This material is intended for informational purposes only. It does not constitute investment advice or a recommendation. The information and opinions presented in this material have been prepared internally and/or obtained from sources which AEW believes to be reliable, however AEW does not guarantee the accuracy, adequacy, or completeness of such information. Opinions expressed reflect prevailing market conditions at the time this material was completed and are subject to change. Neither this material, nor any of its contents, may be used for any purpose without the consent and knowledge of AEW. Nothing contained herein shall constitute an offer to sell or solicitation of an offer.
DEAR COLLEAGUES:

2015 proved to be another good year for the real estate industry, with strong gains recorded across most strategies, markets and property types. While there is no way to predict the future, we should be prepared for more volatility as the world continues to face various economic, social and political issues. Given the uncertainties for the global economy versus a favorable recent environment for real estate; we are approaching 2016 with cautious optimism. While the performance for real estate has been promising, many believe a correction is inevitable, so we will proceed in 2016 with care and expect the unexpected.

Despite these concerns, AEW believes the U.S. real estate market should maintain its momentum, and that fundamentals will remain sound. Due to continued GDP and job growth, tenant demand is fairly healthy, vacancies are trending lower, cap rates have firmed and new supply is muted; all of which bodes well for U.S. real estate investment in 2016. We did experience some weakness in the real estate capital markets late in 2015 as bid/ask spreads widened and the number of potential buyers notably tapered off. It will be interesting to see how this plays out in 2016 so we can better gauge the “seasonality” of this recent capital market trend.

Cross-border investment in the U.S. should continue to bolster values and help sustain liquidity. The changes to the FIRPTA (Foreign Investment in Real Property Tax Act) legislation are expected to bring substantial additional foreign investment into what is an already-robust market. Lastly, we also need to pay close attention to the tightening regulatory environment for commercial lenders. All of these factors lead us to conclude that there is a need for continued caution in 2016 and that acquisition strategies should adjust accordingly.

As AEW celebrates its 35th year in the real estate investment industry, we remain true to our roots and maintain our research-driven and disciplined approach to investing. For those of you who have transacted with AEW in the past you already know we are a reliable source of equity and debt capital, and that we greatly value all of the relationships we have with you, our colleagues in the industry. For those of you who are new to AEW, we welcome you and look forward to an active and productive future together. In 2015 we invested in 39 transactions with a gross property value of approximately $4 billion across all property types, markets and strategies. In 2016 we hope to achieve the same level of production investing in core, value-add and structured debt investments.

As I have said so many times in the past, our success is predicated upon maintaining and nurturing new relationships across the U.S. and we thank you for thinking of AEW when an investment opportunity arises.

Very truly yours,

Robert J. Plumb
Managing Director
617-261-9325
rplumb@aew.com

Past performance is not indicative of future results.
**INVESTMENT CRITERIA**

<table>
<thead>
<tr>
<th>Acquisition Type</th>
<th>Gross Value Range</th>
<th>Structure/Leverage</th>
<th>Units/SF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multifamily</td>
<td>$20 - 75 mm</td>
<td>Fee Simple and Joint Venture 0-60%</td>
<td>100 - 400 Units</td>
</tr>
<tr>
<td>Class A &amp; B, Urban and Garden-Style</td>
<td></td>
<td>LTV</td>
<td></td>
</tr>
<tr>
<td>Development and Acquisition</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industrial/Flex</td>
<td>$15 - 100 mm</td>
<td>Fee Simple and Joint Venture 0-50%</td>
<td>250,000 - 1,500,000 SF</td>
</tr>
<tr>
<td>Warehouse and Distribution, Functional</td>
<td></td>
<td>LTV</td>
<td></td>
</tr>
<tr>
<td>State-of-the-Art, Development</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>and Acquisition</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office CBD</td>
<td>$50 - 200 mm</td>
<td>Fee Simple and Joint Venture 0-40%</td>
<td>100,000 - 600,000 SF</td>
</tr>
<tr>
<td>Class A, Mid/High-Rise</td>
<td></td>
<td>LTV</td>
<td></td>
</tr>
<tr>
<td>Office Suburban</td>
<td>$50 - 150 mm</td>
<td>Fee Simple and Joint Venture 0-60%</td>
<td>200,000 - 500,000 SF</td>
</tr>
<tr>
<td>Class A</td>
<td></td>
<td>LTV</td>
<td></td>
</tr>
<tr>
<td>Retail</td>
<td>$15 - 150 mm</td>
<td>Fee Simple and Joint Venture 0-60%</td>
<td>100,000 - 600,000 SF</td>
</tr>
<tr>
<td>Class A, Lifestyle, Power and</td>
<td></td>
<td>LTV</td>
<td></td>
</tr>
<tr>
<td>Neighborhood Centers, Development</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>and Acquisitions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Seniors Housing</td>
<td>$15 - 250 mm</td>
<td>Fee Simple and Joint Venture 0-60%</td>
<td>75 - 250 Units</td>
</tr>
<tr>
<td>Age-Restricted, Independent and Assisted</td>
<td></td>
<td>LTV</td>
<td></td>
</tr>
<tr>
<td>Living, Memory Care Communities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Development and Acquisition</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Whole Loan, Mezzanine Debt/Preferred</td>
<td>$25 - 200 mm</td>
<td>Max LTV: 80%, Coupon:TBD</td>
<td>TBD</td>
</tr>
<tr>
<td>Equity</td>
<td></td>
<td>Term: 3-10 years, Rate: Fixed or</td>
<td></td>
</tr>
<tr>
<td>All Major Property Types Including</td>
<td></td>
<td>Floating</td>
<td></td>
</tr>
<tr>
<td>Seniors and Construction</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medical Office, LAB, Storage, Student</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Housing: Urban, Purpose-Built, Major</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cities and Universities</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

Past performance is not indicative of future results.
Below are representative properties AEW has acquired, or investments it has made, over the last 12 months on behalf of its commingled funds and separate account clients.

- Phillips Point
  West Palm, FL
  Core
  Office
  GPV: $246 Million

- Atmark
  Boston, MA
  Core
  Multifamily
  GPV: $208 Million

- S25 West Van Buren
  Chicago, IL
  Core
  Office
  GPV: $135 Million

- Bridgside Shopping Center
  Alameda, CA
  Core
  Retail
  GPV: $39 Million

- Sugarloaf Corporate Center
  Duluth, GA
  Core
  Office
  GPV: $38 Million

- Prime Industrial Portfolio
  Chicago, IL
  Core
  Industrial
  GPV: $99 Million

- Worthing Perimeter Center
  Atlanta, GA
  Core
  Multifamily
  GPV: $153 Million

- Arborpoint
  Lynnfield, MA
  Core
  Multifamily
  GPV: $67 Million

- Tempe Marketplace
  Tempe, AZ
  Core
  Retail
  GPV: $367 Million

- Tempe Marketplace
  Tempe, AZ
  Core
  Retail
  GPV: $367 Million

- Plush Mills
  Philadelphia, PA
  Value-Add
  Seniors Housing
  GPV: $63 Million

- Morningstar at RidgeGate
  Lone Tree, CO
  Value-Add
  Seniors Housing
  GPV: $74 Million

- The Alameda
  San Jose, CA
  Value-Add
  Multifamily
  GPV: $63 Million

- Assateague
  Jessup, MD
  Value-Add
  Industrial
  GPV: $91 Million

- Blake at Flowood
  Flowood, MS
  Value-Add
  Seniors Housing
  GPV: $67 Million

- Renaissance Hotel
  Arlington, VA
  Mezzanine Debt
  Hotel
  GPV: $20 Million

- 200 West Adams
  Chicago, IL
  Whole Loan
  Office
  GPV: $168 Million

- Boardwalk Irvine
  Irvine, CA
  Value-Add
  Office
  GPV: $267 Million

- Blake at Flowood
  Chicago, IL
  Mezzanine Debt
  Multifamily
  GPV: $105 Million

GPV = Gross Property Value at Acquisition

The above transactions are presented to show recent acquisitions by the AEW Direct Investment Group. Although these transactions represent the types that we may pursue in the future, no representation is made that similar opportunities will be available.