Interpreting REIT Statistics

Introduction

I think it will be helpful to show some of the numbers that REITs have published in the past and establish the cause and effect between NOI growth, capital usage, and their effect on equity. Having established this link, we than then observe that the substantial NOI growth and lower capital usage that has in the past been the cause of equity outperformance is still happening for REITs in the Alpha fund. While equity values of REITs in the Alpha fund have not substantially outperformed their benchmark so far in 2015, we anticipate that significant outperformance is in the near future as the cause of market outperformance is directly observable and still happening.

"Same Store" Statistics

REITs publish "same store" statistics which are for properties they have owned for at least two years. They publish these numbers quarterly and annually which allows for the chaining together of these statistics over multiple years. REITs generally publish both GAAP and cash NOI growth numbers with advantages and disadvantages to each metric.

GAAP Accounting

GAAP accounts for leases on a "straight line" basis meaning that if a lease starts at $50 psf and ends 5 years later at $60 psf, the GAAP rent would be $55 psf for 5 years. If there is a free rent period at the beginning of the lease term this would also be calculated into the straight line rent figure which means that in a tenant's free rent period, there would be a large discrepancy between the GAAP and cash NOI number.

Cash Accounting

The cash accounting is exactly what its name implies in that only cash rent received is booked as cash NOI. The advantage of this is that this makes a REIT's cash implied cap rate an "apples to apples" measure to compare to a property sales comparable as property sales cap rates are quoted to reflect cash NOI.

GAAP versus Cash Accounting

My opinion is that over the course of numerous years the cash NOI is a figure that better represents the economic growth of NOI as opposed to GAAP NOI growth. The issue arises if one is looking at a year over year figure where there has been a significant change in occupancy of the REIT's portfolio. For instance in the case of Highwoods shown below, their same store occupancy increased by 2.1% over the previous period in the prior year. They reported GAAP YoY NOI increase of 5.8% and a cash YoY NOI increase of 7.8%. But the occupancy increase is a one-time event and therefore does not represent sustained NOI growth so the NOI growth can be estimated net of the occupancy increase. When making this adjustment, I believe the GAAP NOI number better represents the sustained economic NOI growth as any free rent period for new tenants is reflected in GAAP NOI but not in cash NOI.

HIW 6 months compared to prior year ex discontinu		
		Net of Occ.
GAAP	5.8%	2.3%
Cash	7.8%	4.3%
Occupancy T6M	92.4%	
Occupancy year ago T6M	90.3%	
occ increase	2.1%	

Boston Properties and SL Green Statistics

With this as a primer for GAAP versus cash NOI, the data in the tables below show historical same store NOI growth for BXP and SLG. These REITs are included in the Alpha fund because they have had a history of significant growth in their NOI and have used less in capital than their peers. In addition to the NOI growth, the "basis creep" is also shown. This number is the total BIs, TIs and LCs spent on existing buildings during the year divided by the enterprise value of the REIT. It is equivalent to saying you purchase a building for $100M and spend $2M on it a year in BI, Tis, and LC over the course of 5 years so the building's basis creep is 2%.

BXP Same Store NOI Growth					
	GAAP		Cash		
2004		1,000		1,000	Basis Creep
2005	1.8%	1,018	4.6%	1,046	
2006	2.6%	1,044	1.6%	1,063	
2007	3.6%	1,082	6.2%	1,129	
2008	3.4%	1,119	4.3%	1,177	
2009	-4.9%	1,064	-4.4%	1,125	
2010	2.3%	1,089	2.7%	1,156	0.61%
2011	-0.6%	1,082	2.6%	1,186	0.57%
2012	-0.9%	1,072	2.3%	1,213	0.73%
2013	3.9%	1,114	5.2%	1,276	0.59%
2014	4.7%	1,166	4.3%	1,331	0.63%
		1.55%		2.90%	0.62%

SLG Same Store NOI Growth					
	GAAP		Cash		Basis Creep
2004		1,000		1,000	
2005	2.4%	1,024	2.4%	1,024	
2006	12.8%	1,155	12.6%	1,153	
2007	5.7%	1,221	8.7%	1,253	
2008	3.9%	1,268	6.4%	1,334	
2009	5.3%	1,335	0.3%	1,338	
2010	3.2%	1,378	6.4%	1,423	
2011	3.5%	1,426	2.9%	1,465	1.12%
2012	-0.7%	1,416	4.8%	1,535	0.92%
2013	3.9%	1,472	2.6%	1,575	0.97%
2014	3.5%	1,523	2.1%	1,608	2.52%
		4.30%		4.86%	1.38%

Parkway and Highwoods Statistics

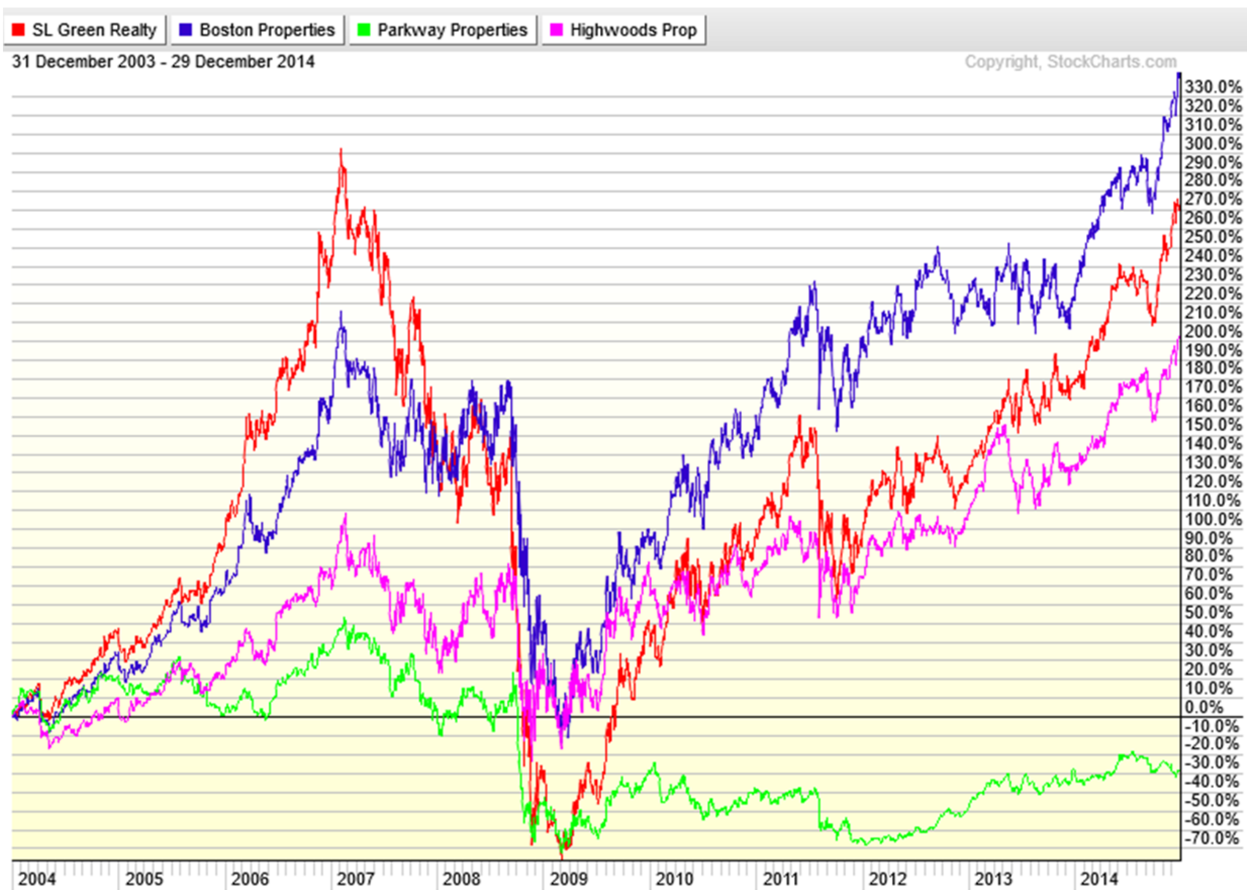
Below are shown similar data for Parkway Properties and Highwoods. You can see that the data does not line up exactly with that provided by BXP and SLG as PKY and HIW did not provide this data in the years where the data is missing. Nevertheless they provides a good comparison to BXP and SLG. The basis creep for PKY is not listed as their numbers are a bit skewed in the previous few years because they have been on an acquisition spree and their BI, LC, and TI spent in a year do not line up with enterprise value at the end of the year because they acquired numerous properties over the course of the year. My estimate is that PKY's basis creep is similar to HIW's basis creep.

PKY Same Store NOI Growth				
	GAAP		Cash	
2005		1,000		
2006	-1.8%	982		
2007	-1.8%	964		964
2008	0.5%	969	0.8%	972
2009	-1.3%	956	-3.7%	936
2010	-5.6%	903	-5.3%	886
2011	-3.0%	875	-3.0%	860
2012	3.1%	902	1.4%	872
2013	1.2%	913	4.5%	912
2014	0.9%	921	2.7%	936
		-0.90%		-0.42%

HIW Same Store NOI Growth					
	GAAP		Cash		Basis Creep
2006		1,000		1,000	
2007	1.8%	1,018	4.2%	1,042	
2008	0.5%	1,023	2.3%	1,066	
2009	-3.8%	984	-2.8%	1,036	
2010	-0.1%	983	-2.9%	1,006	
2011	-0.9%	974	-0.6%	1,000	2.26%
2012	2.8%	1,002	3.6%	1,036	2.20%
2013	-0.1%	1,001	1.7%	1,054	2.51%
2014	-0.2%	999	0.5%	1,059	2.70%
		-0.02%		0.72%	2.42%

Equity Performance

When we look at the performance of the equity of BXP, SLG, PKY and HIW, we see that strong NOI growth and using less capital pays off in the long run. What we also see is that in the shorter term REIT values can be very volatile as shown by the peak to valley of SLG and BXP between 2007 and 2009. If one looks at the their cash rate of NOI growth during this period, it will show that it was relatively steady compared to the equity values of the REITs. SL Green did not do themselves any favors by increasing their leverage from 19% at the beginning of the second quarter of 2007 to 40% at the beginning of the third quarter of 2007 compared to Boston Properties that only increased from 22.6% from 28.6%. This increased leverage by SL Green exacerbated their drawdown relative to Boston Properties.



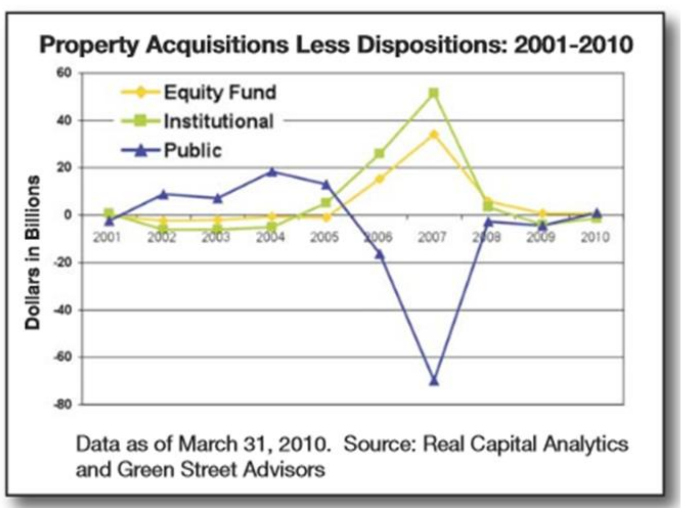
Highwoods Analysis

Why Highwoods' stock has performed so well compared to Parkway's stock considering they had similarly poor NOI growth compared to Parkway is something I may look into in the future. What to keep in mind is that REITs are not a static pool of properties as REITs often buy and sell properties and on occasion buy whole companies that own a portfolio of properties or sell of a large part of their portfolio. When a REIT decides to be either net sellers or buyers has a substantial effect on their equity valuation. For instance we can see in the table below that Parkway was on an acquisition spree in 2014. Time will tell if 2014 represented a peak or valley in commercial office prices but on a longer time frame, whether these purchases were made when properties were relatively cheap or expensive will have a significant effect on their future equity return. This is further exacerbated by the fact that the market currently values Parkway's total assets at $3.4B so the $863M is a significant part of their total asset valuation.

Parkway Acquisitions			
Building	**Purchase Price**	**Stated Cap Rate**	**Announcement Date**
One Buckhead Plaza	157,000,000	5.50%	30-Oct-14
Corporate Center I,II,III	475,000,000	5.85%	22-Sep-14
Courvoisier Centre	145,800,000	4.50%	10-Apr-14
BofA Center	52,500,000	6.30%	6-Jan-14
JTB Center	33,300,000	8.30%	6-Jan-14
Total	**863,600,000**	**5.68%**	

REIT Ownership versus Privately owned Real Estate

The chart below provided in a NAREIT paper entitled "REITs: Real Estate with a Return Premium" shows that publicly traded REITs were large net sellers of real estate in the run up to the Great Recession. So we see that REITs in aggregate tend to be able to time the market better than private equity funds and institutional owners but this does not address any individual REIT's ability to time the market. This risk is diversified away in the Alpha Fund by selecting a diversified portfolio of REITs such that the portfolio does not have enough concentration in one REIT such that one REIT's acquisition or disposition activity has an oversized impact on the overall fund.

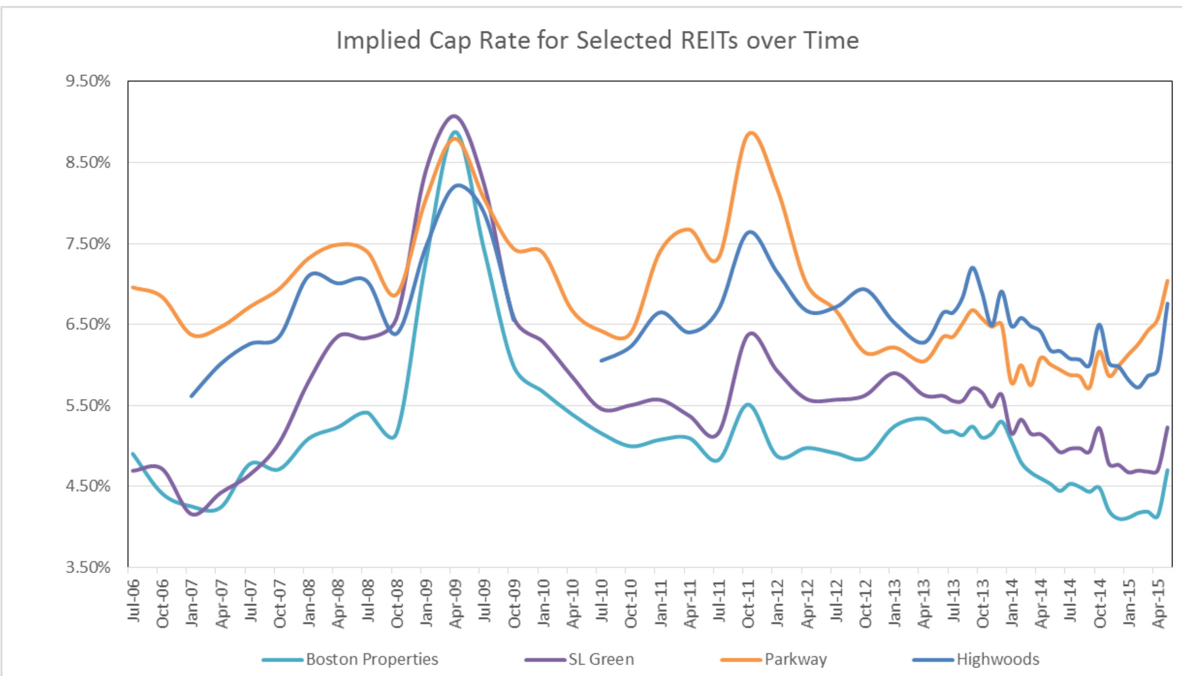


REIT's Implied Cap Rate over Time

Below is a chart that shows the implied cap rate of each of these REITs over time. I have to admit that the way I calculated these implied cap rates is a bit crude as I did the "top down" approach using historical data in the REITWatch publication but I think it gives a reasonable estimate of what the implied cap rate was at the time. When doing a much more precise "bottom up" approach to calculating a REIT's implied cap rate, the "top down" approach usually provides a close approximation to the more precise method.

Significant Implied Cap Rate Dislocation

What the chart shows is that at times the implied cap rates of REITs can really do crazy things. For instance, in the second quarter of 2009 the implied cap rate of SLG and BXP was actually higher than that of PKY and HIW. It is good to point to the cash NOI growth of both of these REITs and see that their properties continued to significantly grow their cash NOI and in fact SL Green has not had a negative year over year cash NOI growth in the past 10 years. Compare these to the cash NOI growth of both HIW and PKY, both of whom had three consecutive years of negative cash NOI growth.



REITs in the Alpha Fund have more Stable NOI Growth

Another point to be made is that REITs such as SLG and BXP have much longer average lease terms than REITs such as HIW and PKY which is what largely contributed to the much more stable cash NOI growth of SLG and BXP during the Great Recession. Nevertheless in the short run the Alpha fund would have significantly underperformed the market during the Great Recession when the implied cap rates for SLG and BXP were higher than those of HIW and PKY. In retrospect this was a transient condition and the implied cap rate spreads between high and low barrier to entry REITs tend to mean revert.

NOI Growth in Similar Markets

Finally an interesting observation I made when looking through the REITs' SEC filings is that Vornado has historically reported same store GAAP EBITDA growth and separated it out by market. EBITDA is materially equivalent to property level NOI so it represents an "apples to apples" comparison to NOI. What this allowed me to do is to compare Vornado's New York City properties' EBITDA growth to the NOI growth of SLG which owns properties exclusively in the New York Metro area. This charts below show that over the course of 10 years, the NOI and EBITDA growth is remarkably similar. The year to year growth does not match up very well but this is to be expected as these are GAAP numbers and all rent is straight lined. The very important point to conclude from this is properties located in the same market tend to grow their NOI at the same rate.

SLG Same Store NOI Growth		
GAAP		
2004		1,000
2005	2.4%	1,024
2006	12.8%	1,155
2007	5.7%	1,221
2008	3.9%	1,268
2009	5.3%	1,335
2010	3.2%	1,378
2011	3.5%	1,426
2012	-0.7%	1,416
2013	3.9%	1,472
2014	3.5%	1,523
		4.30%

VNO NYC Same Store EBITDA Growth		
GAAP		
		1,000
2005	4.3%	1,043
2006	6.1%	1,107
2007	9.6%	1,213
2008	6.2%	1,288
2009	0.8%	1,298
2010	1.7%	1,320
2011	-0.1%	1,319
2012	2.0%	1,345
2013	5.5%	1,419
2014	4.7%	1,486
		4.04%

Similarity to NCREIF Data

This observed behavior of diverse pools of properties in the same market growing their NOI at is similar rates is similar to what I found when comparing NCREIF data to publicly traded REIT data. The issue with NCREIF data is that the calculations on how to facilitate an "apples to apples" comparison between it and public REIT data is a bit long and nobody wants to hear the details on how I did it. The data on NOI growth provided by SLG and VNO allow for the "apples to apples" comparison without making any adjustments. It is this matching up of the NOI growth rate of two separate pools of office properties located in the same market that I also observed using the NCREIF data that allows me to use the NCREIF data to project each REIT's capital return based upon the markets in which the REITs own properties.

The Alpha Fund's Concentration in New York City

It should also be pointed out that the historic NOI growth experienced in NYC compared to the historic NOI growth in low barrier to entry markets as represented by HIW and PKY is why the Alpha fund has such a high concentration in REITs that own properties in New York City. SLG grew its GAAP NOI by an average of 4.3% over the past 10 years and its cash NOI growth was even higher at 4.86%. The trend is continuing as shown in the year over year NOI growth of REITs that only own properties in New York City which are SLG and ESRT.

Year over Year NOI Growth and Capital Usage

It is with this background that the following table showing the NOI growth of the REITs in the Alpha fund and the short REIT in the Wedge fund will be able to be interpreted in context. A few of my observations:

- The difference in the forward looking cash implied cap rates between the long and short portfolio is only 1.29% meaning that investors are only getting a 1.29% income return premium on the assets in the short portfolio. This compares very favorably to 2007 when the gap between SLG, BXP and HIW, PKY was closer to 2%.
- ESRT grew its cash NOI by 19.27% in the previous year. This is absolutely off the chart when compared historically to SLG, BXP, or VNO's NYC portfolio. This is because they are putting a lot of capital into older, well located buildings in NYC that have been neglected and getting gigantic renewal rent spreads. This dramatic NOI growth will go on for years as they continue with their strategy. In addition, its cash implied cap rate is much higher than its peers which is why 22.1% of the Alpha fund is invested in ESRT.
- I think the aggregate basis creep for the long portfolio is a bit high because SLG generally has less than 1% basis creep compared to 2.33% in the TTM and HPP is also a bit of an outlier. For the short positions TIER is likely a bit high owing to their increase of 3.20% in occupancy and FSP is in line with their historical but their cash NOI growth is -2.00% and their lack of capital spending may be the cause of this.
- PGRE has not yet been a public company for a year so they did not report NOI growth YoY so I guessed 3.00%. They own around 80% of their properties in NYC so if anything this number is probably understated.
- The cash implied cap rate for PGRE is likely understated because they have very long term leases and they do not break out free rent from their total straight line rental adjustment as SL Green does so the forward looking cash NOI includes backwards looking free rent in addition to the difference between the cash rent and GAAP rent. The difference between the GAAP NOI and cash NOI is usually between 5% and 10% for REITs but it is 18.5% for PGRE and my guess is that this should be around 10% which would make its implied cap rate around 5.00% which is much more in line with the other REITs.
- The adjustment for occupancy is a bit of a guess and I think the adjustment works best on the GAAP NOI number. As discussed earlier, GAAP NOI books revenue for new tenants who may be in a free rent period whereas no cash NOI is generated during a free rent period. When occupancy increases it is likely these new tenants are in a free rent period and the cash NOI does not pick this up. This is why the same store NOI growth GAAP net of occupancy change is pretty close to 3% for all REITs in the long portfolio.
- In contrast the same store NOI growth using GAAP adjusted for occupancy change looks pretty terrible for PKY and TIER. Both of them significantly increased their occupancy from the prior year but when the occupancy is adjusted for, both appear to be performing terribly.
- In my opinion, HIW and PKY are priced at extreme nosebleed levels. Parkway may have significantly increased their occupancy over the past year but this is a one-time event and does not represent a trend (you can only go from 87.2% to 92% occupancy once). Once this is adjusted for, the NOI growth is significantly negative.

- HIW has similarly grown its occupancy over the past year which was a large contributor to its significant cash NOI growth. When the GAAP NOI is adjusted for the increase in occupancy you see growth of 2.27% which is still quite high compared to HIW's historical GAAP NOI growth of -.02%. Nevertheless the market seems to think that these REITs deserve an implied cap of around 6.0%.
- The REITs in the Alpha fund are growing their NOI much faster than the REITs we are short and that is what the portfolio selection algorithm is designed to do along with incorporating the implied cap rate of each REIT.
- It is the significant NOI growth and less capital usage by REITs that are the main factors for their equity outperformance along with a reasonable implied cap rate spread between the high and low barrier to entry REITs.
- Because we can directly observe the main driver for equity outperformance happening and the implied cap rate spread between high and low barrier to entry REITS is relatively low compared to the significantly higher NOI growth and lower capital utilized by high barrier to entry REITs, it is anticipated that the equity values of the REITs in the Alpha fund will soon catch up to these factors.

Magnolia Wedge and Alpha Fund Statistics

	Long Positions									Short Positions				
	BXP	SLG	ESRT	KRC	HPP	PGRE	VNO	Aggregate	Difference	FSP	HIW	PKY	TIER	Aggregate
Portfolio Weight	18.3%	17.7%	22.1%	3.3%	9.9%	15.5%	13.2%	100.0%		23.6%	33.0%	21.1%	22.3%	100.0%
Forward 12 month GAAP implied cap	5.19%	4.96%	5.82%	5.54%	5.83%	5.51%	5.35%	5.44%	-1.30%	6.79%	6.40%	6.83%	7.10%	6.74%
Forward 12 month Cash implied cap	4.91%	4.70%	5.39%	5.04%	5.52%	4.49%	4.93%	4.98%	**-1.29%**	6.69%	6.00%	5.92%	6.57%	6.27%
TTM basis creep (TI, LC, BI/EV)	0.74%	2.33%	2.16%	1.43%	4.29%	1.32%	1.36%	1.88%	-0.92%	1.33%	2.97%	2.56%	4.36%	2.80%
Not adjusted for Occupancy														
Same Store NOI Growth GAAP 2Q15 TTM	2.36%	6.30%	2.65%	4.60%	5.00%	3.00%	2.30%	3.55%	0.81%	-6.10%	5.80%	6.00%	4.50%	2.74%
Same Store NOI Growth Cash 2Q15 TTM	0.45%	4.00%	19.27%	3.40%	11.30%	3.00%	3.90%	**7.26%**	**5.89%**	-2.00%	7.80%	-6.10%	2.50%	1.37%
Capital Appreciation GAAP not occupancy adjusted	1.62%	3.97%	0.49%	3.17%	0.71%	1.68%	0.94%	1.67%	-7.18%	-7.43%	2.83%	3.44%	0.14%	-0.06%
Capital Appreciation Cash not occupany adjusted	-0.29%	1.67%	17.11%	1.97%	7.01%	1.68%	2.54%	5.38%	-5.89%	-3.33%	4.83%	-8.66%	-1.86%	-1.43%
Estimated Total Asset Return GAAP not occupancy adjusted								7.10%	0.43%					6.68%
Estimated Total Asset Return Cash not occupancy adjusted								**10.36%**	**5.52%**					4.84%
Occupancy Change	-1.30%	2.50%	-0.20%	1.00%	-1.80%	no data	-0.75%	-0.09%	**-1.53%**	-4.30%	2.05%	4.80%	3.20%	1.44%
Same Store NOI Growth GAAP 2Q15 TTM net of occ. change	4.74%	3.59%	3.04%	3.01%	7.66%	3.00%	3.45%	3.95%	4.62%	1.03%	2.27%	-4.88%	-2.80%	-0.66%
Same Store NOI Growth Cash 2Q15 TTM net of occ. changes	2.83%	1.29%	19.66%	1.81%	13.96%	3.00%	5.05%	7.67%	10.67%	1.00%	4.27%	-16.98%	-4.80%	-3.01%
Capital Appreciation GAAP occupancy adjusted	4.00%	1.25%	0.88%	1.58%	3.36%	1.68%	2.09%	2.07%	5.54%	-0.29%	-0.70%	-7.44%	-7.16%	-3.47%
Capital Appreciation Cash occupancy adjusted	2.09%	-1.05%	17.50%	0.38%	9.66%	1.68%	3.69%	5.78%	11.59%	-0.33%	1.30%	-19.54%	-9.16%	-5.81%
Estimated Total Asset Return GAAP occupancy adjusted								7.05%	4.25%					2.81%
Estimated Total Asset Return Cash occupancy adjusted								**10.76%**	10.30%					0.46%

Implied Cap Rate Calculation

Below is shown an example of the "bottom up" method of calculating Boston Properties' implied cap rate. This more detailed calculation of a REIT's implied cap rate allows for a full understanding of the REIT's capital structure, its economic leverage, its non-income producing assets, its projected GAAP and cash NOI, its G&A costs, the assumptions that go into the GAAP and cash NOI projections, and other details.

BXP Implied Cap Rate Calculation

common shares outstanding (m)	153.47
OP Units (m)	18.03
Series B redeemable preferred stock	1.65
Total common shares/OPP units (m)	173.16
share price	116.69
market capitalization including OPP units and preferred (m)	20,206
Total Consolidated Debt	9,867
Total Consolidated Market Capitlization	30,073
JV Partners' share of consolidated debt	(1,168)
pro-rata share of unconsolidated JV	352.9
Total adjusted debt	9,052
Total Adjusted Market Capitalization (m)	28,905.22
Total adjusted market cap plus pro-rata share of unconsolidated JV deb	29,258.10
Cash Balance 2Q15	1,342.75
Total Adjusted market cap plus pro-rata share of unconsolidated JV deb	27,915.35
Non income producing assets	1,347.5
Total income producing assets	26,567.84
Total adjusted debt / total adjusted market cap (effective leverage)	30.9%

Consolidated JV Partner's portfion of NOI						
		Norges JVs				
Building	GM Building	TS Tower	All Norges	Fountain Sq.	505 9th	
partner's ov	40%	45%	45%	50%	50%	
2Q15	56.7		62.9	6.0	4.0	56.0
1Q15	53.9		64.1	6.5	4.1	55.7
4Q14	61.0	19.1	30.2	6.4	4.0	51.7
3Q14	50.9	18.7		6.3	3.9	33.9
2Q14	50.8	19.4		6.4	3.9	34.2
1Q14	51.5		19.3	6.5	4.0	34.5
4Q13	50.1	17.0		6.3	4.0	32.9
3Q14	49.5			6.0	4.0	24.8

Non income producing assets	
construction properties	1,070.2
land held for future development	277.3
	-
Total non-income productng assets	1,347.5

BXP reported same store NOI Growth 2Q15		
		Net of Occ.
GAAP	2.4%	4.7%
Cash	0.5%	2.8%
Occupancy T6M	91.5%	
Occupancy year ago T6M	92.8%	
Occupancy change	-1.3%	

	3Q13	4Q13	1Q14	2Q14	2Q14 TTM	3Q14	4Q14	1Q15	2Q15	2Q15 TTM	Growth	Pro-Forma	Growth
Property operating revenue	571.5	576.2	574.7	589.8	2,312.2	618.8	613.7	618.5	618.2	2,469.2	6.8%	2,567.98	4.0%
Property operating expenses	205.9	206.1	213.2	210.0	835.1	222.8	218.6	228.9	223.0	893.3	7.0%	920.06	3.0%
Property NOI	365.6	370.1	361.5	379.8	1477.1	396.0	395.1	389.6	395.3	1575.9	6.7%	1,647.91	
NOI from discontinued operations					0.0					0.0	0.0%		
Partners' share of consolidated JV	-24.8	-32.9	-34.5	-34.2	(126.3)	-33.9	-51.7	-55.7	-56.0	(197.3)	0.0%	(230.03)	16.6%
NOI from unconsolidated JVs	10.0	9.7	9.7	11.1	40.6	13.0	11.2	14.6	11.4	50.2	23.8%	51.73	3.0%
Investment income	3.9	1.7	1.3	2.1	9.0	3.4	1.9	1.4	1.3	8.0	-10.2%	8.05	0.0%
Other income					0.0					0.0		-	0.0%
G&A Expense	-24.8	-20.7	-29.9	-23.3	-98.7	-22.6	-23.2	-28.8	-22.3	-96.8	-1.9%	(97.80)	1.0%
As % of EV					-0.34%					0.33%		0.33%	
Total NOI	329.8	328.0	308.2	335.6	1,301.6	356.0	333.4	321.1	329.7	1,340.1	3.0%	1,379.8	3.0%
Implied Cap with G&A										5.04%		5.19%	
Implied Cap without G&A										5.41%		5.56%	

	3Q13	4Q13	1Q14	2Q14	2Q14 TTM	3Q14	4Q14	1Q15	2Q15	2Q15 TTM	Growth	Pro-Forma	Growth
Straight Line Rent Adjustment	-14.8	-15.9	-8.1	-10.7	(49.59)	-18.3	-18.6	-23.2	-14.0	(74.11)		(75.59)	2.0%
Total Straight Line NOI	315.0	312.1	300.0	324.9	1,252.0	337.7	314.7	297.9	315.6	1,266.0		1,304.3	-5.5%
Implied Cap with G&A												4.91%	
Implied Cap without G&A												5.28%	

	3Q13	4Q13	1Q14	2Q14	2Q14 TTM	3Q14	4Q14	1Q15	2Q15	2Q15 TTM	Average
Cash BI and TI	86.1	54.0	49.1	42.2	231.3	46.8	50.5	46.3	53.2	196.8	
BI and TI as % of EV					0.76%					0.74%	0.750%
NCREIF historical											

Acquisitions/Disposition

Property	Acq/Dis	Date	Price (M)	Adjustement to model
1265 Main St.	Acq	8-May-15	1.934	50% ownership interest in property accounted for in "construction in progress"
Dock 72	Acq	26-Jun-15	9.14	50% ownership interest in property accounted for in "construction in progress"
Washingtonian North land	Dis	19-Feb-15	8.7	Land so no NOI adjustment needed
Residences on the Avenues	Dis	17-Mar-15	192.5	Property had 1.9M of GAAP NOI and 2.3M of cash NOI in 2Q14 so 3*1.9M or $5.7M downward adjustment in NOI going forward
804 Cargenie Center	Acq	11/12/2014	3.67	Accounted for in "construction in progress"
North Station	Acq	11/19/2014	4.23	Air rights to be added to "non revenue generating assets"
Mountain View Technology Park	Dis	7/29/2014	91.187	
One Reston Overlook land	Dis	8/20/2014	2.611	Land so no NOI adjustment needed
Broad Run business park land	Dis	8/22/2014	9.744	Land so no NOI adjustment needed
Patriots Park	Dis	10/2/2014	319.077	
130 Third Ave land	Dis	10/24/2014	13.583	Land so no NOI adjustment needed
601 Lex, Atlantic Wharf, 100 Federal	Dis	10/30/2014		45% ownership interest sold and accounted for in backed out of partners' share of JV