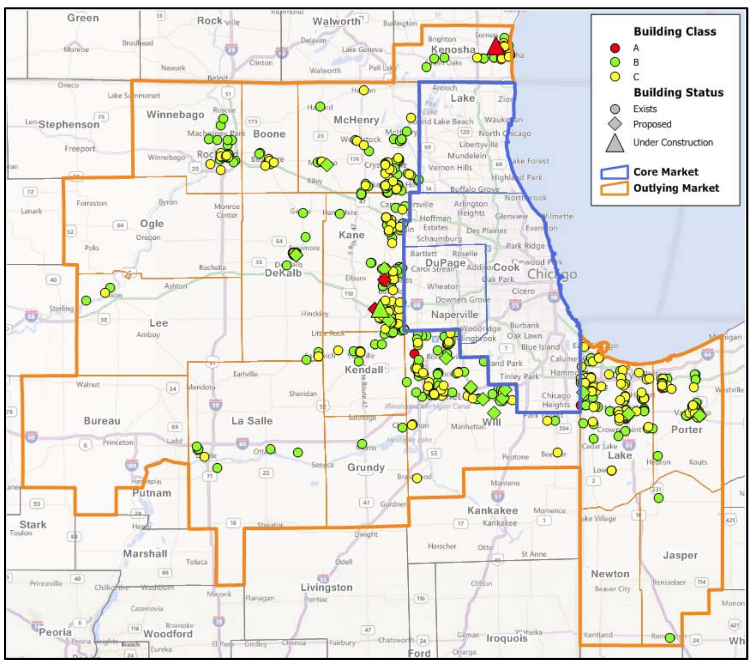
METRO CHICAGO'S OUTLYING MEDICAL OFFICE BUILDING MARKET

HIGHLIGHTS

- Demand for off-campus medical office buildings (MOBs) over the next several years, including those located in the outlying Chicago MOB market will be fueled by **increased focus on outpatient services by hospitals** and large physician groups; continued movement of outpatient services **to superior off-campus locations**, with high identity and superior accessibility; and **increasing diversity** in the mix of practice types at off-campus locations, including those traditionally found at hospital locations.
- Average per square foot gross rent was *$20.57* at the end of the 1st quarter of 2015. (Class A rents approximate *$23.00 - $24.00*; Class B rents approximate *$20.00 - $21.00*; and Class C rents approximate *$18.00 - $19.00.*)
- Outlying market MOB average vacancy rate is declining rapidly; leasing/absorption of Class A MOB space has been exceptionally strong.
- Class A space accounts for 12% of all MOB space and exhibited a vacancy rate of 18.50% at the end of the 1st quarter 2015.
- Class B space accounts for 62% of all MOB space and exhibited a vacancy rate of 13.6%.
- Class C space accounts for 26% of all MOB space and exhibited the lowest vacancy rate (11.7%) among the three classes of space.

OUTLYING MARKET AREA DEFINITION AND MOB INVENTORY



Sources: CoStar Group and Real Estate Counselors International, Inc.

The Metro Chicago market contains approximately 29.5 million square feet of medical office space, with approximately 19.2 million square feet located in just three counties – Cook, DuPage and Lake (i.e., core market). The balance of MOB space, 10.3 million square feet, is located in the "outlying market" which we define to include the following counties: Boone, Bureau, DeKalb, Grundy, Kane, Kendall, La Salle, Lee, McHenry, Ogle, Will and Winnebago counties in Illinois; Kenosha County in Wisconsin and Jasper, Lake, Newton and Porter counties in Indiana. (This definition includes both the Chicago MSA and the Rockford MSA, plus aditional outlying counties.)

VACANCY AND RENT

The average vacancy rate for medical office properties (containing 2,000 square feet or more) located in metro Chicago's **outlying** market was 13.7% at the end of the 1st quarter 2015, a 170 basis point decrease from the 1st quarter 2014 vacancy rate. In contrast, the average vacancy rate for MOB properties (containing 2,000 square feet or more) located in metro Chicago's **core** market was 12.6% at the end of the 1st quarter 2015, a 90 basis point decrease from the 1st quarter 2014 vacancy rate.

Though the average rent exhibited in the outlying market averaged $20.57 per square foot and remained flat over the past 12 months, the average rent exhibited in the core market averaged $21.75 per square foot, reflecting an increase of 2.55% over the past 12 months. In the outlying market, the average medical office building rent was 19% above the average rate of all office space (total of all medical and all non-medical space).

METRO CHICAGO MARKET – COMPARISON OF Q1 2015 AND Q1 2014 STATISTICS FOR CORE MARKET AND OUTLYING MARKET

Variables	Chicago Metro - Outlying Market (1)	Chicago Metro - Core Market (2)
Number of Properties	656	1,076
Total Net Rentable Square Feet	10,270,984	19,190,941
Vacancy Rate, Q1 2015	13.70%	12.60%
Vacancy Rate, Q1 2014	15.40%	13.50%
Basis Point Change in Vacancy Q1 2014 - Q1 2015	-170.00	-90.00
Asking Rent Q1 2015	$20.57	$21.75
Asking Rent Q1 2014	$20.61	$21.21
% Change in Asking Rent Q1 2014 - Q1 2015	-0.19%	2.55%
Space Absorbed - Previous 4 Quarters	258,632	251,145
Aborption Rate	*2.9%*	*1.5%*
Space Leased - Previous 4 Quarters	263,762	715,251
Leasing Rate	*3.0%*	*4.3%*

Sources: CoStar Group and Real Estate Counselors International, Inc. (1) MOBs containing 2,000 square feet or more located in 17 outlying counties. (2) Mobs containing 2,000 square feet or more located in Cook, DuPage and Lake Counties.

OUTLYING MARKET - COMPARISON OF Q1 2015 AND Q1 2014

Variables	Class A	Class B	Class C
Number of Properties	22	414	220
Total Net Rentable Square Feet	1,239,454	6,318,942	2,712,578
Vacancy Rate, Q1 2015	18.50%	13.60%	11.70%
Vacancy Rate, Q1 2014	24.60%	14.80%	12.50%
Basis Point Change in Vacancy Q1 2014 - Q1 2015	-610.00	-120.00	-80.00
Space Absorbed - Previous 4 Quarters	87,733	134,591	36,310
Aborption Rate	*8.7%*	*2.5%*	*1.5%*
Space Leased - Previous 4 Quarters	145,317	83,839	34,606
Leasing Rate	*14.4%*	*1.5%*	*1.4%*

Sources: CoStar Group and Real Estate Counselors International, Inc. Note: Buildings containing 2,000 square feet or more.

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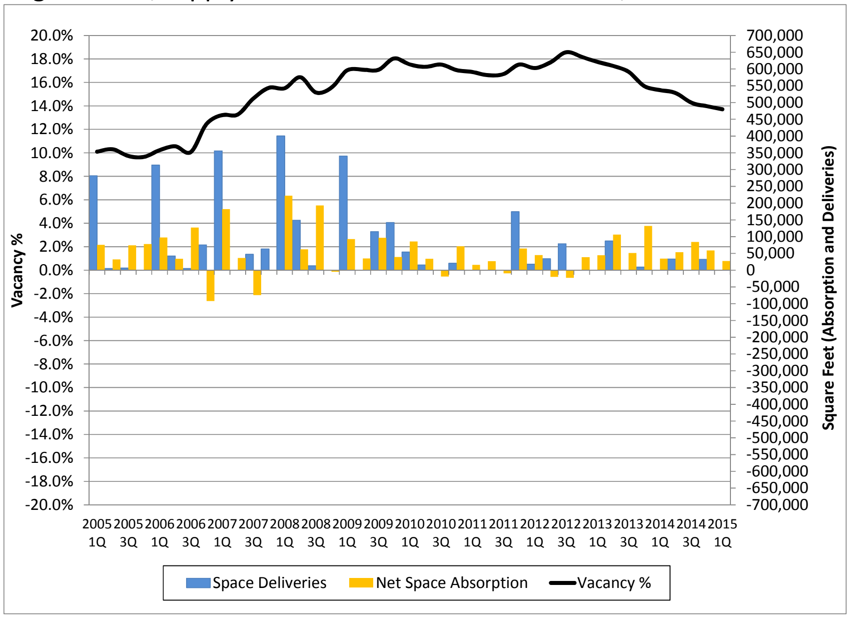
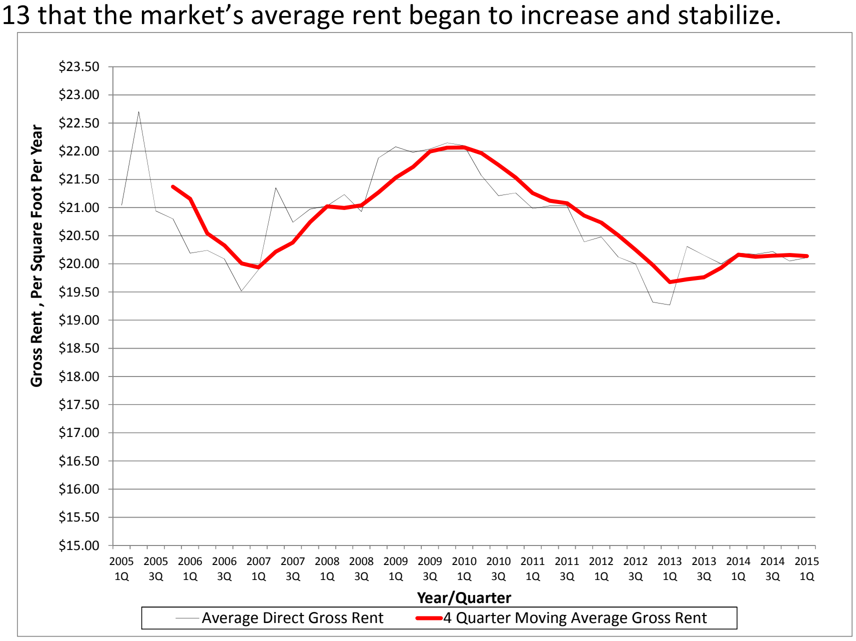
OUTLYING MOB MARKET SUPPLY AND DEMAND

A surge of construction deliveries between 2002 and 2008 fueled the rapidly increasing vacancy rate in the outlying market. With the onset of the Great Recession, demand (i.e., net space absorption) weakened. It was not until the end of 2012 that the vacancy rate began to decline. We expect the vacancy rate to continue its decline over the next two years in view of strong demand/supply fundamentals in the healthcare/medical office sector.



Sources: CoStar Group and Real Estate Counselors International, Inc.

The outlying market's average MOB rent began declining in late 2005, as construction surged. The market's rent recovered over the subsequent several quarters, peaked in the 4th quarter of 2009 and then began to decline again. It was not until mid 2013 that the market's average rent began to increase and stabilize.



Sources: CoStar Group and Real Estate Counselors International, Inc.

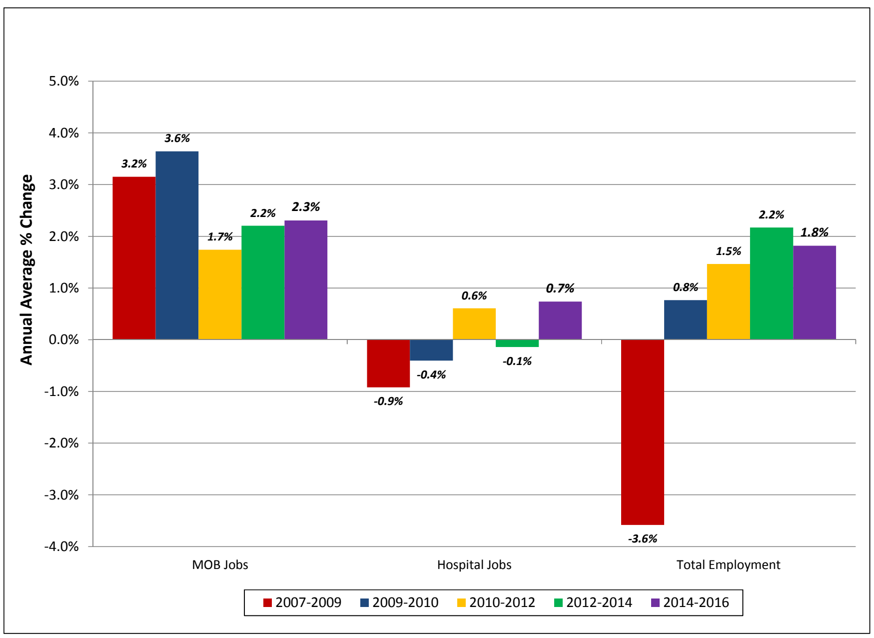
MOB CONSTRUCTION ACTIVITY

In the large metro Chicago market, there are presently seven medical office buildings under construction, encompassing 1.3 million square feet of space. There are also 43 MOBs containing 2.2 million square feet of space that are proposed for construction. Construction underway in the outlying market includes 118,000 square feet associated with two buildings - in Aurora, IL and Kenosha, WI. There are another 21 buildings proposed for the outlying market encompassing 655,000 square feet.

METRO CHICAGO ECONOMY – DRIVERS OF MEDICAL OFFICE DEMAND

Total employment in the Chicago metro area declined 3.6% per year during the 2007 to 2009 period with the onset of the Great Recession. This was primarily due to significant declines in the large Manufacturing, Financial Activities and Professional and Business Services sectors. Hospital employment also declined at a more modest pace of 0.9% per year during this same period.

MOB employment (refer to definition in note 1, below chart), on the other hand, increased at an average annual rate of 3.2% between 2007 and 2009. During the 2009 to 2010 period, Hospital jobs declined, but MOB employment increased at 3.6% per year. Employment in the MOB sector is projected to increase through 2016 at an average annual rate of 2.3%, higher than the projected average annual increase in total payroll employment of 1.8% for the Chicago metro area, as a whole.



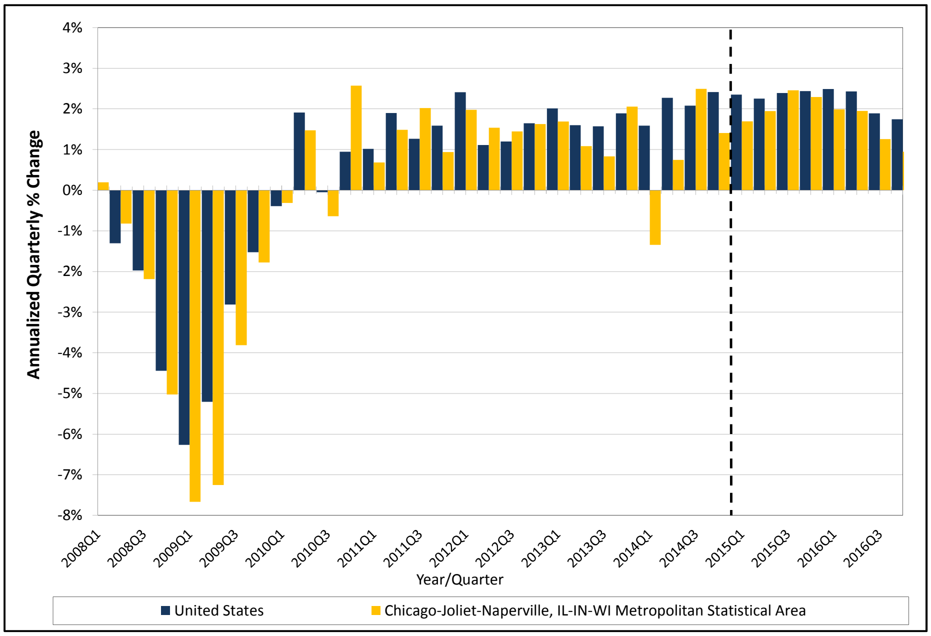
Source: Moody's Economy.com and Real Estate Counselors International, Inc.

Notes:

(1) MOB jobs are defined to include selected Ambulatory healthcare establishments including Offices of Physicians, Outpatient Care Centers, Offices of Other Health Practitioners and Medical and Diagnostic Laboratories.

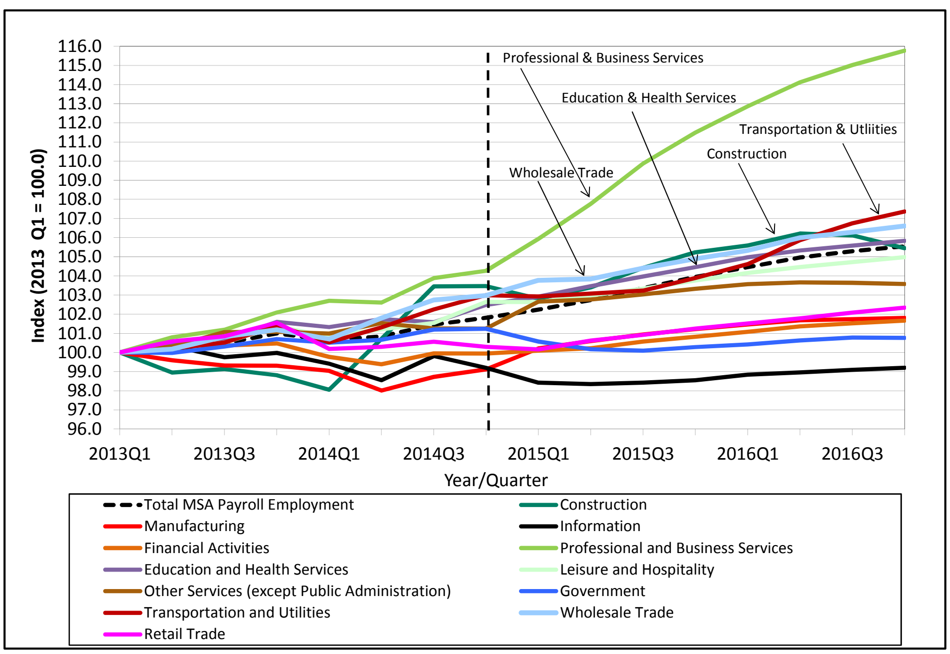
(2) All periods shown above are for two years, except for 2009 - 2010 which represents a one year period.

Despite metro Chicago's relatively tepid recovery in 2010, 2011 and 2012 and a still uneven recovery in 2013 and 2014, 2015 is bringing stronger and more broad - based employment growth. Moody's Analytics is forecasting metro area quarterly total job growth to remain near the U.S. economy's average growth rate between year-end 2014 and year-end 2016.



Sources: U.S. Bureau of Labor Statistics, Moody's Analytics and Real Estate Counselors International, Inc.,

Among the strongest employment sectors forecast by Moody's Analytics are Professional & Business Services Construction, Transportation & Utilities, Wholesale Trade and **Education & Health Services** (includes MOB jobs).



Sources: U.S. Bureau of Labor Statistics, Moody's Analytics and Real Estate Counselors International, Inc.,

WHO WE ARE

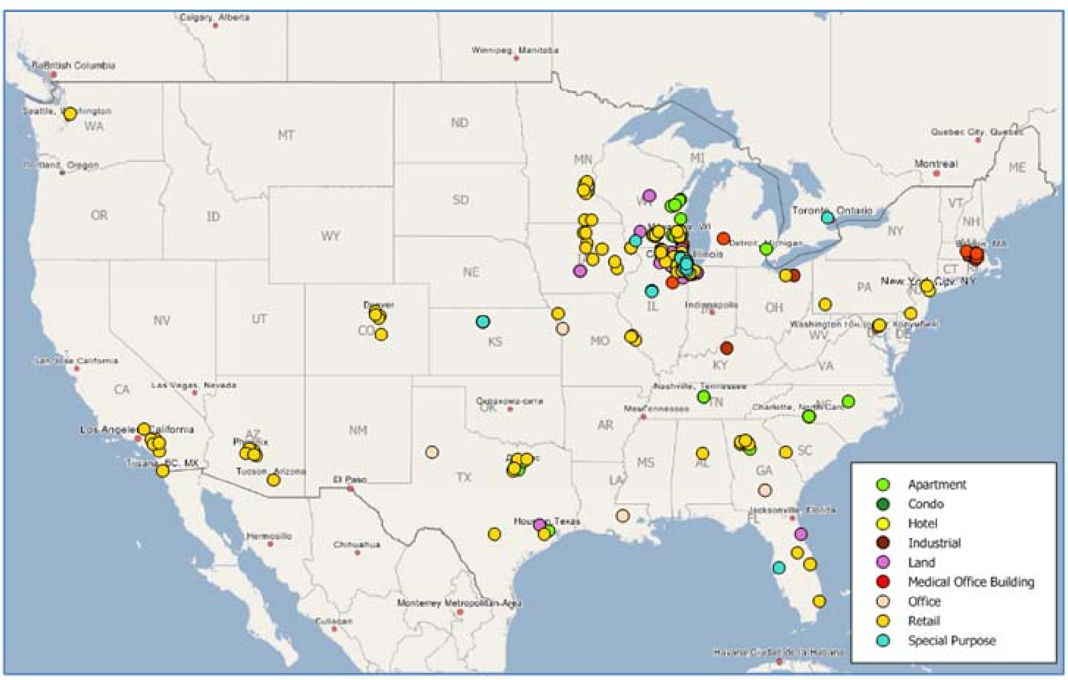
We have long-term relationships with healthcare providers, major corporations, financial institutions, developers, investors, government agencies, and other public and private concerns. Our appraisers and counselors have been awarded MAI and CRE designations and are regarded as ethical and trusted professionals. Among our specialties are:

- Stark law Compliance
- Fair Market Value Rent Studies
- Property Appraisals
- Acquisition Due Diligence
- Disposition Pricing
- Forensic Due Diligence/Evaluations
- Portfolio Valuations Litigation Support/Dispute Resolution
- Market Feasibility Analysis

Since 2007, Real Estate Counselors International Inc. has performed a spring and fall survey of medical office buildings in the metro Chicago market. Our proprietary database contains hundreds of contract and asking lease terms collected over the last several years. In 2010, at the request of a national healthcare network, we expanded our survey to the Boston, MA region. There, we also perform an annual MOB rental survey each spring.

RECI is an independently owned, commercial real estate valuation and consulting company headquartered in Chicago, Illinois. With roots to 1935, we have earned the reputation as a full-service firm known for our ability to perform high level, complex projects. Healthcare real estate analysis is one of our specialties and includes Fair Market Value rent studies, appraisals, market feasibilities studies and acquisitions due diligence.

2014 ENGAGEMENTS PERFORMED BY RECI



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