

DATA: SOURCES & METHODOLOGY

Overview

The Data is exclusively licensed from Real Capital Analytics (“RCA”). RCA is an independent provider of near real-time pricing and other capital markets information to the commercial real estate industry. Since its inception in 2000, RCA has comprehensively captured the details on trillions of dollars of sales and financings of commercial properties nationally. RCA is frequently sourced in the press and widely used among industry participants. RCA’s clients include all top brokerage firms as well as 75% of the active buyers and sellers in the US. RCA is also the publisher of *US Capital Trends* and partner in REAL.

RCA has established rigid data collection and classification methodology including sourcing requirements and procedures to ensure the information it provides is accurate and timely. However, RCA makes no representations or warranties regarding the accuracy of the data.

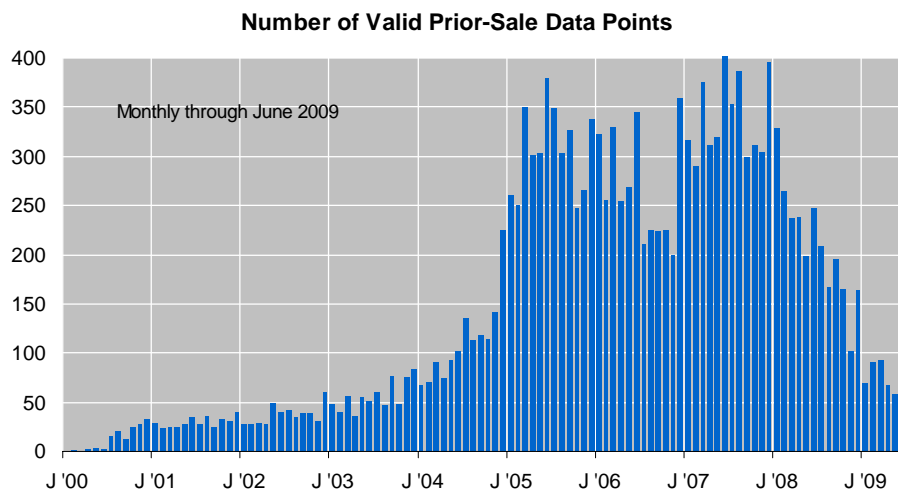
Coverage

Investment sales of commercial properties valued \$2.5 million and greater are tracked in all markets nationally. Approximately 90% or more of all property sales within the defined property classifications are captured by RCA.

Sales are tracked for office, industrial/flex, retail, apartments, and hotels. Specialty use properties are not included such as mini-storage facilities, manufactured housing, restaurants, stand-alone parking garages, auto related properties, congregate care facilities, schools, churches and others.

- Industrial:** for industrial use, such as distribution, manufacturing or warehouse facilities. **Flex** is indicated for properties with a mix of office and industrial uses. Almost always single story, they may be research facilities, tech/telecom facilities, etc.
- Office:** primarily used for office space. The square footage reported refers to the rentable area. Office properties are classified based on their location as either CBD or Suburban. **CBD**, or Central Business District, is the “downtown” of a city, based on generally accepted classifications adopted in each market. Office properties may have a small retail component (especially in CBDs on the street level), or a parking garage, or other attached uses. Single-story office properties are classified as Flex.
- Apartments:** multi-family rental properties. Apartment properties are classified as either **Garden** complexes or **Mid/High-rise** projects, which are defined as four stories or greater.
- Retail:** Generally retail assets are either shopping centers (strips and enclosed malls) or freestanding stores.

Transactions for properties priced \$5 mil and greater are available from July 2000 to present. Transactions for properties priced between \$2.5 million and \$5 mil are available from January 2005 to present. Hotel transactions are available from 2004 to present. Prior sale information is available for transactions throughout these periods even if the initial sale occurred prior the start of the data series. However, prior sales information has improved over the collection period and will continue to grow as time goes on.



Sources

The property and transactional data is derived from proprietary research that includes the cumulative sourcing and cross-referencing of hundreds of independent reliable sources. Some of these sources include: press releases & news reports, title records and SEC filings, other licensed databases, broker submissions, and feedback from subscribers. The data is meticulously organized, standardized and reviewed internally according to strict guidelines and quality control measures including statistical tests of the reliability of data compared to peers and prior sales. The data is based largely on third-party reports and most transaction records are confirmed by two or more reliable sources. Each RCA transaction record is sourced an average of 3.75 times.

Prices

Each price is categorized by one of four qualifiers depending on the source of the information. Prices are averaged if conflicting reports are received from similarly qualified sources. Only transactions where both the current and prior prices are qualified as confirmed or approximate are considered valid for index calculations. Prices based on appraisals, estimates or allocations are specifically excluded.

Prices typically exclude closing costs and prorated expenses. Sales of controlling partial interests are grossed up to reflect a full valuation of the property. Prices reflect the free-and-clear value of each property, but transactions where the seller assumes market-rate debt are also included. Prices for transactions that are known to include a material contingent earn-out provision are not considered valid.

Transaction Dates

The date of a transaction is recorded as the actual closing date (if known), or approximated as the earliest report of the closing. In the case where an exact date is not available, the closing is assumed to occur at the midpoint of the month, quarter or year.

Geographic Markets

Market classifications generally follow the [Metropolitan Statistical Areas](#) defined by the [U.S. Census Bureau](#). Small and mid-sized cities that do not warrant their own market classification are grouped into tertiary market groupings that may cover a large geographic area within a

region. [Note: the data is geocoded by zip code, county and latitude and longitude coordinates and can be easily modified to mirror any standard classifications].

Valid Sale

Records are maintained for transactions that represent the transfer of a controlling interest in a property or portfolio of properties that are **\$2.5 million or greater**. Transactions are assumed to be fee simple; leasehold and commercial condominium interests are noted, if known. Trade records include only asset sales and not entity-level or stock transactions. Transactions must be arms length. Foreclosures, condemnations, quitclaim deeds and deed-in-lieu transfers are excluded. Buyer and Seller entities are researched by RCA to eliminate non arms length transactions from consideration.

Valid Prior Sale

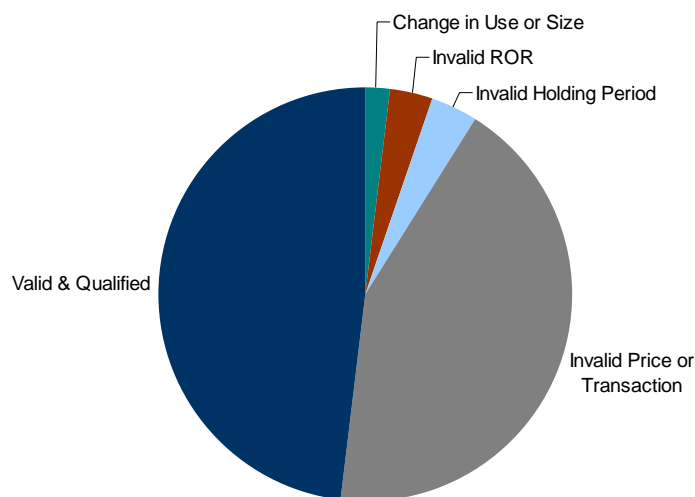
The prior sale must meet all the conditions of a Valid Sale to qualify and must be the sale immediately preceding the current sale. Records are researched to verify that the buyer of the prior sale is the seller of the current sale.

Not all property sales will have a prior sale and not all prior sales are valid comparisons to the current sale.

For many properties, such as those sold by the developer or original owner, a prior sale is not applicable. Over the past twelve months, such properties accounted for in excess of 22% of captured transactions, by \$ volume, and close to 27% of the number of properties. In addition, close to 40% of captured transactions have no identified prior sale.

The remaining transactions are carefully reviewed to make certain the prior sales price does not reflect land acquisition prior to development. Prior sales information is also not relevant for properties that were acquired by the seller in a non market deal, such as by foreclosure or exercise of a fixed-price purchase option. These transactions are excluded for the purposes of the index calculations.

Deals by Dollar Volume



In the instances where prior sale information is applicable and available, the prior sale record is analyzed to make sure it is a valid comparison to the current sale and physical characteristics of the property have not changed materially during the holding period. The use of the property must be the same and the rentable area can not vary by more than 10% between sales. Excess land or adjacent lots must be part of both sales or the prior sale record is invalid. Interest conveyed (fee, leasehold, or condo) must also be the same at the time of the current and prior sale.

Timeliness

Reporting of property sales and recording of title documents varies greatly throughout each jurisdiction nationally. Generally, between 70% and 80% of all property sales are reported within a month following the closing and information on approximately 90% of all sales is reported within 60 days.

Timing & Availability of Monthly Data

