REAL ESTATE OUTLOOK

CHICAGO OFFICE MARKET

SECOND QUARTER 2017

Demand wanes as supply increases

Chicagoland overall office vacancy decreased 10 basis points to 16.8% with a total negative net absorption of 62,832 SF. CBD net absorption in 2Q17 was only slightly positive at 16,006 SF. Suburban net absorption in 2Q17 was negative 78,838 SF. CBD and suburban markets did see new activity in some pocket areas of the market but the majority of movement was remaining preleased migrations to new constructions.

The downtown market is seeing the feared effects of new construction as leave behind space is no longer in the shadows. As companies exit existing space for new constructions downtown, landlords are pressed to fill direct space while competing with significant subleases in their buildings. Suburban to urban company migration seems to have slowed, which may be a good sign for suburban recovery, but no new major tenants touring the CBD market have been announced. There has been little interest from companies located outside the state as well. No new major signings are expected in the near term that would significantly move absorption in a positive direction. The office market will continue to absorb preleased tenants until the end of the year but activity is pointing to a down shift by early 2018.

The upside for landlords is the office market is holding its rental value in both the CBD and the Suburbs. CBD direct rates rose to $36.39 PSF from $36.19 while suburban rates rose to $23.20 from $23.09. Activity is still high enough currently as to not put pressure on building owners to compete with face rates. Landlords are, however, aggressively marketing their buildings and will continue to offer other incentives in the forms of upgraded amenities and TI allowances for buildouts to entice quality tenants to occupy.

Construction delivery has subsided in Chicago for the short term in 2017 as several major CBD buildings already delivered in 4Q16 & 1Q17. Apart from a few smaller creative office buildings in River West/River North, additional downtown class A tower constructions are not expected to hit the market until 2018, allowing existing landlords breathing room to reposition their vacant space. Tenants touring the market are positioned well at this point as they have options in vacant direct space and also competing sublease spaces. Overall, the office market is not expected to absorb enough space to completely recover before the second round of new construction is completed in 2018.

CBD TRENDS

5-YEAR TREND | CURRENT QUARTER

VACANCY

12.4%

ABSORPTION

16,006 SF

GROSS RENTAL RATE

$36.39 PSF

UNDER CONSTRUCTION

2.40 million SF

SUBURBAN TRENDS

5-YEAR TREND | CURRENT QUARTER

VACANCY

21.8%

ABSORPTION

(78,838) SF

GROSS RENTAL RATE

$23.20 PSF

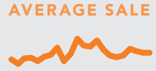
UNDER CONSTRUCTION

55,818 SF

CHICAGOLAND

5-YEAR TREND | CURRENT QUARTER

AVERAGE SALE PRICE



$188.16 PSF

TRANSWESTERN®

CHICAGO OFFICE MARKET

SECOND QUARTER 2017

ECONOMY

Chicagoland jobs are improving but not as dramatic as reported

The U.S. Bureau of Labor Statistics readjusted its figures so Chicago area unemployment fell dramatically from reported figures of 5.1% in February 2017 to 4.1% in May 2017. Though political camps are touting this story as growth for Chicago, the job increase numbers, in reality, have not been dramatic. The story that is not being told is the readjustment is accounting for the mass exodus of people leaving Illinois, thus pointing to a declining labor force as opposed to job creation. Illinois is reporting, however, 28,583 jobs added quarter over quarter, which is an improvement from the beginning of this year (only adding 8,054 jobs 1Q17).

Illinois state and local taxes rise while budget constraints continue to be a hold over the average taxpayer and business owner in Illinois. Yet, during these fiscal difficulties, concentrated efforts to improve Chicago's transportation hub infrastructure and city amenities has made it competitive with other major cities on the coasts.

Chicagoland and the State of Illinois are both struggling with unbalanced budgets. Perhaps a bright spot for those who live and work in Chicagoland is Moody's pause on its denigration of Illinois' credit to junk bond status due progress on state budget negotiations. If state and local government can begin to responsibly manage the revenue, confidence in local economics will rise, and perhaps entice office using HQ companies to migrate from outside of the state.

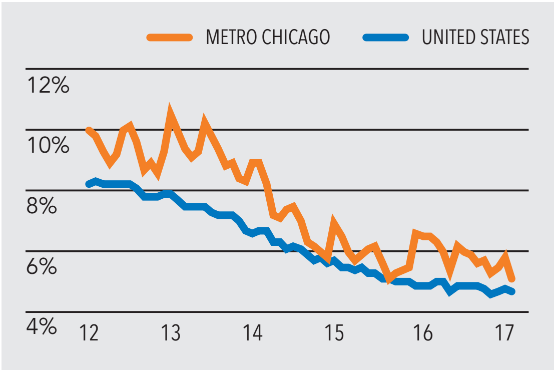
SUPPLY AND DEVELOPMENT

New Inventory leaving holes in the market

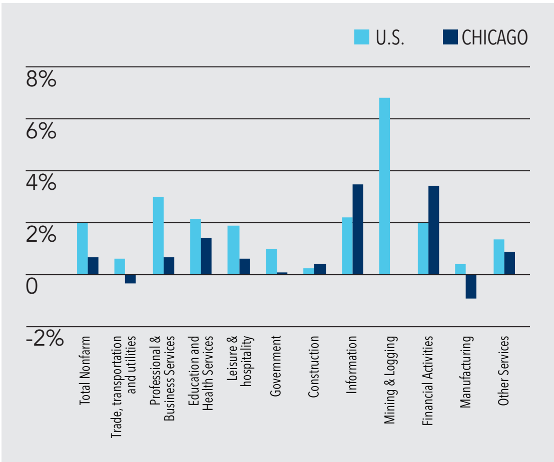
The first half of 2017 has seen over 1.6 million SF (1.37 mil in CBD, remainder in Suburbs), in completed office constructions in Chicagoland. As expected, new constructions were significantly preleased, resulting in only 22.1% of these buildings currently vacant. Many preleased new build tenants occupied in 2Q17. Absorption this quarter was tempered, however, by the large blocks of space left behind. As a direct result, there are presently 5 existing quality class A and 3 class B availabilities of 200,000 SF+ contiguous. Of these, there is one, 71 S Wacker Dr, that has over 200,000 SF in sublease space competing with direct space on the market.

All buildings currently under construction are located in the hottest CBD office submarkets of the West Loop, River North and River West. Class A towers, 151 N Franklin Street and 625 W Adams Street, are expected to add 1.25 Million SF to the West Loop by mid 2018. The Fulton Market District of River West will see completions of an additional 1.1 Million SF in the form of 5 smaller creative office

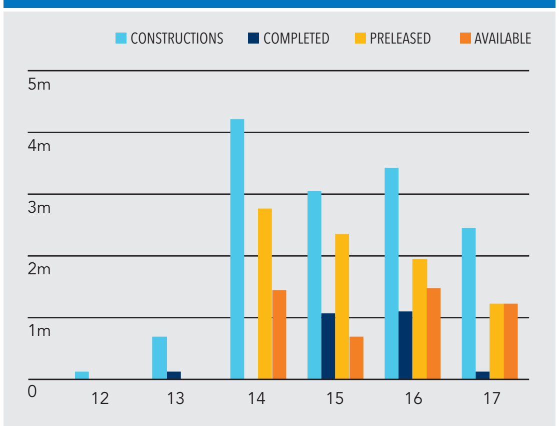
UNEMPLOYMENT RATE



YEAR-OVER-YEAR EMPLOYMENT CHANGE



METRO CHICAGO DEVELOPMENT PIPELINE



CHICAGO OFFICE MARKET

SECOND QUARTER 2017

buildings. River North has one 56,000 SF building (412 N Wells Street) that will complete at the end of 2017. Suburban East West submarkets are expecting 55,818 SF completed in 2017 but no additional suburban construction is expected in 2018.

DEMAND

Positive absorption waning

Overall Chicagoland net absorption was negative 62,832; a sharp contrast to 270,962 SF of positive movement in 1Q17. CBD net absorption in all classes in 2Q17 was positive 16,006 SF with class A assets netting 269,002 SF of positive absorption and class B/C carrying the remainder of negative. Despite many completed constructions absorbing their new tenants this quarter, many of those tenants, such as Pritzker and William Blair, left behind larger blocks of class A space when they moved and consolidated footprints. Suburban submarkets reported 78,838 SF in negative absorption with class A space netting 438,022 SF of negative absorption; a lagging result from suburban to urban migrations (such as Mead Johnson moving from Glenview to 444 W Lake Street in the West Loop).

VACANCY

Vacancy rates decrease only slightly

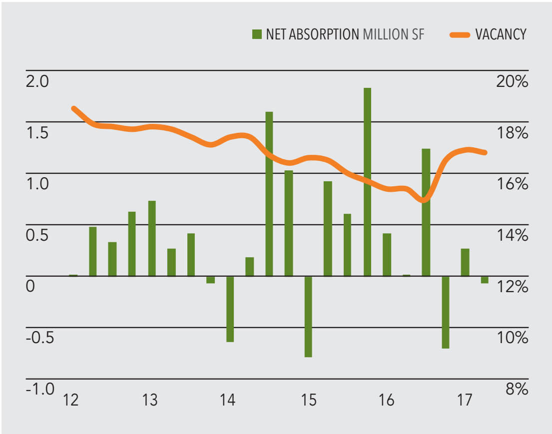
The overall Chicagoland (CBD & Suburban) vacancy rate decreased to 16.8% quarter over quarter (a 10 basis point decrease). Quarter over quarter, CBD total vacancy decreased to 12.4% from 12.5% while suburban total vacancy decreased to 22.1% from 21.8%. Though class A CBD direct vacancy decreased from 12.8% to 11.3% quarter over quarter, class B and sublease vacancy left on the market from movements to higher quality slowed the vacancy decreases overall.

RENTAL RATES

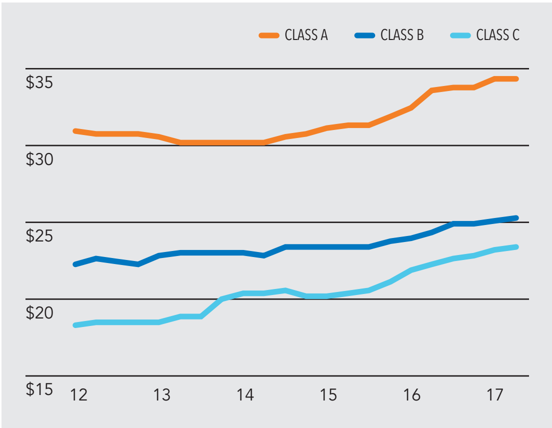
Face rates stay high

Overall direct asking rental rates increased to $30.27 from $30.13 quarter over quarter in Chicagoland. Quarter over quarter, CBD asking rates increased $.20 to $36.39 and suburban rates increased $0.11 to $23.20. Historically, this is the highest level rates have ever reached in the Chicago market. Rental rates are expected to remain flat as new builds and upgraded existing buildings are elevating and justifying the rates in the market. For tenants, there is room in incentives for negotiation but landlords are expected to keep a hard line on face rental rates. Existing buildings that have changed investor hands in the last few years have investors looking to see a return on their investments, especially if they have added capital to improve the amenities in the building.

METRO CHICAGO NET ABSORPTION AND VACANCY



METRO CHICAGO AVERAGE ASKING RENTAL RATES



CHICAGO OFFICE MARKET

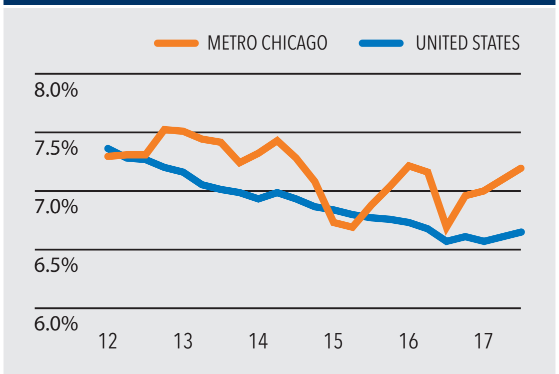
SECOND QUARTER 2017

INVESTMENT MARKET

Investor interest shifting towards CBD class B and well-located suburban assets

Confidence in the Chicago office market from foreign investors remains high at this juncture despite signs that we are reaching a tipping point in prices. Some domestic buyers have tapered off, looking for opportunity in secondary office markets and alternative product types, such as industrial & multi-family. From their vantage point, foreign investors (particularly China) see their capital in American assets as a good play in comparison to their economically volatile home countries. Foreign investors are still willing to invest in high-quality CBD assets as they tend to be long-term, patient investors. According to RCA Analytics, cross border investors in Chicagoland, has increased from 12% in 2016 to 29% currently.

CAP RATES



Well located class B CBD assets are gaining more attention from value add and opportunistic investors. The lower price per square foot basis leaves room for investing capital into improving the quality of the buildings and elevating rental rates. The largest CBD deal in 2Q17 was 125 S Wacker Drive, a 566,454 SF class B office building (80% leased) which sold for $145 million ($251.74 PSF) to Ivanhoe Cambridge. Another class B Wacker Drive located asset, 300 S Wacker Drive, was being marketed in the second quarter with strong interest. A buyer has been chosen and it is anticipated a sale of the property will be completed in the third quarter.

Nationally, office investors are looking toward suburban areas and second tier markets to provide higher yields and returns. This trend is showing in Chicago. A few notable suburban deals this quarter were 6400 Shafer Court. in Rosemont, a 179,442 SF building which sold for $18 million ($109 PSF) and 1933 N Meacham Road. in Schaumburg, a 140,196 SF which sold for $5.45 Million ($39 PSF). These suburban transactions were class B buildings located in amenity rich and transportation oriented locations. Year to date, much of the interest in Suburban Chicago Office has been from local and regional operators teaming with private or institutional capital.

Overall, Chicagoland investment transactions ended the second quarter with approximately $275.9 million in office sales. Average sales per square foot held quarter over quarter at $188.16 ($189.13 in 1Q17).

Metro Chicago Office Market Indicators

PROPERTY CLASS	INVENTORY	UNDER CONSTRUCTION	Q2 NET ABSORPTION	YTD NET ABSORPTION	DIRECT VACANCY	SUBLET VACANCY	TOTAL VACANCY	DIRECT AVAILABILITY	SUBJECT AVAILABILITY	TOTAL AVAILABILITY	AVERAGE RATE PSF
Class A	159,788,689	2,400,863	(169,020)	247,610	16.8%	1.1%	17.9%	19.5%	2.3%	21.8%	$34.35
Class B	99,790,514	55,818	155,175	34,779	15.3%	1.3%	16.6%	19.3%	3.0%	22.2%	$25.37
Class C	23,449,604	0	(48,987)	(74,259)	8.9%	0.6%	9.5%	12.3%	1.5%	13.8%	$23.31
Metro Chicago Total	**283,028,807**	**2,456,681**	**(62,832)**	**208,130**	**15.6%**	**1.1%**	**16.8%**	**18.8%**	**2.5%**	**21.3%**	**$30.27**

OUTLOOK

Tipping point approaching

The tipping point in Chicago office fundamentals that has been favoring landlords is approaching. Current trends with office tenants are moving to newer quality, but downsized space. Activity is beginning to wane in the Chicago area as tenants are growing increasingly tight with budget and thoughtful of space utilization in this high rent market. As absorption is decreasing, the pendulum is expected to swing more in favor of tenants, where options in quality space is increasing and landlords are motivated to capture their tenancy.

From an investor view, an economic expansion cannot continue indefinitely. Commercial real estate investors have benefited from a cautious and accommodative federal reserve as interest rates stayed low. The low cost of capital has been an important factor in an economic recovery that has lasted over seven years. While there's still steady investor interest in Chicago office properties, with rising interest rates and increasing costs of construction, some investors are starting to look more at secondary Midwest office markets. These investors see opportunity for higher risk adjusted returns in secondary markets where price per square foot, TIs and commission costs tend to be lower, and cap rates and yields tend to be higher.

CBD Market

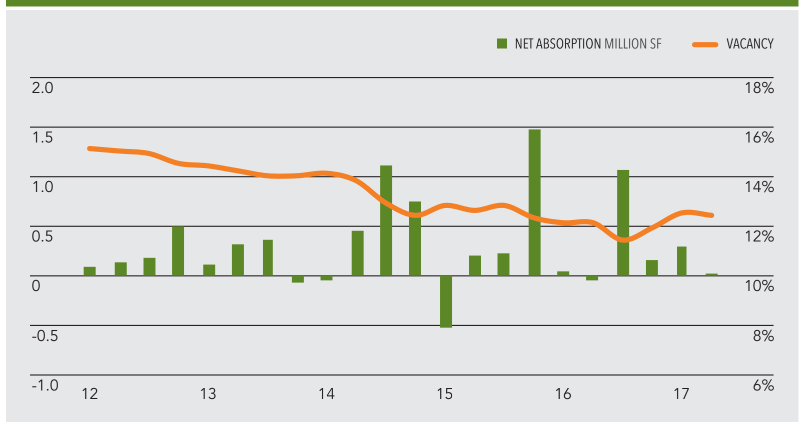
Creative and sublease alternatives a challenge for existing trophy assets

Though overall CBD vacancy ticked down 10 basis points to 12.4% this quarter, available sublease space competes for tenants. There is currently 4.1 million SF of sublease space available in downtown Chicago with 1.63 million SF vacant and available for immediate occupancy. Tenants occupying the new class A developments downtown are exiting large blocks of quality class A and B spaces with long lease terms remaining. Looming "leave behind" space is a growing concern for landlords in the CBD market as they are in competition with their direct vacancy. These spaces have more affordable terms and sometimes already existing modern build outs.

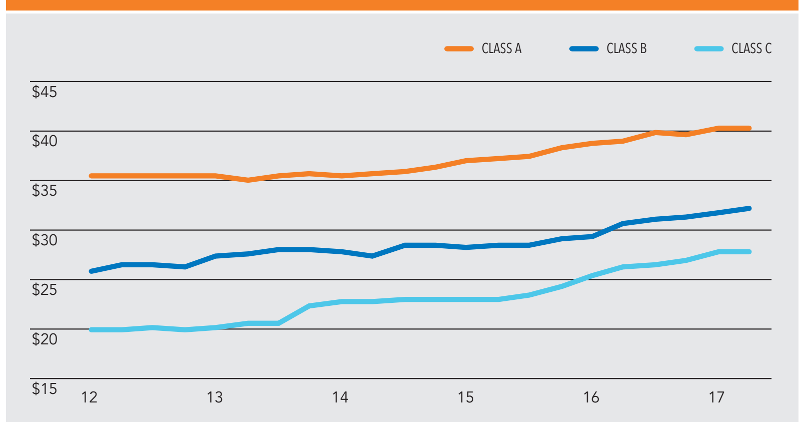
There is a growing perception that even well established companies need to be perceived as hip to attract talent and drive revenue. River North and River West's Fulton Market areas continue to expand and thrive, as a fashionable location is not just for creative and tech tenants anymore. Construction at 6 locations in these trendier submarkets, ranging from 49,000 SF to just over 600,000 SF total building area, will add 1.15 million SF to the inventory. Only thirty three percent (33%) of space in these incomplete buildings are still available for lease.

Landlords are still holding on to rental rates levels at the highest they have ever been historically in downtown Chicago. Average gross rental rates for CBD are $36.39 PSF overall with class A hitting $40.27 PSF. Rental rates continue to push up as landlords are anxious to keep face rates at this high value to cover the cost of capital used to improve the properties when they initially traded hands. Although base net rents have increased, landlords are not seeing all of this as straight revenue. The cost of doing

CBD NET ABSORPTION AND VACANCY



CBD AVERAGE ASKING RENTAL RATES



business in Chicago is more expensive with higher taxes (due to local budget crises) and operating costs (due to elevated construction costs).

Existing traditional trophy assets in downtown Chicago are trying to compete with both sublease space as well as creative offices by offering the best incentives in the form of buildout capital. Incentives are favorable to the tenant but has also reached its peak level. It is not likely that the CBD market will see enough new tenant interest over the next few quarters to absorb a significant amount of sublease vacancy before the second round of new builds complete and compete with existing inventory in 2018. A slowdown in the CBD market absorption is approaching.

SECOND QUARTER SELECT CBD LEASE ACTIVITY

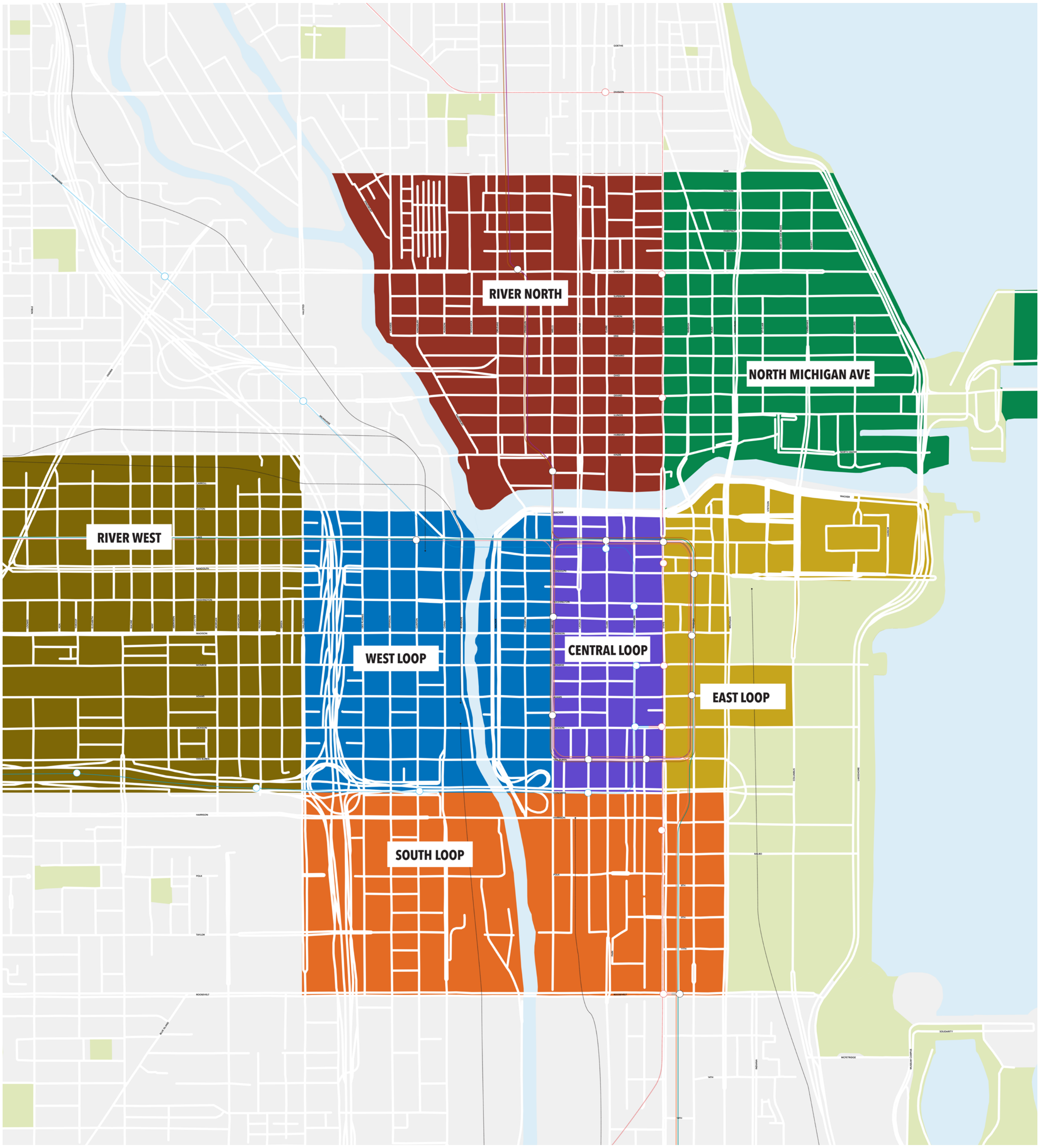
TENANT	PROPERTY	SIZE (SF)	TYPE
Opportunity Loans	130 E Randolph St	135,368	New
Barack Ferrazzano Kirschbaum & Nagelberg	200 W Madison St	103,115	Renewal
Expedia	500 W Madison St	96,887	New
Allstate	222 Merchandise Mart Plz	57,112	New
Active Campaign	1 N Dearborn St	52,233	New
Snapsheet	1 N Dearborn St	52,210	New
ESD	233 S Wacker Dr	46,884	New
National Restaurant Group	175 W Jackson Blvd	42,502	New
Arthur J. Gallagher	300 S Riverside Plz	30,636	New
Showing Time	550 W Jackson Blvd	26,339	New
MDA	222 S Riverside Plz	24,106	Renewal
Murphy/Jahn & Krommenhoek/McKeown	35 E Wacker Dr	21,228	Renewal
The Warranty Group	225 W Randolph St	20,000	Sublet
Beermann Pritikin Mirabelli Swerdlove	161 N Clark St	19,964	New
Food Works	820 N Orleans St	19,074	New
PT Financial Companies	500 W Madison St	18,763	Expansion
Franklin Energy	120 N Racine Ave	16,500	New
Shapiro + Raj	153 W Ohio St	15,000	New
American Bar Association	321 N Clark St	14,552	New
American Civil Liberties Union	150 N Michigan Ave	13,000	New
Keystone Consulting	311 S Wacker Dr	11,878	New
Olenick & Associates, Inc.	205 W Wacker Dr	11,693	New
Northmarq Capital, Inc.	111 S Wacker Dr	10,584	New
Purohit Navigation	233 S Wacker Dr	10,048	New

SECOND QUARTER SELECT CBD SALE ACTIVITY

PROPERTY	SIZE (SF)	SALE PRICE	PSF	BUYER
125 S Wacker Dr	566,454	$145,000,000	$256	Ivanhoe Cambridge, Callahan Cap
55 E Washington St	257,000	$16,500,000	$64	Pioneer Acqs
308 W Erie St	45,000	$12,800,000	$284	North Wells Capital

CHICAGO OFFICE MARKET

SECOND QUARTER 2017



CHICAGO OFFICE MARKET

SECOND QUARTER 2017

CBD Office Market Indicators

SUBMARKET	INVENTORY	UNDER CONSTRUCTION	Q2 NET ABSORPTION	YTD NET ABSORPTION	VACANCY SF			VACANCY RATES			AVAILABILITY SF			AVERAGE RATE PSF
					DIRECT	SUBLEASE	OVERALL	DIRECT	SUBLEASE	OVERALL	DIRECT	SUBLEASE	OVERALL	
Class A	22,414,304	0	10,989	(310,688)	2,221,563	224,171	2,445,734	9.9%	1.0%	10.9%	3,268,370	465,243	3,733,613	$38.87
Class B	13,270,616	0	(24,831)	47,513	1,997,073	57,665	2,054,738	15.0%	0.4%	15.5%	2,177,049	488,590	2,665,639	$33.06
Class C	1,543,773	0	(39,463)	(19,414)	111,378	2,266	113,644	7.2%	0.1%	7.4%	124,784	15,833	140,617	$26.96
Central Loop	**37,228,693**	**0**	**(53,305)**	**(282,589)**	**4,330,014**	**284,102**	**4,614,116**	**11.6%**	**0.8%**	**12.4%**	**5,570,203**	**969,666**	**6,539,869**	**$36.31**
Class A	16,670,554	0	(23,876)	66,421	1,952,888	152,017	2,104,905	11.7%	0.9%	12.6%	3,009,637	278,637	3,288,274	$35.96
Class B	6,174,461	0	(103,221)	(147,215)	1,012,522	34,041	1,046,563	16.4%	0.6%	16.9%	1,271,144	79,225	1,350,369	$31.59
Class C	3,958,566	0	33,064	15,600	300,029	10,805	310,834	7.6%	0.3%	7.9%	396,378	31,070	427,448	$27.25
East Loop	**26,803,581**	**0**	**(94,033)**	**(65,194)**	**3,265,439**	**196,863**	**3,462,302**	**12.2%**	**0.7%**	**12.9%**	**4,677,159**	**388,932**	**5,066,091**	**$33.67**
Class A	7,269,622	0	19,714	75,613	952,969	61,370	1,014,339	13.1%	0.8%	14.0%	640,401	73,922	714,323	$37.03
Class B	3,367,769	0	32,182	46,368	337,922	22,223	360,145	10.0%	0.7%	10.7%	421,246	190,195	611,441	$34.63
Class C	1,455,998	0	2,733	(792)	22,116	0	22,116	1.5%	0.0%	1.5%	43,039	14,815	57,854	$31.63
N. Michigan Ave	**12,093,389**	**0**	**54,629**	**121,189**	**1,313,007**	**83,593**	**1,396,600**	**10.9%**	**0.7%**	**11.5%**	**1,104,686**	**278,932**	**1,383,618**	**$35.71**
Class A	3,991,073	56,000	(14,870)	(5,311)	219,733	43,107	262,840	5.5%	1.1%	6.6%	323,475	153,961	477,436	$52.48
Class B	11,307,655	0	(34,454)	(176,644)	961,737	85,849	1,047,586	8.5%	0.8%	9.3%	1,211,671	300,592	1,512,263	$31.17
Class C	2,376,586	0	(12,895)	(16,513)	154,929	10,082	165,011	6.5%	0.4%	6.9%	250,926	24,646	275,572	$29.47
River North	**17,675,314**	**56,000**	**(62,219)**	**(198,468)**	**1,336,399**	**139,038**	**1,475,437**	**7.6%**	**0.8%**	**8.3%**	**1,786,072**	**479,199**	**2,265,271**	**$35.75**
Class A	569,290	1,102,577	6,350	6,350	49,310	0	49,310	8.7%	0.0%	8.7%	49,310	5,000	54,310	$35.65
Class B	2,326,669	0	20,468	54,461	312,578	7,043	319,621	13.4%	0.3%	13.7%	478,634	56,724	535,358	$28.96
Class C	1,710,796	0	(45,117)	(57,528)	220,740	41,796	262,536	12.9%	2.4%	15.3%	254,668	45,151	299,819	$28.62
River West	**4,606,755**	**1,102,577**	**(18,299)**	**3,283**	**582,628**	**48,839**	**631,467**	**12.6%**	**1.1%**	**13.7%**	**782,612**	**106,875**	**889,487**	**$29.66**
Class B	701,908	0	9,087	14,059	153,869	0	153,869	21.9%	0.0%	21.9%	153,869	0	153,869	$24.63
Class C	1,093,180	0	(7,387)	(4,841)	41,999	1,831	43,830	3.8%	0.2%	4.0%	148,186	1,831	150,017	$22.60
South Loop	**1,795,088**	**0**	**1,700**	**9,218**	**195,868**	**1,831**	**197,699**	**10.9%**	**0.1%**	**11.0%**	**302,055**	**1,831**	**303,886**	**$23.39**
Class A	36,786,692	1,242,286	270,695	715,986	4,556,955	646,182	5,203,137	12.4%	1.8%	14.1%	5,658,889	1,179,734	6,838,623	$42.47
Class B	12,321,523	0	(55,707)	17,384	1,364,506	205,479	1,569,985	11.1%	1.7%	12.7%	2,078,206	562,201	2,640,407	$32.23
Class C	2,396,784	0	(27,455)	(13,606)	158,507	31,611	190,118	6.6%	1.3%	7.9%	222,486	159,976	382,462	$26.99
West Loop	**51,504,999**	**1,242,286**	**187,533**	**719,764**	**6,079,968**	**883,272**	**6,963,240**	**11.8%**	**1.7%**	**13.5%**	**7,959,581**	**1,901,911**	**9,861,492**	**$39.30**
Class A	87,701,535	2,400,863	269,002	548,371	9,953,418	1,126,847	11,080,265	11.3%	1.3%	12.6%	12,950,082	2,156,497	15,106,579	$40.27
Class B	49,470,601	0	(156,476)	(144,074)	6,140,207	412,300	6,552,507	12.4%	0.8%	13.2%	7,791,819	1,677,527	9,469,346	$32.03
Class C	14,535,683	0	(96,520)	(97,094)	1,009,698	98,391	1,108,089	6.9%	0.7%	7.6%	1,440,467	293,322	1,733,789	$27.79
DOWNTOWN	**151,707,819**	**2,400,863**	**16,006**	**307,203**	**17,103,323**	**1,637,538**		**11.3%**	**1.1%**	**12.4%**	**22,182,368**	**4,127,346**	**26,309,714**	**$36.39**

Suburban Market

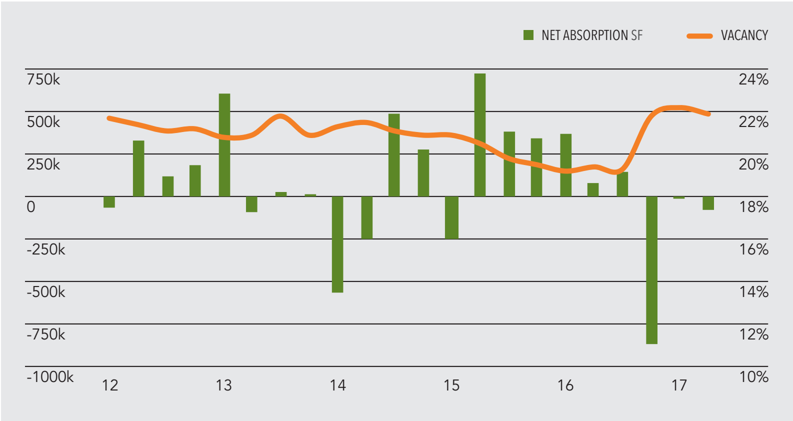
Amenities driving pockets of market to recovery

Leasing velocity in general has been mediocre in the suburban office outliers of Chicago. Overall suburban vacancy was still high at 21.8%, yet down from 22.1% in 1Q17. Well-located class A buildings with nearby attractive amenities and transportation have seen an increase in activity within the strong pocket areas such as the city of Schaumburg in the Northwest submarket. In addition, the O'Hare submarket class A vacancy went down this quarter to 12.7% from 13.1% while the Eastern East-West submarket went down to 18.8% from 19.2% in 1Q17. Major tenants absorbing space in the suburbs are long standing companies that have little need for downtown talent attraction such as Great American Insurance who absorbed 43,892 SF at 1450 American Lane in Schaumburg and Combined Insurance who absorbed 70,231 SF in O'Hare at 8750 W Bryn Mawr Avenue.

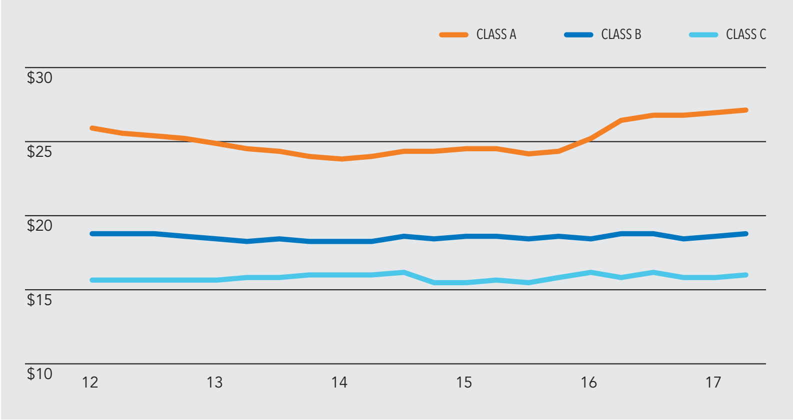
An unexpected trend for the suburban market was class C inventory vacancy dropped from 16.3% in 1Q17 to 12.1%. With only 47,533 SF absorbed in class C, much of that vacancy was removed from the market as some long-standing buildings were demolished or possibly converted to other uses other than office space. Currently the suburban market is seeing most of its activity in class A buildings and some B, but existing class C spaces are not currently supported by major activity in the market. With land becoming more scarce, investors are looking to purchase older assets and vacant corporate campuses at low prices PSF for redevelopment and re-use into multi-tenant campuses and other asset types.

Stand alone office buildings devoid of supporting infrastructure still have not recovered from the downturn of the market. AON recently vacated it namesake 405,309 SF building at 1000 Milwaukee Avenue in Glenview. This caused the North Suburban submarket to report the highest overall negative net absorption

SUBURBAN NET ABSORPTION AND VACANCY



SUBURBAN AVERAGE ASKING RENTAL RATES



(482,596 SF negative) of all the suburban submarkets.

Suburban office buildings that have their own supportive amenities or are located near amenities and are transit oriented have been attractive to investors. In the Schaumburg area of the Northwest suburban market, the well located class B asset at 1933 N Meacham Road traded at 78% leased for $5.45 Million or $38.50 PSF to Integris Acquisitions. The O'Hare submarket benefits from a variety of amenities but particularly in Rosemont with its proximity to trains, the airport, and convention center hotels. 5400 Pearl Street in Rosemont sold in 2Q17 to Dell Corporation for $232 PSF. The mixed-use development "Pearl Street District" in Rosemont is currently under construction and expected to be completed early 2018. This development will bring multiple restaurants, a 163-unit hotel and 100,000 SF of office space at Balmoral Avenue and Pearl Street, in-turn driving further attraction to the area.

Rental rates are increasing incrementally in the suburbs with overall direct averages reporting at $23.20 PSF. There is a growing gap between class A suburban rents currently at $27.14 PSF and class B rents at $18.82 PSF direct. This dichotomy is expected to continue to grow as class A suburban buildings are garnering the lion share of investor interest. These buildings are being capitalized and modernized to true class A assets allowing them to compete in the market for higher rents, better amenities and lower tenant turnover. With little to no signs of reverse urban to suburban migrations, at least suburban to downtown migrations have slowed. Loyalist suburban tenants are remaining in the suburbs and are being rewarded to high class upgrades in buildings that have recently traded hands.

SECOND QUARTER SELECT SUBURBAN LEASE ACTIVITY

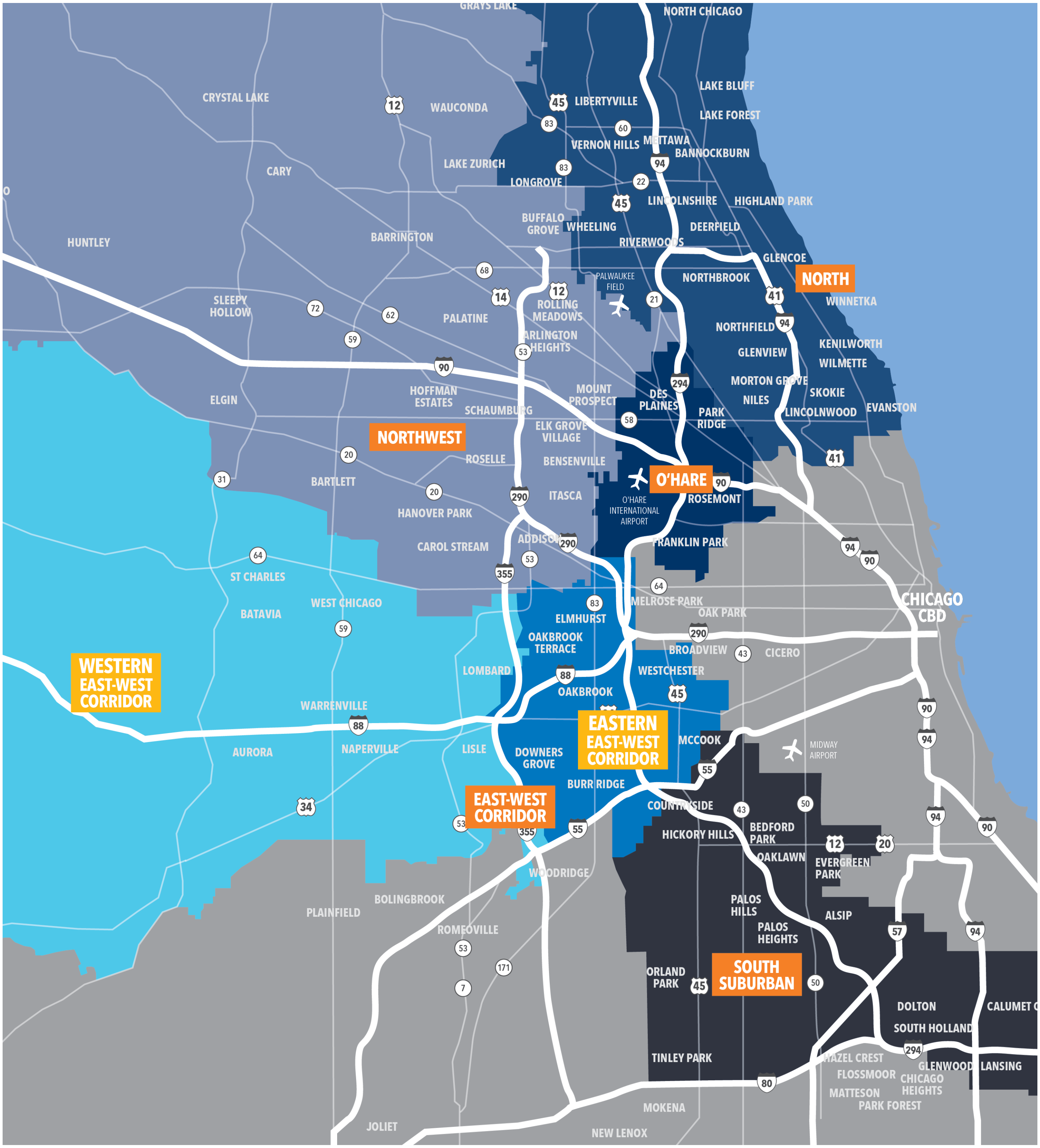
TENANT	PROPERTY	SIZE (SF)	TYPE
Caterpillar	510 Lake Cook Rd, Deerfield	116,071	Relocation
ISACA	1700 E Golf Rd, Schaumburg	45,245	New
WM Corporate Services	700 E Butterfield Rd, Lombard	40,030	Renewal
First Advantage	480 Quadrangle Drive, Bolingbrook	32,504	Renewal
WM Recycle America	720 E Butterfield Rd, Lombard	30,956	Renewal
Farmers Insurance	4225 Naperville Road, Lisle	29,351	New
Greencore	3333 Finley Rd, Downers Grove	24,031	New
Icon Identity Solutions	1701 Golf Rd, Rolling Meadows	23,608	New
Utica Mutual Insurance	1350 E Touhy Ave, Des Plaines	21,111	New
EnsembleIQ	8550 W Bryn Mawr Ave, Chicago	19,800	Renewal
Sumitomo	9500 W Bryn Mawr Ave, Rosemont	19203	New
Local 881	1350 E Touhy Ave, Des Plaines	18,890	New
Brunswick	544 Lakeview Pky, Vernon Hlls	12,100	New
Meridian	9550 W Higgins Rd, Rosemont	11,457	New
Huntington National Bank	2655 Warrenville Rd, Downers Grove	10,000	New
Oerlikon Balzers Coating	1700 E Golf Rd, Schaumburg	9,870	New

SECOND QUARTER SELECT SUBURBAN SALE ACTIVITY

PROPERTY	SIZE (SF)	SALE PRICE	PSF	BUYER
6400 Shafer Ct, Rosemont	179,442	$18,000,000	109	Free Market Ventures
1933 N Meacham Rd, Schaumburg	140,196	$5,450,000	$39	Integris Acquisitions
5400 Pearl Street, Rosemont	97,517	$22,600,000	$232	Dell

CHICAGO OFFICE MARKET

SECOND QUARTER 2017



CHICAGO OFFICE MARKET

SECOND QUARTER 2017

Suburban Office Market Indicators

SUBMARKET	INVENTORY	UNDER CONSTRUCTION	Q2 NET ABSORPTION	YTD NET ABSORPTION	VACANCY SF			VACANCY RATES			AVAILABILITY SF			AVERAGE RATE PSF
					DIRECT	SUBLEASE	OVERALL	DIRECT	SUBLEASE	OVERALL	DIRECT	SUBLEASE	OVERALL	
Class A	13,740,295	0	9,570	151,889	2,498,653	83,533	2,582,186	18.2%	0.6%	18.8%	2,703,228	252,504	2,955,732	$28.17
Class B	10,079,899	34,800	(12,881)	30,356	1,603,033	221,225	1,824,258	15.9%	2.2%	18.1%	1,999,888	397,957	2,397,845	$19.27
Class C	1,311,420	0	5,312	10,248	190,632	1,000	191,632	14.5%	0.1%	14.6%	201,757	13,907	215,664	$15.41
Eastern East West	**25,131,614**	**34,800**	**2,001**	**192,493**	**4,292,318**	**305,758**	**4,598,076**	**17.1%**	**1.2%**	**18.3%**	**4,904,873**	**664,368**	**5,569,241**	**$23.93**
Class A	9,760,998	0	50,238	95,367	2,327,456	218,690	2,546,146	23.8%	2.2%	26.1%	2,659,717	381,064	3,040,781	$27.74
Class B	8,277,914	21,018	46,969	(131,826)	1,258,180	381,931	1,640,111	15.2%	4.6%	19.8%	1,794,869	441,813	2,236,682	$19.78
Class C	1,531,495	0	20,634	17,500	124,010	0	124,010	8.1%	0.0%	8.1%	142,428	0	142,428	$17.71
Western East West	**19,570,407**	**21,018**	**117,841**	**(18,959)**	**3,709,646**	**600,621**	**4,310,267**	**19.0%**	**3.1%**	**22.0%**	**4,597,014**	**822,877**	**5,419,891**	**$23.59**
Class A	19,092,972	0	(374,373)	(586,419)	5,112,784	140,365	5,253,149	26.8%	0.7%	27.5%	5,127,883	411,567	5,539,450	$27.64
Class B	9,915,133	0	(123,437)	(137,224)	1,270,045	183,620	1,453,665	12.8%	1.9%	14.7%	1,774,223	242,341	2,016,564	$20.45
Class C	1,841,117	0	15,214	(19,757)	283,768	7,287	291,055	15.4%	0.4%	15.8%	497,655	6,287	503,942	$17.40
North Suburban	**30,849,222**	**0**	**(482,596)**	**(743,400)**	**6,666,597**	**331,272**	**6,997,869**	**21.6%**	**1.1%**	**22.7%**	**7,399,761**	**660,195**	**8,059,956**	**$24.72**
Class A	20,205,714	0	(167,521)	(58,462)	5,827,899	170,034	5,997,933	28.8%	0.8%	29.7%	6,030,874	335,940	6,366,814	$24.34
Class B	12,422,094	0	199,334	166,366	2,989,400	62,812	3,052,212	24.1%	0.5%	24.6%	3,626,965	77,928	3,704,893	$16.83
Class C	1,894,219	0	(3,343)	(831)	226,075	38,781	264,856	11.9%	2.0%	14.0%	243,078	38,781	281,859	$16.07
Northwest	**34,522,027**	**0**	**28,470**	**107,073**	**9,043,374**	**271,627**	**9,315,001**	**26.2%**	**0.8%**	**27.0%**	**9,900,917**	**452,649**	**10,353,566**	**$21.18**
Class A	8,337,542	0	35,214	55,072	994,225	65,062	1,059,287	11.9%	0.8%	12.7%	1,394,112	150,890	1,545,002	$30.97
Class B	4,683,037	0	140,801	178,807	1,129,603	0	1,129,603	24.1%	0.0%	24.1%	1,267,501	9,666	1,277,167	$18.45
Class C	749,042	0	2,461	2,547	67,126	0	67,126	9.0%	0.0%	9.0%	69,286	0	69,286	$14.84
O'Hare	**13,769,621**	**0**	**178,476**	**236,426**	**2,190,954**	**65,062**	**2,256,016**	**15.9%**	**0.5%**	**16.4%**	**2,730,899**	**160,556**	**2,891,455**	**$25.83**
Class A	949,633	0	8,850	41,792	124,189	9,247	133,436	13.1%	1.0%	14.1%	258,584	13,013	271,597	$21.93
Class B	4,941,836	0	60,865	72,374	878,477	3,454	881,931	17.8%	0.1%	17.8%	981,053	96,660	1,077,713	$18.39
Class C	1,586,628	0	7,255	13,128	186,338	0	186,338	11.7%	0.0%	11.7%	288,910	1,035	289,945	$13.73
South Suburban	**7,478,097**	**0**	**76,970**	**127,294**	**1,189,004**	**12,701**	**1,201,705**	**15.9%**	**0.2%**	**16.1%**	**1,528,547**	**110,708**	**1,639,255**	**$17.85**
Class A	72,087,154	0	(438,022)	(300,761)	16,885,206	686,931	17,572,137	23.4%	1.0%	24.4%	18,174,398	1,544,978	19,719,376	$27.14
Class B	50,319,913	55,818	311,651	178,853	9,128,738	853,042	9,981,780	18.1%	1.7%	19.8%	11,444,499	1,266,365	12,710,864	$18.82
Class C	8,913,921	0	47,533	22,835	1,077,949	47,068	1,125,017	12.1%	0.5%	12.6%	1,443,114	60,010	1,503,124	$16.01
SUBURBAN	**131,320,988**	**55,818**	**(78,838)**	**(99,073)**	**27,091,893**	**1,587,041**	**28,678,934**	**20.6%**	**1.2%**	**21.8%**	**31,062,011**	**2,871,353**	**33,933,364**	**$23.20**

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METHODOLOGY

Inventory defined as existing Class A, B and C office properties, 20,000 square foot minimum rentable base area. Overall vacancy inclusive of direct and sublease space. Net absorption defined as the change in physical occupancy from one period to the next. Average asking rents are direct gross per square foot, per year and are overall averages are weighted against total inventory.

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