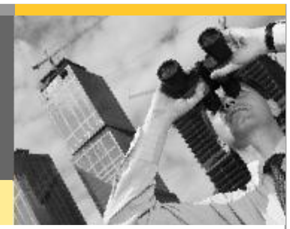
THE WATCH LIST



MARK HESCHMEYER, EDITOR | JANUARY 6, 2014 | WWW.COSTAR.COM

A WEEKLY NEWSLETTER FOCUSING ON CHANGING MARKET CONDITIONS, COMMERCIAL REAL ESTATE, MORTGAGES AND CORPORATIONS PUBLISHED BY COSTAR NEWS

IN THIS WEEK'S ISSUE:

14 Predictions We Like for 2014

Real Estate Prognosticators See CRE Recovery Continuing To Accelerate in 2014

Commercial real estate firms are moving into the New Year with a renewed sense of optimism - a positive outlook not seen for the past seven or eight years.

While many in the industry predicted a recovery in 2013, they did so with a sense of nagging worry over slower than expected job growth and concerns that the political brinkmanship in Washington could threaten the nation's credit rating and pitch the economy into stagnation or, even worse, recession.

Much of those concerns have ebbed as the two parties came to terms in December over next year's budget. In addition, the Federal Reserve has established a clear path for rolling back the so-called quantitative easing steps taken in years past to bolster the economy. By spelling out its path for reducing debt purchases, the Fed has taken out much of the guesswork for when those financial supports will end.

Given the overhanging sense of dread seems to have disappeared from most forecasts, experts are predicting a better year in 2014.

CoStar News has encapsulated Following 14 outlooks for 2014 from forecasts offered by respected industry participants and observers. We've sorted them alphabetically by the firm making the forecast.

CASSIDY TURLEY: IMPACT FROM RISING RATES

If the big economic story of 2013 was policy vs. housing, this year doesn't promise much in the way of variety. Policy vs. Housing, Part II will see the same threats to economic growth as we continue to struggle with dysfunction in Washington and, most likely, more political brinksmanship that may undermine confidence in the economy. But, while the challenges will be the same, the underlying fundamentals will be slightly stronger. Perhaps the biggest difference is that by the middle of 2014, economic growth should be strong enough for inflation to start to be a possibility once again. This is actually a good thing. The timetable could vary, but Cassidy Turley anticipates the Fed raising interest rates by the end of the second quarter-likely in May or June. So long as interest rates don't move too far too fast, the impact on the overall economy will be minimal. But there will be one. This could slow the housing recovery and it will certainly have an impact on commercial real estate pricing as the price of borrowing becomes more expensive. But that is assuming the underlying economic

Bankruptcy Sale

Investment Opportunity

Subject to Bankruptcy Court Approval

Company is Selling Excess Non-Core Assets as Part of Its Restructuring Process

Letter of Intent Deadline: February 28, 2014

Portfolio of Industrial Properties and Vacant Land in AR, LA, MS & OK

INDUSTRIAL PROPERTIES

Property Name & Address	Total Size (Building/Land)	Highlights
Van Buren Plant 1208 Virginia St & 1211 Mary Allen Van Buren, Crawford Cty, AR 72745	209,963 Sq. Ft. on 9.49 Acres	Built: 1960 Renovated: 2009 Food Processing & Warehouse Facility
Hessmer Plant (4 Buildings) 1581 Hwy 114 Hessmer, Avoyelles Cty, LA 71341	210,929 Sq. Ft. on 32 Acres	Built: 1967 Renovated: 1997 Food Processing Facility
Lafayette Facility (4 Buildings) 501 Guidry St Lafayette, Lafayette Cty, LA 70501	186,276 Sq. Ft. on 23.7 Acres	Built: 1965 Renovated: 1990 Warehouse Facility
Fort Smith Warehouse 4601 Newlon Road Fort Smith, Sebastian Cty, AR 72904	329,667 Sq. Ft. on 17.34 Acres	Built: 1956 Renovated: 2006 Warehouse and Distribution Facility
Alma Plant 404 Fayetteville Ave Alma, Crawford Cty, AR 72921	153,090 Sq. Ft. on 7.64 Acres	Built: 1965 Expansion: 1970,1975 & 1980 Food Processing & Warehouse Facility
Moorhead Plant 12 Moorhead-Ittabena Road Moorhead, Sunflower Cty, MS	297,625 Sq. Ft. on 94 Acres	Built: 1968 Renovated: 1991-1995 Warehouse and Distribution Facility

LAND & MISCELLANEOUS PROPERTIES

Siloam Springs, AR Portfolio • 4,788 SF Single Family Residence and 10.76 Acres Agricultural Land at 21764 & 21935 Meadow Wood • 800 SF Commercial Building at 300 E Main Street	**Adair County, OK Warehouse** 119-120 W Cherry Street, Westville, Adair County, OK 15,000 Sq. Ft. Metal Warehouse
Murphy Land 16 Acres of Vacant Land in Delaware Cty, OK	**Lowell Land** 4 Acres of Vacant Land, Lowell, AR
Van Buren, AR Vacant Land 80 Acres of Vacant Land in Van Buren, AR	**Medders** Lumber Building with Ground Lease

Property Details and Other Information Available at:
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fundamentals have heated up to the point of warranting such a move-which is ultimately a good thing. A stronger economy may bring higher interest rates, but it will also bring higher earnings, lower unemployment, greater consumer spending and-for landlords-better rental rate growth and NOI. In the meantime, look for the first big political squabble (over the debt ceiling once again) to start up again in late January.

CBRE: OFFICE MARKET RECOVERY POISED TO ACCELERATE

The office market recovery is poised to accelerate in 2014, as an improving economy should result in increased office-using employment according to CBRE, the world's largest commercial real estate services and investment firm. The growth in office-using occupations, particularly in high-tech industries, is expected to increase demand for office space. The U.S. office market vacancy rate will continue to decline next year, falling by 80 basis points (bps) to 14.3% by the end of 2014, Steady improvement in the office market is expected to continue in 2015, with the vacancy rate forecasted to dip another 80 bps to 13.5%. CBRE forecasts that office rents will increase by 3%, on average, in 2014, and rise another 4.4% in 2015, as vacancy levels fall steadily toward the "equilibrium" level over the next two years.

CORNELL UNIV. AND HODES WEILL: BIG MONEY WILL CONTINUE TO RULE

Institutions are significantly under-invested in real estate and are poised to allocate significant capital to new real estate investments. The weight of this capital can be expected to have broad implications for the industry, including transaction volumes, fund raising, lending activity and property valuations. The supply of capital may sustain current valuation and financing metrics (including capitalization rates and the cost of debt capital), according to Cornell University's Baker Program in Real Estate and Hodes Weill & Associates, which co-sponsor the Institutional Real Estate Capital Allocations Monitor.

DELOITTE: STEADY GROWTH BUT NOT ENOUGH TO SPUR MUCH NEW DEVELOPMENT

CRE fundamentals continue to improve across all property types, including vacancy, rent, and absorption levels, according to Deloitte's real estate forecast. However, demand is yet to increase enough to drive development activity, except for multifamily and hotel construction, which continues to be robust. These same sectors, which were the first to grow and recover after the recession, may see some tapering off in fundamentals as new supply comes to the market. Overall, it appears that fundamentals will continue to improve at a moderate pace, in line with the macroeconomic situation.

DTZ: BUSINESS TENANTS KEEP BARGAINING CLOUT

The U.S. economy will continue to expand at a moderate rate, which will lead to more job growth and a related increase in demand for occupational space, reports global property services firm DTZ. However, with the expected moderate job growth, vacancy will only trend down slowly. Occupiers will remain in good bargaining positions over the next two years and occupancy costs will increase in line with inflation. They will continue to receive concessions as landlords compete to increase their properties' net operating income. Occupiers will gravitate to the most affordable markets and continue to reduce their costs through more efficient internal space build-outs.

EY: PRIVATE EQUITY FUNDS GETTING HANDS DIRTY

Having emerged from the global recession and its aftermath, the real estate private equity sector is finally positioned for growth in 2014, according to a global market trends outlook in real estate private equity published by EY (Ernst & Young). Strategies being deployed by different PE firms and even funds to take advantage of this growth opportunity differ, as fund managers seek to differentiate themselves in a hotly competitive fundraising environment. But EY sees fewer opportunities in the future for fund managers to capitalize purely from the financial structuring side of their investments. The funds that come out ahead of the competition in this next phase of growth will have one thing in common: an 'old school' asset management approach that realizes maximum investment value by working closely with service providers to fill buildings and manage real estate.

FREDDIE MAC: THE EMERGING PURCHASE MARKET

Led by a resurgent housing sector, 2014 should shape up to be better than 2013 with a quickening recovery pace leading to more job creation. Freddie Mac expects single-family home sales and housing starts to be at their highest levels since 2007, and expect multifamily transactions and construction to post gains as well. The big shift ahead will occur as the single-family mortgage market begins transitioning from a rate-and-term refinance-dominated market, to a first purchase-dominated market. The emerging home-buyer purchase market should gather momentum in the coming year.

GRANT THORNTON: HUGE BOOST AHEAD FOR INDUSTRIAL MARKETS

U.S. companies will bring production, customer service and IT infrastructure back home, reports tax-advisory firm Grant Thornton. The reshoring trend is real and about to dramatically reshape the U.S. economy. More than one-third of U.S. businesses will move goods and services work back to the U.S in the next 12 months, which means that as much as 5% overall U.S. procurement may return home. The Grant Thornton LLP "Realities of Reshoring" survey found that even IT services, one of the first business functions to move offshore, are likely to return within a year. The trend could provide an enormous boost to domestic manufacturers, retailers, wholesalers/distributors and service providers.

JONES LANG LASALLE: PENT UP RETAIL DEMAND WILL DRIVE INVESTMENT

Total retail investment is expected to increase upwards of 20% in 2014, according to Jones Lang LaSalle, as pent up demand that was not satisfied in 2013 fuels investments and investors look to balance their portfolios. The retail market will continue to turn around despite store closings and consolidation. Vacancy rates are projected to inch downward driven by power center popularity, while rents are expected to increase albeit slightly for the fourth consecutive quarter. JLL also expects the number of retail property portfolios coming to market, which combine a broad spectrum of B and C retail assets, will increase as REITs look to sell assets and recycle capital in the year ahead.

KROLL BOND RATINGS: MULTIFAMILY RESURGENCE IN CONDUIT CMBS

The Federal Housing Finance Agency (FHFA) has begun to implement strategies to reduce the multifamily footprints of the two GSEs it oversees. As a result, Kroll Bond Rating Agency expects we will see a gradual decline in Fannie and Freddie's securitized market share, which could revert to levels not seen since before the run-up to the CMBS market peak. At the peak of market in 2007, the conduit market's share of the $36 billion securitized multifamily loan market was just over 78%. As the financial markets spiraled, that trend reversed and the GSEs became the primary source of loan production, dominating securitized new issues with more than a 95% market share.

NOMURA: MUTED CMBS LOAN MATURITY RISK

Based on the performance of loans maturing in 2012 and 2013, the investment bank Nomura estimates that 84% of loans maturing in 2014 will pay in full, a decline of just 3% from 2013 levels. Similar to 2013, Nomura expects the balance of loans rolling to delinquency to decline over the coming year, influenced by muted maturity risk and fewer term defaults resulting from improving CRE fundamentals. Most of the loans maturing in 2014 have 10-year terms and were underwritten prior to the sharp rise in property values that began in 2005. However, 15% of maturing loans have 7-year terms and were underwritten at the market peak. This set of loans has an increased risk of default at maturity.

PKF: U.S. HOTEL INVESTORS POISED TO DO WELL IN 2014/2015

After a slight deceleration in growth during the last half of 2013, PKF Hospitality Research, LLC (PKF-HR) is forecasting very strong gains in revenues and profits for the U.S. lodging industry in 2014 and 2015. PKF projects national revenue per available room (RevPAR) to increase 6.6% in 2014, followed by another 7.5% boost in 2015. Concurrently, hotel profits should enjoy growth of 12.8% and 14.5% respectively over the next two years.

PWC US AND ULI: INVESTOR ACTIVITY CONTINUES TO EXPAND BEYOND CORE MARKETS

The U.S. real estate recovery is set to continue into 2014, with investors increasingly looking beyond some of the traditionally popular markets to secondary markets in search of higher yields, according to the latest Emerging Trends in Real Estate 2014, co-published by PwC US and the Urban Land Institute (ULI). The predicted growth in secondary markets will be driven by investors searching for returns as opportunities in core markets become harder to find and the most sought-after properties become more expensive. The move into secondary markets is underpinned by the anticipated increase in both debt and equity capital during 2014.

TRANSWESTERN: MORE OPPORTUNITIES IN SALE-LEASEBACKS AND NET LEASE

The cost of capital for owner occupants is on the rise, thanks to increasing interest rates. To cope with higher costs, owner-occupants are increasingly looking at selling their owned real estate as one strategy to generate funds for operating expenses, company expansion or retiring debt. This scenario presents an excellent sale-leaseback opportunity for investors looking to acquire real estate that comes with a long-term tenant in place.

The lending environment is expected to bring more net-lease properties to market, as well. As interest rates increase, a larger number of office, industrial and retail buildings are projected to be marketed for sale.

That's 14 predictions for 2014. We look forward to covering these and many other major trends in commercial real estate in the year ahead. Here is a bonus prediction from CoStar's Property and Portfolio Research group.

COSTAR: 2014 BEST YEAR OF OFFICE OCCUPANCY GAINS IN RECOVERY CYCLE

Heading into New Year, office employment has been growing at the fastest rate since the start of the recovery, with the sole exception of early 2012. But there are two key differences between today's market and that of the past few years. First, the office market now has far less under-utilized "shadow" supply space, which will drive a higher level of net absorption as more office-using tenants expand. Second, with the demand outlook improving and new construction still at bay in most markets, the 2014 occupancy gains in US office markets should be the best of the entire recovery and should tip the scales toward greater rent growth during 2014 than in the past few years. However, developers have already shown their willingness to break ground at the first sign of improvement. This has already happened in Boston, Houston, Silicon Valley and most recently, San Francisco. As developers ramp up new supply, the office occupancy gains are likely to slow in 2015 and certainly by 2016. Investors should enjoy the benefits of occupancy gains in 2014, which are expected to be the best in the current recovery cycle.

New Era of Office Tower Development Will Continue to Rise in 2014

By: Randyl Drummer

Construction spending data provided compelling evidence of a recovery in urban office development, prompting some planners to describe 2013 as "the year of the return of the downtown high-rise" as major skyline-altering projects broke ground in Seattle, New York, San Francisco, Houston, Dallas, Chicago and even in markets hit hard in the housing downturn such as Phoenix and South Florida.

Though still nowhere near the pre-recession construction levels of the mid-2000s, overall nonresidential development is seeing somewhat of a comeback, posting the strongest numbers in at least four years, with across-the-board increases in office, industrial, hotels and even retail, according to outlooks and forecasts from major construction data providers compiled by CoStar News, as well as predictions from Property and Portfolio Research (PPR), CoStar's economic forecasting and analytics company.

With much of the unused shadow supply having been absorbed and construction still at bay in most markets, the U.S. office market is positioned for a strong 2014, which will be the fourth and strongest year for occupancy gains of the recovery, according to one of the 2014 predictions by PPR.

With the market tightening in choice metros such as Austin, Houston, Silicon Valley and San Francisco, office developers have already shown a willingness to break ground on new projects, according to Director of Office Research Walter Page Walter Page. Another PPR prediction is that smart office developers will step up the pace of speculative projects in 2014.

For example, 4- and 5-Star office properties in the Bellevue CBD submarket of Seattle, which had a vacancy factor of over 33% in 2009 and 15.8% as recently as 2011, fell to just 4.1% in 2012.

With very few blocks of space available and no new supply under way that's not already spoken for in the thriving Puget Sound metro, a couple of spec projects are already very close to fruition, with more certain to come down the pike, noted PPR Managing Director Hans Nordby.

Most analysts expect that overall office construction spending will end 2013 about the same as, or down slightly from, the previous year. However, the New Year will see an uptick, with Gilbane Construction predicting that total spending for office construction will rise 7% to $39 billion in 2014, the largest increase since 2007. Reed Construction forecasts an even larger increase of 8.6% in 2014, followed by almost 6% in 2015.

Office construction climbed 26% in November, maintaining a growing momentum seen during the second half of 2013, according to a report last week from McGraw Hill. However, much of the increase is contained in several massive new office projects that started in November, including the $336 million Transbay Tower in San

Francisco, the $265 million State Farm office complex in Tempe, AZ, and $160 million for the office portion of the $700 million Korean Air Hotel project in Los Angeles.

Leading indicators for stronger 2014 commercial construction activity remain positive. The Dodge Momentum Index, a monthly measure of initial reports for nonresidential building projects in planning, rose 2.8% in November from the previous month, according to McGraw Hill. Though still well below the peak readings back in 2007, the November increase in the momentum index, which leads hard construction spending by a full year, posted its highest reading since March 2009.

"Nonresidential building is gaining momentum, aided by improving activity for commercial building from low levels while the institutional building sector stabilizes after a lengthy decline," said Robert A. Murray, chief economist for McGraw Hill Construction. "The construction start statistics, when viewed in the context of 2013 as a whole, are still trending upward."

The upward trend for total construction starts is expected to continue in 2014, Murray said.

"One plus for construction and the economy going forward is the recent budget pact approved by the U.S. Congress, since it removes the uncertainty that would have come with the threat of another government shutdown in early 2014," Murray added.

LARGE NEW OFFICE PROJECT THAT STARTED IN 2013 INCLUDE THE FOLLOWING:

The first phase of Amazon's 3.3-million-square-foot campus at Seventh and Westlake avenues in downtown Seattle’s Denny Triangle area, consisting of two buildings valued at $244 million. The project, scheduled to open in late 2015, adds to the millions of square feet already leased in the city by the Internet's dominant retailer.

In October, TIAA-CREF and Transwestern broke ground on BHP Billiton Tower, a 600,000- square- foot office building on the Four Oaks Place in Houston's Galleria submarket. The 30-story is being built on a 2.72-acre tract at 1500 Post Oak Blvd. is 100% preleased to BHP Billiton, a global energy and resources firm.

In July, KDC began the $550 million office portion of the State Farm regional headquarters complex in Richardson, TX. The three-building complex includes a 1.5 million-square-foot, 21-story tower, plus parking garages. The State Farm buildings are part of a 186-acre development by KDC that will include more office buildings, apartments, retail and a hotel.

In July, Samsung broke ground on its 10-story, 1.1 million-square-foot headquarters in San Jose. The $300 million building for 2,000 employees is expected to be finished in 2015.

In April, Skanska began the first phase of Prudential Financial’s $444 million, three-tower headquarters in Newark NJ, a 20-story high-rise office tower of about 732,000 square feet slated for completion in March 2015.

Though not a high-rise project, construction began in earnest during 2013 on one of the largest U.S. office projects, Exxon Mobil Corp.’s massive, 385-acre corporate campus along the Hardy Toll Road in north Houston. About 10,000 Exxon employees will begin moving into the 20-building complex in 2014 as the company consolidates operations from Houston, Virginia and other locations.

In September, Facebook began work on its $435 million, Frank Gehry-designed West Campus office project on 22 acres in Menlo Park CA. The 433,555-square-foot building with a rooftop garden will hold about 2,800 Facebook employees.

Housing Bubble? What’s the Worry?

Only a few days into the New Year and already we’re hearing worries about a bubble in the recovering U.S. residential housing market. It seems that some analysts can’t go one year without an overhanging fear of catastrophe.

While most cities are seeing continual, albeit slow growth in housing prices, recently several cities across the country have seen housing prices climb back to reach all-time highs, which sparked the latest round of concerns.

However, according to Don Frommeyer, president of The National Association of Mortgage Brokers (NAMB), the cities with peaking housing prices seem to be the exceptions across the country.

“Most areas are still seeing housing prices with numbers well below their highs in 2007. It’s the areas that were mostly unaffected by the housing crash that are seeing the high numbers, they didn’t have as far to climb to reach peak numbers,” Frommeyer said. “Overall, the housing prices are still below the high values nationally. While most areas aren’t above their previous peak prices, they are still experiencing increases to an extent, which is a continuing sign of the housing recovery."

Frommeyer cited statistics from Zillow that showed most cities across the country have gained back about 10% to 15% in value from the 23.8% plunge in average US housing prices from 2007 to 2011.

Cities that have seen housing values climb back to reach their previous highest average include Oklahoma City, Denver and select areas within the Bay Area and the Pittsburgh metropolitan area.

S&P: WHY BUBBLES AREN’T AS DANGEROUS TODAY

According to Standard & Poor’s, publishers of the monthly S&P/Case-Shiller Home Price Indices, the rebound in U.S. home prices are sparking fears of another round bursting bubbles among many investors and market pundits.

“While we don’t know the chances that either stocks or home prices will plunge in 2014, the collateral damage from either will be less than it was in 2008 because the underlying leverage in the economy is substantially smaller today than it was back then,” the rating agency reported this week.

The financial crisis was a two-step (or double dive) event, according to S&P. First home prices collapsed, wiping out about a third of the value of American homes. Second, a lot of the mortgage debt collateralized by those homes failed creating a cascade of defaults and foreclosures. The higher the loan to value ratio on a home with a mortgage, the smaller the price drop needed to put the mortgage under water, S&P noted. When home prices plunged, homeowners and their mortgages were vulnerable.

Today conditions are improved - the economy-wide loan to value ratio is down to 49%, not as comfortable as 10 years ago, but better and safer for the economy than just before the financial crisis, S&P noted.

This reduction in personal debt did not simply happen. Rather, the appetite for borrowing and debt is much less today than seven years ago, the firm added.

However, S&P said, while the lower leverage and debt overhang make a bubble in housing values much less likely, it doesn’t mean stock prices or home values can’t slide or that we shouldn’t be concerned that some markets may be over-valued. The lower debt and leverage simply means there will be less damage if markets fall.

"That alone should ease some fears as we start a new year with higher prices on houses and stocks,” according to the ratinigs agency.

HOUSING OUTLOOK

Meanwhile, the housing price recovery of 2013 is already starting to lose steam as Americans remain cautious about their personal finances and the state of the economy, according to Fannie Mae’s latest National Housing Survey results.

Among those surveyed, nearly two-thirds said they believe the economy is on the wrong track while the share expecting their personal finances to worsen during the next year has increased during the past few months to 22%.

Meanwhile, consumers’ home price expectations have declined steadily since summer. The share who say prices are going to increase within the next 12 months fell to 45% and the average home price change expectation dipped to 2.5% from 2.9%. In addition, the share of those who expect mortgage rates to climb in the next 12 months has remained at an elevated level since it spiked in June.

"In this environment, the housing recovery is likely to improve, but only at a gradual pace," said Doug Duncan, senior vice president and chief economist at Fannie Mae. "The majority of consumers expecting higher mortgage rates implies a slowing of housing market momentum. As the economy continues to improve and household balance sheets for most Americans are slow to repair, we continue to see the transition to a full housing recovery as a slow process."

According to Freddie Mac Chief Economist Frank E. Nothaft, "Despite rising mortgage rates and continued property-value appreciation, housing will remain generally affordable in most parts of the country. With household formations expected to pick up and new home completions gaining more slowly, for-sale inventories may remain tight."

With housing located in large metro areas along the Atlantic and Pacific coasts are already expensive for the typical family, rising interest rates are expected to have a bigger effect there. "But in most of the country, incomes and home prices are such that rising rates by themselves will not be enough to end the recovery. What we need is some better income growth," Nothaft said.

Hewlett-Packard Plans 5,000 More Job Cuts

Hewlett-Packard Co. expanded its planned job cuts by 5,000 positions, bringing the total number of layoffs at the tech giant to 34,000.

In its annual report filed last week, HP noted the increase in staff reductions in addressing its multi-year restructuring plan.

As of July 31, 2013, HP estimated that it would eliminate approximately 29,000 positions in connection with the plan through 2014, with a portion of those employees exiting the company as part of voluntary enhanced early retirement.

As of that same date, HP estimated it would recognize approximately $3.6 billion of total costs in connection with the plan. HP also estimated that the number of positions ultimately eliminated could vary by as much as 15% from these estimates.

Due to continued market and business pressures, as of Oct. 31, 2013, HP said it expects to eliminate that additional 15% for a new total of 34,000 positions. As of Oct. 31, HP had eliminated 24,600 positions.

HP also said it expects to record an additional 15% in the cost of the plan bringing the new amount to $4.1 billion. HP expects approximately $600 million of that cost to relate to infrastructure, including data center and real estate consolidation.

Facility Closures & Downsizings

Impac Mortgage Holdings Inc. is centralizing its retail originations and lending operations. In doing so, it expects to sell its active "brick and mortar" retail lending branches. It will be eliminating 23 retail branch locations and a fulfillment center, and reducing our current headcount by 180 employees.

Nelson Global Products will close its Peoria, IL, facility operations by the fall of 2014, and its 34 employees will be offered similar employment positions in one of the two Morton facilities, located 20 miles from the Peoria facility.

LATEST BANKRUPTCY COURT APPROVED LEASE CANCELLATIONS

Tenant	Address	City	State	Landlord
Benchmark Orthotics & Prosthetics Inc.	2865 Zelda Road	Montgomery	AL	Aronov Realty Brokerage Inc.

Tenant	Address	City	State	Landlord
Physiotherapy Associates Inc.	16155 North 83rd Ave.	Peoria	AZ	NBS Arrowsport II LLC
Matrix Rehabilitation Inc.	840 S. Fairmont Ave.	Lodi	CA	Tokay Medical-Dental Arts
Physiotherapy Associates Inc.	8111 E. Lowry Blvd.	Denver	CO	HR Assets LLC
Physiotherapy Corp.	111 Goose Lane	Guilford	CT	Goose Lane Medical LLC
Physiotherapy Associates Inc.	7465 Lancaster Pike	Hockessin	DE	Hockessin Partners LLC
Physiotherapy Associates Inc.	6329 Roswell Road	Sandy Springs	GA	Marshalls Plaza Shopping Center LLC
Physiotherapy Associates Inc.	1555 SE Delaware Ave.	Ankeny	IA	Delaware LLC
Benchmark Medical Holdings Inc.	4591 W. Higgins Road	Hoffman Estates	IL	Poplar Creek Crossing LLC
Physiotherapy Corp.	5936 N. Keystone Ave.	Indianapolis	IN	DM Property Management Inc.
Physiotherapy Associates Inc.	13303 W. Maple	Wichita	KS	Auburn Pointe LLC
Physiotherapy Associates Inc.	9601-C Taylorsville Road	Louisville	KY	BRE Retail Residual Owners 2 LLC
Physiotherapy Associates Inc.	1625 Highway 51	Ponchatoula	LA	Trinity Partners LLC
Physiotherapy Associates Inc.	7916 Gratiot	Saginaw	MI	Gratiot Property Management LLC
Physiotherapy Associates Inc.	1315 E. Michigan	Saline	MI	Farbman Group I Inc.
Physiotherapy Associates Inc.	2262 Weldon Parkway	St. Louis	MO	CMS Investment II LLC
Physiotherapy Associates Inc.	818 Main St.	Collins	MS	KBH Realty Inc.
Physiotherapy Associates Inc.	4877 Highway 589	Sumrall	MS	Lamar Property And Management
Physiotherapy Associates Inc.	600 S. Tonopah Drive	Las Vegas	NV	J & J Capital Investments LLC
Keystone Rehabilitation Systems Inc.	910 Boardman-Canfield Road	Boardman	OH	E&S Properties Inc.
Physiotherapy Associates Inc.	170 Mill St.	Gahanna	OH	MJM Investments
Keystone Rehabilitation Systems Inc.	200 College Drive	Lemont Furnace	PA	Uniontown Park Associates
Physiotherapy Associates Inc.	8507 Hwy 51	Millington	TN	American Properties Company GP

Tenant	Address	City	State	Landlord
Physiotherapy Associates Inc.	8609 Sudley Road	Manassas	VA	Cityline Properties LLC
Physiotherapy Corp.	8000 Westpark Drive	McLean	VA	PS Business Parks LP
Physiotherapy Associates Inc.	15328 Main St. E	Sumner	WA	Gil A Schoos, P.T.
Physiotherapy Associates Inc.	6334 Littlerock Road SW	Tumwater	WA	Ecco LLC

Real Estate Brokerage Will Accept Bitcoin as Rental Payments

In what is believed to be a first for a real estate firm in the U.S., Bond New York said it will now accept bitcoin as payment for real estate transactions.

"We are accepting bitcoin as a service to our customers who prefer to use the digital currency as a matter of convenience. We are always looking for ways to serve our customers through technological advancement," said real estate agent Brian Dusseau of Bond, a Manhattan-based real estate brokerage firm specializing in residential rentals and sales as well as commercial leasing. "In addition we have agents who would like to be paid in bitcoins if their customer pays us in bitcoins."

Bitcoin is a consensus network behind a new Internet-based payment system that uses completely digital money. It is the first decentralized network that has no central backing authority or middlemen, but rather depends entirely on the faith and credit of its users.

Bond believes bitcoin offers clients a convenient and inexpensive way to pay for real estate transactions.

"Right now a bitcoin is worth about $750," explained Noah Freedman, co-founder, Bond New York. "Bitcoin is a convenient and inexpensive way for our customers to transfer money; so we see it as a win-win situation which will impact the real estate industry."

Bond New York has a sales force of more than 500 personnel in seven Manhattan offices making it Manhattan's largest independently owned firm..

Behringer Harvard Multifamily REIT I Expands Co-Investment with PGGM

Behringer Harvard Multifamily REIT I entered into a new $300 million arrangement with PGGM Private Real Estate Fund (PGGM) to co-invest in multifamily property.

The new $300 million arrangement is in addition to prior investments in which PGGM also committed $300 million to co-invest with the REIT in three separate tranches of $100 million.

PGGM, an investment vehicle for Dutch pension funds, currently manages $210 billion in pension assets for more than 2.5 million pensioners.

Generally, Behringer Harvard Multifamily REIT I and PGGM own 55% and 45% in each property they acquire, respectively. From the inception of the relationship in 2007 through Sept. 30, 2013, PGGM has co-invested with the REIT in 28 multifamily properties with a total capitalized cost of $1.6 billion.

As a result of PGGM's new co-investment arrangement with the REIT, the partners expect to acquire about $1.3 billion worth of multifamily property over the next several years, taking into account the equity provided by both partners and additional leverage.

Under the new arrangement, PGGM invested in several of Behringer Harvard's existing REIT development projects and will also target future acquisitions and developments for investment.