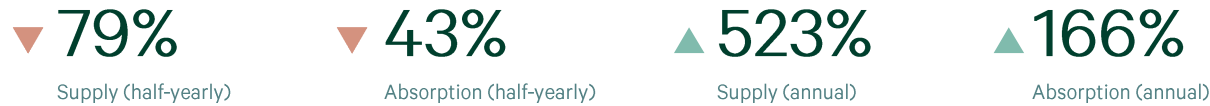


FIGURES | RETAIL SECTOR | H1 2022

Leasing up by 166% Y-o-Y, crosses 1.54 million sq. ft.; supply close to 0.81 million sq. ft.



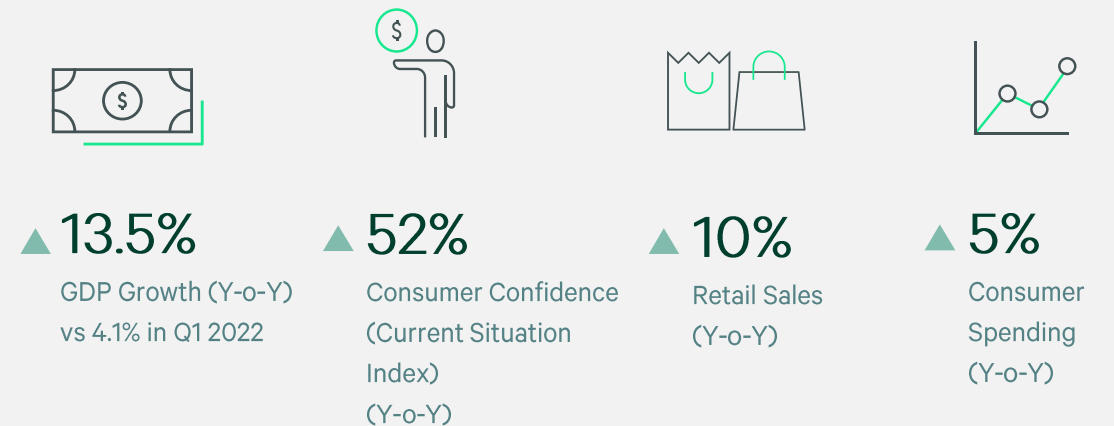
Note: *Arrows indicate half-yearly / annual change.
Leasing denotes space take-up in investment-grade malls and prominent high streets; supply includes investment-grade malls only

RETAIL SECTOR SHOWS STRONG BOUNCE BACK

- While the retail sector was hit hard during the first two waves of the pandemic due to lockdown-related restrictions, it has witnessed a sharp rebound in activity. As most of the retail demand in India remains largely insulated from foreign arrivals or tourists, the recovery pace for the sector was closely aligned to the country's COVID-19 recovery graph.
- Despite the looming uncertainty around rising inflation, the fundamental resilience of the sector remained strong and was reflected in some of the key consumer drivers. Consumer confidence rebounded and the Current Situation Index increased to 77.3 in July 2022 from 49.5 in the same period last year. Future Expectations Index also witnessed an increase of 8% Y-o-Y.¹
- Consumer wallet share on discretionary spends also increased on the back of strong economic fundamentals and rising footfalls, thus leading to continued growth in retail sales and consumer spending.

¹RBI

FIGURE 1.1: MAJOR CONSUMER DRIVERS



Source: Ministry of Statistics and Programme Implementation (MoSPI); RBI; Oxford Economics

Mobility gradually inched up in H1 2022 compared to the same period last year

- Although mobility across spaces of retail and recreation remained below the pre-pandemic levels in major cities, average mobility levels improved on a Q-o-Q basis. In June 2022, on an average, visits to these places in Bangalore, Chennai, Hyderabad and Ahmedabad stood at -13%, -10%, -6% and -8% respectively, when compared to pre-pandemic levels.
- Mobility slowed down in cities such as Delhi, Mumbai and Pune owing to the Omicron variant, but these cities showcased an upward trajectory in July and August 2022. In August, the average mobility was -25%, -27% and -4% when compared to pre-pandemic levels for Delhi, Mumbai and Pune respectively – an improvement since June 2022.
- However, it is pertinent to note that while the mobility level metric remains below pre-pandemic levels for key cities, a strong recovery in sales has been reported across most retail categories.²

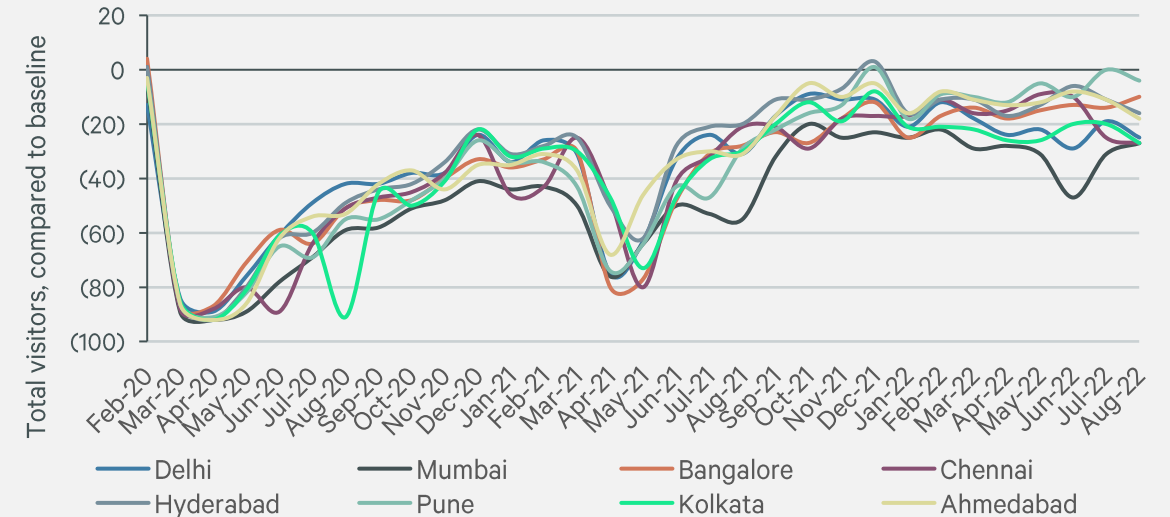
Retail sales ahead of the pre-pandemic levels across several categories

- Increased spending on non-essential purchases continued and retail sales surpassed the pre-pandemic levels across categories such as hypermarkets, supermarkets, apparel and footwear, health and beauty, and department stores. In particular; hypermarkets, apparel and footwear, and department stores are anticipated to witness sales growth of nearly 34%, 23% and 21% Y-o-Y, respectively.³

²Google Mobility Data

³Euromonitor

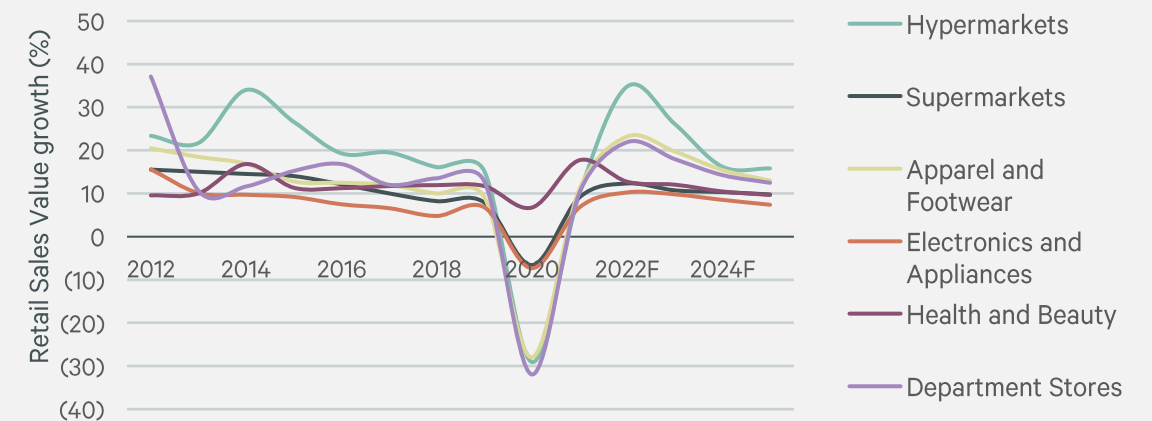
FIGURE 1.2: GOOGLE MOBILITY DATA – 7-DAY AVERAGE FOR RETAIL AND RECREATION (Percent change to baseline value*)



Source: Google Mobility Data

Note: *The baseline day is the median value from the 5-week period Jan 3 – Feb 6, 2020

FIGURE 1.3: RETAIL SALES GROWTH ACROSS CATEGORIES



Source: Euromonitor

Note: *Retail Sales Value RSP (Retail Sales Price) excluding sales tax

An Overview of the Retail Sector in H1 2022

- Retail leasing activity increased by about 166% Y-o-Y to touch 1.54 million sq. ft. during the first half of the year, but it was down by about 43% compared to 2.7 million sq. ft. reported in H2 2021. However, leasing momentum is expected to pick up in H2 2022 owing to anticipated space take-up in newly completed malls. Delhi-NCR and Pune, followed by Bangalore and Hyderabad, led the leasing activity, together accounting for more than 70% of the overall space take-up during H1 2022.
- As demand picked up and the wardrobe refresh sentiment grew among consumers, fashion and apparel retailers put up an encouraging show and continued to expand their footprint in prime as well as peripheral locations of major cities, amassing a share of 32% in overall leasing in H1 2022.
- Other prominent categories that continued to drive leasing activity during H1 2022 included supermarkets (12%), along with homeware and department stores (12%). The entertainment category, which was impacted the most during the pandemic, also emerged as one of the top demand drivers during H1 2022 with an 11% share in overall space take-up.
- Supply addition slowed down during H1 2022 and declined by 79% on a half-yearly basis as only two investment-grade malls totalling 0.81 million sq. ft. became operational in Bangalore and Hyderabad. However, owing to a low base, supply addition was up by 523% Y-o-Y. Pent-up supply is likely to enter the market during H2 2022 and the total supply for the year is anticipated to surpass the pre-pandemic levels.
- Led by strong demand from retailers across investment-grade malls and high streets, rental values increased on a half-yearly basis in select micro-markets across most cities. Among high streets, rents rose by about 5-12% across select locations in Delhi-NCR, Bangalore, Hyderabad and Pune, and about 1-3% in Mumbai. While prominent mall clusters in Pune and Delhi-NCR witnessed rental growth of 5-11% on a half-yearly basis, a marginal growth of 1-3% was reported from one mall cluster in Mumbai.

- Despite supply chain disruptions due to the European geopolitical crisis and COVID-19-related restrictions in China, international brands such as Ikea, Uniqlo and Popeyes continued to expand during H1 2022. Canadian fast food chain Tim Hortons recently entered Delhi-NCR, opening three outlets in quick succession. Luxury brands such as Valentino, Balenciaga and UK-based premium coffee chain Pret A Manger are some of the prominent brands that are anticipated to be launched in India over the next few months.
- In a bid to create a unique shopping experience for their customers, several retailers are launching large experience stores. During H1 2022, OnePlus opened their largest experience store globally in Bangalore. Puma, Adidas, and Marks and Spencer are also some of the other brands that have launched experience / flagship stores with a wide range of tech and other offerings.
- The retail and consumer sector, along with e-commerce, reported several notable investments during H1 2022. Some of the key transactions are listed below:

TABLE 1.1: KEY RETAIL AND E-COMMERCE INVESTMENTS IN H1 2022

SECTOR	INVESTOR	INVESTEES	DEAL VALUE (USD MILLION)
Retail	GIC	Aditya Birla Fashion and Retail Limited	289
Retail	Catterton, A91 Partners, Elevation Capital and India Quotient	SUGAR Cosmetics - Vellvette Lifestyle Pvt. Ltd	50
E-commerce	Multiple investors	Swiggy - Bundl Technologies Pvt Ltd	700

Source: Grant Thornton, CBRE Research, H1 2022

▲ **0.81** Supply (mn sq. ft.) ▲ **1.54** Absorption (mn sq. ft.) **77.0+** Stock (mn sq. ft.)

Note: Arrows indicate annual change
Absorption includes leasing in investment-grade malls and high streets; supply includes investment-grade malls only

▼ **79%** Supply (half-yearly) ▼ **43%** Absorption (half-yearly) ▲ **523%** Supply (annual) ▲ **166%** Absorption (annual)

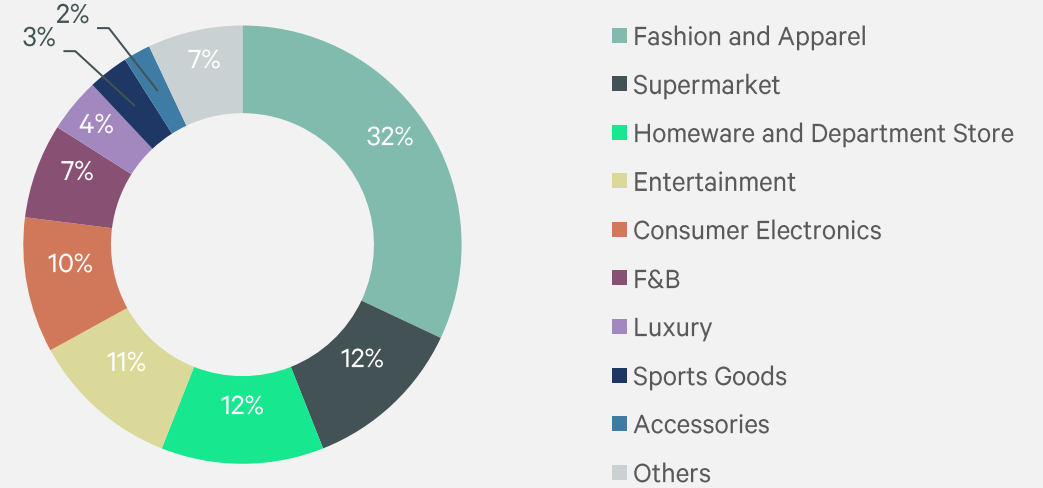
Note: Arrows indicate half-yearly / annual change

TABLE 1.2: KEY RETAIL CATEGORIES DRIVING ABSORPTION IN H1 2022

CITIES	SUPPLY (HALF-YEARLY)	ABSORPTION (HALF-YEARLY)
Delhi-NCR	▼	▲
Bangalore	▼	▼
Mumbai	▼	▼
Chennai	▶	▲
Hyderabad	▲	▼
Pune	▼	▲
Kolkata	▶	▼
Ahmedabad	▶	▼

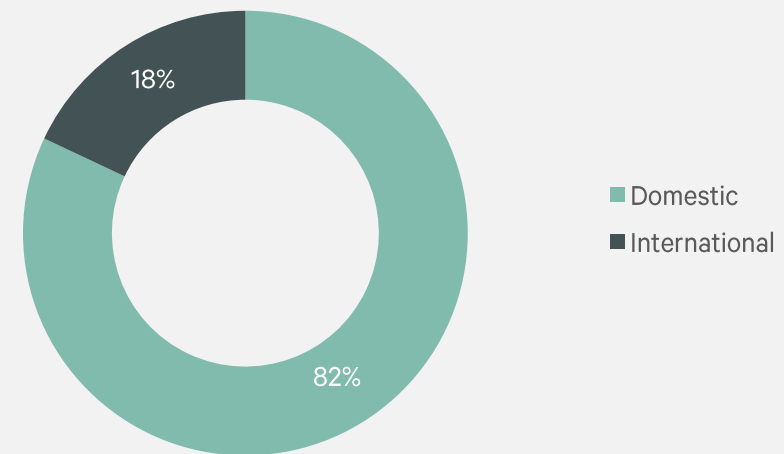
Source: CBRE Research, H1 2022

FIGURE 1.4: SEGMENTATION OF TRANSACTION ACTIVITY AS PER INDUSTRY IN H1 2022



Source: CBRE Research, H1 2022

FIGURE 1.5: SEGMENTATION OF TRANSACTION ACTIVITY AS PER REGION OF ORIGIN IN H1 2022



Source: CBRE Research, H1 2022

Delhi-NCR: Leasing back to pre-COVID-19 levels, led by domestic brands

▶ 0.0

SUPPLY (MN SQ. FT.)

▲ ~0.33

ABSORPTION (MN SQ. FT.)

Note: Arrows indicate annual change
Absorption includes leasing in investment-grade malls and high streets; supply includes investment-grade malls only

FIGURE 2.1: RENTAL VALUE MOVEMENT – MALL CLUSTERS

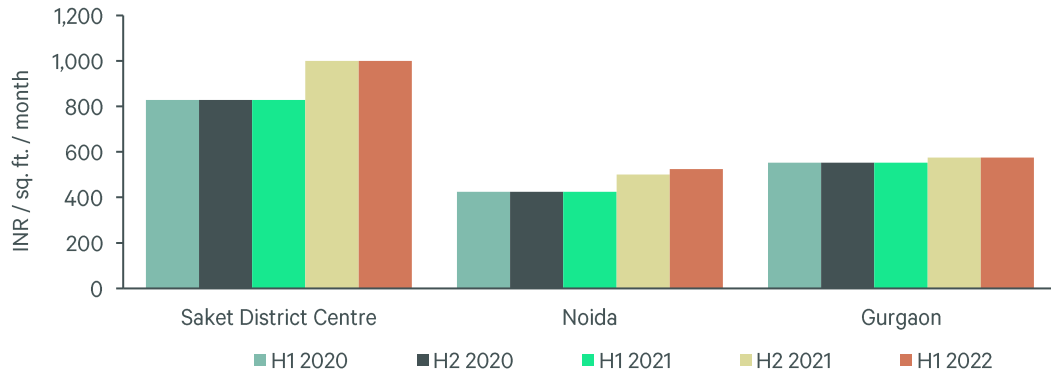
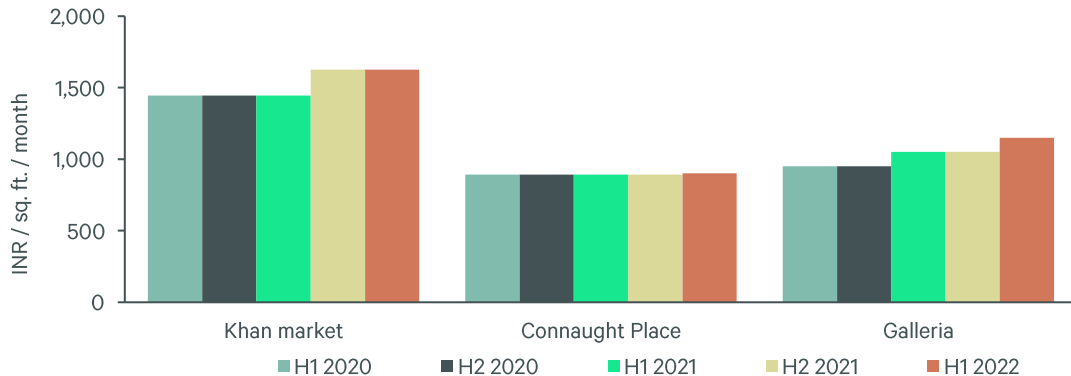


FIGURE 2.2: RENTAL VALUE MOVEMENT – HIGH STREETS



Source: CBRE Research, H1 2022

TABLE 2.1: KEY RETAIL CATEGORIES DRIVING ABSORPTION IN H1 2022

SECTOR	% SHARE	Y-o-Y MOVEMENT
Supermarket	23%	▲
Homeware & Department Store	17%	▲
Fashion & Apparel	15%	▼

Source: CBRE Research, H1 2022

TABLE 2.2: KEY LEASING TRANSACTIONS IN H1 2022

PROPERTY	MICRO-MARKET	SIZE (IN SQ. FT.)	TENANT	TENANT SECTOR
Gardens Galleria (Mall)	Main Noida	47,000	Hippo Stores	Homeware & Department Store
Rajouri Garden (High Street)	West Delhi	16,000	Reliance Digital	Consumer Electronics
Pacific (Mall)	West Delhi	8,000	Croma	Consumer Electronics

Source: CBRE Research, H1 2022

Bangalore: Supply picked up pace; leasing driven by newly operational malls

▲ 0.44

SUPPLY (MN SQ. FT.)

▲ ~0.24

ABSORPTION (MN SQ. FT.)

Note: Arrows indicate annual change
Absorption includes leasing in investment-grade malls and high streets; supply includes investment-grade malls only

FIGURE 3.1: RENTAL VALUE MOVEMENT – MALL CLUSTERS

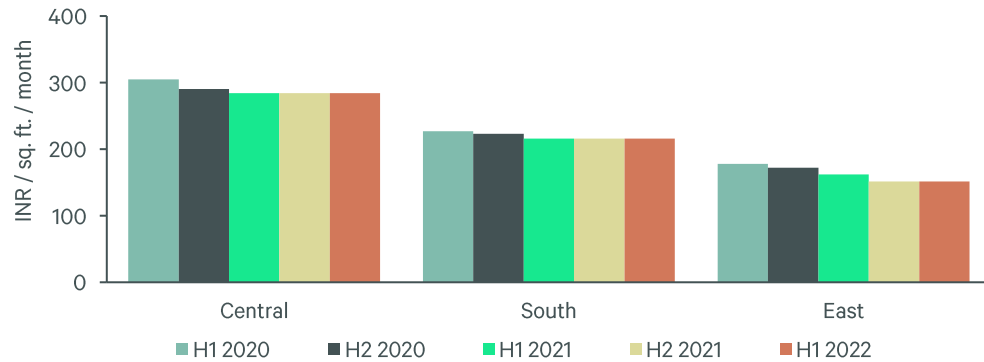


FIGURE 3.2: RENTAL VALUE MOVEMENT – HIGH STREETS

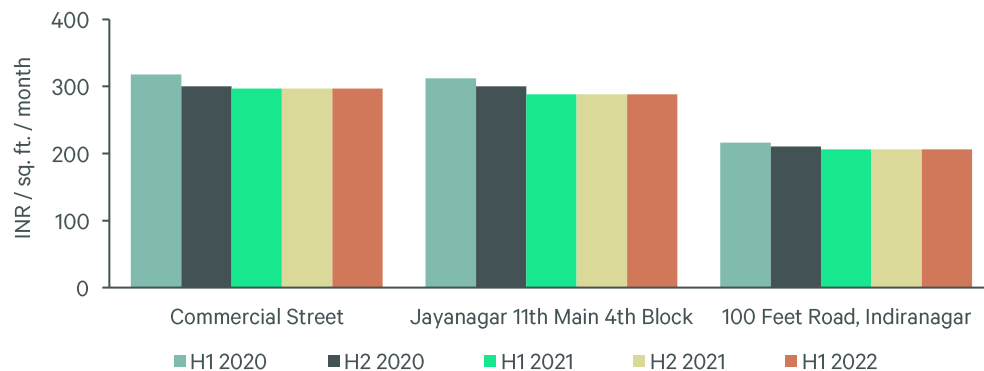


TABLE 3.1: KEY RETAIL CATEGORIES DRIVING ABSORPTION IN H1 2022

SECTOR	% SHARE	Y-o-Y MOVEMENT
Fashion & Apparel	31%	▲
Entertainment	29%	▲
Consumer Electronics	21%	▲

Source: CBRE Research, H1 2022

TABLE 3.2: KEY LEASING TRANSACTIONS IN H1 2022

PROPERTY	MICRO-MARKET	SIZE (IN SQ. FT.)	TENANT	TENANT SECTOR
Salarpuria Divinity (Mall)	South	50,000	PVR	Entertainment
Nexus Neighbourhood (Mall)	East	30,400	Pantaloons	Fashion & Apparel
Forum REX (Mall)	Central	30,000	OnePlus	Consumer Electronics

Source: CBRE Research, H1 2022

Source: CBRE Research, H1 2022

Mumbai: Leasing strengthened, led by EMEA-based and domestic brands

▶ 0.0

SUPPLY (MN SQ. FT.)

▲ ~0.13

ABSORPTION (MN SQ. FT.)

Note: Arrows indicate annual change
Absorption includes leasing in investment-grade malls and high streets; supply includes investment-grade malls only

FIGURE 4.1: RENTAL VALUE MOVEMENT – MALL CLUSTERS

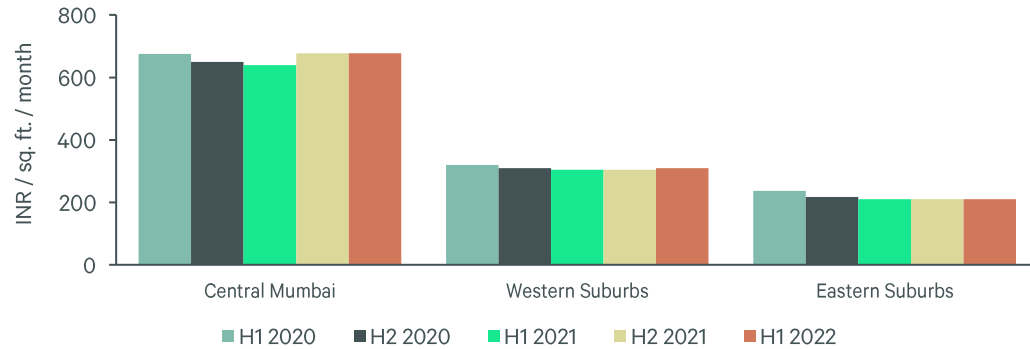
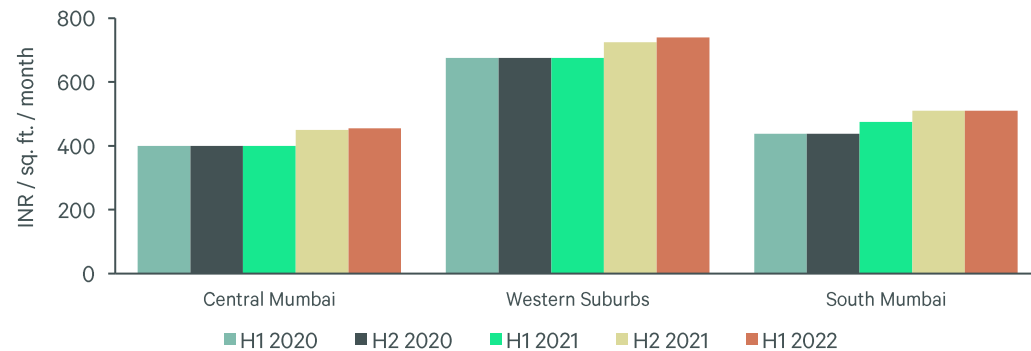


FIGURE 4.2: RENTAL VALUE MOVEMENT – HIGH STREETS



Source: CBRE Research, H1 2022

TABLE 4.1: KEY RETAIL CATEGORIES DRIVING ABSORPTION IN H1 2022

SECTOR	% SHARE	Y-o-Y MOVEMENT
Homeware & Department Store	55%	▲
Food & Beverages (F&B)	18%	▲
Fashion & Apparel	11%	▲

Source: CBRE Research, H1 2022

TABLE 4.2: KEY LEASING TRANSACTIONS IN H1 2022

PROPERTY	MICRO-MARKET	SIZE (IN SQ. FT.)	TENANT	TENANT SECTOR
R City (Mall)	Eastern Suburbs	72,000	Ikea	Homeware & Department Store
Infiniti (Mall)	Western Suburbs	4,800	Copper Chimney	Food & Beverages (F&B)
Oberoi (Mall)	Western Suburbs	3,800	Levi's	Fashion & Apparel

Source: CBRE Research, H1 2022

Chennai: Uptick in leasing recorded, led by high streets

▶ 0.0

SUPPLY (MN SQ. FT.)

▲ ~0.20

ABSORPTION (MN SQ. FT.)

Note: Arrows indicate annual change
Absorption includes leasing in investment-grade malls and high streets; supply includes investment-grade malls only

FIGURE 5.1: RENTAL VALUE MOVEMENT – MALL CLUSTERS

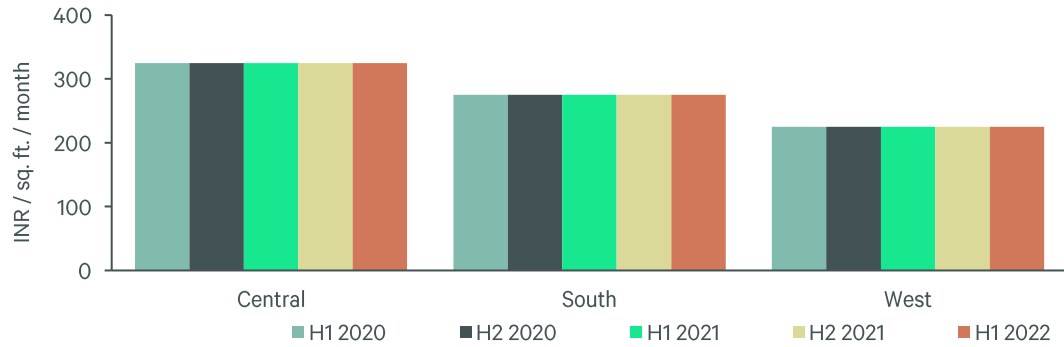
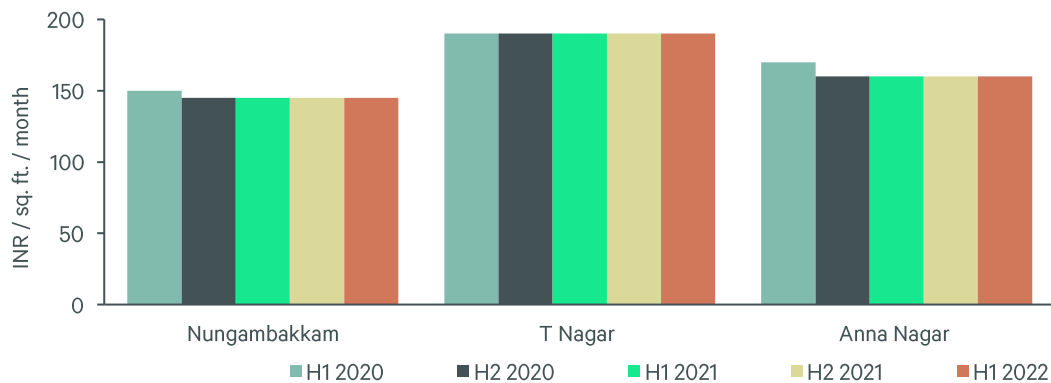


FIGURE 5.2: RENTAL VALUE MOVEMENT – HIGH STREETS



Source: CBRE Research, H1 2022

TABLE 5.1: KEY RETAIL CATEGORIES DRIVING ABSORPTION IN H1 2022

SECTOR	% SHARE	Y-o-Y MOVEMENT
Fashion & Apparel	25%	▼
Homeware & Department Store	21%	▲
Supermarket	16%	▲

Source: CBRE Research, H1 2022

TABLE 5.2: KEY LEASING TRANSACTIONS IN H1 2022

PROPERTY	MICRO-MARKET	SIZE (IN SQ. FT.)	TENANT	TENANT SECTOR
Independent development (High Street)	OMR Zone 1	20,000	More	Supermarket
Vivira (Mall)	South	14,700	Zudio	Fashion & Apparel
Independent development (High Street)	Alwarpet & Adyar	12,000	Croma	Consumer Electronics

Source: CBRE Research, H1 2022

Hyderabad: Leasing improved in malls, led by domestic brands

▲ 0.37

SUPPLY (MN SQ. FT.)

▲ ~0.24

ABSORPTION (MN SQ. FT.)

Note: Arrows indicate annual change
Absorption includes leasing in investment-grade malls and high streets; supply includes investment-grade malls only

FIGURE 6.1: RENTAL VALUE MOVEMENT – MALL CLUSTERS

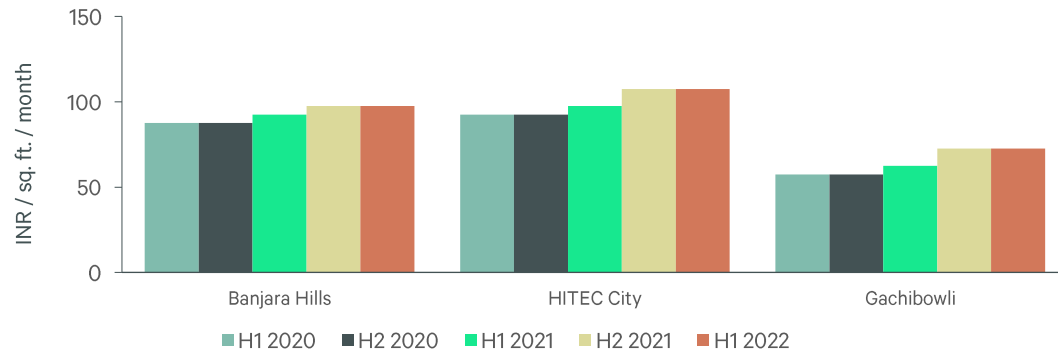
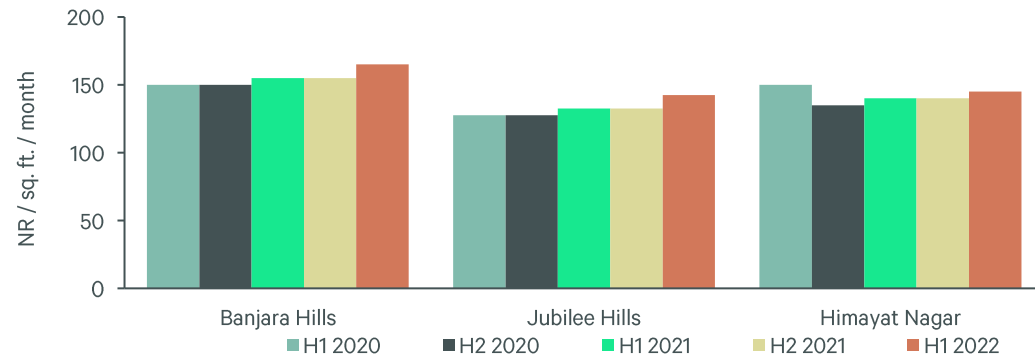


FIGURE 6.2: RENTAL VALUE MOVEMENT – HIGH STREETS



Source: CBRE Research, H1 2022

TABLE 6.1: KEY RETAIL CATEGORIES DRIVING ABSORPTION IN H1 2022

SECTOR	% SHARE	Y-o-Y MOVEMENT
Fashion & Apparel	35%	▼
Entertainment	34%	▲
Consumer Electronics	10%	▼

Source: CBRE Research, H1 2022

TABLE 6.2: KEY LEASING TRANSACTIONS IN H1 2022

PROPERTY	MICRO-MARKET	SIZE (IN SQ. FT.)	TENANT	TENANT SECTOR
Necklace Pride (Mall)	Central	50,000	INOX	Entertainment
Independent development (High Street)	Eastern	25,000	Moviemax	Entertainment
Necklace Pride (Mall)	Central	20,000	Decathlon	Sports Goods

Source: CBRE Research, H1 2022

Pune: Absorption improved due to expansion-led leasing by fashion & apparel brands

▶ 0.0

SUPPLY (MN SQ. FT.)

▲ ~0.33

ABSORPTION (MN SQ. FT.)

Note: Arrows indicate annual change
Absorption includes leasing in investment-grade malls and high streets; supply includes investment-grade malls only

FIGURE 7.1: RENTAL VALUE MOVEMENT – MALL CLUSTERS

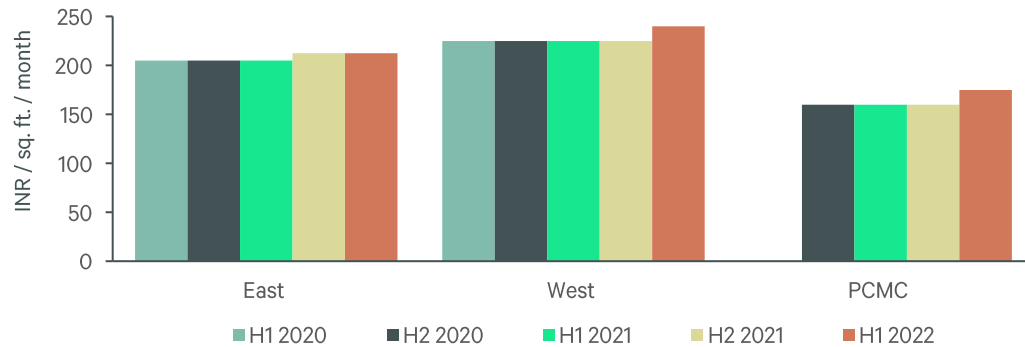


FIGURE 7.2: RENTAL VALUE MOVEMENT – HIGH STREETS

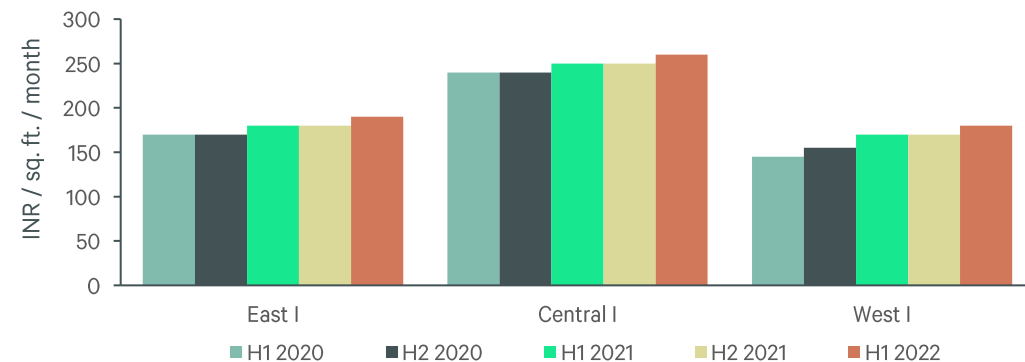


TABLE 7.1: KEY RETAIL CATEGORIES DRIVING ABSORPTION IN H1 2022

SECTOR	% SHARE	Y-o-Y MOVEMENT
Fashion & Apparel	63%	▲
Supermarket	17%	▼
Food & Beverage	8%	▲

Source: CBRE Research, H1 2022

TABLE 7.2: KEY LEASING TRANSACTIONS IN H1 2022

PROPERTY	MICRO-MARKET	SIZE (IN SQ. FT.)	TENANT	TENANT SECTOR
Westend (Mall)	West	10,000	Croma	Consumer Electronics
Balewadi High Street	West I	9,900	L'Apicio	Food & Beverage (F&B)
Pheonix Market City (Mall)	East	7,500	The Collective	Fashion & Apparel

Source: CBRE Research, H1 2022

Source: CBRE Research, H1 2022

Kolkata: Leasing improved despite negligible supply addition

▶ 0.0

SUPPLY (MN SQ. FT.)

▲ ~0.05

ABSORPTION (MN SQ. FT.)

Note: Arrows indicate annual change
Absorption includes leasing in investment-grade malls and high streets; supply includes investment-grade malls only

FIGURE 8.1: RENTAL VALUE MOVEMENT – MALL CLUSTERS

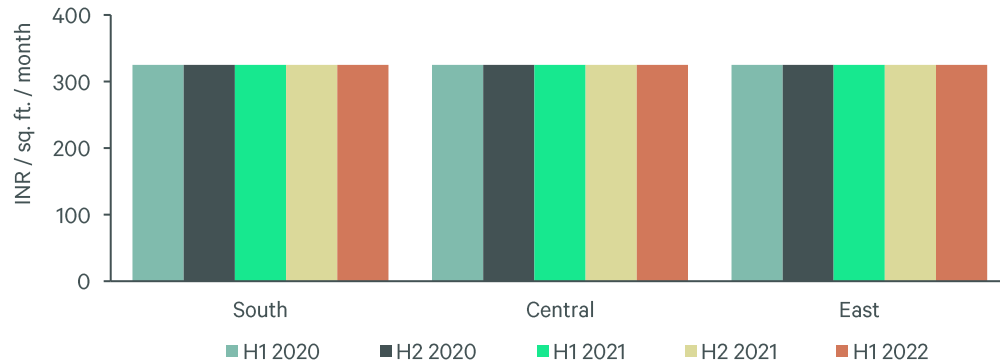
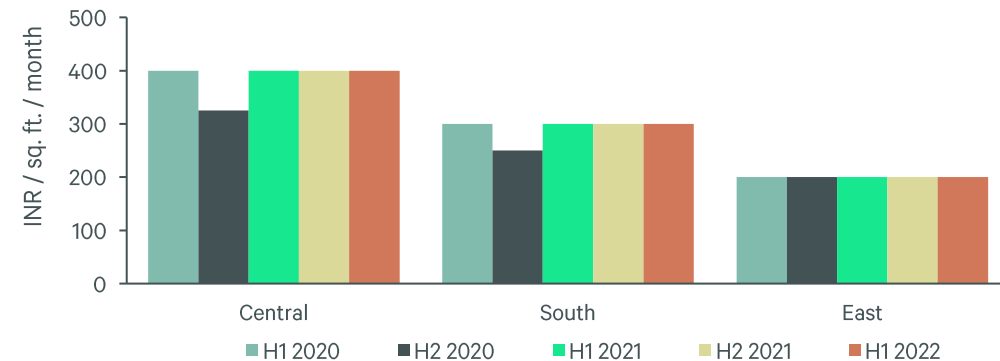


FIGURE 8.2: RENTAL VALUE MOVEMENT – HIGH STREETS



Source: CBRE Research, H1 2022

TABLE 8.1: KEY RETAIL CATEGORIES DRIVING ABSORPTION IN H1 2022

SECTOR	% SHARE	Y-o-Y MOVEMENT
Sports Goods	40%	▲
Fashion & Apparel	20%	▼
Supermarket	18%	▲

Source: CBRE Research, H1 2022

TABLE 8.2: KEY LEASING TRANSACTIONS IN H1 2022

PROPERTY	MICRO-MARKET	SIZE (IN SQ. FT.)	TENANT	TENANT SECTOR
Austin Tower (High Street)	East	18,000	Decathlon	Sports Goods
Martin Impala (High Street)	North	9,000	Zudio	Fashion & Apparel
Kshetrum (High Street)	West	8,200	Reliance Smart	Supermarket

Source: CBRE Research, H1 2022

Ahmedabad: Leasing mainly driven by consumer electronics players

▶ 0.0

SUPPLY (MN SQ. FT.)

▲ ~0.03

ABSORPTION (MN SQ. FT.)

Note: Arrows indicate annual change
Absorption includes leasing in investment-grade malls and high streets; supply includes investment-grade malls only

FIGURE 9.1: RENTAL VALUE MOVEMENT – MALL CLUSTERS

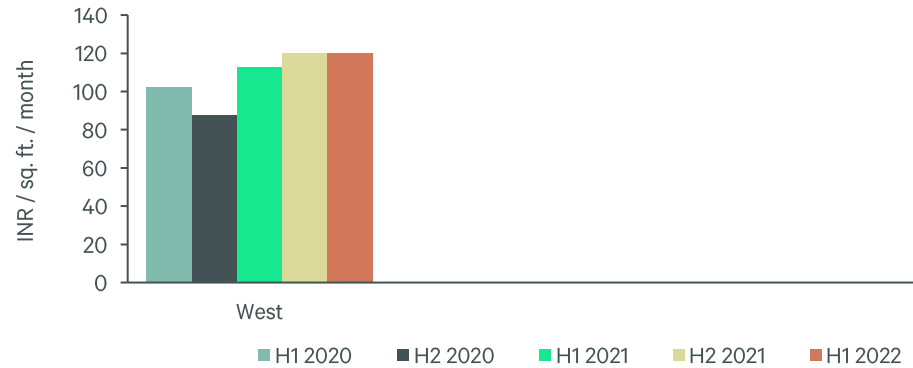
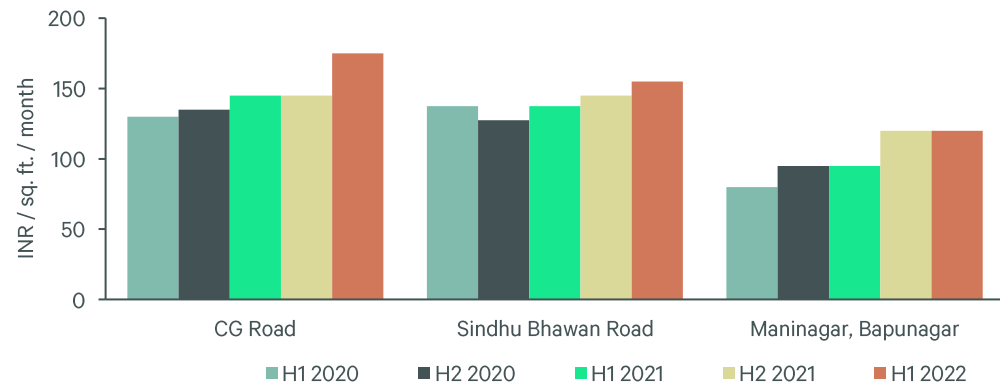


FIGURE 9.2: RENTAL VALUE MOVEMENT – HIGH STREETS



Source: CBRE Research, H1 2022

TABLE 9.1: KEY RETAIL CATEGORIES DRIVING ABSORPTION IN H1 2022

SECTOR	% SHARE	Y-o-Y MOVEMENT
Consumer Electronics	70%	▼
Health & Personal Care	12%	▲
Fashion & Apparel	10%	▼

Source: CBRE Research, H1 2022

TABLE 9.2: KEY LEASING TRANSACTIONS IN H1 2022

PROPERTY	MICRO-MARKET	SIZE (IN SQ. FT.)	TENANT	TENANT SECTOR
Independent Development (hHgh Street)	Prahladnagar	13,000	Realme	Consumer Electronics
Ahmedabad One (Mall)	West	3,650	Unicorn Apple Flagship Premium Reseller	Consumer Electronics

Source: CBRE Research, H1 2022

India Retail Outlook H1 2022

Expansionary Demand Set to Strengthen Leasing

Retailers have regained confidence in the market – and for some, expansion is on the cards. Expansionary demand is expected to strengthen this year as nearly 65% of retailer respondents of CBRE's Asia Pacific Retail Flash Survey (October 2021) plan to open more stores in 2022. Domestic brands are likely to remain proactive in terms of relocation and expansion while we also expect stronger appetite from international retailers. Among international retailers, brands with sound local market intelligence and established management teams are anticipated to drive leasing activity. On the other hand, new-to-market brands are likely to remain cautious and collaborate with domestic partners to make inroads into India.

Overall leasing is expected to reach around 6.0 - 6.5 million sq. ft., nearly twice the volume reported during 2021. Despite the surge in online shopping, fashion & apparel retailers would continue to expand their physical sales networks and pay particular attention towards enhancing flagship stores. Many homegrown direct to consumer (D2C) brands are contributing to demand and are taking up space across leading cities to build their physical store network. While retailers in the F&B category are likely to remain active, introduction of new F&B concepts with specific focus on experience will be an important element in attracting customers. Owing to significant space take-up in newly completed malls and sustained leasing in secondary retail spaces, Delhi-NCR, Hyderabad, Mumbai and Bangalore would continue to drive transaction activity in 2022. Markets such as Chennai, Pune, Ahmedabad and Kolkata could also witness improved leasing volumes.

Pent-up Supply Addition Expected in H2 2022

Owing to the Omicron variant of COVID-19, landlords adopted a cautious approach which led to a slowdown in development completions in H1 2022. However, as the situation around COVID-19-related challenges has started to ease in recent months, we expect this pent-up supply to come on stream during H2 2022. Almost 5.5 - 6.0 million sq. ft. of investment-grade mall supply

is expected to come on stream during the year, an annual growth of nearly 40%.

Accounting for a share of nearly 85% in overall investment-grade mall completions, Hyderabad, Delhi-NCR and Bangalore are expected to dominate supply addition in H2 2022 too. Also, Mumbai and Chennai are anticipated to witness some supply addition.

Retail Trends to Watch Out for in 2022

Experiential retail to remain in focus: As consumers have become increasingly adept at shopping online, retailers and shopping centres are putting greater emphasis on their physical spaces to recapture some market share. Thematic stores, promotional events, and expanded display areas and showrooms are expected to grow in 2022. Retailers would continue to create engaging, immersive and convenient experiences that would give customers a reason to visit stores.

Innovation in tenant mix: The last two years have resulted in a rise in demand for service-oriented retailers including beauty, medical, pet, childcare and entertainment. Keeping in view the larger consumer experience, landlords are anticipated to place a greater emphasis on this sector in their tenant mix and, in doing so, could redefine 'consumer spaces'.

Omnichannel to remain relevant in times to come: Retailers would continue to rely heavily on omnichannel strategies to sell and deliver goods. Some may generate most of their revenue online but leverage brick-and-mortar showrooms to enable their products to be viewed and tested. On the other hand, a mall-based retailer that derives most of its revenue from store sales may use online / social media channels to market and sell goods.

Forging of retail partnerships: Retailers continue to explore new business models and concepts which include fostering new partnerships and relationships, not only with landlords but also with international players to facilitate their seamless entry in India. Partnerships across categories that bridge experiential and traditional retail settings and expand product offerings into a more holistic shopping experience are also set to continue.

Contacts

Research

Abhinav Joshi

Head of Research, India, Middle East & North Africa
abhinav.joshi@cbre.co.in

Vidhi Dheri

Head of North & West Research Operations, India
vidhi.dheri@cbre.co.in

Uttara Nilawar

Senior General Manager
uttara.nilawar@cbre.co.in

Research

Mainak Karmakar

Senior Manager
mainak.karmakar@cbre.co.in

Tauseef Ahmad

Manager
tauseef.ahmad@cbre.com

Neha Guhe

Senior Research Analyst
neha.guhe@cbre.com

Business Line

Ram Chandnani

Managing Director, Advisory and Transaction Services, India
ram.chandnani@cbre.co.in

Bimal Sharma

Executive Director – Head of Retail, India
bimal.sharma@cbre.co.in

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Contacts

North India

Sakshi Goel
Senior Director
sakshi.goel@cbre.com

Bangalore & Kolkata

Anand Dutta
Senior Director
anand.dutta@cbre.com

Chennai

Srinivasan Gopinasth
Senior Associate Director
srinivasan.gopinath@cbre.com

Pune and Ahmedabad

Virang Gandhi
Director
virang.gandhi@cbre.com

Mumbai

Saket Amrit
Director
saket.amrit@cbre.com

Hyderabad

Yatish Aseri
Associate Director
yatish.aseri@cbre.com

Harshvardhan Singh

Director
harshvardhan.singh@cbre.com

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