Conference Call 9/7/16 - Value Creation or Destruction and Lease Economics Analysis. SLIDES ATTACHED. Dial-in Info Below.

- *We are hosting a conference call on Wednesday, September 7 at 11AM ET. Dial in numbers are as follows: (888) 267-2848 (Domestic); (973) 413-6103 (International); Conference ID: 987648;*
- *A replay of this conference call will be available through September 21, 2016 - Replay dial in numbers are as follows: (800) 332-6854 (Domestic); (973) 528-0005 (International); Conference ID: 987648*
- *We believe the best way to determine a company's ability to create (or destroy) value is to 1) review its Net Asset Value at a static cap rate, 2) adjust for dividends paid, 3) evaluate the lease economics and then 4) overlay projected property market conditions, portfolio expectations and development-driven value creation.*
- *The body of this report reviews each company under our coverage and its Net Asset Value plus dividends paid during (in most cases) 2006-1H2016. In our summary of each company, we also provided a projection given the current strategy, development pipeline and lease economics.*
- *Additionally, we have compared and contrasted the Lease Economics Analysis for the Office & Industrial REITs under coverage. We recently started this analysis to provide a forward look at expected portfolio performance based on the re-leasing spreads combined with the re-leasing costs. Evaluating one without the other is similar to a PB&J without either the PB or the J.*

Pricing as of 9/6/16

- Our primary conclusions: 1) creating value without the benefit of cap rate compression is not easy, 2) asset re-cycling and portfolio re-positioning appear to be working, 3) the dividend is vital over the long term, 4) quality development worked, while commodity development, plus high land inventories, proved disastrous, 5) the 2009 re-equifications were painful, 6) prudent, proactive equity raises were helpful, 7) quality assets and submarkets usually ruled the day, 8) high re-leasing costs and marginal re-leasing spreads result in value erosion

METHODOLOGY -- No Cap Rate Geniuses

- Our methodology was to hold the cap rate fixed for the time period reviewed to determine share value creation or destruction absent cap rate fluctuations (no "cap rate geniuses" allowed), and add the dividend paid in order to determine portfolio value created or destroyed and total shareholder return.
- For some companies with major portfolio re-positioning strategies, we adjusted the underlying cap rate.
- This captures, from a valuation perspective, hard-to-detect nuances such as 1) excess capex and re-tenanting costs, 2) cash costs for balance sheet management, which were real costs in spite of being excluded from FFO, 3) real re-development returns, 4) the importance of the dividend in total return to shareholders, and 5) stock based compensation.
- Note that we usually annualized our NAV estimates as quarterly estimates have often been volatile historically.

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Value Creation / Destruction & Lease Economics Analysis

Office & Industrial REITs

September 7, 2016

Stifel REIT Research Team

Office & Industrial Real Estate Securities Analysts (on call)

John W. Guinee	**Senior Analyst (Introduction and Office REITs)**
Erin T. Aslakson	**Associate Analyst (Industrial REITs)**
Kyle E. McGrady	**Associate Analyst**

Senior Real Estate Securities Analysts (not on call)

Matthew S. Heinz	Data Centers, Towers
Nathan Isbee	Retail
Chad Vanacore	Healthcare
Simon Yarmak, CFA	Lodging, Triple-Nets

Real Estate Securities Associate Analysts (not on call)

Seth Canetto	Healthcare
James Holmes	Data Centers, Towers
Jennifer Hummert	Retail
Sam McKelvey	Data Centers, Towers
Aaron Wolf	Healthcare

Typical CBD Office Bldg.

534,918 SF Class A Office

Trophy Office Tower

1,561,277 SF Class A Office

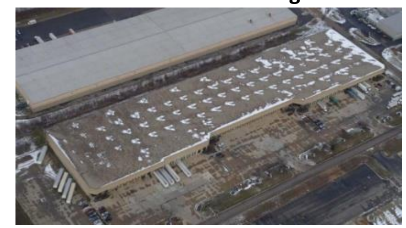
750K SF Industrial Bldg.

768,000 SF Class A Industrial Warehouse

400K SF Industrial Bldg.

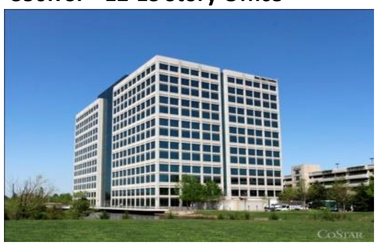
423,500 SF Class A Industrial Warehouse

200K SF Industrial Bldg.



216,752 SF Class B Industrial Warehouse

350K SF+ 12-13 Story Office



404,665 SF Class A Office

Office   Industrial

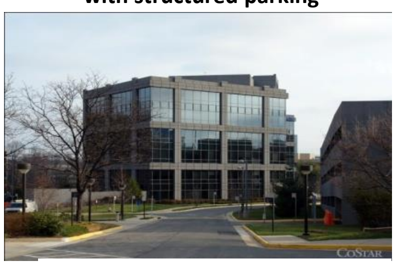
Office & Industrial Continuum

Flex

60K SF Flex Bldg.

63,263 SF Class B Flex

150K SF 4-6 Story Office Bldg. with structured parking



152,242 SF Class A Office

120K SF 4-Story Office Bldg. with surface parking

120,000 SF Class A Office Bldg

60K SF 2-Story Office Bldg.

60,000 SF Class B Office Bldg

40K SF 1-Story Office Bldg.

38,618 SF Class B Office Bldg

Source: CoStar data, Stifel estimates

GOALS -- An Additional Valuation Metric – Is Value Being Created?

1. Complement current Net Asset Value, Implied Capitalization Rate and Replacement Costs estimates
2. Provide important longer-term strategic perspective
3. Quantify the value being created or destroyed
4. Understand why value is being created or destroyed
5. Provide an outlook based on projected market fundamentals and our recently introduced Lease Economics Analysis
6. Provide an outlook based on projected portfolio dynamics and development delivering

METHODOLOGY – What is Being Done and Why?

1. At a static capitalization rate, analyze the per share value change of a portfolio over time
2. Incorporates dividends in order to show total return metrics
3. This analysis captures cash costs often overlooked in standard REIT valuation metrics.
   - A.) All cash charges, even when excluded from FFO reporting
   - B.) First generation and "value enhancing" tenant improvements and capital expenditures
   - C.) Difficult-to-evaluate repositioning costs, returns and "value creation capital"
   - D.) Captures capital spent on long term (>1 year) vacant space
   - E.) Eliminates non-cash noise related to GAAP accounting
4. Includes cash costs to tender for longer duration debt
5. Accounts for stock compensation shares; added to denominator but no cash received
6. Adjusts cap rate if portfolio repositioning is significant

RESULTS – What Does This Capture and Tell Investors?

1. Whether a company’s portfolio and strategy have created or destroyed value over time in an easily understandable manner

2. Analyzes performance as if capitalization rates and interest rates did not change

3. Provides perspective of future potential, given embedded re-leasing dynamics, development pipeline and balance sheet status.

CONCERNS – What is Difficult to Assess?

1. A portfolio undergoing dramatic changes may be difficult to model

2. Projecting NAVs can be quite tricky for a number of reasons

3. Trends are longer term in nature, but may reverse

4. Some non-income producing asset valuations and adjustments introduce subjectivity into the analysis

Lease Economics Analysis

- “We need really big re-leasing spreads to make up for re-leasing costs.”
- “Has anyone ever evaluated the end results given these persistently high re-leasing costs?”
- “Are the re-leasing spreads really creating value?”
- “What lease economics are necessary for value creation?”

Lease Economics Analysis Methodology – Kilroy Realty (KRC, Buy, $72.88)

Expiring Leases			
($/SF unless a percentage)	1Q16	2Q16	Explanation
GAAP Rent	$40.59	$42.26	
Cash Rent	$42.91	$44.56	Supplemental
Operating Expenses	$11.16	$12.02	Estimates from Supplemental
GAAP NET Rent	$29.43	$30.24	Arrive at GAAP NET Rent
Cash NET Rent	$31.75	$32.54	Arrive at Cash NET Rent
Cap Rate/Yield of Lease Expiring	4.5%	4.5%	Use Low End of NAV Range
Value/Basis	$706	$723	Resulting Basis per SF on Space
Rental Rates & Re-Leasing Costs			
New GAAP Rent	$56.86	$52.87	Prior Rent Increased
% Change	40.1%	25.1%	Supplemental
New Cash Rent	$55.61	$47.81	Prior Rent increased
% Change	29.6%	7.3%	Supplemental
Operating Expenses	$11.16	$12.02	Subtract OpEx (No Increase Assumed)
New GAAP NET Rent	$45.71	$40.85	Arrive at GAAP NET Rent
New Cash NET Rent	$44.45	$35.79	Arrive at Cash NET Rent
Re-Leasing Cost	$35.11	$41.89	Supplemental - Leases Commenced
Per Lease Year	$5.93	$6.79	
New GAAP NET Effective Rent	$39.77	$34.05	New Rents less per year re-leasing cost
New Cash NET Effective Rent	$38.52	$29.00	New Rents less per year re-leasing cost

Source: Company data & Stifel estimates

Valuation Analysis - Basis Adjustment - We are increasing the basis by the re-leasing costs			
($/SF unless a percentage)	1Q16	2Q16	
New Basis	$741	$765	Add re-leasing cost to prior basis
New Cash NET Rent	$44.45	$35.79	From Above
New Cash NET Rent Yield on New Basis	**6.0%**	**4.7%**	**To Create Value - Must be Greater than 4.5%**
Change in Yield	1.5%	0.2%	Value Creation
Valuation Analysis - Full Lease Cost Amortization - We want to know if amortized re-leasing costs are covered by an increase in GAAP rents			
New GAAP NET Effective Rent	$39.77	$34.05	From Above - NET Effective
Prior GAAP NET Rent	$29.43	$30.24	Prior Lease
Change in GAAP NET Rent	$10.34	$3.81	To Create Value - Must be Positive
Percentage Change in GAAP NET Rent	**35.1%**	**12.6%**	**Cash Flow improvement or erosion**
Change in NET Rent	**40.0%**	**10.0%**	Prior NET Cash Rent vs. New NET Cash Rent

Source: Company data & Stifel estimates

Lease Economics Analysis – Office REITs

Performance Summary

1H16 Results Averaged	ESRT	SLG	VNO NYC	KRC	BXP	CLI	DEI
New GAAP Rent % Change	49.2%	36.4%	25.4%	32.6%	25.3%	22.9%	26.4%
New Cash Rent % Change	41.2%	28.5%	19.7%	18.5%	17.3%	14.9%	10.2%
Re-leasing Cost	$75.71	$54.80	$80.53	$38.50	$59.85	$32.11	$27.68
Cost per Lease Year	$8.39	$5.23	$7.64	$6.36	$7.24	$4.51	$5.71
New GAAP **NET** Rent	$35.82	$46.08	$51.07	$43.28	$49.19	$19.46	$28.78
New Cash **NET** Rent	$34.86	$43.11	$51.26	$40.12	$47.40	$17.07	$26.85
Change in Yield: New Cash **NET** Rent on New Basis versus Prior	3.1%	1.9%	1.0%	0.8%	0.9%	0.7%	0.5%
Percentage Change in GAAP **NET** Rent	75.6%	55.2%	26.4%	23.9%	21.3%	21.1%	15.3%

Sources: Company data and Stifel estimates

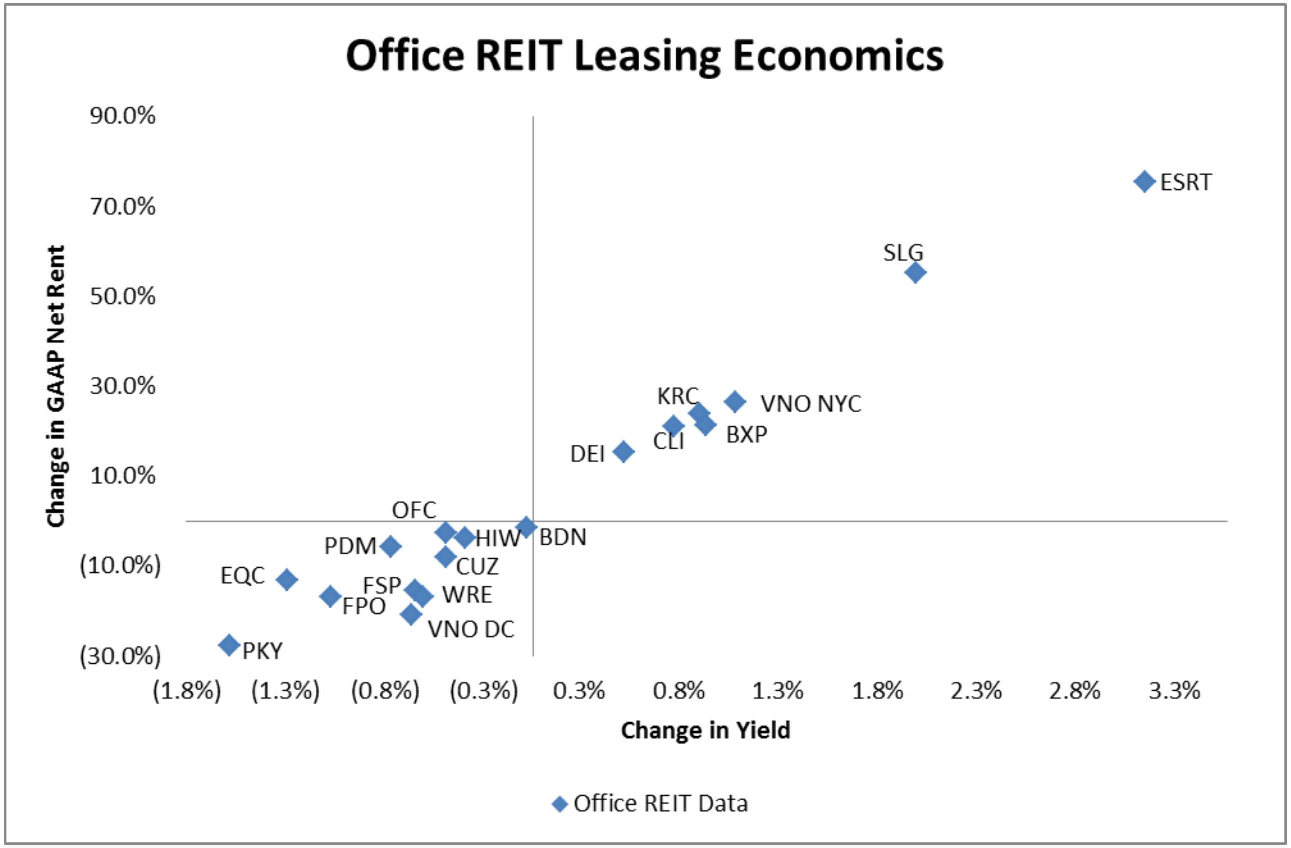
Lease Economics Analysis – Office REITs (continued)

Performance Summary

1H16 Results Averaged	BDN	OFC	HIW	PDM	CUZ	EQC	FSP	WRE	FPO	VNO DC	PKY
New GAAP Rent % Change	13.2%	10.6%	12.5%	9.8%	13.1%	9.1%	5.7%	13.9%	13.9%	(4.4%)	(2.5%)
New Cash Rent % Change	4.6%	0.6%	1.4%	(1.2%)	3.2%	(2.5%)	1.7%	0.8%	0.8%	(4.6%)	(10.5%)
Re-leasing Cost	$17.26	$17.80	$18.73	$31.98	$34.71	$37.15	$29.48	$50.79	$50.79	$17.50	$42.53
Cost per Lease Year	$3.22	$3.38	$3.19	$4.55	$5.54	$4.56	$3.94	$8.05	$8.05	$4.01	$5.96
New GAAP **NET** Rent	$17.24	$21.07	$16.64	$25.42	$22.56	$19.75	$17.48	$24.39	$24.38	$25.61	$23.84
New Cash **NET** Rent	$24.72	$19.56	$15.92	$23.07	$20.77	$17.73	$17.44	$21.48	$21.48	$29.18	$22.14
Change in Yield: New Cash **NET** Rent on New Basis versus Prior	(0.0%)	(0.4%)	(0.3%)	(0.7%)	(0.4%)	(1.2%)	(0.6%)	(0.6%)	(1.0%)	(0.6%)	(1.5%)
Percentage Change in GAAP **NET** Rent	(1.4%)	(2.6%)	(3.6%)	(5.8%)	(7.9%)	(13.2%)	(15.4%)	(16.8%)	(16.9%)	(20.9%)	(27.6%)

Sources: Company data and Stifel estimates

Lease Economics Analysis



Note: AHH and LXP are not listed due to inadequate disclosures
Sources: Company data and Stifel estimates

Lease Economics Conclusions – Office REITs

- CAPEX costs are $3-$8/SF/lease year while cash net rents are $16-$51/SF/lease year
- Re-leasing spreads exceeding 10%/20% cash/GAAP are needed to create value
- Higher CAPEX costs – over $5/SF/yr - are tolerable if associated with high net rental rate leases; over $30/SF/lease year
- The combination of high re-leasing costs, low net rents and re-leasing spreads of under 10%/20% cash/GAAP is value destructive

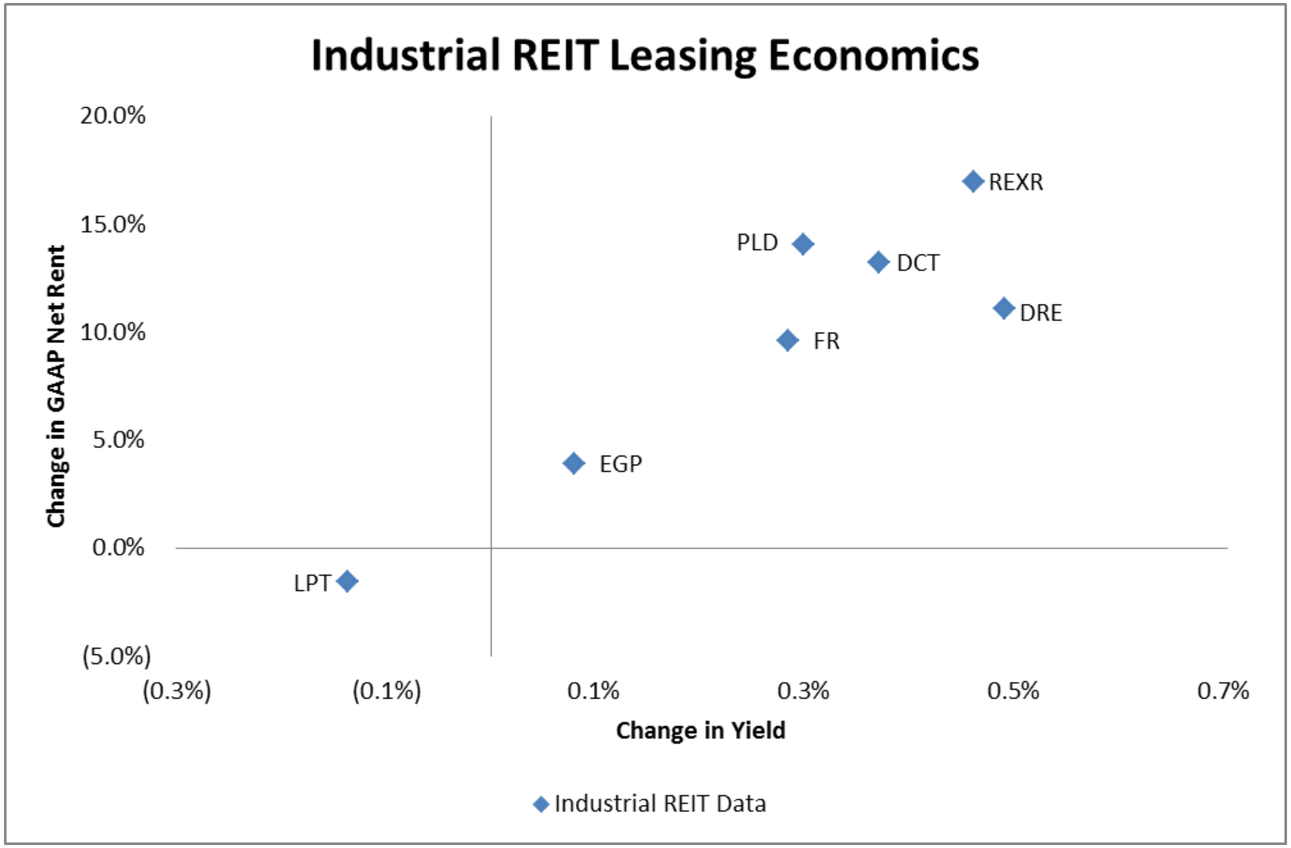
Lease Economics Analysis – Industrial REITs

Performance Summary

1H16 Results Averaged	REXR	PLD	DCT	DRE	FR	EGP	LPT
New GAAP Rent % Change	18.6%	15.4%	18.8%	17.1%	14.0%	11.7%	9.5%
New Cash Rent % Change	8.3%	5.7%	7.8%	9.3%	5.2%	3.1%	1.5%
Re-leasing Cost	$2.58	$1.53	$3.06	$2.47	$1.89	$2.72	$3.26
Cost per Lease Year	$0.57	$0.32	$0.56	$0.46	$0.45	$0.66	$0.64
New GAAP **NET** Rent	$8.88	$5.85	$5.85	$4.51	$5.27	$6.28	$5.90
New Cash **NET** Rent	$8.33	$5.04	$5.44	$4.34	$4.91	$5.54	$5.82
Change in Yield: New Cash **NET** Rent on New Basis versus Prior	0.5%	0.3%	0.4%	0.5%	0.3%	0.1%	(0.1%)
Percentage Change in GAAP **NET** Rent	17.0%	14.1%	13.2%	11.1%	9.6%	3.9%	(1.6%)

Sources: Company data and Stifel estimates

Lease Economics Analysis

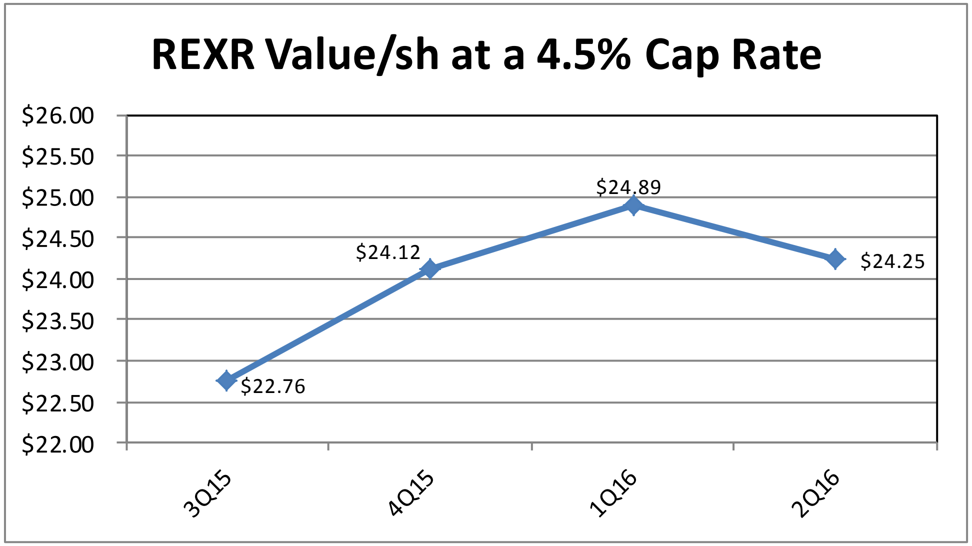


Note: TRNO is not listed due to inadequate disclosures
Sources: Company data and Stifel estimates

Lease Economics Conclusions – Industrial REITs

- All pure-play industrial REITs have re-leasing value creation; although less attractive than better office REITs
- Very similar CAPEX costs – \$0.30-\$0.66/SF/lease year – are relatively easy to absorb with re-leasing spreads over 5%/10% cash/GAAP
- Fundamentals will likely have to change appreciably for these relationships to become negative

Rexford Industrial (REXR, Buy, $22.79) - Quarterly



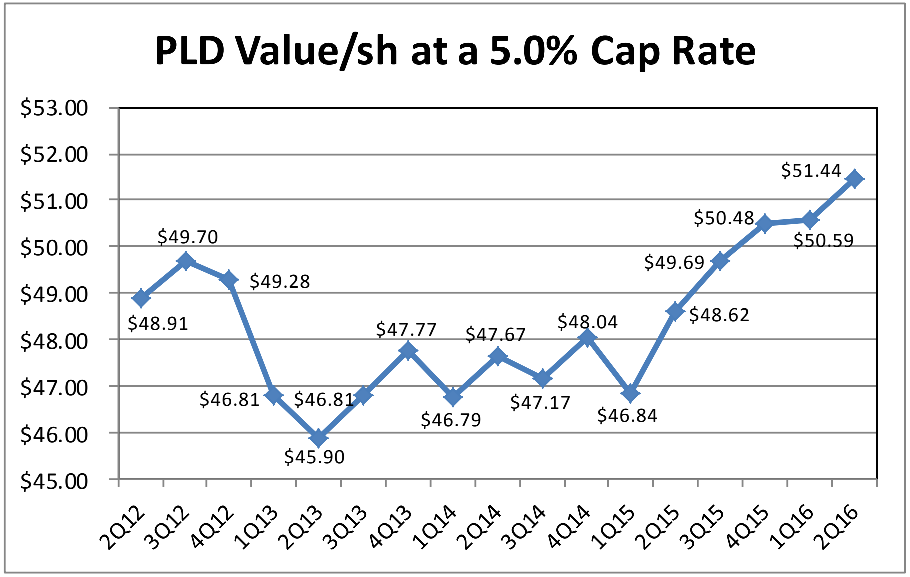
Sources: Company data and Stifel estimates

Quarter	$/sh at 4.5% Cap Rate	Value Gain/Loss	Quarterly Dividend	Net Gain/Loss
3Q15	$22.76			
4Q15	$24.12	$1.36	$0.14	$1.50
1Q16	$24.89	$0.77	$0.14	$0.91
2Q16	$24.25	($0.64)	$0.14	($0.51)
	Averages	**$0.50**	**$0.14**	**$0.63**

Sources: Company data and Stifel estimates

- We initiated coverage of Rexford in December 2015.
- Lease economics analysis indicates positive value creation at the lease level.
- Rexford requires growth capital to continue investing. We think dilutive equity offerings have muted solid operating fundamentals.
- The dividend was increased 12.5% in 3Q15. We expect an annual increase in 3Q16.
- Redevelopment is 4.5% of TEV; development is non-existent.
- **PROJECTION: Due to its in-fill, Southern California market focus, we project value creation to continue**

Prologis (PLD, Buy, $54.13) - Quarterly



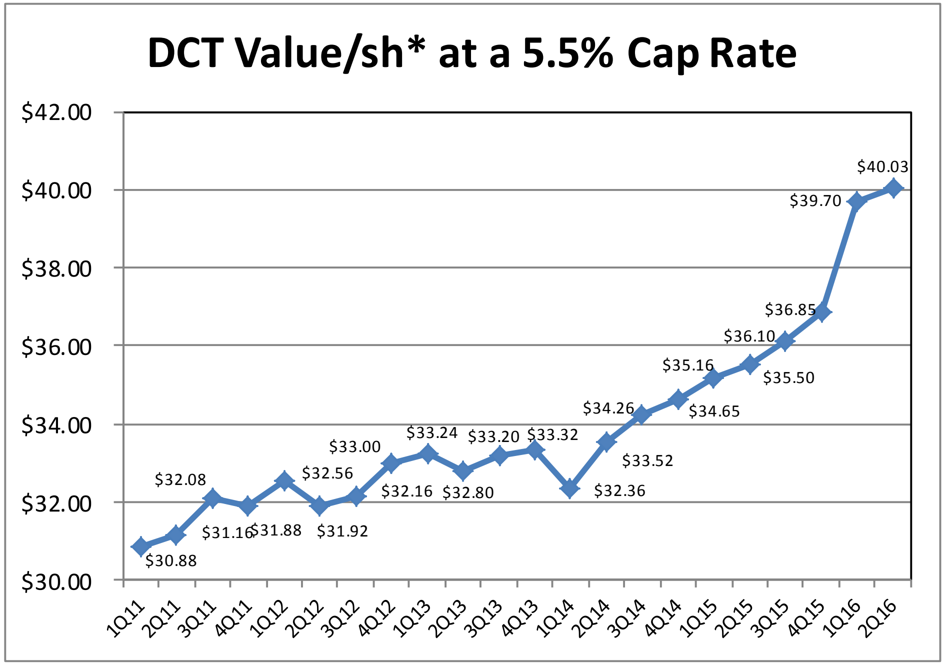
Sources: Company data and Stifel estimates

Quarter	$/sh at 5.0% Cap Rate	Value Gain/Loss	Quarterly Dividend	Net Gain/Loss
2Q12	$48.91			
3Q12	$49.70	$0.79	$0.28	$1.07
4Q12	$49.28	($0.42)	$0.28	($0.14)
1Q13	$46.81	($2.47)	$0.28	($2.19)
2Q13	$45.90	($0.91)	$0.28	($0.63)
3Q13	$46.81	$0.91	$0.28	$1.19
4Q13	$47.77	$0.96	$0.28	$1.24
1Q14	$46.79	($0.98)	$0.33	($0.65)
2Q14	$47.67	$0.88	$0.33	$1.21
3Q14	$47.17	($0.50)	$0.33	($0.17)
4Q14	$48.04	$0.87	$0.33	$1.20
1Q15	$46.84	($1.20)	$0.36	($0.84)
2Q15	$48.62	$1.78	$0.36	$2.14
3Q15	$49.69	$1.07	$0.40	$1.47
4Q15	$50.48	$0.79	$0.40	$1.19
1Q16	$50.59	$0.11	$0.42	$0.53
2Q16	$51.44	$0.85	$0.42	$1.27
	Averages	**$0.16**	**$0.34**	**$0.49**

Sources: Company data and Stifel estimates

- After value erosion in 2014 due to tender offer costs of over $1.00/sh, value creation in 2015 and 1H16 has been roughly 5% annualized.
- Lease economics analysis indicates positive value creation at the lease level.
- With balance sheet overhaul complete, we expect continued asset recycling.
- The dividend has increased 50% since 2013.
- We estimate deliveries of $1.6B per annum through YE2017; 4.0% of TEV.
- **PROJECTION: We expect value creation to improve due to favorable lease economics and a full development pipeline.**

DCT Industrial (DCT, Buy, $49.59) - Quarterly



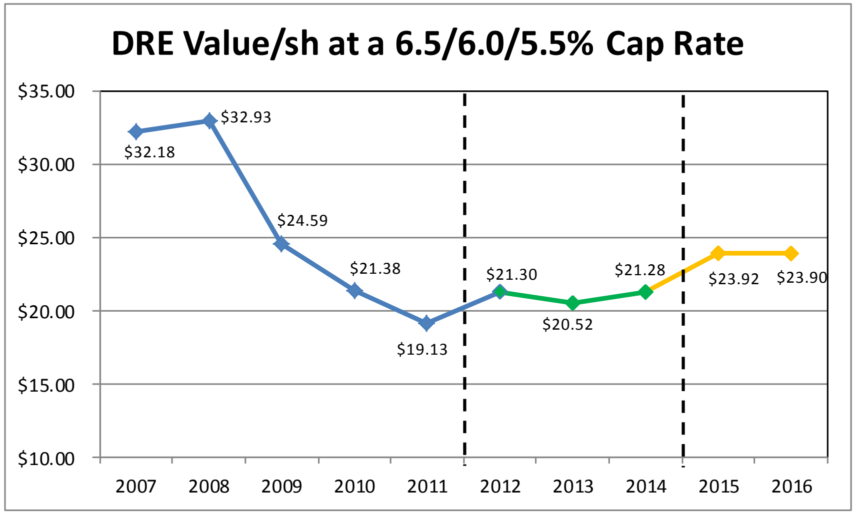
Sources: Company data and Stifel estimates
* All share price estimates are split-adjusted

Quarter	$/sh* at 5.5% Cap Rate	Value Gain/Loss	Quarterly Dividend	Net Gain/Loss
1Q11	$30.88			
2Q11	$31.16	$0.28	$0.28	$0.56
3Q11	$32.08	$0.92	$0.28	$1.20
4Q11	$31.88	($0.20)	$0.28	$0.08
1Q12	$32.56	$0.68	$0.28	$0.96
2Q12	$31.92	($0.64)	$0.28	($0.36)
3Q12	$32.16	$0.24	$0.28	$0.52
4Q12	$33.00	$0.84	$0.28	$1.12
1Q13	$33.24	$0.24	$0.28	$0.52
2Q13	$32.80	($0.44)	$0.28	($0.16)
3Q13	$33.20	$0.40	$0.28	$0.68
4Q13	$33.32	$0.12	$0.28	$0.40
1Q14	$32.36	($0.96)	$0.28	($0.68)
2Q14	$33.52	$1.16	$0.28	$1.44
3Q14	$34.26	$0.74	$0.28	$1.02
4Q14	$34.65	$0.39	$0.28	$0.67
1Q15	$35.16	$0.51	$0.28	$0.79
2Q15	$35.50	$0.34	$0.28	$0.62
3Q15	$36.10	$0.60	$0.28	$0.88
4Q15	$36.85	$0.75	$0.29	$1.04
1Q16	$39.70	$2.85	$0.29	$3.14
2Q16	$40.03	$0.33	$0.29	$0.62
	Averages	**$0.44**	**$0.28**	**$0.72**

Sources: Company data and Stifel estimates
* All share prices and dividends are split-adjusted

- Value creation since 2013 has been 7.6% on a per annum basis.
- Lease economics analysis indicates positive value creation at the lease level.
- Balance Sheet and portfolio repositioning are both complete. Focus on development.
- Dividend increase of 3.5% in 4Q15, first since we initiated coverage in June of 2011. We expect a 5-10% increase in 4Q16.
- Project development deliveries of roughly $260mm or 4.5% of TEV delivering mainly in 2H16.
- **PROJECTION: Expected value creation to continue - at an accelerating rate as dilutive dispositions are largely complete.**

Duke Realty (DRE, Buy, $28.30)



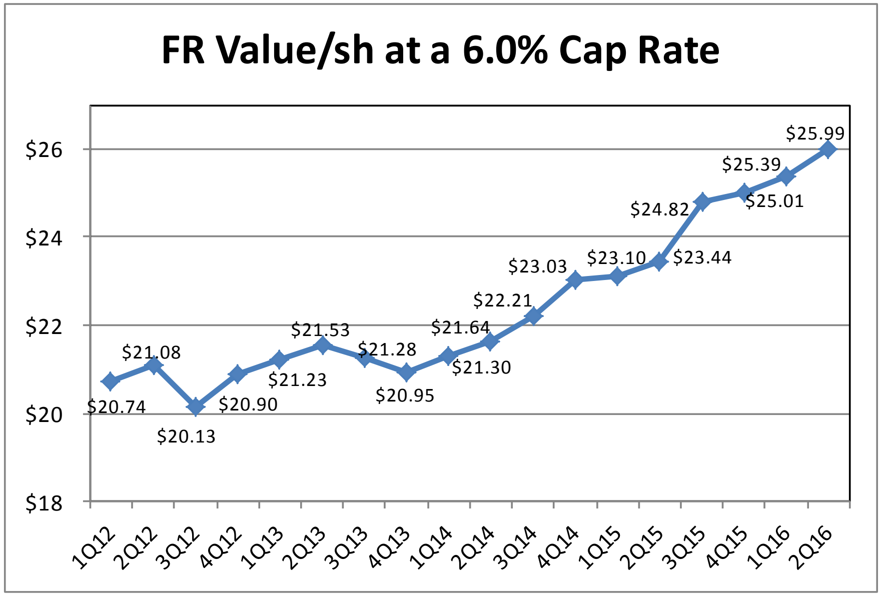
Sources: Company data and Stifel estimates

Year	$/sh at 6.5/6.0/5.5% Cap Rate	Value Gain/Loss	Annual Dividend	Net Gain/Loss
2007	$32.18			
2008	$32.93	$0.75	$1.93	$2.68
2009	$24.59	($8.35)	$0.76	($7.59)
2010	$21.38	($3.21)	$0.68	($2.53)
2011	$19.13	($2.25)	$0.68	($1.57)
2012	*$21.30*	*$2.17*	*$0.68*	*$2.85*
2013	*$20.52*	*($0.78)*	*$0.68*	*($0.10)*
2014	*$21.28*	*$0.76*	*$0.68*	*$1.44*
2015*	$23.92	$2.64	$0.88	$3.52
2016*	$23.90	($0.01)	$0.72	$0.71
	Averages	**($0.92)**	**$0.85**	**($0.07)**

Sources: Company data and Stifel estimates
Italicized Rows using 6.0% Cap Rate
*2015 & 2016 valued using 5.5% Cap Rate

- Since 2010, value creation has been only 12% or 2% per annum despite a 100bp decrease in the static cap rate.
- Lease economics analysis indicates positive value creation at the lease level.
- Due to portfolio improvement, we have reduced the constant cap rate for DRE to 6.0% commencing in 2012 and 5.5% commencing in 2015.
- Quarterly dividend increased $0.01/sh plus $0.20/sh special dividend was paid in 4Q15. We expect another $0.01/sh increase (5.5%) on a quarterly basis in 2017.
- We estimate development deliveries to be $503mm through YE2017, 5.1% of TEV.
- **PROJECTION: Expected value creation on par with peer group expected.**

First Industrial (FR, Buy, $29.30) - Quarterly



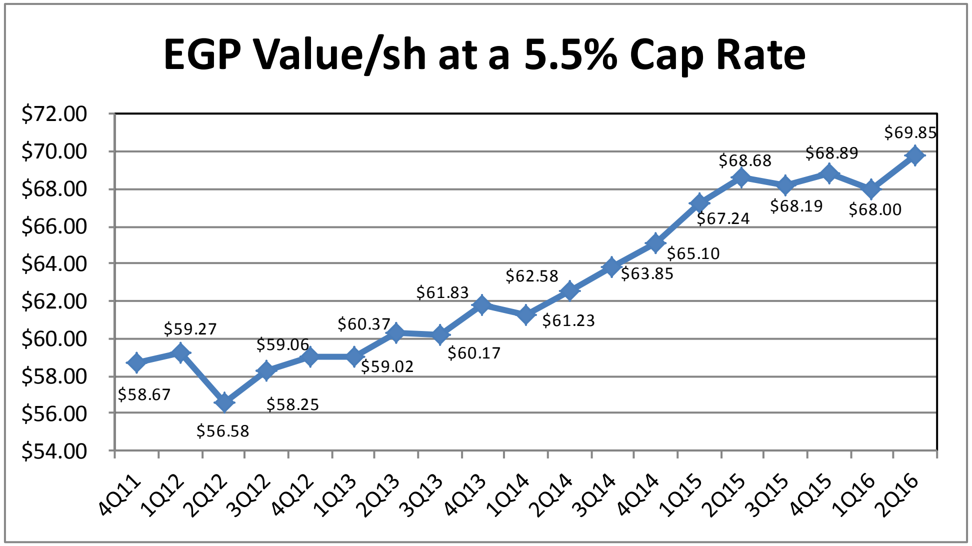
Sources: Company data and Stifel estimates

Quarter	$/sh at 6.0% Cap Rate	Value Gain/Loss	Quarterly Dividend	Net Gain/Loss
1Q12	$20.74			
2Q12	$21.08	$0.34	$0.00	$0.34
3Q12	$20.13	($0.95)	$0.00	($0.95)
4Q12	$20.90	$0.77	$0.00	$0.77
1Q13	$21.23	$0.33	$0.09	$0.42
2Q13	$21.53	$0.30	$0.09	$0.39
3Q13	$21.28	($0.25)	$0.09	($0.17)
4Q13	$20.95	($0.33)	$0.09	($0.25)
1Q14	$21.30	$0.35	$0.10	$0.45
2Q14	$21.64	$0.34	$0.10	$0.44
3Q14	$22.21	$0.57	$0.10	$0.67
4Q14	$23.03	$0.82	$0.10	$0.92
1Q15	$23.10	$0.07	$0.13	$0.20
2Q15	$23.44	$0.34	$0.13	$0.47
3Q15	$24.82	$1.38	$0.13	$1.51
4Q15	$25.01	$0.19	$0.13	$0.32
1Q16	$25.39	$0.38	$0.19	$0.57
2Q16	$25.99	$0.60	$0.19	$0.79
	Averages	**$0.31**	**$0.10**	**$0.41**

Sources: Company data and Stifel estimates

- 2013 to 1H2016 value creation has been 7.5% on a per annum basis.
- Lease economics analysis indicates positive value creation at the lease level.
- We believe the balance sheet work is largely complete, but asset recycling will continue for years.
- Dividend increase of 90% since 2014; expect 10%+ per annum going forward.
- Development deliveries are roughly $160mm or 3.4% of TEV through YE 2017.
- **PROJECTION: NAV growth expected to continue; largely driven by good lease economics.**

EastGroup (EGP, Hold, $74.86) - Quarterly



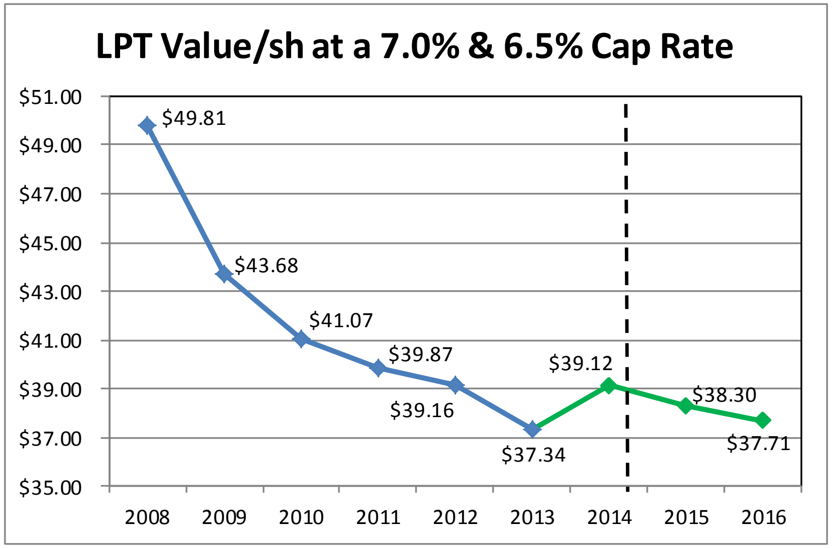
Sources: Company data and Stifel estimates

Quarter	$/sh at 5.5% Cap Rate	Value Gain/Loss	Quarterly Dividend	Net Gain/Loss
4Q11	$58.67			
1Q12	$59.27	$0.60	$0.52	$1.12
2Q12	$56.58	($2.69)	$0.52	($2.17)
3Q12	$58.25	$1.67	$0.53	$2.20
4Q12	$59.06	$0.81	$0.53	$1.34
1Q13	$59.02	($0.04)	$0.53	$0.49
2Q13	$60.37	$1.35	$0.53	$1.88
3Q13	$60.17	($0.20)	$0.53	$0.33
4Q13	$61.83	$1.66	$0.54	$2.20
1Q14	$61.23	($0.60)	$0.54	($0.06)
2Q14	$62.58	$1.35	$0.54	$1.89
3Q14	$63.85	$1.27	$0.57	$1.84
4Q14	$65.10	$1.25	$0.57	$1.82
1Q15	$67.24	$2.14	$0.57	$2.71
2Q15	$68.68	$1.44	$0.57	$2.01
3Q15	$68.19	($0.49)	$0.60	$0.11
4Q15	$68.89	$0.70	$0.60	$1.30
1Q16	$68.00	($0.89)	$0.60	($0.29)
2Q16	$69.85	$1.85	$0.60	$2.45
	Averages	**$0.62**	**$0.56**	**$1.18**

Sources: Company data and Stifel estimates

- From 2012-2015, EGP has grown NAV/sh by roughly 5.4%/annum.
- NAV growth has since slowed to 3.3% annualized in 1H16.
- Lease economics analysis indicates weak value creation at the lease level.
- Increased asset recycling and equity issuance occurred in 1H16.
- The dividend was just increased 3.3% to $0.62/sh per quarter or $2.48/sh annualized.
- Development deliveries are roughly $120mm or 3.6% of TEV through YE 2017.
- **PROJECTION: Decelerating value creation due to higher cost of capital, lower development yields and relatively weak lease economics.**

Liberty Property Trust (LPT, Hold, $41.85)



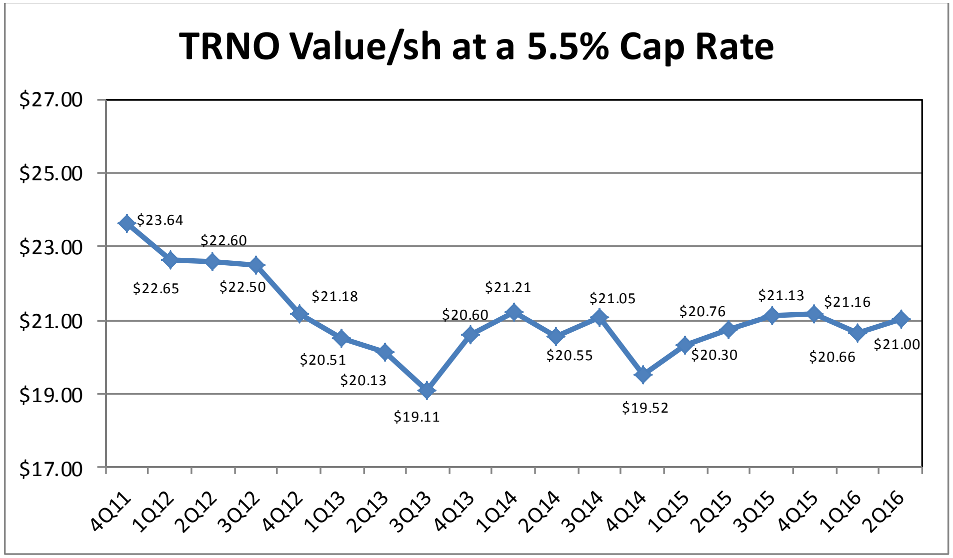
Sources: Company data and Stifel estimates

Year	**$/sh at 7.0/6.5% Cap Rate**	**Value Gain/Loss**	**Annual Dividend**	**Net Gain/Loss**
2008	$49.81			
2009	$43.68	($6.12)	$1.90	($4.22)
2010	$41.07	($2.62)	$1.90	($0.72)
2011	$39.87	($1.20)	$1.90	$0.70
2012	$39.16	($0.70)	$1.90	$1.20
2013	$37.34	($1.82)	$1.90	$0.08
2014	*$39.12*	*$1.78*	*$1.90*	*$3.68*
2015	*$38.30*	*($0.83)*	*$1.90*	*$1.07*
2016	*$37.71*	*($0.59)*	*$1.90*	*$1.31*
	Averages	**($1.51)**	**$1.90**	**$0.39**

Sources: Company data and Stifel estimates
Italicized rows using 6.5% Cap Rate

- 2012-2015 value creation was negative on a per annum basis despite a reduced cap rate beginning in 2014.
- Lease economics analysis indicates weak value creation at the lease level. (includes office)
- Due to $960mm of office sales we expect to decrease the static cap rate to 6.0% for 2H16.
- We estimate development deliveries to be $765mm (7.6% of TEV) through YE2017.
- LPT recently announced a dividend cut. We estimate the annual dividend to be reduced to roughly $0.41/sh in 1Q17.
- **PROJECTION: Hopefully the value destruction has bottomed.**

Terreno Realty (TRNO, Buy, $27.18) - Quarterly



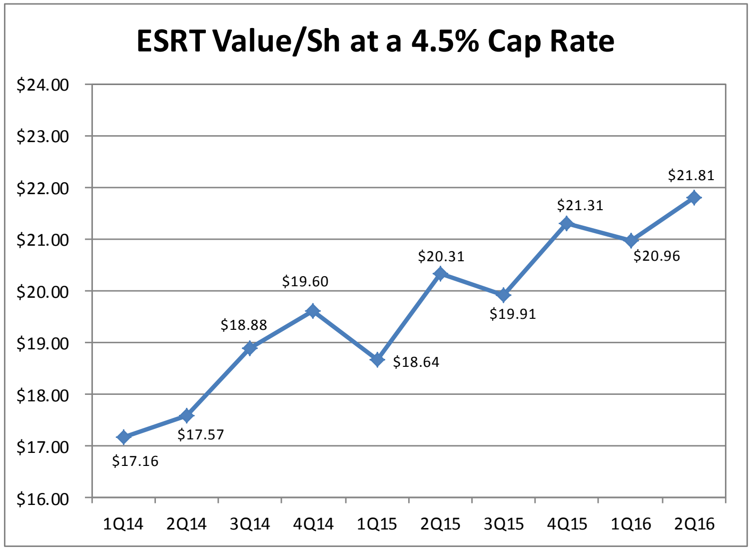
Sources: Company data and Stifel estimates

Quarter	$/sh at 5.5% Cap Rate	Value Gain/Loss	Quarterly Dividend	Net Gain/Loss
4Q11	$23.64			
1Q12	$22.65	($0.99)	$0.10	($0.89)
2Q12	$22.60	($0.05)	$0.12	$0.07
3Q12	$22.50	($0.10)	$0.12	$0.02
4Q12	$21.18	($1.32)	$0.12	($1.20)
1Q13	$20.51	($0.67)	$0.12	($0.55)
2Q13	$20.13	($0.38)	$0.13	($0.25)
3Q13	$19.11	($1.02)	$0.13	($0.89)
4Q13	$20.60	$1.49	$0.13	$1.62
1Q14	$21.21	$0.61	$0.13	$0.74
2Q14	$20.55	($0.66)	$0.14	($0.52)
3Q14	$21.05	$0.50	$0.14	$0.64
4Q14	$19.52	($1.53)	$0.16	($1.37)
1Q15	$20.30	$0.78	$0.16	$0.94
2Q15	$20.76	$0.46	$0.16	$0.62
3Q15	$21.13	$0.37	$0.16	$0.53
4Q15	$21.16	$0.03	$0.16	$0.19
1Q16	$20.66	($0.50)	$0.18	($0.32)
2Q16	$21.00	$0.34	$0.18	$0.52
	Averages	**($0.15)**	**$0.14**	**($0.01)**

Sources: Company data and Stifel estimates

- Value creation has been essentially flat since 2012.
- Lease economics analysis was not possible due to limited disclosure.
- Terreno requires growth capital to continue investing. We think solid operating fundamentals have been outweighed by dilutive equity offerings.
- The dividend has been increased 50% since 2012.
- Redevelopment is modest; no ground-up development.
- **PROJECTION: Due to in-fill market focus, we project value creation to improve, but caution that we cannot easily quantify**

Empire State Realty Trust (ESRT, Buy, $21.91) - Quarterly



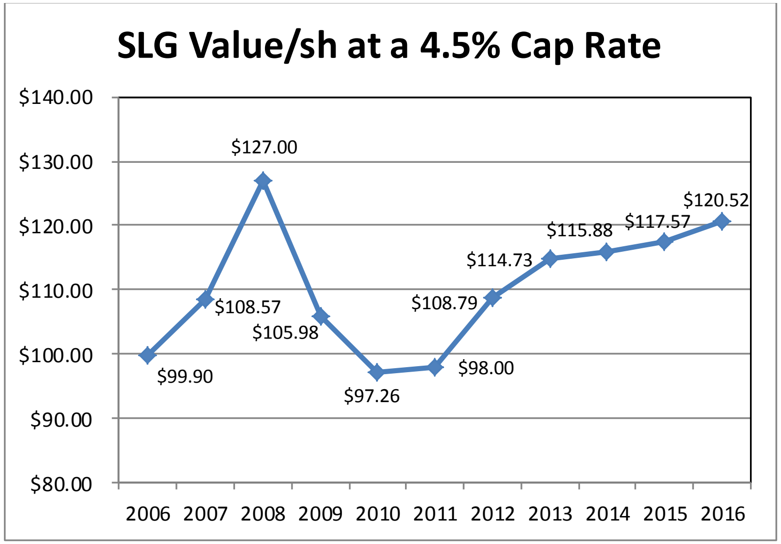
Sources: Company data and Stifel estimates

Quarter	$/sh at 4.5% Cap Rate	Value Gain/Loss	Quarterly Dividend	Net Gain/Loss
1Q14	$17.16			
2Q14	$17.57	$0.41	$0.09	$0.49
3Q14	$18.88	$1.31	$0.09	$1.40
4Q14	$19.60	$0.72	$0.09	$0.80
1Q15	$18.64	($0.95)	$0.09	($0.87)
2Q15	$20.31	$1.67	$0.09	$1.76
3Q15	$19.91	($0.40)	$0.09	($0.32)
4Q15	$21.31	$1.39	$0.09	$1.48
1Q16	$20.96	($0.35)	$0.09	($0.26)
2Q16	$21.81	$0.85	$0.11	$0.95
	Averages	**$0.52**	**$0.09**	**$0.60**

Sources: Company data and Stifel estimates

- Solid value creation since October 2nd, 2013 IPO at 9% per annum.
- Leasing economics indicate office sector-leading value creation.
- We hold observatory value constant at $1B (13% of TEV) to get true understanding of real estate.
- Dividend increase of $0.02/sh/quarter (22%) in 1Q16. We expect more modest increases annually.
- No development. Redevelopment budget expected to total $300mm over the next 4-5 years.
- **PROJECTION: Continued value creation highly likely.**

SL Green (SLG, Buy, $117.34)



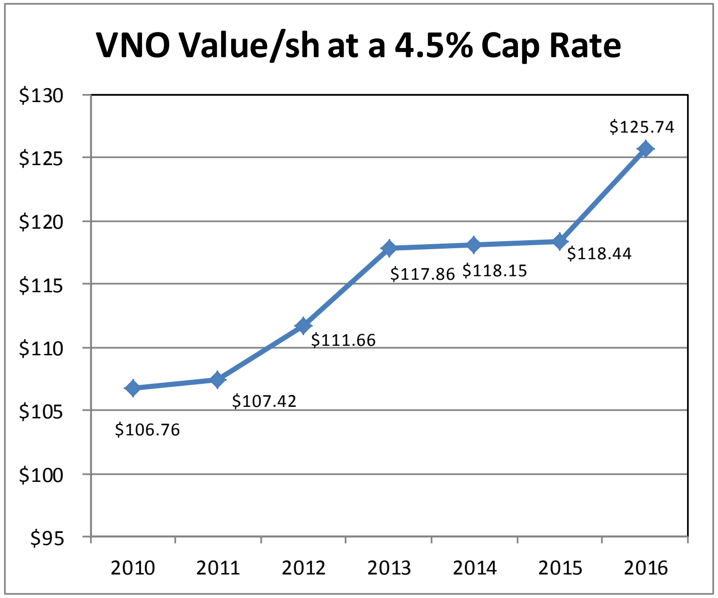
Sources: Company data and Stifel estimates

Year	$/sh at 4.5% Cap Rate	Value Gain/Loss	Annual Dividend	Net Gain/Loss
2006	$99.90	-	-	-
2007	$108.57	$8.67	$2.89	$11.56
2008	$127.00	$18.43	$2.74	$21.17
2009	$105.98	($21.02)	$0.68	($20.34)
2010	$97.26	($8.72)	$0.40	($8.32)
2011	$98.00	$0.74	$0.40	$1.14
2012	$108.79	$10.79	$1.08	$11.87
2013	$114.73	$5.94	$1.49	$7.43
2014	$115.88	$1.15	$2.00	$3.15
2015	$117.57	$1.70	$2.40	$4.10
2016	$120.52	$2.95	$2.88	$5.83
	Averages	**$2.06**	**$1.70**	**$3.76**

Sources: Company data and Stifel estimates

- Value creation was strong 2010-13, and has slowed down. 1H16 increase was roughly 2.5%.
- Lease economics analysis indicates positive value creation at the lease level.
- There are numerous moving pieces which makes modeling NAV very difficult.
- Dividend was increased 20% to $0.72/sh on a quarterly basis in 4Q15.
- Development deliveries are immaterial until One Vanderbilt ($3.1B, 13.5% of TEV) delivers in 2020.
- **PROJECTION: Value creation should occur because of positive leasing economics and redevelopment pipeline.**

Vornado Realty (VNO, Buy, $103.72)



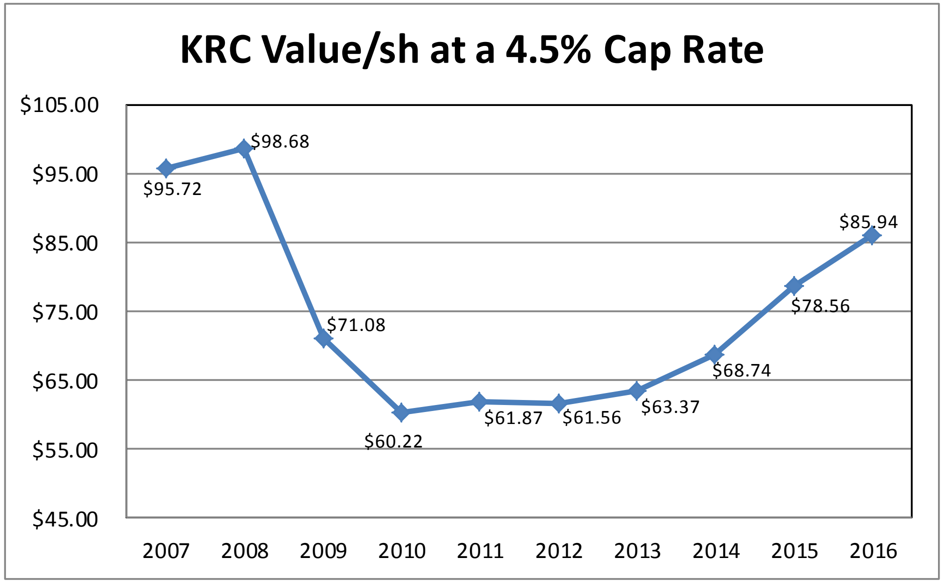
Sources: Company data and Stifel estimates

Year	$/sh at 4.5% Cap Rate	Value Gain/Loss	Annual Dividend	Net Gain/Loss
2010	$106.76			
2011	$107.42	$0.66	$2.60	$3.26
2012	$111.66	$4.24	$2.76	$7.00
2013	$117.86	$6.19	$3.76	$9.95
2014	$118.15	$0.29	$2.92	$3.21
2015	$118.44	$0.30	$2.52	$2.82
2016	$125.74	$7.29	$2.52	$9.81
	Averages	**$3.16**	**$2.85**	**$6.01**

Sources: Company data and Stifel estimates

- Value creation was strong 2010-2013 while Manhattan strength offset non-core investment troubles, but stagnated since 2013 – 2015. 1H16 increase a function of Manhattan improved disclosures.
- Lease economics very positive for Manhattan but equally negative for Washington DC.
- We expect the DC spin to close 1Q17. We also expect a dividend reset in 1Q17 as part of the spin.
- Now that the Bartlett has delivered, no additional development deliveries through 2017 expected.
- **PROJECTION: Value creation should occur because of positive lease economics in Manhattan**

Kilroy Realty (KRC, Buy, $72.88)



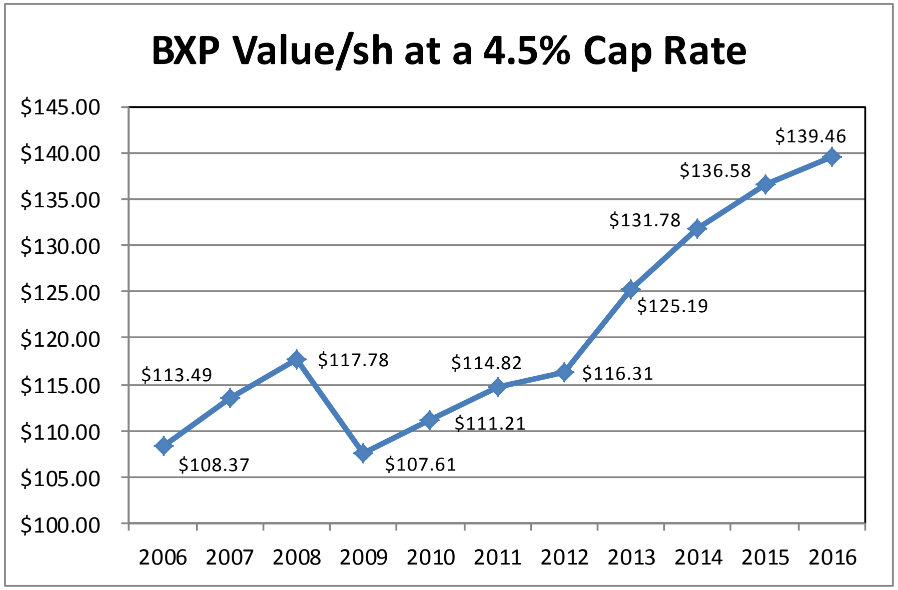
Sources: Company data and Stifel estimates

Year	$/sh at 4.5% Cap Rate	Value Gain/Loss	Annual Dividend	Net Gain/Loss
2007	$95.72			
2008	$98.68	$2.96	$2.32	$5.28
2009	$71.08	($27.60)	$1.63	($25.97)
2010	$60.22	($10.86)	$1.40	($9.46)
2011	$61.87	$1.65	$1.40	$3.05
2012	$61.56	($0.31)	$1.40	$1.09
2013	$63.37	$1.81	$1.40	$3.21
2014	$68.74	$5.37	$1.40	$6.77
2015	$78.56	$9.83	$1.40	$11.23
2016	$85.94	$7.38	$3.33	$10.70
	Averages	**($1.09)**	**$1.74**	**$0.66**

Sources: Company data and Stifel estimates

- Value creation was slow from 2010-13, but very strong from 2013-1H16 at 12% per annum.
- Lease economics analysis indicates positive value creation at the lease level.
- Development-oriented REIT, leading asset recycling and excellent capital allocators.
- Increased the annual dividend by $0.10/sh or 7.1% in 1Q16, and will pay a special dividend of $1.85/sh in 4Q16.
- Development deliveries are estimated to be about $807mm through YE2017, or 8.3% of TEV.
- **PROJECTION: Continued value creation likely due to development deliveries and positive lease economics.**

Boston Properties (BXP, Buy, $142.75)



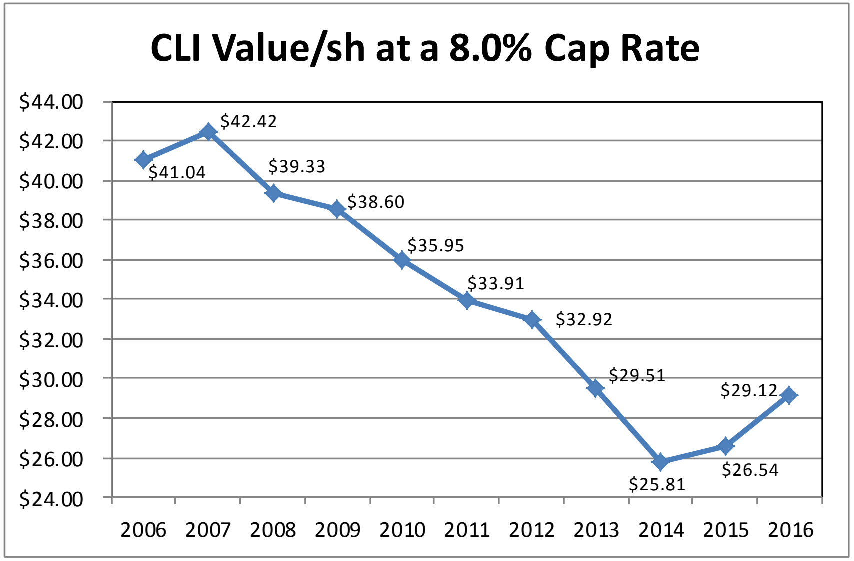
Sources: Company data and Stifel estimates

Year	$/sh at 4.5% Cap Rate	Value Gain/Loss	Annual Dividend	Net Gain/Loss
2006	$108.37	-	-	-
2007	$113.49	$5.12	$2.72	$7.84
2008	$117.78	$4.29	$8.70	$12.99
2009	$107.61	($10.17)	$2.18	($7.99)
2010	$111.21	$3.60	$2.00	$5.60
2011	$114.82	$3.60	$2.05	$5.65
2012	$116.31	$1.49	$2.30	$3.79
2013	$125.19	$8.88	$4.85	$13.73
2014	$131.78	$6.59	$7.10	$13.69
2015	$136.58	$4.80	$3.85	$8.65
2016	$139.46	$2.88	$2.60	$5.48
	Averages	**$3.11**	**$3.84**	**$6.94**

Sources: Company data and Stifel estimates

- Value creation consistent since 2009 despite $1.4B and $8.00/sh of special dividends paid from 2013-15.
- Lease economics analysis indicates modest value creation at the lease level.
- Focused development-oriented REIT and excellent capital allocators (along with KRC).
- As a special dividend is no longer needed, we expect a 10-20% dividend increase soon.
- Development deliveries total $1.3B (3.8% of TEV) through YE17.
- **PROJECTION: Continued value creation likely due to development deliveries**

Mack-Cali (CLI, Buy, $28.45)



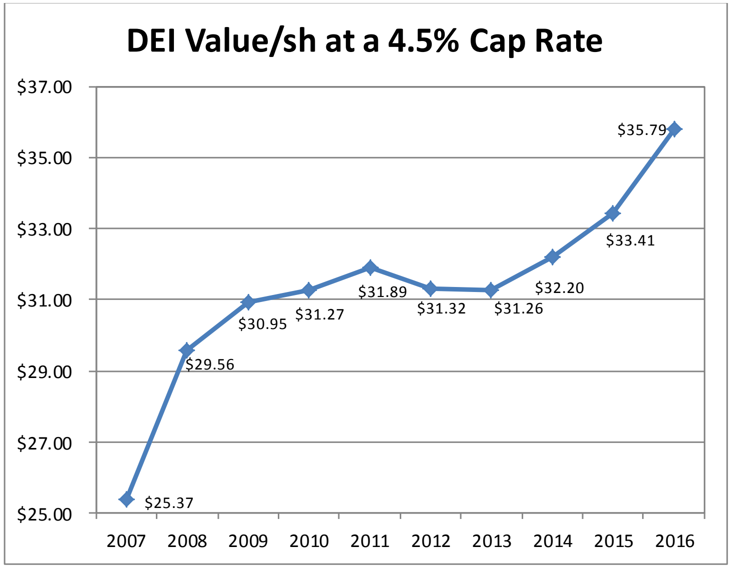
Sources: Company data and Stifel estimates

Year	$/sh at 8.0% Cap Rate	Value Gain/Loss	Annual Dividend	Net Gain/Loss
2006	$41.04			
2007	$42.42	$1.38	$2.56	$3.94
2008	$39.33	($3.09)	$2.56	($0.53)
2009	$38.60	($0.74)	$1.80	$1.06
2010	$35.95	($2.65)	$1.80	($0.85)
2011	$33.91	($2.03)	$1.80	($0.23)
2012	$32.92	($0.99)	$1.80	$0.81
2013	$29.51	($3.41)	$1.35	($2.06)
2014	$25.81	($3.70)	$0.75	($2.95)
2015	$26.54	$0.73	$0.60	$1.33
2016	$29.12	$2.58	$0.60	$3.18
	Averages	**($1.19)**	**$1.56**	**$0.37**

Sources: Company data and Stifel estimates

- 2007-2014 produced (4.7%) per annum of value destruction. The 8% annualized increase since 2014 resulted from solid operations and accretive asset sales.
- The lease economics analysis indicated solid value creation, but we would like to see more data in the next few quarters.
- We expect industry-leading asset recycling to continue through YE17.
- We do not expect a dividend increase until the portfolio repositioning is complete.
- Roseland apartments under construction or starts in 2016 totals roughly 3,800 units.
- **PROJECTION: We expect continued value creation driven by operations, dispositions and development.**

Douglas Emmett (DEI, Sell, $38.00)



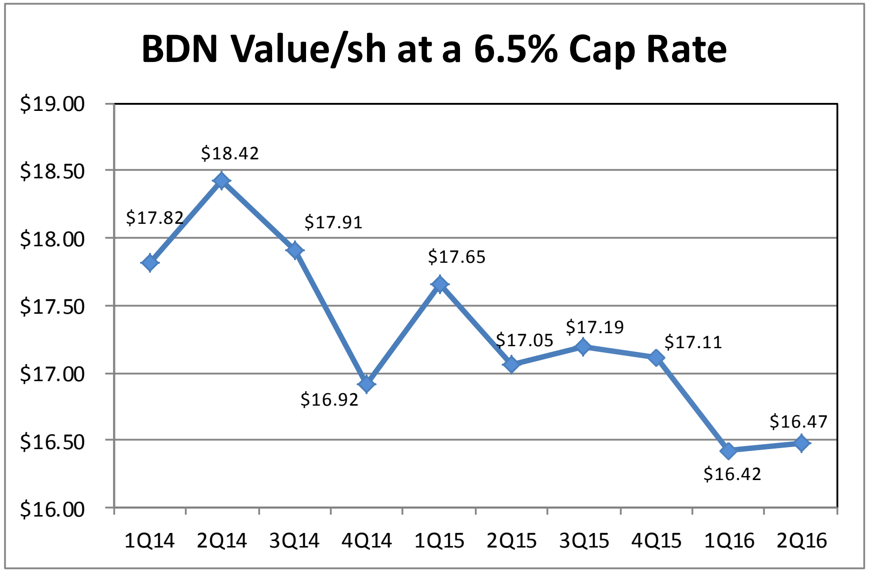
Sources: Company data and Stifel estimates

Year	$/sh at 4.5% Cap Rate	Value Gain/Loss	Annual Dividend	Net Gain/Loss
2007	$25.37			
2008	$29.56	$4.19	$0.75	$4.94
2009	$30.95	$1.39	$0.40	$1.79
2010	$31.27	$0.33	$0.40	$0.73
2011	$31.89	$0.62	$0.49	$1.11
2012	$31.32	($0.57)	$0.63	$0.06
2013	$31.26	($0.06)	$0.74	$0.68
2014	$32.20	$0.94	$0.82	$1.76
2015	$33.41	$1.22	$0.84	$2.06
2016	$35.79	$2.37	$0.88	$3.25
	Averages	**$1.16**	**$0.66**	**$1.82**

Sources: Company data and Stifel estimates

- Value creation was flat 2009-13, but trending upward 2013-1H16 at 4.6% per annum.
- Lease economics analysis indicates positive value creation at the lease level.
- We expect the Blackstone acquisition at a 3.0%/4.7% Cash/GAAP cap rate to slow this trend.
- We expect the dividend to be increased by $0.04/year (4.8%) annually.
- No material development platform
- **PROJECTION: Mark-to-market value creation is expected, but partially offset by the Blackstone acquisition.**

Brandywine Realty (BDN, Hold, $16.57) – Quarterly



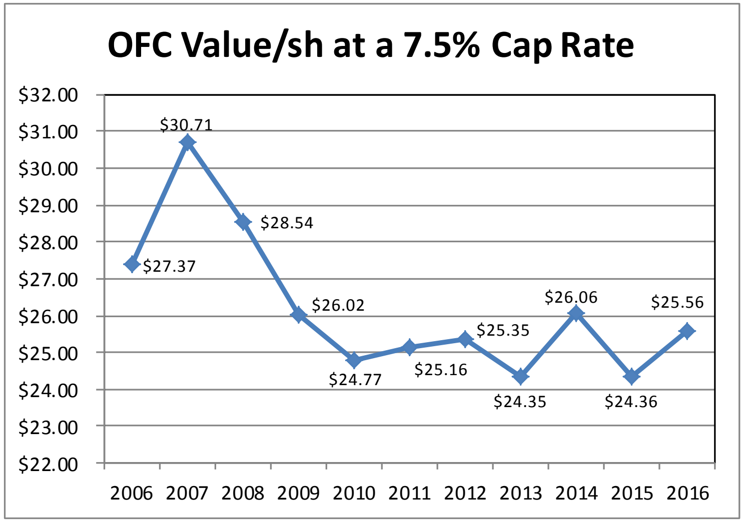
Sources: Company data and Stifel estimates

Quarter	$/sh at 6.5% Cap Rate	Value Gain/Loss	Annual Dividend	Net Gain/Loss
1Q14	$17.82			
2Q14	$18.42	$0.60	$0.15	$0.75
3Q14	$17.91	($0.51)	$0.15	($0.36)
4Q14	$16.92	($0.99)	$0.15	($0.84)
1Q15	$17.65	$0.73	$0.15	$0.88
2Q15	$17.05	($0.60)	$0.15	($0.45)
3Q15	$17.19	$0.14	$0.15	$0.29
4Q15	$17.11	($0.08)	$0.15	$0.07
1Q16	$16.42	($0.69)	$0.15	($0.54)
2Q16	$16.47	$0.05	$0.16	$0.21
	Averages	**($0.15)**	**$0.15**	**$0.00**

Sources: Company data and Stifel estimates

- Value creation was negative in 2014-2015 after a 50 bp reset in late 2013 due to portfolio improvement. Value erosion continued in 1H16 due to continued asset sales.
- Lease economics indicate modest value erosion at the lease level.
- By YE2016 we expect the portfolio to be 95%+ Philadelphia CBD, Philadelphia Crescent markets, Dulles Toll Road in NoVA and Austin TX.
- The dividend was increased $0.01/sh on a quarterly basis (6.7% increase) in 2Q16. We expect this to occur annually.
- We estimate development deliveries of $347mm in 2016-17 (6.4% of TEV).
- **PROJECTION: Modest value creation likely with focused portfolio and development deliveries.**

Corporate Office Properties Trust (OFC, Hold, $29.02)



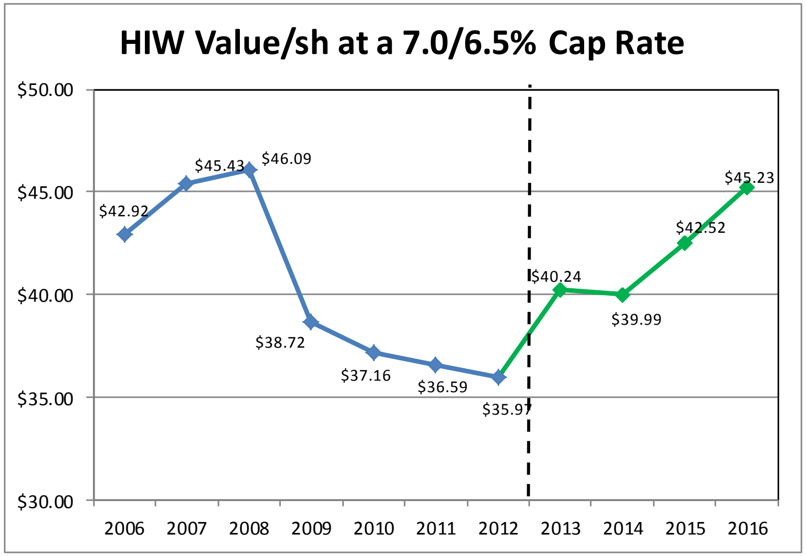
Sources: Company data and Stifel estimates

Year	$/sh at 7.5% Cap Rate	Value Gain/Loss	Annual Dividend	Net Gain/Loss
2006	$27.37	-	-	-
2007	$30.71	$3.34	$1.30	$4.64
2008	$28.54	($2.17)	$1.43	($0.75)
2009	$26.02	($2.52)	$1.53	($0.99)
2010	$24.77	($1.25)	$1.61	$0.36
2011	$25.16	$0.38	$1.65	$2.04
2012	$25.35	$0.19	$1.10	$1.29
2013	$24.35	($1.00)	$1.10	$0.10
2014	$26.06	$1.71	$1.10	$2.81
2015	$24.36	($1.70)	$1.10	($0.60)
2016	$25.56	$1.20	$1.10	$2.30
	Averages	**($0.18)**	**$1.30**	**$1.12**

Sources: Company data and Stifel estimates

- Value creation flat 2012-1H16 while very active asset recycling.
- Lease economics indicate modest value erosion at the lease level.
- The level of demand is in question for the core Defense IT business; both federal government and defense contractor leasing.
- The dividend could be raised in the near-term.
- Development deliveries are an estimated $219mm through YE17, or 4.5% of TEV. This includes $96mm for the federal government inventory buildings currently complete and vacant.
- **PROJECTION: Value creation unlikely as asset sales exceed unleased development deliveries and lease economics remain uninspiring.**

Highwoods Properties (HIW, Hold, $53.69)



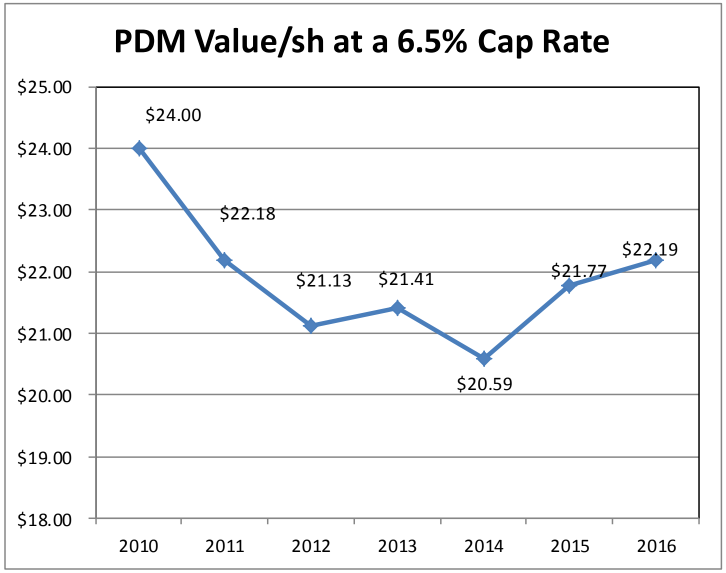
Sources: Company data and Stifel estimates

Year	$/sh at 7.0/6.5% Cap Rate	Value Gain/Loss	Annual Dividend	Net Gain/Loss
2006	$42.92			
2007	$45.43	$2.52	$1.70	$4.22
2008	$46.09	$0.66	$1.70	$2.36
2009	$38.72	($7.37)	$1.70	($5.67)
2010	$37.16	($1.56)	$1.70	$0.14
2011	$36.59	($0.57)	$1.70	$1.13
2012	$35.97	($0.62)	$1.70	$1.08
2013	*$40.24*	*$4.28*	*$1.70*	*$5.98*
2014	*$39.99*	*($0.25)*	*$1.70*	*$1.45*
2015	*$42.52*	*$2.53*	*$1.70*	*$4.23*
2016	*$45.23*	*$2.71*	*$2.45*	*$5.16*
	Averages	**$0.23**	**$1.78**	**$2.01**

Sources: Company data and Stifel estimates
Italicized rows using 6.5% Cap Rate

- Since 2014, value creation has been strong at 8% per annum, likely driven by low cost of equity capital, retail portfolio sale and development deliveries.
- Lease economics analysis indicates modest value erosion at the lease level; lowest net lease rates in our office coverage.
- Continued simplification, focus and solid operating numbers have all contributed to a low cost of capital.
- A $0.75 – 0.90/sh special dividend is expected by YE16 and we assume that a 10-20% dividend increase will occur at that time.
- Development deliveries are roughly $360mm/annum or 4.6% of TEV through YE17.
- **PROJECTION: Continued value creation is expected, but primarily from development pipeline**

Piedmont (PDM, Sell, $21.84)



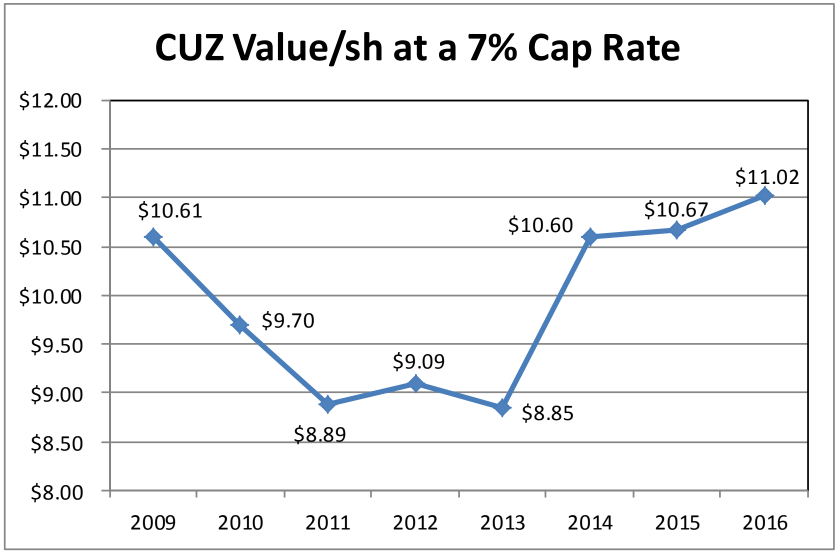
Sources: Company data and Stifel estimates

Year	$/sh at 6.5% Cap Rate	Value Gain/Loss	Annual Dividend	Net Gain/Loss
2010	$24.00			
2011	$22.18	($1.82)	$1.26	($0.56)
2012	$21.13	($1.05)	$0.80	($0.25)
2013	$21.41	$0.28	$0.80	$1.08
2014	$20.59	($0.82)	$0.80	($0.02)
2015	$21.77	$1.18	$0.84	$2.02
2016	$22.19	$0.41	$0.84	$1.25
	Averages	**($0.30)**	**$0.89**	**$0.59**

Sources: Company data and Stifel estimates

- Value creation flat 2011-1H16; partially driven by re-purchases of roughly 27.3mm shares (18.8% of total current shares outstanding)
- Lease economics analysis indicates value erosion at the lease level.
- Continued modest asset recycling expected.
- The dividend could easily be raised – possibly by about 5-10% to $0.22-0.23/sh/quarter.
- Development for PDM is immaterial.
- **PROJECTION: Value creation via asset sales will likely be offset by negative re-leasing economics.**

Cousins Properties (CUZ, Hold, $11.17)



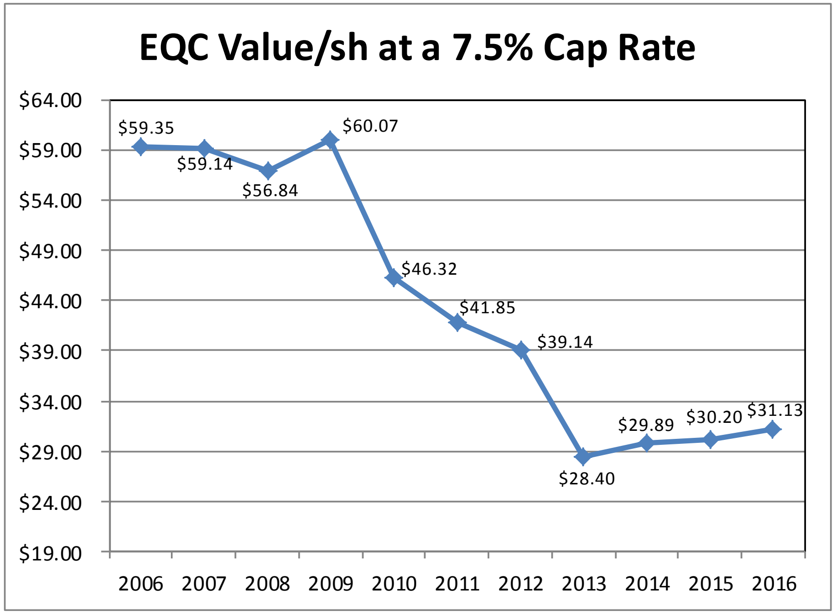
Sources: Company data and Stifel estimates

Year	$/sh at 7% Cap Rate	Value Gain/Loss	Dividend	Net Gain/Loss
2009	$10.61			
2010	$9.70	($0.91)	$0.12	($0.79)
2011	$8.89	($0.81)	$0.18	($0.63)
2012	$9.09	$0.20	$0.18	$0.38
2013	$8.85	($0.24)	$0.18	($0.06)
2014	$10.60	$1.75	$0.30	$2.05
2015	$10.67	$0.07	$0.32	$0.39
2016	$11.02	$0.35	$0.32	$0.67
	Averages	**$0.06**	**$0.23**	**$0.29**

Sources: Company data and Stifel estimates

- Value deterioration from 2010-2013 was surprisingly minor when one considers the scale of Cousins' asset recycling. While 2014 experienced strong value creation, the 2015 leveling off was not surprising.
- Lease economics analysis indicated modest value erosion at the lease level.
- The merger and spin with Parkway Properties (PKY, Hold, $18.17) is expected to close in 4Q16.
- Dividend policy post-merger has not yet been disclosed.
- We estimate $153mm in development deliveries in 2016 (4.6% of TEV); none in 2017.
- **PROJECTION: Uncertain value creation due to weak lease economics and no 2017 development deliveries.**

Equity Commonwealth (EQC, Hold, $31.77)



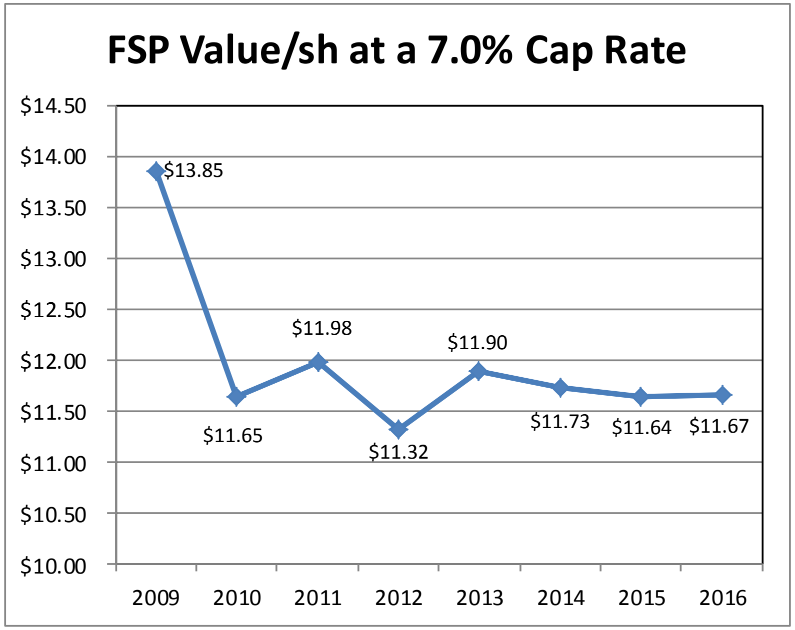
Sources: Company data and Stifel estimates

Year	$/sh at 7.5% Cap Rate	Value Gain/Loss	Annual Dividend	Net Gain/Loss
2006	$59.35	-	-	-
2007	$59.14	($0.21)	$2.52	$2.31
2008	$56.84	($2.30)	$3.36	$1.06
2009	$60.07	$3.23	$2.40	$5.63
2010	$46.32	($13.75)	$1.48	($12.27)
2011	$41.85	($4.47)	$2.00	($2.47)
2012	$39.14	($2.71)	$1.75	($0.96)
2013	$28.40	($10.74)	$1.00	($9.74)
2014	$29.89	$1.49	$0.00	$1.49
2015	$30.20	$0.31	$0.00	$0.31
2016	$31.13	$0.92	$0.00	$0.92
	Averages	**($2.82)**	**$1.45**	**($1.37)**

Sources: Company data and Stifel estimates

- Value destruction stopped abruptly in 2013 and has been up modestly since, at 3.1% per annum.
- Lease economics analysis indicates significant value erosion at the lease level.
- Continued portfolio liquidation and evolution into an opportunity fund makes the current EQC portfolio not that important beyond current NAV metrics.
- No dividend has been paid since 2013. We expect a special dividend to be paid in 2017.
- No development platform
- **PROJECTION: Value creation unlikely due to weak lease economics.**

Franklin Street (FSP, Hold, $12.94)



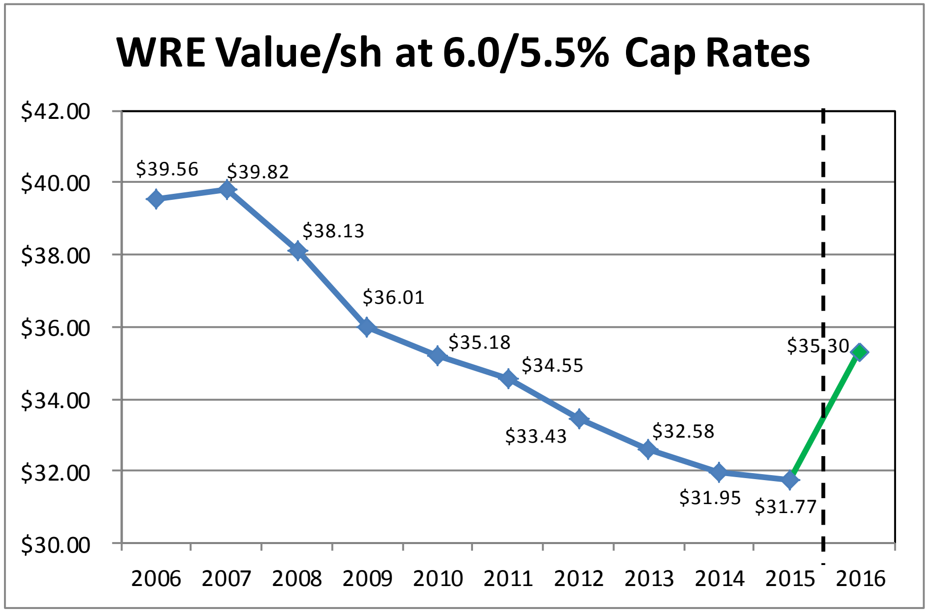
Sources: Company data and Stifel estimates

Year	$/sh at 7.0% Cap Rate	Value Gain/Loss	Dividend	Net Gain/Loss
2009	$13.85			
2010	$11.65	($2.20)	$0.76	($1.44)
2011	$11.98	$0.33	$0.76	$1.09
2012	$11.32	($0.66)	$0.76	$0.10
2013	$11.90	$0.58	$0.76	$1.34
2014	$11.73	($0.17)	$0.76	$0.59
2015	$11.64	($0.09)	$0.76	$0.67
2016	$11.67	$0.03	$0.76	$0.79
	Averages	**($0.31)**	**$0.76**	**$0.45**

Sources: Company data and Stifel estimates

- Value creation was flat from 2010-1H2016.
- Lease economics indicate modest value erosion at the lease level.
- Recent $83mm equity raise helped to de-lever.
- We do not expect a dividend increase. The current 5.9% yield is likely driving the stock price.
- No development platform.
- **PROJECTION: No value creation drivers; value creation is unlikely.**

Washington REIT (WRE, Hold, $32.76)



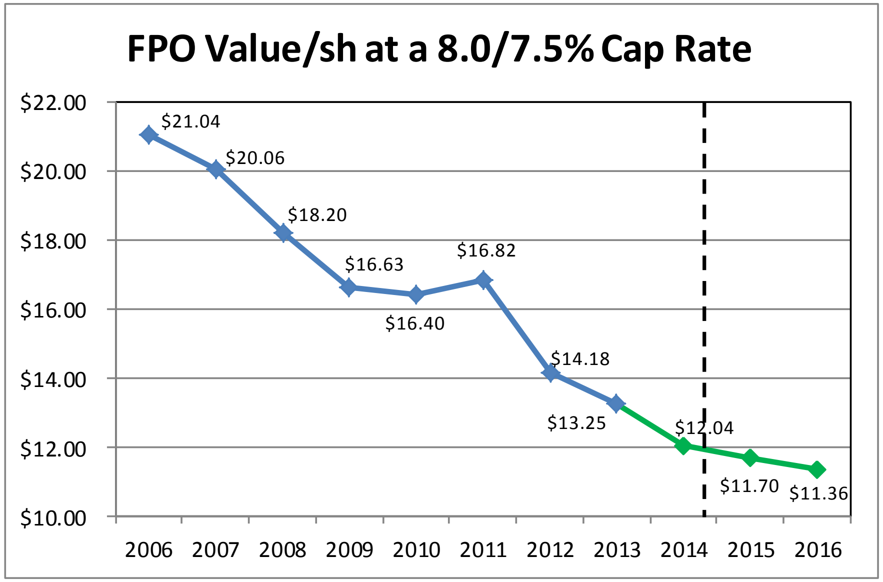
Sources: Company data and Stifel estimates

Year	$/sh at 6.0%/5.5% Cap Rate	Value Gain/Loss	Annual Dividend	Net Gain/Loss
2006	$39.56			
2007	$39.82	$0.27	$1.68	$1.95
2008	$38.13	($1.70)	$1.72	$0.02
2009	$36.01	($2.12)	$1.73	($0.39)
2010	$35.18	($0.83)	$1.73	$0.90
2011	$34.55	($0.63)	$1.74	$1.11
2012	$33.43	($1.12)	$1.33	$0.21
2013	$32.58	($0.85)	$1.20	$0.35
2014	$31.95	($0.63)	$1.20	$0.57
2015	$31.77	($0.18)	$1.20	$1.03
2016	*$35.30*	*$3.52*	*$1.20*	*$4.72*
	Averages	**($0.43)**	**$1.47**	**$1.05**

Sources: Company data and Stifel estimates
Italics indicated 5.5% Cap Rate

- Value destruction has slowed from 2014 – 2015. As a result of suburban MD portfolio sales and asset recycling, we have reduced the static cap rate 50 bps to 5.5%.
- Lease economics analysis for office only (53% of NOI) indicates on-going value erosion for the office portfolio.
- Gradual portfolio improvement is driving value creation.
- We would not be surprised to see a dividend increase soon.
- No development platform. Modest redevelopment.
- **PROJECTION: Further value creation unlikely until Washington D.C. MSA fundamentals improve**

First Potomac (FPO, Sell, $10.20)



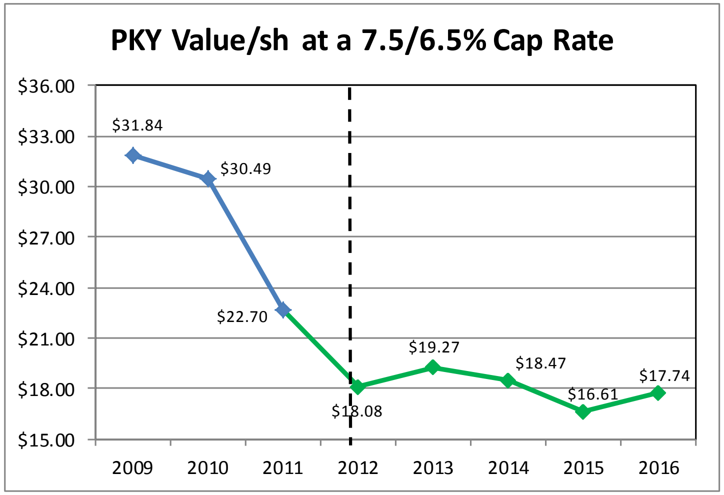
Sources: Company data and Stifel estimates

Year	$/sh at 8.0/7.5% Cap Rate	Value Gain/Loss	Annual Dividend	Net Gain/Loss
2006	$21.04			
2007	$20.06	($0.98)	$1.36	$0.38
2008	$18.20	($1.86)	$1.36	($0.50)
2009	$16.63	($1.57)	$0.94	($0.63)
2010	$16.40	($0.23)	$0.80	$0.57
2011	$16.82	$0.42	$0.80	$1.22
2012	$14.18	($2.64)	$0.75	($1.89)
2013	$13.25	($0.93)	$0.60	($0.33)
2014	*$12.04*	*($1.20)*	*$0.60*	*($0.60)*
2015	*$11.70*	*($0.34)*	*$0.60*	*$0.26*
2016	*$11.36*	*($0.34)*	*$0.60*	*$0.26*
	Averages	**($0.97)**	**$0.84**	**($0.13)**

Sources: Company data and Stifel estimates
Italicized rows using 7.5% Cap Rate

- Value has consistently deteriorated since 2006 – despite a cap rate reduction of 50 bps.
- Lease economics analysis indicates value erosion at the lease level.
- With the new strategic plan, known move-outs and asset sales, our forward NAV at a fixed share price declines 50 bps by 2Q17.
- The dividend was cut by 33% to $0.10/sh on a quarterly basis in 2Q16. We do not expect an increase soon.
- Development is immaterial.
- **PROJECTION: Continued value destruction is highly likely.**

Parkway (PKY, Hold, $18.17)



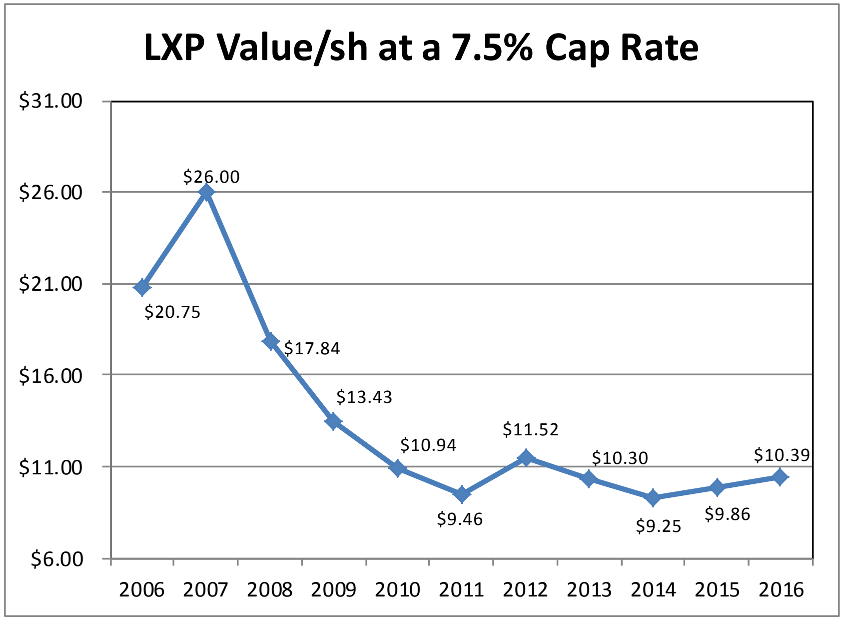
Sources: Company data and Stifel estimates

Year	$/sh at 7.5/6.5% Cap Rate	Value Gain/Loss	Annual Dividend	Net Gain/Loss
2009	$31.84	-	-	-
2010	$30.49	($1.35)	$0.30	($1.05)
2011	$22.70	($7.79)	$0.30	($7.49)
2012	*$18.08*	*($4.62)*	*$0.38*	*($4.24)*
2013	*$19.27*	*$1.19*	*$0.64*	*$1.83*
2014	*$18.47*	*($0.80)*	*$0.75*	*($0.05)*
2015	*$16.61*	*($1.86)*	*$0.75*	*($1.11)*
2016	*$17.74*	*$1.12*	*$0.75*	*$1.87*
	Averages	**($2.54)**	**$0.52**	**($2.02)**

Sources: Company data and Stifel estimates
Italicized rows using 6.5% Cap Rate

- Value creation was flat in 2012-1H16 despite continued asset recycling.
- Lease economics analysis indicates significant value erosion; clearly very aggressive with re-leasing packages.
- The merger & spin with Cousins is expected to close in 4Q16.
- The dividend has been $0.75/sh annually since 2014.
- One development delivering in 2016.
- **PROJECTION: Uncertain value creation.**

Lexington (LXP, Hold, $10.86)



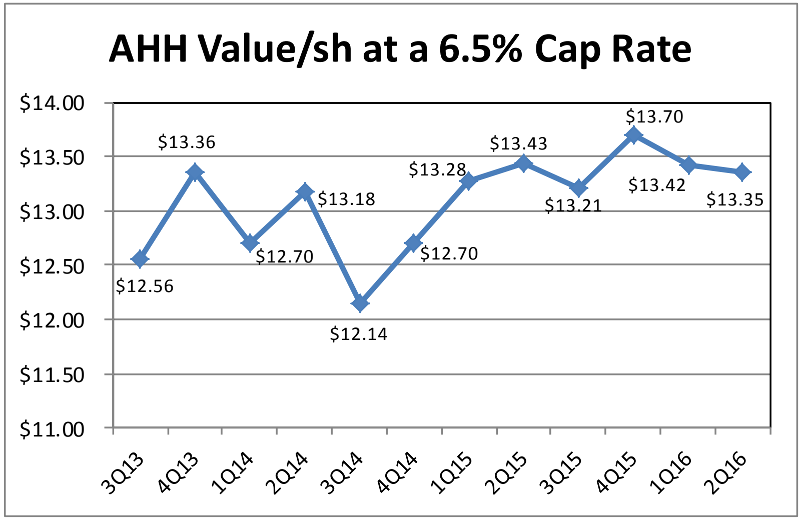
Sources: Company data and Stifel estimates

Year	$/sh at 7.5% Cap Rate	Value Gain/Loss	Annual Dividend	Net Gain/Loss
2006	$20.75			
2007	$26.00	$5.25	$3.60	$8.85
2008	$17.84	($8.16)	$1.17	($6.99)
2009	$13.43	($4.41)	$0.15	($4.25)
2010	$10.94	($2.49)	$0.42	($2.08)
2011	$9.46	($1.49)	$0.47	($1.02)
2012	$11.52	$2.06	$0.55	$2.61
2013	$10.30	($1.22)	$0.62	($0.60)
2014	$9.25	($1.05)	$0.68	($0.36)
2015	$9.86	$0.61	$0.68	$1.29
2016	$10.39	$0.53	$0.68	$1.21
	Averages	**($1.04)**	**$0.90**	**($0.13)**

Sources: Company data and Stifel estimates

- Value creation flat 2011-2015. 1H16 increase was a healthy 5.4%
- Lease economics analysis not possible given the nature of assets.
- Asset recycling in process including roughly $360mm at less than a 5% cap rate. Positive spread investing and aggressive asset recycling critical to success.
- Dividend has not been increased since 4Q13, now a 6.3% yield.
- No development platform.
- **PROJECTION: No value creation drivers; value creation unlikely after $360mm portfolio sale.**

Armada Hoffler (AHH, Buy, $14.25) - Quarterly



Sources Company Data and Stifel estimates

Year	$/sh at 6.5% Cap Rate	Value Gain/Loss	Annual Dividend	Net Gain/Loss
2013	$12.96	-	-	-
2014	$12.68	($0.28)	$0.63	$0.35
2015	$13.41	$0.73	$0.68	$1.41
2016	$13.39	($0.02)	$0.68	$0.66
	Averages	**$0.14**	**$0.66**	**$0.81**

Sources: Company data and Stifel estimates

- Value creation since May 6, 2013 IPO – 1.2% per annum.
- Leasing economics analysis for office portion (17% of NOI) is not relevant.
- Development and asset recycling from office into core retail strategy is both to create a more stable portfolio and also driven by capital gains and tax deferral issues.
- Dividend was increased by $0.01/sh/quarter in 1Q16. We expect this to be an annual occurrence.
- Development is both internal ($120mm and 9.3% of TEV) and via a joint venture of mezz debt vehicle (three investments with a $76mm investment commitment).
- **PROJECTION: Development should result in continued value creation.**

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