

REVISIONS TO METHODOLOGY

JANUARY 4, 2012

Accounting for Partial Interest Transactions (revised January 2012)

The recent proliferation of partial interest transactions and recapitalizations requires revision to RCA's methodology in order to more accurately reflect that activity and track those capital flows. Going forward, all partial interest transactions will be reflected in volume-based figures and rankings of buyers, sellers, and brokers. For calculation purposes, the value attributed to these deals will be adjusted to reflect the actual percentage share of equity acquired multiplied by the property's or properties' 100% valuation.

A summary and illustration of the accounting for partial interests under the old and new methodologies follows:

Old: Minority interests excluded. Majority interests are included and are grossed up to the 100% property value.

New: All partial interests will be included at the pro-rated share of the 100% property value.

RECORDED INVESTMENT VOLUME FOR A \$100M PROPERTY SALE

% interest	Old Methodology	New Methodology
100%	\$100,000,000	\$100,000,000
51%	100,000,000	51,000,000
49%	0	49,000,000

In the vast majority of cases, information on the exact percentage of equity ownership is available, but when it is not it will be approximated as 75% for unspecified majority interests and 25% for unspecified minority interests. The actual equity invested may vary from the pro-rated 100% property value due to financing and other considerations.

Please note that for presentation and comparison purposes, individual transaction records in reports and via the online database will continue to reflect the 100% property value in the price and price per square foot/unit fields, but will be identified as partial interests. Pricing statistics will continue to be based on sales of majority interests only so the change will have no impact on those metrics.

While the change will not have much of an impact on our overall numbers, it will help to improve tracking of capital flows. Reports quantifying the differences in accounting for partial interests were published in December and are available [online](#). A summary of the impact of these changes to investment volume in each global zone follows:

	EMEA		ASIA PAC		AMERICAS	
	Revised Volume†	% Change	Revised Volume†	% Change	Revised Volume†	% Change
2007	\$402.2	-2%	\$267.5	-1%	\$547.3	-2%
2008	232.5	2%	165.6	0%	158.0	-1%
2009	118.1	-4%	226.0	0%	62.0	2%
2010	161.7	-2%	359.7	0%	144.8	1%
2011*	180.9	-4%	332.4	-1%	200.7	4%

*Preliminary †Volume in Billions

RCA has been maintaining records of minority partial interest transactions from the start. Investment volumes throughout the entire history of our database will be restated in all of our online reports and downloads by the end of the month. The new methodology will be used in our upcoming 2011 Year in Review Capital Trends reports.