real Estate Group and Chair, US Real Estate
Washington, DC
T +1 202 799 4100
M +1 202 262 6032
jay.epstien@dlapiper.com

Dr. Olaf Schmidt
Co-Chair, Global Real Estate Group and EMEA Group Head
Milan
T +39 02 80 61 81
M +39 335 54 56 586
olaf.schmidt@dlapiper.com

ASIA PACIFIC

Asia
Susheela Rivers
Head of Real Estate Asia Pacific
T +852 2103 0 760
M +852 6384 2200
susheela.rivers@dlapiper.com

Australia
Les Koltai
T +61 2 9286 8544
les.koltai@dlapiper.com

UK / EMEA

UK
Simon Cookson
T +44 20 7796 6767
M +44 7831 427359
simon.cookson@dlapiper.com

Austria
Oskar Winkler
T +43 1 531 78 1019
M +43 676 8888 1819
oskar.winkler@dlapiper.com

Belgium
Francois De Montpellier
T +32 2 500 6551
M +32 477 48 58 79
francois.demontpellier@dlapiper.com

Czech Republic
Jakub Adam
T +420 222 817 400
M +420 734 622 235
jakub.adam@dlapiper.com

France
Lionel Rosenfeld
T +33 1 40 15 25 35
M +33 6 82 56 68 77
lionel.rosenfeld@dlapiper.com

Germany
Dr. Carsten Loll
T +49 89 232 372 150
M +49 162 24 97 940
carsten.loll@dlapiper.com

Hungary
Róbert Kotsis
T +36 1 510 1100
M +36 30 904 4742
robert.kotsis@dlapiper.com

Italy
Dr. Olaf Schmidt
T +39 02 80 61 81
M +39 335 54 56 586
olaf.schmidt@dlapiper.com

Netherlands
Monique Laenen
T +31 20 5419 827
M +31 6 2249 1311
monique.laenen@dlapiper.com

Norway
Bjørn Slaatta
T +47 2413 1648
M +47 9269 4786
bjorn.slaatta@dlapiper.com

Poland
Jacek Gizinski
T +48 22 5407404
M +48 603 939 980
jacek.gizinski@dlapiper.com

Romania
Alin Buftea
T +40 372 155 807
alin.buftea@dlapiper.com

Russia and CIS / Moscow
Dr. Sergey Koltchin
T +7 495 221 4433
M +7 985 999 1387
sergey.koltchin@dlapiper.com

Russia and CIS / St. Petersburg
Olga Litvinova
T +7 812 448 7200
olga.litvinova@dlapiper.com

INTERNATIONAL CONTACTS

UK / EMEA

Spain
Orson Alcocer
T +34 91 788 7375
M +34 609 13 86 42
orson.alcocer@dlapiper.com

Turkey
Emre Cizioglu
T +90 212 340 05 93
M +90 533 938 09 48
ecizioglu@yukselkarkinkucuk.av.tr

Ukraine
Natalia Kochergina
T +380 44 490 9563
M +380 50 325 2444
natalia.kochergina@dlapiper.com

United Arab Emirates / Abu Dhabi
Duncan Pickering
T +971 2 494 1531
duncan.pickering@dlapiper.com

United Arab Emirates / Dubai
Tom O'Grady
T +971 4 438 6322
M +971 50 640 0019
tom.ogrady@dlapiper.com

FOCUS AND PREFERRED FIRMS

Brazil *(DLA Piper Preferred Firm)*
Fabio Campos Mello
Campos Mello Advogados
T +55 21 3262 3027
fcamposmello@camposmello.adv.br

Croatia *(Group Member)*
Beata Glinska
Glinska & Miskovic Ltd
T +385 1 61 99 930
beata.glinska@gamc.hr

Denmark *(Focus Firm)*
Michael Neumann
Horten
T +45 7730 4267
MN@horten.dk

Ireland *(Focus Firm)*
Vanessa Byrne
Mason Hayes & Curran
T +353 1 614 5296
vbyrne@mhc.ie

Portugal *(Focus Firm)*
Luis Filipe Carvalho
ABBC & Associados
T +00351 21 3583620
lf.carvalho@abbc.pt

Sweden *(Group Member)*
Anders Malmström
DLA Nordic
T +46 8701 78 46
M +46 70 39 856 35
anders.malmstrom@dlanordic.se

REALWORLD

DLA Piper REALWORLD is an online guide to international real estate covering Europe, the US and Asia Pacific. It provides you with answers to the typical legal questions faced when entering overseas markets. Topics include: sale and purchase, leases, real estate taxes, finance, construction, planning and zoning, and corporate structures for investments.
dlapiperREALWORLD.com

NOTES

NOTES

NOTES