

# Presentation to RHO Special Committee

February 24, 2016



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# Presentation to RHO Special Committee

Project Delta



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# Transaction Summary

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Merrill Lyn

Bank of America  
Merrill Lynch



# Process – Events and Milestones

Date	Events / Milestones
January 16, 2016	■ BOREAS submits \$17.00 per share proposal for remaining shares of RHO
January 19, 2016	■ BOREAS makes public announcement of \$17.00 per share cash proposal
February 4, 2016	■ Special Committee meeting to discuss RHO business plan and response to BOREAS' \$17.00 proposal
February 5, 2016	■ Special Committee rejects \$17.00 proposal, but determines to proceed with further discussions with BOREAS
February 8, 2016	■ BOREAS submits a revised "final" proposal for \$17.75, which the Special Committee rejects later that day but also allows for continued discussions with BOREAS
February 9, 2016	<ul style="list-style-type: none"> <li>■ BOREAS submits a revised "best and final" proposal for \$18.25 per share <ul style="list-style-type: none"> <li>■ BOREAS' proposal includes a no-shop provision, a \$40 million (~3.8% of equity value) break-up fee and a restriction on dividend payments by the Company (other than the special cash dividend<sup>(1)</sup> or other distribution contemplated in connection with the merger)</li> <li>■ Following negotiations, BOREAS agrees that closing would be conditioned on approval by the holders of a majority of the RHO shares not held by BOREAS and its affiliates (a "majority of the minority provision")</li> </ul> </li> <li>■ Special Committee authorizes BofA Merrill Lynch to commence outbound calls on February 10, 2016</li> </ul>
February 10, 2016	■ BofA Merrill Lynch commences outbound calls to potentially interested parties
February 11, 2016	■ RHO receives initial draft merger agreement ("Agreement") from BOREAS
February 15 - 22, 2016	■ RHO and BOREAS exchange mark-ups to the Agreement

<sup>(1)</sup> Special cash dividend concept detailed in draft Agreement received February 11, 2016.



# Summary of Selected Transaction Terms

Subject to Final Negotiation



Term	Description / Details
<b>Structure:</b>	<ul style="list-style-type: none"> <li>Acquisition of RHO by BOREAS via three steps, including merger of a wholly owned subsidiary of BOREAS with and into RHO</li> </ul>
<b>Consideration:</b>	<ul style="list-style-type: none"> <li>\$18.25 in cash for each outstanding share of RHO common stock, inclusive of per share closing dividend</li> </ul>
<b>Financing:</b>	<ul style="list-style-type: none"> <li>BOREAS plans to fund transaction with available funds                             <ul style="list-style-type: none"> <li>No financing condition</li> </ul> </li> </ul>
<b>Certain Closing Conditions:</b>	<ul style="list-style-type: none"> <li>RHO stockholder approval (including majority of the minority condition)</li> <li>No RHO material adverse effect</li> <li>Receipt of opinion regarding RHO REIT status by BOREAS</li> </ul>
<b>Deal Protections:</b>	<ul style="list-style-type: none"> <li>No solicitation provision, subject to exercise of RHO Special Committee's fiduciary duties; RHO Special Committee may change its recommendation in connection with superior proposals or intervening events</li> <li>Reciprocal expense reimbursement up to \$10 million in the event of termination of agreement for breach</li> <li>Termination fee of \$40 million (3.8% of equity value) payable by RHO in certain circumstances, including if:                             <ul style="list-style-type: none"> <li>RHO terminates agreement to enter into agreement providing superior proposal</li> <li>BOREAS terminates agreement for RHO Special Committee recommendation change</li> </ul> </li> <li>Termination fee may in certain cases be net of expense reimbursement</li> </ul>
<b>Other:</b>	<ul style="list-style-type: none"> <li>Voting and exchange agreements</li> <li>BOREAS may require that RHO undertake certain transactions, including asset sales, an exchange of common shares held by BOREAS for a new class of preferred shares, and a substantial pre-closing dividend, all subject to satisfaction or waiver of all closing conditions and subject to certain limitations</li> </ul>
<b>Outside Date:</b>	<ul style="list-style-type: none"> <li>October 31, 2016</li> </ul>

Source: Draft, dated February 22, 2016, of Merger Agreement.

# Transaction Overview

Capitalization and Metrics				
All figures in millions, except per share amounts		01/15/16 Unaffected Closing Share Price	02/22/16 Closing Share Price	Transaction Consideration
Share Price		\$13.49	\$17.69	\$18.25
x Fully Diluted Shares Outstanding		57.7	58.0	58.1
Equity Market Capitalization		\$778	\$1,026	\$1,060
Revolving Credit Facility (as of 12/31/2015)		59	59	59
Term Loan (as of 12/31/2015)		285	285	285
Mortgage Debt (as of 12/31/2015) <sup>(1)</sup>		1,264	1,264	1,264
Total Debt		\$1,608	\$1,608	\$1,608
5% Preferred OP units		\$140	\$140	\$140
Total Implied Market Capitalization		\$2,527	\$2,774	\$2,808
Cash and Cash Equivalents (as of 12/31/2015)		(\$8)	(\$8)	(\$8)
Non-OP Non-controlling Interests (as of 12/31/2015)		\$14	\$14	\$14
Implied Total Enterprise Value ("TEV")		\$2,533	\$2,780	\$2,814
Net Debt / TEV		63.2%	57.6%	56.9%
Net Debt + Preferred / TEV		68.7%	62.6%	61.8%
Net Debt / LTM Core EBITDA <sup>(2)</sup>	\$171	9.3x	9.3x	9.3x
Selected Financial Metrics				
Implied Premiums / (Discounts)				
Premium / (Discount) to Current Stock Price (02/22/16)		(23.7%)	0.0%	3.2%
Premium / (Discount) to Unaffected Stock Price (1/15/16)	\$13.49	0.0%	31.1%	35.3%
Premium / (Discount) to 52-Week High (03/24/2015) <sup>(3)</sup>	\$19.95	(32.4%)	(11.3%)	(8.5%)
Premium / (Discount) to SNL Consensus NAV	\$20.17	(33.1%)	(12.3%)	(9.5%)
Premium / (Discount) to GSA NAV	\$16.67	(19.1%)	6.1%	9.5%
Implied Multiples <sup>(3)</sup>				
2016E Core EBITDA	\$189	13.4x	14.7x	14.9x
2017E Core EBITDA	\$212	11.9x	13.1x	13.3x
2016E Core FFO per Share	\$1.98	6.8x	9.0x	9.2x
2017E Core FFO per Share	\$2.45	5.5x	7.2x	7.4x
Implied Cap Rate	\$215	8.4%	7.7%	7.6%

Source: RHO Projections, FactSet, SNL Financial, Green Street Advisors.

Note: RHO Projections based on financial projections as received from RHO management in February 2016.

Note: Figures in millions, except per share amounts.

(1) Excludes mortgage on Vista Ridge Mall, a special consideration asset that is expected by RHO management to be returned to lender.

(2) Based on RHO Projections for Core EBITDA (Core NOI less cash G&A) and Core FFO per share.

(3) Based on closing price.

# Public Market Overview

Bank of Am  
Merrill Lyn

Bank of America  
Merrill Lynch

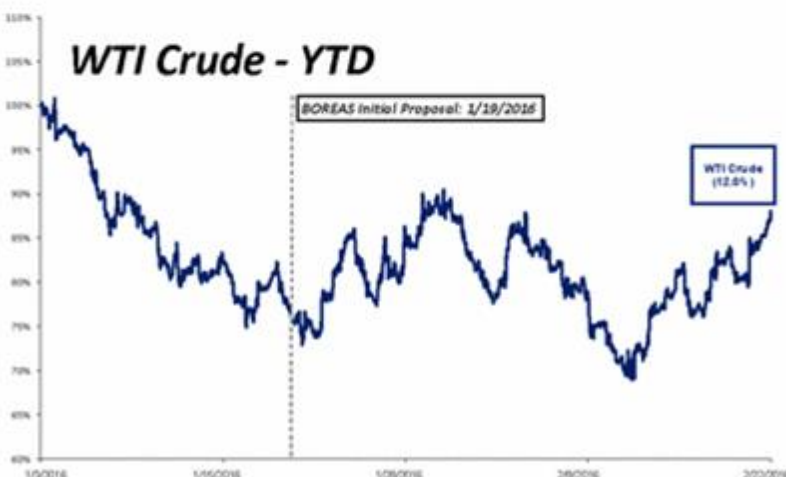
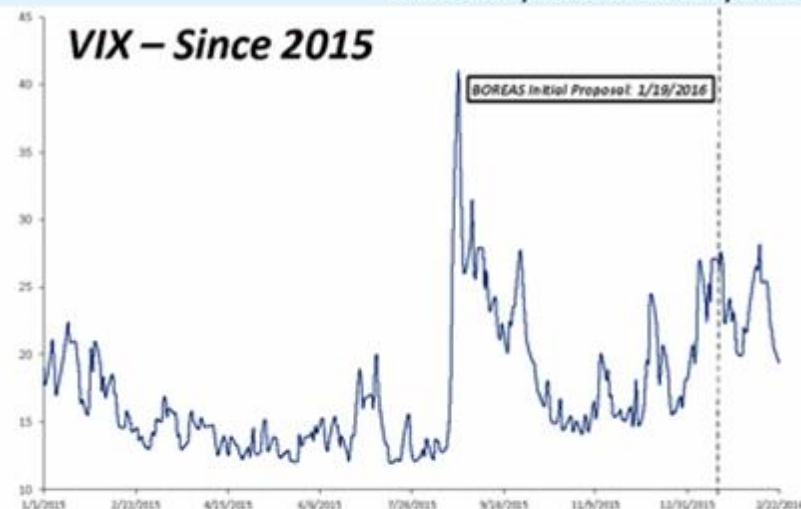


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# Market Update Since 1/15/16

Market continues to reflect significant volatility. However, RHO's stock price is up 31.1% since public announcement of initial BOREAS proposal while retail peer selected companies <sup>(1)</sup> are down (7.6%) and RMZ is up 0.5%



Source: FactSet, Uppier, and Bloomberg as of February 22, 2016.

(1) Retail peer selected companies include PEI, CBL, and WPG.

(2) Other retail selected companies include SPG, GGP, MAC, TCO, and SKT. Shown for informational purposes.

(3) SSE Composite Index.

(4) Fund flows excluding ETFs.

**RHO**

\$17.69



+31.1%

**PEI**

\$18.61



(4.3%)

**CBL**

\$10.60



(2.4%)

**WPG**

\$7.82



(17.1%)

**Other retail selected  
companies <sup>(2)</sup>**



1.7%

**RMZ**

\$1,048.1



0.5%

**S&P 500**

\$1,945.5



+3.5%

**FTSE 100**

£6,037.7



+4.6%

**Shanghai Stock  
Exchange <sup>(3)</sup>**

¥2,927.2



0.9%

**WTI Crude**

\$33.39



13.5%

**10-Year Treasury**

1.75%



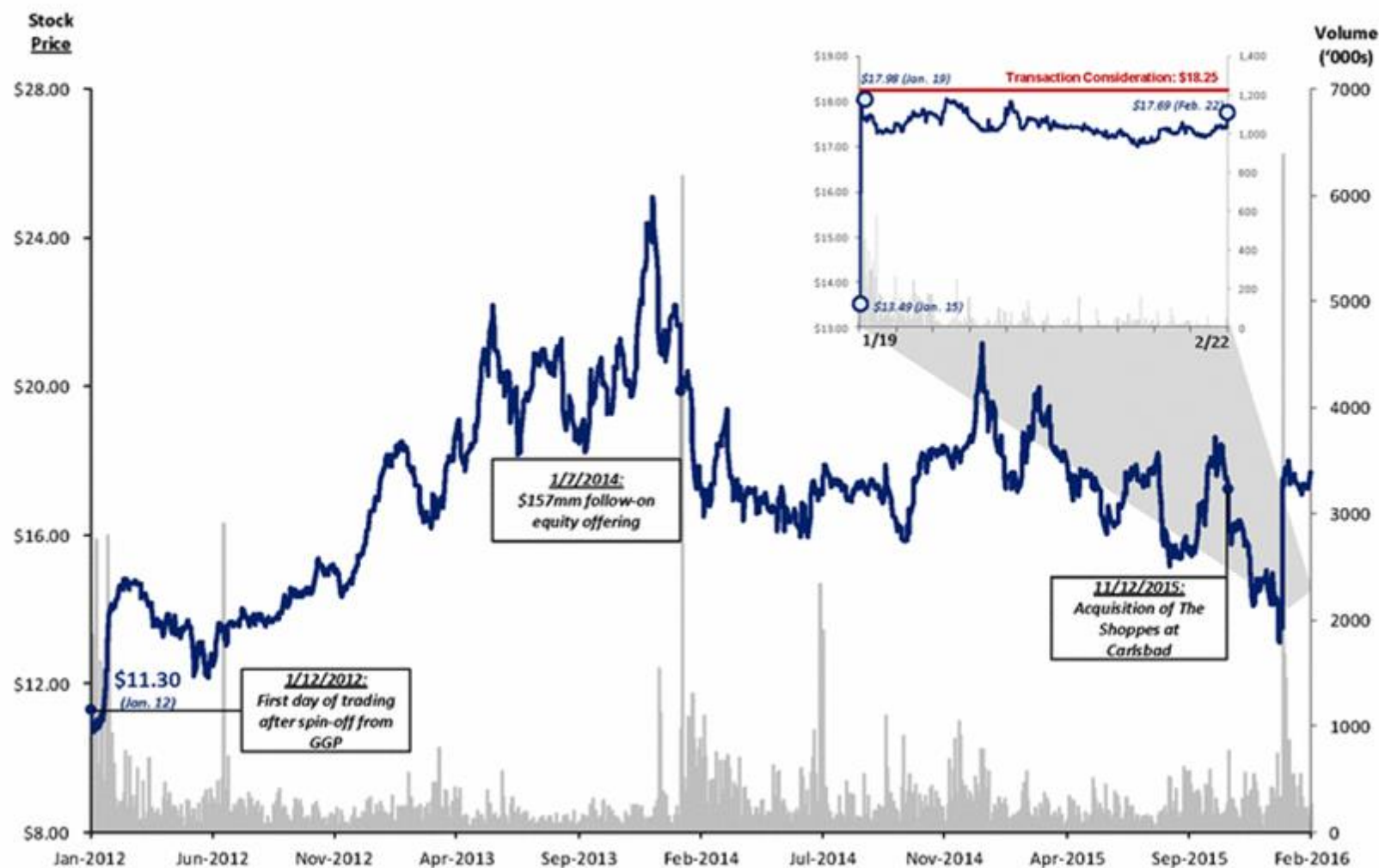
(29bps)

**REIT Funds  
Flow <sup>(4)</sup>**



(\$726mm)

# RHO Historical Stock Price Performance



Source: FactSet as of February 22, 2016.

# Financial Analyses

Bank of Am  
Merrill Lyn

Bank of America  
Merrill Lynch



# Summary Overview of RHO Projections



- RHO Projections include partial sale of two assets and no future acquisitions
  - 49% interests in Chula Vista and Gateway sold for \$65mm of net cash proceeds to pay down debt
- Total strategic and cosmetic CapEx spend of \$201mm <sup>(1)</sup>
  - 13 properties
  - All projects completed by 2017 except Carlsbad (2018)
- Turtle Creek Crossing strip asset sold in Q4 2016 for \$9.0mm
- Vista Ridge returned to lender
- Five loans, representing \$481mm current balance refinanced over 2016 - 2020 at rates between 4.5% - 5.5%

<i>\$ in millions, except per share</i>	RHO Projections for Fiscal Year Ending December 31,							2016 - 2020
	2014A	2015E	2016E	2017E	2018E	2019E	2020E	CAGR
Stabilized NOI	138	142	150	167	180	187	193	6.5%
Growth Rate		3.3%	5.6%	11.4%	7.8%	3.5%	3.4%	
Non-Stabilized NOI <sup>(2)</sup>	36	47	64	72	88	93	97	11.0%
Growth Rate		32.1%	35.4%	12.7%	22.7%	5.0%	4.8%	
NOI from Dispositions	16	8	1	-	-	-	-	
<b>NOI</b>	<b>\$190</b>	<b>\$197</b>	<b>\$215</b>	<b>\$239</b>	<b>\$269</b>	<b>\$280</b>	<b>\$290</b>	7.8%
Growth Rate		4.1%	9.1%	11.2%	12.3%	4.0%	3.9%	
General & Administrative Expense	(26)	(26)	(26)	(27)	(28)	(29)	(29)	
<b>Core EBITDA</b>	<b>\$163</b>	<b>\$171</b>	<b>\$189</b>	<b>\$212</b>	<b>\$241</b>	<b>\$251</b>	<b>\$261</b>	8.4%
Growth Rate		5.0%	10.1%	12.4%	13.6%	4.1%	4.0%	
<b>Core FFO</b>	<b>\$95</b>	<b>\$104</b>	<b>\$114</b>	<b>\$143</b>	<b>\$167</b>	<b>\$175</b>	<b>\$184</b>	12.6%
Growth Rate		10.0%	10.1%	24.8%	16.9%	4.8%	5.1%	
<b>Core FFO per Share</b>	<b>\$1.64</b>	<b>\$1.79</b>	<b>\$1.98</b>	<b>\$2.45</b>	<b>\$2.85</b>	<b>\$2.96</b>	<b>\$3.09</b>	11.8%

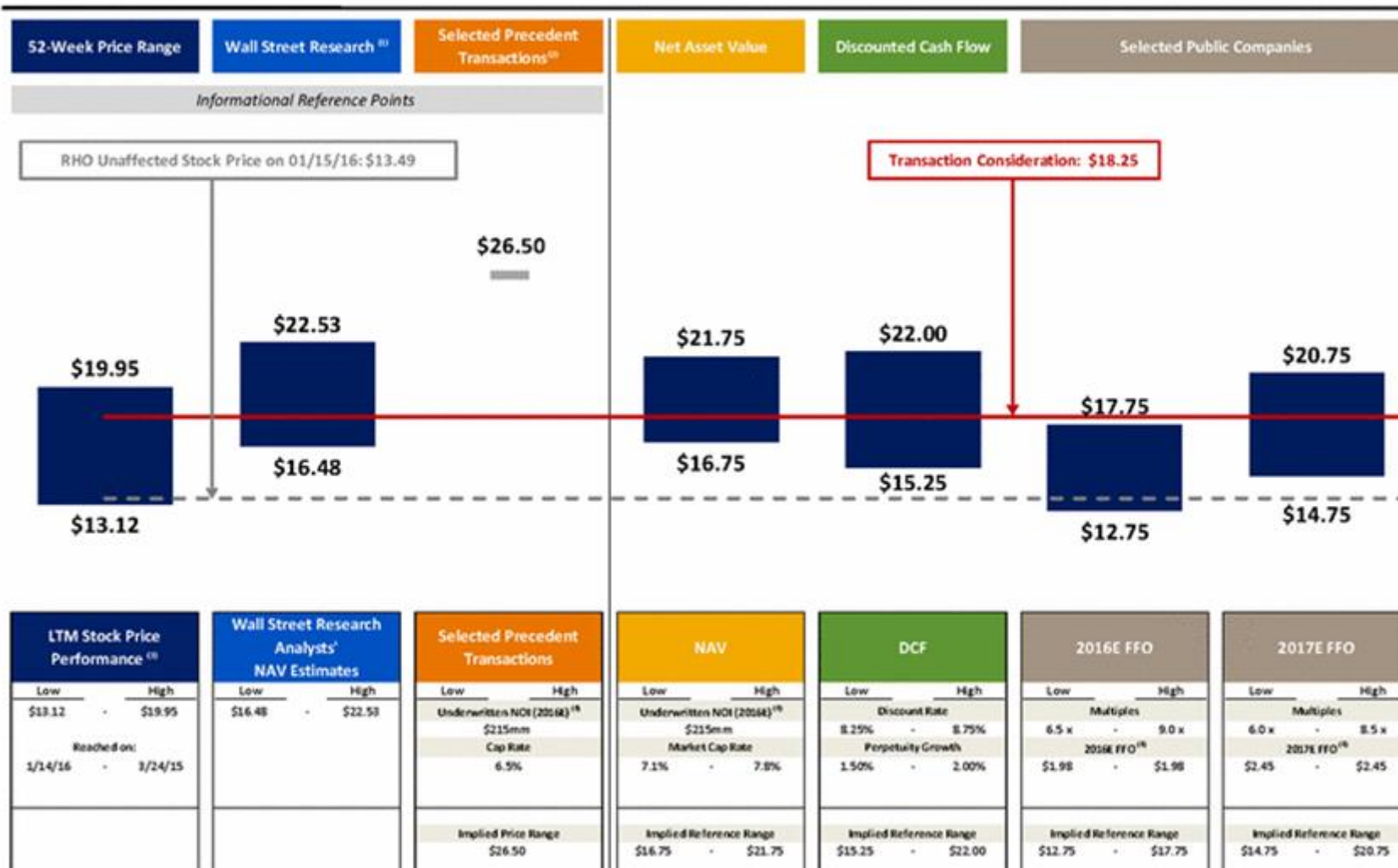
Additional Information:							
Leasing, TIs, and Maintenance CapEx	\$43	\$50	\$61	\$58	\$35	\$26	\$26
Strategic CapEx	81	96	100	74	51	-	-
Net Debt / Core EBITDA	9.6x	9.7x	8.2x	7.6x	6.6x	6.0x	5.5x
(Net Debt + Preferred) / Core EBITDA	9.6x	10.5x	9.0x	8.2x	7.2x	6.6x	6.1x
Net Debt + Preferred	\$1,572	\$1,807	\$1,695	\$1,744	\$1,726	\$1,653	\$1,582

Note: RHO Projections based on financial projections as received from RHO management in February 2016.

(1) Includes Original Portfolio and Acquisition Assets, excludes internal fees, and deducts present value of estimated municipal incentives estimated at \$21M.

(2) Includes historical acquisitions, partial sales, and recent development projects including: Chula Vista, Mt. Shasta Mall, Fig Garden Village, Bell Air Mall, Newport Mall, Gateway Mall, Grand Traverse Mall, Spring Hill Mall, and The Shoppes at Carlsbad.

# Financial Analyses Summary



Source: RHO Projections, FactSet, SNL Financial

Note: Ranges rounded to nearest \$0.25.

(1) Includes three variations of NAV estimates: 3Q NTM, 2015E, and 2016E.

(2) Reflects cap rate implied from WPG/GRT merger. Given lack of recent M&A activity in mail sector and limited comparability, the selected precedent transaction is not relevant and is shown for informational purposes only.

(3) Based on closing prices.

(4) Based on RHO Projections.



# Summary of Wall Street Research Estimates on RHO



Wall Street Research Summary							
Firm	Report Date	FFO per Share		EBITDA		NAV	
		2016E	2017E	2016E	2017E	Estimate	Estimate Period
Boenning & Scattergood	1/26/2016	\$1.93	\$2.37	--	--	\$19.28	Q3 2015 NTM
KeyBanc Capital Markets	2/5/2016	2.01	2.21	--	--	19.39	Q3 2015 NTM
Canaccord Genuity	1/19/2016	2.14	2.31	\$187	\$199	19.72	2015E
RBC Capital Markets	1/19/2016	1.99	2.16	184	215	22.53	2016E
Stifel Nicolaus	1/19/2016	1.98	2.14	179	189	20.00	2015E
Bank of America Merrill Lynch	1/12/2016	1.77	1.90	94	102	16.48	Q3 2015 NTM
Barclays Capital	11/13/2015	1.92	2.06	209	221	20.14	Q3 2015 NTM
<b>Average</b>		<b>\$1.96</b>	<b>\$2.16</b>	<b>\$170</b>	<b>\$185</b>	<b>\$19.65</b>	
<b>SNL Consensus</b>		<b>\$2.00</b>	<b>\$2.21</b>	<b>\$183</b>	<b>\$201</b>	<b>\$20.17</b>	
<b>Green Street Advisors</b>	<b>1/19/2016</b>	<b>\$1.83</b>	<b>\$1.89</b>	<b>--</b>	<b>--</b>	<b>\$16.67</b>	
<b>RHO Projections</b>		<b>\$1.98</b>	<b>\$2.45</b>	<b>\$189</b>	<b>\$212</b>		

Sources: SNL Financial, Green Street Advisors and Wall Street Research.  
Note: SNL Consensus and Green Street Advisors as of February 2016.

# Net Asset Value Analysis

	Low <sup>(1)</sup>	Midpoint	High <sup>(2)</sup>
<b>Total Implied Real Estate Value <sup>(3)</sup></b>	<b>\$2,744</b>	<b>\$2,888</b>	<b>\$3,032</b>
<i>Nominal Cap Rate <sup>(4)</sup></i>	7.8%	7.5%	7.1%
Cash and Cash Equivalents	8	8	8
Restricted Cash	32	32	32
Rent and Other Receivables	28	28	28
Capitalized Management Fee Income <sup>(5)</sup>	1	1	1
Other Assets	5	5	5
<b>Implied Gross Asset Value ("GAV")</b>	<b>2,817</b>	<b>2,962</b>	<b>3,106</b>
Revolving Credit Facility	59	59	59
Term Loans	285	285	285
Mortgage Debt <sup>(6)</sup>	1,264	1,264	1,264
5% Preferred OP units	140	140	140
Estimated Adjustments For Marking Debt To Market <sup>(7)</sup>	43	43	43
Other Liabilities	56	56	56
<b>Implied Net Asset Value ("NAV")</b>	<b>970</b>	<b>1,115</b>	<b>1,259</b>
x Fully Diluted Shares and OP Units Outstanding	58.1	58.1	58.1
<b>Implied Net Asset Value ("NAV") / Share</b>	<b>\$16.75</b>	<b>\$19.25</b>	<b>\$21.75</b>

Source: RHO Projections.

Note: Figures in millions, except per share and per unit amounts. Estimated NAV per share rounded to nearest \$0.25. Non-real estate assets and liabilities are recorded at book value as of December 31, 2015.

(1) Assumes 5% discount to midpoint calculation.

(2) Assumes 5% premium to midpoint calculation.

(3) Property level NOI and cash flows per RHO Projections were used to determine Total Implied Real Estate Value.

(4) Calculated as RHO Projections for 2016E Total Core NOI of \$23.5mm divided by Total Implied Real Estate Value.

(5) Assumes capitalized Barnes Crossing management fee at 5.0x.

(6) Adjusted to reflect removal of Vista Ridge Mall, a special consideration asset that is expected by RHO management to be returned to lender.

(7) Calculated as the present value of scheduled payments compared to current principal on debt as of February 2016. Estimated based on treasury yield curve plus credit risk spread based on debt yield, loan-to-value ratio and term.

# Discounted Cash Flow Analysis

Unlevered Free Cash Flows						
Year	For Fiscal Year Ending December 31,					Normalized <sup>(1)</sup>
	2016E	2017E	2018E	2019E	2020E	
Total NOI	\$215	\$239	\$269	\$280	\$290	\$290
- G&A	(26)	(27)	(28)	(29)	(29)	(529)
- Capitalized G&A	(18)	(16)	(14)	(14)	(14)	(514)
+ Net Capitalized RE Taxes and Insurance and TIF Tax Revenue	(1)	1	2	3	3	--
- Increase in Net Working Capital	--	--	--	--	--	--
- Capital Expenditures <sup>(2)</sup>	(161)	(132)	(86)	(26)	(26)	(30)
- Other Costs	(1)	(1)	(1)	(1)	(1)	--
- Capitalized IT	(1)	(1)	(1)	(0)	(0)	(0)
+ Proceeds from Dispositions	146	--	--	--	--	--
+ JV Management Fees	--	1	1	1	1	1
<b>Unlevered Free Cash Flows</b>	<b>\$155</b>	<b>\$65</b>	<b>\$143</b>	<b>\$214</b>	<b>\$224</b>	<b>\$217</b>

Discount Rate	A Discounted Cash Flows	B PV of Terminal Value Based on Perpetuity Growth			C Total Implied Enterprise Value			D Net Debt + Pref
		1.50%	1.75%	2.00%	1.50%	1.75%	2.00%	
8.25%	\$641	\$2,198	\$2,288	\$2,385	\$2,839	\$2,929	\$3,027	(\$1,740)
8.50%	637	2,095	2,178	2,267	2,732	2,815	2,905	(1,740)
8.75%	634	1,999	2,076	2,158	2,633	2,710	2,792	(1,740)

Discount Rate	E Minority Interest	F Total Implied Equity Value			G FD Shares Outstanding	Implied Equity Value per Diluted Share		
		1.50%	1.75%	2.00%		1.50%	1.75%	2.00%
8.25%	(\$14)	\$1,085	\$1,175	\$1,272	58.1	\$18.75	\$20.25	\$22.00
8.50%	(14)	978	1,061	1,150	58.1	16.75	18.25	19.75
8.75%	(14)	879	955	1,037	58.1	15.25	16.50	17.75

A Assumes \$71 million of debt treated as cash proceeds along with estimated cash proceeds of \$65 million to account for full transaction value of joint venture structuring.

Source: RHO Projections.

Note: Figures in millions, except per share amounts. Present value date of January 1, 2016 based on mid-year discounting convention. Implied equity value per diluted share rounded to nearest \$0.25. Stock-based compensation treated as cash expense.

(1) Based on 2020E RHO Projections normalized to reflect ending of TIF sales tax revenue and other costs.

(2) Normalized year value assumes each property undergoes \$1.8 million refresh every 15 years.

(3) Based on 2021 RHO Projections of \$271 million for CORE EBITDA (Core NOI) less cash G&A as provided by RHO management.

Implied Core EBITDA Multiple <sup>(3)</sup>				
Discount Rate	Perpetuity Growth			
	1.50%	1.75%	2.00%	
8.25%	12.0x	12.5x	13.1x	
8.50%	11.6x	12.1x	12.6x	
8.75%	11.2x	11.6x	12.1x	

Terminal Value as % of Total Value				
Discount Rate	Perpetuity Growth			
	1.50%	1.75%	2.00%	
8.25%	77.4%	78.1%	78.8%	
8.50%	76.7%	77.4%	78.1%	
8.75%	75.9%	76.6%	77.3%	

# Selected Public Companies Analysis

Company	TRADING			CAPITALIZATION				FINANCIAL						OPERATING		
	Closing Stock	% of	Dividend	Equity	Total	Net Debt <sup>(1)</sup>	Net Debt <sup>(1)</sup>	TEV / EBITDA <sup>(1)</sup>		FFO Multiple <sup>(1)</sup>		Price /	Price /	2016E		2017E
	Price as of: 2/22/16	52-Week High	Yield	Market Cap <sup>(2)</sup>	Enterprise Value <sup>(3)</sup>	+ Pref. / TEV	/ LTM EBITDA	2016E	2017E	2016E	2017E	Consensus NAV <sup>(4)</sup>	Green Street NAV <sup>(4)</sup>	Sales PSF MRQ <sup>(5)</sup>	SSNOI Growth <sup>(6)</sup>	SSNOI Growth <sup>(6)</sup>
CBL	\$10.60	52%	10.0%	\$2,117	\$8,127	74%	6.9x	10.7x	10.5x	4.5x	4.4x	57%	41%	\$374	2.3%	0.3%
WPG	7.82	44%	12.8%	1,722	6,020	68%	6.9x	10.9x	10.6x	4.4x	4.3x	48%	44%	\$361	1.1%	(1.2%)
PEI	18.61	77%	4.5%	1,443	3,662	61%	8.0x	13.6x	12.7x	9.9x	9.2x	70%	56%	\$424	2.7%	0.9%
Retail Peer Selected Companies Mean		58%	9.1%	\$1,761	\$5,936	67%	7.3x	11.8x	11.3x	6.3x	6.0x	58%	47%	\$386	2.0%	(0.0%)
Retail Peer Selected Companies Median		52%	10.0%	\$1,722	\$6,020	68%	6.9x	10.9x	10.6x	4.5x	4.4x	57%	44%	\$374	2.3%	0.3%
RHO at 02/22/2016 (Management) <sup>(7)</sup>	17.69	88%	4.1%	1,026	2,780	63%	9.3x	14.7x	13.1x	9.0x	7.2x	88%	106%	\$350	6.4%	11.7%
RHO at BOREAS Proposal (Management) <sup>(7)</sup>	18.25	91%	3.9%	1,060	2,814	62%	9.3x	14.9x	13.3x	9.2x	7.4x	90%	110%	\$350	6.4%	11.7%
RHO Unaffected at 1/15/2016 (Management) <sup>(7)</sup>	13.49	67%	5.3%	778	2,533	69%	9.3x	13.4x	11.9x	6.8x	5.5x	67%	81%	\$350	6.4%	11.7%
RHO Unaffected at 1/15/2016 (SNL Consensus) <sup>(8)</sup>	13.49	67%	5.3%	778	2,533	69%	9.3x	13.8x	12.6x	6.7x	6.1x	67%	81%	\$350	--	--

2.0% (0.2%)

Green Street Advisors Estimate

## Shown for Informational Purposes

Other Retail Selected Companies Mean <sup>(9)</sup>	86%	3.3%	\$23,248	\$35,263	36%	7.2x	20.1x	19.0x	17.3x	15.9x	84%	77%	\$608	4.5%	4.3%
Other Retail Selected Companies Median <sup>(9)</sup>	85%	3.4%	\$13,166	\$20,343	35%	7.6x	20.6x	19.6x	17.5x	16.2x	86%	81%	\$620	4.4%	4.2%

Source: Public filings, SNL Financial, FactSet, Wall Street Research, Green Street Advisors, and RHO Projections.

Note: Metrics other than FFO shown for informational purposes.

(1) For market capitalization purposes, fully diluted shares include shares, units, options using treasury method and convertible securities. TEV defined as Market Value + Debt + Preferred Stock + Minority Interest - Cash and Equivalents.

(2) Proportionate share of JV debt and debt related to subsequent events included as appropriate and available.

(3) Based on SNL consensus estimates as of February 22, 2016.

(4) Based on Green Street Advisors as of February 22, 2016.

(5) Figures for other retail selected companies reflect most recent public filings. RHO figures reflect estimated preliminary Q4 2015 values per RHO Projections.

(6) Based on Green Street Advisors "Taking the Under: Changes to mail Forecasts" dated January 26, 2016, except for RHO which is based on RHO Projections.

(7) RHO metrics calculated based on RHO Projections.

(8) Based on SNL consensus estimates.

(9) Other retail selected companies include SPG, GGP, MAC, TCO, and SKT. Shown for informational purposes.

# Appendix

Bank of Am  
Merrill Lyn

Bank of America  
Merrill Lynch





# Weighted Average Cost of Capital

## Bloomberg Beta of Retail Peer Selected Public Companies

Company	Beta		R Squared of Lev. Beta	Equity Mkt. Cap	Net Debt	Net Debt/ Net Cap
	Levered <sup>(1)</sup>	Unlevered <sup>(2)</sup>				
CBL & Associates Properties	1.74	0.49	0.51	2,107	5,370	71.7%
WP Glimcher	0.62	0.19	0.11	1,722	3,886	69.3%
Pennsylvania REIT	1.70	0.71	0.52	1,443	2,090	58.3%
<b>Average</b>	<b>1.36</b>	<b>0.46</b>	<b>0.38</b>	<b>\$1,761</b>	<b>\$3,758</b>	<b>66.4%</b>
<b>RNO</b>	<b>1.24</b>	<b>0.48</b>	<b>0.24</b>	<b>\$1,026</b>	<b>\$1,600</b>	<b>60.9%</b>

## Calculating WACC

	ERP Average	
	Geometric	Arithmetic
<b>Cost of Equity</b>		
Risk-Free Rate <sup>(3)</sup>	2.10%	2.10%
RNO Unlevered Beta	0.48	0.48
RNO Levered Beta	1.24	1.24
Size Premium <sup>(4)</sup>	1.71%	1.71%
Historical Risk Premium <sup>(5)</sup>	4.99%	7.00%
Cost of Equity	10.06%	12.55%
<b>Cost of Debt</b>		
Pre-tax Cost of Debt <sup>(6)</sup>	7.25%	7.25%
Tax Rate	0.0%	0.0%
After-Tax Cost of Debt	7.25%	7.25%
Current Net Debt/Total Net Cap.	60.9%	60.9%
<b>WACC</b>	<b>8.35%</b>	<b>9.32%</b>

## WACC Sensitivity

WACC at Various Unlevered Beta and Capital Structures <sup>(7)</sup>											
Net Debt / EBITDA	Net Debt/ Eq. Val.	Net Debt/ Net Cap.	Est. Cost of Debt	Geometric Mean ERP				Arithmetic Mean ERP			
				0.42	0.45	0.51	0.54	0.42	0.45	0.51	0.54
7.0x	101.4%	50.3%	5.75%	6.94%	7.09%	7.39%	7.54%	7.79%	8.00%	8.42%	8.63%
7.5x	117.1%	53.9%	6.25%	7.27%	7.42%	7.72%	7.87%	8.13%	8.34%	8.76%	8.97%
8.0x	135.5%	57.5%	6.75%	7.65%	7.80%	8.10%	8.25%	8.50%	8.71%	9.13%	9.34%
8.5x	156.0%	60.9%	7.25%	8.05%	8.20%	8.50%	8.65%	8.90%	9.11%	9.53%	9.74%
9.0x	183.5%	64.7%	7.75%	8.50%	8.65%	8.95%	9.10%	9.35%	9.56%	9.98%	10.19%

Source: Ibbotson S&P 2015 Valuation Yearbook, Bloomberg.

Note: Dollars in millions.

(1) For each retail peer selected company, represents historical beta sourced from Bloomberg.

(2) Unlevered Beta = Levered Beta / [1 + (Tax Rate \* Net Debt/Equity)].

(3) Twenty-Year U.S. Government Bond Yield as of February 22, 2016.

(4) Represents capitalization risk premium. Data Source: Ibbotson S&P 2015 Valuation Yearbook.

(5) Represents mean equity risk premium per Ibbotson S&P 2015 Valuation Yearbook.

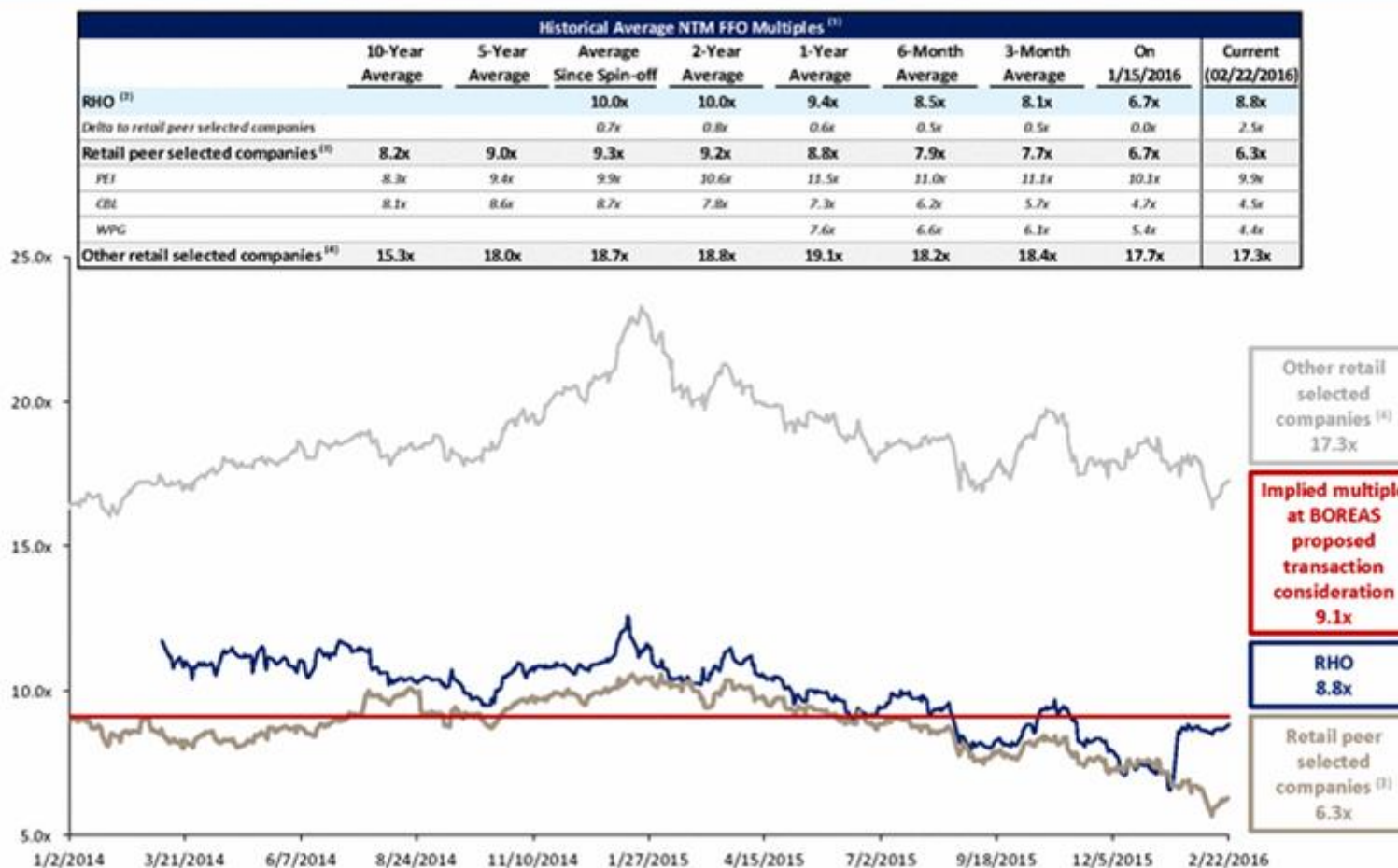
(6) Based on market estimates.

(7) WACC equals [(Net Debt/Capitalization) \* (Cost of Debt \* (1 - Tax Rate))] + [(Equity/Capitalization) \* Levered Cost of Equity].

# Historical Forward FFO Multiples

## 2014 – 2016YTD

Since RHO's spin-off, the Company has on average traded at a 0.7x premium to retail peer selected companies. In last six months, until BOREAS' initial 1/19/16 acquisition proposal announcement, this premium had been declining



Source: S&P Financial as of February 22, 2016.

Note: RHO shown from March 6, 2014 since there were no Wall Street FFO consensus estimates for RHO prior to that date.

(1) Averages through January 15, 2016.

(2) Based on S&P consensus estimates.

(3) Retail peer selected companies include PEI, CBL, and WPG.

(4) Other retail selected companies include SPG, GGP, MAC, TCO, and SKT. Shown for informational purposes.