GLOBAL REAL ESTATE SECURITIES
Market Commentary Q3 2017

EXECUTIVE SUMMARY

GLOBAL REAL ESTATE STOCKS WERE POSITIVE DURING THE FIRST NINE MONTHS OF 2017

Listed real estate had a positive third quarter and has now had positive total returns in all three quarters year-to date as economic releases and global REIT earnings reports support a positive outlook for the global economy and real estate companies. Property stock performance was strongest in Europe followed by the Asia-Pacific region; the Americas region was also positive.

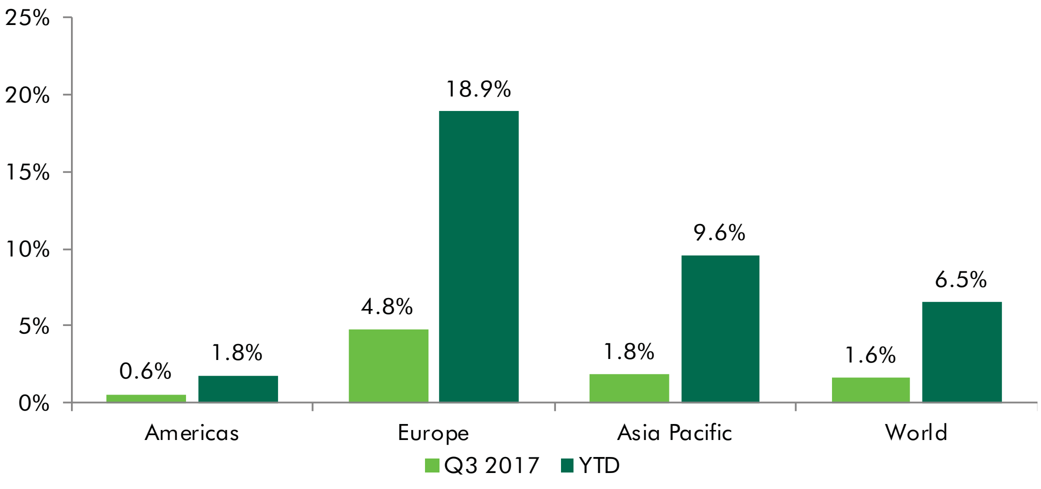
REAL ESTATE COMPANIES CAN PERFORM WELL IN THE FACE OF RISING INTEREST RATES

While a short-term move higher in interest rates typically can cause short-term dislocation among yield-sensitive asset classes, including the listed property company sector, history suggests that property company shares ultimately benefit from the underlying forces that cause rates to move higher, namely improving economic growth.

WE BELIEVE THAT TOTAL RETURNS WILL CONTINUE TO BE POSITIVE IN 2017

Total return looking forward will be generated by 5% earnings growth, 4% dividend yield and attractive implied real estate values as investors digest higher interest rates off historically low levels. Property companies will ultimately benefit as economic improvement positively flows through to earnings. With a backdrop of subdued development starts, a still accommodative interest rate environment despite higher near-term rates, and a continued wide spread between initial yields on real estate and high quality bonds, real estate stocks should continue to generate positive total return.

EXHIBIT 1: GLOBAL REAL ESTATE SECURITIES PERFORMANCE AS OF SEPTEMBER 30, 2017



Source: FTSE EPRA/NAREIT Developed Index in USD (Net of Withholding Tax) as of 09/30/2017. An index is unmanaged and not available for direct investment. **Past performance is no guarantee of future results.**

MARKET PERFORMANCE REVIEW

Performance for the first nine months was led by returns in Europe and the Asia-Pacific regions as U.S. REITs have under-performed relative to international property stocks for the first time in several years. European property companies are benefitting from an improvement in property fundamentals supported by a backdrop of improving economic releases, despite the usual worries surrounding geo-political risk on the Continent and Brexit in the U.K. Transaction volumes in Europe reinforce a steady bid for quality real estate as the cost of capital remains attractive and the economic rebound remains healthy relative to a previous low base. Returns in the Asia-Pacific regions are being powered by performance among Hong Kong and Singapore property companies, which are rebounding following negative performance late last year and on evidence that property fundamentals are improving off previously sluggish levels. Demand in the office and retail property types, as well as the residential market, all have improved versus a year ago in both Hong Kong and Singapore, with the listed stocks responding positively. U.S. REITs are also positive this year but are laggards on a relative basis, as investors anticipate the headwinds of a rising interest rate environment, concerns about where we are in the economic and real estate cycles, and the impact of some new supply.

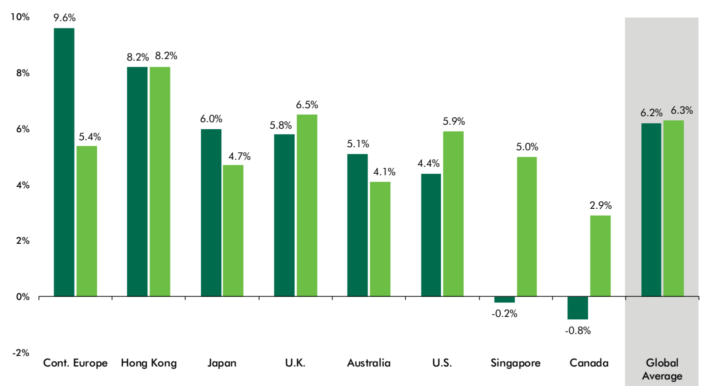
MARKET OUTLOOK

Our market outlook is positive with an expectation of further gains this year for global property companies. We believe that real GDP growth in the U.S. in 2017 will improve to the 2.0% range and that the yield on the U.S. 10-year Treasury will trend gradually higher. Monetary policy will tighten in the U.S., but remain relatively more accommodative elsewhere. The U.S. Federal Reserve Bank will likely raise the Fed Funds rate again during 2017 after having already raised twice during 1H17 to a current target rate between 1.0% and 1.3%. Central banks elsewhere including the ECB and BOJ will remain relatively more accommodative given sluggish economic conditions in these geographies, although "tapering" is nearer in Europe.

Real estate stocks are performing in this "slow but steady growth" economic environment, supported by interest rates which have remained in a lower range despite expectations of higher rates looking forward. With real estate companies trading at an approximate 8% discount to our estimate of inherent real estate value of net asset value (NAV), and an implied capitalization rate approaching 6% globally, we believe real estate stocks remain attractively priced.

We underwrite global property companies to generate earnings growth in the 5-6% range for each of 2017 and 2018. Listed property companies will benefit from a continuation of trends seen over the past several years including improving occupancies, higher trending rents and active transactions markets. Low levels of new construction globally suggest that owners of existing properties should continue to enjoy improved pricing power as incremental demand for space exceeds new supply. Earnings growth will be generated by a combination of "internal" growth - organic growth derived from improving operating trends, such as higher occupancies, rising rental rates for new leases including renewals, and smaller concessions packages for new tenants - as well as "external" growth, which includes value-adding acquisitions, development and re-development activities. Companies with management teams that actively and intelligently deploy capital so that it is value-added to shareholders will be rewarded disproportionately.

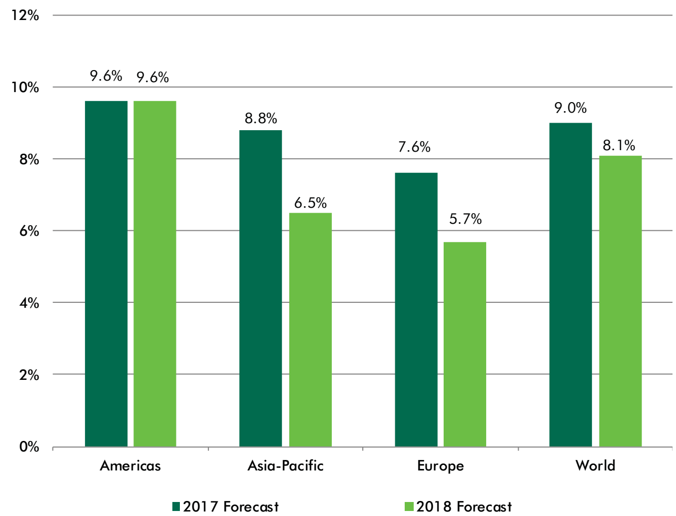
EXHIBIT 2: REGIONAL EARNINGS GROWTH FORECAST



Source: CBRE Clarion as of 09/30/2017.
Information is the opinion of CBRE Clarion , which is subject to change and is not intended to be a forecast of future events, a guarantee of future results, or investment advice. "f" refers to "forecasts". Forecasts and the factors noted are not indicative of future investment performance.

Dividend growth will be strong again. Current income generated by listed property's dividend yield remains a defining investment characteristic of the sector. Listed property companies' dividend yield currently averages nearly 4% globally and is growing at a very healthy clip. We project average dividend growth to exceed earnings growth in 2017 and 2018, increasing by ~8% each year driven by a combination of improving company cash flows as well as an expansion of dividend payout policies, which remain conservative. Increasing dividends are emblematic of healthy companies in improving markets.

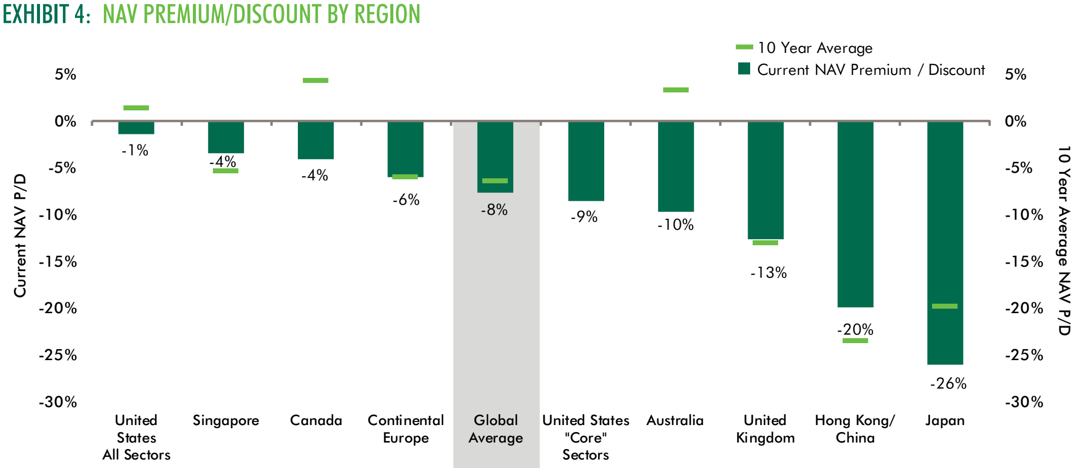
EXHIBIT 3: GLOBAL REAL ESTATE DIVIDEND GROWTH FORECAST



Source: CBRE Clarion as of 09/30/2017, which is subject to change and is not intended to be a forecast of future events, a guarantee of future results, or investment advice. Forecasts and any factors discussed are not indicative of future investment performance.

Listed real estate remains attractively valued versus private market real estate, particularly in U.S. "core" property types. Despite the steady positive performance of listed real estate companies year-to-date, estimate valuations persist to be cheaper than in the private market on a global weighted average basis with disparities among geographies and property types. In the U.S., real estate value largely resides in the "core" real estate sectors of apartments, retail, office, industrial, and lodging as a number of the specialty sectors trade above NAV. U.K. property companies post-Brexit continue to trade at material discounts to our revised NAV's as uncertainty on Brexit persists. Looking out over the next six to twelve months, we expect the yield curve and longer-term rates to remain relatively low despite recent upward movement following increases in the policy rate by the Federal Reserve Bank. A significant amount of "dry powder" from investors in the private markets, including private equity, pension funds and sovereign wealth, continues to underpin demand for property.

EXHIBIT 4: NAV PREMIUM/DISCOUNT BY REGION



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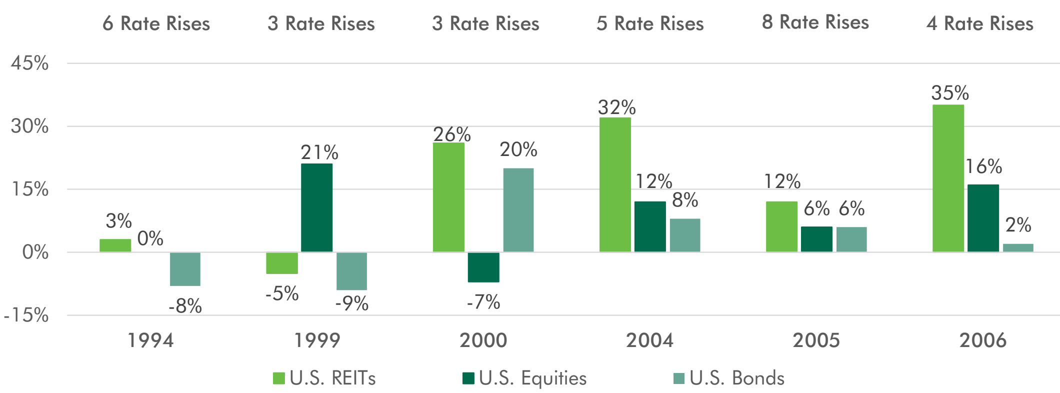
Real estate companies can perform well in the face of rising interest rates. While a short-term increase in interest rates may typically cause short-term dislocation among yield sensitive asset classes, including the listed property sector, history suggests that property company shares ultimately benefit from the underlying forces that cause rates to move higher, namely positive economic growth. When examined more closely globally, evidence is such that property shares generally perform well in a capital markets environment with higher bond yields. The chart below shows the 12-month performance in U.S. property shares during periods in which the U.S. Federal Funds policy rate rose materially.

EXHIBIT 5: U.S. REITS VS. U.S. EQUITIES AND U.S. BONDS



Source: CBRE Clarion as of December 2016. U.S. REITs: FTSE NAREIT Equity REIT Index, U.S. Equities: Russell 3000 Index, U.S. Bonds: Fed Funds Rate. Forecasts and any factors discussed are not indicative of future investment performance.

IMPORTANT DISCLOSURES

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The FTSE EPRA/ NAREIT Developed Index is an unmanaged market-weighted index consisting of real estate companies from developed markets, where greater than 75% of their EBITDA (earnings before interest, taxes, depreciation, and amortization) is derived from relevant real estate activities. Investors cannot invest directly in an index. PA10242017