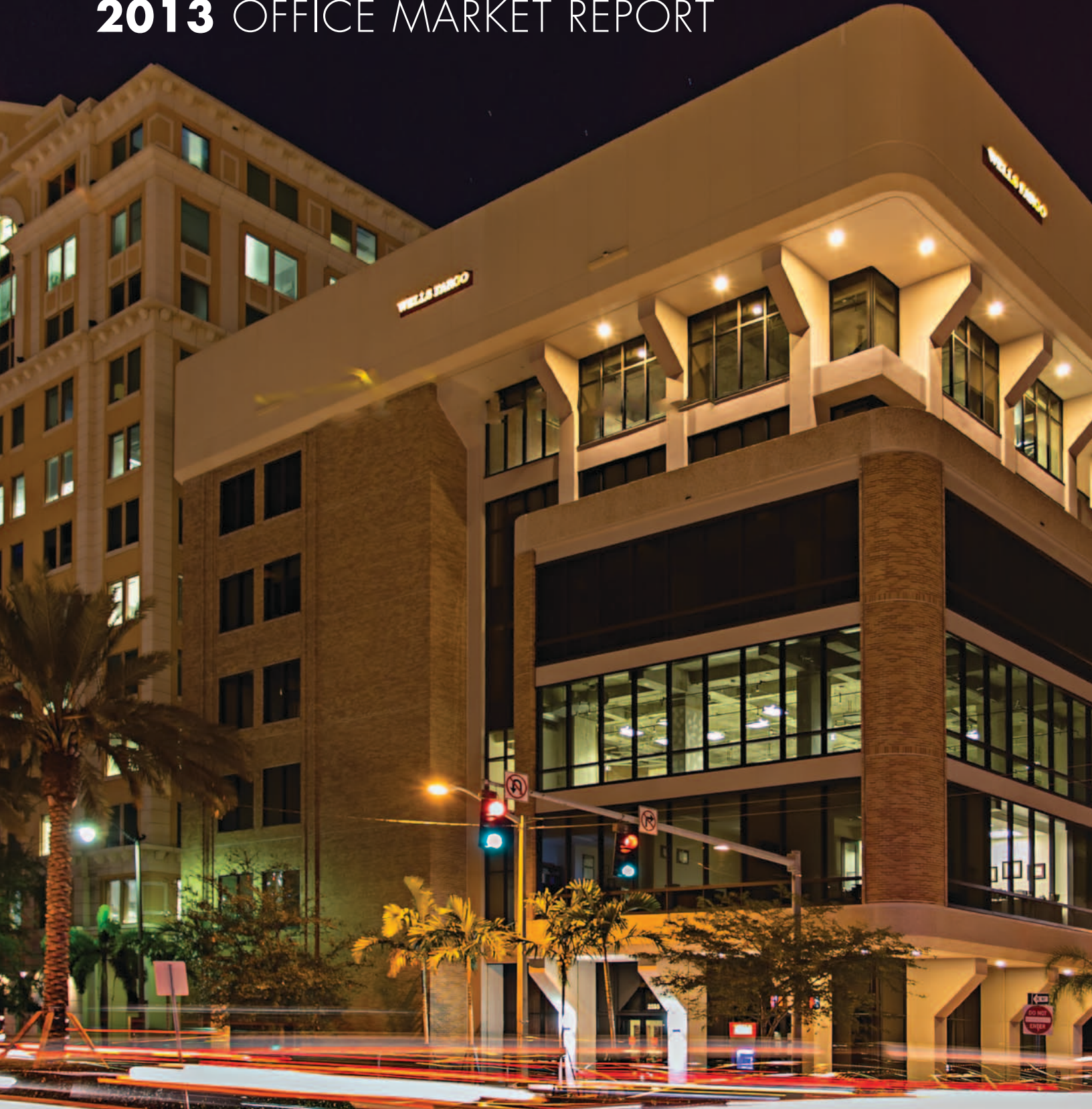


2013 OFFICE MARKET REPORT



2525 & 2555 PONCE DE LEON

PRESENTED BY: **Hines**

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2525 & 2555 PONCE DE LEON

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For more information about the South Florida portfolio, please contact:
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SPECIAL THANKS

ROBERTA STEEN - Jones Lang LaSalle - Report Data

About Jones Lang LaSalle

Jones Lang LaSalle (NYSE:JLL) is a financial and professional services firm specializing in real estate. The firm offers integrated services delivered by expert teams worldwide to clients seeking increased value by owning, occupying or investing in real estate. With 2011 global revenue of \$3.6 billion, Jones Lang LaSalle serves clients in 70 countries from more than 1,000 locations worldwide, including 200 corporate offices. The firm is an industry leader in property and corporate facility management services, with a portfolio of approximately 2.1 billion square feet worldwide. LaSalle Investment Management, the company's investment management business, is one of the world's largest and most diverse in real estate with \$47.2 billion of assets under management. For further information, please visit www.joneslanglasalle.com. Licensed Real Estate Broker.

About Jones Lang LaSalle Research

Jones Lang LaSalle's research team delivers intelligence, analysis, and insight through market-leading reports and services that illuminate today's commercial real estate dynamics and identify tomorrow's challenges and opportunities. Our 300+ professional researchers track and analyze economic and property trends and forecast future conditions in over 60 countries, producing unrivalled local and global perspectives. Our research and expertise, fueled by real-time information and innovative thinking around the world, creates a competitive advantage for our clients and drives successful strategies and optimal real estate decisions.



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The Commercial Industrial Association of South Florida Inc., "CIASF" is a non-profit organization of business leaders involved in the development, design, construction, sales, and leasing of Industrial and Commercial Real Estate in South Florida.

For information about membership or sponsoring an event call
CIASF Executive Director Gail Ackermann at:



Commercial Industrial Association of South Florida
11098 Marin Street, Coral Gables, FL 33156
Phone: 305-667-7113 - Fax: 305-667-7116
info@ciasf.com | www.ciasf.com



PANELISTS:

Across South Florida, over 1.1 million square feet of office leasing activity was tracked in the first quarter, the majority of deals came from tenants already in the market in the form of expansions, renewals, relocations and, in some cases, downsizes, but the pendulum appears to have swung with demand outpacing supply. As a result of this market improvement, and the fact that new development across South Florida has been kept in check, asking rents for office product are expected to increase moderately over the next several quarters; with landlords feeling less compelled to offer the significant leasing concessions provided for in the past few years.

Still, stronger signals of widespread economic recovery are needed before robust growth takes hold. The improving market fundamentals, especially job growth, retail sales and the housing market, bode well for commercial real estate on a national basis, and South Florida in particular is benefiting from a rebound in the residential sector. Activity in South Florida's investment sales market has been fueled by competitive, long-term low interest rate financing and a continued demand for yield by investors. All of these factors support an improvement for the overall South Florida community.



JON BOURBAEU - Vice Chairman - Newmark Grubb Knight Frank

Mr. Bourbeau joined the Miami Office of Newmark Grubb Knight Frank in 2007, to spearhead the growth in South Florida and the firm's tenant advisory practice. During his career, Mr. Bourbeau has been involved in the leasing of over 10 million square feet for some of the region's largest and most complex transactions. Within his advisory practice, he guides his clients through a coordinated leverage building approach, negotiating all economic and legal aspects of the transaction to complement his client's business objectives. Although his background has traditionally lied in the office markets, Mr. Bourbeau is also adept at structuring transactions for his clients across all product types including office, industrial and retail. Mr. Bourbeau has consistently been named a Costar "Power Broker" in multiple markets; has been named a "Heavy Hitter" in Commercial Real Estate by the South Florida Business Journal, and was named NAIOP Office Broker of the Year for 2012. He has also authored many articles regarding real estate and legal trends, including Partner's Report, The Florida Real Estate Journal, Daily Business Review, Law Office Administrator, and the Wall Street Journal.

The Miami Dade office market continues to maintain an approximate 19% vacancy factor across the board. In general, the newer buildings and those buildings that have been updated and improved have out performed the market. Activity in most submarkets is strong as tenants are looking around to become more efficient in their office layout design. The lack of new construction and growth in the economy will allow for continued steady positive absorption of space over the next couple of years. This will also lead to terms and conditions becoming more Landlord favorable going forward.

The investment sales market and the user/owner market is very active and pushing pricing and values up from the lows. In general we have more dollars chasing property for purchase than available quality buildings for sale.



TONY PUENTE - Senior Vice President - Fairchild Partners

As Senior Vice President at Fairchild Partners, Inc. since 2006 in Coral Gables, Tony Puente brings more than 20 years experience and expertise in the South Florida commercial real estate industry. Mr. Puente has represented both Landlords and Tenants in the leasing, acquisition and disposition of office properties with a total of over 800 transactions. Throughout his career, Mr. Puente has represented many institutional and entrepreneurial owners of office properties in South Florida, including Hines, GE Asset Management, Tishman Speyer Properties, WealthCap USA, TA Associates Realty, Fortis, JP Morgan and Codina Partners, Irradio Holdings, Ltd. (Raul Alarcon). With his knowledge and experience, he is able to create value-added services for clients throughout the entire real estate process, including identifying specific clients needs, full evaluation of the targeted markets, lease negotiations and ultimately achieving client satisfaction. Mr. Puente has been a guest speaker for several organizations such as Bankers Association, CIASF office outlook and the annual CCIM Miami outlook conference.

PANELISTS:

The fundamentals of Miami’s office market are gradually improving, but not equally among all asset classes. Many Class B and C projects still bear the scars of the “flight to quality” trend we’ve seen over the past 2-3 years where it was easier to move up with attractive rent and concession packages.

While activity has been dominated by large users, and we experienced the highest quarterly absorption in 1Q2013 since 4Q2011, there remains a dearth of modest-sized entrepreneurial and corporate users to absorb the 6.6 million square feet of lingering vacancy county-wide. Modest rental gains and a pull back on concessions will likely continue into 2014 among the top quality assets as high-end space becomes more and more scarce.



NOËL STEINFELD - Senior Vice President - Jones Lang LaSalle

Noël Steinfeld is a Senior Vice President at Jones Lang LaSalle where she handles over 1.0 million square feet of office product, including the market’s premier new trophy asset, 600 Brickell at Brickell World Plaza. In her Landlord and Tenant practice, Steinfeld has an average lease volume of more than 400,000 RSF for the past four years and has been repeatedly named a Co-Star Power Broker. This April, she was recognized as a Commercial Real Estate Heavy Hitter by the South Florida Business Journal and has been active over her 16-year career in NAIOP, CREW, and the Greater Miami Chamber.

While vacancy rates in Miami continue to improve, recession related contractions, coupled with the new supply delivered at the end of the last cycle has left Miami behind other major office markets in its office recovery. Miami will continue to benefit from investment of both institutional domestic and foreign capital as the de facto Capital of South America. The port expansion and other infrastructure improvements will also assist in the economic recovery. As such, the current office climate will favor: (1) properties that are of the highest quality in the main and main locations, (2) those properties that are focused on energy conservation, and sustainable development and management practices, as well as (3) supply constrained submarkets such as Coral Gables. The renewed residential surge will ultimately help the office sector because the CBD and Brickell land sites are less viable as office than residential, creating significant future barriers to entry for new office. Redevelopment of well located existing office buildings may represent the best way for office developers to be active in the current cycle. The recent redevelopment of Hines’ 2555 Ponce is one example of an older vintage building (1969) which has been repurposed with state-of-the art systems, significant enhancements of window systems and sustainable features to attract new tenants.



MICHAEL HARRISON - Senior Managing Director - Hines

Michael Harrison is the senior project officer responsible for the development and/or acquisition of projects and properties in Florida, the Caribbean and other markets located in the Southeastern region of the United States. Since joining Hines in 1990, Mr. Harrison has been involved in all phases of the development and/or acquisition of more than \$1.8 billion of projects totaling more than 6.0 million square feet and 3,800 acres. He has been responsible for establishing Hines’ presence throughout Florida and the Caribbean with projects and/or offices located in Jacksonville, St. Augustine, Orlando, Miami, Miami Beach, Coral Gables, Doral, Marco Island, and St. Lucia. Hines has developed and acquired 3.3 million square feet of class A office space in Dade County and currently manages more than 1.6 million square feet. Mr. Harrison earned his Bachelor of Architectural Engineering degree from The Pennsylvania State University in 1985 and his Master of Science in Real Estate Development degree from The Massachusetts Institute of Technology in 1990.

BRICKELL

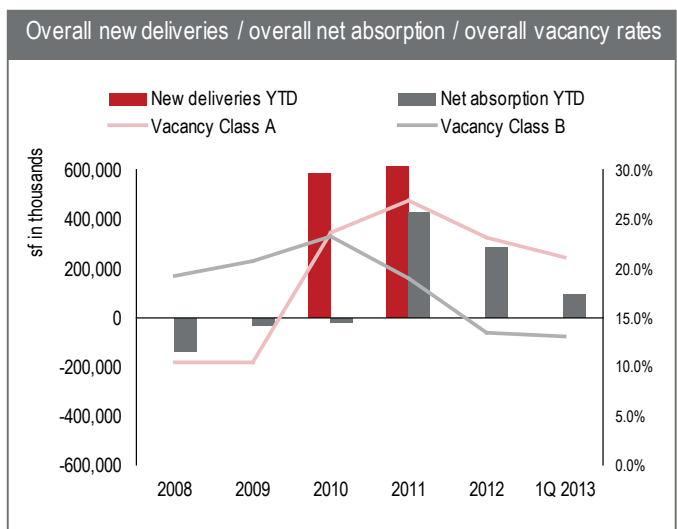
North by Miami River, east by Biscayne Bay, south by SW 15th Road, west by I-95.



Significant lease transactions	
Northern Trust Brickell World Plaza	62,000 s.f.
Weil Law Firm Espirito Santo Plaza	24,000 s.f.
1 Sale A Day Sabadell Financial Center	24,000 s.f.
Change Capital Brickell World Plaza	14,000 s.f.
Association Law Group 1200 Brickell	10,000 s.f.
Sacher Zelman Law Firm Banco Santander	8,200 s.f.

Key quarterly market indicators		
Stock	➡	6,432,527 s.f.
Overall net absorption	⬆	94,788 s.f.
Overall vacancy rate	⬇	18.5%
Average asking rent	⬆	\$39.12 s.f.
Under construction	➡	-0- s.f.

Change from previous quarter



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DOWNTOWN

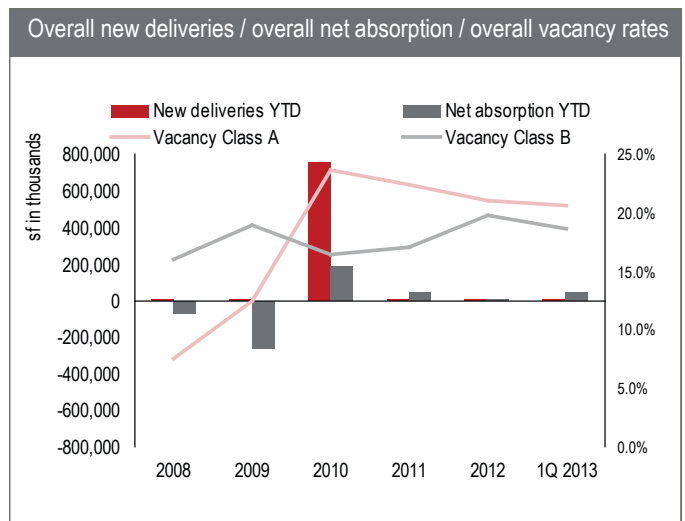
North by I-395, east by Biscayne Bay, south by Miami River, west by I-95.



Significant lease transactions	
Littler Mendelson Law Firm Wells Fargo Center	17,000 s.f.
Regus Wells Fargo Center	15,000 s.f.
Daily Business Review SunTrust International Center	15,000 s.f.
Latin American Nautilus Southeast Financial Center	8,300 s.f.
Gibraltar Private Bank Southeast Financial Center	7,400 s.f.

Key quarterly market indicators		
Stock		7,059,583 s.f.
Overall net absorption		46,678 s.f.
Overall vacancy rate		20.0%
Average asking rent		\$32.95 p.s.f.
Under construction		- 0 - s.f.

Change from previous quarter



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CORAL GABLES

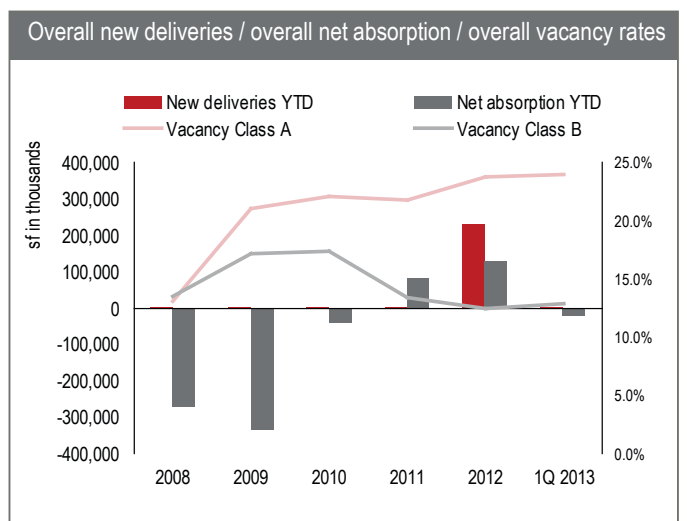
North by SW 8th Street, east by Douglas Road, south by Bird Road, west by Ludlum Road (SW 67th Avenue).



Significant lease transactions	
Yahoo! Columbus Center	19,000 s.f.
Daniels Kashtan Law Firm 4000 Ponce	15,000 s.f.
nsoro MasTec Douglas Entrance	12,600 s.f.
Navarro Hernandez Law Firm Regions Bank Building	8,000 s.f.
The Aesthetics Group 550 Biltmore	5,100 s.f.

Key quarterly market indicators		
Stock	➡	5,459,311 s.f.
Overall net absorption	⬇	-21,497 s.f.
Overall vacancy rate	⬆	20.3%
Average asking rent	⬆	\$34.41 p.s.f.
Under construction	➡	-0- s.f.

Change from previous quarter



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MIAMI AIRPORT

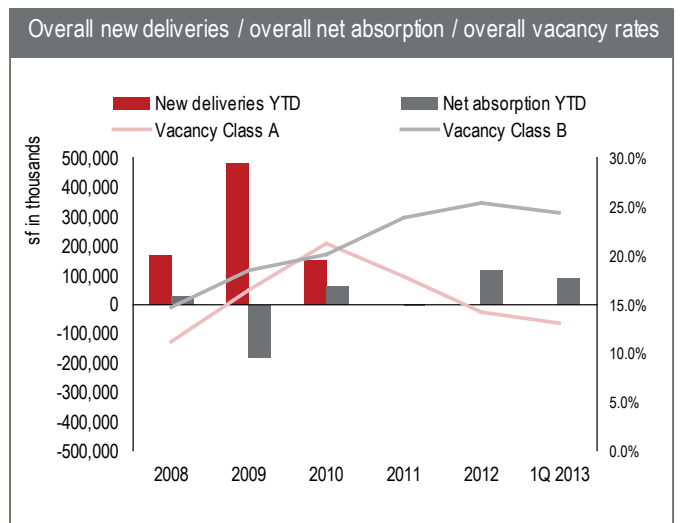
North by NW 58th Street, east by Lejeune Road, south by West Flagler Street, west by Florida’s Turnpike.



Significant lease transactions	
FedEx Waterford	73,000 s.f.
Sunbeam Products Waterford	17,000 s.f.
Hilton International Waterford	13,000 s.f.
Carnival Doral Court	11,900 s.f.
John Deere Downtown Doral	10,200 s.f.
Executive Data Systems Waterford	6,500 s.f.

Key quarterly market indicators		
Stock		9,271,980 s.f.
Overall net absorption		91,663 s.f.
Overall vacancy rate		18.5%
Average asking rent		\$24.51 p.s.f.
Under construction		80,000 s.f.

Change from previous quarter



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MIAMI-DADE COUNTY SPACE STATISTICS

	Overall Year End 2012 Vacancy (%)	Year-To-Date Completions	Stock	Overall Absorption (Including Subleases)	Year-To-Date Overall Absorption (Including Subleases)	Year-To-Date Overall Absorption (% of Stock)	Overall Vacancy (%) (Including Subleases)	Current Quarter	Under Construction
CBD									
Brickell	20.0%	0	6,432,527	94,788	94,788	1.5%	18.5%	\$39.50	0
Downtown	20.6%	0	7,059,583	46,678	46,678	0.7%	20.0%	\$33.05	0
CBD market totals	20.3%	0	13,491,746	141,466	141,466	1.0%	19.3%	\$35.71	0
Suburban									
Aventura / North Miami	9.4%	84,990	1,054,533	(9,322)	(9,322)	-1.0%	17.6%	\$36.93	0
Coconut Grove	9.9%	0	894,014	5,953	5,953	0.7%	9.2%	\$31.59	0
Coral Gables	19.9%	0	5,459,311	(21,497)	(21,497)	-0.4%	20.3%	\$34.36	0
Kendall / Dadeland	17.0%	0	2,884,501	(4,701)	(4,701)	-0.2%	17.1%	\$28.34	0
Miami Airport	19.5%	0	9,271,980	91,663	91,663	1.0%	18.5%	\$24.60	80,000
Miami Beach	11.2%	0	1,916,374	1,654	1,654	0.1%	11.1%	\$33.81	0
Miami Lakes	26.1%	0	944,742	19,986	19,986	2.1%	24.0%	\$22.99	0
Suburban market totals	18.0%	84,990	22,425,452	83,736	83,736	0.4%	18.0%	\$28.65	80,000
Market totals	18.9%	84,990	35,917,198	225,202	225,202	0.6%	18.4%	\$31.59	80,000

* Data reflects historical adjustments, reclassifications and conversions

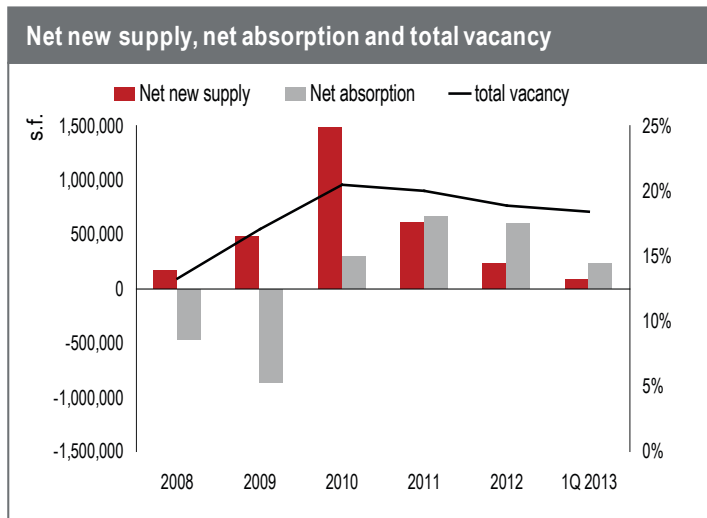


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MIAMI-DADE COUNTY SALES

SIGNIFICANT SALE TRANSACTIONS FROM MAY 2012 THROUGH APRIL 2013						
CBD						
BISCAYNE CORRIDOR						
Submarket						
Building	Sabadell Financial Center	Brickell Bayview Centre	Langford Building	Bacardi Tower	3550 Biscayne	Immigration Building
Address	1111 Brickell Ave.	80 SW 8th St.	121 SE 1st St.	2100 Biscayne Blvd.	3550 Biscayne Blvd.	7880 Biscayne Blvd.
RBA	522,892	285,595	65,461	3.3 acre site	70,000	165,147
Buyer	Prudential	Banyan Street Capital/Crocker Partners LLC/ Independencia	Stambul Ventures II, LLC	National YoungArts Foundation	Terra Group	Fifteen 7880, LLC
Seller	Testa	Colony Realty Partners	Foreclosure	Bacardi USA, Inc	Flex Enterprise	7880 Venture
Price	\$184,334,346	\$70,000,000	\$2,700,100	\$10,000,000	\$7,800,000	\$5,075,000
Price (p.s.f)	\$353	\$245	\$41	less than 1/2 its market value	\$111	\$31
Date sold	Apr-13	Mar-13	Feb-13	Sep-12	Aug-12	Jun-12
CORAL GABLES/COCONUT GROVE/US-1 CORRIDOR						
AIRPORT AREA						
AVENTURA						
Submarket						
Building	Kendar Building	2699 Baysshore Dr.	Waterford Centre	6205 Blue Lagoon Dr.	Aventura View	
Address	1550 Madruga Ave.	2699 Baysshore Dr.	6205 Blue Lagoon Dr.	6205 Blue Lagoon Dr.	2999 NE 191st St.	
RBA	43,561	105,062	129,444	129,444	139,301	106,500
Buyer	Tamarindo, LLC	2699 Steelbridge, LLC	Church Of Scientology/Florida Inc	New Boston Crystal, LLC	A3M Investment, LLC	Steelbridge Concorde, LLC
Seller	Kenneth D. Rosen	Cifi Sb Oig Venture L L C	REO/US Century Bank	Waterford Centre LTD	AM Group 36 LLC	Concorde Centre III
Price	\$10,300,000	\$16,000,000	\$7,000,000	\$16,250,000	\$7,500,000	\$20,500,000
Price (p.s.f)	\$236	\$152	\$141	\$126	\$54	\$192
Date sold	Sep-12	May-12	May-12	Jun-12	Sep-12	Dec-12

MIAMI-DADE COUNTY TOTAL MARKET DATA (As of 1Q 2013)

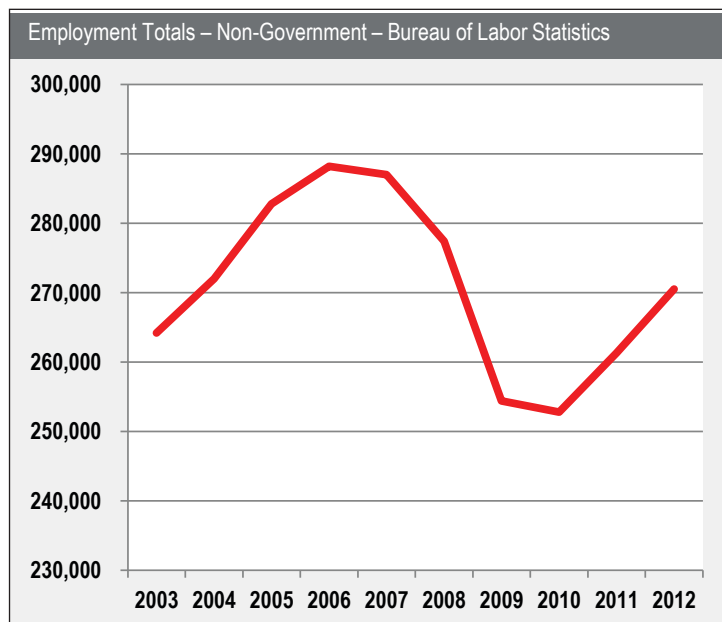


Key market indicators		12-month forecast	Stats as of 1Q 2013
Supply	Supply	▲	35,917,198 s.f.
	Direct vacancy rate	▶	18.0%
	Total vacancy rate	▶	18.4%
	Under construction (% preleased)	▶	80,000 (18.8%)
Demand	Leasing activity 12 mo. % change	▶	-53.0%
	YTD net absorption	▶	225,202 s.f.
Pricing	12-month overall rent % change	▲	0.0%
	Class A overall asking rent	▲	\$36.09 p.s.f.
	Class B overall asking rent	▲	\$24.58 p.s.f.



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OFFICE EMPLOYMENT DATA



Employment Data - Bureau of Labor Statistics					
Year	Other	Professional	Financial	Total	
	Services	Business	Activities Information		
2003	47,000	122,900	69,400	24,900	264,200
2004	48,400	128,800	70,800	24,000	272,000
2005	46,000	139,400	73,900	23,500	282,800
2006	46,200	143,500	76,700	21,800	288,200
2007	47,400	141,600	77,000	21,000	287,000
2008	48,100	135,600	73,600	20,100	277,400
2009	44,600	124,400	67,100	18,300	254,400
2010	44,300	125,200	65,400	17,900	252,800
2011	45,000	131,200	67,400	17,700	261,300
2012	46,100	136,300	70,400	17,700	270,500

Miami-Miami Beach-Kendall, FL
 Data extracted on: May 03, 2013
 Source: U.S. Bureau of Labor Statistics

OFFICE MARKET SUMMARY

2013

- Office space demand is slowly but surely coming back. Although we have seen some improvement in the employment arena, companies are gravitating to more efficient and flexible office layouts with collaborative spaces which reduce the square footage needed to house their staff.
- Improvement in the commercial real estate industry is largely due to improvement in the housing industry, the cranes are back in south Florida! Brokers, attorneys, title companies, construction firms, bankers and appraisers are getting a boost.
- The significant improvement in the hospitality and retail real estate markets has spurred hiring as companies have had to increase their work force to align with improved market conditions.
- Investor interest in South Florida is on the rise in part due to the low-interest-rate environment and abundant capital available. There has been a significant amount of office building sales in the last 12 months. These sales include the trading of high quality assets in superb locations.
- On Jan. 1, 2013, Congress passed tax provisions written into the Patient Protection and Affordable Care Act, and the American Taxpayer Relief Act of 2012. These tax changes will change the way commercial real estate professionals plan for major transactions.
- Signs of improvement continues to show in the leasing arena, overall vacancy in Miami-Dade County is now 18.4% down from 19.7% in 1Qtr 2012. Landlords are feeling optimistic, Class A & B assets for the most part have started to increase their rates, and cut down on the concession packages. The average rate for class A & B properties in Miami-Dade County is now at \$31.59/SF up from \$31.09/SF last year.
- For 2013 we expect the Health Care and Retail sectors to be an attractive opportunity for investors. One of the reasons is that the Affordable Care Act is expected to drive demand for healthcare facilities and new residential projects will bring more retail buying power to key areas.

2012

- Job creation and immigration are increasing demand for office space, thus leasing rates and rent concessions stabilized and in some submarkets already on the rise.
- Vacancy rates are declining. Aventura, Coconut Grove and Miami Beach submarkets have some of the lowest vacancies (in the low teens), while Miami Lakes has the highest vacancy (27%) followed by Brickell (25%).
- The office market remains a Tenant's market, however concessions are less generous than they were a year ago for Class A space. Class B & C properties still are mired deep in a tenants market.
- In the last 12 months few of the smaller buildings have traded. However high vacancy rates in the large buildings discouraged investment sales.
- Brazil, Canada, Mexico and now Colombia are some of the market that will continue to impact the positive absorption in South Florida.
- It is expected that in approximately 24 months the market will shift in favor of Landlords as vacancies drop below 10%.
- Technology and efficiencies continue to reduce the amount of physical space occupied by most tenants.
- Be aware that proposed lease accounting changes by Financial Accounting Standards Board (FASB) could have adverse economic consequences for businesses and the commercial real estate industry.
- In an effort to keep tenants existing class A & B buildings are making capital improvements to help the properties compete with newer buildings.

2011

- Rents and vacancies are stabilizing, thus leasing activity has increased.
- Existing tenants are either maintaining or expanding space. Approximately 10% of demand for space are new companies to the market. Tenants are willing to commit to long term leases.
- Miami, the Gateway of the Americas, will recover faster than expected due to the rapid growth of Latin America's economy and expansion of the Panama Canal.
- Trading & Hospitality have seen upward trends and are expected to continue, bringing optimism to South Florida, thus unemployment will continue to decline.
- Financing institutions are lending and expanding (opening new locations); CMBS issuances are on the rise. Anticipate an increase in sales transactions in the upcoming year.
- "Miami is rebounding at a surprising pace..." quoted by Real Estate Forum Feb/March 2011
- Commercial real estate has hit bottom and signs of recovery are more evident.

2010

- Both Asking & Effective Rental Rates have declined in all markets.
- Supply of new space has declined in the North, but increased by approximately 500,000 SF in the Central and South regions.
- Vacancy Rates have increased 10% in the North and Central and 3% in the South.
- Professional employment has not declined from 2009.
- Central Miami-Dade will experience higher vacancies as new offices come online.

2009

- Asking rental rates have stabilized in all markets.
- Supply of new space has stabilized in North and South Miami-Dade, with an increase in Central Miami-Dade.
- Vacancy rates have increased in all areas.
- Professional employment has declined by almost 10,000 per year.
- Operating expenses remain stable.
- Central Miami-Dade will have increasing vacancy as new office buildings are completed



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