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FOR IMMEDIATE RELEASE

BRUCE BATKIN COMMENTS ON MOODY'S/RCA CPPI REPORT

- Based on the performance and valuations of the properties securing our national portfolio of mezzanine loans, there was nothing unexpected in the Moody's report.
- Sales of CBD office properties likely reflect the increasing impact of offshore capital seeking USD denominated fixed income investments. The dearth of attractive global fixed income options, the improving US economy, the outlook for a strengthening dollar and an increasing flow of flight capital are driving CBD office values.
- Unsurprisingly, multifamily values are leveling out after years of dramatic increases in occupancy, rental rates and values. Going forward, we see a risk of flat or declining values as new product enters the market, interest rates move up and single family home absorption improves.
- Also, unsurprisingly, retail values over the past 12 months have lagged the index, reflecting the uncertainty surrounding the category. Of all asset classes, retail is the most bifurcated, as evidenced by record values of CBD retail and value-less secondary regional malls.
- Going forward, we expect improving values in suburban office and industrial properties as employment growth continues.

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