INDEPENDENT MARKET REPORT

By JLL as at 31 December 2019

U.S. Economy Overview

Nine years into an unprecedented cyclical expansion – the longest since the post-war boom – the U.S. economy is still leading most developed countries and consistently adding jobs, registering healthy GDP growth and characterized by high (albeit plateauing) consumer, business and employee confidence and sentiment. Although geopolitical risks remain omnipresent and the global economy is expected to cool, the domestic expansion is unlikely to cease in 2020, but will invariably move to a slower "new normal" as demographic and structural factors command a greater presence.

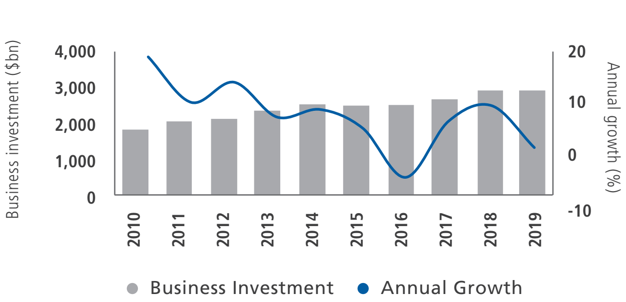
GDP is still in positive territory, although forecasts have been more cautious than in previous years. Over the first three quarters of 2019, the adjusted annual rate of output growth was 2.4%, below the nearly 3% recorded over the same time period in 2018. Although consumption has held up on the back of wage growth largely staying above 3% annually, business investment was contractionary in both Q2 and Q3 and is barely 1% higher than this time last year. Net exports have also fallen into a similar pattern as tariffs and trade policy uncertainty are eating at export volumes.

The U.S. economy saw the addition of 2.1 million new jobs over the course of 2019, bringing total cyclical expansion employment growth to nearly 22.6 million jobs. In turn, unemployment has fallen to yet another low of 3.5%, with bachelor's degree holders in even shorter supply at 1.9%. Gains in 2019 shifted even more to education and health, which contributed nearly one-third of all jobs throughout the year. Talent shortages in both primary and secondary markets have hit office-using employment growth, resulting in professional services no longer being the leader in annual job creation. As unemployment in many of these geographies continues to stay below the 3% mark, domestic migration patterns will determine which metro areas will have runway moving forward.

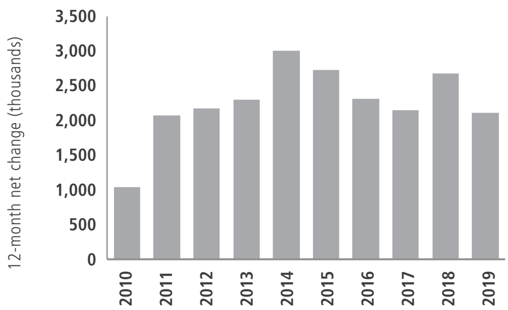
Other indicators demonstrate sustained strength but a similar pattern of levelling off in recent months and quarters. The consumer confidence index, for instance, is holding firm at 126 points after rapid escalation in 2017 and 2018. Similarly, job openings remain above the 7-million mark, but have yet to rise since mid-2018. Even quits, one of the clearest metrics of employee confidence, are tapering at 3.5 million as counter-offers to retain employees rise at or above inflation. The main exception to these trends has been inflation, which rose to 2% in its most recent reading after being below consensus for much of the year. Still, disposable incomes are rising in real terms, which will keep personal consumption and in turn GDP moving upward for a few more quarters.

Heading into 2020, both the global and domestic economy will have to face numerous escalating political headwinds along with a slowing expansion of the labor market and more metered optimism from consumers and employers. This shift in the economy will ultimately lead to a similar cooling in the office market, just as waves of new supply hit.

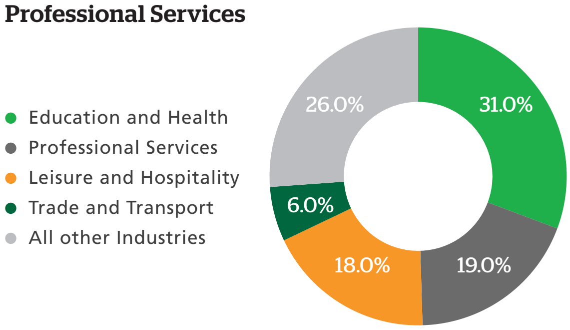
Business Investment is Stabilising as GDP Cools



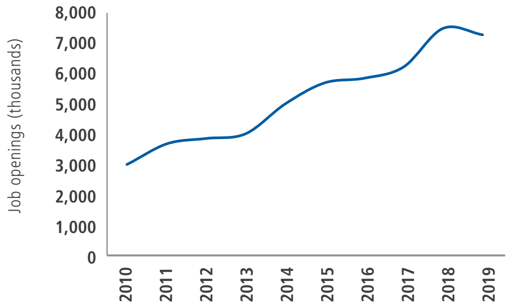
Job Creation Remains Healthy, up 2.1 million in 2019



Half of Annual Job Growth in Education/Health/ Professional Services



Job Openings have Levelled Off but Still Above 7 million



INDEPENDENT MARKET REPORT

U.S. OFFICE OVERVIEW

A robust 2019 was characterized by sustained tenant demand (particularly from tech), expansion into new supply leading to widespread occupancy gains, continued but cooler rent growth and a robust development pipeline that will extend the current cycle out to 2023. This bump in activity comes at the same time as the foundations for a number of critical changes in the office market take place, which will lead to a 2020 and 2021 with more modest absorption, neutral effective rent growth on average, further new-block options and continued give-backs exerting additional pressure on vacancy in second-generation assets.

Leasing activity cooled during Q4 as coworking took a pause on the back of WeWork's restructuring. Previously a top-two-or-three driver of tenant demand, coworking barely registered during the final three months of the year, but was still the third-largest industry segment throughout 2019. Tech remained dominant, accounting for 23.6 m.s.f. (or more than 19%) of transaction activity during the year. This was significantly larger than the 15.9 m.s.f. taken down by finance and insurance users, demonstrating the continued resilience of the tech sector as well as its importance to the current economic expansion.

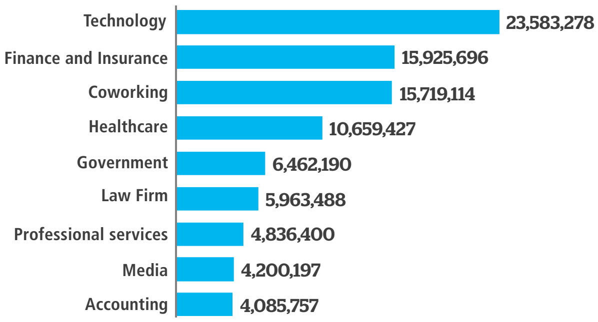
Owing to numerous major occupiers expanding into newly delivered supply pre-leased since 2016, net absorption spiked to a cycle-high 67.3 m.s.f. over the course of the year. Heading into 2020, absorption is expected to cool significantly as give-backs intensify, with most pre-leasing for 2020-2022 deliveries coming from tenants in existing assets planning to rightsize into top-tier space, while slowing employment growth will make headcount expansion on the whole more difficult. Even excluding coworking's expansion earlier in 2019, creative and many professional services tenants' pent-up demand for new space is only now finally being met.

After dipping continuously for roughly a year, vacancy ended the year at 14.3% as new supply and intra-market movement began to open up much-needed blocks of space. Similar increases in vacancy rise in direct and total terms, however, meant that sublease vacancy showed no meaningful change, indicating that a major tipping point is still a few quarters away rather than imminent.

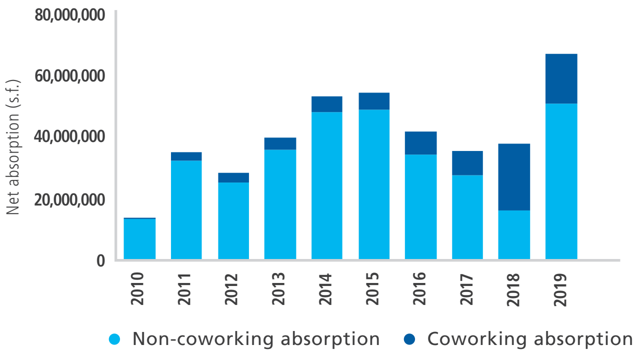
Asking rents are starting to plateau, with annual increases down to 3.1% at Q4 compared to 3.6% in Q1. Pulling down asking rent growth has been a marked pullback in the suburbs, which surged last year as new, vacant blocks hit the market, while CBD rents are recovering on the back of similarly higher priced blocks delivering after a 2018 with little in the way of new space leading to down-weighting.

Overall development is firm at 118.6 m.s.f. nationally as a number of mid-sized properties broke ground, helping to counter the 16 m.s.f. of completions that took place during the quarter, capped by the delivery of Pioneer's HQ in Houston, Qualtrics Tower in Seattle and Centene Plaza in Clayton, all of which total more than 600,000 s.f. in size.

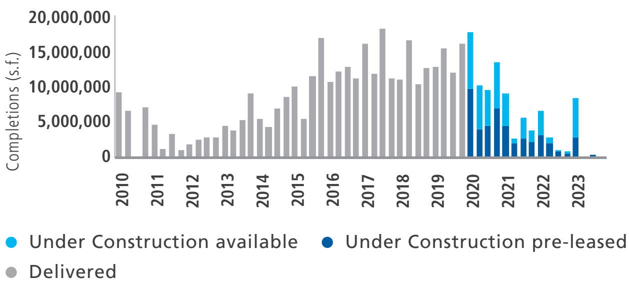
Despite Q4 Pause, Coworking was Key to 2019 Leasing



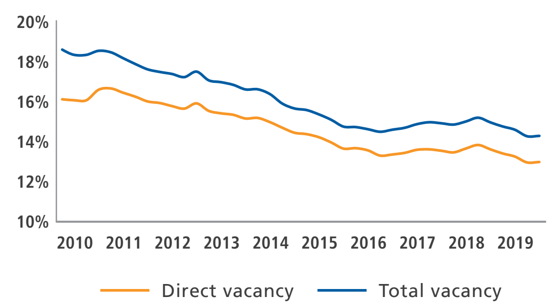
Expansion from Tech and Coworking Accelerated Absorption



After 2020, New Supply will Drop Off Considerably



Vacancy is Finally Beginning to Turn, will Rise in 2020



ATLANTA (BUCKHEAD AND MIDTOWN)

Local Economy

Along with being the ninth most-populous and tenth most-productive market in the country, Atlanta consistently ranks among the most diverse given its high concentration of corporate headquarters and particular strengths in professional services, finance, consumer products, logistics, entertainment and health, with an emerging tech presence as well. The region's status as key air and freight rail hub, low costs of living, pro-business governance and quality education and health institutions all contribute to its sustained growth and target for corporate relocations and expansion.

Inbound domestic migration continues to keep population growth and job creation positive despite severe talent shortages, particularly for skilled employees. Employment is rising at an above-average annual rate of 2.2 percent, equating to 61,200 net new jobs over the past year alone and up by more than 252,000 over the past five years. Although likely to cool somewhat in line with broader labor market and macroeconomic fundamentals, Atlanta is in a favorable demographic position over the longer term given its lower cost of living and doing business.

Office Market Trends

Atlanta's office market had a solid 2019, with Buckhead and Midtown in particular driving activity. The two submarkets posted a total of 549,353 square feet of occupancy growth throughout the year, although the completion of Coda (anchored by Georgia Tech), 725 Ponce (McKinsey and Pagerduty) and the second phase of NCR's new headquarters brought nearly 1.3 million square feet to the market and helped to boost vacancy to 15%. Despite its incremental rise, this is still below the market average of 17.7%. Similarly, rents of more than $38 per square foot are roughly 29% higher than typical market rents, indicative of strong tenant demand and preferences for amenitized, accessible product.

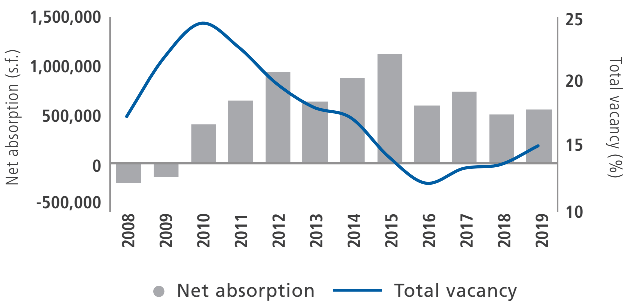
The investment sales market was healthy in 2019, with overall volumes up 27% over the year, but still well below the $700+ million in deals recorded in 2015 and 2016 as opportunities for additional trades remain scarce. This has had the effect of pushing sales into the mid-tier range, in turn bringing average pricing slightly below the $200-per-square threshold.

Outlook

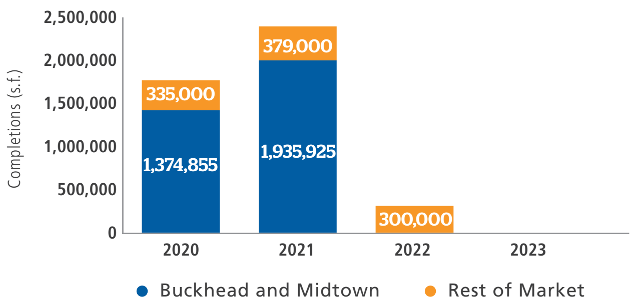
A significant amount of new supply is expected to deliver over the coming years throughout the region: of the 4.3 million square feet of office space under construction across Atlanta, 3.3 million square feet of this is found in Midtown and Buckhead. Inbound migration from the suburbs and consolidation from existing and new-to-market users are fueling this boom, as evidenced by Norfolk Southern and Anthem's build-to-suits being among the largest projects in the region.

Despite this injection of quality product, demand is unlikely to meaningfully abate at the current rate of growth; even a slowdown would still mean positive net absorption over the near-term. In turn, Buckhead and Midtown will remain the tightest submarkets in the metro area.

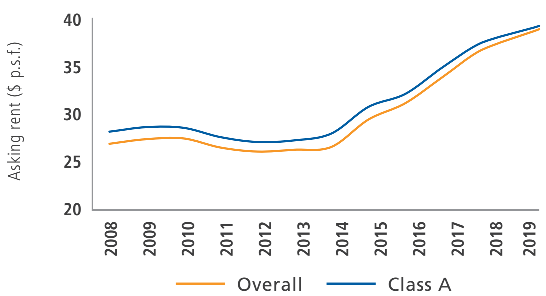
New Construction is Slowly Boosting Vacancy



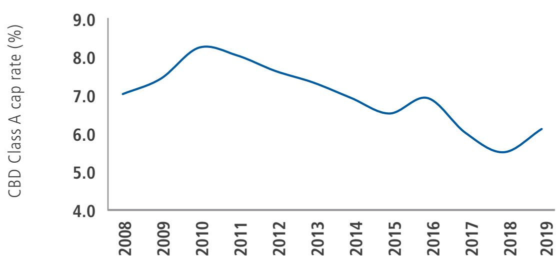
Buckhead/Midtown Capture the Majority of Construction



Asking Rents Continue to Rise Given Sustained Demand



A Lack of Tradeable Inventory is Halting Cap Rate Declines



INDEPENDENT MARKET REPORT

LOS ANGELES (DOWNTOWN)

Local Economy

Los Angeles is riding the wave of creative industry growth, particularly streaming and content development. High-profile tech and media tenants such as Google, Netflix and Apple are staking out their respective segments of the office market, leading to intensive development and its resultant declines in vacancy and rising rents. The local economy is taking this in stride: arts and entertainment now accounts for $44.5 billion of the region's $787.2 billion economy and is growing 45% faster than the market-wide average. Los Angeles' comparative advantage in terms of industry-specific institutional presence and density of skilled employees will keep this trend solid into the 2020s.

Office Market Trends

Downtown Los Angeles continued to register inconsistency in office market demand and activity in 2019 even as the regional market and in particular the Westside and certain Mid-Wilshire and South Bay submarkets are undergoing intensive redevelopment and posting sustained demand from a wide array of users. After a stronger 2018, net absorption ended 2019 slightly into negative territory, leading to a resultant 20-basis-point increase in vacancy.

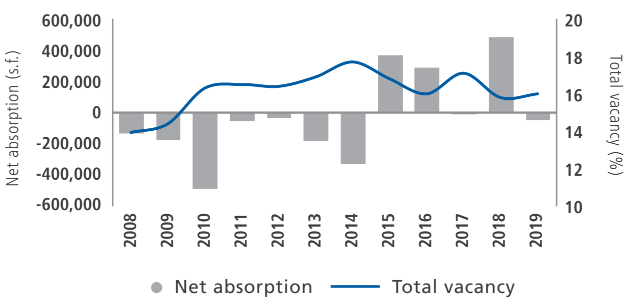
However, asking rents are still rising given general market tightness and anticipation of some spillover from cost-conscious users into the urban core as well as potential demand arising from Downtown's widespread multifamily and hotel boom, which is still in full swing. As of 2019 and even into early 2020, this isn't translating into corporate-grade construction as of yet, although a number of projects are currently in the planning stages. Almost all of this is expected to occur in the Arts District rather than the traditional CBD core of Bunker Hill and the Financial District as developers seek to match tenants' desire for creative space and lure users from the Westside, where development opportunities are significantly more limited.

As with the leasing market, sales velocity was highly restrained in 2019, with only one major sale taking place: the purchase of the Ford Factory for $195 million. This acquisition was notable not only as the most expensive trade in the past five years for an office building larger than 100,000 square feet, but also for being solidly in the Arts District and a post-industrial asset rather than traditional or Trophy product. This further underlines investors' confidence in Los Angeles as a creative hub and the importance of non-traditional spaces for expansion and capital value growth.

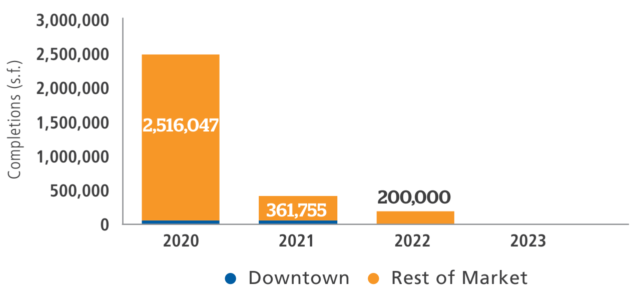
Outlook

Despite subdued activity in recent years and likely in the coming quarters, the long-term prospects for Downtown Los Angeles are strong. The market's trend of clustering into key nodes is also likely to occur gradually in the eastern part of Downtown on the back of thousands of new residential units and further adaptive reuse and infill development. Improving connectivity to Downtown with the completion of the Expo Line and the upcoming extension of the Purple Line to Mid-Wilshire, Beverly Hills and Century City may induce additional tenant demand to Downtown.

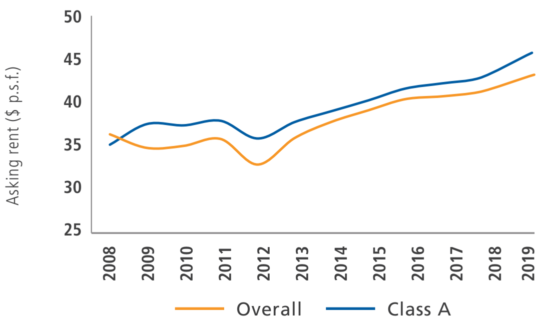
Downtown Remains Less Active than the Westside



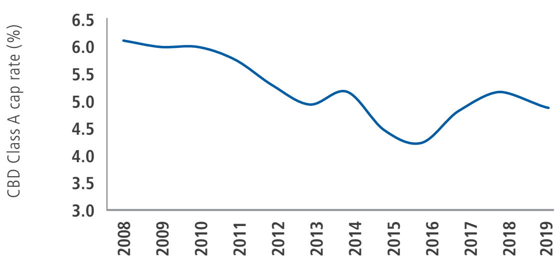
Downtown Construction is Still Near Non-existent



Rents are Slowly Rising in Line with Stable Demand



Cap Rates are Down, but Elevated Compared to Market



NEW JERSEY
(HUDSON WATERFRONT AND THE MEADOWLANDS)

Local Economy

Northern New Jersey is still in growth mode, but slower than New York City and the Tri-State Area as a whole. Over the year, employment in Northern New Jersey rose by 0.7% (the equivalent of 9,100 jobs), whereas New York City's 78,300 net new jobs were created at a rate of 1.7%. Still, the area's 3.3% unemployment rate is below the regional average and its employment base is among the most skilled nationally.

A combination of consolidation of satellite campuses into Manhattan to maximize catchment, preferences for urban rather than suburban locations and the movement of back-offices found in the suburbs to lower-cost secondary markets are all hitting New Jersey, Long Island, Westchester County and Fairfield County's office markets. These trends are unlikely to subside and will mean that owners will have to be creative and cooperative in order to maintain occupancy levels.

Office Market Trends

The Hudson Waterfront and Secaucus had a solid year for leasing activity, even with net absorption ultimately turning negative and leading to rising vacancy. The Depository Trust & Clearing Corporation and Pershing both renewed leases in excess of 400,000 square feet, while Whole Foods leased space for its new North American headquarters at 210 Hudson Street in Jersey City. Small give-backs of higher-priced space were also responsible for asking rents rising slightly, but even faster growth in concessions to counter build-out costs and to retain or attract tenants is placing effective rents under greater strain.

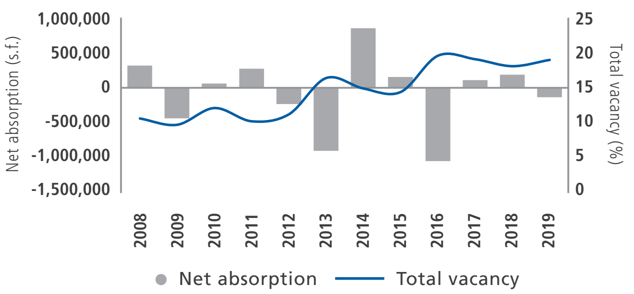
These transactions come at a time when the Northern New Jersey office market is in a period of transition and flux, having to compete with New York for high-growth tech talent but still more expensive than many secondary markets. The ability of the submarket to retain notable tenants speaks to the strength of the region's labor market and access to key financial and regulatory institutions along with global connectivity.

Northern New Jersey sales activity was largely drawn from the disposition of Newport Center 4 and 6 by LeFrak to Harbor and iStar, respectively, for a total of $504 million. Per-square-foot pricing of more than $300 is still favorable compared to Manhattan, providing an opportunity for investors looking for yield in the Tri-State Area given cap rate stabilization at roughly 6% in 2019.

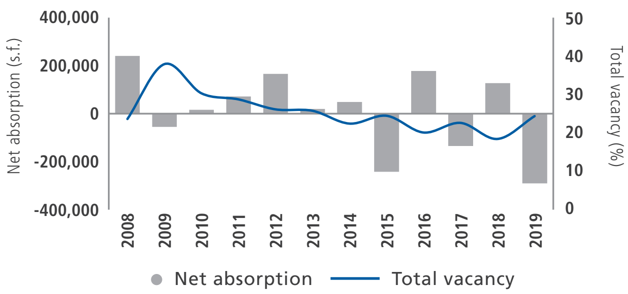
Outlook

Northern New Jersey's growth trajectory is unlikely to substantively change over either the near- or long-term given its proximity to New York City and the higher cost of living and doing business. The state's major industries of life sciences and health are likely to stay clustered in existing campus locations, leading growth for the Hudson Waterfront and Secaucus to be found in consulting, professional services, finance, regulatory compliance and logistics as well as from cost-conscious users such as non-profits and associations. Jersey City's robust multifamily pipeline may help to alleviate some talent shortages for employers, however.

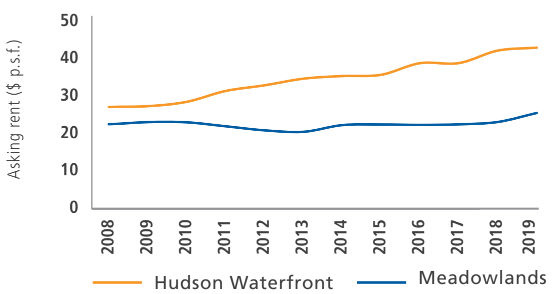
Vacancy is Budging Upward on the Hudson Waterfront



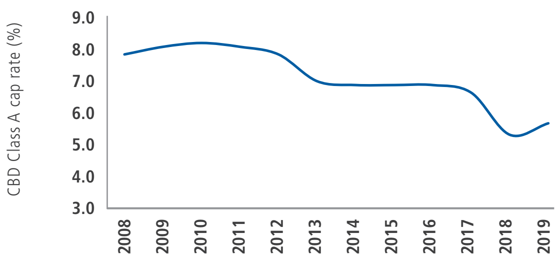
Meadowlands Vacancy Approaching 25% as Losses Mount



Hudson Waterfront Rents are Still Rising, Though



Cap Rates are Stabilizing at 6%



INDEPENDENT MARKET REPORT

ORANGE COUNTY (IRVINE)

Local Economy

Orange County's skilled labor force and specialization in key growth industries such as advanced manufacturing, specialized finance, research and development, virtual reality software and media and entertainment have all helped it stay at the top of Southern California's economic leaderboard. Demographically, its 5.8% population growth since 2010 is double the 2.9% rate of neighboring Los Angeles County, notable in spite of the relative increase in housing and transportation costs that residents face compared to elsewhere in the region.

Although slowing, more than 155,300 net new jobs have been created and unemployment is close to Bay Area levels at only 2.5%, in comparison to the 4%+ routinely seen in Los Angeles County. Finance in particular is driving gains, with year-over-year growth at 2.7% as of year-end 2019, while leisure and hospitality is still the county's dominant employment driver.

Office Market Trends

Irvine and Irvine Spectrum had their joint-best year in 2019 since 2011, recording a total of more than 1.2 million square feet of absorption and vacancy falling by 140 basis points after jumping in 2017 and 2018 on the back of a swath of new deliveries and resultant relocations and consolidations. At 14.3%, vacancy is now only slightly above the county-wide rate of 13.4% and is likely to fall or remain stable over the near-term.

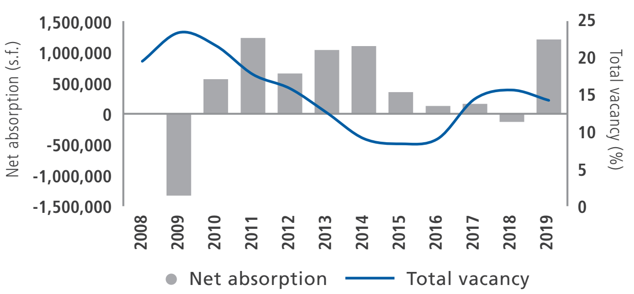
Given their premium location and wider array of inventory, Irvine and Irvine Spectrum continue to reap the benefits of Orange County's strength in tech, entertainment, advanced manufacturing, finance and research and development. Alteryx, TGS, Hyundai Capital and Ford led leasing activity throughout the year, helping to eat away at available blocks. In turn, asking rents hit a new high of more than $37 per square foot, underlining confidence from landlords about demand prospects.

Outlook

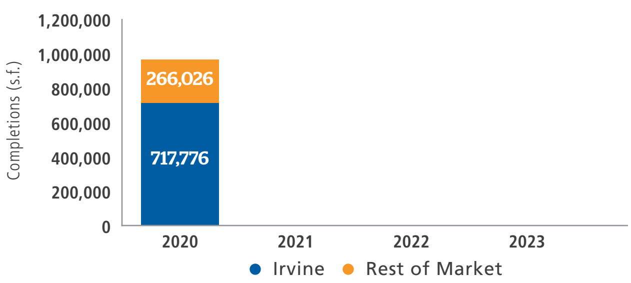
Irvine and in particular Irvine Spectrum is likely to see some degree of moderation as talent shortages hinder headcount growth strategies from corporate occupiers and additional new supply comes to the market. Although less than 1 million square feet of space is currently under construction throughout Orange County, nearly all of this is underway in Irvine at the Irvine Company's Spectrum Terrace complex. At the same time, a lack of deliveries beyond 2020 may help to buffer against further increases in vacancy over the longer term and reduce the potential for oversupply or correction.

Irvine is also likely to benefit from the continued search for yield from many institutional investors as barriers to entry in gateway markets continue to price out potential buyers. Sales activity throughout 2019 in both the submarket and the county as a whole was robust, with Opus Center II and 2211 Michelson Drive both selling for more than $100 million and $400 per square foot. Orange County's wealth of properties suitable for R&D, lab and flex/light industrial space provides additional opportunities for repositioning and capital value growth.

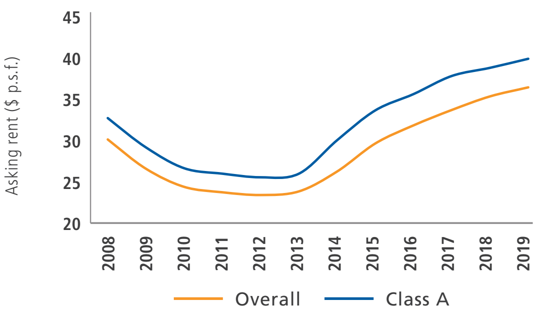
Vacancy Falling as New Supply is Absorbed at a Clip



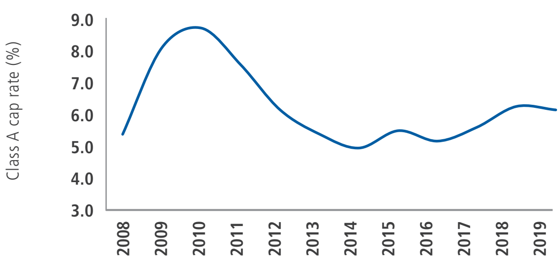
No New Construction in Irvine will Allow for Tightening



Rents are Rising Steadily, Nearing the $40 Mark



Cap Rates are Leveling off at Slightly Above 6%



WASHINGTON, D.C. (CBD)

Local Economy

The Metro DC region continues to see a bifurcation between macroeconomic and demographic indicators: despite population growth of 10.3 percent across the metro area – rising to 15.2 percent for the urban core – the District itself has seen occupancy rise by only 3.5 percent. For the CBD, whose tenant profile is significantly affected by rightsizings and consolidations from legal services, consulting and government-related users, this figure is even lower. As a result, nearly all of this occupancy growth took place in submarkets outside of the CBD.

The region's demographic profile and labor pool, however, remain its major strength. Metro DC boasts among the highest educational attainment and household incomes in the country, while the city proper has undergone a massive renaissance over the past decade. Local expertise in high-growth areas such as cybersecurity, regulatory policy and intellectual property will help to boost and diversify the market as it transitions away from traditional economic anchors to emerging and alternative drivers of leasing activity and occupancy growth.

Office Market Trends

Rightsizings, relocations and consolidations continued to drive the story of the CBD in 2019. The submarket recorded its fourth consecutive year of net occupancy loss, bringing to 13.9% at year-end. Since Q1 2016, more than 1.2 million square feet of negative net absorption has taken place, creating an exceedingly tenant-favorable submarket given the District's strong demographics and socioeconomic growth profile.

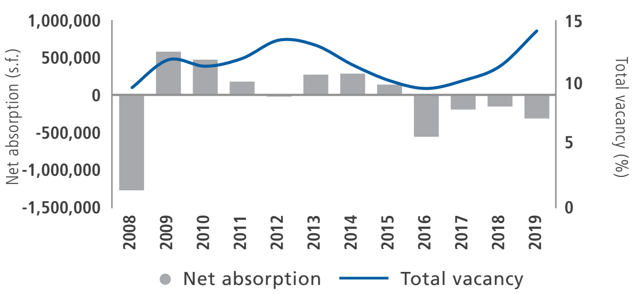
New supply has also been partially responsible for this spike in vacancy, but development activity is more muted in the CBD than in many other parts of the urban core. Only one building – 1900 N Street NW – hit the market in the CBD, although more than half of the 271,433-square-foot asset was still available at the time of delivery. Compounded by relatively light leasing velocity throughout the region, landlords have held off on additional rent increases, as asking rents demonstrated yet another year of hovering around the $63-per-square-foot mark.

Outlook

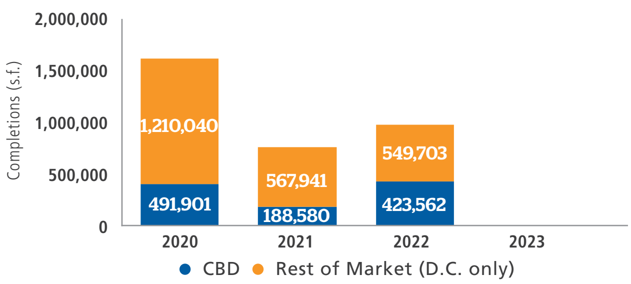
Although some recovery has been seen and macroeconomic indicators at the regional level are solid, the CBD is expected to stay tenant-favorable for the foreseeable future. A combination of movement to emerging submarkets at the fringe of the region's core, a lack of organic growth from traditional users and continued speculative deliveries with only moderate preleasing are going to keep vacancy elevated barring an unforeseen structural change in market dynamics.

On the other hand, sales activity remains buoyant given DC's status as a counter-cyclical primary market and its relatively wide array of tradeable options compared to other gateways. Multiple transactions of more than $700 per square foot took place over the course of 2019, led by Akridge's sale of 1711 Rhode Island Avenue for more than $1,000 per square foot, and we expect healthy investment activity even with likely oversupply.

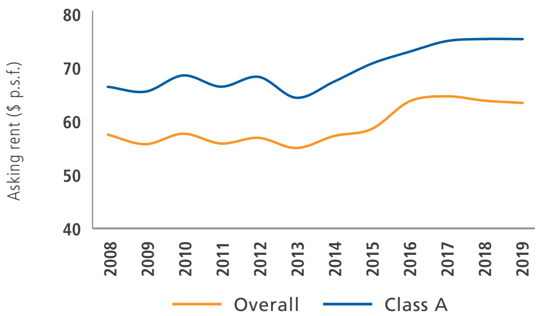
Further Occupancy Losses Pushed Vacancy to 13.9%



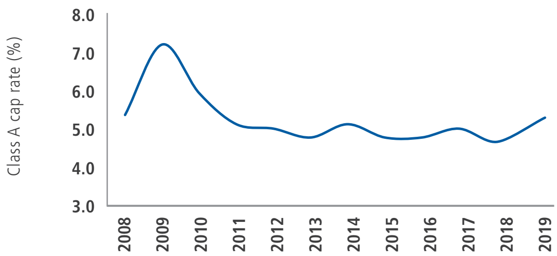
New Construction is Less Concentrated in the CBD



Asking Rents have been Stable since 2016



Cap Rates aren't Budging Given Shifting Fundamentals



INDEPENDENT MARKET REPORT

NORTHERN VIRGINIA
(FAIRFAX CENTER AND FAIRFAX CITY)

Local Economy

Northern Virginia is the largest employment cluster in Metro DC, home to 1.5 million of the region's nearly 3.4 million workers, and is the focus for its defense, contracting, cybersecurity, engineering and data hosting and processing industries. Coupled with a slightly older but highly educated and affluent population, it is driving the metro area's recovery in recent years with its concentration of high-growth sectors.

Office Market Trends

Like much of Northern Virginia's office market, and in particular those submarkets not accessible to Washington, DC by Metro, Fairfax Center and Fairfax City have registered somewhat static movement from tenants and have had a market characterized by stubborn and elevated vacancy and minimal rent growth. In 2019, only Camber's renewal at 12730 Fair Lakes Circle exceeded 100,000 square feet, while almost all leasing transactions were from defense and contracting users, which are benefitting from increased Department of Defense and related federal funding.

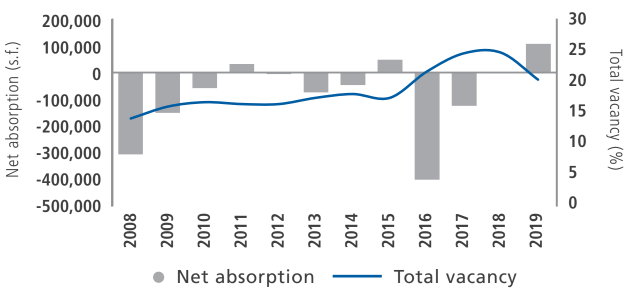
As tenants continue to consolidate operations in submarkets and assets with existing or future Metro access, particularly on the Silver Line, Fairfax has yet to see many of the gains from recent macroeconomic gains in Northern Virginia. Occupancy losses of more than 527,000 square feet since 2010 pushed vacancy beyond the 20% mark, while rents have stayed flat at around $27 per square foot for more than a decade. Further contributing to this has been the lack of new supply in the submarket as a result of these same trends, leading to increasing amounts of functionally obsolete and less-desirable space compared to submarkets such as Reston, Tysons Corner and the Rosslyn-Ballston Corridor.

Despite relatively anemic tenant activity, sales volumes have been healthy in Fairfax Center and Fairfax City in recent years, reaching a high of $356 million in 2019 across more than 2 million square feet of product. Of this, roughly one-third came from Manulife US REIT's acquisition of Centerpoint I and II, with the remainder largely a result of Radix purchasing the four-building Fair Lakes portfolio from C-III. Investors with experience in handling defense and contracting as well as more value-conscious tenants as well as those ready to invest meaningful capital into repositioning may find gains in Fairfax despite reduced Metro accessibility and aging inventory.

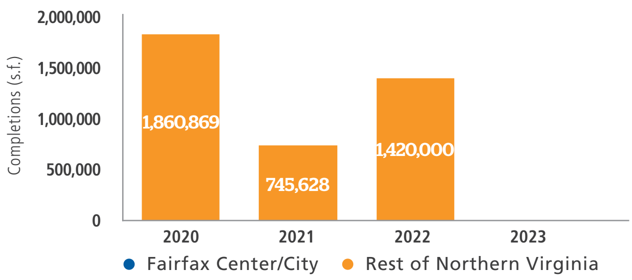
Outlook

Fairfax Center and Fairfax City will continue to see residual activity from a combination of small-to-mid-sized defense-related tenants as well as users priced or spaced out of more high-profile nearby submarkets. At the same time, their distance from the region's urban core, a lack of Metro accessibility and lower quality of office space will challenge owners and require meaningful improvements in amenitization, workplaces and financial incentives for tenants in order to maintain or grow occupancy. Recent moves to increase Department of Defense's budget will provide a short-term boost for the submarket and catalyze additional demand in the region that may spill over, but will not be enough to address many of the underlying issues in these submarkets.

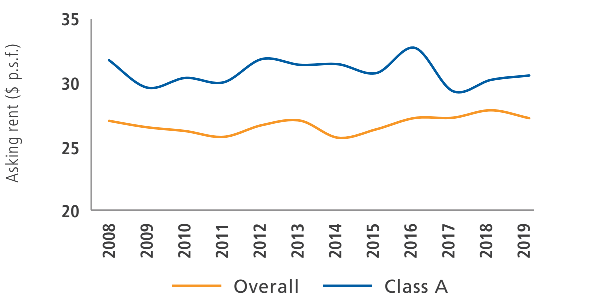
Occupancy Beginning to Rise in 2019



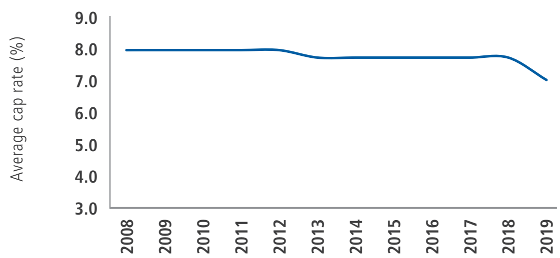
New Construction has Shifted Away from Fairfax



Rent Growth has been Minimal Given Subdued Demand



Cap Rates have had Little Movement this Cycle



SACRAMENTO (OVERALL)

Local Economy

Sacramento's status as the capital of California gives it a unique economic and demographic dynamic conducive to stability and long-term holds. Metro area growth of 9.1% since 2010 is healthy, albeit slightly slower than many peer markets, but has helped to keep total non-farm employment growth at or above 1.5% annually in recent years.

Like the rest of metropolitan California, slack is minimal (3.2% unemployment), but net domestic outflows are also nowhere near as severe as in the Bay Area or Los Angeles given the lower cost of living. Government is an outsized share of employment at 23.1%, but is by no means the only driver of growth: professional services, education, health and trade are all adding jobs at a faster rate as the region diversifies, helping to boost occupancy gains in the office sector accordingly.

Office Market Trends

After a prolonged recession with vacancy above 20% through early 2013, Sacramento continues to register highly positive absorption given its size. Starting in 2011, it has seen more than 6 million square feet of occupancy growth, halving vacancy in the process to just 12.1%. As a result, asking rents continue to trend upwards at an annual rate of 4.5%, well above the national average.

Sacramento is notable among markets across the United States for its thin development pipeline. Since 2010, only 1.2 million square feet has hit the market, with no year apart from 2013 seeing more than 200,000 square feet of completions. As a result, tenants ranging from law firms and professional services seeking quality space along with price-sensitive users are feeling a crunch unlikely to go away in the coming years. These conditions are similar for both the CBD and the suburbs, although the CBD's rent premium has widened even more to 47.9% as of year-end 2019.

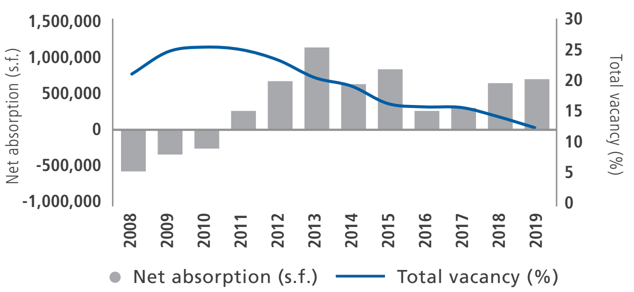
Underlying fundamentals are giving way to sustained transaction activity, driven by this consistent expansion along with Sacramento's government presence and relative affordability compared to the rest of Northern California. 2019 was the second consecutive year of more than $1 billion in trades and the third this cycle (2016 being the first). Pricing is rising even faster than asking rents, jumping to $230 per square foot over the year.

Outlook

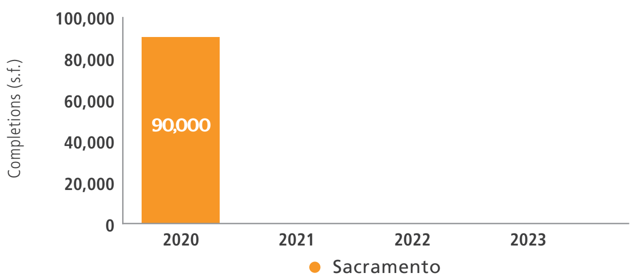
Moving forward, Sacramento will remain exceedingly tight for most occupiers in the absence of a significant bump in groundbreakings. Even so, new supply would only begin to deliver in earnest by late 2021 at the earliest, prolonging landlord-favorable conditions for the foreseeable future.

Population and business spillover from the Bay Area will act as a continued demand valve for the market, while the presence of the state government will further insulate Sacramento from a downturn. This will help to ameliorate concerns from investors about fewer barriers to entry in the market compared to San Francisco and Silicon Valley, among other metro areas.

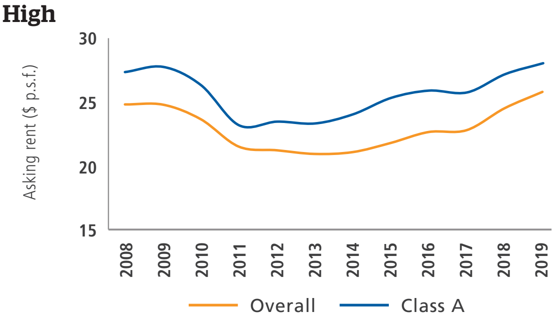
Vacancy Dropping Rapidly as Absorption Continues Apace



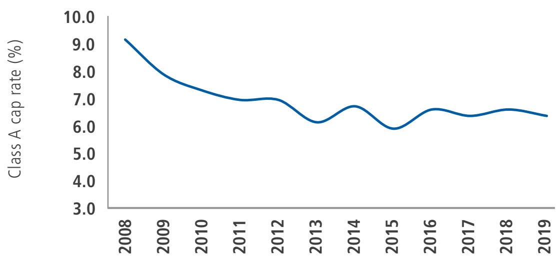
Exceedingly Thin Pipeline means no Imminent Oversupply



Asking Rents have Finally Exceeded their Pre-Recession High



Cap Rates have Dipped only Slightly in Recent Years



INDEPENDENT MARKET REPORT

2019 LEASING ACTIVITY

Atlanta (Buckhead and Midtown)

Tenant	Address	Class	Lease type	Size (s.f.)
Norfolk Southern	1200 Peachtree Street NE	A	New lease	370,651
Marsh	3560 Lenox Road NE	A	Renewal	91,332
JLL	3344 Peachtree Road NE	Trophy	Expansion	77,606
Samsara	1170 Peachtree Street NE	A	New lease	64,983
Weinberg Wheeler	3344 Peachtree Road NE	Trophy	Renewal	63,980
Common Grounds	999 Peachtree Street NE	A	New lease	49,506

Los Angeles (Downtown)

Tenant	Address	Class	Lease type	Size (s.f.)
Local Initiative Health Authority	1200 W 7th Street	B	Expansion	334,423
Gibson Dunn	333 S Grand Avenue	Trophy	Renewal	215,000
Union Bank	445 S Figueroa Street	B	Renewal	161,903
Ghost Management	767 S Alameda Street	A	New lease	113,692
WeWork	1023 S Broadway	B	New lease	78,000
WeWork	1003 E 4th Place	A	New lease	61,247

New Jersey (Hudson Waterfront/Secaucus)

Tenant	Address	Class	Lease type	Size (s.f.)
Depository Trust & Clearing Corp.	570 Washington Boulevard	A	Renewal	415,164
Pershing	95 Columbus Drive	A	Renewal	400,000
ACE	10 Exchange Place	A	Renewal	78,709
FINRA	32nd Street	A	New lease	54,000
Gucci	70 Hudson Street	A	New lease	51,824
Whole Foods	210 Hudson Street	A	New lease	48,844

Orange County (Irvine)

Tenant	Address	Class	Lease type	Size (s.f.)
WeWork	17300 Laguna Canyon Road	A	New lease	116,261
Alteryx	17200 Laguna Canyon Road	A	Relocation	116,261
TGS	17500 Laguna Canyon Road	A	New lease	114,875
Hyundai Capital	3161 Michelson Drive	A	Renewal	97,587
Ford	3 Glen Bell Way	B	Renewal	87,693
Rutan & Ticker	18565 Jamboree Road	A	Relocation	85,577

Washington, D.C. (CBD)

Tenant	Address	Class	Lease type	Size (s.f.)
Mayer Brown	1999 K Street NW	Trophy	Renewal	175,000
World Bank	1776 G Street NW	B	Renewal	161,070
King & Spalding	1700 Pennsylvania Avenue NW	B	Renewal	83,000
U.S. Customs & Border Protection	1717 H Street NW	B	Renewal	71,411
Danaher	2200 Pennsylvania Avenue NW	Trophy	Renewal	52,000
McGuire Woods	888 16th Street NW	A	Relocation	50,000

Northern Virginia (Fairfax Center/Fairfax City)

Tenant	Address	Class	Lease type	Size (s.f.)
Camber	12730 Fair Lakes Circle	A	Renewal	108,762
Alion	12601 Fair Lakes Circle	A	Renewal	35,085
Trident	10201 Lee Highway	C	Renewal	27,040
Burdette Smith	4114 Legato Road	A	Relocation	18,667
All Native	10300 Eaton Place	B	New lease	15,500
VSA	13135 Lee Highway	C	New lease	12,678

Sacramento (overall)

Tenant	Address	Class	Lease type	Size (s.f.)
Clear Blue	820-840 Stillwater Road	B	New lease	187,391
Regents of UC Davis	10888 White Rock Road	A	New lease	68,000
WeWork	660 J Street	B	New lease	65,799
WeWork	400 Capitol Mall	A	New lease	47,316
York Risk Services	1101 Creekside Ridge Drive	A	Renewal	44,746
Adventist Health System	1075 Creekside Ridge Drive	A	Renewal	26,418

2019 OFFICE SALES

Atlanta (Buckhead and Midtown)

Building	RBA (s.f.)	Sales price ($)	Price ($ p.s.f.)	Buyer	Seller
Salesforce Tower	631,808	205,000,000	324	Banyan Street/KKR	Oaktree
715 Peachtree Street NE	318,445	124,000,000	390	Northwood	Pacific Coast/ Carter
1200 Peachtree Street NE	370,000	82,000,000	222	Cousins	Norfolk Southern
Piedmont Center 14	300,301	58,000,000	193	Ardent	Lone Star
Silhouette	116,620	24,800,000	213	Sid Mookerji	Dau
Peachtree Palisades East	224,824	23,400,000	104	Holder	ELV

Los Angeles (Downtown)

Building	RBA (s.f.)	Sales price ($)	Price ($ p.s.f.)	Buyer	Seller
Ford Factory	257,028	195,000,000	759	Access	Shorenstein

New Jersey (Hudson Waterfront/Secaucus)

Building	RBA (s.f.)	Sales price ($)	Price ($ p.s.f.)	Buyer	Seller
Newport Office Center 4	867,000	375,000,000	433	Harbor	LeFrak
Newport Office Center 6	430,239	129,000,000	300	iStar	LeFrak

INDEPENDENT MARKET REPORT

2019 OFFICE SALES

Orange County (Irvine)

Building	RBA (s.f.)	Sales price ($)	Price ($ p.s.f.)	Buyer	Seller
Opus Center II	308,000	125,000,000	406	Greenlaw	Knobbe
2211 Michelson Drive	271,556	115,500,000	425	Greenlaw	Kilroy
15750 Alto Parkway	101,000	32,000,000	317	IRA	Wells Fargo
23 Pasteur	125,000	28,000,000	224	TGS	Wells Fargo
Van Karman Tech Center	100,461	25,400,000	253	Dayani	KBS

Washington, D.C. (CBD)

Building	RBA (s.f.)	Sales price ($)	Price ($ p.s.f.)	Buyer	Seller
1625 I Street NW	405,000	259,000,000	640	Westbrook	Brookfield/EDGE
815 Connecticut Avenue NW	236,000	231,300,000	980	Ponte Gadea	Blackstone
McPherson Building	252,834	209,100,000	827	Northwestern Mutual	ADIA
World Bank Building	265,850	129,500,000	487	World Bank	WashREIT
1711 Rhode Island Avenue NW	108,806	119,000,000	1,094	EXAN	Akridge
Washington Park	134,000	103,000,000	769	European Union	Deka

Northern Virginia (Fairfax Center/Fairfax City)

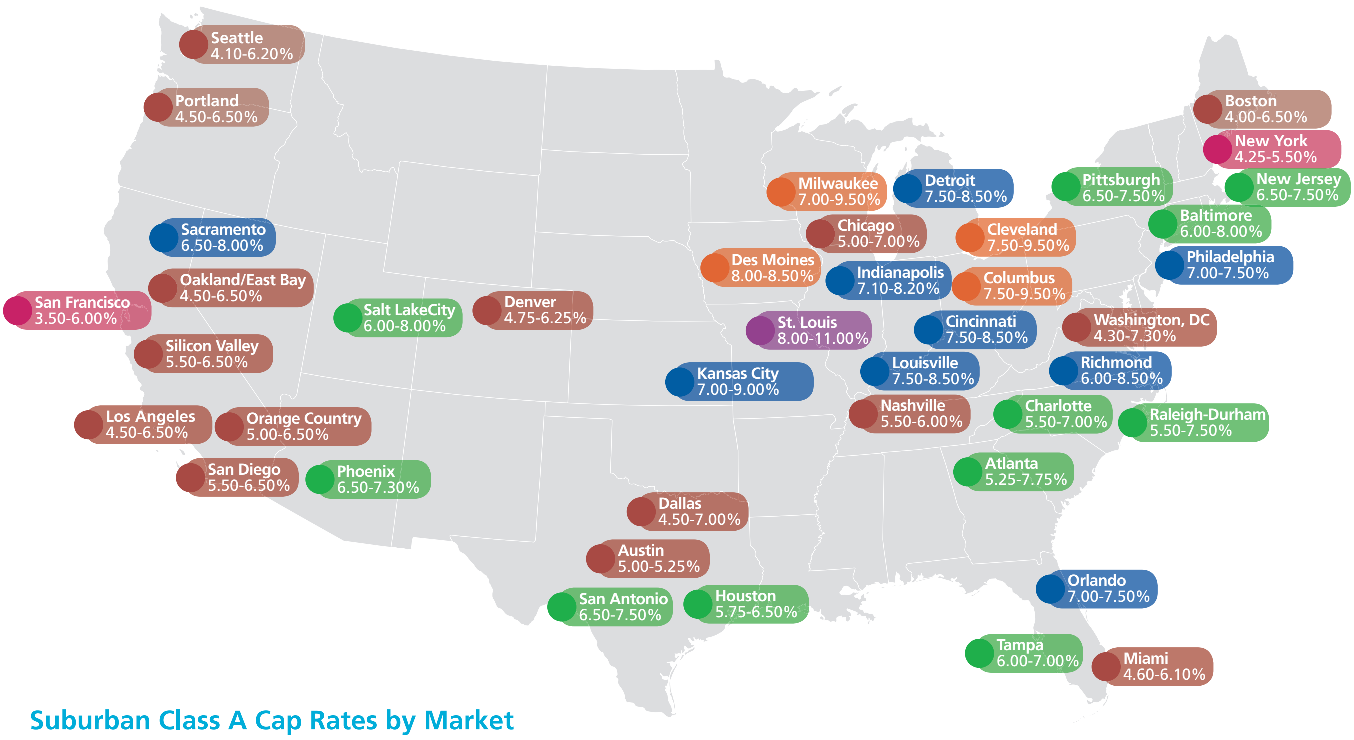
Building	RBA (s.f.)	Sales price ($)	Price ($ p.s.f.)	Buyer	Seller
Centerpointe I-II	421,859	122,000,000	289	Manulife US REIT	Alony Hetz
Fair Lakes I-IV	463,459	78,500,000	169	Radix	C-III
Fair Ridge Center	68,000	25,900,000	381	Hovnanian	Xingguo Chen
Greenbriar Corporate Center	111,721	13,100,000	117	PSF 1 Fairfax	CWCapital
4401 Village Drive	62,074	11,000,000	177	MAR-JAC	Virginia Int'l University
Eaton Place	103,173	10,500,000	102	Kenwood	Polinger

Sacramento (overall)

Building	RBA (s.f.)	Sales price ($)	Price ($ p.s.f.)	Buyer	Seller
400 Capitol	502,365	198,800,000	396	Manulife US REIT	Starwood
Emerald Tower	383,238	127,000,000	331	Evergreen/UAIC	Hines/Sterling
Benvenuti Plaza	399,636	114,600,000	287	Boyd Watterson	Oaktree/Hines/JMA
Parkway Corporate Plaza	287,000	79,000,000	275	Morgan Stanley/Anchor	Broe/Bluett
Folsom Corporate Center	150,709	31,900,000	212	Basin Street	Swift
Sprint Office Building	104,042	25,200,000	242	Boyd Watterson	Strada

CAP RATES BY MARKET

CBD Class A Cap Rates by Market



Suburban Class A Cap Rates by Market