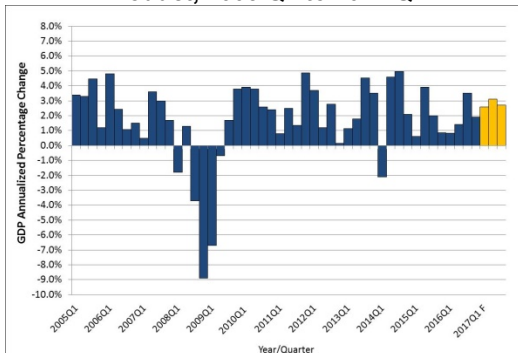




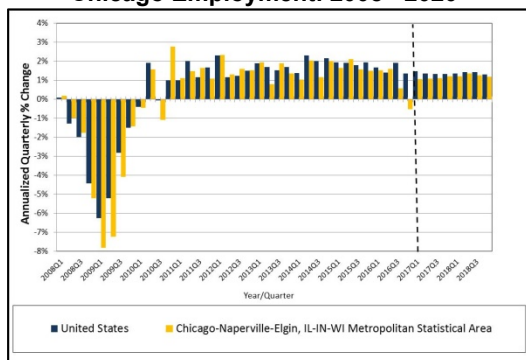
METRO CHICAGO CORE MARKET MEDICAL OFFICE BUILDING SNAPSHOT

Quarterly Change in U.S. Gross Domestic Product, 2005 Q1 to 2017 Q1



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

Quarterly Change in United State and Metro Chicago Employment: 2008 - 2020



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

According to the American Hospital Association, in 2015, there were 5,686 hospitals in the U.S. Of these, 2,904 hospitals (51.1%) were nonprofit and 1,060 (18.6%) were for-profit. Additionally, 1,010 hospitals (17.8%) were owned by state or local (county, hospital district, etc.) government entities.

Academic medical centers (AMCs) are hospitals and health systems with a close affiliation with a medical school. AMCs feature residency and often fellowship training programs and pursue clinical research in addition to direct patient care.

*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.

Executive Summary

The Trump administration inherits a strong U.S. economy. More than 225,000 jobs were created in January across the United States. Moody's Analytics expects the expansion to continue throughout 2017. Although there are downside risks to the economy's performance, 2017 should remain recession-free. We do not yet know definitively how the Trump administration's policies will shake out, but based upon what we do know about a Trump administration's policies suggests that they will have a dampening impact on the U.S. and global economies over the long-term. Economic policy under President Trump could go in many different directions. Notwithstanding, a significant shift toward U.S. protectionist policies would have both near- and long-term economic implications. Under Moody's current baseline forecast, real GDP is expected to grow 2.2% per annum over the next four years, with close to 3% growth over next year, but growth of about half that in 2020.

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 growth of the past two years.**

Metro Chicago Core MOB Market Highlights at Year-End 2016

- The average gross asking rent was \$22.52 PSF in 2016, about 3.9% above the asking rent at year-end 2015.
- Vacancy Rate: 11.8%, down slightly from 12.2% at year-end 2015; still significant after delivery of 215,000 square feet throughout the year.
- Positive Net Absorption was strong in the 4th quarter of 2016, resulting in measurable positive net absorption (absorption rate of 1.4%) for the year.
- Square feet of MOB space under construction remains historically low at only 0.4 % of existing inventory.

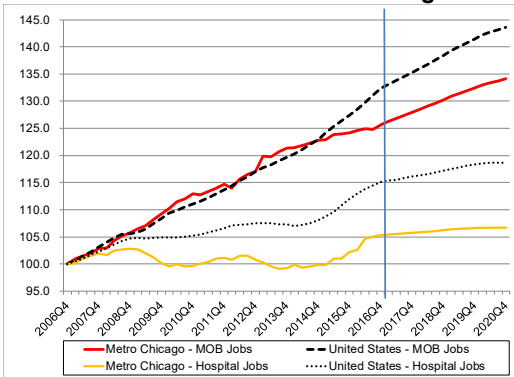
Metro Core MOB Market Outlook

The Metro Chicago Core MOB Market is showing signs of strong demand growth. We expect MOB and hospital job growth to remain moderately strong and in turn fuel growing demand for MOB space. The vacancy rate is expected to continue its decline over the long-term. **Rent growth has strengthened; this should continue as the vacancy rate continues to decline.**



METRO CHICAGO CORE MARKET MOB DEMAND/SUPPLY

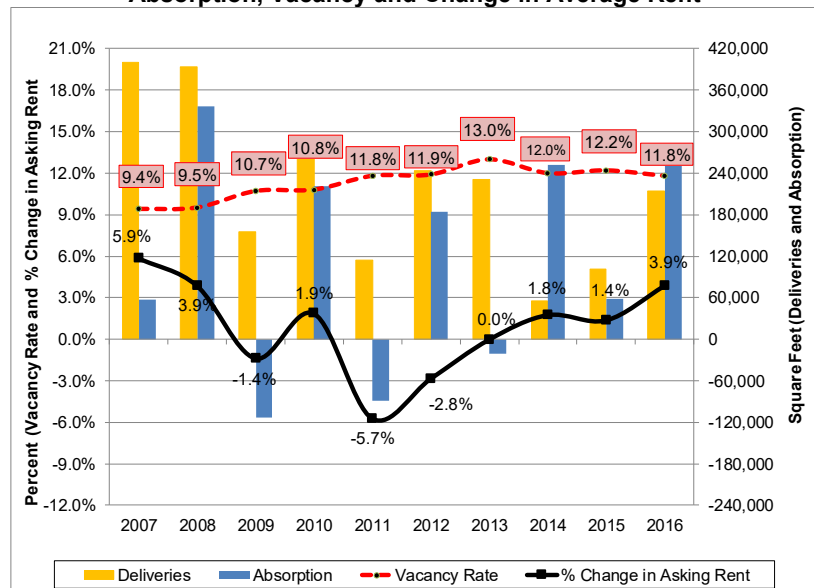
Medical Office Building* and Hospital Jobs: United States and Metro Chicago



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

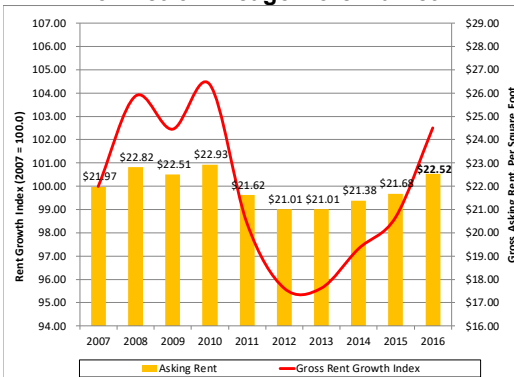
Net Absorption was strong in the 4th quarter of 2016, after flat absorption in the 2nd quarter 2016 and low levels in the 1st and 3rd quarters. With little new construction during the first three quarters of 2016 and despite high levels of deliveries in the 4th quarter, the vacancy rate was 11.8% at the end of the 4th quarter 2016 or 40 basis points lower than the vacancy rate at the end of the 4th quarter 2015.

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 2016 represents the change since year-end 2015.
(2) All statistics represent annual quarterly averages, not quarter-end figures.

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



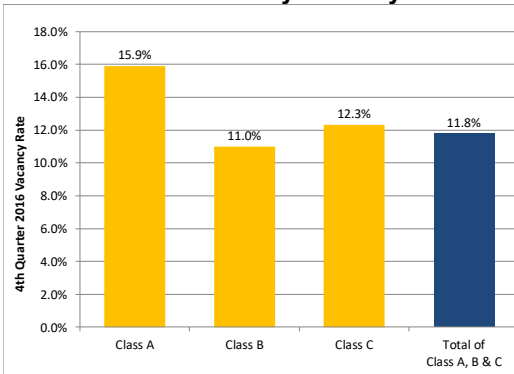
Sources: CoStar Group, Inc. and Real Estate Counselors International, Inc.
Note: All figures represent annual averages, not year-end figures.

Metro Chicago Core Market⁽¹⁾ Demand/Supply Indicators: Q4 2015 and Q4 2016

| Indicator | Chicago Metro - Core Market |
|--|-----------------------------|
| Number of Properties | 1,186 |
| Total Net Rentable Square Feet | 21,368,471 |
| Vacancy Rate, 2016 Q4 | 11.8% |
| Vacancy Rate, 2015 Q4 | 12.2% |
| Basis Point Change in Vacancy 2015 Q4 to 2016 Q4 | -40.00 |
| Gross Asking Rent, 2016 Q4 | \$22.52 |
| Gross Asking Rent, 2015 Q4 | \$21.62 |
| % Change in Asking Rent 2015 Q4 to 2016 Q4 | 4.16% |
| Space Absorbed last 4-Qtrs 2016 Q1 to 2016 Q4 | 266,591 |
| Absorption Rate | 1.4% |
| Space Leased last 4-Qtrs 2016 Q1 to 2016 Q4 | 470,354 |
| Leasing Rate | 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) The Chicago Outlying Market includes MOB's containing 2,000 square feet or more located in 17 outlying counties.
(3) All figures presented in this table reflect quarter-end figures, not quarterly averages.

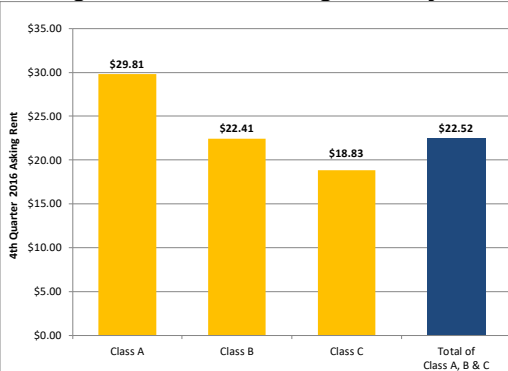
Core Market Vacancy Rates by Class



Sources: CoStar Group, Inc. and Real Estate Counselors International, Inc.
Note: All figures presented in this graph reflect year-end statistics, not annual averages.



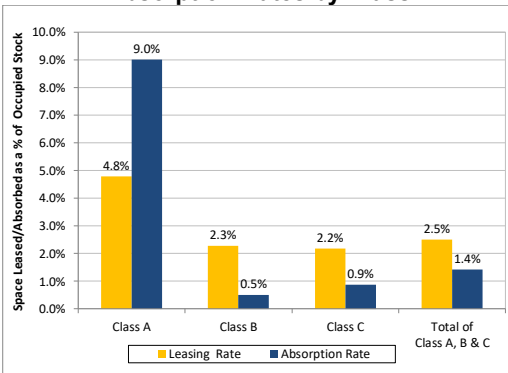
Chicago Core Market Asking Rents by Class



Sources: CoStar Group, Inc. and Real Estate Counselors International, Inc.
Note: All figures presented in this graph reflect year-end statistics, not annual averages.

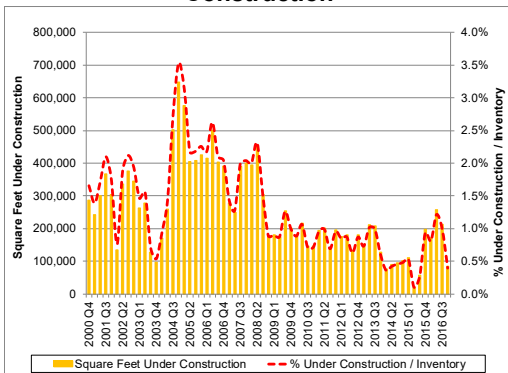
Core market leasing activity (i.e., gross absorption) and net absorption (i.e., space demand) has been strongest in the Class A sector since year-end 2015. Net absorption has been weakest in the Class B sector

Chicago Core Market Leasing and Absorption Rates by Class



Sources: CoStar Group, Inc. and Real Estate Counselors International, Inc.
Note: All figures presented in this graph reflect quarter-end statistics, not quarterly averages.

Metro Chicago Core Market MOB Construction



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

The average gross asking rent was \$22.52 PSF at year-end 2016, about 3.9% above the asking rent at year-end 2015. Since hitting a low in 2012, the average gross asking rent has continued to increase.

Of the three classes of properties, Class A MOB's exhibited the highest vacancy rate at 15.9%, at the end of the 4th quarter. The Class B and Class C vacancy rates were near 40 to 50 basis points lower. Since 2015, vacancy rates have declined for Class A and C properties but remained flat for Class B properties.

The market's largest MOB's, encompassing just over 6.8 million square feet built since 1979 exhibited a vacancy rate of 13.1% at the end of 2016, as shown in the table below.

**Metro Chicago Core market by Class
Demand/Supply Indicators: Q4 2015 and Q4 2016**

| 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 | 32 | 634 | 520 | 137 |
| Total Net Rentable Square Feet | 2,166,275 | 14,336,547 | 4,865,649 | 7,157,649 |
| Vacancy Rate, 2016 Q4 | 15.9% | 11.0% | 12.3% | 13.10% |
| Vacancy Rate, 2015 Q4 | 18.2% | 11.0% | 13.1% | 14.00% |
| Basis Point Change in Vacancy 2015 Q4 to 2016 Q4 | -230.00 | 0.00 | -80.00 | -90.00 |
| Gross Asking Rent, 2016 Q4 | \$29.81 | \$22.41 | \$18.83 | \$25.77 |
| Space Absorbed last 4-Qtrs 2016 Q1 to 2016 Q4 | 164,046 | 65,649 | 36,896 | 208,175 |
| Absorption Rate | 9.0% | 0.5% | 0.9% | 3.3% |
| Space Leased last 4-Qtrs 2016 Q1 to 2016 Q4 | 87,236 | 290,306 | 92,812 | 143,480 |
| Leasing Rate | 4.8% | 2.3% | 2.2% | 2.3% |

Sources: CoStar Group, Inc. and Real Estate Counselors International, Inc.
Note: All statistics presented in this table reflect year-end statistics, not annual averages.

The Class A space absorption rate surged in 2016, exhibiting a rate of 9.0% for the year, suggesting what could be a "flight to quality". This rate even far exceeded the leasing rate of nearly 5% over the same time period.

Notwithstanding, the leasing rate (2.3%) and the absorption rate (3.3%) for the largest MOB's also remain high.

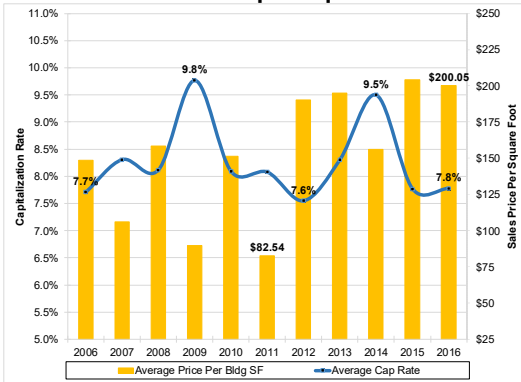
At year-end 2016, the Metro Chicago Core MOB market inventory encompassed nearly 21.4 million square feet in 1,186 buildings, according to the CoStar property database.

There are four buildings under construction with space totaling about 85,000 square feet. These buildings are located in Chicago, Burbank, and Bloomingdale. Total construction **remains at levels far below the pre-recession period.**

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



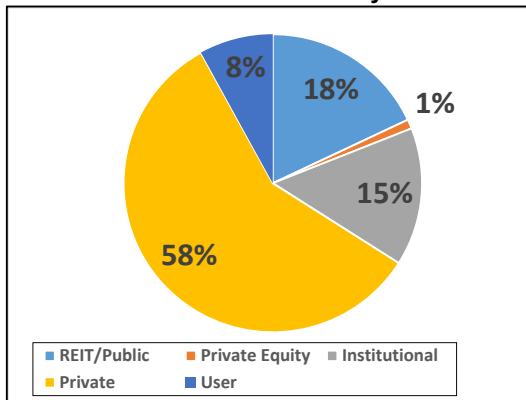
MOB Sales Capitalization Rates and Average Annual Prices per Square Foot



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

The average capitalization rate was 7.8% in 2016. Since 2006, Chicago core market MOB investment sales have exhibited capitalization rates that peaked around 9.8% in 2009 and dropped to 7.6% by 2012. Note: The dramatic jump in the average capitalization rate in 2014 resulted from the sale of a number of smaller, older medical office buildings sold in that year.

Investor Profile of MOB Investment Sales: Transacted Since January 2011



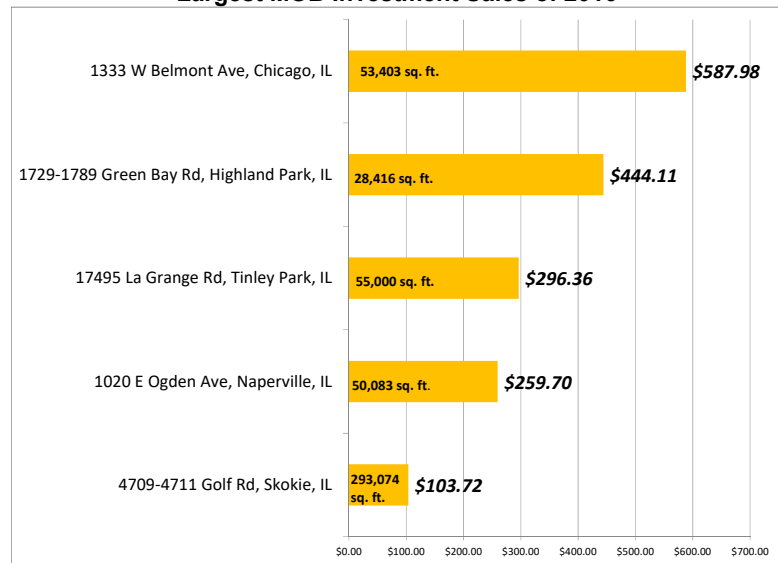
Sources: CoStar Group, Inc. and Real Estate Counselors International, Inc.

Since January 2011, approximately 58% of Core Market MOB sales volume represents acquisitions by private REITs. The next largest share, estimated at 18%, is associated with public REITs.

METRO CHICAGO CORE MARKET MOB INVESTMENT SALES TRENDS

In 2016, aggregate MOB sales totaled \$182.7 million. Of this total, 65% is associated with five buildings. The buildings, square footages and sales price per square foot are shown in the chart below.

Largest MOB Investment Sales of 2016



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

Since 2011, approximately 50% of all MOB investment sales activity has been concentrated in four Chicago submarkets – Near-North Suburban Area, Eastern East-West Corridor, Western East-West Corridor and Schaumburg.

There are 10 top buyers who each amassed over \$20.0 million worth of MOBs since 2011. On average, these buyers paid \$259 per square foot which is well above the market average per square foot sale price associated with all MOB sales of the last five years. These portfolio or aggregate sales ranged in price from \$89.00 per square foot (Imperial Realty) to \$512 per square foot (Harrison Street Capital).

Largest MOB Investment Sales Since January 2011

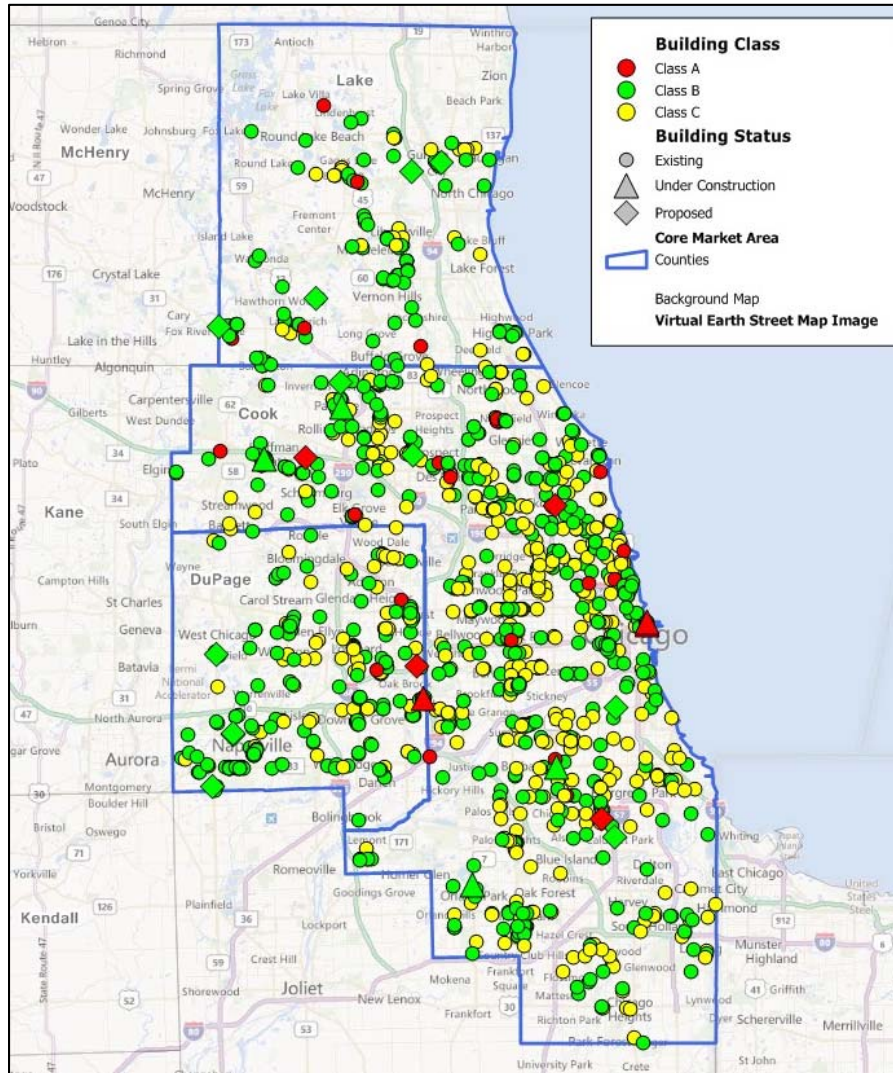
| # | Buyer | Acquisition Total | Square Feet | Price PSF |
|----------------------|---|----------------------|------------------|--------------|
| 1 | MB Real Estate | \$159,365,903 | 562,167 | \$283 |
| 2 | Griffin Capital Corporation | \$65,054,500 | 289,586 | \$225 |
| 3 | Harrison Street Capital | \$60,400,000 | 118,049 | \$512 |
| 4 | Healthcare Trust of America, Inc. | \$54,000,000 | 139,200 | \$388 |
| 5 | Duke Realty Corporation | \$47,750,000 | 104,912 | \$455 |
| 6 | Inland Real Estate Group of Companies, Inc. | \$44,225,684 | 142,695 | \$310 |
| 7 | Cole Real Estate Investments | \$40,325,000 | 140,848 | \$286 |
| 8 | MedProperties Group | \$38,495,000 | 233,644 | \$165 |
| 9 | Imperial Realty Company | \$32,689,553 | 365,633 | \$89 |
| 10 | Dupage Medical Group | \$20,600,000 | 72,600 | \$284 |
| Total/Average | | \$562,905,640 | 2,169,334 | \$259 |

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.



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.

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
- 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.

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

Real Estate Counselors International, Inc.