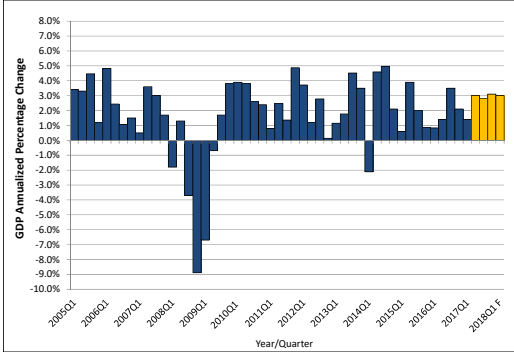




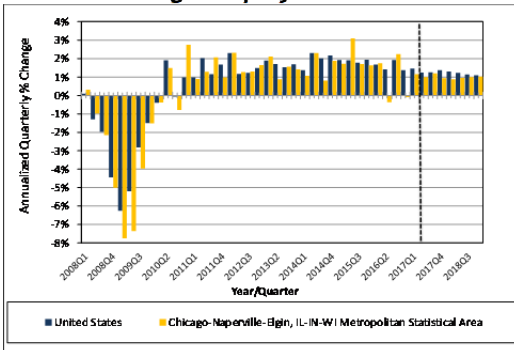
METRO CHICAGO CORE MARKET MEDICAL OFFICE BUILDING SNAPSHOT

Quarterly Change in U.S. Gross Domestic Product, 2005 Q1 to 2018 Q1



Sources: U.S. Bureau of Economic Analysis and Real Estate Counselors International, Inc.

Quarterly Change in United States and Metro Chicago Employment: 2010 - 2019



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

There are at least four major capital-intensive activities that are driving a watershed change for hospital networks: (1) hospital mergers/acquisitions and affiliations; (2) technology upgrades; (3) physician integration and alignment; and (4) expanding traditionally narrow provider networks.

The volume of **mergers and acquisitions in the healthcare sector** has steadily climbed and has exceeded M & A activity in all other industries, according to one report. According to Cain Brothers, the number of mergers totaled over 100 per year in 2012, 2014 and 2015.

We can also expect to see so-called "non-transaction" hospital merger activity (e.g., cost-sharing affiliations and joint operating agreements), to continue to be robust. Such affiliations do not necessarily require changes in governance or ownership, but are an effort of the hospitals/health systems to capitalize on economies of scale.

Executive Summary

The U.S. economic expansion has been going on for over eight years. That makes it the third-longest on record, exceeded only by the nearly nine year-long expansion of the 1960s and the decade long 1990s expansion. Over the past year, Europe's economy has accelerated and China's economy has stabilized. Moody's believes that investors finally feel as if no threat in "some corner of the world" will inflict substantial harm their investments.

Moody's Analytics is now forecasting GDP growth to average 2.8%, 2.4 and 2.1% per year in 2017, 2018 and 2019.

Job growth in all sectors of metro Chicago is forecast to remain moderately strong through at least mid-year 2018, a direct result of growth in Professional & Business Services, Retail Trade, Leisure & Hospitality and Construction jobs.

Nationally and for the Chicago MSA, growth in medical office building employment is forecast to remain strong while hospital employment is forecast to slow relative to the rate of the past two years.

Metro Chicago Core MOB Market Highlights as of the 2nd quarter 2017

- The average gross asking rent at the end of the 2nd quarter was \$23.00 per square foot, representing a 3.0% annualized quarterly average rate of growth since year-end 2016.
- Vacancy Rate: 11.7%, down 10 basis points since year-end 2016 and 50 basis points since year-end 2015.
- Net Absorption was negative (i.e., essentially flat) in the 2nd quarter of 2017, after eight quarters of positive absorption since the 2nd quarter 2015.
- Square feet of MOB's under construction remains low at less than 1% of existing inventory. (Note: CoStar's estimate appears to exclude some hospital-sponsored construction projects.)

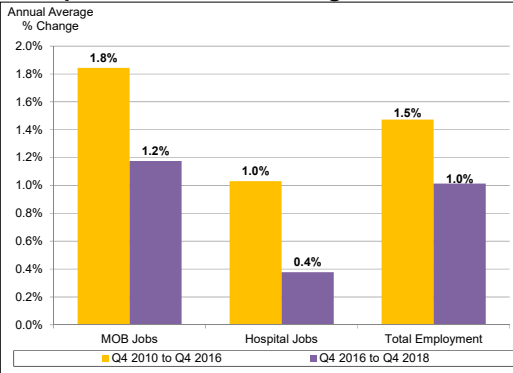
Metro Core MOB Market Outlook

The Metro Chicago Core MOB Market is showing signs of moderate demand (i.e., net absorption) growth. Rent growth continues, as new supply remains very low. The vacancy rate is expected to decline over the long-term, but may decline slowly over the short-term. Both MOB and Hospital job growth has slowed. Still, the long-term demand outlook for MOB space in the Metro Chicago Core Market is positive. MOB sales volume has been declining in the metro core market. Over the last 12 months, aggregate MOB sales totaled \$65 million.



METRO CHICAGO CORE MARKET MOB DEMAND/SUPPLY

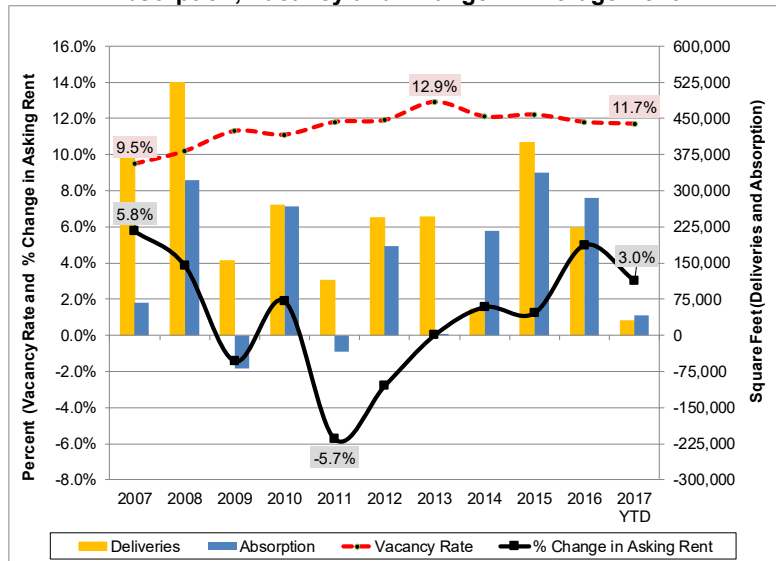
Medical Office Building* and Hospital Jobs: Metro Chicago: 2010 - 2018



Sources: U.S Bureau of Labor Statistics, Moody's Analytics and Real Estate Counselors International, Inc.
 *Note: MOB jobs are defined to include selected ambulatory healthcare establishments, including: (1) Offices of Physicians; (2) Outpatient Care Centers; (3) Offices of Other Health Practitioners; and (4) Medical and Diagnostic Laboratories.

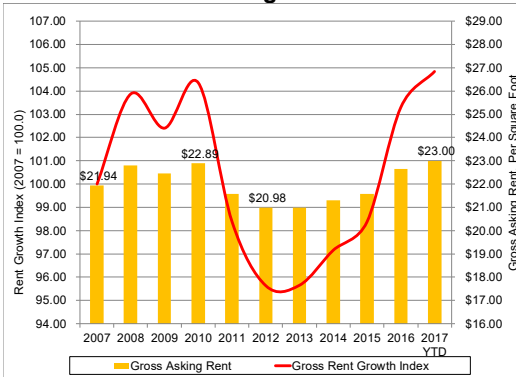
Net Absorption was negative (or essentially flat) in the 2nd quarter of 2017, following eight quarters of positive absorption. With limited new construction during 2017, the vacancy rate was 11.7% at the end of the 2nd quarter 2017 or 10 basis points lower than the vacancy rate at the end of the 4th quarter 2016.

Metro Chicago Core Market Demand/Supply: Deliveries, Absorption, Vacancy and Change in Average Rent



Sources: CoStar Group, Inc. and Real Estate Counselors International, Inc.
 Notes: (1) Percentage change in rent Q2 2017 represents the annualized quarterly change since year-end 2016. (2) All other statistics represent annual quarterly averages, not quarter-end figures.

Trend of MOB Average Gross Asking Rent for Metro Chicago Core Market



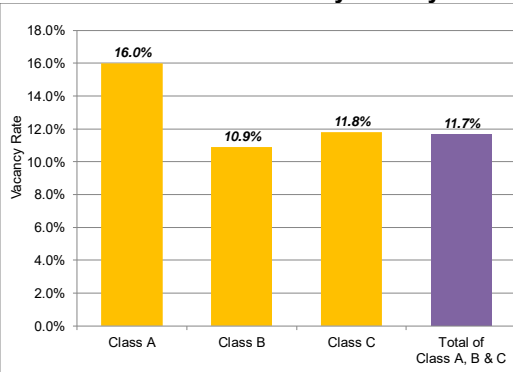
Sources: CoStar Group, Inc. and Real Estate Counselors International, Inc.
 Note: All calendar figures represent annual averages, not year-end figures.

Metro Chicago Core Market & Outlying Market Demand/Supply Indicators: Q4 2016 and Q2 2017

Indicator	Chicago Metro - Core Market (1)	Chicago Metro - Outlying Market (2)
Number of Properties	1,211	742
Total Net Rentable Square Feet	21,907,437	11,535,257
Vacancy Rate, 2017 Q2	11.7%	9.2%
Vacancy Rate, 2016 Q4	11.8%	9.0%
Basis Point Change in Vacancy 2016 Q4 to 2017 Q2	-10.00	20.00
Gross Asking Rent, 2017 Q2	\$23.00	\$20.17
Gross Asking Rent, 2016 Q4	\$22.66	\$20.15
% Change in Asking Rent 2016 Q4 to 2017 Q2	1.50%	0.10%
ANNUALIZED QUARTERLY AVERAGE % Change in Asking Rent 2016 Q4 to 2017 Q2	3.0%	0.2%
Space Absorbed last 4-Qtrs 2016 Q3 to 2017 Q2	305,910	373,673
Absorption Rate	1.6%	3.6%
Space Leased last 4-Qtrs 2016 Q3 to 2017 Q2	460,242	257,398
Leasing Rate	2.4%	2.5%

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

Q2 2017 Core Market Vacancy Rate by Class



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



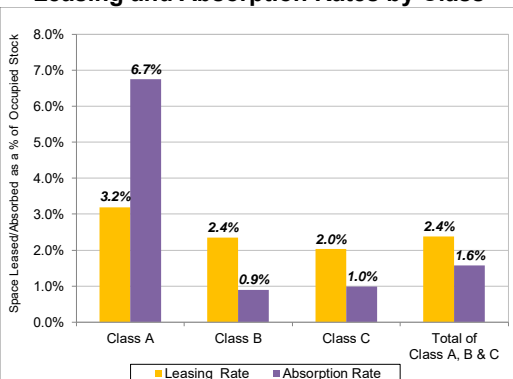
Q2 2017 Core Market Asking Rents by Class



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

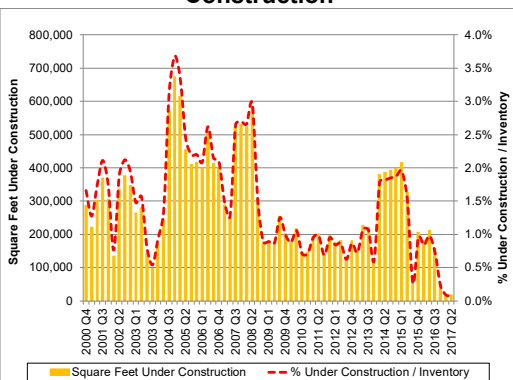
Core market leasing (gross absorption) and net absorption (i.e., space demand) has been strongest in the Class A sector since year-end 2016. Net absorption has been weakest in the Class B sector

Last 12 Months: Chicago Core Market Leasing and Absorption Rates by Class



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

Metro Chicago Core Market MOB Construction



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

The average gross asking rent for all MOB space was \$23.00 per square foot at the end of the 2nd quarter 2017, representing a 3.0% annualized quarterly average growth rate since year-end 2016 and 3.2% above the asking rent in the 2nd quarter 2016.

Of the three classes of properties, Class A MOB's exhibited the highest vacancy rate at 16.0%, at the end of the 2nd quarter 2017, reflecting a 60 basis point increase since year-end 2016. Vacancy rates have remained relatively flat for Class B and Class C properties. The 2nd quarter Class B and Class C vacancy rates are about 40 – 50 basis points lower than the vacancy rate for Class A properties.

The market's largest MOB's, encompassing about 7.4 million square feet built since 1979, exhibited a vacancy rate of 13.8% at the end of the 2nd quarter 2017, as shown in the table below. These buildings also exhibited a vacancy rate increase since year-end 2016.

Metro Chicago Core Market by Class Demand/Supply Indicators: Q4 2016 and Q2 2017

Variables	Buildings by Class			Largest MOB's (All Classes of Buildings with 25,000 Square Feet or More and Built Since 1979)
	Class A	Class B	Class C	
Number of Properties	35	648	528	137
Total Net Rentable Square Feet	2,628,861	14,408,271	4,870,305	7,438,364
Vacancy Rate, 2017 Q2	16.0%	10.9%	11.8%	13.80%
Vacancy Rate, 2016 Q4	15.4%	11.0%	11.9%	13.30%
Basis Point Change in Vacancy 2016 Q4 to 2017 Q2	60.00	-10.00	-10.00	50.00
Gross Asking Rent, 2017 Q2	\$30.92	\$22.69	\$17.82	\$26.80
Gross Asking Rent, 2016 Q4	\$30.00	\$22.44	\$18.77	\$26.14
% Change in Rent 2016 Q4 to 2017 Q2	3.1%	1.1%	-5.1%	2.5%
ANNUALIZED QUARTERLY % Chg in Asking Rent 2016 Q4 to 2017 Q2	6.2%	2.2%	-9.9%	5.1%
Space Absorbed last 4-Qtrs 2016 Q3 to 2017 Q2	148,997	114,143	42,770	170,689
Absorption Rate	6.7%	0.9%	1.0%	2.7%
Space Leased last 4-Qtrs 2016 Q3 to 2017 Q2	70,530	302,671	87,041	126,625
Leasing Rate	3.2%	2.4%	2.0%	2.0%

Sources: CoStar Group, Inc. and Real Estate Counselors International, Inc.
Note: All statistics presented in this table reflect quarter-end statistics.

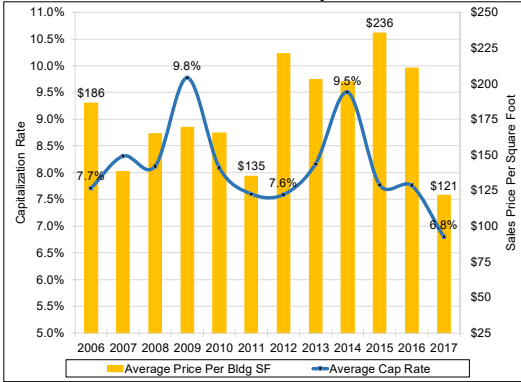
At the end of the 2nd quarter of 2017, the Metro Chicago Core MOB market inventory encompassed nearly 21.9 million square feet in 1,211 buildings, according to the CoStar property database.

There are three buildings reportedly under construction with space totaling about 41,000 square feet, according to CoStar. These buildings are located in Tinley Park, Burbank, and Elmhurst. We note that this total excludes some hospital-sponsored construction projects. One of these buildings is an 85,000 square foot building on Palos Health's South Campus. Nevertheless, MOB construction **remains at relatively low levels**.

There are also medical buildings proposed for Arlington Heights, Barrington Chicago, Elmhurst, Gurnee, Lincolnshire, Lincolnwood, Naperville, Oak Brook, Palatine and Schaumburg.



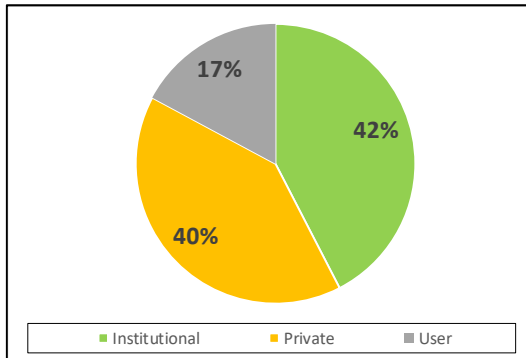
MOB Sales Capitalization Rates and Average Annual Price Per Square Foot



Sources: CoStar Group, Inc. and Real Estate Counselors International, Inc.
Note: Chart includes only buildings with sale prices over \$50.00 per square foot in order to account for institutional quality properties and exclude high vacancy or redevelopment projects.

Since 2006, Chicago core market MOB investment sales have exhibited capitalization rates that peaked around 9.8% in 2009 and dropped to 6.8% by Q2 2017. The dramatic jump in the average capitalization rate in 2014 resulted from the sale of a number of smaller, older medical office buildings.

Investor Profile of MOB Investment Sales: Purchases Last 12 Months



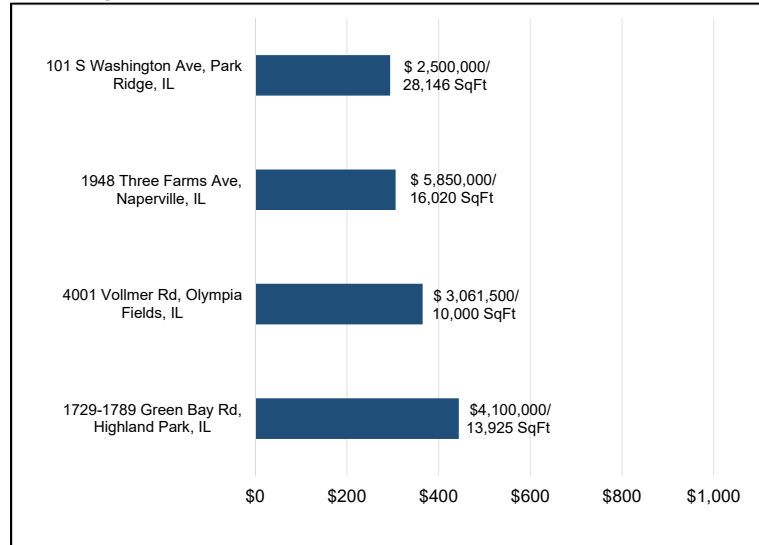
Sources: CoStar Group, Inc. and Real Estate Counselors International, Inc.
Note: Excludes HTA acquisition.

Since July 2016, approximately 42% of Core Market MOB sales volume represented acquisitions by institutional investors. The next largest share, estimated at 40%, was associated with private investors, including Private (Non-traded) REITs. The only public REIT buyer was Healthcare Trust of America, Inc. but as referenced, the sale price was not disclosed.

METRO CHICAGO CORE MARKET MOB INVESTMENT SALES TRENDS

Sales volume has been declining in the metro core market. Over the last 12 months, aggregate MOB sales totaled \$65 million. Of this total, 40% is associated with four buildings. The building addresses, square footages and sales price per square foot are shown in the chart below.

Largest MOB/Medical* Investment Sales: Last 12 Months



Sources: CoStar Group, Inc. and Real Estate Counselors International, Inc.
*Note: Includes multipurpose office buildings with medical tenants and retail space marketed to medical tenants.

One building sale – the 104,912 square foot Burr Ridge Medical Center located at 6800 N Frontage Road in Burr Ridge (Eastern East/West Corridor submarket) was part of portfolio acquisition by Healthcare Trust of America (HTA), Inc. but the price was not disclosed.

Since July 2016, approximately 50% of all MOB investment sales activity has been concentrated in three Chicago suburban submarkets – Central North, Cicero/Berwyn, O’Hare and Western East/West Corridor.

Following are 5 top buyers whom, in total, amassed over \$28 million worth of MOB sales over the past 12 months at an average price of \$375 per square foot which is well above the market average.

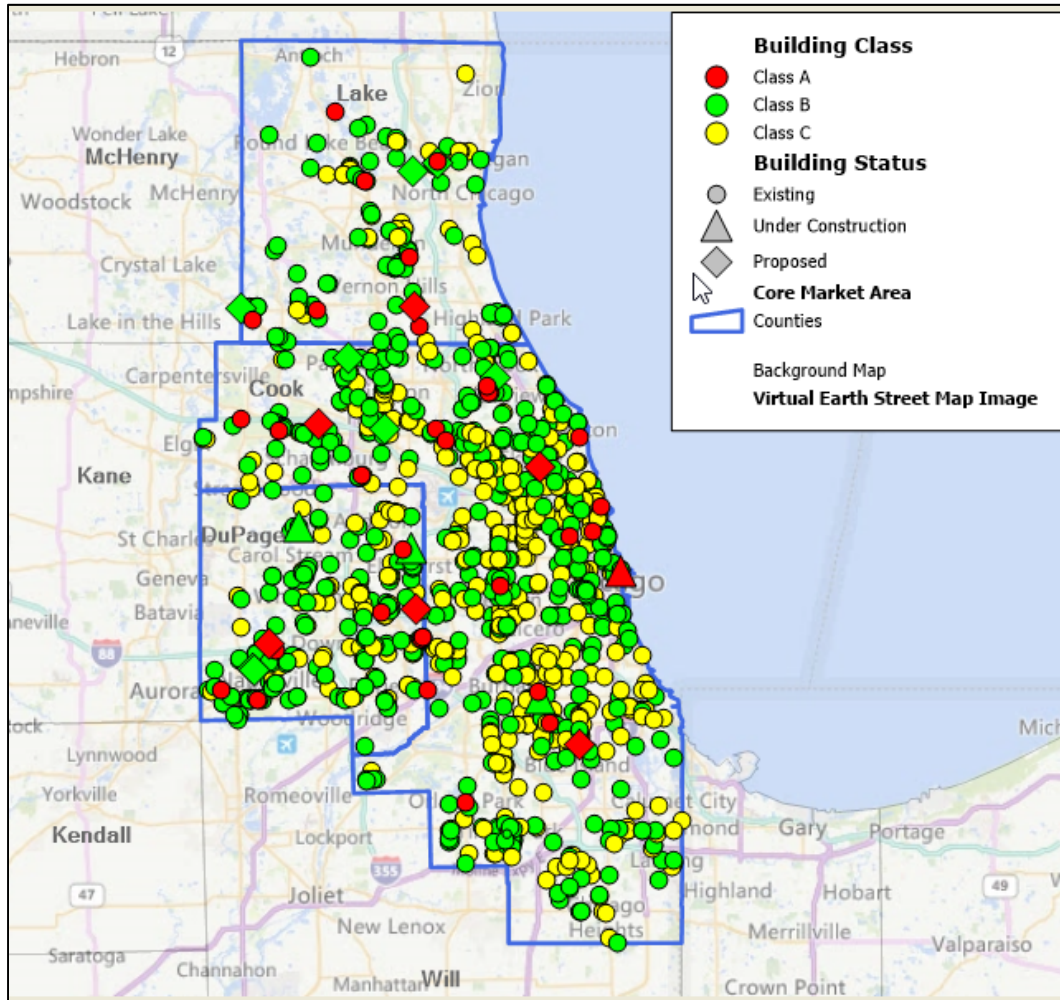
Largest MOB Investment Buyers – Last 12 Months

#	Buyer	Acquisition Total	Square Feet	Price PSF
1	Harrison Street Capital	\$12,500,000	28,146	\$444
2	Elliott Bay Capital Trust	\$5,850,000	16,020	\$365
3	Midwest Property Group	\$4,100,000	13,925	\$294
4	Location Finders International	\$3,061,500	10,000	\$306
5	MD Practice Solutions	\$3,000,000	8,000	\$375
Total/Average		\$28,511,500	76,091	\$375

Sources: CoStar Group, Inc. and Real Estate Counselors International, Inc.
Note: These data may include properties that are part of portfolios located in a few other metropolitan areas and includes only disclosed prices.



CORE MARKET AREA DEFINITION AND MOB INVENTORY



Sources: CoStar Group and Real Estate Counselors International, Inc.
Note: Medical office properties containing 2,000 square feet or more located in Cook, DuPage and Lake Counties

Note: All information is from sources deemed reliable; however, no representation is made as to the accuracy thereof. CoStar began to track the metro Chicago MOB inventory during the 1990s. As such, the company continues to increase its capture of additional existing inventory as well as new construction, which thereby increases the total inventory over time, which may change historical absorption and vacancy figures presented by RECI.

Real Estate Counselors International has relationships with healthcare providers, private equity firms, financial institutions, developers, investors, government agencies, major corporations, and other public and private concerns. Among our specialties are:

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

For More information, please contact: Thomas Amato, CRE at 312.332.4000 X101

Real Estate Counselors International, Inc.