Deutsche Bank
Markets Research
North America
United States
Financial
REITs
Industry

US REIT 3Q16
Earnings Preview

REIT pullback & low bar could spark 3Q rallies, but don't get too excited

House view remains constructive for REITs as fundamentals moderate
Following a strong start to 2016 the REITs have traded off 10% since 8/1. The decline coincides with a 30bps rise in the 10-year yield and increasing probabilities of a Dec rate hike. While painful, the move has reset valuations, which now appear much healthier. As we have stated in the past, we think the REITs remain in macro limbo, with expectations regarding yields and overall risk appetites trumping bottom up trends. Given the DB house view, which calls for muted GDP growth, a stable 10-year environment, and no recession through 2017, combined with less aggressive REIT valuations, we think the stocks have a little room to run if 3Q can exceed low expectations.

Data Centers remain our focus, despite expected leasing volume decline
Following several Q's of record leasing we think the Data Centers could be poised to see some moderation in 3Q as activity naturally ebbs and flows. There are some concerns that public cloud players may take a pause in leasing activity following a rapid period of expansion, but with penetration of cloud workloads still low, we think any such pause would be temporary. Also, with the 10% and 14% drops in DLR and CONE, respectively since 8/1, we think expectations are low, making for an interesting setup for 2 names with secular demand drivers and above average growth prospects over the next few years.

Strip valuations looking better, but Sports Authority optics could be a challenge
Last Q we got less positive on the Strips as valuations had gotten ahead of fundamentals. With the markets seemingly feeling less risk averse, the Strips have pulled back by 11%, easing valuation concerns. 3Q could be optically challenging, however, as the impact from the Sports Authority bankruptcy, as flagged as it has been, finally hits reported SS NOI results. We will be more focused on how much progress has been made on releasing these boxes and who else might be next, with Golfsmith's bankruptcy a much smaller impact on the space. With still substantial relative value discounts in the space, we remain constructive on Buy-rated RPT, RPAI, and BRX.

Slowing trends expected in the Apartments, Malls, and Office sectors…
We are looking for moderating fundamentals for the Apartments and Office as supply in gateway markets remains elevated and job growth has slowed. While the issues in S.F. and NYC have been making headlines for some time, we will be focused on L.A. where job growth has decelerated for the past 2 months and D.C. where trends have improved. SLG, however, appears to have had another good leasing Q, with 2.3msf of YTD activity as of mid-September

suggesting over 800ksf of deals signed with a couple of weeks left in 3Q.
…Healthcare fundamentals healthy, but investment volumes remain soft
Health care operating trends were positive in the Q per data from NIC, as occupancy was up and rent growth improved versus last Q. Although we have been concerned about pending supply, demand appears to be healthy.
Concerns about the acquisition environment, however, remain; with Sr. Housing transaction volume continuing to fall in 3Q and VTR's recent acquisitions in the life sciences and hospital segments also suggesting fewer opportunities in traditional Sr. Housing.
Estimates, valuations, and risks
Our target prices are based on our forward NAV estimates and earnings multiples. Risks are supply/demand imbalances and capital market conditions. See pgs 54-55 for a summary of our target price and estimate changes.
Date
18 October 2016
Results
Vin Chao, CFA
Research Analyst
[redacted]
Mike Husseini, CFA
Research Associate
[redacted]
Vlad Rudnytsky
Research Associate
[redacted]
Greg Schweitzer
Research Associate
[redacted]
Derek Johnston
Research Associate
[redacted]
Key Changes
Company
CIO.N
CONE.OQ
DLR.N
Source: Deutsche Bank
Target Price
15.00 to
Rating
-
15.50(USD)
60.00 to
59.00(USD)
112.00 to
108.00(USD)

-
-

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REIT 3Q16 preview
Set up into 3Q better than it's been in a long time…
Broad-based sell-off since 8/1/16
Since the YTD peak on 8/1, the RMZ has dropped by almost 10% versus a 1.3% drop for the S&P500. Uncertainty regarding the direction of rates remains an issue with the 10-year yield ranging from as low as 1.50% to as high as 1.80% over that time. Concerns ranging from the potential for nearer-term rate hikes, the impact of the U.S. election, and to the probability of a recession have all been cited as reasons for the weakness, but overall the market's taste for yield appears to have diminished since early August with the S&P Electric Utilities Index also falling over 7%. The pullback in the REITs could also simply reflect profit taking on a group that has outperformed for most of the year and was trading almost 2 standard deviations above historical multiple averages at the YTD peak established on 8/1. With the stocks now back in line with historical multiples, our coverage trading at an 8% discount to NAV, and with low expectations into the Q, we think the setup for the group is better than it's been in a while.
Figure 1: YTD RMZ performance
10.0%
15.0%
20.0%
25.0%
-15.0%
-10.0%
-5.0%
0.0%
5.0%
as of 10-14-16
Source: Deutsche Bank, SNL
MSCI US REIT (RMS)
Figure 2: Performance by risk bucket since 8/1/16
-12.0%
-10.0%
-8.0%
-6.0%
-4.0%
-2.0%
0.0%
-7.7%
-8.4%
-9.0%

Small
Cap
Mid
Cap
-9.5%
Large
Cap
Div
Yield
>3.5%
as of 10-14-16
Source: Deutsche Bank, SNL

Property sector performance more nuanced

The market's improving economic outlook has helped reduce near-term recession fears and pushed 10-year yields higher over the past few months, which has led to significant underperformance of Freestanding Retail (triple nets), which have fallen 11% since 8/1 but remain a top performing sector YTD at +25%. Other more economically sensitive property types like Office and Apartments, which were some of the weakest performers earlier in the year, have done "less bad" in the post 8/1 period down only 7% and 8.4%, respectively.

While yield concerns have weighed on REITs overall over the past few months, performance by property type was not just yield driven, with Data Centers falling almost 8% since 8/1 after running up 36% YTD up to that point. Concerns about a near-term pullback in hyper-scale cloud demand and the lack of near-term flow through from recent leasing activity drove some profit taking in a group that remains up over 25% YTD. Malls have also fared poorly

-8.4%
-8.9%
-10.1% -10.1%
Div
Yield
<=3.5%
High
Growth
>5.0%
'16 FFO
growth
Low
Growth
<=5.0%
'16 FFO
growth
Change since 08/01/16
Debt / Debt /
EBITDA
>5.0x
EBITDA
<=5.0x

Avg
volume
> 1MM
Avg
volume
<= 1MM
-7.9%
-9.1%
-8.3%

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in the face of slowing rent spreads and NOI growth, while concerns about retailer health, in particular teen apparel and department stores remain in high
focus. Malls as a group have dropped 14% since 8/1. Industrial, which remains an investor favorite as e-commerce demand and rational supply growth make it one of the few property types seeing improving internal growth and continued development opportunities, is up 25% YTD and down only 6.5% since early August. Healthcare, which is typically considered defensive and more yield oriented has not pulled back as much as we would have thought.

Figure 3: REIT performance pre 8/1/16

40.4%
10.0%
15.0%
20.0%
25.0%
30.0%
35.0%
40.0%
45.0%
-5.0%
0.0%
5.0%
36.4% 36.0%
33.6%
25.5%
22.6%
20.6%
17.9% 17.8%
14.8%
7.2%

Figure 4: REIT performance post 8/1/16

-1.4%
-16.0%
-14.0%
-12.0%
-10.0%
-8.0%
-6.0%
-4.0%
-2.0%
0.0%
-6.5% -6.9%
-7.8% -8.4% -8.4%
-10.2% -10.4% -10.8% -10.9% -10.9%
-12.7%
-13.6%
YTD as of 8/1/16
Performance Since 8/1/16

Source: Deutsche Bank, SNL
Source: Deutsche Bank, SNL
…but catalysts remain elusive
While the set up is good, we aren't expecting 3Q to provide a lot of sparks to
the upside as only a handful (BXP, FRT, GGP, CLI, SRC in our coverage) are expected to provide initial 2017 guidance this Q and internal growth trends are
likely to slow for the Apartments, Malls, and Strips, while leasing volumes for
CBD office could also moderate with D.C. in election related lock down and S.F. job growth slowing. NYC, however could surprise to the upside with JLL reporting a pickup in 3Q office net absorption versus the past few quarters. SLG also reported YTD leasing activity as of mid-September that suggested another strong quarter of leasing in 3Q.
Data Centers remain our favorite property type
Data center leasing volume, recently driven by accelerating hyper-scale cloud demand, has also come into question as there has been some discussion of a near-term pullback in demand from this group. Additionally, there could again be some flow through concerns as any 3Q leasing activity is unlikely to have a
significant impact on 2016 revenues given commencement timing. CONE, which has been one of the biggest beneficiaries of the aforementioned hyperscale
cloud demand, could see the biggest deceleration in volumes in our data center coverage from recently-elevated levels, but we think this is already reflected in the 14% decline in the shares since 8/1. CONE also remains the cheapest on AFFO, despite its recent equity raise that took leverage down to the mid-4x range. We also think expectations for DLR are low, with leasing activity trailing its peers for most of the post Telx acquisition period, still no
backfill for the head of sales role, and the stock off 10% since early August. If

DLR can follow up on its already reported strong early 3Q leasing activity, we
think the stock could see a nice near-term move higher.

Strip REIT valuations looking better, but Sports Authority optics could be a challenge

Last quarter we got less positive on the Strips as valuations had gotten ahead
of fundamentals as investors sought the safety of grocery-anchored Strip centers with stable, albeit unexciting internal growth preferred given macro uncertainties. With the markets seemingly feeling less risk averse, the Strips
have pulled back by 11%, pushing valuations into much more comfortable territory. The group continues to benefit somewhat as a safety trade, as reflected in smaller discounts to NAV than most of our coverage. Within the Strips, there remains a substantial, and in our view unwarranted, disparity in
valuations, which we think will narrow as markets become more comfortable with the improving operating and financial risk profiles of Buy-rated names like
RPT, RPAI, and BRX. 3Q could be optically challenging, however, as the impact from the Sports Authority bankruptcy, as flagged as it has been, finally hits reported SS NOI results. We will be more focused on how much progress has been made on releasing these boxes and who else might be next, with Golfsmith's bankruptcy a much smaller impact on the space.

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3Q16 earnings call schedule
Figure 5: DB Earnings Call Schedule
3Q16 FFO
Expected Earnings
Release
Thursday, Oct 20
Prologis
SL Green Realty Corp.
Tuesday, Oct 25
Brixmor
American Campus Communities, Inc
AvalonBay Communities Inc.
Wednesday, Oct 26
Mack-Cali Realty Corp.
Simon Property Group Inc.
Equity Residential
QTS Realty Trust
Boston Properties Inc.
Thursday, Oct 27
Equity One Inc.
DDR Corp.
Kilroy Realty Corp.
Digital Realty Trust
Friday, Oct 28
Independence Realty Trust
Ventas Inc.
Kimco Realty Corp.
Camden Property Trust
Macerich Co.
Monday, Oct 31
CyrusOne Inc.
Tuesday, Nov 01
General Growth Properties
Vornado Realty
Post Properties Inc.
Wednesday, Nov 02
Ramco-Gershenson Properties Trust
Regency Centers Corp.
Welltower, Inc.
Retail Properties of America
Taubman Centers Inc.
Thursday, Nov 03
Paramount Group
Federal Realty Investment Trust
Spirit Realty Capital 4
Friday, Nov 04
Kennedy Wilson 2
Monday, Nov 07

City Office
Yet to announce date
American Farmland
Medical Properties Trust
PLD
SLG
BRX
ACC
AVB
CLI
SPG
EQR
QTS
BXP
EQY
DDR
KRC
DLR
IRT
VTR
KIM
CPT
MAC
CONE
GGP
VNO
PPS
RPT
REG
HCN
RPAI
TCO
PGRE
FRT
SRC
KW
CIO
AFCO
MPW
BMO, 10/20
AMC, 10/19
AMC, 10/24
AMC, 10/24
AMC, 10/24
AMC, 10/25
BMO, 10/26
AMC, 10/25
AMC, 10/25
AMC, 10/25
AMC, 10/26
AMC, 10/26

AMC, 10/26
AMC, 10/27
BMO, 10/28
BMO, 10/28
AMC, 10/27
AMC, 10/27
AMC, 10/27
BMO, 10/31
AMC, 10/31
AMC, 10/31
AMC, 10/31
AMC, 11/1
AMC, 11/1
BMO, 11/2
AMC, 11/1
AMC, 11/1
AMC, 11/2
AMC, 11/2
AMC, 11/2
AMC, 11/3
BMO, 11/7
Dial In
Call Time
Number
Code
(if needed) DB1
12:00PM [redacted] 81585906
2:00PM ([redacted] 5055428
10:00AM [redacted]
2633815 [redacted]
10:00AM [redacted] 10092501
11:00AM [redacted]
7799607 [redacted]
9:30AM ([redacted] ack-Cali
11:00AM [redacted] 83479240
11:00AM [redacted]
10:00AM [redacted]
7711235 [redacted]
6876189 [redacted]
10:00AM [redacted] 23629459
9:00AM ([redacted]
10:00AM [redacted]
9742418 [redacted]
N/A [redacted]
1:00PM ([redacted] 7486596
5:30PM ([redacted]
9116034 [redacted]
9:30AM ([redacted] 6007206
10:00AM [redacted]
10:00AM [redacted]
12:00PM [redacted]

2:00PM [redacted]
Ventas [redacted]
3003492 [redacted]
6983019 [redacted]
7700937 [redacted]
11:00AM [redacted]
9:00AM [redacted]
N/A [redacted]
N/A [redacted]
10:00AM [redacted] 43587461
10:00AM [redacted]
5778078 [redacted]
9:00AM [redacted]
10:00AM [redacted]
N/A [redacted]
N/A [redacted]
10:00AM [redacted] 94724138
11:00AM [redacted]
11:00AM [redacted]
N/A [redacted]
9675582 [redacted]
10:00AM [redacted]
N/A [redacted]
11:00AM [redacted] 75378394
11:00AM [redacted]
N/A [redacted]
10:00AM [redacted]
N/A [redacted]
11:00AM [redacted] City Office
$0.81
$1.43
$0.50
$0.45
$2.18
$0.56
$2.65
$0.81
$0.62
$1.42
$0.27
$0.31
$0.87
$1.37
$0.19
$1.01
$0.17
$1.11
$1.04
$0.58
$0.35
$1.25

$0.80
$0.33
$0.23
$1.13
$0.25
$0.86
$0.18
$1.44
$0.19
$0.07
$0.22
$0.07
$0.30
1 DB est prior to report. In some cases this has been adjusted from prior publications for comparability to reported results
2 KW estimates refer to EPS
3 Guidance shown equates to NAREIT FFO guidance except as noted via " * "
4
5
Spirit estimates refer to AFFO
Consensus estimates are as of 10-14-16
Source: Deutsche Bank, company data, Thomson
DB Proforma1
Cons.5
$0.69
$1.43
$0.50
$0.45
$2.08
$0.56
$2.65
$0.78
$0.62
$1.42
$0.33
$0.31
$0.87
$1.49
$0.22
$1.01
$0.38
$1.11
$1.04
$0.64
$0.36
$1.27
$0.80
$0.33
$0.80
$1.13
$0.26

$0.86
$0.19
$1.44
$0.22
$0.76
$0.26
$0.07
$0.30
$0.70
$1.50
$0.51
$0.43
$2.11
$0.55
$2.68
$0.78
$0.65
$1.43
$0.34
$0.31
$0.87
$1.44
$0.22
$1.00
$0.18
$1.10
$1.05
$0.62
$0.36
$1.27
$0.81
$0.34
$0.80
$1.14
$0.26
$0.89
$0.19
$1.42
$0.22
($0.05)
$0.26
$0.03
$0.30
FY16 FFO
Lo - pre Hi - pre
$2.52
$8.17
$2.03
$2.19
$8.26
$2.07

$2.58
$8.25
$2.06
$2.31
$8.46
$2.13
$10.77 $10.85
$3.05
$2.55
$5.92
$3.11
$2.65
$5.99
$1.36
$1.23
$3.36
$5.65
$0.84
$4.05
$1.34
$4.50
$4.05
$2.50
$1.51
$3.20
$1.33
$3.22
$4.50
$1.04
$3.75
$0.81
$5.62
$0.87
$1.40
$1.26
$3.44
$5.75
$0.88
$4.13
$1.42
$4.60
$4.15
$2.58
$1.55
$3.24
$1.37
$3.27
$4.60
$1.07
$3.90
$0.85

$5.68
$0.89
2016 Guidance (pre3Q16
report)3
$2.52-$2.58*
$8.17-$8.25
$2.03-$2.06
$2.19-$2.31*
$8.26-$8.46
$2.07-$2.13
$10.77-$10.85
$3.05-$3.11*
$2.55-$2.65*
$5.92-$5.99
$1.36-$1.40*
$1.23-$1.26
$3.36-$3.44
$5.65-$5.75*
$0.84-$0.88*
$4.05-$4.13
$1.34-$1.42
$4.50-$4.60
$4.05-$4.15
$2.50-$2.58*
$1.51-$1.55*
N/A
$3.20-$3.24
$1.33-$1.37*
$3.22-$3.27*
$4.50-$4.60*
$1.04-$1.07*
$3.75-$3.90
$0.81-$0.85*
$5.62-$5.68
AFFO $0.87-$0.89
N/A
N/A
N/A
$1.29
$1.33
$1.29-$1.33
DB1
$2.94
$8.19
$2.05
$2.33
$8.38
$2.21
DB Proforma1
Cons.5
$2.57

$8.19
$2.08
$2.28
$8.20
$2.12
$10.80 $10.80
$2.98
$2.54
$5.97
$3.07
$2.62
$5.97
$1.29
$1.25
$3.40
$5.53
$0.69
$4.10
$1.38
$4.53
$4.08
$2.28
$1.51
$4.88
$3.21
$1.38
$2.72
$4.50
$1.12
$3.84
$0.87
$5.65
$0.85
$1.39
$1.25
$3.40
$5.73
$0.80
$4.10
$1.50
$4.56
$4.10
$2.56
$1.54
$4.94
$3.24
$1.36
$3.27
$4.56
$1.06
$3.59

$0.85
$5.63
$0.89
($0.21) $1.79
$0.54
$0.22
$1.29
$1.01
NA
$1.29
$2.57
$8.29
$2.06
$2.25
$8.33
$2.11
$10.86
$3.08
$2.60
$5.98
$1.39
$1.26
$3.40
$5.70
$0.85
$4.12
$1.38
$4.55
$4.11
$2.56
$1.53
$4.87
$3.23
$1.37
$3.26
$4.58
$1.07
$3.84
$0.85
$5.66
$0.88
($0.28)
$1.07
$0.11
$1.26

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REIT outlook

Macro outlook calling for sub 2.0% GDP growth and
continued low yields

The DB House View now calls for GDP growth of 1.3% in 2016, down modestly from 1.5% back in July, but the outlook for 2017 was pulled to +1.7% from +2.2%. DB has also adjusted its outlook for the 10-year which is expected to end 2016 at 1.75%, up 50bps from the July forecast, and is expected to increase 25bps finishing 2017 at 2.0%.

Figure 6: House view Estimates
Indicator
Real GDP Growth
Unemployment rate
Compensation per empl.
U.S. 10Y yield
U.S. Key official interest rate
Energy - WTI
Energy - Brent
Source: Deutsche Bank
Unit
% yoy
%
% yoy
%
%
USD/bbl
USD/bbl
2016E
1.30
4.9
2.50
1.75
0.625
43.27
45.00
Estimates
2017E
1.70
4.6
4.50
2.00
1.125
53.00
55.00
2018E
1.90
4.6
4.50
N/A

1.625
65.00
70.00
Figure 7: Real GDP growth
2.50
Figure 8: Employment and wages
-4.00
-3.00
-2.00
-1.00
0.00
1.00
2.00
3.00
2.40 2.60
2.20
1.80
1.60
1.70
1.30
1.70
1.90
10.0
12.0
-0.30
-2.80
2007 2008 2009 2010 2011 2012 2013 2014 2015 2016E 2017E 2018E
Real GDP
Source: Deutsche Bank, Bloomberg Finance LP
0.0
2.0
4.0
6.0
8.0
2008 2009 2010 2011 2012 2013 2014 2015 2016E 2017E 2018E
Unemployment rate
Compensation per empl.
Source: Deutsche Bank, Bloomberg Finance LP

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CRE fundamental slowing, but still growing
Fundamentals in 3Q demonstrated relatively steady vacancy rates with some moderation in rent growth, particularly in the Apartment space, which should come as no surprise. More volatile and generally slowing job growth trends have combined with still elevated supply to drive rent growth at the national level lower by 70bps versus 2Q as landlords collectively pushed occupancy over rate with vacancy falling 10bps q/q. Rents in the Office markets also moderated from last Q, but remained healthy at +2.8% nationally, according to data from Reis, while vacancy held steady. In NYC, office net absorption showed a nice pick up from recent quarters according to JLL data, although market rents decelerated in 4 of the 5 major CBD office markets in 3Q, with DC
the lone exception. Shopping center trends also demonstrated some moderation with rent growth off by 10bps from 2Q's level and vacancy up 10bps, likely due to Sports Authority related vacancy, though vacancy has been hovering near 10% since early 2015. Malls have found some equilibrium as well with the national vacancy rate at 7.8% in 3 of the past 4 quarters, while
rent growth has been in the +2.0-2.2% range for the past year and a half. Healthcare, and more specifically, Sr. Housing trends were positive in 3Q, with
rent growth improving by 60bps to +3.8%, while vacancy fell by 10bps q/q. Notably, construction as a percent of inventory fell, albeit modestly in the Q.
Figure 9: Vacancy rates
10.0%
12.0%
14.0%
16.0%
18.0%
0.0%
2.0%
4.0%
6.0%
8.0%
16.0%
Figure 10: Rent growth
10.0%
7.8%
4.4%
10.5%
10.2%
0.0%
0.5%
1.0%
1.5%
2.0%
2.5%

3.0%
3.5%
4.0%
4.5%
Apartment
Shopping
Center
Malls
Vacancy rate
3Q16
Apartment
Shopping Center
Malls
Office
Industrial
Sr Housing
Source: Deutsche Bank, REIS, NIC
Vacancy rate Q/Q Trend
-10bp
10bp
-10bp
0bp
0bp
4.4%
10.0%
7.8%
16.0%
10.5%
10.2%
-10bp
3Q16
Apartment
Shopping Center
Malls
Office
Industrial
Sr Housing
Source: Deutsche Bank, Reis, NIC
Office
Industrial
Sr Housing
3.8%
2.8%
2.3%
2.0%
2.0%
3.8%
Apartment
Shopping
Center
Malls

Office
Rent Growth y/y
Rent Growth y/y Q/Q Trend
3.8%
2.0%
2.0%
2.8%
2.3%
3.8%
-0.7%
-0.1%
0.0%
-0.3%
-0.2%
0.6%
Industrial
Sr Housing

18 October 2016
REITs
US REIT 3Q16 Earnings Preview
Pricing in the private markets proving resilient
Private market pricing as measured via cap rate or price indices has remained resilient, despite volatile Treasury rates, CMBS market concerns, macroeconomic uncertainty, recently moderating fundamental trends, and still weak investment volumes. The recent widening of CMBS spreads, continued declines in investment volumes, and tightening lending standards for CRE overall bear watching. Given the lagging nature of real estate and anecdotal data suggesting still wide bid/ask spreads, we don't want to be complacent about the potential for falling asset values. That said, we note the financing
environment remains healthy overall, cap rate spreads to the 10-year remain wide by historical standards, and DB's house view calls for a muted economic outlook that should keep the 10-year relatively contained. We also think that global uncertainties will keep interest in U.S. CRE elevated given what we believe is a still attractive risk/reward opportunity versus global alternatives.
Figure 11: National investment volume growth y/y
20.0%
40.0%
60.0%
80.0%
-60.0%
-40.0%
-20.0%
0.0%
60%
49%
36%
27%
22%
11%
27%28%
22%
10%
15%
18%
9%13%
6%
-4%
-7%
3%
-17%
-9%
-21%
-37%
7%
39%
46%

30%
41%
-21%-23%
0.00%
1.00%
2.00%
3.00%
4.00%
5.00%
6.00%
7.00%
8.00%
9.00%
Figure 12: National cap rate trends
10.00%
100
200
300
400
500
600
as of Aug-16
0
Y/Y ch in deal volume
Cap Rate Spread to 10-yr

Investment volumes remain weak, down 23% in August and 15% YTD, though record volumes in 2015 are making comparisons difficult

Retail (-35%), Office (-20%), and Industrial (-17%) volumes fell the most in August, Apartment volumes fell 11%

YTD, Industrial (-28%), Retail (-17%), and Office (12%) have experienced the biggest y/y volume declines while Apartments (+5%) delivered a y/y volume gain, mostly via Garden style deals

Source: Deutsche Bank, Real Capital Analytics www.rcanalytics.com
Cap Rate
Avg Cap Rate
Avg Spread

Weak volumes have had little impact on cap rates, which were down 10bps m/m and 23bps y/y in August at 6.09%

Cap rates fell m/m for all the major property types in August: Industrial (-2bps) experienced the smallest decline, while Office cap rates fell the most (-33bps)

The cap rate spread to the 10-year is about
70bps wide of long run averages
Source: Deutsche Bank, Real Capital Analytics www.rcanalytics.com
Deutsche Bank Securities Inc.

Apr-14
May-14
Jun-14
Jul-14
Aug-14
Sep-14
Oct-14
Nov-14
Dec-14
Jan-15
Feb-15
Mar-15
Apr-15
May-15
Jun-15
Jul-15
Aug-15
Sep-15
Oct-15
Nov-15
Dec-15
Jan-16
Feb-16
Mar-16
Apr-16
May-16
Jun-16
Jul-16
Aug-16
Jan-01
Aug-01
Mar-02
Oct-02
May-03
Dec-03
Jul-04
Feb-05
Sep-05
Apr-06
Nov-06
Jun-07
Jan-08
Aug-08
Mar-09
Oct-09

May-10
Dec-10
Jul-11
Feb-12
Sep-12
Apr-13
Nov-13
Jun-14
Jan-15
Aug-15
Mar-16

Figure 13: Moody's/RCA CPPI index trends
0.00
50.00
100.00
150.00
200.00
250.00
300.00
Figure 14: CRE pricing versus prior peak levels
100.0%
120.0%
140.0%
160.0%
180.0%
as of 08-16
20.0%
40.0%
60.0%
80.0%
0.0%
Apt
National
Major Markets
Non-Major Markets
May marked the 4th consecutive m/m increase post Jan and Feb declines, which were the first since early 2010
Data as of 16Q2
Retail
Ind
Off-CBD
All Major Non-Major
Suburban Office still below prior peak
Retail now back to prior peak levels
Apartment prices continue to rise up 8% since the end of 2015 vs a 4% rise for all properties
Source: Deutsche Bank, Moody's/RCA
Source: Deutsche Bank, Moody's/RCA
Off-Sub
National
Unsecured markets remain healthy
Figure 15: U.S. CMBS issuance
Figure 16: U.S. REIT Unsecured Issuance
$10.0

$12.0
$14.0
$2.0
$4.0
$6.0
$8.0
$$0.0
$1.0
$2.0
$3.0
$4.0
$5.0
$6.0
$7.0
U.S.
CMBS Issuance
Source: Deutsche Bank, CMA
Avg
U.S. REIT Unsecured Issuance
Source: Deutsche Bank, CMA
Avg

Dec-00
Sep-01
Jun-02
Mar-03
Dec-03
Sep-04
Jun-05
Mar-06
Dec-06
Sep-07
Jun-08
Mar-09
Dec-09
Sep-10
Jun-11
Mar-12
Dec-12
Sep-13
Jun-14
Mar-15
Dec-15
in B's
149.7%
166.1%
133.8%
100.3%
118.9%
90.6%

109.2%
116.7%
100.4%
139.3%
146.0%
99.0%
91.9%
99.0%
85.4%
120.6%
138.6%
105.6%

Figure 17: 10-year new issue AAA CMBS spreads
100
120
140
160
180
20
40
60
80
0
Figure 18: IG and HY spreads to 10Y Tsy
as of 10-14-16
0.00
1.00
2.00
3.00
4.00
5.00
6.00
7.00
8.00
9.00
as of Sep-16
New Iss 10-yr AAA CMBS Spreads
Avg
After dropping back to the average level since 2014, spreads again blew out in early October
Recent tick up in spreads appears to have been driven by portfolio quality
Source: Deutsche Bank, CMA
IG spread to 10-year
Avg IG spread
High yield spread to 10-year
Avg HY spread
IG spread of 147bps is down 77bps from the 224bps YTD peak in mid-February
HY spread of 480bps is down 295bps from the 775bps YTD peak in mid-February
Source: Deutsche Bank, Haver
DB REIT coverage trading at a 7.1% discount to consensus NAV meaningfully below the 5.0% premium seen in July
Figure 19: Historical premium/discount to NAV
-7.1% discount

10.0%
15.0%
-20.0%
-15.0%
-10.0%
-5.0%
0.0%
5.0%
Figure 20: Quarterly REIT capital raising
$10,000
$15,000
$20,000
$25,000
$5,000
Data as of 10/14/16
$0
Equity
Debt
DB Coverage
Avg
Median
+2 st dev
-2 st dev
DB REIT coverage trading at a 7.1% discount to NAV vs a -1.4% discount historically
Source: Deutsche Bank, company data, as of 10/10/16
Source: Deutsche Bank, SNL, company data
Preferred

Prem/(Disc) to NAV
10/14/11
1/14/12
4/14/12
7/14/12
10/14/12
1/14/13
4/14/13
7/14/13
10/14/13
1/14/14
4/14/14
7/14/14
10/14/14
1/14/15
4/14/15
7/14/15
10/14/15
1/14/16
4/14/16

7/14/16
10/14/16

18 October 2016
REITs
US REIT 3Q16 Earnings Preview
Rising yields weighing on REIT stocks
Following a strong start to 2016 that saw the RMZ deliver a 19% total return through 8/1, the REITs have since traded off, down 10% through 10/14. The decline coincides with a 30bps rise in the 10-year yield and an increase in the probability of a December rate hike to 66% from 37%. While painful, the move has reset valuations which now appear much healthier. Our coverage is now trading at a 5.6% implied cap rate, a 7% discount to consensus NAV (8% discount to DBe), roughly in-line with historical FFO and FAD multiples, and a still wider (44bps) dividend yield spread to the 10-year. As we have stated in the past, we think the REITs remain in macro limbo, with expectations regarding yields and overall risk appetites, trumping bottom up trends. However, the DB house view, which calls for muted GDP growth, a stable 10year environment, no recession through 2017, and REIT valuations now much less aggressive, we think the stocks have a little room to run if 3Q can exceed low expectations.
Figure 21: NTM P/FFO
13.0x
14.0x
15.0x
16.0x
17.0x
18.0x
19.0x
20.0x
0.0x st dev from avg
Figure 22: NTM P/FAD
Data as of 10/14/16
13.0x
15.0x
17.0x
19.0x
21.0x
23.0x
25.0x
27.0x
0.3x st dev from avg
Data as of 10/14/16
DB Coverage
Avg
Data is based on consensus estimates
Source: Deutsche Bank, SNL
Median
+2 st dev
-2 st dev

DB Coverage
Avg
Data is based on consensus estimates
Source: Deutsche Bank, SNL
Median
+2 st dev
-2 st dev
Figure 23: Dividend Yield Spread to 10-year
Current - Avg = 44bps
0.0%
0.5%
1.0%
1.5%
2.0%
2.5%
Figure 24: Premium/Discount to NAV
-7.1% discount
10.0%
15.0%
Data as of 10/14/16
-20.0%
-15.0%
-10.0%
-5.0%
0.0%
5.0%
Data as of 10/14/16
Spread
Avg
Data is based on consensus estimates
Source: Deutsche Bank, SNL
Median
+2 st dev
-2 st dev
DB Coverage
Avg
Data is based on consensus estimates
Source: Deutsche Bank, SNL
Median
+2 st dev
-2 st dev

Div Yield Spread to !0-yr
NTM P/FFO
10/14/11
1/14/12
4/14/12
7/14/12
10/14/12
1/14/13

4/14/13
7/14/13
10/14/13
1/14/14
4/14/14
7/14/14
10/14/14
1/14/15
4/14/15
7/14/15
10/14/15
1/14/16
4/14/16
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10/14/11
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7/14/14
10/14/14
1/14/15
4/14/15
7/14/15
10/14/15
1/14/16
4/14/16
7/14/16
10/14/16
Prem/(Disc) to NAV
NTM P/FAD
10/14/11
1/14/12
4/14/12
7/14/12
10/14/12
1/14/13
4/14/13
7/14/13
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1/14/14
4/14/14
7/14/14
10/14/14
1/14/15
4/14/15
7/14/15
10/14/15
1/14/16
4/14/16
7/14/16
10/14/16

REIT performance trends
DB REIT coverage returns
Figure 25: 1-Month REIT coverage returns
MPW
ACC
DLR
UBA
KRC
EQR
CIO
RPT
PLD
AVB
BRX
CLI
QTS
KIM
CONE
VTR
RPAI
EQY
AVERAGE
REG
CPT
AFCO
VNO
SRC
PPS
TCO
MAC
FRT
SLG
KW
GGP
SPG
BXP
DDR
HCN
PGRE
IRT
-10.6%
5.1%
3.0%
2.9%
2.7%
2.0%
1.8%
0.5%

-0.1%
-0.4%
-0.6%
-0.8%
-0.9%
-0.9%
-1.0%
-1.0%
-1.3%
-1.7%
-1.9%
-2.0%
-2.2%
-2.4%
-2.6%
-2.7%
-2.8%
-2.8%
-3.3%
-4.0%
-4.1%
-4.6%
-4.7%
-4.9%
-5.2%
-5.4%
-5.6%
-5.6%
-5.9%
as of 10-14-16
-12.0% -10.0% -8.0% -6.0% -4.0% -2.0% 0.0% 2.0% 4.0% 6.0%
1 month Returns
Source: Deutsche Bank, SNL
AFCO
IRT
KW
PPS
KRC
BRX
PLD
MPW
SRC
SLG
QTS
ACC
VNO
VTR
PGRE
AVERAGE
CLI
TCO

RPAI
BXP
CIO
CPT
EQY
HCN
EQR
AVB
REG
KIM
FRT
CONE
SPG
DLR
RPT
UBA
MAC
DDR
GGP
-1.6%
-2.4%
-2.7%
-4.1%
-4.1%
-4.7%
-4.9%
-5.0%
-5.1%
-5.6%
-5.7%
-6.0%
-6.2%
-6.4%
-6.7%
-7.7%
-7.8%
-8.1%
-8.2%
-8.4%
-9.5%
-10.3%
-10.6%
-10.7%
-10.7%
-11.0%
-11.1%
-12.9%
-13.4%
-14.9%
as of 10-14-16
-20.0% -15.0% -10.0% -5.0% 0.0% 5.0% 10.0% 15.0% 20.0% 25.0%

EFTA01437800

3 month Returns
Source: Deutsche Bank, SNL
Figure 26: 3-Month REIT coverage returns
22.4%
7.0%
5.1%
2.0%
0.9%
0.8%
0.6%
Figure 27: 12-Month REIT coverage returns
CONE
DLR
SRC
MPW
ACC
IRT
CLI
PLD
VTR
QTS
UBA
EQY
RPT
REG
CIO
RPAI
KIM
AVERAGE
BRX
CPT
PPS
BXP
FRT
HCN
DDR
KRC
SPG
MAC
VNO
GGP
TCO
AVB
EQR
SLG
PGRE
KW
-9.9%
-20.0% -10.0%
Source: Deutsche Bank, SNL
0.0%

10.0%
20.0%
12 month Returns
Source: Deutsche Bank, SNL
30.0%
20.9%
20.3%
18.8%
18.5%
18.3%
17.1%
15.3%
15.2%
14.6%
14.2%
11.0%
9.5%
9.0%
8.2%
7.8%
6.2%
6.2%
4.9%
3.4%
2.5%
0.3%
-0.7%
-2.2%
-3.3%
-5.1%
-7.1%
as of 10-14-16
40.0%
50.0%
30.5%
29.2%
28.8%
25.1%
46.0%
40.4%
37.7%
37.5%
36.8%
Figure 28: YTD REIT coverage returns
MPW
CONE
SRC
DLR
IRT
VTR
ACC

PLD
QTS
UBA
CLI
KRC
RPAI
REG
EQY
RPT
CPT
AVERAGE
KIM
PPS
BRX
CIO
HCN
AFCO
SPG
FRT
BXP
DDR
GGP
MAC
VNO
TCO
SLG
AVB
EQR
PGRE
KW
-20.0%
24.3%
22.4%
22.3%
21.7%
18.2%
17.6%
14.6%
12.7%
11.6%
11.5%
9.7%
9.6%
9.4%
9.0%
9.0%
8.9%
8.2%
8.0%
5.8%
5.3%

3.8%
2.7%
1.0%
0.9%
-1.9%
-2.8%
-2.8%
-4.6%
-5.0%
-6.2%
-10.1%
-11.1%
-12.5%
-10.0%
0.0%
10.0%
YTD Returns
20.0%
as of 10-14-16
30.0%
40.0%
32.9%
30.6%
30.4%
28.9%

Index level performance
Figure 29: 1-mo broad market
returns
-2.0%
-1.5%
-1.0%
-0.5%
0.0%
0.5%
1.0%
1.5%
0.9%
0.8%
0.5%
0.10%
0.2%
Figure 30: 1-mo returns by risk
bucket
-1.8%
-1.6%
-1.4%
-1.2%
-1.0%
-0.8%
-0.6%
-0.4%
-0.2%
0.0%
0.2%
0.4%
-1.4%
-1.8%
MSCI US
REIT (RMZ)
as of 10-14-16
Source: Deutsche Bank, SNL
10 Year T
Note
S&P 500
Electric
Utilities
S&P 500
Financials
1 month
S&P 500 NASDAQ Russell 2000
as of 10-14-16
1 month
Source: Deutsche Bank, SNL

0.2%
-0.4%
-0.9%
-0.8%
-1.2%
-0.8%
-1.2%
-1.3%
Small
Cap
Mid Cap Large
Cap
Div
Yield
>3.5%
Div
Yield
<=3.5%
High
Growth
>7.0%
'17 FFO
growth
-1.6%
Low
Growth
<=7.0%
'17 FFO
growth
Debt / Debt /
EBITDA
>5.0x
EBITDA
<=5.0x
Avg
volume
> 1MM
-0.8%
-1.2%
Avg
volume
<= 1MM
as of 10-14-16
1 Month
Source: Deutsche Bank, SNL
Average
Figure 31: 1-mo property type
returns
-6.0%
-5.0%
-4.0%

-3.0%
-2.0%
-1.0%
0.0%
1.0%
2.0%
1.6%
1.1%
-0.3%
-0.6% -0.7%
-1.0%
-1.7% -1.9% -2.1% -2.2% -2.3%
-1.3%
-4.9%
Figure 32: YTD broad market returns
10.0%
12.0%
14.0%
16.0%
-2.0%
0.0%
2.0%
4.0%
6.0%
8.0%
7.2%
6.2%
4.1%
2.0%
13.5%
8.0%
Figure 33: YTD returns by risk bucket
10.0%
12.0%
14.0%
16.0%
18.0%
0.0%
2.0%
4.0%
6.0%
8.0%
-0.47%
MSCI US
REIT (RMZ)
as of 10-14-16
Source: Deutsche Bank, SNL
10 Year T
Note
S&P 500
Electric

Utilities
S&P 500
Financials
YTD
S&P 500 NASDAQ Russell
2000
as of 10-14-16
Source: Deutsche Bank, SNL
Small
Cap
Mid
Cap
15.5%
13.8%
10.9%
8.5%
6.3%
6.9%
11.7%
10.4%
9.1%
8.5%
11.4%
Figure 34: YTD property type returns
10.0%
15.0%
20.0%
25.0%
30.0%
-15.0%
-10.0%
-5.0%
0.0%
5.0%
Large
Cap
Div
Yield
>3.5%
Div
Yield
<=3.5%
High
Growth
>7.0%
'17 FFO
growth
YTD
Low
Growth
<=7.0%

'17 FFO
growth
as of 10-14-16
YTD
Source: Deutsche Bank, SNL
Average
Debt / Debt /
EBITDA
>5.0x
EBITDA
<=5.0x
Avg
volume
> 1MM
Avg
volume
<= 1MM
25.7% 25.2% 24.9%
18.7%
15.0%
9.8% 9.3%
7.4%
3.1% 1.8%
-1.8%
-11.6%
7.2%

Sector Previews
Apartment: Slowing job growth and new supply continue to impede rent growth
Figure 35: 1-Month Apartment performance
Apartment
-12%
-10%
-8%
-6%
-4%
-2%
0%
2%
4%
6%
8%
6.9%
3.0%
1.8%
-0.6%
-1.0%
-1.7%
-2.0%
-2.4%
-2.6%
-2.8%
-2.8%
-3.2%
-3.4%
-3.7%
-4.9%
-10.6%
-20%
-10%
0%
10%
20%
30%
40%
50%
46.6%
Figure 36: YTD Apartment performance
Apartment
24.3%
22.3%
12.9% 11.9%
9.5% 9.4% 8.9% 8.7%
2.8%

1.4%
-1.8%
-6.2%
-7.2%
-10.1% -11.0%
As of 10/14/16
As of 10/14/16
Source: Deutsche Bank, SNL
Source: Deutsche Bank, SNL
Figure 37: Rent growth slows in 3Q16, vacancy stays flat
-4.0%
-3.0%
-2.0%
-1.0%
0.0%
1.0%
2.0%
3.0%
4.0%
5.0%
6.0%
0.0%
1.0%
2.0%
3.0%
4.0%
5.0%
6.0%
7.0%
8.0%
9.0%
Figure 38: SS NOI growth expected to slow in 2H16
0.0%
1.0%
2.0%
3.0%
4.0%
5.0%
6.0%
7.0%
8.0%
9.0%
Y/Y ch in Effective Rent (LHS)
VacPercent (RHS)

Effective rent growth at 3.8% in 3Q per REIS data, down from 4.5% in 2Q. This is the third consecutive y/y decline in rent growth with REIS projecting rent growth to stay below 4%

Vacancy remained flat vs. 2Q at 4.4%. New

supply is expected to drive the vacancy rates
higher in 2016
Source: Deutsche Bank, REIS
AVB
CPT
EQR
IRT
PPS
2Q15 3Q15 4Q15 1Q16 2Q16

- DBe of 4.4% SS NOI growth in 3Q16, up slightly from 4.3% in 2Q16 as NOI growth at less supply impacted names (IRT and PPS) is supporting the overall average

- We project full year SS NOI growth of 4.6% in 2016 and 2.8% in 2017. 2015 actual SS NOI growth was 4.9%

Source: Deutsche Bank, company data
Key Apartment topics/questions for 3Q16

- Ability to push rents with further deceleration and rising vacancies expected by year-end

Average
SS NOI Growth, Y/Y

18 October 2016
REITs
US REIT 3Q16 Earnings Preview

- Asking rates on renewals and new leases in 4Q
- Supply expectations for the balance of the year as well as for 2017
- Updated job growth outlook by metro
- Development update on yield trends, land and construction costs, and construction lending
- Regional trends: DC, Houston, NYC, LA, Western tech markets
- Rent growth and construction outlook by asset quality (Class A vs. Class B) and market type (urban vs. suburban)
- Most attractive use of capital in today’s environment
- Move-outs for home purchases vs. long term average
- Consolidation/privatizations

Figure 39: AVB’s 3Q16 results preview
AVB
Earnings
FFO/sh
Core FFO/sh, reported
Operating Metrics
SS NOI growth, y/y
SS Revenue growth, y/y
SS Expense growth, y/y
Average SS Occupancy (as initially reported)
y/y ch (as initially reported)
Average SS Rental Rate (as initially reported)
y/y ch (as initially reported)
3Q15
2Q16
Actual Actual
$2.02
$1.93
$1.99
$2.03
Actual Actual
5.1% 5.0%
5.4% 5.0%
6.4% 4.7%
95.3% 95.5%
-40bp
-10bp
$2,400 $2,417
5.8% 5.2%

Note: consensus estimates are based on ThomsonReuters compiled data as of 10/14/16

Based on AVB's full year guidance provided on 7/25, the implied SS revenue growth for 2H16 is at +3.75%. We expect the slowdown vs. 1H16 to be gradual with 90bps of deceleration in 3Q (DBe: +4.1%) followed by another 70bps in 4Q (DBe: +3.4%)

Update on West Coast markets, most notably softness in SF (new supply; increased concessions; slowing tech job growth) and resilience of demand in Seattle (job growth outlook vs. elevated construction)

Expect the East Coast update to focus on recovery in DC, weakness in NYC (new supply; muted high-paying job creation), and demand concerns in New England (job growth fell below expectations in 1H; increase in concessions)

Leasing progress at AVB's Willoughby Square/AVA DoBro, Northstation, and West Hollywood development projects and an update on overall development pipeline trends

We don't expect any material changes to AVB's 2016 same store outlook, in light of EQR's recently reaffirmed 2016 SS revenue growth outlook

3Q core FFO/sh guidance of $2.05-$2.11 (DBe: $2.08), 3Q FFO/sh guidance of $2.14-$2.20 (DBe: $2.18)
Source: Deutsche Bank, company data, Thomson
3Q16
Actual DBe
$2.18
$2.08
Actual
Cons
$2.11
DBe
4.9% total
4.1% total
2.5% total
95.5%
20bp
2016
Pre 3Q Guide Post 3Q Guide
$8.26 - $8.46
$8.13 - $8.33
Pre 3Q Guide Post 3Q Guide
5.00% - 5.75%
4.25% - 4.75%
2.00% - 2.75%

DBe
DBe
5.45% total
4.50% total
2.39% total
Cons
$8.38 $8.33
$8.20

Figure 40: CPT’s 3Q16 results preview
CPT
Earnings
FFO/sh
Operating Metrics
SS NOI growth, y/y
SS Revenue growth, y/y
SS Expense growth, y/y
Average SS Occupancy (as initially reported)
y/y ch (as initially reported)
Average SS Rental Rate (as initially reported)
y/y ch (as initially reported)
3Q15
2Q16
Actual Actual
$1.14
$1.15
Actual Actual
5.5% 3.7%
5.5% 4.3%
5.7% 5.3%
96.0% 95.5%
10bp
-50bp
$1,499 $1,598
4.3% 4.8%
Note: consensus estimates are based on Thomson compiled data as of 10/14/16

- Updates on Houston and DC: Houston SS rev growth projected to be flat to slightly negative in 2016; DC revenue growth projected at +1-2% for 2016, despite a construction-related setback in 2Q
- Disposition update on $310MM of assets being marketed at the end of July
- Update on two projects in lease-up (Glendale and Chandler) and completion of Camden Victory Park in Dallas
- Development and capital deployment expectations. CPT previously called for up to $200MM of starts in 2H16
- 3Q FFO/sh guidance of $1.07-$1.11 (DBe: $1.11)

Source: Deutsche Bank, company data, Thomson
Actual
Actual
3Q16
DBe
$1.11

2016
Cons
$1.10
DBe
3.7% total
3.7% total
3.7% total
95.5%
-50bp
Pre 3Q Guide Post 3Q Guide DBe
$4.50 - $4.60
Pre 3Q Guide Post 3Q Guide
+4.00% to 4.50%
+3.85% to 4.35%
+3.50% to 4.00%
$4.56
Cons
$4.55
DBe
4.3% total
4.1% total
3.8% total

Figure 41: EQR’s 3Q16 results preview
EQR
Earnings
FFO/sh
Normalized FFO/sh, reported
Operating Metrics
SS NOI growth, y/y
SS Revenue growth, y/y
SS Expense growth, y/y
Average SS Occupancy (as initially reported)
Average SS Rental Rate (as initially reported)
y/y ch (as initially reported)
3Q15
2Q16
3Q16
Actual Actual
$0.87
$0.89
$0.90
$0.76
Actual Actual
6.7% 5.3%
5.4% 4.2%
2.8% 1.7%
96.1% 96.3%
$2,344 $2,549
5.3% 4.0%
Actual
Actual
DBe
$0.81
$0.78
Cons
$0.78
DBe
3.0% total
3.5% total
4.5% total
Pre 3Q Guide
$2.96 - $3.02
$3.05 - $3.11
Pre 3Q Guide
3.75% - 4.25%
3.50% - 4.00%
2.50% - 3.00%
95.9%
2016
Post 3Q Guide

DBe
$2.98
$3.07
Post 3Q Guide
Cons
$3.08
DBe
4.1% total
3.8% total
2.7% total
Note: consensus estimates are based on Thomson compiled data as of 10/14/16

- EQR reaffirmed 2016 SS revenue growth guidance of 3.5%-4.0% in an operating update issued on 9/27. With new rents tracking +1.1% through 9/19 and renewals at +5.4%, we expect 3Q16 SS rev growth to come in slightly below or in line with our +3.5% estimate
- Update on new supply and move-in concessions in NY & SF as pricing power deteriorated further in 3Q16
- Update on Seattle's ability to continue absorbing new supply and market trends in DC
- Update on development and properties in lease-up, most notably two new small projects planned for DC and leasing progress of three recently completed developments (two in downtown SF & one in North San Jose)
- Update on use of additional debt proceeds from the recent $500MM, 2.85% 10-yr issuance with only $200$250MM of issuance assumed in the prior guidance range
- Disposition update including any intention to sell additional assets this year. Previous guidance was reduced due to $150MM of sales likely being pushed into 1Q17 and another $200MM EQR decided to hold on to
- Views on single asset pricing today. EQR's previous guidance called for $150MM of acquisitions during the balance of 2016 (our model assumes the entire $150MM is acquired in 3Q)
- 3Q Normalized FFO/sh guidance of 75c-79c (DBe: 78c), 3Q FFO/sh guidance of 82c-86c (DBe: 81c)

Source: Deutsche Bank, company data, Thomson

Figure 42: IRT's 3Q16 results preview
IRT
Earnings
FFO/sh
Core FFO/sh
Operating Metrics
SS NOI growth, y/y
SS Revenue growth, y/y
SS Expense growth, y/y
Average Occupancy, (as initially reported)
y/y ch (as initially reported)
Average Rental Rate (as initially reported)
y/y ch (as initially reported)
3Q15
Actual
$0.86
$0.20
Actual
2Q16
Actual
$0.18
$0.22
Actual
2.0% 5.0%
5.2% 3.1%
8.8% 1.1%
94.0% 94.4%
40bp
$950
80bp
$961
3.60% 14.40%
Note: consensus estimates are based on Thomson compiled data as of 10/14/16

- Expect SS rev growth to accelerate to +5.4% in 3Q16 based on 2016 guidance issued last Q. Blended rent growth for new leases and renewals during July, August, and September was tracking around +5.3% per IRT's 2Q call
- Commentary on current dividend level given the dilution from equity offering and our estimated FAD payout ratio being north of 100%
- Management's views on further de-levering the balance sheet and potentially resuming acquisitions
- Details on how management will drive ~$2MM of annual net G&A cost savings

following the internalization

Market trends, particularly in Oklahoma City (job losses in energy sector) and Little Rock (muted job growth)

Ability to continue pushing rents with management targeting +4.0% growth during the next couple of years

We are updating estimates after reviewing the recent 8-K filing with final details regarding the equity offering
and internalization. Our core FFO/sh estimates are decreasing by 1c to 80c for 2016 and by 2c to 75c for 2017.
Please see Figure 98 for a summary of our full year estimate revisions
Source: Deutsche Bank, company data, Thomson
Actual
3Q16
DBe
$0.19
$0.22
Actual
DBe
7.4% total
5.4% total
2.8% total
94.0%
0bp
2016
Cons
$0.22
Pre 3Q Guide
$0.84 - $0.88
Pre 3Q Guide
4.50% - 5.50%
4.00% - 5.00%
2.00% - 3.00%
Post 3Q Guide
DBe
$0.69
$0.80
Post 3Q Guide
DBe
6.2% total
4.5% total
2.5% total
93.75%
Cons
$0.85

Figure 43: PPS's 3Q16 results preview

PPS	3Q15	2Q16
Earnings	Actual	Actual
FFO/sh	$0.76	$0.82
Operating Metrics	Actual	Actual
SS NOI growth, y/y	2.2%	2.4%
SS Revenue growth, y/y	2.8%	3.2%
SS Expense growth, y/y	3.8%	4.5%
Average SS Occupancy (as initially reported)	97.0%	96.2%
y/y ch (as initially reported)	60bp	20bp
Average SS Rental Rate (as initially reported)	$1,459	$1,483
y/y ch (as initially reported)	2.0%	2.7%

Note: consensus estimates are based on Thomson compiled data as of 10/14/16

- Expect SS NOI growth to accelerate to +3.1% in 3Q with slower expense growth more than offsetting a q/q decline in SS rev growth
- Looking for an update on the merger with MAA in terms of timing and any new details management can discuss
- Update on new lease rates and renewals which tracked +2.0% and +4.5%, respectively, in early August; Update on move outs due to price (10% in 2Q) and move outs to buy (19% in 2Q)
- Lease-up progress at Parkside at Wade (Raleigh) development (avg. of 34

units per month in 2Q); Update on the
planned 3Q16 completion of Post Afton Oaks (Houston) and any leasing so far vs. budget

Update on PPS's top four markets: Atlanta, DC, Dallas, and Tampa with particular focus on submarkets
pressured by supply this year (Buckhead in Atlanta, Alexandria in DC, & Uptown Dallas)
Source: Deutsche Bank, company data, Thomson
3Q16
2016
Actual
Actual
DBe
$0.80
DBe
3.14% total
2.90% total
2.50% total
96.0%
-105bp
Cons
$0.81
Pre 3Q Guide
$3.20 - $3.24
Pre 3Q Guide
2.50% - 3.30%
3.00% - 3.30%
3.30% - 3.70%
Post 3Q Guide
Post 3Q Guide
DBe
$3.21
DBe
2.9% total
3.2% total
3.5% total
Cons
$3.23

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Figure 44: ACC’s 3Q16 results preview
ACC
Earnings
FFOM/sh 1
Operating Metrics
SS NOI growth, y/y
SS Revenue growth, y/y
SS Expense growth, y/y
Average wholly-owned Occ. (as initially reported)
Development starts (in MM's)
Owned projects under construction (in MM's)
On-campus award pipeline (in MM's)
Dispositions (in MM's)
3Q15
Actual
$0.43
Actual
2Q16
Actual
$0.54
Actual
5.9% 2.5%
3.7% 2.5%
2.1% 2.4%
91.3% 92.5%
$0
$440
$182
$32
$188
$912
$407
$0
Note: consensus estimates are based on Thomson compiled data as of 10/14/16
[1] ACC reports FFOM due to accounting rules requiring it to consolidate its on-campus properties

- Update on the 19 non-core asset portfolio that is under LOI and expected to close in 4Q16. Guidance calls for $126MM to $526MM in planned 2016 dispositions. We are modeling $526MM to close during 4Q. Also expect an update on ACC potentially retaining management of sold assets
- Comments on the conclusion of the 2016-2017 academic year lease-up and expectations for next year with $600MM of deliveries finalized for Fall 2017
- Update on the 2018 development pipeline and development yields for on-

campus vs. off-campus

Color on final leasing stats for the 2016/2017 school year

Update on expected SS NOI growth in 2017. ACC previously projected that +3% of rent growth, a 70-80bps pickup in occupancy, and operating expenses growing at 2% or lower would drive SS NOI growth towards the high end of 3%-6% range in 2017

Update on national supply trends vs. ACC construction (ACC accounts for 13.7% of all 2017 development deliveries in their markets, up from 5.1% in 2016)

Source: Deutsche Bank, company data, Thomson
Actual
Actual
3Q16
DBe
$0.45
DBe
3.6%
2.7%
1.9%
92.7%
$131
$912
$407
$0
2016
Cons
$0.43
Pre 3Q Guide Post 3Q Guide DBe
$2.19 - $2.31
Pre 3Q Guide Post 3Q Guide
2.0% - 3.8%
2.2% - 2.9%
1.8% - 2.3%
$2.28
Cons
$2.25
DBe
3.0% total
2.6% total
2.1% total
96.7%
$200 - $600
$600

Malls: Rising demand headwinds and slowing SS NOI growth expected
Figure 45: 1-Month Mall performance
Mall
-8%
-7%
-6%
-5%
-4%
-3%
-2%
-1%
0%
Figure 46: YTD Mall performance
Mall
-3.0%
-3.3%
-4.0%
-4.9%
-4.9%
-5.2%
-6.4%
WPG
As of 10/14/16
Source: Deutsche Bank, SNL
TCO
MAC
GGP
SPG
CBL
-7.4%
PEI
-10%
-5%
0%
5%
10%
15%
20%
17.0%
3.8%
1.7%
1.8%
1.3%
-1.9%
-2.8%
-4.6%
WPG

As of 10/14/16
Source: Deutsche Bank, SNL
SPG
CBL
PEI
GGP
MAC
TCO
Figure 47: Vacancy decreases and rent growth steady in 3Q
10.0%
0.0%
1.0%
2.0%
3.0%
4.0%
5.0%
6.0%
7.0%
8.0%
9.0%
-4.0%
-3.0%
-2.0%
-1.0%
0.0%
1.0%
2.0%
3.0%
4.0%
5.0%
Figure 48: NOI growth guidance suggest deceleration through 2H
10.0%
0.0%
1.0%
2.0%
3.0%
4.0%
5.0%
6.0%
7.0%
8.0%
9.0%
GGP
Asking Rent y/y ch
Vacancy Rate
National vacancy decreased by 10bps in 3Q to 7.8%
Source: Deutsche Bank, Reis

2Q15
MAC
3Q15
SPG
4Q15
TCO
1Q16
Average
2Q16

- Average SS NOI growth guidance for year of ~4.4% at the midpoint suggests deceleration in 2H to around the ~3.7% range.

Source: Deutsche Bank, company data

Key Mall topics/questions for the quarter

- Update on e-tailers looking for physical space, with recent press reports on Warby Parker and Bonobos and their store plans
- Tenant outlook and trends, particularly with teen and fast fashion retail as well as department stores
- Update on SPG/GGP JV's plans for Aeropostale and potential impact on the overall mall sector
- Update on tenant watch list and store closing expectations for Aeropostle, PacSun and others. (ARO and PSUN, both DB not rated)
- Update on sales expectations this holiday season, with NRF expectations for Nov and Dec at +3.6% (ex autos, gas, restaurants)

SS NOI Cash

18 October 2016
REITs
US REIT 3Q16 Earnings Preview

- Outlook and opportunity of shadow development/redevelopment pipelines
- Update on any conversations with Macy's (M: DB Hold rated, USD35.57 by Paul Trussell) or other department stores for the potential to take back space or partner within a JV
- Update on Sears (SHLD: DB not rated) JV's and outlook for this retailer given rising concerns about a potential bankruptcy
- Update on retailer conditions in tourist heavy markets
- Update on the consumer

Figure 49: SPG 3Q16 results preview

SPG	3Q15	2Q16
Earnings	Actual	Actual
FFO/sh	$2.54	$2.63
Pro-forma FFO/sh	$2.54	$2.63
Operating Metrics	Actual	Actual
Occupancy (US Mall/Outlets, Total portfolio, signed)	96.10%	95.90%
q/q ch	0bp	30bp
y/y ch	-80bp	-20bp
Rent spread (US Malls/Outlets , Total portfolio, TTM)	18.4%	14.8%
Tenant Sales/sqf (US Malls/Outlets total portfolio, TTM)	$616	$607
y/y ch	0.5%	-2.1%
SS NOI growth y/y (US Malls/Outlets, Total portfolio, ex-lease term, ex-redev)	4.3%	3.2%

Note: consensus data is based on Thomson compiled data as of 10/14/16

- Commentary, rationale and expectations around ARO deal with GGP and ABG

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- Observations and traffic trends from Primark (ABF: DB Buy rated, GBP2,641 by Warwick Okines) opening at
King of Prussia as well as overall feedback from 155ksf expansion opening at the mall
- Update on retailer environment, store closings, releasing activity
- Update on department store health, vacancies and opportunity to take back space.
- Tenant sales trends and trends at tourism driven centers and outlets
- Update on traffic trends at malls vs outlets
- Update on Sears JV and plans
- Pricing on recent non core asset sales, including the press-reported sales of 3 of the The Mills Limited
Partnership assets (The Galleria at White Plains, Northpark Mall, and The Esplanade)
- Update on the HBC-JV outlook (HBC.TSX DB not rated).
- Update on project progress within the ~$2.1B re/development pipeline (at share) at an 8% expected yield
- Update on Brickell City Center in Miami and the market overall

Source: Deutsche Bank, company data, Thomson
≥+3.5%
Actual
Actual
3Q16
DBe
$2.65
$2.65
DBe
96.00%
10bp
-10bp
15.0% quarterly rent spread
Cons
2.68
Pre 3Q Guide
$10.77 - $10.85
Pre 3Q Guide
2016
Post 3Q Guide
DBe
$10.80
$10.80
Post 3Q Guide

Cons
10.86
DBe
96.45%
35bp
15.6%

Figure 50: GGP 3Q16 results preview
GGP
Earnings
Company FFO/sh
Operating Metrics
Occupancy (Total malls, commenced)
q/q ch
y/y ch
SS initial rent spread for 2016 commencement
Tenant Sales/sqf (Total Malls, TTM, <10ksf)
Tenant sales (all less anchor y/y ch)
SS NOI growth y/y
3Q15
2Q16
3Q16
Actual Actual
$0.36
$0.35
Actual Actual
95.4% 95.1%
90bp
30bp
-10bp
60bp
9.4% 12.7%
$593
$583
3.7% 2.8%
5.1% 4.0%
Note: consensus estimates are based on Thomson compiled data as of 10/14/16

- Commentary, rationale and expectations around ARO deal with SPG and ABG
- Update on retailer environment, store closings, releasing activity
- Update on the 3 remaining large format Sports Authority locations
- Update on expectations around PSUN, as of 2Q16, 6 expected to vacate by year end, with 65 stores retained.
- Update on Sears JV and plans
- Update on progress on projects within the ~$500M active development pipeline, and detail on plans for other projects to backfill. Update preleasing at the Norwalk development.
- Update on department store health and potential for taking back more space or doing more JV deals

- Update on opportunities to monetize Street retail and remaining non core assets
- Update on Miami Design District and Miami outlook overall
- 3Q company FFO guidance is $0.34-0.36 (DB at $0.36) and NAREIT FFO/sh guidance is $0.33-$0.35 (DB at $0.35)
- GGP typically provides its preliminary company FFO guidance for the following fiscal year in 3Q. Both DB and consensus are at $1.60

Source: Deutsche Bank, company data, Thomson
mid ~4%
Actual
Actual
DBe
$0.36
DBe
95.1%
0bp
-30bp
Cons
$0.36
2016
Pre 3Q Guide Post 3Q Guide DBe Cons
$1.51 - $1.55
Pre 3Q Guide Post 3Q Guide
$1.54 $1.53
DBe
95.4%
-110bp

Figure 51: TCO 3Q16 results preview
TCO
Earnings
FFO/sh
Pro-forma FFO/sh
Operating Metrics
Ending occupancy (all centers, commenced)
q/q ch
y/y ch
Opening/Closing Spread (Combined, TTM)
Tenant Sales/sqf (TTM)
y/y ch (as reported)
SS NOI growth y/y (ex-lease term)
3Q15
Actual
$0.89
$0.86
Actual
2Q16
3Q16
Actual
$1.04
$0.79
Actual
92.20% 92.5%
160bp
320bp
0bp
190bp
21.4% 24.2%
$805
$789
1.9% -1.0%
2.8% 6.2%
Note: consensus data is based on Thomson compiled data as of 10/14/16

- Update on Beverley Center, updated conversations with existing tenants, any rent relief requests, vacancy etc.
- Development update; Leasing and sales trends at Xi'an (at 2Q, 90% occupied and expected to be fully occupied by YE); Still on track for March opening at Zhengzhou?; Hanam and Hawaii traffic and sales trends since recent openings; San Juan leasing and sales commentary
- Update on future opportunities in South Korea and China with previous commentary of potentially breaking ground on something in 2017.

- Update on Country Club Plaza plans and opportunity
- Plans for the 3 Sports Authority boxes and Saks space at Short Hills
- Update and expectations on the retailer environment in tourism focused markets

Source: Deutsche Bank, company data, Thomson
~5%
Actual
DBe
$0.86
$0.86
Actual
DBe
92.5%
0bp
30bp
12.0% quarterly rent spread
Cons
$0.89
Pre 3Q Guide
$3.75 - $3.90
$3.50 - $3.65
Pre 3Q Guide
~95.5% comp
30bp
18.4%
2016
Post 3Q Guide
DBe Cons
$3.84 $3.84
$3.59
Post 3Q Guide
DBe
94.50%

Figure 52: MAC 3Q16 results preview
MAC
Earnings
FFO/sh
FFO/sh as adjusted
Operating Metrics
Occupancy (Total centers, signed)
q/q ch
y/y ch
Opening/closing rent spread (TTM, cash)
SS NOI growth y/y (consolidated)
3Q15
2Q16
Actual Actual
$1.01
$1.01
$1.02
$1.02
Actual Actual
95.4% 95.0%
-10bp
-20bp
Tenant sales/sqf (comparable properties), as initially reported $630
y/y ch, as initially reported
-10bp
-50bp
16.3% 16.1%
$644
7.7% 2.4%
7.0% 6.5%
Note: consensus estimates are based on SNL compiled data as of 10/14/16

- Update on refinancings at Fresno (CMBS deal expected in ~$350M range), Corte Madera and Eastland.
- Update on potential outlet development in Carson, CA (entered into negotiating agreement with city for ~500ksf outlet mall)
- Update on department store health and potential for taking back more space or doing more JV deals
- Development update (~$511-546M in process pipeline) with expected yields in the 4-11% range
- Update on Country Club Plaza plans and opportunity

- Update on 22 ARO stores
- Update on WithMe partnership
- Update on development plans with the Sears JV
- Feedback and traffic on renovated and scaled down Sears boxes and initial trends at the recently opened Primark stores in Danbury and Freehold

Source: Deutsche Bank, company data, Thomson

Actual
Actual
3Q16
DBe
$1.04
$1.04 $1.05
DBe
95.3%
25bp
-15bp
15.0%
+4.50% - 5.00%
$4.05 - $4.15
Pre 3Q Guide
2016
Cons
Pre 3Q Guide
Post 3Q Guide DBe Cons
$4.08
Post 3Q Guide
$4.10 $4.11
DBe
95.75%
-35bp
15.4%

Color on the recent opening of the Broadway Plaza expansion that is over 90% leased and the Fashion Outlets of Philadelphia that recently commenced construction

EFTA01437837

Shopping Centers: Store closures to hit 3Q internal growth,
but progress for re-tenanting more important
Figure 53: 1-Month Shopping Center performance
Local Retail
-6%
-5%
-4%
-3%
-2%
-1%
0%
1%
2%
3%
4%
2.7%
2.5%
Figure 54: : YTD Shopping Center performance
Local Retail
-0.1% -0.8% -0.8%
-0.8%
-1.0%
-2.1%
-1.0%
-1.2%
-1.7%
-2.2%
-1.9%
-2.5% -2.9%
-4.0% -4.1%
-5.6%
0%
5%
10%
15%
20%
25%
30%
35%
29.4%
20.7%
17.6%
15.8% 15.8%
11.6%
11.8%
11.5%
9.7%
9.6%

8.2% 6.6%
5.4%
2.7% 2.1%
0.9%
9.0%
9.3%
As of 10/14/16
As of 10/14/16
Source: Deutsche Bank, SNL
Source: Deutsche Bank, SNL
Figure 55: Vacancy up and rents down modestly in 3Q
10.0%
12.0%
0.0%
2.0%
4.0%
6.0%
8.0%
-5%
-4%
-3%
-2%
-1%
0%
1%
2%
3%
4%
Figure 56: 2016 SS NOI growth similar to 1H level
0%
1%
2%
3%
4%
5%
6%
BRX
2Q15
Y/Y ch in Effective Rent
VacPercent

National vacancy rate was up 10bps q/q to 10%

Effective rent growth was down relative to last Q to 1.9% y/y.
Source: Deutsche Bank, Reis
DDR EQY FRT KIM (US) REG RPAI RPT Average
3Q15
4Q15
1Q16
2Q16

- 2016 SS NOI guidance on average at the midpoint is ~3%, implying steady results in 2H, although additional potential store closures present downside risk.

Source: Deutsche Bank, company data

Key Shopping Center topics/questions for the quarter

- Development and redevelopment outlook
- Anchor and small shop retailer health
- Sports Authority releasing, downtime and capex update
- Logans Roadhouse and Golfsmith exposure and store closures
- Outlook and thoughts on Staples/Office Depot (SPLS: DB Hold rated, USD7.56/ODP: DB Hold rated, USD3.34, both by Mike Baker)
- New watchlist tenants

SS NOI

- Update on disposition market pricing and trends (any changes in demand, negotiation, bidder pool or buyer make-up)
- CMBS and overall financing market update
- Recent cap rate trends primary vs secondary markets
- Update on changing trends, e-tailers, mall tenants moving to the shopping centers and vice versa
- Recent grocer trends in light of continued food at home deflation and Amazon's (AMZN: DB Buy rated, USD822.96 by Ross Sandler) continued push into the grocery business, most recently announced plans to build convenience stores and curbside pickup locations.

Figure 57: BRX 3Q16 results preview

BRX	3Q15
Earnings	Actual
FFO/sh	$0.51
FFO/sh, ex-items	$0.50
Operating Metrics	Actual
Total leasing volume (signed)	3,333,715
New leasing volume (signed)	600,829
Renewal leasing volume (signed)	2,732,886
Total occupancy (billed)	90.9%
q/q ch	60bp
y/y ch	10bp
Total Lease Spread (signed, cash)	15.2%
New Lease Spread (signed, cash)	49.0%
Renewal lease Spreads (signed, cash)	11.5%
SS NOI (incl redev, GAAP)	3.6%
SS NOI (ex redev, GAAP)	3.6%

Note: consensus estimates are based on Thomson compiled data as of 10/14/16
* % leased

Update on redevelopment opportunities within the portfolio

Update on plans to reduce single asset markets which total over 90

Update on Sports Authority releasing at 5 remaining locations

Update on plans to improve small shop occupancy, outparcel leasing and entertainment and restaurant use.

Update on strategy to get stabilized occupancy up to the mid 90's from 90.6% at 2Q end.

Update on changes or plans to change leasing agent compensation structure.

Dispositions update with $75-175M in guidance and ~$21M closed in 1H.

Update on the growth outlook over next 1-2 years and strategy between repositioning and occupancy gains

Update on any new information from potential SEC investigation

Source: Deutsche Bank, company data, Thomson

2Q16
Actual
3Q16
Actual
$0.50
$0.52
Actual
3,589,288
893,212
2,696,076
90.6%
20bp
30bp
12.1%
24.7%
9.1%
3.5%
3.5%
90.5%
-15bp
-45bp
10.0% - 15.0%
8.5% commenced
2.5% - 3.5%
8.5% commenced
92.8% - 93.0%*
90.7%

28bp
Actual
DBe
$0.50
$0.50
DBe
Cons
$0.51
Pre 3Q Guide
$2.03 - $2.06
Pre 3Q Guide
2016
Post 3Q Guide
DBe
$2.05
$2.08
Post 3Q Guide
DBe
Cons
$2.06

Figure 58: DDR 3Q16 results preview

DDR	3Q15	2Q16
Earnings	Actual	Actual
FFO/sh	$0.31	$0.33
Operating FFO/sh	$0.31	$0.33
Operating Metrics	Actual	Actual
Total leasing volume (100%)	2,877	2,349
New leasing volume (comp+non-comp, 100%)	693	430
Renewal leasing volume (100%)	2,184	1,919
Occupancy (pro-rata, commenced)	94.20%	94.40%
q/q ch	-20bp	20bp
y/y ch	-70bp	20bp
Blended rent spread (pro-rata, signed, cash)	7.9%	9.1%
New lease Spread (pro-rata, signed, cash)	12.3%	27.7%
Renewal Spread (pro-rata, signed, cash)	7.1%	7.0%
SS NOI growth y/y (pro-rata, cash)	3.2%	3.1%

Note: consensus estimates are based on Thomson compiled data as of 10/14/16

- Updated commentary from CEO, Tom August in terms of operations, structure and policies, and strategic
vision.
- Timing and update on CFO search
- Update on re/development opportunities with commentary in 2Q of potentially more available in the portfolio
- Update on additional sales from unwinding JVs and potential opportunities to purchase select assets
- Cap rate on the recently closed 16 property portfolio largely in Upstate NY for $390M
- Proforma the Upstate NY sale and 1H dispositions, DDR will have disposed of close to $700M YTD (FY
guidance $600-800M).
- Update on Sports Authority with 9 locations likely still to deal with post 2Q end.
- Update on strategy and conditions on the ground in Puerto Rico

Source: Deutsche Bank, company data, Thomson
94.10%
-30bp
-10bp
10.0% commenced
2.5% - 3.5%
94.60%
30bp
10.0% commenced
3Q16
2016
Actual
Actual
DBe
$0.31
$0.31
DBe
Cons
$0.31
Pre 3Q Guide Post 3Q Guide
$1.23 - $1.26
$1.23 - $1.26
Pre 3Q Guide Post 3Q Guide
DBe
$1.25
$1.25
DBe
Cons

EFTA01437845

$1.26
Deutsche Bank Securities Inc.

Figure 59: EQY 3Q16 results preview
EQY
Earnings
FFO/sh
Core FFO/sh
Operating Metrics
Total leasing volume (consolidated)
New leasing volume (comp + non-comp, consolidated)
Renewal leasing volume (consolidated)
Total occupancy (consolidated, signed)
q/q ch
y/y ch
Blended rent spread (cash, consolidated)
New lease Spread (cash, consolidated)
Renewal Spread (cash, consolidated)
SS NOI growth y/y (cash, consolidated, ex redev)
3Q15
Actual
$0.31
$0.33
Actual
600
290
311
95.6%
10bp
120bp
10.8%
6.3%
11.9%
4.7%
2Q16
Actual
$0.34
$0.35
Actual
516
213
303
96.3%
10bp
80bp
7.0%
6.4%
7.3%
4.5%
Note: consensus estimates are based on Thomson compiled data as of 10/14/16

Update on small shop occupancy (90.3% at 2Q) and FL in particular (89% at 2Q).

Updates on Serramonte

Update on Harvard Square and Westwood development plans. As of 2Q at Westwood, EQY was in detailed
sketch plan review process with hopes of entitlements and leasing to follow.

Any updates on the potential $1B of identified redevelopment opportunity in 12 of EQYs assets that were
identified to backfill the pipeline over several years.

Update on 2 remaining Sports Authority locations to lease (Westbury Plaza and Plaza Escuela)

Incremental impact from Hurricane Matthew

Update on the acquisition and disposition market and any opportunities on the horizon (guidance calls for
'selective' acquisitions and 'ongoing one-off' sales of non-core assets).
Source: Deutsche Bank, company data, Thomson
3Q16
2016
Actual
Actual
DBe
$0.27
$0.33
DBe
Cons
$0.34
Pre 3Q Guide
$1.26 - $1.30
$1.36 - $1.40
Pre 3Q Guide
Post 3Q Guide
Post 3Q Guide
DBe
$1.29
$1.39
DBe
Cons
$1.39
95.9%
-38bp
32bp
10.0% commenced
3.25% - 4.25%
SS Occ 96.0% - 96.5%

96.58%
57bp
14.0% commenced

Figure 60: FRT 3Q16 results preview
FRT
Earnings
FFO/sh
Pro-forma FFO/sh
Operating Metrics
Total retail leasing volume (signed)
3Q15
2Q16
Actual Actual
$1.36
$1.36
$1.42
$1.41
Actual Actual
560,884 467,364
New retail leasing volume (comp + non-comp, signed) 189,047 199,893
Renewal retail leasing volume (signed)
Retail occupancy (signed)
q/q ch
y/y ch
-20bp
Blended rent spread (cash, signed)
New lease Spread (cash, signed)
Renewal Spread (cash, signed)
SS NOI growth y/y (cash, ex-redev)
40bp
-10bp -120bp
14.0% 12.0%
19.0% 23.0%
23.0% 7.0%
2.0% 2.9%
Note: consensus estimates are based on Thomson compiled data as of 10/14/16

- Update on potential acquisition opportunities and commentary over pricing (noted on 2Q call they were working on a "number of important deals")
- Thoughts on potential weakness in the tech environment potentially changing the demand dynamic at Santana; and update on Splunk (SPLK: DB Buy rated, USD56.71 by Karl Keirstead) space and how much of their leased space they will occupy in January.
- Update on 4 remaining Sports Authority locations to lease
- Update on the redevelopment opportunity for Coco Walk and Sunset Plaza. Recent press reports that plans

have been submitted to the city for the de-malling of Sunset and a major renovation.

- Updates on re/development projects, particularly Pike and Rose incremental retail and residential lease up

- FRT typically provides its initial FFO guidance for the following fiscal year in 3Q. We are at $6.04 and consensus is at $6.12

- We decrease our 2017 FFO estimate from $6.08 to $6.04 largely on more conservative development assumptions.

Source: Deutsche Bank, company data, Thomson
371,837 267,471
95.50% 94.50%
Actual
Actual
3Q16
DBe
$1.44
$1.44
DBe
2016
Cons
$1.42
Pre 3Q Guide
Pre 3Q Guide
$5.62 - $5.68
Post 3Q Guide DBe
$5.65
$5.63
Post 3Q Guide
DBe
Cons
$5.66
94.65%
15bp
94.90%
-85bp
15.0% commenced
~+3% incl redev
60bp
13.8% commenced

EFTA01437851

Figure 61: KIM 3Q16 results preview
KIM
Earnings
FFO/sh
FFO/sh, as adjusted
Operating Metrics
Total leasing volume (pro-rata, signed)
New leasing volume (comp + non-comp, pro-rata, signed)
Renewal leasing volume (pro-rata, signed)
Total occupancy (pro-rata, signed)
q/q ch
y/y ch
Blended SS US rent spread (cash, pro-rata, signed)
SS US new lease spread (cash, pro-rata, signed)
SS US renewal spread (cash, pro-rata, signed)
US SS NOI growth y/y (cash, pro-rata, incl redevs)
3Q15
Actual
$0.40
$0.36
Actual
1,898
604
1,294
10bp
10.6%
28.6%
6.2%
2.4%
2Q16
Actual
$0.38
$0.37
Actual
1,256
532
724
95.40% 95.90%
-10bp
50bp
40bp
16.2%
29.8%
10.7%
3.1%
Note: consensus estimates are based on Thomson compiled data as of 10/14/16

Update on Sports Authority exposure with previously commentary of 22 remaining boxes to release as of 2Q

Commentary regarding investment market conditions – demand, buyer make up, cap rate trends. KIM has
disposed of ~$920M YTD (2016 guidance of $1-1.15B) at share and acquired $452MM (2016 guidance of $450$550M)

Update on conditions in Puerto Rico (~3% of ABR) with previous commentary of sales volume and traffic
holding up.

Albertsons update

Update on ~$900M active re/development pipeline with expected incremental returns of 8-13% and
opportunities to backfill

Talk about the potential redevelopment opportunity at recent Gateway Shopping Center acquisition in the
Seattle metro

Thoughts on Amazon's continued push into grocery
Source: Deutsche Bank, company data, Thomson
95.60%
-30bp
20bp
5.0% commenced
2.5%-3.5%
95.85%
45bp
8.4% commenced
Actual
3Q16
2016
Actual
DBe
$0.17
$0.38
Cons
$0.18
DBe
Pre 3Q Guide Post 3Q Guide
$1.34 - $1.42
$1.48 - $1.52
Pre 3Q Guide Post 3Q Guide
DBe
$1.38
$1.50
DBe
Cons
$1.38

Figure 62: REG 3Q16 results preview
REG
Earnings
FFO/sh
Core FFO/sh
Operating Metrics
Leasing volume (pro-rata, signed, op properties)
New leasing vol (pro-rata, comp + non-comp , signed)
Renewal leasing volume (pro-rata, signed)
Occupancy (pro-rata, signed, op properties)
q/q ch
y/y ch
Blended rent spread (cash, pro-rata, signed, op properties)
New lease Spread (cash, pro-rata, signed)
Renewal Spread (cash, pro-rata, signed)
SS NOI growth y/y (cash, pro-rata, ex-termination fees)
3Q15
2Q16
Actual Actual Actual
$0.76
$0.76
$0.81
$0.82
Actual Actual Actual
1,156
360
796
1,542
392
1,150
96.1% 96.0%
20bp
20bp
-20bp
10bp
8.8% 12.2%
12.9% 29.0%
7.6% 9.1%
4.7% 3.4%
Note: consensus estimates are based on Thomson compiled data as of 10/14/16

- Expect SS NOI to moderate in 2H from higher comps and bankruptcies
- Update on redevelopment plans of the office building at the recent Clarendon acquisition.
- Update on any acquisition opportunities in the marketplace

|| Update on leasing two remaining Sports Authority boxes
|| Thoughts on Amazon's continued push into grocery
|| Update on re/development opportunities

Source: Deutsche Bank, company data, Thomson
94.9% commenced
25bp
170bp
10.0% commenced
96.0% - 96.5% SS occ
95.35% commenced
25bp
12.0% commenced
3Q16
DBe
$0.23
$0.80
DBe
2016
Cons
$0.80
Pre 3Q Guide
$2.71 - $2.76
$3.22 - $3.27
Pre 3Q Guide
Post 3Q Guide
DBe
$2.72
$3.27
Post 3Q Guide
DBe
Cons
$3.26
2.75% to 3.5%

EFTA01437856

Figure 63: RPAI 3Q16 results preview
RPAI
Earnings
FFO/sh
Operating FFO/sh
Operating Metrics
Total leasing volume (pro-rata)
New leasing volume (comp + non-comp)
Renewal leasing volume
Total occupancy (commenced, consolidated)
q/q ch
y/y ch
Blended rent spread (pro-rata)
New lease Spread (pro-rata)
Renewal Spread (pro-rata)
SS NOI growth y/y (cash, consolidated)
3Q15
Actual
$0.23
$0.27
Actual
666
254
412
-60bp
2Q16
Actual
$0.31
$0.28
Actual
920
339
581
93.1% 93.6%
10bp
-40bp
60bp
9.4% 8.1%
19.6% 16.3%
7.3% 6.9%
2.0% 4.2%
Note: consensus estimates are based on Thomson compiled data as of 10/14/16

Update on disposition progress ($600-700M FY guidance). As of early August, RPAI had closed or was under contract for ~$414M.

Update on the Rite Aid (RAD: DB Hold rated, USD7.06, by George Hill) portfolio sales.

- Update on leasing remaining space at the Zurich asset
- Update on Sports Authority exposure and releasing progress. As of 2Q, Dicks (DKS: DB Buy rated, USD54.46 by Mike Baker) had assumed right of 1 store and was expected to assume the lease, 1 has been released and 1 is part of a redevelopment. 7 other stores remain to be released with 4 in active negotiation.
- Current acquisition and sales environment commentary
- Staples/Office Depot plans
- One Loudoun acquisition commentary and incremental detail on longer term plans at the asset

Source: Deutsche Bank, company data, Thomson
Actual
Actual
3Q16
DBe
$0.25
$0.26
DBe
2016
Cons
$0.26
Pre 3Q Guide
$1.11 - $1.14
$1.04 - $1.07
Pre 3Q Guide
Post 3Q Guide
Post 3Q Guide
DBe
$1.12
$1.06
DBe
Cons
$1.07
93.7%
14bp
94.2%
64bp
7.5%
+2.50% to 3.50%
-6bp
7.3%

EFTA01437858

Figure 64: RPT 3Q16 results preview
RPT
Earnings
FFO/sh
Operating FFO/sh
Operating Metrics
Total leasing volume (signed)
New leasing volume (comp + non-comp, signed)
Renewal leasing volume (signed)
Total occupancy (100%, commenced)
q/q ch
y/y ch
Blended rent spread (signed)
New lease Spread (signed)
Renewal Spread (signed)
SS NOI growth y/y (cash, consolidated, excl redevs)
3Q15
2Q16
Actual Actual
$0.37
$0.37
$0.36
$0.35
Actual Actual
392,462 628,188
63,281 101,278
329,181 526,910
93.50% 94.10%
-30bp
-40bp
40bp
30bp
9.3% 8.0%
31.3% 33.0%
7.6% 6.3%
2.2% 3.8%
Note: consensus estimates are based on Thomson compiled data as of 10/14/16

- Pricing and color on recent MI dispositions for a combined ~$40M, which put YTD dispositions at ~$122M ($100-125M in guidance) and acquisition of Centennial Shops in MN for $32M. Previous commentary suggested acquisitions would be funded with additional dispositions above and beyond guided dispositions.

- Updates on the disposition buyer pool and pricing trends in the market place

- Update on efficiency improvements around leasing and redevelopment through decentralizing east and west regions
- Update on Office Depot (11 locations), Staples (7 locations), and Gander Mountain (2 locations)
- Update on remaining 3 Sports Authority locations left to lease
- Commentary on Logan's (4 locations) and Golfsmith (2 locations), which are in bankruptcy
- Update on CAO search

Source: Deutsche Bank, company data, Thomson
Actual
Actual
3Q16
DBe
$0.33
$0.33
DBe
2016
Cons
0.34
Pre 3Q Guide Post 3Q Guide
$1.33 - $1.37
Pre 3Q Guide Post 3Q Guide
DBe
$1.38
$1.36
DBe
Cons
1.37
93.50%
-60bp
93.80%
0bp
8.0% commenced
2.0% to 3.0%
0bp
4.0% commenced

Figure 65: SRC 3Q16 results preview
SRC
Earnings
AFFO/sh
Operating Metrics
Occupancy
q/q ch
y/y ch
Unit level rent coverage
Acquisitions
Avg cap rate on acquisitions
Dispositions
3Q15
Actual
$0.22
Actual
98.5%
-20bp
50bp
2.9x
159,761
7.4%
81,950
2Q16
3Q16
Actual
$0.22
Actual
98.3%
-40bp
-40bp
3.0x
165,000
7.6%
138,166
Note: consensus estimates are based on SNL compiled data as of 10/14/16

- Update on the deal pipeline and cap rate trends
- Update on Haggen; remaining store sales (3 sold and 4 in the market as of 2Q) with SRC previously confident that overall they would recapture at least $40M in excess of initial Haggen investment; Update on the unsecured damages claim vs Haggen ($21M claim which they expected to recover at a minimum of $15M thereof).
- Update on Dallas on support staff hiring.

‖ Update on tenant watch list, with a focus on restaurant commentary

‖ Plans for the remaining 2017 CMBS maturities following a $300MM private placement of 10-year 4.45% notes
in August

‖ SRC typically initiates FFO guidance for the following fiscal year in 3Q. For AFFO, DB is at $0.93 and consensus
is at $0.92
Source: Deutsche Bank, company data, Thomson
474,600
7.4%
64,000
815,182
7.5%
383,441
Actual
Actual
DBe
$0.22
DBe
94.6%
30bp
148bp
Cons
$0.22
Pre 3Q Guide
$0.87 - $0.89
Pre 3Q Guide
2016
Post 3Q Guide
Post 3Q Guide
DBe
$0.89
DBe
94.6%
4bp
146bp
Cons
$0.88

Office: Valuations remain attractive, but specter of recession remains an overhang
Figure 66: 1-Month Office performance
Office
-8%
-6%
-4%
-2%
0%
2%
4%
6%
3.7%
2.1% 2.0%
1.6%
1.3%
1.1%
0.9% 0.6%
0.5%
0.4%
0.2%
0.0%
-0.5%
-0.7%-0.7%
-1.7%
-2.8%
-3.3%
-4.2%-4.6%
-5.3%-5.4%
-5.9%-6.0%
-0.9%
-1.2%
-1.2%
Figure 67: YTD Office performance
Office
-30%
-20%
-10%
0%
10%
20%
30%
40%
50%
40.6%
39.0%
30.5%
21.6%

19.4%
21.1%
18.0%
18.8%
17.7%
17.5%
17.0%
14.7%14.6%
13.9%
13.4%12.7%
9.8%8.0%
2.0%1.0%
9.8%
-3.0%-5.0%
-7.8%
-11.1%
-16.3%
-18.4%
As of 10/14/16
As of 10/14/16
Source: Deutsche Bank, SNL
Source: Deutsche Bank, SNL
Figure 68: vacancy flat while rents decelerate
Major Markets
10.0%
12.0%
14.0%
0.0%
2.0%
4.0%
6.0%
8.0%
Figure 69: SS NOI (Cash) growth Y/Y
-10.0%
-5.0%
0.0%
5.0%
10.0%
15.0%
20.0%
10.0%
15.0%
20.0%
25.0%
-15.0%
-10.0%
-5.0%
0.0%
5.0%
BXP
Market Rent Growth (Y/Y)

VacPercent

Y/Y market rent growth of +3.5% in 3Q16 is down 40bps from 2Q16, and has been on a decelerating trend since 4Q15

Rent growth slows vs. 2Q16 in NY (+3.8%), LA (+3.4%), and Boston (+2.7%). DC improved (+2.5%) while SF was unchanged (+5.1%)

Vacancy flat q/q. Boston, LA, and SF improved, NY was unchanged, while vacancy increased in DC

Note: major markets comprise NY, DC, Boston, LA, and SF
Source: Deutsche Bank, REIS

Key Office topics/questions for 3Q16

Source: Deutsche Bank, company data

2Q15
CLI
3Q15
KRC
SLG
4Q15
VNO (NY,
VNO (DC,
SS EBITDA) SS EBITDA)
1Q16
Average
2Q16

Rent commencement of previously-signed leases and free rent burn off should support elevated SS NOI growth

Health of the leasing environment, with national momentum generally healthy

Supply in the major markets, and impact on pricing power

- Foreign capital flows into US CRE

Investment market update. The CBD price index has been generally trending up since May, following a weak start in 2016

- Best use of capital in today's compressed yield environment
- State of current capital markets
- Overall demand trends in NYC, the impact of Hudson Yards and Manhattan West, and the strength of the high end market
- D.C. market tenant trends with brokers highlighting muted demand
- Fundamentals in Boston which continues to benefit from a diverse tenant base
- San Francisco sub-lease space/demand trends and overall tenor of technology tenants, given market concerns. Pre-leasing activity has kept up with new supply so far
- Health of the LA market, where demand has been strong recently, but job growth has slowed of late
- Update on Penn Station redevelopment RFP

Figure 70: BXP 3Q16 results preview
BXP
Earnings
FFO/sh
Operating Metrics
Total leasing volume (100%)
Total occupancy (100%)
q/q ch
y/y ch
Total gross rent spread (cash, 100%)
SS NOI growth y/y (cash, pro-rata)
3Q15
Actual
$1.41
Actual
20bp
-70bp
2Q16
Actual
$1.43
Actual

1,329,648 925,601
91.30% 90.80%
-20bp
-30bp
5.6% 18.3%
-0.5% 3.3%
3Q16
2016
Actual
Actual
DBe
$1.42
DBe
90.15%
-65bp
-115bp
15.0% commenced
1.00% - 3.00%
Note: consensus estimates are based on ThomsonReuters compiled data as of 10/14/16

- Update on the high end NYC market, with recent commentary from BXP more positive compared to peers. BXP has some available space in the GM Building and 250 West 55th Street that would fall under this category
- Deal flow in LA following Colorado Center purchase
- Management recently signaled a potential increase to the dividend following the scheduled Board meeting in October
- Update on the $80MM NOI bridge through 2017
- Update on Salesforce Tower, which was 59% preleased as of 2Q16 (management expects to reach 70% by YE2016)
- Update on potential 2016 development starts: Springfield Metro North, 20 City Point, and Reston Block 5
- Update on preleasing activity at Kendall Center, with management noting during the 2Q call that they were in “advanced discussions” for a 400ksf prelease
- BXP typically provides its initial FFO guidance for the following fiscal year in 3Q. We are at $6.50 and consensus is at $6.40
- 3Q FFO/sh guidance of $1.40-$1.42. (DBe at $1.42)

Source: Deutsche Bank, company data, Thomson
Cons

$1.43
Pre 3Q Guide Post 3Q Guide
$5.92 - $5.99
Pre 3Q Guide Post 3Q Guide
90.0% - 91.5%
DBe
$5.97
DBe
Cons
$5.98
90.84% avg
0bp
11.3% commenced

Figure 71: CIO 3Q16 results preview
CIO
Earnings
FFO/sh
Core FFO/sh
Operating Metrics
SS NOI growth, y/y
Occupancy (commenced)
q/q ch
y/y ch
Occupancy (signed and commenced)
q/q ch
y/y ch
Total leasing volume (ksf)
3Q15
Actual
$0.17
$0.33
Actual
N/A
2Q16
Actual
$0.19
$0.22
Actual
-9.3%
94.9% 88.2%
90bp
90bp
320bp
230bp
61
-580bp
95.4% 92.8%
20bp
-40bp
-240bp
7
Note: consensus estimates are based on Thomson compiled data as of 10/14/16

- Update on acquisition pipeline following preferred equity capital raise, and timing of other expected acquisitions
- Update on investor demand in CIO's target markets
- Market conditions in secondary markets, with JLL noting favorable fundamentals

Update on Fairwinds Credit Union’s decision to move, which is expected by YE2016. If they do not vacate, their
lease renews for a 9 year term

We are updating our model to reflect the recently announced preferred equity capital raise, and using proceeds
to assume $250MM of acquisitions at a 7% cap rate. Our 2016 core FFO/sh estimate move to $1.01 from $1.08,
NAREIT FFO moves to 54c from 63c, and FAD moves to 58c from 65c. In 2017, core FFO/sh moves to $1.35
from $1.27, NAREIT FFO moves to $1.23 from $1.19, and FAD moves to $1.15 from $1.08. Please see Figure 98
for a summary of our estimate revisions

We are increasing our target price to $15.50 from $15 as we model in increased acquisitions. Please see Figure
97 for details on our target price
Source: Deutsche Bank, company data, Thomson
Actual
3Q16
DBe
$0.22
$0.26
Actual
DBe
92.6%
439bp
-231bp
2016
Cons
$0.26
Pre 3Q Guide
$1.06 - $1.10
Pre 3Q Guide
Post 3Q Guide
DBe
$0.54
$1.01
Post 3Q Guide
DBe
90.3%
Cons
$1.07

Figure 72: CLI 3Q16 results preview
CLI
Earnings
FFO/sh
Pro-forma FFO/sh'
Operating Metrics
Total leasing volume (in-service consolidated, executed)
Total occupancy (Q-end, SF leased)
q/q ch
Office rent spread (Cash)
SS NOI growth y/y (cash)
SS NOI growth y/y (GAAP)
3Q15
2Q16
Actual Actual
$0.51
$0.48
$0.64
$0.55
Actual Actual
956
660
85.8% 86.7%
350bp
-50bp
2.8% 17.2%
6.5% 2.1%
6.5% 8.3%
Note: consensus data is based on Thomson compiled data as of 10/14/16

- Update on disposition plans. Management noted ~$150MM is expected to be sold through 2016
- We expect management to provide initial 2017 guidance during the 3Q call
- Thoughts on the NJ waterfront, and traction from the front office
- Update on the development pipeline where the focus remains on multi-family projects
- Recent leasing velocity in Parsippany, Metropark, and Jersey City
- CLI will provide initial guidance for the following fiscal year in 3Q. For FFO, we are at $2.21 and consensus is at
$2.22

Source: Deutsche Bank, company data, Thomson
87.2%
50bp
3% total

5.0% - 6.0%
9.5% - 10.5%
89.0% - 91.0%
88.0%
3% total
Actual
Actual
3Q16
DBe
$0.56
$0.56
2016
Cons
$0.55
DBe
Pre 3Q Guide
$2.07 - $2.13
Pre 3Q Guide
Post 3Q Guide DBe
$2.21
$2.12
Post 3Q Guide
Cons
$2.11
DBe
Figure 73: KRC 3Q16 results preview
KRC
Earnings
FFO/sh
Pro-forma FFO/sh ex-items
Operating Metrics
Total leasing volume (commenced)
Total leasing volume (executed)
Stabilized Occupancy at Q-end
q/q ch
y/y ch
Rent spread (commenced, cash, 2nd generation)
Rent spread (executed, cash, 2nd generation)
SS NOI growth y/y (cash)
SS NOI growth y/y (GAAP)
3Q15
2Q16
3Q16
Actual Actual
$0.77
$0.77
$0.86
$0.87
Actual Actual
386
384

273
266
95.6% 95.5%
-110bp
60bp
150bp -120bp
26.9% 7.3%
39.2% 19.0%
-2.5% 12.4%
1.6% 3.2%
Note: consensus estimates are based on Thomson compiled data as of 10/14/16

- Update on KRC's disposition plans. We note that a JV sale to Norges Bank closed in August, with another sale expected to close in 4Q
- Update on leasing up the Exchange, with the focus shifting to multi-tenant leases although an agreement with one tenant for the entire space remains possible
- Update on 100 Hooper, where management was negotiating LOIs per the 2Q call. Construction could commence by YE2016 if pre-leasing reaches 50%
- Update on demand in the West Coast from technology tenants
- Update on SF sublease space availability and demand for block space (>100ksf)
- Update on 515ksf of leases under LOI, split evenly between stabilized and developments properties
- Trends in SoCal where job growth has been slowing

Source: Deutsche Bank, company data, Thomson
95.3%
-25bp
-35bp
15.0%
high end of 94.5-95%
15.0%
+9.0% to 11.0%
95.0%
20bp
15.0%
Actual
Actual
DBe
$0.87
$0.87
Cons
$0.87
DBe

Pre 3Q Guide
$3.36 - $3.44
Pre 3Q Guide
2016
Post 3Q Guide
Post 3Q Guide
DBe
$3.40
$3.40
DBe
Cons
$3.40

Figure 74: PGRE 3Q16 results preview
PGRE
3Q15
Earnings
Core FFO/sh
Operating Metrics
Signed Occupancy
q/q ch
Total Leasing Volume
Rent spreads (cash)
SS NOI growth (cash, y/y)
ADtual
$0.20
ADtual
390,142
2Q16
Actual
$0.23
Actual
92.9% 92.9%
-190bp
13.4% 22.9%
N/A
-270bp
148,896
-14.0%
Note: consensus estimates are based on Thomson compiled data as of 10/14/16

- Update on vacant space at 1633 Broadway, 1301 Ave of the Americas, 31 West 52nd St.
- Tenant interest in 150ksf being vacated in January at 1325 Ave of the Americas
- Update on retail leasing plan at 1633 Broadway
- Commentary regarding large block demand and high end office demand in NYC
- Overall pace of leasing in D.C. as the election nears
- We are updating our model to reflect the One Front Street acquisition and recent financing activity. Our 2016 NAREIT FFO/sh estimate moves to 87c from 86c, core FFO moves to 85c from 83c, and FAD moves to 37c from 35c. Our 2017 NAREIT and core FFO estimates move to 96c from 89c, and FAD moves to 54c from 48c. Please see Figure 98 for a summary of our estimate revisions

Source: Deutsche Bank, company data, Thomson
Actual

Actual
3Q16
DBe
$0.19
DBe
92.4%
-47bp
36,785
15.0%
2016
Cons
$0.19
Pre 3Q Guide Post 3Q Guide
$0.81 - $0.85
Pre 3Q Guide Post 3Q Guide
DBe
$0.85
DBe
92.6%
402,416
15.0%
Cons
$0.85
Figure 75: SLG 3Q16 results preview
SLG
Earnings
FFO/sh
Operating Metrics
Manhattan leasing volume (signed)
Manhattan occupancy (commenced)
Manhattan rent spread (signed)
Manhattan rent spread (commenced)
Suburban leasing volume (signed)
Suburban occupancy (commenced)
Suburban rent spread (signed)
Suburban rent spread (commenced)
SS NOI growth y/y (cash, combined)
3Q15
Actual
$1.65
Actual
533,697
92.6%
15.6%
26.8%
131,366
79.8%
-3.8%
-5.2%
6.5%
2Q16

Actual
3Q16
Actual
$3.39
Actual
621,150
95.6%
16.1%
11.8%
177,684
80.6%
2.5%
2.8%
6.5%
Note: consensus estimates are based on Thomson compiled data as of 10/14/16

- With the construction loan in place, update on the funding plans for One Vanderbilt: JV now, JV following some leasing, or wholly-own the asset
- SLG recently noted deceleration in high end leases, while BXP has been more positive
- Update on leasing goal. Per management commentary, SLG had leased ~2.3msf as of mid-September, suggesting ~830ksf of leasing in 3Q with a few weeks to go
- Press reports from The Real Deal suggesting that SLG is looking to sell its 16 Court St. office tower in Brooklyn for $160MM
- Update on the health of luxury street retail
- View on the health of SLG's structured finance business

Source: Deutsche Bank, company data, Thomson
Actual
DBe
$1.43
Cons
$1.50
DBe
95.6%
11.6%
80.9%
11.6%
6.0% - 6.5%
2016
Pre 3Q Guide Post 3Q Guide DBe
$8.17 - $8.25
Pre 3Q Guide Post 3Q Guide
2,600,000
97%+

22%
$8.19
Cons
$8.29
DB est
95.9%
20.4%
81.1%
8.2%

Figure 76: VNO 3Q16 results preview
VNO
Earnings
FFO/sh
FFO/sh adjusted for comparability
Operating Metrics
NYC occupancy (pro-rata, signed)
q/q ch
NYC office rent spread (cash, pro-rata, signed)
NYC office SS EBITDA (cash, pro-rata)
DC occupancy (pro-rata, signed)
q/q ch
DC office rent spread (cash, pro-rata, signed)
DC office SS EBITDA (cash, pro-rata)
3Q15
Actual
$1.25
$1.24
Actual
2Q16
Actual
$1.21
$1.23
Actual
96.20% 96.00%
-30bp
-20bp
24.7% 21.7%
-0.3% 5.9%
84.70% 84.00%
-10bp
-80bp
-4.6% -6.7%
-9.4% -2.5%
Note: consensus estimates are based on Thomson compiled data as of 10/14/16

- VNO, along with 2 partners, won the bid for the Farley building redevelopment. Update on RFP process for the Penn Station redevelopment
- Sales update at 220 Central Park South, with management noting during the 2Q call increased activity following a period of slowdown
- Update on the potential spin off of the Washington business
- Update on the Skyline properties, with VNO in negotiation with special servicer per the 2Q call

Update on leasing pipeline, which stood at over 1msf per the 2Q call

We are updating estimates to reflect recently announced financing activity. Our 2016 FFO/sh estimate moves to $4.88 from $4.84, while FAD moves to $2.70 from $2.66. For 2017, our FFO estimate moves to $5.55 from $5.43 while FAD moves to $3.79 from $3.67. Please see Figure 98 for a summary of our estimate revisions

Source: Deutsche Bank, company data, Thomson
Actual
Actual
3Q16
DBe
$1.25
$1.27
DBe
96.00%
0bp
15.0% commenced
85.00%
100bp
-5.0% commenced
2016
Cons
$1.27
Pre 3Q Guide Post 3Q Guide DBe
$4.88
$4.94
Pre 3Q Guide Post 3Q Guide
DBe
96.00%
-40bp y/y
20.0% commenced
86.00%
-4.8% commenced
Cons
$4.87
Figure 77: KW’s 3Q16 results preview

Management’s plans to bridge the value gap

Impact from Brexit on assets in the UK, specifically, and more broadly in Europe

Management expectations for the pace of investment activity through 2016

Update on the acquisition pipeline in the US and Europe, and the disposition pipeline in the US. KW announced ~$400MM of acquisitions and $207MM of dispositions in the multifamily portfolio in 3Q

EFTA01437880

- Update on multi-family demand and fundamentals in West Coast markets
- Update on the company's leasing efforts of its SoCal commercial portfolio
- Development pipeline progress and impact on NOI
- Update on the KW and KWE (KWE.LON: DB Hold rated, 1002GBp by Oliver Reiff) share repurchase programs

Source: Deutsche Bank, company data

Data Centers: Measuring growth in years not quarters
Figure 78: 1-month Data Center performance
Data Center
-3%
-2%
-1%
0%
1%
2%
3%
4%
3.5%
2.9%
1.8%
1.6%
-0.9%
-1.0%
-1.8%
COR
As of 10/14/16
Source: Deutsche Bank, SNL
DLR
EQIX
QTS
CONE
DFT
0%
5%
10%
15%
20%
25%
30%
35%
40%
45%
39.5%
33.8%
30.6%
28.9%
25.7%
21.5%
18.2%
Figure 79: YTD Data Center performance
Data Center
COR
DFT
As of 10/14/16

Source: Deutsche Bank, SNL
CONE
DLR
EQIX
QTS
Figure 80: Strong fundamentals as seen by net absorption
Net absorption (MW)
10
20
30
40
50
-10
0
NOVA
4Q14
Silicon
Valley
1Q15
NYC/NJ Chicago Dallas / Ft.
Worth
2Q15
4Q15
Average
2Q16

Demand outpacing supply in key markets of
NOVA and Chicago
Source: Deutsche Bank, CBRE

Further M&A opportunities in the space

2Q15
Figure 81: Leasing trending up
$20
$40
$60
$80
$100
$120
$0
DLR
3Q15
CONE
4Q15
QTS
1Q16
Total
2Q16

CONE continues to benefit from leasing trends

Source: Deutsche Bank, CBRE
Bookings ($mm)
Integration and synergies from recent consolidation wave

Competitive landscape as more players move towards a flexible product offering

Leasing momentum and pricing trends in key markets like NOVA and Chicago

Development cost and yield trends

Impact on leasing from enterprise adoption of the public cloud

Expansion opportunities in new geographies and verticals

Hyperscale cloud demand outlook over the next 12 months

Incremental demand in Houston in light of energy headwinds

Figure 82: CONE’s 3Q16 results preview
CONE
Income Statement ($ in MM's, except per share)
GAAP Revenue
Adjusted EBITDA
Adjusted EBITDA margin
FFO/sh, normalized
Operating Metrics (in 000's, excect per share)
GAAP rent annualized ($mm)
MW signed
Rent/KW/Month
Quarterly churn rate
3Q15
2Q16
Actual Actual
$111.2
$59.0
53.1% 53.3%
$0.57
Actual
$12.14
4.8
Actual
$130.1
$69.4
$0.67
Actual
$57.19
40.0
$210.83 $119.15
0.7% 2.7%
Note: consensus estimates are based on Thomson compiled data as of 10/14/16

- Expectations are elevated following 3 back-to-back quarters of strong leasing. Update on the size of the leasing pipeline
- Recent changes in conversations with enterprise and public cloud players
- Pricing, yield and construction cost trends
- Fundamentals in key markets, specifically in NOVA, Houston, Dallas, and Phoenix
- Construction plans in the Pacific Northwest and NOVA following land purchases. CONE recently acquired 29 acres in the Phoenix metro while highlighting Santa Clara as an area of focus
- Leasing activity at the CME property in Chicago

Expansion plans in 2016 for new markets, and potential for additional acquisitions

Impact from weakness in the energy industry on CONE’s oil and gas tenants

We are updating estimates to reflect our expectation of an earlier exercise of the forward equity sales offering in 2017 and a modest reduction in rent commencements in 2017. Our 2016 estimates are unchanged. For 2017, our core FFO/sh estimate moves to $2.95 from $3.01, NAREIT FFO moves to $2.71 from $2.77, FAD moves to $2.90 from $2.97, and EBITDA moves to $337.7MM from $345.8MM. Please see Figure 98 for a summary of our estimate revisions

We are lowering our target price to $59 from $60 as a result of our estimate revisions. Our target multiple are unchanged (17.4x EBITDA and 19.1x FAD). Please see Figure 97 for details on our target price

Source: Deutsche Bank, company data, Thomson

Actual
3Q16
DBe
$136.6
$71.2
2016
Cons
$136.1
$69.3
52.1% 51.0%
$0.64
$0.62
DBe
Pre 3Q Guide
$520 - $530
$270 - $280
$2.50 - $2.58
Pre 3Q Guide
Post 3Q Guide
DBe
$525.2
$275.3
Post 3Q Guide
DBe
Cons
$526.7
$275.0
52.4% 52.2%
$2.56
$2.56

2.5%

Figure 83: DLR’s 3Q16 results preview

DLR	3Q15	2Q16
Income Statement	Actual	Actual
FFO/sh	$1.28	$1.36
Core FFO/sh	$1.32	$1.42
Operating Metrics	Actual	Actual
Signed $ leasing volume (MM's)	$33,000	$23,000
Rent/KW/Month	$259	$247
TKF new leasing volume (ksf signed)	159	39
TKF new lease rent/sf (signed)	$186	$216
TKF renewal rent spread (GAAP)	7.7%	9.5%
Colo new leasing volume (ksf signed)	12	26
Colo new lease rent/sf (signed)	$239	$229
Colo renewal rent spread (GAAP)	9.1%	5.2%
Total occupancy (commenced)	93.00%	90.40%
Same-capital NOI growth	2.20%	3.30%

Note: consensus estimates are based on Thomson compiled data as of 10/14/16

|| We expect DLR to recover following 2Q's moderate leasing level. Through July, DLR had signed ~$20MM of
new leases

|| Expect above market leases in NJ and Phoenix to roll in 2H16, resulting in negative spreads

|| Leasing demand from SMACC tenants

|| Update on DLR's building an ecosystem as the company looks to benefit from Telx's product offering

|| Plans for international expansion, specifically Japan and Germany

|| Thoughts on further consolidation opportunities

|| Update on the search for the Sales & Marketing leadership position following Matt Miszewski's departure

|| We are updating estimates to reflect our expectation of a delayed exercise for a portion of the forward equity
sales offering and lowering our 2H16 leasing assumptions. Our 2016 Core and NAREIT FFO/sh estimates are
unchanged, while FAD moves to $5.09 from $5.10. For 2017, Core and NAREIT FFO move to $6.09 from $6.24,
while FAD moves to $5.21 from $5.36. Please see Figure 98 for a summary of our estimate revisions

|| We are lowering our target price to $108 from $112 as a result of our lowered estimates. Our target multiple are
unchanged (18.0x EBITDA and 19.6x FAD). Please see Figure 97 for details on our target price

Source: Deutsche Bank, company data, Thomson
90.60%
+ / - 50bps
2.5% - 4.0%
90.60%
Actual
Actual
3Q16
DBe
$1.37
$1.49
DBe
2016
Cons
$1.44
Pre 3Q GuidePost 3Q Guide
$5.50 - $5.55
$5.65 - $5.75
Pre 3Q GuidePost 3Q Guide

DBe
$5.53
$5.73
DBe
Cons
$5.70
Cons

Figure 84: QTS's 3Q16 results preview
QTS
3Q15
Income Statement ($ in 000's, except per share)
GAAP Revenue
GAAP NOI
NOI margin
Adjusted EBITDA
Adjusted EBITDA margin
Operating FFO/sh
Operating Metrics (in 000's, except per share)
MRR at period end
Churn rate
Incremental annualized rent, net of downgrades
Booked-not-billed (annualzied rent)
C2/C3 renewal spread (signed)
Total in progress construction pipeline
Annualized ROIC
Actual
$88,890
$56,503
63.6%
$39,131
44.0%
$0.61
Actual
$26,214
0.8%
$5,583
$61,300
-0.7%
$72,000
15.7%
Note: consensus estimates are based on Thomson compiled data as of 10/14/16

- Update on leasing activity at the Chicago facility. Phase 1 with 48krsf was opened in July
- Update on NJ facility acquired from DFT
- Management expects a reduction to ROIC as Chicago and NJ are leased up

Interest in wholesale leases at recently developed facilities

- Expectations for churn as QTS continues the migration from leased to owned facilities
- Tenant conversations regarding C2 and C3 demand and impact from the public

cloud

Development capex spending expectations for the remainder of 2016
Source: Deutsche Bank, company data, Thomson
2Q16
Actual
$98,687
$64,021
64.9%
$45,613
46.2%
$0.63
Actual
$28,872
1.3%
$13,310
$49,100
2.0%
$103,000
15.1%
Actual
Actual
3Q16
DBe
$104,481
$65,844
63.0%
$46,202
44.2%
$0.62
DBe
$31,033
5.0% - 8.0%
2016
Cons
$102,115
$45,402
44.5%
$0.65
Pre 3Q Guide
mid-teens
$179,000 - $187,000
$2.55 - $2.65
Pre 3Q Guide
Post 3Q Guide
Post 3Q Guide
DBe
Cons
$405,992 $401,346
$260,609
64.2%

$184,225 $180,717
45.4%
$2.62
DBe
45.0%
$2.60
Cons2

Industrial: Fundamentals remain solid, backed by ecommerce and retail demand
Figure 85: 1-Month Industrial performance
Industrial
-4%
-3%
-2%
-1%
0%
1%
2%
3%
4%
3.1%
2.4%
1.6%
0.8% 0.7%
0.5%
Figure 86: YTD Industrial performance
Industrial
-0.3%
-0.3%
-0.4%
-1.8%
-2.8%
-3.2%
LPT
REXR STAG DCT
As of 10/14/16
Source: Deutsche Bank, SNL
PSB
EGP TRNO PLD
FR
MNR
DRE
0%
5%
10%
15%
20%
25%
30%
35%
40%
36.4%
33.5%
31.9% 31.9%
27.8% 27.0%

25.3% 25.0%
22.5% 21.7%
18.1%
24.9%
REXR
LPT MNR STAG EGP
As of 10/14/16
Source: Deutsche Bank, SNL
DCT
PSB
DRE
FR
PLD TRNO
Figure 87: Warehouse vacancy rate & rent growth
Figure 88: PLD SS NOI growth
10.0%
10.5%
11.0%
11.5%
12.0%
12.5%
13.0%
13.5%
0.0%
0.5%
1.0%
1.5%
2.0%
2.5%
3.0%
0.0%
1.0%
2.0%
3.0%
4.0%
5.0%
6.0%
7.0%
8.0%
Effective rent growth y/y (rhs)
Vacancy rate (lhs)

Preliminary REIS data shows that 3Q demand slowed with net absorption of 14.7msf vs. 21.8msf last quarter. Rent growth accelerated at a moderate rate similar to 2Q

While demand slowed so did new construction, which fell to 13.4msf from 19.6msf in 2Q with 52% concentrated in 5 of the primary markets

Vacancy rate remained stable as net absorption came in slightly higher than new construction. Effective rent growth slowed slightly to around +2.3% vs. +2.4% in 2Q

In a similar fashion, data from Jones Lang LaSalle shows net absorption was concentrated as well with more than a third of 3Q activity spread across 4 primary markets
Source: Deutsche Bank, Reis
Source: Deutsche Bank, company data
GAAP
Cash
6/30/15
5.9%
5.2%
9/30/15
6.2%
4.5%
12/31/15
6.6%
4.5%
3/31/16
7.4%
6.0%
6/30/16
6.1%
5.3%

SS NOI (Owned & Managed)

18 October 2016
REITs
US REIT 3Q16 Earnings Preview
Key Industrial topics/questions for 3Q16

- Supply update across markets
- Views on industrial fundamentals in the UK and Europe with Brexit trade negotiations likely to start around March
- Update on impact of weaker GBP
- Commentary on investor appetite for industrial assets
- Trajectory of e-commerce driven demand
- European asset pricing
- U.S. investment market update in light of recent portfolio sales and portfolios on the market

Figure 89: PLD 3Q16 results preview
PLD
Earnings
Core FFO/sh
Operating Metrics
Total leasing volume (signed, owned & managed)
New leasing volume (Op + CIP, signed, owned & managed)
Renewal leasing volume (signed, owned & managed)
Occupancy (commenced, owned & managed)
q/q ch
y/y ch
Rent spread (signed, cash, PLD share)
SS NOI growth y/y (GAAP, PLD share)
SS NOI growth y/y (cash, PLD share)
3Q15
2Q16
Actual Actual
$0.58
$0.60
Actual Actual
42,162 48,509
15,292 21,827
26,870 26,682
95.4% 95.7%
60bp
110bp
20bp
90bp
3.6% 7.9%
6.2% 6.1%
4.5% 5.3%
Note: consensus estimates are based on Thomson compiled data as of 10/14/16

- Updated FX outlook for 2016 and impact on promote income. Guidance for promote income issued in July
factored in stable FX rates
- Update on PLD’s supply pressured markets in Houston (2.0% of NOI), Columbus (1.0%), and Poland (1.9%)
- Update on fund inflows and redemptions in Europe. PLD had 2 sterling investors potentially looking to
withdraw €45MM but also had €400MM of inflows queued up for its open-ended PTELF fund in July
- Development update with comments on trajectory of margins, starts outlook, and mix of built-to-suit projects
- Rental rate/spread trends with portfolio 13-15% below market as of 2Q (~15% below market in the U.S.)
- Cap rate and vacancy trends in Europe. PLD previously forecasted a 20bps drop in vacancy to 5.8% by year-end
(80bps decline vs. 2015). Pre-Brexit cap rate outlook called for 15-30bps of compression this year
- Update on disposition plans and buyer interest across different geographies and asset types

Source: Deutsche Bank, company data, Thomson
Actual
Actual
3Q16
DBe
$0.69
Cons
$0.70
DBe
Pre 3Q Guide
$2.52 - $2.58
Pre 3Q Guide
2016
Post 3Q Guide
Post 3Q Guide
DBe
$2.57
DBe
Cons
$2.57
96.3%
64bp
94bp
+96.0% to 97.0%
97.3%
100bp

15.0% commenced
+4.75% to 5.25%
15.2% commenced

Healthcare: Rents continue upward climb as primary
markets mostly shrug off new supply
Figure 90: 1-Month Healthcare performance
-12%
-10%
-8%
-6%
-4%
-2%
0%
2%
4%
6%
8%
Healthcare
5.3% 5.1% 4.9%
2.4%
1.0%
0.9%
0.4%
0.0%
-2.2%
-0.2%
-0.8%-1.3% -1.9%
-2.1%
-5.0%
-5.6%
-7.0%
-10.4%
UHT MPW CHCT DOC SNH SBRA HTA NHI LTC CTRE VTR HCP HR OHI HCN CCP SNR
As of 10/14/16
Source: Deutsche Bank, SNL
Figure 91: YTD Healthcare performance
-20%
-10%
0%
10%
20%
30%
40%
50%
60%
70%
Healthcare
57.3%
33.1%32.9%
30.9% 29.0%
26.0%

25.4%
22.4%
24.5%
20.1%20.0%
17.6% 12.2%
5.8%
0.0%
-0.6%
-6.9%
SNH CTRE MPW NHI CHCT UHT DOC SBRA VTR LTC HTA HR SNR HCN OHI HCP CCP
As of 10/14/16
Source: Deutsche Bank, SNL
15.0%
Figure 92: Primary mkt Sr Housing occ & rent growth
84.00%
85.00%
86.00%
87.00%
88.00%
89.00%
90.00%
91.00%
92.00%
Sr Housing Rent Growth
Sr Housing Occupancy

Sr Housing occupancy up 12bps q/q in 3Q but down 9bps y/y

IL occupancy up 16bps q/q and up 2bps y/y

AL occupancy up 6bps q/q and down 22bps y/y

Sr Housing rent growth improved to +3.78% vs +3.18% in 2Q driven by IL +4.21% (+3.43% in 2Q) and AL +3.16% (+2.81% in 2Q). This is the highest rent growth since 2007

IL starts declined to 1,500 units in 3Q (2,100 in 2Q), staying in line with the 4-quarter average. AL construction starts in primary markets picked up with 2,600 units started in 3Q (2Q starts revised to 2,100 from 1,800), slightly below the rolling 4-quarter average of 2,800

Construction as a % of inventory was down slightly to 5.78% in 3Q vs 5.99% in 2Q (IL 3.89% from 4.25% and AL 8.34% from 8.36%)
Source: Deutsche Bank, NIC MAP® Data and Analysis Service
Source: Deutsche Bank, company data

0.00%
0.50%
1.00%
1.50%
2.00%
2.50%
3.00%
3.50%
4.00%
4.50%
Figure 93: Total portfolio SS NOI growth
0.0%
0.5%
1.0%
1.5%
2.0%
2.5%
3.0%
3.5%
4.0%
4.5%
5.0%
HCN
2Q15
3Q15
4Q15
1Q16
VTR
2Q16

Pre-3Q guidance for both companies implies some deceleration in 2H16

While rent growth and occupancy remained healthy in 3Q as per NIC data, elevated supply continues to be a near-term concern for SHOP growth

SNFs remain a risk as well with HCN more exposed vs. VTR. As the post-acute sector transitions to value-based payment systems, uncertainty around Medicare reimbursements will continue to weigh on SNF assets and valuation

Occupancy
06Q4
07Q2
07Q4
08Q2

08Q4
09Q2
09Q4
10Q2
10Q4
11Q2
11Q4
12Q2
12Q4
13Q2
13Q4
14Q2
14Q4
15Q2
15Q4
16Q2
y/y Rent Growth
Cash SS NOI growth (y/y, total)

Key Healthcare topics/questions for 3Q16

- Pricing/occupancy in markets with elevated supply such as Atlanta, San Antonio, Houston, Kansas City, Denver, Orlando, Chicago, Dallas, and Sacramento, with each having over 9% of inventory currently under construction
- Updated FX outlook for 2016 with GBP 7-8% weaker vs. 2Q. We expect HCN's and VTR's earnings to be largely insulated from GBP devaluation given hedging
- Long-term views on asset values in the UK
- Update on supply and demand dynamics across VTR and HCN markets. Recent reports show that AL construction remains highly concentrated while IL construction is heaviest in secondary markets
- Operating expense and labor costs trends. Recent NIC data suggests hourly wage growth for AL employees have decelerated to +2% y/y, down from roughly 4% posted during the last few quarters
- Update on skilled nursing, including reasons behind recent occupancy declines. NIC data shows 2Q (1-Q lag) occupancy at a 5-year low (123bps q/q, -170bps y/y) with quality mix down as well (-140bps q/q, -130bps y/y)
- State of the transaction markets and investor interest given current cost of capital with Sr Housing & nursing care volume decreasing again to $2.0B from $2.6B in 2Q (5th consecutive Q with <$5.0B in volume)
- Update on cap rate trends in light of low transaction activity for Sr housing (upward trend in cap rates continued in 3Q as per NIC report)
- Updated hospital outlook given recent transaction activity in the sector
- Acquisition outlook and investment appetite given current cost of capital

Figure 94: HCN 3Q16 results preview
HCN
Earnings
Normalized FFO/sh ex-items
Operating Metrics
SS NOI growth y/y (cash)
SS NOI growth y/y (Sen Housing NNN)
SS NOI growth y/y (Post Acute)
SS NOI growth y/y (Sen Housing Operating)
SS NOI growth y/y (MOB)
EBITDAR coverage (stable portfolio, TTM basis)
Private pay (% of facility revenue, stable portfolio)
SNF occupancy (stable portfolio)
Senior Housing Operating occupancy (stable portfolio)
MOB occupancy (total)
3Q15
2Q16
Actual Actual
$1.12
$1.15
Actual Actual
3.0% 3.3%
3.3% 2.8%
3.4% 3.6%
2.7% 4.0%
2.5% 2.4%
1.25x
1.21x
87.3% 89.2%
85.9% 86.9%
90.5% 91.0%
95.2% 94.9%
Note: consensus estimates are based on ThomsonReuters compiled data as of 10/14/16
Note: SNF data is LT/Post Acute in 4Q14 and beyond

- Growth trajectory of senior housing portfolio in the UK and Canada. All four SHOP development projects scheduled for 4Q16 delivery and two NNN projects scheduled for 3Q16 are in the UK
- More detail on the recently completed acquisition of $1.15B sr. housing assets in California as well as HCN’s outlook for further capital deployment
- Update on the development pipeline and yields. Deliveries for 3Q16 include four senior housing NNN assets (two in the UK) and one MOB with a projected yield of 7.0%

- Update on the start timing of HCN’s memory care project in Manhattan (The Welltower)
- Update on timing of $1.3B in planned dispositions. Our model reflects $803MM of sales and repayments in 3Q16 and $204MM in 4Q16
- Progress on decreasing SNF exposure with 60% of $1.3B dispo guidance consisting of SNF assets. Update on sales from the Genesis portfolio and any plans to dispose of additional Genesis assets (management indicated this could be a possibility on 2Q’s call)
- Outlook for the post-acute care segment including an update on Genesis
- Supply update in HCN’s markets with Chicago and Atlanta being highlighted earlier this year of facing supply pressure and having weaker economies

Source: Deutsche Bank, company data, Thomson
Actual
Actual
3Q16
DBe
$1.13
DBe
2016
Cons
$1.14
Pre 3Q Guide
$4.50 - $4.60
Pre 3Q Guide
2.75% - 3.25%
Post 3Q Guide
Post 3Q Guide
DBe
$4.56
DBe
Cons
$4.58

Figure 95: VTR 3Q16 results preview
VTR
Earnings
Normalized FFO/sh
Normalized FAD/sh
Operating Metrics
Total SS NOI growth (cash, y/y)
SHOP SS NOI growth (cash, y/y)
SS Avg occupancy ch (y/y)
SS Avg monthly REVPOR growth (y/y)
NNN SS NOI growth (cash, y/y)
Total Coverage
MOB SS NOI growth (cash, y/y)
End occupancy ch (y/y)
Avg rent per occupied sf (y/y)
3Q15
2Q16
3Q16
Actual Actual
$1.09
$0.97
$1.04
$0.96
Actual Actual
4.3% 3.5%
3.2% 2.1%
-0.3% -0.7%
3.5% 3.9%
5.7% 6.2%
1.6x
1.7x
3.1% 0.8%
-0.4% -0.7%
2.6% 0.9%
Note: consensus data is based on Thomson compiled data as of 10/14/16. Historical data has not been restated

- Updated views on acute care hospitals including sector outlook, commentary on the recent debt investment in the Ardent/LHP merger, and plans for further expanding hospital exposure
- Expect an update on the six development projects VTR had at the end of 2Q and the two in-process developments acquired from Wexford
- Updated outlook for future growth opportunities resulting from the exclusive development agreement with Wexford and the 9 development sites VTR acquired

‖ Update on disposition plans. Our model assumes $300MM in 3Q16 and $75MM in 4Q16

‖ Update on seniors housing supply in VTR's markets, most notably Atlanta, Denver, San Francisco, and Sacramento

‖ Updated plans to fully fund the Wexford deal and the new Ardent debt investment after a $450MM senior note issuance in September

‖ Operator update including comments on recent Kindred performance

‖ We are updating our model for the recently announced debt investment to help fund the Ardent operating company merger with LHP and recent financing activity. Our 3Q16 normalized and NAREIT FFO/sh estimates are unchanged. Our 2016 norm and NAREIT FFO/sh estimates are both unchanged at $4.10 and $4.07, respectively. Our 2017 norm. FFO/sh moves to $4.42 from $4.34 and our NAREIT FFO/sh estimate moves to $4.42 from $4.33, which reflect the new $700MM debt investment in 1Q17 and additional debt financing activity in 2H17. Please see Figure 98 for a summary of our full year estimate revisions.

Source: Deutsche Bank, company data, Thomson
1.0% - 2.0%
Actual DBe Cons
$1.01 $1.00
$0.90
Actual
DBe
Pre 3Q Guide
$4.05 - $4.13
$3.69 - $3.73
Pre 3Q Guide
2.0% - 3.0%
1.5% - 3.0%
2016
Post 3Q Guide
DBe Cons
$4.10 $4.12
$3.70
Post 3Q Guide
DBe
3.5% - 4.0%

EFTA01437908

Figure 96: MPW 3Q16 results preview
MPW
Earnings
Normalized FFO/sh
FFO/sh
FAD/sh
Operating Metrics
Total Portfolio EBITDAR Coverage (stable portfolio, TTM basis)
General Acute Care
LTACH
IRF
Master Lease EBITDAR Coverage (stable portfolio, TTM basis)
Master Leases as % of Total Portfolio
Construction Pipeline
Deliveries
3Q15
Actual
$0.32
$0.18
$0.30
Actual
3.8x
4.7x
1.9x
2.9x
3.1x
80%
326.7
24.0
Note: consensus estimates are based on ThomsonReuters compiled data as of 10/14/16

- Updated sector outlooks for acute care hospitals, freestanding emergency rooms, long-term acute care hospitals, and inpatient rehab facilities
- Additional details on the Steward acquisition and future growth potential stemming from the new relationship with Steward and Cerberus
- Comments on the pace of $300MM in Median acquisitions and expected timing (2016 closings vs. 2017)
- Updated investment outlook and which assets/regions are most attractive for capital deployment. With our pro-forma net debt-to-EBITDA of roughly 5.0x we believe MPW has plenty of dry powder to make accretive investments

Disposition update and plans to sell additional LTACHs (7% exposure as of last Q's call)

Development pipeline update as $62MM of freestanding ER completions are scheduled for 3Q16

Operator/tenant update, most notably comments on Prime Healthcare (on-going DOJ lawsuit) and Adeptus Health (views on recent freestanding ER scrutiny)

Update on EBITDAR rent coverage (reported on a 1-Q lag) and the impact of 2Q16 LTACH and IRF sales on coverage ratios

After updating our model to reflect the Steward deal and related financing activity, our 2016 norm FFO/sh estimate remains unchanged at $1.29 (vs. $1.29-$1.33 guidance). Our 2017 norm FFO/sh moves to $1.39 from $1.32. Our norm FAD/sh estimates move to $1.17 (from $1.16) in 2016 and to $1.29 (from $1.20) in 2017.
Please see Figure 98 for a summary of our full year estimate revisions
Source: Deutsche Bank, company data, Thomson
2Q16
Actual
$0.32
$0.23
$0.28
Actual
3.6x
4.5x
1.8x
2.2x
3.0x
71%
255.0
30.9
Actual
Actual
3Q16
DBe
$0.30
$0.30
$0.27
DBe
2016
Cons
$0.30
Pre 3Q Guide
$1.29 - $1.33
Post 3Q Guide

DBe
$1.29
$1.14
$1.17
Pre 3Q Guide
Post 3Q Guide
DBe
Cons
$1.26
255.0
62.2

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REITs
US REIT 3Q16 Earnings Preview
Summary of ratings and
estimate changes
Figure 97: Price target and ratings changes
Old
Last Price
Office
City Office Reit Inc
Data Center
CyrusOne Inc
Digital Realty Trust Inc
Source: Deutsche Bank
CIO
CONE
DLR
$12.18
$47.75
$94.71
Rating
Buy
Buy
Buy
New
Rating
Buy
Buy
Buy
Old Cap
Rate
7.0%
NA
NA
New Cap
Rate
7.0%
NA
NA
Old
Prem
New
Prem Old TP
-10% -10%
NA
NA
N/A
$15.00
$60.00
NA $112.00
Key changes

CIO: We are increasing our target price to $15.50 from $15 as we model in increased acquisitions.

CONE: We are lowering our target price to $59 from $60 as a result of our estimate revisions. Our target multiple are unchanged (17.4x EBITDA and 19.1x FAD).

DLR: We are lowering our target price to $108 from $112 as a result of our lowered estimates. Our target multiple are unchanged (18.0x EBITDA and 19.6x FAD).

Figure 98: FFO/sh, Pro-forma FFO/sh, and FAD/sh estimate
2016
Apartment
Independence Realty Trust Inc
Healthcare
Ventas Inc
Medical Properties Trust Inc
Office
City Office Reit Inc
Paramount Group Inc
Vornado Realty Trust
Data Center
CyrusOne Inc
Digital Realty Trust Inc
Local Retail
Federal Realty Investment Trust
Source: Deutsche Bank

Key changes

CIO: We are updating our model to reflect the recently announced preferred equity capital raise, and using proceeds to assume $250MM of acquisitions at a 7% cap rate. Our 2016 core FFO/sh estimate move

2017
Old FFO New FFO Old FFO New FFO
IRT
$0.70
VTR $4.07
MPW $1.18
CIO
$0.63
PGRE $0.86
VNO $4.84
CONE $2.28
DLR $5.53
$0.69
$4.07
$1.14
$0.54

$0.87
$4.88
$2.28
$5.53
$0.67
$4.33
$1.32
$1.19
$0.89
$5.43
$2.77
$6.24
$0.65
$4.42
$1.38
$1.23
$0.96
$5.55
$2.71
$6.09
2016
Old Proforma
FFO
$0.81
$4.10
$1.29
$1.08
$0.83
$4.90
$2.56
$5.73
New Proforma
FFO
$0.80
$4.10
$1.29
$1.01
$0.85
$4.94
$2.56
$5.73
2017
Old Proforma
FFO
$0.77
$4.34
$1.32
$1.27
$0.89
$5.49
$3.01

$6.24
New Proforma
FFO
$0.75
$4.42
$1.39
$1.35
$0.96
$5.61
$2.95
$6.09
2016
2017
Old FAD New FAD Old FAD New FAD
$0.68
$3.68
$1.16
$0.65
$0.35
$2.66
$2.44
$5.10
$0.67
$3.67
$1.17
$0.58
$0.37
$2.70
$2.44
$5.09
$0.67
$3.90
$1.20
$1.08
$0.48
$3.67
$2.97
$5.36
$0.65
$3.99
$1.29
$1.15
$0.54
$3.79
$2.90
$5.21
New TP
$15.50
$59.00
$108.00
FRT

$5.65
$5.65
$6.08
$6.04
$5.63
$5.63
$6.04
$6.04
$4.91
$4.91
$5.08
$5.08

to $1.01 from $1.08, NAREIT FFO moves to 54c from 63c, and FAD moves to 58c from 65c. In 2017, core FFO/sh moves to $1.35 from $1.27, NAREIT FFO moves to $1.23 from $1.19, and FAD moves $1.15 from $1.08.

CONE: We are updating estimates to reflect our expectation of an earlier exercise of the forward equity sales offering in 2017 and a modest reduction in rent commencements in 2017. Our 2016 estimates are unchanged. For 2017, our core FFO/sh estimate moves to $2.95 from $3.01, NAREIT FFO moves to $2.71 from $2.77, FAD moves to $2.90 from $2.97, and EBITDA moves to $337.7MM from $345.8MM.

DLR: We are updating estimates to reflect our expectation of a delayed exercise for a portion of the forward equity sales offering and lowering our 2H16 leasing assumptions. Our 2016 Core and NAREIT FFO/sh estimates are unchanged, while FAD moves to $5.09 from $5.10. For 2017, Core and NAREIT FFO move to $6.09 from $6.24, while FAD moves to $5.21 from $5.36.

FRT: We decrease our 2017 FFO estimate from $6.08 to $6.04 largely on more conservative development assumptions.

IRT: We are updating estimates after reviewing the recent 8-K filing which contained additional debt repayment and share buyback pricing details. Our 2016 NAREIT FFO/sh moves to 69c from 70c and 2017 moves to 65c from 67c. Our core FFO/sh estimates are also decreasing by 1c to 80c for 2016 and by 2c to 75c for 2017.

MPW: After updating our model to reflect the Steward deal and related financing activity, our 2016 norm FFO/sh estimate remains unchanged at $1.29 (vs. $1.29-$1.33 guidance). Our 2017 norm FFO/sh moves to $1.39 from $1.32. Our norm FAD/sh estimates move to $1.17 (from $1.16) in 2016 and to $1.29 (from $1.20) in 2017.

PGRE: We are updating our model to reflect the One Front Street acquisition and recent financing activity. Our 2016 NAREIT FFO/sh estimate moves to 87c from 86c, core FFO moves to 85c from 83c, and FAD moves to 38c from 36c. Our 2017 NAREIT and core FFO estimates move to 96c from 89c, and FAD moves to 52c from 46c.

VNO: We are updating estimates to reflect recently announced financing activity. Our 2016 FFO/sh estimate moves to $4.88 from $4.84, while FAD moves to $2.68 from $2.64. For 2017, our FFO estimate moves to $5.55 from $5.43 while FAD moves to $3.77 from $3.64.

VTR: We are updating our model for the recently announced debt

investment to help fund the Ardent operating company merger with
LHP and recent financing activity. Our 3Q16 normalized and NAREIT
FFO/sh estimates are unchanged. Our 2016 norm and NAREIT FFO/sh
estimates are both unchanged at $4.10 and $4.07, respectively. Our
2017 norm. FFO/sh moves to $4.42 from $4.34 and our NAREIT
FFO/sh estimate moves to $4.42 from $4.33, which reflect the new
$700MM debt investment in 1Q17 and additional debt financing
activity in 2H17.

Valuation and risks
CIO
Valuation
Our target price is based on a 10% discount to our 2-year forward NAV estimate at a 7% cap rate. Our cap rate assumption is based off private market
transactions and our assessment of property types, regions, and asset quality.
We think this metric is appropriate as we believe REITs should trade near the private market value of their assets. We apply a 10% discount to reflect our view of CIO's elevated risk profile.
Risks
We believe CIO's risk profile is higher than average, largely due to its size. We
view portfolio concentration, tenant concentration, leverage, limited trading liquidity, ownership concentration, an elevated dividend payout ratio, and a reliance on external capital to fund growth beyond 2016 as the key downside risks to our Buy-rating.
PGRE
Valuation
With trophy CBD office assets trading in the sub-4% range, we are conservatively applying a 4.5% cap rate to our 2-yr forward NOI estimates to arrive at NAV. To account for the limited visibility on the timing of expected
NOI increases and to account for the potential for higher-than-average quarterly earnings volatility due to the size of the portfolio, we are also applying a 5% discount to NAV to arrive at our target price.
Risks
The key risks to PGRE are tied to its small overall portfolio size and limited
visibility as to when some of the expected NOI upside will be achieved. With just 12 assets, PGRE's quarter-to-quarter results can be highly influenced by the move-in or move-out of anchor tenants. It also subjects the company to above average concentration risks, with ~76% of its annualized base rent (ABR) generated from the NYC market and 68% of ABR from financial services and legal tenants. As noted above, while we see substantial NOI upside potential in the portfolio, the exact timing of when this upside will be realized
is difficult to project on a quarterly basis, which could result in heightened
trading volatility around earnings. We also expect heightened tenant improvement and leasing costs over the next few years as vacancy is leased up, something that will likely act as a headwind to FAD until the portfolio reaches a more stabilized level.

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REITs
US REIT 3Q16 Earnings Preview
DB REIT comp sheet
Figure 99: Deutsche Bank Real Estate Coverage Universe
Sector
Company
Apartment
American Campus Communities
AvalonBay Communities
Camden Property Trust
Equity Residential
Independence Realty Trust
Post Properties
Sector wt'd average / sum
Sector median
Health Care REITs
Medical Properties Trust
Welltower Inc.
Ventas Inc
Sector wt'd average / sum
Sector median
Industrial
Prologis, Inc.
Sector wt'd average / sum
Sector median
Office
Boston Properties
City Office
Kilroy Realty Corp.
Mack-Cali Realty Corp.
Paramount Group, Inc.
SL Green Realty
Vornado Realty Trust
Sector wt'd average / sum
Sector median
Data Center
CyrusOne Inc.
Digital Realty Trust
QTS Realty Trust Inc.
Sector wt'd average / sum
Sector median
Retail, Local
Brixmor
DDR Corp.
Equity One, Inc.
Federal Realty Investment Trust
Kimco Realty Corp.
Ramco-Gershenson Property Trust
Regency Centers
Retail Properties of America

Spirit Realty Capital
Urstadt Biddle Properties Inc.
Sector wt'd average / sum
Sector median
Retail, Regional
General Growth Properties
Macerich Co.
Simon Property Group
Taubman Centers Inc.
Sector wt'd average / sum
Sector median
Other
American Farmland Company
Kennedy Wilson *
Sector wt'd average / sum
Sector median
* Pro-forma FFO for KW is basic adjusted EPS
Total Wt'd Avg/Sum (ex-other)
Total Median (ex-other)
Source: Deutsche Bank, Company data, Thomson
AFCO Hold
KW Buy
$7.20
$20.52
GGP Buy
MAC Hold
SPG Buy
TCO Hold
$26.17
$76.43
$196.99
$71.42
BRX Buy
DDR Hold
EQY Hold
FRT Hold
KIM Hold
RPT Buy
REG Hold
RPAI Buy
SRC Buy
UBA Hold
$26.91
$16.44
$29.13
$147.25
$28.09
$17.56
$74.45
$15.99
$12.52

$21.85
CONE Buy
DLR Buy
QTS Hold
$47.75
$94.71
$52.22
BXP Buy
CIO Buy
KRC Buy
CLI Hold
PGRE Buy
SLG Buy
VNO Hold
$126.90
$12.18
$70.11
$26.12
$15.80
$105.07
$95.25
PLD Hold
$50.87
MPW Buy
HCN Hold
VTR Hold
$14.55
$69.43
$66.71
DB
Rating Price
10/14/2016
ACC Hold
AVB Buy
CPT Hold
EQR Hold
IRT Hold
PPS Hold
$49.27
$168.93
$77.83
$61.40
$8.70
$62.96
$6,534
$23,278
$7,169
$23,520
$525
$3,377
$64,404

$6,428
$23,196
$6,803
$22,445
$568
$3,368
$62,809
10.23%
36.9%
10.8%
35.7%
0.9%
5.4%
100.0%
1.7%
6.0%
1.8%
5.8%
0.1%
0.9%
16.4%
Market Cap
incl OP
(MMs)
Equity
Mkt Cap
(MMs)
Sector Coverage
Weight
Weight
90 Day
90 Day
(000's)
DBe
Avg (Vol) Avg ($ vol) Cap Rate
(000's)
815
780
619
2,517
764
603
6,098
$40,179
$131,745
$48,197
$154,525
$6,646
$37,960
$419,253
5.4%

4.5%
5.3%
4.6%
6.1%
5.2%
4.8%
5.2%
$4,120
$25,032
$23,605
$48,638
$4,549
$24,850
$23,439
$52,837
8.6%
47.0%
44.4%
100.0%
1.2%
6.5%
6.1%
13.8%
3,341
2,044
2,214
7,599
$48,616
$141,915
$147,669
$338,199
8.0%
6.6%
6.4%
6.6%
15.8%
$27,682
$27,682
$26,806
$26,806
100.0%
100.0%
7.0%
7.0%
2,935
2,935
$149,296
$149,296
5.3%
5.3%
5.3%

$21,813
$295
$6,711
$2,622
$4,180
$11,074
$19,232
$65,927
$19,504
$297
$6,469
$2,342
$3,468
$10,541
$17,980
$60,600
32.2%
0.5%
10.7%
3.9%
5.7%
17.4%
29.7%
100.0%
5.1%
0.1%
1.7%
0.6%
0.9%
2.7%
4.7%
15.8%
709
168
609
593
852
714
851
4,496
$89,982
$2,046
$42,700
$15,481
$13,467
$75,022
$81,020
$319,717
4.5%
7.3%
4.9%

7.0%
4.5%
4.5%
4.7%
4.7%
4.7%
$3,961
$15,232
$2,911
$22,104
$3,987
$13,909
$2,491
$20,388
19.6%
68.2%
12.2%
100.0%
1.0%
3.6%
0.6%
5.3%
1,176
1,760
398
3,334
$56,171
$166,660
$20,758
$243,589
N/A
N/A
N/A
N/A
N/A
$8,199
$6,022
$4,195
$10,676
$11,865
$1,544
$7,791
$3,796
$6,021
$574
$60,683
$8,103
$6,015
$4,188
$10,518
$11,799

$1,392
$7,779
$3,796
$6,006
$647
$60,242
13.5%
10.0%
7.0%
17.5%
19.6%
2.3%
12.9%
6.3%
10.0%
1.1%
100.0%
2.1%
1.6%
1.1%
2.7%
3.1%
0.4%
2.0%
1.0%
1.6%
0.2%
15.7%
2,667
3,361
883
398
2,734
478
620
1,286
4,784
172
17,384
$71,767
$55,247
$25,728
$58,632
$76,810
$8,400
$46,126
$20,569
$59,901
$3,766
$426,946
6.4%

6.1%
5.3%
4.5%
5.8%
6.4%
5.2%
6.2%
6.5%
5.8%
5.7%
6.0%
$25,086
$11,508
$71,264
$6,190
$114,047
$23,154
$10,977
$61,899
$4,313
$100,343
23.1%
10.9%
61.7%
4.3%
100.0%
6.0%
2.9%
16.1%
1.1%
26.1%
3,924
874
1,237
335
6,370
$102,690
$66,810
$243,700
$23,920
$437,120
4.9%
4.7%
4.6%
4.3%
4.7%
4.7%
$145
$2,308
$2,453
$145

$2,308
$2,454
5.9%
94.1%
100.0%
0.0%
0.6%
0.6%
152
482
$1,095
$9,884
$10,979
8.0%
N/A
$51.37
NAV
2-yr fwd
$48.19
$193.28
$88.00
$67.41
$9.65
$64.47
Assumed
Prem/(Disc) Prem/(Disc)
to NAV
to NAV
2.2%
-12.6%
-11.6%
-8.9%
-9.9%
-2.3%
-9.1%
-9.4%
$14.01
$64.39
$60.43
3.9%
7.8%
10.4%
8.6%
7.8%
-1.0%
-1.0%
-1.0%
$151.86
$17.30
$80.43
$27.60

$21.06
$130.66
$105.96
-16.4%
-29.6%
-12.8%
-5.4%
-25.0%
-19.6%
-10.1%
-14.8%
-16.4%
N/A
N/A
N/A
N/A
N/A
N/A
N/A
N/A
$30.15
$18.71
$29.74
$144.74
$28.00
$20.44
$73.73
$17.44
$12.26
$23.32
-10.8%
-12.1%
-2.1%
1.7%
0.3%
-14.1%
1.0%
-8.3%
2.1%
-6.3%
-3.0%
-4.2%
$36.66
$87.28
$233.41
$82.88
-28.6%
-12.4%
-15.6%
-13.8%
-18.2%

-14.7%
$16.02
N/A
-55.1%
N/A
0%
0%
-10%
0%
-10%
-6%
-1.5%
-3.0%
0%
0%
0%
0.0%
0.0%
0%
0.5%
0.5%
0%
-10%
0%
0%
-5%
0%
0%
-0.3%
0.0%
N/A
N/A
N/A
N/A
N/A
0%
-5%
5%
5%
0%
0%
5%
0%
0%
0%
1.4%
0.0%
0%
0%
0%
-5%

-0.2%
0.0%
0%
N/A
$8.00
$31.00
$37.00
$87.00
$233.00
$81.00
$59.00
$108.00
$57.00
$152.00
$15.50
$80.00
$28.00
$20.00
$131.00
$106.00
$51.00
$17.00
$73.00
$72.00
Tgt
Price
$48.00
$193.00
$80.00
$67.00
$9.00
$65.00
Est'd
Gain
-2.6%
14.2%
2.8%
9.1%
3.4%
3.2%
8.8%
3.3%
16.8%
5.1%
7.9%
7.4%
7.9%
0.3%
0.3%
0.3%
19.8%

27.3%
14.1%
7.2%
26.6%
24.7%
11.3%
17.4%
19.8%
23.6%
14.0%
9.2%
15.3%
14.0%
$30.00
$18.00
$31.00
$153.00
$28.00
$21.00
$77.00
$18.00
$14.00
$24.00
11.5%
9.5%
6.4%
3.9%
-0.3%
19.6%
3.4%
12.6%
11.8%
9.8%
6.5%
9.7%
41.4%
13.8%
18.3%
13.4%
22.9%
16.1%
11.1%
51.1%
48.7%
31.1%
Expected
Total
Return
0.8%
17.4%
6.6%

12.4%
11.7%
6.2%
12.1%
9.2%
23.1%
10.1%
12.3%
12.2%
12.3%
3.6%
3.6%
3.6%
21.9%
35.0%
16.2%
9.5%
29.0%
27.5%
13.9%
19.9%
21.9%
26.7%
17.7%
11.9%
18.8%
17.7%
15.1%
14.1%
9.4%
6.6%
3.3%
24.4%
6.1%
16.7%
17.4%
14.6%
10.2%
14.4%
44.4%
17.4%
21.6%
16.7%
26.2%
19.5%
14.1%
53.8%
51.4%
33.9%
$1.68
$0.91

$3.44
$2.92
Net Debt
Dividend
2016
$1.66
$5.40
$2.95
$2.02
$0.72
$1.88
Yield
3.4%
3.2%
3.8%
3.3%
8.3%
3.0%
3.3%
3.3%
6.3%
5.0%
4.4%
4.8%
5.0%
3.3%
3.3%
3.3%
$2.70
$0.94
$1.48
$0.60
$0.38
$2.99
$2.52
2.1%
7.7%
2.1%
2.3%
2.4%
2.8%
2.6%
2.5%
2.4%
$1.52
$3.52
$1.44
3.2%
3.7%
2.8%
3.5%

3.2%
$0.98
$0.76
$0.88
$3.92
$1.02
$0.84
$2.00
$0.66
$0.70
$1.04
3.6%
4.6%
3.0%
2.7%
3.6%
4.8%
2.7%
4.1%
5.6%
4.8%
3.7%
3.9%
$0.78
$2.72
$6.50
$2.38
3.0%
3.6%
3.3%
3.3%
3.3%
3.3%
$0.22
$0.56
3.0%
2.7%
2.7%
2.9%
FFO Payout
2016E
72.7%
64.4%
65.1%
67.6%
104.8%
58.5%
66.5%
66.4%
80.0%
76.5%

71.8%
74.7%
76.5%
57.2%
57.2%
57.2%
45.2%
173.5%
43.4%
27.2%
43.9%
36.5%
51.6%
45.3%
43.9%
66.8%
63.7%
56.6%
63.4%
63.7%
47.7%
61.0%
68.3%
69.4%
73.5%
61.1%
73.7%
58.9%
81.9%
81.0%
67.4%
68.9%
51.7%
66.7%
60.2%
62.0%
59.0%
61.1%
97.4%
N/A
5.8%
97.4%
2017E
68.3%
60.8%
63.7%
65.0%
110.4%
55.4%
63.5%
64.3%

65.9%
72.1%
66.1%
68.9%
66.1%
52.9%
52.9%
52.9%
41.5%
76.3%
41.2%
27.1%
39.6%
44.9%
45.4%
42.7%
41.5%
56.1%
57.8%
50.2%
56.5%
56.1%
45.6%
60.9%
58.5%
64.9%
63.8%
58.6%
57.0%
63.5%
76.6%
79.0%
61.3%
62.2%
49.5%
62.1%
55.7%
63.0%
55.3%
58.9%
85.7%
N/A
5.1%
85.7%
FAD Payout
2016E
77.7%
70.2%
75.2%
78.0%
106.8%

69.5%
74.6%
76.4%
77.6%
86.9%
79.6%
82.9%
79.6%
67.7%
67.7%
67.7%
66.2%
163.0%
60.1%
79.0%
103.5%
54.0%
93.4%
74.6%
79.0%
62.3%
69.2%
56.1%
66.2%
62.3%
57.9%
67.9%
73.5%
79.8%
79.4%
67.6%
66.7%
77.8%
78.7%
114.9%
73.3%
75.6%
55.8%
75.4%
63.3%
76.8%
63.5%
69.4%
105.0%
N/A
6.2%
105.0%
2017E
72.5%
64.5%
74.4%

74.9%
110.4%
64.7%
70.5%
73.4%
70.4%
81.2%
73.3%
76.7%
73.3%
60.6%
60.6%
60.6%
58.2%
81.9%
57.2%
92.9%
70.3%
61.0%
66.4%
63.2%
66.4%
52.3%
67.6%
48.5%
62.3%
52.3%
53.8%
69.7%
70.2%
77.1%
82.1%
67.5%
63.5%
71.9%
75.3%
83.9%
71.3%
71.0%
56.6%
68.7%
60.5%
83.9%
61.5%
64.6%
100.3%
N/A
5.9%
100.3%
to EBITDA Total Debt
to Cap

NTM
5.8
5.4
4.2
5.4
10.3
4.8
5.4
5.4
5.1
5.4
5.7
5.5
5.6
4.8
4.8
4.8
5.8
8.0
5.2
6.8
7.7
7.4
7.1
6.7
7.1
4.6
4.8
4.7
4.8
4.7
6.6
6.9
5.3
5.2
6.4
6.1
4.2
5.7
6.1
4.4
6.0
5.9
7.7
7.5
5.4
9.0
6.4
7.6
10.0
11.2

11.2
10.6
28.7%
22.8%
26.7%
27.5%
60.8%
21.8%
26.1%
27.1%
37.8%
34.3%
31.7%
33.5%
34.3%
29.4%
29.4%
29.4%
33.7%
49.4%
27.4%
49.1%
45.4%
43.2%
38.1%
37.8%
43.2%
23.9%
30.6%
24.9%
28.7%
24.9%
42.4%
45.1%
24.5%
20.2%
30.5%
42.5%
20.3%
37.5%
37.7%
29.7%
32.7%
34.0%
37.6%
30.9%
27.0%
41.3%
30.9%
34.2%
35.8%

67.0%
65.2%
51.4%
$407,605
$384,025
100.0%
48,216
5.2%
5.3%
-8.4%
-10.0%
-0.1%
0.0%
13.0%
11.4%
16.5%
14.9%
3.4%
3.3%
61.7%
64.1%
57.4%
59.7%
71.7%
75.3%
66.9%
70.0%
5.9
5.7
31.8%
31.3%

Figure 100: Comp sheet continued
Sector
Company
Apartment
American Campus Communities
AvalonBay Communities
Camden Property Trust
Equity Residential
Independence Realty Trust
Post Properties
Sector wt'd average / sum
Sector median
Health Care REITs
Medical Properties Trust
Welltower Inc.
Ventas Inc
Sector wt'd average / sum
Sector median
Industrial
Prologis, Inc.
Sector wt'd average / sum
Sector median
Office
Boston Properties
City Office
Kilroy Realty Corp.
Mack-Cali Realty Corp.
Paramount Group, Inc.
SL Green Realty
Vornado Realty Trust
Sector wt'd average / sum
Sector median
Data Center
CyrusOne Inc.
Digital Realty Trust
QTS Realty Trust Inc.
Sector wt'd average / sum
Sector median
Retail, Local
Brixmor
DDR Corp.
Equity One, Inc.
Federal Realty Investment Trust
Kimco Realty Corp.
Ramco-Gershenson Property Trust
Regency Centers
Retail Properties of America
Spirit Realty Capital

Urstadt Biddle Properties Inc.
Sector wt'd average / sum
Sector median
Retail, Regional
General Growth Properties
Macerich Co.
Simon Property Group
Taubman Centers Inc.
Sector wt'd average / sum
Sector median
Other
American Farmland Company
Kennedy Wilson *
Sector wt'd average / sum
Sector median
* Pro-forma FFO for KW is basic adjusted EPS
Total Wt'd Avg/Sum (ex-other)
Total Median (ex-other)
AFCO
KW
GGP
MAC
SPG
TCO
BRX
DDR
EQY
FRT
KIM
RPT
REG
RPAI
SRC
UBA
CONE
DLR
QTS
BXP
CIO
KRC
CLI
PGRE
SLG
VNO
PLD
ACC
AVB
CPT
EQR
IRT
PPS

Implied
Cap Rate
5.3%
5.0%
6.0%
5.1%
6.4%
5.3%
5.2%
5.3%
MPW 7.8%
HCN
VTR
6.3%
5.9%
6.2%
6.3%
5.3%
5.3%
5.3%
5.1%
8.3%
5.5%
7.2%
5.3%
5.4%
5.1%
5.3%
5.4%
7.4%
6.5%
11.7%
7.3%
7.4%
6.9%
6.6%
5.4%
4.4%
5.7%
7.0%
5.2%
6.5%
6.4%
6.0%
5.8%
6.2%
6.2%
5.1%
5.3%
4.8%
5.5%

5.2%
N/A
N/A
Price to
FFO
2016E
21.1
20.2
17.2
20.6
12.7
19.6
20.0
19.9
12.8
15.4
16.4
15.6
15.4
17.3
17.3
17.3
21.3
22.5
20.6
11.8
18.2
12.8
19.5
18.7
19.5
21.0
17.1
20.5
18.3
20.5
13.1
13.2
22.6
26.1
20.2
12.8
27.4
14.2
14.6
17.0
19.5
15.8
17.4
18.7
18.2

18.6
18.1
18.4
32.6
N/A
1.9
32.6
2017E
20.3
19.0
16.8
19.8
13.3
18.6
19.1
18.8
10.5
14.6
15.1
14.5
14.6
16.0
16.0
16.0
19.5
9.9
19.6
11.8
16.5
15.8
17.1
17.7
16.5
17.6
15.6
18.2
16.3
17.6
12.5
13.2
19.4
24.4
17.6
12.3
21.2
15.3
13.7
16.6
17.6
16.0
17.5

16.6
17.5
16.9
18.9
17.0
17.2
28.7
N/A
1.7
28.7
2016E
-3.4%
3.6%
-0.1%
-14.3%
-50.1%
7.7%
-4.2%
-1.8%
21.0%
11.4%
-0.5%
6.9%
11.4%
17.8%
17.8%
17.8%
11.5%
-34.5%
0.2%
17.5%
-12.2%
28.3%
-11.0%
5.2%
0.2%
42.7%
13.7%
17.0%
19.8%
17.0%
4.2%
30.0%
5.5%
11.9%
-9.6%
0.8%
-6.8%
16.7%
4.2%
14.8%

4.9%
4.9%
11.1%
7.1%
9.5%
15.9%
9.9%
10.3%
—
N/A
0.0%
N/A
Growth
FFO
2017E
6.4%
6.0%
2.3%
4.1%
-5.1%
5.6%
4.8%
4.8%
21.3%
6.1%
8.6%
8.5%
8.6%
8.3%
8.3%
8.3%
8.9%
127.2%
5.3%
0.4%
10.7%
-18.7%
13.8%
5.5%
8.9%
19.2%
10.2%
12.7%
12.3%
12.7%
4.7%
0.1%
16.8%
6.9%
15.1%
4.2%

29.1%
-7.3%
6.8%
2.6%
10.1%
5.8%
4.5%
7.3%
8.0%
-1.6%
6.7%
5.9%
13.6%
N/A
0.8%
13.6%
2-yr
2.8%
9.8%
2.2%
-10.9%
-52.7%
13.8%
0.5%
2.5%
46.8%
18.2%
8.0%
16.2%
18.2%
27.6%
27.6%
27.6%
21.4%
48.9%
5.4%
18.0%
-2.8%
4.3%
1.3%
9.4%
5.4%
70.1%
25.3%
31.9%
34.9%
31.9%
9.1%
30.1%
23.3%
19.6%

4.0%
5.0%
20.3%
8.2%
11.4%
17.7%
14.6%
14.5%
16.1%
14.9%
18.3%
14.0%
17.2%
15.5%
—
N/A
0.0%
N/A
Price to
Pro-forma FFO
2016E
21.6
20.6
17.1
20.0
10.9
19.5
20.0
19.7
11.3
15.2
16.3
15.4
15.2
19.8
19.8
19.8
21.2
12.1
20.6
12.3
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12.8
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18.6
16.5
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13.0
13.1
20.9
26.1
18.7
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22.7
15.0
14.2
17.1
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12.7
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2017E
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16.0
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2016E
-3.4%
8.1%
0.5%
-11.4%
0.1%
8.5%
-0.9%
0.3%
3.0%
3.9%
-8.4%
-1.6%
3.0%
15.7%
15.7%
15.7%
8.8%
-17.7%
5.9%
14.6%
4.8%
28.3%
0.6%
9.3%
5.9%
17.8%

8.8%
14.2%
11.2%
14.2%
4.4%
2.2%
5.3%
5.3%
1.7%
-2.3%
7.5%
0.0%
8.4%
8.6%
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—
-11.5%
-10.9%
-11.5%
Pro-forma
Growth
2017E
6.4%
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-5.9%
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5.2%
7.9%
6.6%
7.4%
1.2%
1.2%
1.2%
8.9%
34.6%
5.3%
4.3%
12.6%
-18.7%

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8.0%
5.2%
6.8%
6.0%
13.6%
-9.9%
-8.5%
1.8%
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2.8%
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-10.1%
-5.8%
13.8%
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2.5%
10.7%
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-1.1%
4.8%
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15.5%
25.0%
20.6%
25.0%
8.1%
1.4%
13.7%
12.9%
8.2%
2.4%
15.1%
-1.9%
12.4%
11.7%
9.3%
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14.7%
11.0%
—
-20.3%
-19.1%
-20.3%
Price to
FAD
2016E
23.1
22.0
19.8
23.8
12.9
23.3
22.5
22.5
12.4
17.5
18.2
17.4
17.5
20.5
20.5
20.5

31.1
21.1
28.6
34.4
43.0
19.0
35.3
30.7
31.1
19.6
18.6
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19.0
19.6
15.9
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24.3
30.0
21.9
14.1
24.8
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14.1
24.1
21.2
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21.2
19.2
23.0
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35.2
N/A
2.1
35.2
2017E
21.5
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16.4
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18.4
18.4
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40.5
29.2
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26.2
27.2
16.4
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17.6
14.8
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23.2
29.0
22.6
14.1
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17.6
20.6
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19.0
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18.9
19.1
33.6
N/A
2.0
33.6
2016E
-2.8%
7.3%
3.9%
-13.9%
-2.6%
7.4%
-1.8%
0.7%
0.1%
13.0%
0.6%
6.4%

0.6%
2.4%
2.4%
2.4%
22.7%
-40.5%
15.1%
-34.0%
28.0%
69.5%
-4.4%
19.8%
15.1%
9.3%
16.9%
16.6%
15.4%
16.6%
13.7%
9.3%
53.8%
14.9%
11.9%
-2.0%
17.9%
16.3%
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9.6%
15.0%
12.8%
22.0%
10.5%
12.8%
7.0%
14.4%
11.6%
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N/A
1.8%
30.9%
FAD
Growth
2017E
7.2%
8.8%
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4.2%
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7.4%
6.0%
5.7%

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11.6%
13.7%
98.9%
5.1%
-15.0%
47.2%
-11.5%
40.6%
17.6%
13.7%
19.0%
2.3%
15.5%
7.2%
15.5%
7.7%
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4.6%
3.5%
-3.3%
0.2%
5.1%
8.2%
4.5%
37.0%
3.1%
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-1.3%
9.8%
4.6%
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3.3%
1.7%
4.7%
N/A
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4.7%
2-yr
4.2%
16.7%
5.1%
-10.3%
-5.8%
15.3%

4.3%
4.6%
10.4%
20.9%
9.2%
14.8%
10.4%
14.3%
14.3%
$2.49
$2.94
$3.18
$2.22
$2.57
$2.60
$2.42
$2.48
$2.77
Funds from
Operations (FFO)
2015E 2016E 2017E
$2.39
$8.09
$4.54
$3.48
$1.38
$2.98
$2.33
$8.38
$4.53
$2.98
$0.69
$3.21
$2.47
$8.88
$4.63
$3.10
$0.65
$3.39
Pro-Forma Funds from
Operations (FFO)
2015E 2016E 2017E
$2.37
$7.59
$4.54
$3.46
$0.80
$2.98
$2.28
$8.20
$4.56

$3.07
$0.80
$3.24
$2.43
$8.89
$4.63
$3.11
$0.75
$3.39
Funds Available
For Distribution (FAD)
2015E 2016E 2017E
$2.20
$7.17
$3.78
$3.00
$0.69
$2.52
$2.14
$7.70
$3.92
$2.58
$0.67
$2.71
$2.29
$8.37
$3.97
$2.69
$0.65
$2.90
$0.94
$4.04
$4.09
$1.14
$4.50
$4.07
$1.38
$4.77
$4.42
$1.25
$4.39
$4.47
$1.29
$4.56
$4.10
$1.39
$4.80
$4.42
$1.17
$3.50
$3.65

$1.17
$3.96
$3.67
$1.29
$4.24
$3.99
39.5%
18.4%
21.1%
-43.9%
88.3%
50.0%
34.4%
37.3%
34.4%
30.1%
19.6%
34.6%
23.5%
30.1%
22.4%
6.4%
60.9%
18.9%
8.1%
-1.9%
23.9%
25.8%
6.8%
50.2%
18.7%
20.7%
20.4%
21.3%
18.0%
-2.1%
18.1%
19.2%
37.1%
N/A
2.2%
37.1%
$5.36
$0.83
$3.39
$1.88
$0.99
$6.38
$5.48
$5.97
$0.54

$3.40
$2.21
$0.87
$8.19
$4.88
$6.50
$1.23
$3.58
$2.21
$0.96
$6.66
$5.55
$5.49
$1.22
$3.21
$1.85
$0.81
$6.38
$4.91
$5.97
$1.01
$3.40
$2.12
$0.85
$8.19
$4.94
$6.50
$1.35
$3.58
$2.21
$0.96
$6.66
$5.61
$3.32
$0.97
$2.13
$1.15
$0.29
$3.27
$2.82
$4.08
$0.58
$2.45
$0.76
$0.37
$5.54
$2.70
$4.64
$1.15
$2.58
$0.65

$0.54
$4.90
$3.79
$1.59
$4.86
$2.17
$2.28
$5.53
$2.54
$2.71
$6.09
$2.87
$2.18
$5.27
$2.29
$2.56
$5.73
$2.62
$2.95
$6.09
$2.87
$2.23
$4.35
$2.20
$2.44
$5.09
$2.57
$2.90
$5.21
$2.97
$1.97
$0.96
$1.22
$5.05
$1.54
$1.36
$2.91
$0.96
$0.82
$1.12
$2.05
$1.25
$1.29
$5.65
$1.39
$1.38
$2.72
$1.12
$0.85
$1.28
$2.15

$1.25
$1.50
$6.04
$1.60
$1.43
$3.51
$1.04
$0.91
$1.32
$1.99
$1.23
$1.32
$5.35
$1.47
$1.39
$3.04
$1.06
$0.81
$1.17
$2.08
$1.25
$1.39
$5.63
$1.50
$1.36
$3.27
$1.06
$0.88
$1.27
$2.15
$1.25
$1.50
$6.04
$1.60
$1.42
$3.51
$1.04
$0.91
$1.31
$1.49
$1.02
$0.78
$4.27
$1.15
$1.27
$2.54
$0.73
$0.87
$0.83
$1.69
$1.12

$1.20
$4.91
$1.29
$1.24
$3.00
$0.85
$0.89
$0.90
$1.82
$1.09
$1.25
$5.08
$1.24
$1.24
$3.15
$0.92
$0.93
$1.24
$1.36
$3.81
$1.51
$4.08
$3.84
$1.58
$4.38
$9.86 $10.80 $11.66
$3.31
$3.78
$1.44
$3.95
$1.54
$4.10
$3.59
$1.60
$4.38
$9.97 $10.80 $11.66
$3.41
$3.78
$1.15
$3.27
$1.40
$3.61
$3.10
$1.38
$3.96
$9.10 $10.26 $10.74
$2.90
$2.84
($0.48) $0.22
N/A
N/A

$0.25
N/A
($0.48) $0.22
$2.02
$1.79
$0.25
$1.61
$0.16
N/A
$0.20
N/A
$0.21
N/A
5.6%
5.8%
18.3
18.2
17.1
16.7
6.7%
7.4%
7.4%
6.6%
14.4%
14.5%
18.2
18.4
17.3
16.7
5.4%
5.2%
5.6%
5.7%
11.1%
11.3%
21.8
20.8
20.2
19.1
10.8%
9.5%
7.4%
6.1%
18.5%
18.7%
Source: Deutsche Bank, Company data, Thomson

EFTA01437969

Figure 101: Companies mentioned

Company
American Campus Communities
American Farmland Company
AvalonBay Communities
Boston Properties
Brixmor
Camden Property Trust
City Office REIT
CyrusOne Inc.
DDR Corp.
Digital Realty Trust
Equity One, Inc.
Equity Residential
Federal Realty Investment Trust
General Growth Properties
Independence Realty Trust
Kennedy-Wilson Holdings
Kilroy Realty Corp.
Kimco Realty Corp.
Macerich Co.
Mack-Cali Realty Corp.
Medical Properties Trust
Paramount Group
Post Properties
Prologis, Inc.
QTS Realty Trust Inc.
Ramco-Gershenson Property Trust
Regency Centers
Retail Properties of America
Simon Property Group
SL Green Realty
Spirit Realty Capital
Taubman Centers Inc.
Urstadt Biddle Properties Inc.
Ventas Inc
Vornado Realty Trust
Welltower
Adeptus Health
Aeropostale
Albertsons
Amazon
Ardent Health Services
Bonobos
Brookdale Senior Living
Dicks Sporting Goods
Gander Mountain
Genesis Healthcare

Golfsmith
Haggen
Hudson Bay (HBC)
Kennedy Wilson Europe
Kindred Healthcare
LHP Hospital Group
Logan's
Macys
Office Depot
PacSun
Primark
Prime Healthcare
Rite Aid
Saks Fifth Ave
Sears
Splunk
Staples
Steward Health Care System
The Sports Authority
Warby Parker
WithMe
Source: Deutsche Bank
Ticker
ACC
AFCO
AVB
BXP
BRX
CPT
CIO
CONE
DDR
DLR
EQY
EQR
FRT
GGP
IRT
KW
KRC
KIM
MAC
CLI
MPW
PGRE
PPS
PLD
QTS
RPT
REG
RPAI

SPG
SLG
SRC
TCO
UBA
VTR
VNO
HCN
ADPT
ARO
Private
AMZN
Private
Private
BKD
DKS
Private
GEN
Private
Private
HBC
KWE.LON
KND
Private
Private
M
ODP
PSUN
ABF
Private
RAD
HBC
SHLD
SPLK
SPLS
Private
Private
Private
Private

18 October 2016
REITs
US REIT 3Q16 Earnings Preview
Appendix 1
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Buy: Based on a current 12- month view of total
share-holder return (TSR = percentage change in
share price from current price to projected target price
plus pro-jected dividend yield) , we recommend that
investors buy the stock.
Sell: Based on a current 12-month view of total shareholder
return, we recommend that investors sell the
stock
Hold: We take a neutral view on the stock 12-months
out and, based on this time horizon, do not
recommend either a Buy or Sell.
Newly issued research recommendations and target
prices supersede previously published research.
Equity rating dispersion and banking relationships
100
200
300
400
500
600
0
Buy
Hold
Sell
Companies Covered Cos. w/ Banking Relationship
North American Universe
52 %

45 %
57 %
47 %
2 %19 %

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Raj Hindocha
Global Chief Operating Officer
Research
Anthony Klarman
Global Head of
Debt Research
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Deutsche Bank AG
Deutsche Bank Place
Level 16
Corner of Hunter & Phillip Streets
Sydney, NSW 2000
Australia
Tel: (61) 2 8258 1234
Deutsche Bank AG London
1 Great Winchester Street
London EC2N 2EQ
United Kingdom
Tel: (44) 20 7545 8000
Deutsche Bank AG
Große Gallusstraße 10-14
60272 Frankfurt am Main
Germany
Tel: (49) 69 910 00
Deutsche Bank Securities Inc.
60 Wall Street
New York, NY 10005
United States of America
Tel: (1) 212 250 2500
Deutsche Bank AG
Filiale Hongkong
International Commerce Centre,
1 Austin Road West,Kowloon,
Hong Kong
Tel: (852) 2203 8888
Deutsche Securities Inc.
2-11-1 Nagatacho
Sanno Park Tower
Chiyoda-ku, Tokyo 100-6171
Japan
Tel: (81) 3 5156 6770

Dave Clark
Head of APAC
Equity Research
Stuart Kirk
Head of Thematic Research
Steve Pollard
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