Target Price Change

Dividend --> G&A Trade-off. 3Q16 Earnings Preview.

- *Wearing our shareholder fiduciary hat, we note that 1) real estate is 'end of cycle' for most property types, 2) internal value creation via solid leasing gains is subsiding, 3) as is development or acquisition driven value creation, 4) most balance sheets have been solidly improved, 4) net asset value premiums and discounts appear to be less important, 5) while yield and multiples appear to be of increased importance. Accordingly, it appears that now is an excellent time for those shareholder fiduciary (and shareholder return) minded REIT boards to gently shift dollars from G&A (down) to provide healthy dividend increases (up).*
- *As usual, as companies report earnings this quarter, we plan to focus on 1) submarket strength, 2) operating fundamentals, 3) real leasing economics, 4) value creation (or destruction), 5) replacement cost, and 6) the investment sales market.*

- With numerous forces colliding including: 1) evasive cost of capital advantages, 2) funds flow data indicating the marginal buyer may have to be generalists rather than the tried and true REIT-dedicated investors, 3) fundamentals, which have received a nice boost off of low comps earlier this decade, are mixed, 4) global investment markets apparently in a risk-off mode while re-calibrating global growth and interest rate expectations, 5) 2015 was the strongest investment sales market since the 2005-2007 period, but 2016 has started off slowly, 6) numerous REITs we follow have outperformed YTD despite a lack of internal growth or a value-add platform - we remain concerned that a risk-on investment mentality, coupled with a slight fear that a lower, longer interest rate environment is not guaranteed will cause REIT shares to lag through YE16.
- REITs tend to do well in a low and declining interest rate environment combined with a risk-off mentality. Macro drivers and top down analysis sure seem to outweigh fundamentals and bottom up valuation currently.

Office REITs

- For office REITs, we think fundamentals and net asset value mattered less than dividends and low multiples during 1H16. This switched in 3Q16. Our investment thesis is that the Gateway City office REITs will largely post solid mark-to-market leasing, good SSNOI growth and be fairly active with asset recycling. Conversely, we think low barrier office REITs will mostly generate average numbers while incurring heavy capital expenditures.
- Per our recently introduced Lease Economics Analysis, we expect the Gateway City names to post positive leasing statistics which, together with development delivering, leads to value creation. However, in 4Q16, we think this should be coupled with a nice dividend increase.
- Per our 3Q16 Office Fundamentals wire entitled 3Q16 Office Fundamentals. Late in the Cycle. Weak Net Effective Rents. Widely Varying Lease Economics. we were pleasantly surprised with the statistics for 1) most submarkets in the San Francisco Bay area and Greater Boston, and 2) Sunbelt absorption, while being aware of the elevated starts.
- Conversely, 1) Washington, D.C. is experiencing a spike in development and may be bouncing along the bottom for years, 2) Houston, unless oil spikes, could monopolize negative headline news for a decade, and 3) West Los Angeles

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absorption and vacancy statistics were uninspiring, causing us to question the West LA hype.

- We should point out that company operating numbers often do not correlate with the macro statistics. This has been the case for Manhattan-centric office REITs for a few quarters. With 8.1mm SF of the 9.2mm SF under construction in Midtown located west of Penn Station, we are not too concerned about supply. We are, however, increasingly concerned about demand; particularly at over $100/SF.

Industrial REITs

- For industrial REITs, we expect fundamentals to continue to surprise to the upside and for these REITs to modestly outperform through YE16. We note that Amazon (AMZN, Buy, $812.95, covered by our colleague Scott Devitt) continues its rapid growth, and others in the e-commerce world are rapidly following suit.
- Per our 3Q16 industrial fundamentals wire entitled 3Q16 Industrial Real Estate Fundamentals Strong. Continued Strength into 1H17 Expected., we 1) remain convinced that SoCal industrial will continue to benefit from 'not building anymore land', 2) were pleasantly surprised with the statistics for the barrier-to-entry industrial markets of East Bay/Oakland, Palm Beach/Broward County, South Bay/San Jose and Boston, all of which witnessed vacancy declines in excess of 100 bps y/y.
- Within the seven Primary Distribution markets, there was 101.7mm SF under construction (1.7% of total stock) vacancy + under construction decreased 10 bps Q/Q to 7.4% as of 3Q16. Supply has ramped but demand remains strong and net absorption is keeping vacancy in check across the Primary Distribution markets.
- The amount of industrial SF under construction in the Energy-driven industrial markets declined from 24.8mm SF to 22.1mm SF Q/Q while vacancy + under construction declined by 20 bps to 6.9%. The total SF under construction in the secondary markets increased by 1.4mm SF to 27.8mm SF Q/Q but vacancy + under construction declined 40 bps to 6.5% over that time - a strong performance.
- Prologis (PLD; Buy; $51.20) is one of the first to report and we expect good underlying operating fundamentals and active asset recycling activity.

Investment Sales

- Interestingly, we continue to hear that the few core office assets for sale are attracting bids similar to 2015 valuations. There continues to be a shortage of quality office assets where investors can underwrite long-term rental rate growth and reasonable capex with confidence.
- Conversely, for the sale of generic suburban and urban office assets -- 'nine is the new eight'; meaning that what would fetch an 8% cap rate in 2015 is now 9% cap rate real estate. For these assets, investors now realize that landlord pricing power is limited, capex is climbing and there is real principal risk.
- We think the important issue is -- what is the cap rate for assets where investors can underwrite rent growth and value creation with confidence. It appears that the cap rates for this type of real estate are sub 5%. This means that the acquisition environment is still difficult.
- Development yields appear to by 6-7%; thereby still affording value creation to those platforms with development capabilities.

Incremental, Actionable News & Changes in Perspective

- REITs where we expect there to be actionable, incremental news (for a variety of reasons) include: SL Green (SLG, Buy, $105.17), Douglas Emmett (DEI, Sell, $35.81), Kilroy Realty (KRC, Buy, $70.68), Vornado (VNO, Buy, $95.37), Corporate Office Property Trust (OFC, Hold, $27.68), Equity Commonwealth (EQC, Hold, $30.63), Mack-Cali (CLI, Buy, $26.26). See below for company specific commentary.
- It is increasingly obvious that single-digit GAAP or cash rental rate growth is offset by re-leasing capex and operating expense increases. We are looking for those markets and portfolios strong enough to generate net effective rental rate growth after those pesky capital and opex drags. In terms of share price returns, these nuances are appearing to matter more.

LINKS

- Our most recently updated office and industrial valuation metrics are attached below as **Exhibits B-D**.

The Stifel REIT team's 2016 REIT Outlook presentation can be found here: 2016 REIT Securities Outlook.

Please see our 3Q16 Supply vs Demand wires for the Office sector (here) and the Industrial sector (here).

On September 7, 2016, we demonstrated which office and industrial REITs we believe are creating net asset value and which are destroying it: Conference Call 9/7/16 - Value Creation or Destruction and Lease Economics Analysis. SLIDES ATTACHED. Dial-in Info Below.

We recently updated our replacement cost analysis for office and industrial assets across the U.S. with those estimates implemented within our models among our covered companies. Please see the wire here: Bonkers!! Replacement Cost - Office & Industrial - Conference Call - Thursday, July 7, 11AM (Slides Attached Below)

Our most recent Funds Flow presentation: Funds Flows Update. Japanese Flows Strong. Generalist Investors the Key. SLIDES ATTACHED.

Following the June 2016 NAREIT in New York, we published our post-NAREIT summary wire: REITWeek New York 2016 Review. Take-aways and Favorite Ideas. Office & Industrial Review.

We expect the Washington, D.C. MSA office market will remain very competitive in most submarkets and outright ugly in others. Please review our recent wire and presentation: Conference Call -- 11 AM. 8 April 2016. Washington D.C. Office and the Cap Ex Conundrum. SLIDES ATTACHED

On July 16, 2015, we updated our annual industrial REIT comparison wire: Annual Industrial REIT Conf. Call 7/16/15 11 AM ET - SLIDES ATTACHED - Market Update, Supply/Demand Convergence?

On June 18, 2015, we published our annual office REIT portfolio review wire: SLIDES ATTACHED - Amenity & Transportation - The Best Positioned Office REIT Portfolios - Conference Call 11 AM ET 6/19/15

Company-Specific Commentary:

- **Douglas Emmett (DEI, Sell, $35.81):** YTD, DEI has done well relative to the other Gateway City office REITs as it is perceived to be West Coast office REIT with limited technology tenant exposure with improving core fundamentals. The bar is now set fairly high given the current real estate valuation metrics. As debt issuance, without corresponding equity issuance, can make any investment earnings accretive, we are focusing on the operating numbers. We believe it will take excellent operating metrics to maintain momentum in the shares.
- **Boston Properties (BXP, Buy, $126.51):** While we note that non-REIT dedicated investors tend to focus on stock valuation metrics like FFO/FAD growth and multiples, we ask "Should FFO matter for this net asset value creation stock with an active disposition and special dividend strategy?" While we think FFO/FAD valuation metrics are secondary to value creation for BXP, we are aware that in-place rents are very high in Manhattan and San Francisco and -- while the assets are exceptional -- the core office submarkets in both cities are moving away from BXP's primary assets. And, BXP is taking more development and lease-up risk than they have historically.
- **SL Green (SLG, Buy, $105.17):** We believe SLG remains a Manhattan office proxy. While we have always liked the TEV/SF and NAV discount, the prevailing risk-averse mood has put 1) leverage, 2) Manhattan deceleration, 3) One Vanderbilt, and 4) the structured finance business front and center. We expect strong leasing and execution geared toward delevering, and making SLG as investor friendly as possible. Given the low rents in place at SLG assets, we believe the leasing deceleration will have minimal effect on mark-to-market spreads.
- **Empire State (ESRT, Buy, $20.22):** We continue to like the Empire State story given its ability to grow internally via embedded rent growth and the consolidation of underutilized, below market space, which is then redeveloped and re-let at market rates. Quantifying these opportunities translates to $27mm for signed leases not commenced, $23mm for redeveloped space, $40mm for the lease-up of vacant office and $18mm for retail space - combined, over $0.30/sh of FFO growth. The Qatar Investment Authority recently acquired 9.9% of ESRT's outstanding shares (a $622mm investment), further buttressing an already solid balance sheet. We expect questions on the earnings call will focus on use of the proceeds from the Qatari investment, the timing of the embedded NOI growth, and the magnitude of Observatory and broadcast earnings offset. Similar to SLG, given the low rents in place at ESRT's assets, we expect continued strong operating and leasing metrics.

- **Vornado (VNO, Buy, $95.37):** With great fanfare at the NYC NAREIT, Vornado produced clear guidance for as much as a $200mm increase in cash NOI off a $900mm base and a good outline of Net Asset Value. Despite this additional disclosure, VNO shares continue to underperform most Gateway Office peers YTD and over the past 90 days. We believe investors remain cautious in front of an expected Washington, D.C. spin-off and a slowing NYC leasing environment. As with SLG, we expect a decelerating office and retail rental rate environment in NYC will have little impact on the operating metrics VNO reports given the below market leases in place. We believe this, plus the growing cash NOI should create a tailwind for VNO shares.
- **Kilroy Realty (KRC, Buy, $70.68):** With 45% of Kilroy NOI coming from the San Francisco Bay area, KRC has become an office REIT proxy for the health of the West Coast tech scene. We expect asset generally healthy leasing throughout the portfolio - enough to surprise very low expectations on the Street.
- **Corporate Office Properties (OFC, Hold, $27.68):** Management changes have partially resulted in a very bullish commentary on the strength of the core business of leasing to government and private defense-related tenants. We believe the market will continue to endorse the strategy, but will need to eventually have results accompany the commentary. With asset sales now of secondary importance, we expect investors to focus on leasing economics.
- **Brandywine Realty (BDN, Hold, $15.35):** We expect BDN to be a net seller in 2016 and, through development, become an increasingly Philadelphia CBD, Radnor, Austin and Northern Virginia-centric portfolio. While major asset sales are expected in secondary markets such as Maryland, Delaware and Southern NJ, we would not be surprised to see fewer than expected. While the slimmed down portfolio looks good on the portfolio summary pages, concerns remain regarding the level of earnings dilution. On the positive side, office fundamentals in the Philly CBD, "crescent" markets and Austin are strong relative to other non-Gateway office markets.
- **Mack-Cali (CLI, Buy, $26.26):** With corporate disclosure improving dramatically, we believe the Street seeks to better understand the existing and potential economics of the multi-family platform, and execution on the evolving office portfolio strategy. Tangible progress with portfolio lease-up, addressing 2017 lease expiries, explanation of sources and uses through YE 2017, a stronger balance sheet, acquisition versus share repurchase rationale all would help build investor confidence, in our opinion. Seeing is believing and we think the August 2016 property tour made a good impression of CLI's "Gold Coast" waterfront assets. Continued execution and 2017 guidance meeting or exceeding Street expectations will be key to share outperformance going forward in our opinion.
- **Equity Commonwealth (EQC, Hold, $30.63):** Sales activities in 2015 surpassed investor expectations with sales approaching $2B, and are expected to hit $3B by YE 2016. The primary questions we believe are: 1) What will the remaining portfolio look like once the current tranche of asset sales are completed and how will that compare with EQC's implied NOI cap rate? 2) Is EQC already acting like a low levered, partially seeded, opportunity fund? 3) How will EQC's growing cash hoard be put to work and when? 4) Will G&A decline at all as assets are sold?
- **Piedmont Office Realty Trust (PDM, Sell, $21.00):** Until recently, the ability to generate NAV with share repurchases has been an easy story to tell and has helped the share price. The possible sale of long-term leased (to NASA) Two Independence Square in Washington, D.C. may be accretive to NAV. We are focused on lease-up execution of key assets in Houston (spec development), Chicago and Washington, D.C., and the actual lease economics of assets remaining within the portfolio.
- **First Potomac (FPO, Hold, $8.89):** We think FPO needs to address the fact that 1) leasing and asset sale execution risk, 2) a small market cap, 3) excess leverage, 4) and a very average portfolio, aside from the D.C. CBD assets, is not a great combination. Delevering can occur and is more likely to do so with a sizable investment from one large equity investor.
- **Franklin Street (FSP, Hold, $11.93):** We remain concerned about the longer-term implications of the short term, low cost debt currently financing FSP's business. A well-timed, 3Q16 equity raise partially reduced those concerns but with over 70% of the proceeds earmarked for an acquisition and a redevelopment, not much was left over for actual de-levering. Franklin Street continues to have a high dividend yield, which is marginally covered. The RGA move-out and the TCF vacancy in Minneapolis will be a headwind to FFO, FAD and NAV growth. We believe FSP's higher dividend yield has helped to propel the shares this year.
- **Highwoods Properties (HIW, Hold, $50.58):** This clean, easy to understand story is the quintessential risk-off stock and has performed well YTD relative to most other office REITs. Good office submarket fundamentals are likely needed to retain investor interest. The pending HCA move-outs in Nashville totaling 206k SF in 1Q17 will likely hurt SSNOI growth year-over-year. With Nashville currently one of the strongest office markets in the U.S., we would expect minimal downtime and solid re-leasing metrics for these two spaces.

- **Parkway, Inc. (PKY, Sell, $18.67):** Post merger/spin, Parkway, Inc. is a new entity, owning 8.7mm SF of office assets located solely in Houston, TX. We believe the negative headlines and fundamentals resulting from an office supply glut in Houston will prevent PKY shares from outperforming over the near to medium term.
- **Cousins Properties (CUZ, Hold, $7.91):** Now that the merger with Parkway Properties and spin of Parkway, Inc. has occurred, we believe investors expect to see a full update on the new Cousins Properties including a post merger pro forma balance sheet, operating metrics and integrated supplemental. We believe share performance will be improved by adequate disclosure and a well-presented, go-forward strategy; including a discussion on asset sales, and re-investment into their development pipeline.
- **Liberty Property Trust (LPT, Hold, $39.83):** With the early 4Q16 sale of 108 assets totaling 7.6mm SF for $969mm ($127/SF), Liberty has largely completed the transition to becoming a primarily industrial-focused REIT. Years in the making, this transition should reduce the overall CAPEX weight of the portfolio, while allowing LPT to more fully participate in the industrial real estate bull market. Adjusted for the portfolio sale and valuing the remaining office assets separately, we believe Liberty shares are fairly valued relative to peers.
- **Duke Realty (DRE, Buy, $25.82):** For the past five years, Duke Realty has been a leading asset recycler, and has been rewarded for that effort. While we think business as usual, a strong balance sheet, solid fundamentals and a disciplined development machine is good enough, others might be expecting additional visible catalysts - especially with Liberty's portfolio transformation now complete.
- **DCT Industrial Trust (DCT, Buy, $46.61):** We continue to believe positive mark-to-market rents and accretive development will continue. SSNOI should accelerate to about 7% in 2H16 for DCT to achieve its 5% SSNOI growth guidance. This clean, easy to understand story is the quintessential risk-off stock and has performed well YTD. We expect a short and sweet earnings call.
- **EastGroup Properties (EGP, Hold, $69.39):** Perhaps the industrial REIT with the cleanest and most successful investment strategy, EastGroup has historically been rewarded with a premium valuation. However, EGP's operating metrics have consistently trailed peers of late, and the shares have suffered. Investors will be looking for a glimmer of late-cycle operational acceleration on which to hang their hats.
- **First Industrial (FR, Buy, $26.62):** FR shares had a rough 3Q16 relative to most industrial peers. As the most attractively priced industrial REIT we cover, we believe good operating fundamentals should help close a now wider valuation gap.
- **Terreno (TRNO, Buy, $26.33):** While big supporters of the TRNO six market, in-fill investment strategy, we are very focused on the company's ability to secure significant positive mark-to-market rents on re-let space and grow NAV. The occupancy rebound we expected has occurred as TRNO announced 3Q16 portfolio occupancy of 96.4%, up 370 bps Q/Q. Same-store occupancy was 97.9% at 3Q16 up from 95.1% in 2Q16 while cash rents on renewed leases increased 20.9%. We believe cash NOI will begin ramping as free rent burns off at several assets through YE16. The completion and occupancy of the Carson, CA redevelopment will also add some momentum.
- **Rexford Industrial (REXR, Buy, $21.99):** We continue to think the SoCal industrial market is one of the strongest in the country and we expect Rexford's 100% SoCal portfolio to generate excellent numbers. We and others continue to await the lease up of the repositioning portfolio. REXR needs to start showing some positive momentum with those assets.
- **Prologis (PLD, Buy, $51.20):** As a proxy for global economic growth and industrial demand, Prologis shares are more volatile than their domestic industrial brethren. PLD's shares recovered nicely after the Brexit vote, posting one of the best total return results among industrial REITs over the past 90 days. We expect good operating numbers and view PLD shares as a good relative value.
- **Lexington Properties (LXP, Hold, $9.98):** The Lexington story is becoming less complicated with the sale of its NYC ground lease holdings, continued pruning via asset sales and conveyance of over levered assets to lenders. The high dividend has been very good for the LXP share price year to date. While we think the strategy of buying high cap rate, special purpose and uniquely located assets will have to be fully vetted, perhaps a covered dividend of over 7% will outweigh this perceived need.
- **Armada Hoffler (AHH, Buy, $13.60):** While we believe the Street will continue endorsing the company, we think the nuances of their new mezzanine debt lending strategy on development projects will need to be more completely understood. YTD share appreciation has been very strong for an otherwise slow core asset growth, development-driven company, in our opinion.
- **Washington REIT (WRE, Hold, $30.25):** We continue to believe WRE serves as a D.C. real estate proxy and is

positioned to outperform if and when the Washington, D.C. market fundamentals improve and REIT investors take notice. While we believe certain office submarkets within the D.C. Metro region have stabilized, actual office and apartment rental rate growth remains challenging in most locations.

Pricing as of 10/17/16 market close.

STIFEL

Exhibit A
Stifel Office & Industrial REIT Earnings Preview/Review
For the quarter ended 9/30/16

Ticker	Rating	Price	Last 90 Days Total Rtn.	2016 YTD Total Rtn.	3Q16 Est. FFO		2016 Est. FFO		SN vs Consensus	
		10/17/16			Stifel	Cons.	Stifel	Cons.	3Q16	FY 2016
DEI	S	$35.81	-0.4%	17.1%	$0.46	$0.45	$1.80	$1.79	$0.01	$0.01
BXP	B	$126.51	-6.6%	0.7%	$1.43	$1.43	$5.98	$5.98	($0.00)	$0.00
SLG	B	$105.17	-3.0%	-4.9%	$1.48	$1.51	$8.24	$8.31	($0.03)	($0.07)
VNO	B	$95.37	-4.3%	-2.7%	$1.34	$1.27	$4.96	$4.86	$0.07	$0.10
KRC	B	$70.68	2.0%	13.6%	$0.86	$0.87	$3.38	$3.40	($0.01)	($0.02)
ESRT	B	$20.22	3.7%	13.7%	$0.28	$0.26	$0.98	$0.95	$0.02	$0.03
OFC	H	$27.68	-4.4%	30.6%	$0.52	$0.51	$2.02	$2.01	$0.01	$0.01
BDN	H	$15.35	-6.0%	17.2%	$0.33	$0.33	$1.29	$0.91	$0.00	$0.38
CLI	B	$26.26	-3.9%	15.2%	$0.53	$0.55	$2.10	$2.17	($0.02)	($0.07)
PDM	S	$21.00	-1.4%	14.9%	$0.41	$0.41	$1.63	$1.64	($0.00)	($0.01)
FPO	H	$8.89	-7.1%	-19.0%	$0.24	$0.25	$0.98	$1.00	($0.01)	($0.02)
HIW	H	$50.58	-4.0%	19.2%	$0.79	$0.81	$3.25	$3.26	($0.02)	($0.01)
PKY	S	$18.67	N/A	N/A	N/A	$0.32	$0.41	$1.31	N/A	N/A
CUZ	H	$7.91	2.3%	21.8%	$0.22	$0.21	$0.79	$0.60	$0.02	$0.19
LPT	H	$39.83	-0.1%	33.2%	$0.67	$0.66	$2.36	$2.35	$0.01	$0.01
DRE	B	$25.82	-4.6%	25.8%	$0.30	$0.30	$1.19	$1.19	$0.00	$0.00
DCT	B	$46.61	-2.8%	27.2%	$0.57	$0.55	$2.21	$2.19	$0.02	$0.02
EGP	H	$69.39	-2.5%	28.4%	$1.04	$1.04	$3.99	$3.99	$0.00	$0.00
FR	B	$26.62	-4.8%	22.9%	$0.37	$0.37	$1.45	$1.45	$0.00	$0.00
REXR	B	$21.99	2.4%	37.1%	$0.21	$0.21	$0.85	$0.86	$0.00	($0.01)
TRNO	B	$26.33	2.3%	19.1%	$0.26	$0.25	$0.98	$0.96	$0.01	$0.02
PLD	B	$51.20	0.6%	22.5%	$0.70	$0.70	$2.56	$2.56	($0.00)	($0.00)
EQC	H	$30.63	4.4%	10.5%	$0.29	$0.24	$1.22	$1.18	$0.05	$0.04
LXP	H	$9.98	-3.5%	31.6%	$0.27	$0.27	$1.08	$1.09	$0.01	($0.01)
FSP	H	$11.93	-2.6%	21.5%	$0.26	$0.26	$1.05	$1.04	($0.00)	$0.01
AHH	B	$13.60	-4.0%	35.5%	$0.23	$0.24	$0.88	$0.92	($0.01)	($0.04)
WRE	H	$30.25	-7.0%	15.3%	$0.44	$0.44	$1.77	$1.75	$0.00	$0.02

Ratings Key: B - Buy; H - Hold; S - Sell
Tickers in BOLD have already reported 3Q16 earnings
Sources: Company data, Factset, SNL Financial and Stifel estimates

Exhibit B

Dividend Yield, FFO and FAD Estimates and Growth

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Key Stock Valuation Metrics

Stifel Office & Industrial REIT Universe

Share Price as of: 10/17/2016

Sort

Company	Ticker	10/17/2016 CLOSE	Inv Rating	10/17/2016 Dividend YIELD	2017E FAD Yield	2017E Div/FAD Payout	Div. Growth Y/N/C*	Avg Growth 15-17 FFO	Avg Growth 15-17 FAD	FFO/Share 2015A	Normalized FFO/Share 2016E	FFO/Share 2017E	SNL FFO/Share 2017E	Price/FFO 2017E	FAD/Share 2015A	FAD/Share 2016E	FAD/Share 2017E	Price/FAD 2017E
I. CORE OFFICE/INDUSTRIAL REITS																		
GATEWAY CITIES																		
VORNADO	VNO	$95.37	B	2.6%	4.3%	61%	Y	1.2%	25.6%	$5.48	$4.96	$5.61	$5.42	17.0x	$2.61	$2.67	$4.12	23.1x
SL GREEN	SLG	$105.17	B	2.7%	4.3%	64%	Y	1.8%	40.5%	$6.38	$8.24	$6.61	$6.80	15.9x	$2.29	$4.72	$4.52	23.3x
EMPIRE STATE	ESRT	$20.22	B	2.1%	4.3%	49%	Y	5.0%	4.3%	$0.98	$0.98	$1.08	$1.02	18.7x	$0.79	$0.77	$0.86	23.5x
DOUGLAS EMMETT	DEI	$35.81	S	2.5%	3.7%	66%	Y	7.6%	5.2%	$1.64	$1.80	$1.90	$1.91	18.8x	$1.21	$1.32	$1.34	26.7x
BOSTON PROP.	BXP	$126.51	B	2.1%	3.7%	56%	Y	8.9%	21.4%	$5.36	$5.98	$6.36	$6.40	19.9x	$3.15	$4.09	$4.64	27.3x
KILROY REALTY	KRC	$70.68	B	2.1%	3.2%	66%	Y	2.3%	7.9%	$3.39	$3.38	$3.55	$3.62	19.9x	$1.94	$2.19	$2.26	31.3x
SUBURBAN / LOW BARRIER																		
BRANDYWINE	BDN	$15.35	H	4.2%	6.6%	63%	Y	-2.4%	16.6%	$1.46	$1.29	$1.39	$1.41	11.0x	$0.75	$0.86	$1.02	15.0x
FIRST POTOMAC	FPO	$8.89	H	4.5%	6.6%	68%	N	-12.0%	-4.0%	$1.02	$0.98	$0.79	$0.83	11.3x	$0.64	$0.75	$0.59	15.1x
FRANKLIN STREET	FSP	$11.93	H	6.4%	6.0%	106%	N	-0.9%	-4.5%	$1.07	$1.05	$1.05	$1.06	11.4x	$0.79	$0.73	$0.72	16.6x
CORP. OFFICE	OFC	$27.68	H	4.0%	5.9%	67%	Y	2.0%	7.1%	$2.01	$2.02	$2.09	$2.11	13.2x	$1.43	$1.55	$1.64	16.9x
PIEDMONT	PDM	$21.00	S	4.0%	5.0%	80%	Y	1.2%	-6.1%	$1.60	$1.63	$1.64	$1.70	12.8x	$1.19	$1.14	$1.05	20.0x
MACK-CALI	CLI	$26.26	B	2.3%	3.7%	62%	Y	9.4%	-9.3%	$1.87	$2.10	$2.24	$2.22	11.7x	$1.18	$0.67	$0.97	27.1x
EQUITY COMMONWEALTH	EQC	$30.63	H	0.0%	1.5%	0%	Y	-31.0%	-22.2%	$1.70	$1.22	$0.81	$1.00	37.8x	$0.76	$0.41	$0.46	66.6x
SUNBELT OFFICE																		
PARKWAY, INC.	PKY	$18.67	S	0.0%	6.0%	0%	Y	N/A	N/A	N/A	$0.41	$2.17	$1.47	8.6x	N/A	$0.19	$1.12	16.7x
COUSINS PROP.	CUZ	$7.91	H	4.0%	5.1%	80%	Y	-20.7%	-12.3%	$0.89	$0.80	$0.56	$0.93	14.1x	$0.52	$0.51	$0.40	19.8x
HIGHWOODS	HIW	$50.58	H	3.4%	4.4%	76%	Y	5.2%	10.9%	$3.08	$3.25	$3.41	$3.44	14.8x	$1.83	$2.07	$2.25	22.5x
OFFICE/INDUSTRIAL																		
LIBERTY PROP.	LPT	$39.83	H	4.8%	5.1%	94%	N	-4.9%	2.3%	$2.70	$2.36	$2.44	$2.47	16.3x	$1.93	$1.95	$2.02	19.7x
DOMESTIC INDUSTRIAL																		
EASTGROUP PROP.	EGP	$69.39	H	3.6%	4.7%	77%	Y	7.1%	11.0%	$3.67	$3.99	$4.21	$4.21	16.5x	$2.62	$2.99	$3.23	21.5x
DUKE REALTY	DRE	$25.82	B	2.8%	4.1%	67%	Y	4.2%	6.1%	$1.17	$1.19	$1.27	$1.26	20.3x	$0.95	$1.01	$1.07	24.1x
FIRST INDUSTRIAL	FR	$26.62	B	2.9%	3.9%	72%	Y	9.0%	7.4%	$1.27	$1.45	$1.51	$1.52	17.6x	$0.91	$1.02	$1.05	25.4x
DCT INDUSTRIAL	DCT	$46.61	B	2.5%	3.8%	66%	Y	9.4%	12.5%	$1.99	$2.21	$2.38	$2.34	19.6x	$1.39	$1.45	$1.76	26.5x
TERRENO REALTY	TRNO	$26.33	B	3.0%	3.2%	94%	Y	19.5%	63.0%	$0.84	$0.98	$1.20	$1.14	21.9x	$0.32	$0.49	$0.85	31.0x
REXFORD INDUSTRIAL	REXR	$21.99	B	2.5%	2.9%	86%	Y	6.5%	4.2%	$0.82	$0.86	$0.93	$0.95	23.6x	$0.58	$0.58	$0.63	34.9x
GLOBAL INDUSTRIAL - CORE FFO																		
PROLOGIS INC	PLD	$51.20	B	3.3%	3.9%	84%	Y	8.0%	4.3%	$2.23	$2.56	$2.60	$2.63	19.7x	$1.84	$1.92	$2.00	25.6x
Weighted Average				2.8%	4.1%	68%								18.4x				25.6x
																		Sort
SPECIALTY																		
LEXINGTON	LXP	$9.98	H	7.0%	8.3%	84%	N	-10.2%	1.2%	$1.19	$1.08	$0.96	$1.01	10.4x	$0.81	$0.90	$0.83	12.0x
ARMADA HOFFLER	AHH	$13.60	B	5.3%	6.0%	88%	Y	7.8%	1.2%	$0.86	$0.88	$1.00	$1.04	13.6x	$0.80	$0.81	$0.82	16.6x
WASH REIT	WRE	$30.25	H	4.0%	4.3%	92%	N	2.9%	2.8%	$1.71	$1.77	$1.81	$1.80	16.7x	$1.23	$1.28	$1.30	23.3x

* Y/N/C = Stifel assumption on next dividend action: increase Yes/No or Cut

Investment Rating: B -- Buy, H -- Hold, S -- Sell, NR -- Not Rated

Sources: Company data, Stifel Estimates and Factset

Exhibit C

Replacement Cost, Net Asset Value and Implied Cap Rates

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Erin Aslakson 443-224-1350
Kyle E. McGrady 443-224-1517

Key Real Estate Valuation Metrics

Stifel Office & Industrial REIT Universe

Share Price as of: **10/17/2016**

		10/17/2016	Inv	(Debt+Pref'd)/	Total PSF	Per Square Foot			Implied NOI	Implied CF	Implied CF-G&A	Current Q End	Mark to		NAV $			NAV $		Prem/(Disc)	Prem/(Disc)
Company		Share Price	Rating	TEV	TEV	Gross RC	Adjusted RC	Prem/(Disc)	Cap Rate (Sort)	Cap Rate	Cap Rate	Occupancy	Mkt (2016-'17)	NAV Cap Rate	High Range	Per SF	NAV Cap Rate	Low Range	Per SF	to High NAV	to Low NAV
I. CORE OFFICE/INDUSTRIAL REITS																					
GATEWAY CITIES																					
KILROY REALTY	KRC	$70.68	B	28%	$570	$620	$538	6%	5.4%	4.6%	3.9%	96%	8.5%	4.5%	$87	$685	5.0%	$77	$617	-18%	-8%
VORNADO	VNO	$95.37	B	39%	NA	NA	NA	NA	5.2%	4.1%	3.4%	91%	13.0%	4.5%	$115	NA	5.0%	$101	NA	-17%	-6%
SL GREEN [1]	SLG	$105.17	B	48%	$778	$1,473	$990	-21%	5.0%	3.9%	3.3%	93%	10.0%	4.5%	$121	$861	5.0%	$104	$773	-13%	1%
BOSTON PROP.	BXP	$126.51	B	30%	$778	$815	$658	18%	4.8%	3.9%	3.5%	91%	4.4%	4.5%	$139	$837	5.0%	$121	$753	-9%	4%
EMPIRE STATE	ESRT	$20.22	B	28%	$737	$1,452	$776	-5%	4.8%	4.2%	3.5%	87%	26.9%	4.5%	$22	$791	5.0%	$20	$713	-7%	4%
DOUGLAS EMMETT	DEI	$35.81	S	39%	$591	$794	$597	-1%	4.6%	3.9%	3.6%	92%	10.0%	4.5%	$37	$602	5.0%	$31	$532	-2%	16%
SUBURBAN / LOW BARRIER																					
MACK-CALI	CLI	$26.26	B	46%	$150	$355	$204	-26%	8.7%	4.8%	3.4%	88%	3.5%	7.5%	$32	$180	8.0%	$29	$166	-17%	-10%
FIRST POTOMAC	FPO	$8.89	H	60%	$185	$275	$224	-17%	8.5%	6.9%	5.5%	93%	-2.0%	7.0%	$13	$229	7.5%	$11	$212	-32%	-22%
EQUITY COMMONWEALTH	EQC	$30.63	H	31%	$206	$375	$225	-9%	7.8%	4.1%	2.6%	85%	3.0%	7.5%	$32	$198	8.0%	$30	$185	-3%	2%
CORP. OFFICE	OFC	$27.68	H	46%	$256	$265	$207	24%	7.2%	6.1%	5.1%	91%	2.0%	7.5%	$26	$247	8.0%	$23	$232	7%	20%
FRANKLIN STREET	FSP	$11.93	H	44%	$214	$327	$229	-7%	6.9%	5.4%	4.7%	88%	3.0%	7.0%	$12	$198	7.5%	$10	$186	2%	14%
PIEDMONT	PDM	$21.00	S	38%	$265	$432	$323	-18%	6.9%	5.7%	5.0%	88%	0.0%	7.0%	$20	$260	7.5%	$18	$244	3%	15%
BRANDYWINE	BDN	$15.35	H	49%	$234	$353	$243	-4%	6.8%	5.7%	4.9%	92%	4.0%	7.0%	$15	$228	7.5%	$13	$213	4%	15%
SUNBELT OFFICE																					
PARKWAY, INC.	PKY	$18.67	S	46%	$182	$322	$204	-11%	9.3%	7.1%	6.0%	86%	-5.0%	9.5%	$18	$179	10.0%	$17	$170	3%	12%
COUSINS PROP	CUZ	$7.91	H	34%	$287	$376	$290	-1%	6.2%	5.2%	4.5%	89%	4.8%	6.5%	$7	$275	7.0%	$7	$255	6%	18%
HIGHWOODS	HIW	$50.58	H	37%	$240	$279	$205	17%	6.0%	4.5%	3.9%	93%	7.0%	6.5%	$45	$221	7.0%	$41	$205	11%	23%
OFFICE / INDUSTRIAL																					
LIBERTY PROP.	LPT	$39.83	H	35%	$82	$75	$70	17%	6.3%	5.5%	4.7%	94%	3.6%	6.5%	$38	$78	7.0%	$34	$70	5%	18%
DOMESTIC INDUSTRIAL																					
FIRST INDUSTRIAL	FR	$26.62	B	29%	$71	$88	$70	1%	5.9%	4.9%	4.3%	96%	4.5%	6.0%	$26	$70	6.5%	$23	$64	2%	14%
EASTGROUP PROP.	EGP	$69.39	H	30%	$91	$84	$73	25%	5.5%	4.5%	4.1%	96%	5.0%	5.5%	$70	$101	6.0%	$62	$92	-1%	12%
DUKE REALTY	DRE	$25.82	B	26%	$82	$70	$65	28%	5.2%	4.7%	4.3%	98%	4.8%	5.5%	$24	$77	6.0%	$22	$68	7%	20%
DCT INDUSTRIAL	DCT	$46.61	B	26%	$88	$86	$81	9%	4.9%	4.0%	3.5%	96%	7.0%	5.5%	$40	$78	6.0%	$35	$72	16%	31%
REXFORD INDUSTRIAL	REXR	$21.99	B	25%	$145	$164	$134	9%	4.9%	4.3%	3.3%	90%	7.0%	5.0%	$21	$157	5.5%	$19	$142	4%	17%
TERRENO REALTY	TRNO	$26.33	B	26%	$142	$149	$121	17%	4.6%	3.5%	2.6%	93%	12.8%	5.0%	$24	$132	5.5%	$21	$120	10%	25%
GLOBAL INDUSTRIAL																					
PROLOGIS INC	PLD	$51.20	B	30%	$96	$106	$85	13%	5.0%	4.3%	3.7%	96%	9.3%	5.0%	$51	$97	5.5%	$45	$85	0%	13%
Wtd. Average				34%				7%	5.5%	4.4%	3.8%	93%								-4%	9%
									Sort												
SPECIALTY																					
LEXINGTON	LXP	$9.98	H	45%	NA	NA	NA	NA	7.6%	7.2%	6.5%	96%	0.0%	7.5%	$10	NA	8.0%	$9	NA	-2%	10%
ARMADA HOFFLER	AHH	$13.60	B	43%	NA	NA	NA	NA	6.4%	5.6%	4.6%	95%	0.0%	6.5%	$13	NA	7.0%	$12	NA	2%	14%
WASH REIT	WRE	$30.25	H	36%	$416	$592	$433	-4%	6.1%	4.9%	4.3%	89%	1.0%	5.5%	$35	$519	6.0%	$31	$437	-15%	-3%

[1] (Manhattan only - RC)
[2] Forward NAV estimate used

Sources: Company data and Stifel estimates

Investment Rating: B -- Buy, H -- Hold, S -- Sell, NR -- Not Rated

Exhibit D

Leverage & Debt [1,2]

John Guinee 443-224-1307
Erin Aslakson 443-224-1350
Kyle E. McGrady 443-224-1517

Key Real Estate Metrics
Stifel Office & Industrial REIT Universe

Share Price as of : 10/17/2016

Sort

($'s in Millions) Company		Interest Cost Weighted Average	Potential Int. Savings / Cost [3]	(Debt + Pref'd) / TEV	Unrest. Cash	Credit Revolver Size	Credit Revolver Outstanding	Credit Revolver Availability	Dry Powder	Need for Equity? [4]	Debt O/S	Pref'd Equity	Equity Mkt Cap	Total Enterprise Value
I. CORE OFFICE REITS														
GATEWAY CITIES														
BOSTON PROP.	BXP	4.8%	1.3%	30%	$1,180	$1,000	$0	$1,000	$2,180	N	$9,129	$200	$21,731	$31,059
KILROY REALTY	KRC	4.4%	0.9%	28%	$26	$600	$0	$600	$626	N	$2,458	$200	$6,707	$9,364
EMPIRE STATE[5]	ESRT	4.1%	0.6%	28%	$35	$1,250	$40	$1,210	$1,245	N	$2,073	$0	$5,449	$7,522
VORNADO	VNO	4.0%	0.5%	38%	$96	$2,500	$116	$2,384	$2,480	N	$10,365	$1,322	$19,242	$30,928
SL GREEN[5]	SLG	3.8%	0.3%	48%	$276	$1,600	$285	$1,315	$1,591	N	$9,671	$532	$11,008	$21,212
DOUGLAS EMMETT	DEI	3.5%	0.0%	39%	$77	$400	$0	$400	$477	N	$4,154	$0	$6,388	$10,542
SUBURBAN / LOW BARRIER														
EQUITY COMMONWEALTH	EQC	5.0%	1.5%	31%	$1,806	$750	$0	$750	$2,556	N	$1,571	$123	$3,824	$5,518
MACK-CALI	CLI	4.8%	1.3%	46%	$29	$600	$0	$600	$629	Y	$2,257	$0	$2,630	$4,887
BRANDYWINE	BDN	4.5%	1.0%	49%	$266	$600	$0	$600	$866	Y	$2,523	$100	$2,733	$5,356
CORPORATE OFFICE	OFC	3.9%	0.4%	46%	$13	$800	$58	$742	$755	N	$2,094	$208	$2,734	$5,036
PIEDMONT	PDM	3.5%	0.0%	38%	$21	$500	$0	$500	$521	N	$1,895	$0	$3,050	$4,944
FIRST POTOMAC	FPO	3.4%	-0.1%	60%	$14	$300	$147	$153	$167	Y	$778	$15	$539	$1,332
FRANKLIN STREET	FSP	2.5%	-1.0%	44%	$8	$500	$310	$190	$198	N	$928	$0	$1,195	$2,123
SUNBELT OFFICE														
PARKWAY, INC.	PKY	3.9%	0.4%	46%	$164	$100	$0	$100	$264	N	$804	$5	$937	$1,746
HIGHWOODS	HIW	3.7%	0.2%	37%	$2	$475	$283	$192	$194	N	$2,133	$29	$3,683	$5,845
COUSINS PROPERTIES	CUZ	3.6%	0.1%	34%	$0	$500	$155	$345	$345	N	$1,620	$0	$3,176	$4,795
OFFICE/INDUSTRIAL														
LIBERTY PROP.	LPT	4.3%	0.8%	35%	$29	$800	$395	$405	$434	N	$3,262	$8	$5,985	$9,254
DOMESTIC INDUSTRIAL														
DUKE REALTY	DRE	4.8%	1.3%	26%	$92	$1,200	$0	$1,200	$1,292	N	$3,320	$0	$9,224	$12,543
FIRST INDUSTRIAL	FR	4.5%	1.0%	29%	$16	$625	$221	$404	$420	N	$1,312	$0	$3,225	$4,537
DCT INDUSTRIAL	DCT	4.3%	0.8%	26%	$84	$400	$133	$267	$351	N	$1,566	$0	$4,424	$5,990
EASTGROUP PROP.	EGP	4.0%	0.5%	30%	$0	$335	$36	$299	$299	N	$970	$0	$2,282	$3,252
REXFORD INDUSTRIAL	REXR	3.1%	-0.4%	25%	$29	$200	$0	$200	$229	Y	$501	$0	$1,488	$1,989
TERRENO REALTY	TRNO	3.1%	-0.4%	26%	$22	$500	$0	$500	$522	Y	$376	$46	$1,213	$1,634
GLOBAL INDUSTRIAL														
PROLOGIS INC	PLD	3.2%	-0.3%	30%	$332	$2,749	$0	$2,749	$3,081	N	$12,120	$78	$27,868	$40,066
SPECIALTY														
LEXINGTON	LXP	4.1%	0.6%	45%	$60	$277	$123	$154	$214	N	$2,025	$0	$2,470	$4,496
WASH REIT	WRE	3.9%	0.4%	36%	$22	$500	$269	$231	$253	N	$1,265	$0	$2,234	$3,499
ARMADA HOFFLER	AHH	3.3%	-0.2%	43%	$20	$250	$107	$143	$163	Y	$513	$0	$686	$1,198

[1] All asset, debt and maturity data as of 6/30/16 unless shown in bold lettering or otherwise footnoted.
[2] Please refer to 10-Qs or Financial Supplementals released by the individual companies for additional detail.
[3] Wtd. Avg. Int. Cost minus Blended 7-yr. rate. SN Blended 7-yr. rate is wtd. avg. of 5 & 10-yr. rates plus 150 bps (Roughly 3.5%).
[4] Potential need for equity with acquisitions equal to dispositions
[5] Debt calculation includes Stifel adjustments for ground leased assets

Sources: Company data and Stifel estimates

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