ANGELO, GORDON & CO.

CAPITAL MARKETS PERSPECTIVES

THIRD QUARTER 2017

TABLE OF CONTENTS

ANGELO, GORDON & CO. is a privately-held registered investment advisor dedicated to alternative investing. The firm was founded in 1988 and currently manages approximately $28 billion. We seek to generate absolute returns with low volatility by exploiting inefficiencies in selected markets and capitalizing on situations that are not in the mainstream of investment opportunities. We creatively seek out new opportunities that allow us to remain a leader in alternative investments.

We have expertise in a broad range of absolute return strategies for both institutional and high net worth investors. Our dedicated team of employees seeks to deliver consistent, positive returns in all market environments. We have built our name on our breadth of talent, intensive research and risk-averse approach to investing. Our long-term experience gives us the insight and patience to turn our vision into profitable, stable businesses.

MAUREEN D'ALLEVA
Portfolio Manager

Non-Investment Grade Corporate Credit

Leveraged loans experienced positive returns for the seventh consecutive quarter, with the Credit Suisse Leveraged Loan index returning 1.06%, despite the asset class posting negative returns in August for the first month since early 2016. Most industries enjoyed positive returns during the quarter and retail, an industry we believe is undergoing secular change, is the only industry with negative returns year-to-date.

Loan market activity has been extremely robust throughout the year as CLO formation and loan fund flows have allowed the market to absorb record gross new issuance of over $730 billion. With three months of the year to go this total has already eclipsed the prior record high of $670 billion in 2013. Repricing activity has accounted for over 40% of this year's gross issuance, refinancing has accounted for roughly 30%, and acquisition financing roughly 22%. Although not nearly as eye-popping, net issuance of close to $200 billion easily eclipses 2016's total net issuance of $169 billion.

On the demand side of the equation nearly 150 new CLOs have priced this year, translating into over $82 billion of loan demand. Although loan spreads have tightened and much of the loan market is trading above par, CLO debt spreads have also tightened this year and so the oft-quoted "CLO arbitrage" still works and conditions remain favorable for managers to issue CLOs. This dynamic is a critical component of the overall health of the loan market as CLOs hold roughly 50% of the outstanding loans. Another component of demand, inflows into leveraged loan funds, weakened during the quarter, with August and September representing the first two consecutive months of outflows in over a year. Although year-to-date loan funds increased by over $17 billion (vs $9 billion in 2016 and over $21 billion of outflows in 2015) the pace of inflows has slowed likely due to a combination of decreased concerns about rising interest rates and the yield compression that has occurred due to repricing activity.

Long standing investors in the loan market have spent much of the year bemoaning the increasingly aggressive nature of new issue deal terms. Loan issuers have pushed for lower spreads while increasing EBITDA add-backs and incurring higher leverage levels. Very late in the third quarter, we finally observed the loan investors pushing back on issuers. A few loan re-pricings have failed, and several primary deals have priced at the wider range of their price guidance. Looking ahead, we are hopeful that the market will display discipline and force issuers to continue to rationalize terms into year-end.

TREVOR CLARK
Portfolio Manager

CHRIS WILLIAMS
Portfolio Manager

Middle Market Direct Lending

Middle market syndicated loan volume was approximately $31 billion for the third quarter, a decrease from the $40 billion in the second quarter of 2017 as well as a decrease in quarter-over-quarter volume from third quarter of 2016. New money (versus refinancing) volume of $59 billion year-to-date is on track to be the highest level since 2014. Both sponsored and non-sponsored issuance declined during the quarter; however, 77% of sponsored volume was new money versus less than 35% of non-sponsored issuance.

Unitranche deals continue to gain in popularity. Thomson Reuters tracking indicated over 42 unitranche deals completed in the first nine months of the year, representing over $7 billion of issuance. Unitranche structures continue to be popular in the upper part of the middle market with some facility sizes upwards of $700 million. The proliferation of lenders who actively provide unitranche financing has resulted in a meaningful decline in pricing over the last 12 months compared to a more muted decline in spread over the last three years. A recent survey indicated that 50% of unitranche lenders are willing to lend at 600 to 650 basis points with 20% of that group also willing to lend as low as 550 to 575 basis points for a unitranche structure.

One of the trends we commented on last quarter was the continued popularity of middle market CLO issuance. Year-to-date CLO issuance volume of nearly $9 billion represents a post-crisis record and is contrary to survey results earlier in the year whereby less than 12% of respondents thought annual issuance for FY17 would exceed $9 billion. From a historical perspective, CLO issuance has only exceeded $10 billion in four years since 1999.

While there is no universally accepted definition of the middle market, we continue to see a broadening of the asset class, especially on the upper end. Many new entrants continue to enter the market and are including ever larger EBITDA companies in their definition of middle market. This dynamic has led to concerns about competition, structure, pricing and leverage levels, etc. We believe the middle market continues to be a differentiated marketplace with significant differences between the upper middle market and the lower middle market. As we undoubtedly enter the later stages of the current credit cycle we believe that investors will be rewarded by focusing on experienced managers who not only have a conservative investment style but who have also remained firm in their credit discipline.

TODD DITTMANN
Portfolio Manager

Energy Credit

WTI remained within its now familiar band during the third quarter, range trading between $45 and $52 per barrel. However, the commodity took on a more positive tone late in the quarter and into early October as the rebalancing of the physical market became more apparent, OPEC compliance remained strong, reports of an extension of OPEC cuts grew louder, rig count plateaued, crude and product inventories declined, and global oil demand stayed strong. U.S. shale producers began to tap the brakes as the industry appeared to turn away from its Permian Basin land grab and toward the development of its now substantial inventory of drilled locations. Although Hurricane Harvey dampened both oil and gas production and refinery capacity, the supply impacts were short-lived and did not amount to much.

After years of rewarding and funding resource growth at the expense of cash flow and returns, public energy equity investors are beginning to require more capital discipline from E&P's and scrutinize fully-loaded corporate ROE's, rather than rewarding well-level IRR's. This pressure likely sets a $50 to $55 price per barrel threshold at which the equity markets open to provide growth capital. As the public equity purse has been the primary funding engine for U.S. shale, this new tightening, coupled with a quarter in which the majority of publicly-traded E&P stocks fell to 52-week-lows may suppress new drilling activity, result in a delay in the shale supply response to increased oil prices, and potentially lift the top end of the price band we have observed over the last year.

Although equity investors have grown more discerning, the high yield market re-opened for larger and higher quality issuers. With yields tightening by 75bps, from 7.2% to 6.4% by the end of September, $8 billion of new E&P paper was issued. Finally, turning to the bank market, a significant wall of maturities is approaching – over $57 billion of senior secured reserve based loans to E&P's and $60 billion of senior secured loans to midstream and services companies are set to mature before 4Q 2019 – setting the stage for a flurry of activity as borrowers attempt to extend those maturities in an environment in which banks are generally looking to exit rather than extend.

DAVID KAMIN
Co-Portfolio Manager

DAN POUND
Co-Portfolio Manager

Distressed Debt

The third quarter of 2017 generally saw risk asset markets assimilate and adapt to a range of what would normally be considered destabilizing natural, political and economic threats. Those included floods, hurricanes, geopolitical instability, central bank easing, and rising rates. In fact, during the quarter primary markets digested a record amount of positive BB rated new issues, while at the same time witnessing a decreasing amount of fallen angels and the fewest quarterly number of defaulted issuers in more than 10 years. Whether driven by overwhelming demand or improving underlying issuer strength (or a combination thereof), the ratings upgrades of leveraged issuers continue to march on. This has been especially notable across the BB universe, which is approaching 35% of the JPM index (an all-time high), leaving behind CCCs, which are at a 10+ year low.

Spreads, though already narrow, continue to shrink. During the third quarter, investment grade corporate bond spreads reached a mere 105 basis points, the tightest level since the credit crisis. High yield bond spreads reached 415 basis points, approximating their multi-year lows. Fueling year-to-date demand in the primary loan market was M&A-driven paper, up more than 50% since last year. While it has been true that these effects are driven by insatiable investor demand for performing paper to carry into the year-end "growth" trade, there are some fundamental influencers as well. A fundamental recovery in commodities and an ever-resilient fracking business model has followed an enormous amount of debt purging post-oil crisis. After a shaky August, oil prices stabilized at the end of the quarter at the upper half of their LTM trading window, providing strength to correlated names.

Despite only modestly sound U.S. business economic indicators and unproven future central bank purchase unwinding, today's equity valuations across all sectors are nearly at all-time highs. For owners of seasoning risk assets, there is a tendency to lean in to market strength and monetize portions of their books when they are ripe. This has been true for a number of years. However, lately investors have been receiving an increasing amount of aggressive financing offers. This comes in in addition to the widely documented resurgence of covenant light deals. In theory, such late-cycle tactics, when combined with a retracing of healthy economic activity, could increase the severity of the next default cycle. For the time being, largely benign primary markets continue to grant access to financing and market participants tolerate cuspier trades.

We continue to believe that technological change, structural market shifts and geo-political risks carry dramatic effects on long term trends. However, near terms valuations and ever present micro-cycles will just as often be dominated by technicals and sentiment, often political in nature such as the polarized U.S. congress, impending U.S. debt ceiling, and potential changes in the Fed leadership. The fundamental approach in such an environment is to mitigate potential risk of investment loss by avoiding leverage, structural subordination, duration risk, and issuer concentration. And, of course, staying focused on cash flow durability while maintaining a controlling degree of process influence.

ARTHUR PEPONIS
Portfolio Manager

Private Equity

The private equity industry in the third quarter followed the same trends as experienced throughout the first half of 2017 with deal volumes consistently lower through the first nine months of 2017 relative to 2016. In North America, there were $123 billion of transactions in the first nine months of this year as compared to $143 billion from the prior year's first three quarters, a decline of 14%. Global deal volume through the first nine months also declined 4% year-on-year to $241 billion. Dry powder continued the upward trend started in 2013, and at September 30 set another all-time high of $603 billion, a 3% increase from $583 billion at June 30, 2017. Over the past four years, we have repeatedly seen dry powder set an all-time record for the quarter only to be eclipsed in the subsequent quarter.

Transaction multiples through the first nine months of 2017 were essentially flat with the first half of 2017, though higher than calendar 2016. Through the first nine months, average multiples paid were 10.6x EBITDA versus the 10.7x paid in the first half of 2017 and the 10.0x paid in 2016. As stated previously, within a historical context, multiples paid remain robust. While there may be some slight upward pressure on transaction multiples, they are still within the range of the three-year historical average of 10.0x EBITDA. Average leverage for buyouts in the first nine months of 2017 increased to 5.8x multiple of EBITDA which is higher than the 5.5x level for 2016 but consistent with both 2014 and 2015. Equity contribution as a percentage of total capitalization was at 45% of total capitalization which is slightly higher than historical averages. The number of exits decreased in the first nine months of 2017 from the same period in the prior year by approximately 12%, although the dollar volume decreased over 25% reflecting smaller dollar monetizations.

Although there are certainly quarterly fluctuations, we expect the private equity market in 2017 to look similar to the prior three or four years in terms of deal volume, multiples paid, and number of exits. However, given deal volumes are not keeping pace with increasing levels of dry powder, upward pressure on multiples paid could continue. As for the rest of 2017 and early 2018, barring exogenous factors, private equity activity should remain strong.

DAVID KAMIN
Portfolio Manager

Merger Arbitrage

Though global M&A volumes continued to track well year-over-year, U.S. M&A slowed down significantly in the third quarter – down 25% sequentially and year-over-year. Many factors have contributed to this, including continued political and regulatory uncertainty, the return of organic revenue growth, and a 50% year-over-year decline of proposed Chinese acquisitions of U.S. targets. This decline in cross-border deal activity is equally attributed to China cracking down on overseas investments and the U.S. government's growing skepticism of foreign acquirers, particularly Chinese acquirers after a few years of heightened activity.

From a merger arbitrage perspective, spreads began the quarter at a multi-year low of a median 3.7% annualized and widened to 5% at quarter's end. This widening was mostly a function of the deal universe shrinking as deal closures outpaced deal announcements during the quarter. This left deals such as Time Warner/AT&T, Monsanto/Bayer AG, and Brocade/Broadcom to name a few, skewing the return profile and causing a "widening" of spreads for the quarter. Generally, spreads remained tight as the equity market continued to improve standalone valuations and the credit market remained accommodative. The quarter saw an increase in activist activity, in particular, attempts to scuttle deals, however none of these campaigns have been successful to date.

While the backdrop continues to be very supportive for M&A going forward and CEOs and Boards continue to discuss it as part of their strategy, the need or pressure to act has lessened compared to prior years. Said another way, with revenue growth accelerating, the need to seek growth via M&A has declined. Many companies who were active in M&A earlier in this cycle are successfully integrating those assets and competitors who did not partake have still reaped the benefits of consolidation.

GARY WOLF
Portfolio Manager

Convertible Arbitrage

Equity markets stayed on their upward trajectory in the third quarter with the MSCI World Index gaining 3.49% in local currency terms. Credit market performance continued to be solid and volatility remained notable for its absence and the BAML G300 Index, as a benchmark for global convertible bonds, returned 3.44% in this supportive market context. Despite the low volatility environment creating ongoing headwinds, convertible arbitrage strategies managed to turn in another quarter of positive returns as the HFRX FI-Convertible Arbitrage Index rose 1.26% in Q3.

While the U.S. primary market was open throughout the summer, new convertible issuance in other regions slowed down considerably. Global deal volume, however, picked up strongly in September, leading to total new issuance of $18.1 billion in the third quarter, according to UBS data. The U.S. ($8.3 billion) and Europe ($5.6 billion) remained the most active regions. Japan saw an encouraging recovery with $2.2 billion of new deals. The most notable transactions included a Volcan/Anglo American exchangeable (Europe), a Crown Castle preferred (USA), and convertibles from Workday (USA), Deutsche Wohnen (Europe) and ANA Holdings (Japan).

The new supply was more than offset by a fairly heavy redemption schedule in the third quarter, with $18.9 billion of convertibles …leaving the market (as a result of puts, maturities, conversions, buy-backs) as per BAML estimates. Against this backdrop, convertible valuations held up well in the U.S. and in Europe. In Japan, however, the lack of realisable volatility continued to put pressure on the secondary market.

TJ DURKIN
Co-Portfolio Manager

YONG JOE
Co-Portfolio Manager

Residential and Consumer Debt (RMBS/ABS)

Spreads for most mortgage- and asset-backed credit markets continued to tighten during the third quarter while legacy RMBS securities continued to benefit from a combination of strong demand and stable fundamentals. Asset-backed securities also enjoyed positive returns in the quarter, with more esoteric sectors such as equipment leasing transactions and whole business securitizations benefitting from the ongoing search for yield. Although ABS issuance slowed quarter-over-quarter, issuance year-to-date of nearly $175 billion is closing in on 2016's total of $196 billion.

One exception to this overall tightening trend was the credit risk-transfer (CRT) market which experienced bouts of volatility on the heels of strong geopolitical rhetoric and more significantly in the wake of Hurricanes Harvey and Irma. In response to North Korea related headlines, CRT prices weakened directionally with the broader markets however the market soon stabilized and new issue CRT deals were several times oversubscribed. Hurricanes Harvey and Irma soon followed and the CRT market was under significant pressure until analysis indicated that Irma's damage would be far less than anticipated. Ultimately the market regained its footing as investors determined that losses related to both hurricanes will be well absorbed by the structural protection in CRT deals. That said, in an acknowledgment to investor sensitivity both Fannie and Freddie removed loans from all impacted areas from their deals issued post the hurricanes.

During the quarter, the Federal Reserve laid out its plan for implementing a very gradual reduction of its balance sheet reinvestment. The removal of the uncertainty around this anticipated event paved the way for the best quarter of the year for agency MBS, with spreads tightening to benchmark rates by eight to 10 basis points. Relatively rangebound interest rates, subdued implied volatility and modest supply have created a favorable backdrop with banks, REITs and money managers all actively adding exposure to the sector.

Despite this spread tightening we believe that the RMBS and ABS markets still offer attractive risk-adjusted returns in today's environment. The U.S. housing market remains on stable ground and the U.S. consumer has delevered substantially in the years since the global financial crisis and as we look ahead we remain constructive on market fundamentals and believe that the market will continue to expand as the credit box slowly loosens over time.

ANDREW SOLOMON
Portfolio Manager

Real Estate Debt (CMBS)

Although the commercial mortgaged-backed securities market has a history of periods of significant volatility, it has been a bastion of relative stability over the past 18 months. This is worth highlighting given the fact that this period of calm has occurred despite the introduction of new risk retention regulations at the end of 2016 and the quantity of aggressively underwritten 2006 and 2007 vintage commercial loans that have matured in 2016 and 2017.

Risk retention concerns were greatly alleviated when regulators announced that originators could treat retained interests as loans rather than more capital-intensive securities. This decision made both vertical risk retention (whereby originators retain 5% of each tranche) and the combo or "L" shaped risk retention (whereby originators retain a portion of each tranche of the senior securities and a third party retains a portion of the first loss tranche) viable options, and also forced pricing discipline on the handful of active horizontal risk retainers.

The CMBS market digested the previously feared "Wall of Maturities" with relative ease. Increased property values, low interest rates and plentiful sources of fresh capital have allowed the vast majority of loans that may have seemed questionable a few years ago to refinance. During the third quarter of 2017, the basis between where certain lower-rated portions of the CMBX indices were quoted and where actual cash bonds traded reached historically wide levels. In such periods it is reasonable to ask which market is right. Our answer is…neither. Macro-focused funds that may be new to the CMBS space and are eager to short CMBX as an expression of a negative view on retail may not be fully appreciating just how long it typically takes to dispose of an under-performing property. With the high cost of negative carry on these short positions, speculators are forced to find someone with an even more negative view to close out their positions at a profit. Investments predicated on a "greater fool" theory create a negative feedback loop with participants incentivized to create ever more dire scenarios regardless of current realities.

On the cash side of the equation, we have always been of the opinion that not enough pricing differentiation exists between higher and lower quality transactions, especially in the more credit sensitive portions of the capital structure. This phenomenon persists largely because the amount of resources and hard work required to differentiate between the better and worse deals act as limiting factors. As long as enough cash buyers are willing to take the easy way out and programmatically buy deals that are trading at a slight spread concession to an average deal, pricing differentiation will remain muted. When credit issues arise, as they inevitably will, panicked selling will ensue and the mark-to-market prices of even well-performing deals will be negatively impacted. The seeds for the next pricing correction have already been sown.

GORDON J. WHITING
Portfolio Manager

Net Lease Real Estate

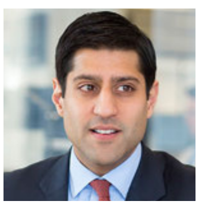
As of the third quarter of 2017, the trailing 12-month U.S. single-tenant transaction volume totaled $57 billion, according to Real Capital Analytics. While Q1 2017 represented a brief increase in volume, second quarter and third quarter 2017 volume declined by 2% and 4%, respectively. The decline in volume was experienced across office, industrial and retail, with the largest decline occurring in the retail segment. In 2017 there was an increase in the number of retail bankruptcies and announced store closures which has pressured volumes. While volumes have declined across segments, this has not resulted in cap rate expansion. After years of declines, cap rates in late 2016 appeared to find a floor and begin increasing, however this trend was short-lived and the decline across segments has continued with retail cap rates showing the signs of leveling off. During the third quarter 10-year treasury rates were fairly choppy, declining for most of the quarter, but then increasing throughout most of September 2017.

(Return to Table of Contents)

Real Estate

ADAM SCHWARTZ
Portfolio Manager
Head of U.S. and Europe Real Estate

REID LIFFMANN
Co-Portfolio Manager
U.S. Real Estate



ANUJ MITTAL
Co-Portfolio Manager
Europe Real Estate

United States: Commercial property transactions were down approximately 7% year-to-date, through the third quarter, according to Real Capital Analytics. By product type it is a mixed picture with industrial transaction activity up approximately 23% year-to-date, while retail and apartment transactions are down 19% and 9% respectively. There is an increasing willingness by investors to venture a bit further afield, with CBD office sales down 49% year-on-year in the third quarter while the suburbs are seeing a significant increase in their share of the overall transaction volume as a result of higher available yields. Most notably, increases were seen in markets such as Charlotte and suburban Washington D.C./Virginia where activity was up 41% and 61% respectively, while Manhattan deal volume is down approximately 56% year-on-year.

Through the first half of 2017 investor composition changed slightly with private market and REIT buyers gaining share and institutional and cross boarder transaction activity down slightly. On the lending side CMBS has gained market share at 16% compared to 13% for the first half 2016. The increased volume is not impacting credit quality, with YTD LTVs at 57.4 % down from 59.6% in 2016. For the year private label CMBS looks projected to meet or slightly exceed 2016 production levels, confirming that the industry has figured out how to address the new risk retention rules. Overall outstanding CRE debts of the second quarter stood at $3.06 trillion compared to the 2008 of $3.48 trillion. CRE lending, a typical cause of stress in the industry, remains relatively benign in the current environment.

On the valuation side Green Street reports prices are up 1% over third quarter, flat year-over-year with some product type variation, most notably industrial prices up 10% and retail down 6% year-on-year. New investor allocations continued to be weighted to value-add and opportunistic strategies, but net investor allocation flows to core ODCE real estate market have stopped falling.

Europe: During the third quarter of 2017, EUR50.3 billion (face value) of real estate loans and REO were sold – the largest quarterly total ever recorded in Europe – bringing the total for 2017 to EUR79.6 billion. Despite the pickup in dispositions, banking systems in ten EU countries have average non-performing loan ("NPL") ratios of over 10%, and many individual banks have even higher ratios. While European banks are generally better capitalized than they were in 2013, we expect the 2017 dispositions total to be greater than the peak recorded in 2015.

In the Eurozone, GDP is moving at an annualized 2.5% and sentiment indexes are up strongly over the summer. The Economic Sentiment Indicator is at 112, the highest it has been since July 2007. Unemployment ended July at 9.1% which is the lowest since 2009 though there were differences in the countries – France and Italy saw increased quarterly unemployment which was off-set by Germany and the Netherlands, which saw drops. It is worth noting that even in the countries with relatively high unemployment (Spain, Italy and France) the levels are below previous peaks. Relatively strong growth dynamics have translated into positive real estate fundamentals; average prime office rents are up 1.7% year-on-year and cap rates for prime assets are 27 basis points tighter to a new low of 4.36%.

In the UK economic growth was fairly lethargic although still positive with recent data suggesting quarterly growth will end up around 0.3 to 0.4%. While this is low compared to the Eurozone we still find an annualized growth rate of roughly 1.5% to be fairly remarkable given the uncertainty around Brexit. On Brexit, there is still no clear direction and many companies that took a pause on space commitments have largely resumed their searches. In fact, West End leasing through the end of July was 33% ahead of the same period in 2016 and overall Central London office leasing was 7.2 million square feet through the end of August, 9% ahead of the five year average. At the beginning of the year, total London vacancy was creeping up as new supply came online but that has reversed in recent months and today the vacancy rate stands at 5.15% which is below the 10 year average. London remains the number one city to invest in real estate for international investors; in the last 18 months foreign investors invested about US$45 billion in the British capital, followed by New York with US$39 billion, Paris (US$19 billion), Amsterdam (US$14 billion) and Berlin (US$12 billion).

Asia Real Estate

WILSON LEUNG
Portfolio Manager
Head of Asia Real Estate

STEVEN CHA
Co-Portfolio Manager

China: In China, GDP grew 6.9% in the first three quarters of 2017, in line with expectations and exceeding the 6.5% target set by the government. At 7.5% after adjusting for inflation, per capita disposable income growth continues to outpace GDP in the third quarter. In the first quarter following MSCI's announcement to gradually include Chinese mainland-traded stocks in its benchmark emerging markets index, the stock market continued to rise, with the FTSE A50, representing blue chip stocks, up 6.0% (YTD: 23.0%) and Shanghai Composite Index up 4.9% (YTD: 7.9%). With regards to currency, in a somewhat surprising move, the RMB edged up in the third quarter. At one point, it reached RMB6.48 per USD, near the 18-month low, although it eventually settled at RMB6.65 per USD at quarter end.

On the real estate front, national residential property sales were more resilient than expected, with volume up 11.4% in the first three quarters of 2017 and values up 7.6%. Government regulations on real estate remain tight in red-hot tier-one and leading tier-two cities, where average sales price ("ASP") is strictly monitored by the government following rather dramatic 34% and 37% increases in Shanghai and Beijing, respectively, between January 2016 and March 2017. The government's policy stance is expected to remain consistent with a focus on ASP and credit control while accelerating the build-up of the rental housing market. Although we do not anticipate a major correction in the real estate market in China, elevated land prices have significantly squeezed development margins and rising asset prices are cause for some investor caution.

Japan: Japan's economy grew by an annualized 3.0% in the second quarter of 2017. Corporate earnings increased 22.6% on a year-on-year basis and the unemployment rate has reached historical lows at 2.8%. At the beginning of October, the Nikkei 225 Index recorded its highest level since 1996, exceeding pre-Global Financial Crisis levels, due to expectations of improving Japanese corporate performance. In the election held in October, the Liberal Democratic Party, led by Prime Minister Shinzo Abe, and its coalition partner, Komeito, won more than two-thirds of seats in Parliament, paving the way for four more years of Abe as Prime Minister. As a result, the government's focus on economic policy should continue and the Bank of Japan is expected to maintain its monetary easing program as inflation indicators and wage growth remain low.

Compared to the performance of the Nikkei 225 Index, the Japanese REIT ("J-REIT") Index has been weaker. The 10%+ decline in the J-REIT Index in 2017 reflects capital outflows from J-REIT mutual funds following a Financial Services Agency investigation into Japanese mutual funds for potentially improperly paying high monthly distributions to attract investors. As a result, we have seen real estate transaction volume decrease by 25% year-on-year.

Despite the lackluster performance of the J-REIT Index, real estate fundamentals have shown improvement. Strong tenant demand driven by relocations and expansions has pushed Tokyo's Grade A office vacancy down to 3.7% as of the end of the quarter. Vacancy levels for Grade B properties have also remained low at around 1.7%. In Osaka, the supply/demand balance remains extremely tight, with vacancy reaching below 0.5% for Grade A office and limited new office stock coming to market over the next few years. In addition, tourism in Japan remains strong with the number of foreign tourists reaching 21 million in the first three quarters of the year – the fastest the country has ever reached over 20 million – offering a significant boost to the hotel industry.

South Korea: The Korea economy exhibited a solid growth of 2.8% year-on-year in the first half of this year on the back of increased fixed asset investment. Analysts expect the country's economy to further improve in the second half of the year as export growth follows the recovery in the global economy. In October, the Bank of Korea ("BoK") increased its 2017 GDP growth forecast from 2.8% to 3.0%, reflecting improved economic fundamentals. This is the third time the BoK has increased its 2017 GDP growth forecast this year from its first forecast of 2.5% in April. At the most recent Monetary Policy Board meeting in October, the BoK kept its policy rate unchanged at 1.25%.

The spread between prime office cap rates and the Korean government bond yields (i.e. 5-year Korean Treasury bond) was flat quarter-on-quarter and has remained at 282 bps. Prime office vacancy rate in Seoul fell slightly by 0.4% to 11.2% at the end of the second quarter. Going forward, however, analysts forecast office vacancy to decline over the next two years as future supply is expected to be moderate.

The residential market in Seoul remains strong despite the government's recent announcement to control speculative activity in designated areas. Seoul apartment prices are up 3.5% year-to-date or 5.0% year-on-year as of September 2017. For example, in Gangnam, one of the best residential locations in Seoul, there is currently no unsold residential inventory as future supply is constrained and pent-up demand is high.

(Return to Table of Contents)

ANGELO, GORDON & CO.

ECONOMIC DASHBOARD

MARKET INDICES

Third Quarter 2017

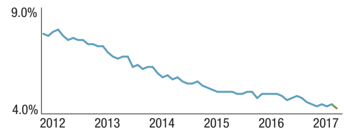
JOB MARKET

Macro Economics — Five-Year Trend

US – Unemployment Rate

As of 9/30/2017

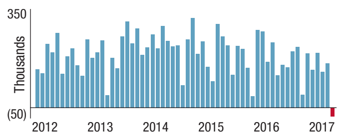
Latest Level	4.2
Change from Prior Month	(0.2)
Latest Direction	Improving
Frequency	Monthly



US – Non-Farm Payroll

As of 9/30/2017

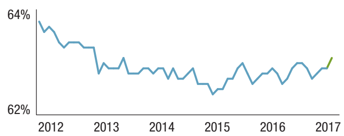
Latest Level	(33.0)
Change from Prior Month	(202.0)
Latest Direction	Deteriorating
Frequency	Monthly



US – Labor Participation Rate

As of 9/30/2017

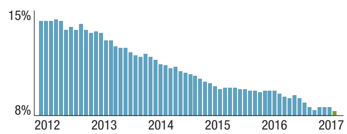
Latest Level	63.1
Change from Prior Month	0.2
Latest Direction	Improving
Frequency	Monthly



US – U-6 Unemployed & Margin & Part-Time as % of Labor Force & Margin

As of 9/30/2017

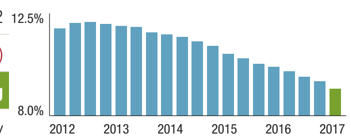
Latest Level	8.3
Change from Prior Month	(0.3)
Latest Direction	Improving
Frequency	Monthly



Eurozone Unemployment Rate

As of 6/30/2017

Latest Level	9.2
Change from Prior Quarter	(0.3)
Latest Direction	Improving
Frequency	Quarterly



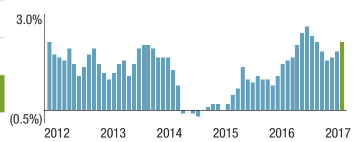
INFLATION

Macro Economics — Five-Year Trend

US Consumer Price Index (CPI) Y-o-Y %

As of 9/30/2017

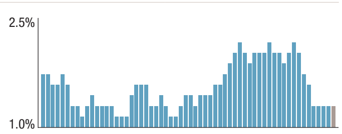
Latest Level	2.2
Change from Prior Month	0.3
Latest Direction	Increasing
Frequency	Monthly



US CPI Goods Less Food and Energy Y-o-Y %

As of 9/30/2017

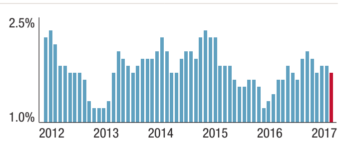
Latest Level	1.7
Change from Prior Month	0.0
Latest Direction	No Change
Frequency	Monthly



US Producer Price Index (PPI) Y-o-Y %

As of 9/30/2017

Latest Level	1.7
Change from Prior Month	(0.1)
Latest Direction	Decreasing
Frequency	Monthly



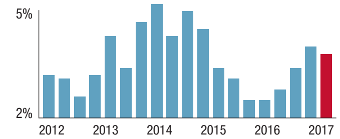
GDP GROWTH

Macro Economics — Five-Year Trend

US – GDP Y-o-Y %

As of 6/30/2017

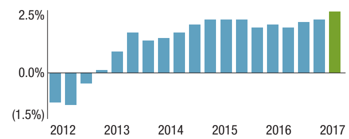
Latest Level	3.8
Change from Prior Quarter	(0.2)
Latest Direction	Deteriorating
Frequency	Quarterly



Eurozone – GDP Y-o-Y %

As of 6/30/2017

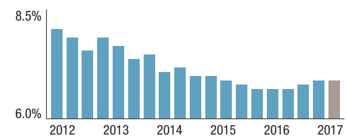
Latest Level	2.3
Change from Prior Quarter	0.3
Latest Direction	Improving
Frequency	Quarterly



China – GDP Y-o-Y %

As of 9/30/2017

Latest Level	6.8
Change from Prior Quarter	0.0
Latest Direction	No Change
Frequency	Quarterly



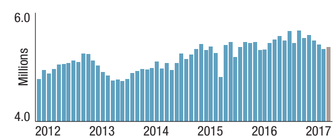
HOUSING

Macro Economics — Five-Year Trend

Existing Home Sales

As of 9/30/2017

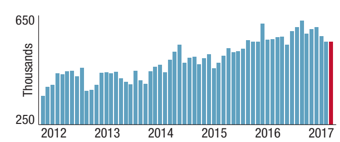
Latest Level	5.4
Change from Prior Month	0.0
Latest Direction	No Change
Frequency	Monthly



New Home Sales

As of 8/31/2017

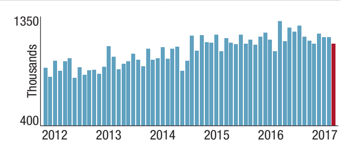
Latest Level	560.0
Change from Prior Month	(20.0)
Latest Direction	Deteriorating
Frequency	Monthly



Housing Starts

As of 9/30/2017

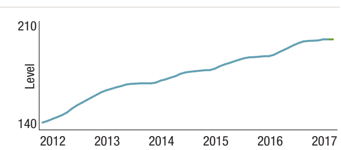
Latest Level	1,127.0
Change from Prior Month	(56.0)
Latest Direction	Deteriorating
Frequency	Monthly



Case-Shiller Index of Home Value in 20 Cities

As of 7/31/2017

Latest Level	199.4
Change from Prior Month	0.7
Latest Direction	Improving
Frequency	Monthly



Source: Bloomberg (All)

"Latest Direction" is from the last "Frequency" measurement

(Return to Table of Contents)

ECONOMIC DASHBOARD *(continued)*

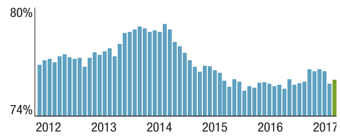
ECONOMIC & MARKET CONFIDENCE

Macro Economics	Five-Year Trend

Capacity Utilization as a % of Capacity

As of 9/30/2017

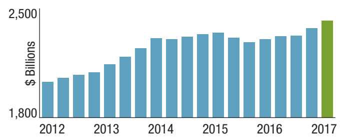
Latest Level	76.6
Change from Prior Month	0.2
Latest Direction	Improving
Frequency	Monthly



Private Fixed Investment Nonresidential SAAR

As of 6/30/2017

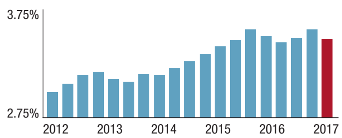
Latest Level	2,433.6
Change from Prior Quarter	50.2
Latest Direction	Improving
Frequency	Quarterly



Residential Fixed Investment as a % of GDP

As of 6/30/2017

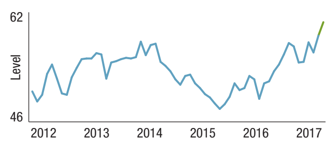
Latest Level	3.5
Change from Prior Quarter	(0.1)
Latest Direction	Decreasing
Frequency	Quarterly



ISM Manufacturing Index

As of 9/30/2017

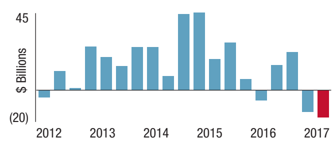
Latest Level	60.8
Change from Prior Month	2.0
Latest Direction	Improving
Frequency	Monthly



Manufacturing Inventory Change Q-o-Q $

As of 6/30/2017

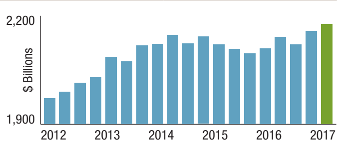
Latest Level	(16.7)
Change from Prior Quarter	(3.5)
Latest Direction	Decreasing
Frequency	Quarterly



Exports of Goods/Services

As of 6/30/2017

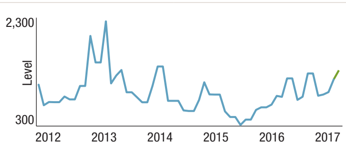
Latest Level	2,181
Change from Prior Quarter	19
Latest Direction	Improving
Frequency	Quarterly



Shipping Rates

As of 9/30/2017

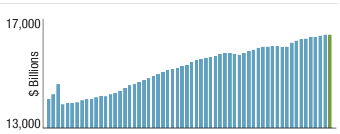
Latest Level	1,356
Change from Prior Quarter	172
Latest Direction	Improving
Frequency	Quarterly



Personal Income Level

As of 8/31/2017

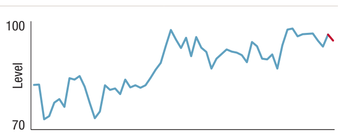
Latest Level	16,469
Change from Prior Month	29
Latest Direction	Improving
Frequency	Monthly



Michigan Consumer Confidence Sentiment

As of 9/30/2017

Latest Level	95.1
Change from Prior Month	(1.7)
Latest Direction	Deteriorating
Frequency	Monthly



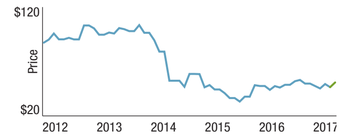
COMMODITIES

Macro Economics	Five-Year Trend

WTI Crude Oil Price

As of 9/30/2017

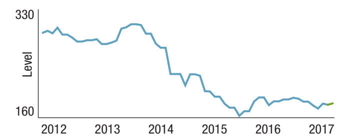
Latest Level	51.7
Change from Prior Month	4.4
Latest Direction	Increasing
Frequency	Monthly



Reuters/Jefferies Commodity Index

As of 9/30/2017

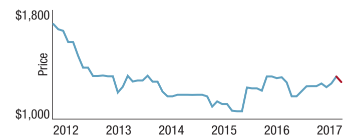
Latest Level	183.1
Change from Prior Month	2.2
Latest Direction	Increasing
Frequency	Monthly



Gold

As of 9/30/2017

Latest Level	1,279.8
Change from Prior Month	(41.7)
Latest Direction	Decreasing
Frequency	Monthly



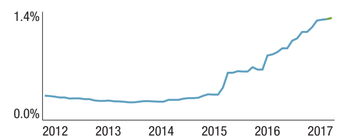
RATES

Macro Economics	Five-Year Trend

LIBOR 3M

As of 9/30/2017

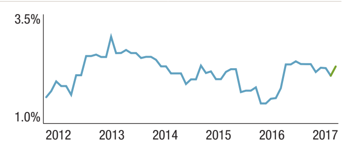
Latest Level	1.33
Change from Prior Month	0.02
Latest Direction	Increasing
Frequency	Monthly



Treasury 10 Yr Yield

As of 9/30/2017

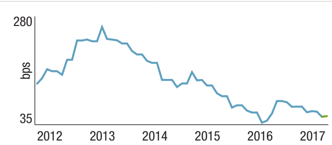
Latest Level	2.33
Change from Prior Month	.22
Latest Direction	Increasing
Frequency	Monthly



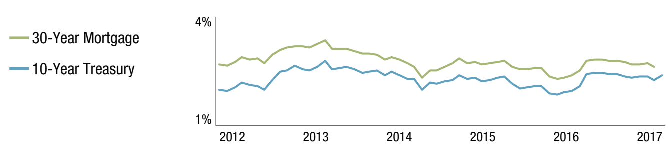
Swaps 2Y vs. 10Y

As of 9/30/2017

Latest Level	54.73
Change from Prior Month	1.46
Latest Direction	Steepening
Frequency	Monthly



30 Yr Mortgage and 10 Yr Treasury



Source: Bloomberg (All)

"Latest Direction" is from the last "Frequency" measurement

(Return to Table of Contents)

ECONOMIC DASHBOARD *(continued)*

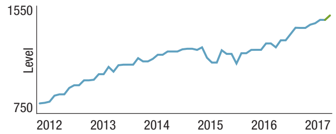
EQUITY

Macro Economics		Five-Year Trend

US Equity Markets – Russell 3000

As of 9/30/2017

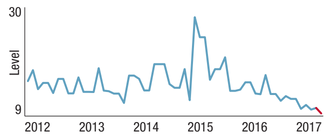
Latest Level	1,495.4	
Change from Prior Month	33.6	
Latest Direction	Rally	
Frequency	Monthly	



US Equity – VIX

As of 9/30/2017

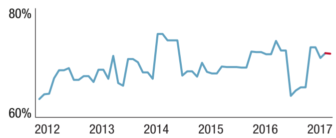
Latest Level	9.5	
Change from Prior Month	(1.1)	
Latest Direction	Decreasing	
Frequency	Monthly	



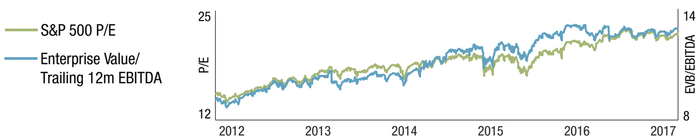
S&P 500 Percentage Exceeding Earning Estimates

As of 9/30/2017

Latest Level	72.0	
Change from Prior Month	(0.1)	
Latest Direction	Decreasing	
Frequency	Monthly	



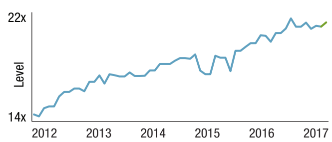
S&P 500 Historical Valuation Levels



Trailing P/E on S&P 500

As of 9/30/2017

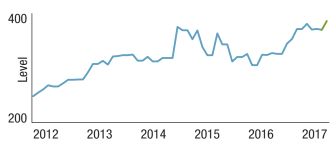
Latest Level	21.4	
Change from Prior Month	0.3	
Latest Direction	Increasing	
Frequency	Monthly	



Equity Markets – Euro Stoxx

As of 9/30/2017

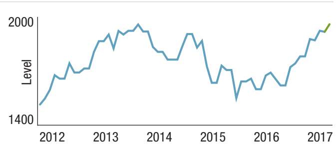
Latest Level	389.0	
Change from Prior Month	16.6	
Latest Direction	Increasing	
Frequency	Monthly	



Equity Markets – MSCI EAFE

As of 9/30/2017

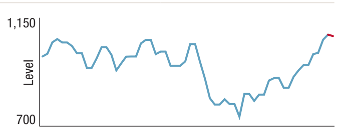
Latest Level	1,973.8	
Change from Prior Month	43.0	
Latest Direction	Increasing	
Frequency	Monthly	



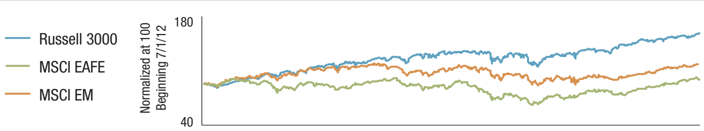
Equity Markets – MSCI EM

As of 9/30/2017

Latest Level	10.81.7	
Change from Prior Month	(6.0)	
Latest Direction	Decreasing	
Frequency	Monthly	



Russell 3000 – MSCI EAFE – MSCI EM



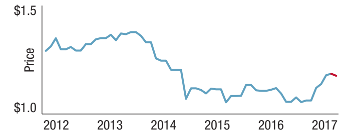
FOREIGN EXCHANGE RATE

Macro Economics		Five-Year Trend

Euro Spot Rate vs. 1 USD

As of 9/30/2017

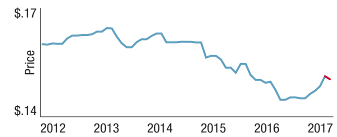
Latest Level	1.18	
Change from Prior Month	(0.01)	
Latest Direction	Deteriorating	
Frequency	Monthly	



Yuan Spot Rate vs. 1 USD

As of 9/30/2017

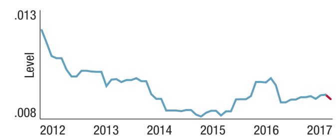
Latest Level	0.1508	
Change from Prior Month End	(0.0009)	
Latest Direction	Deteriorating	
Frequency	Monthly	



Yen Spot Rate vs. 1 USD

As of 9/30/2017

Latest Level	0.0089	
Change from Prior Month	(0.0002)	
Latest Direction	Deteriorating	
Frequency	Monthly	

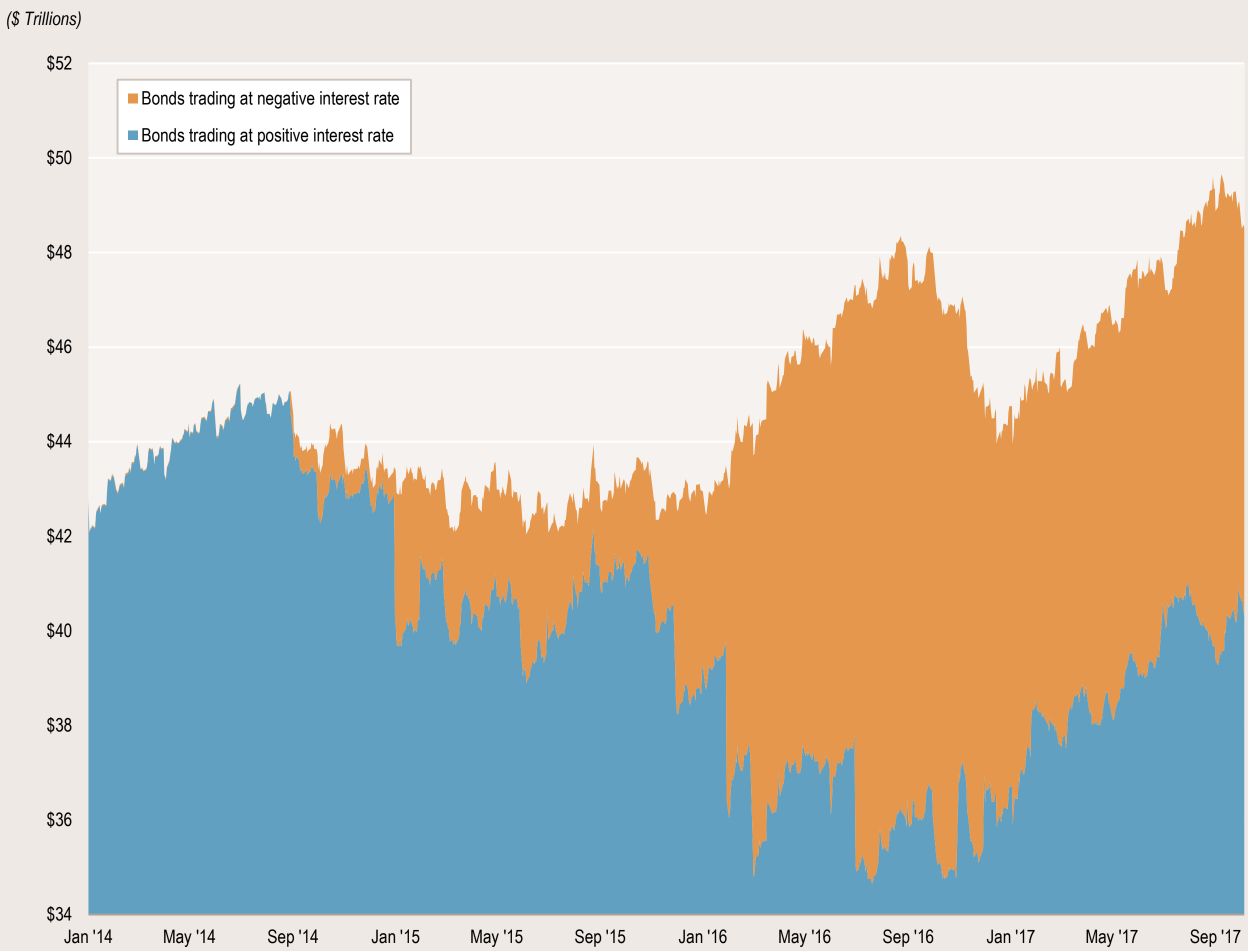


Source: Bloomberg (All)

"Latest Direction" is from the last "Frequency" measurement

(Return to Table of Contents)

$8 TRILLION OF BONDS OUTSTANDING TRADE AT A NEGATIVE INTEREST RATES



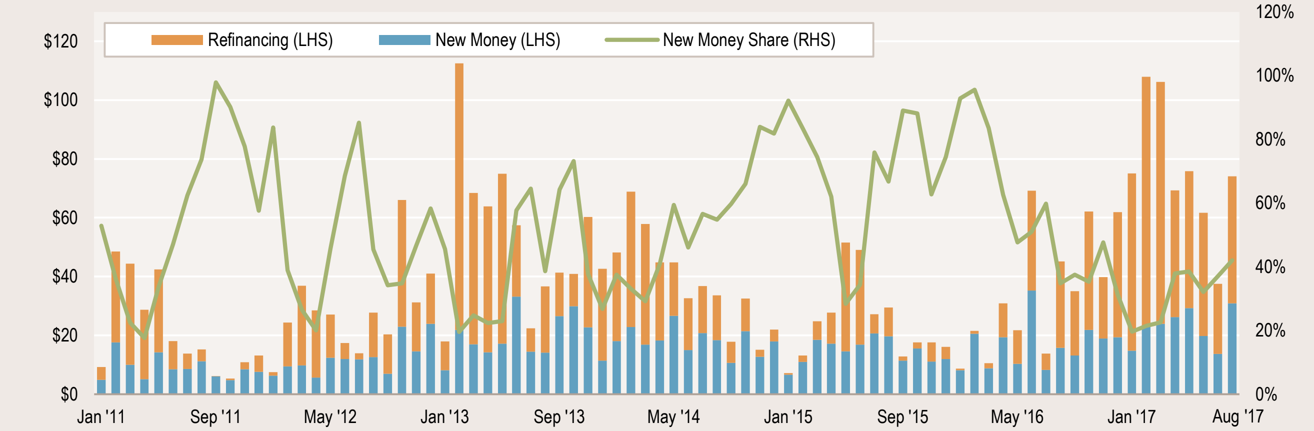
Source: Deutsche Bank Research

The $8 trillion of bonds trading at negative yields has resulted in a global search for yield across credit markets.

(Return to Table of Contents)

NON-INVESTMENT GRADE CORPORATE CREDIT

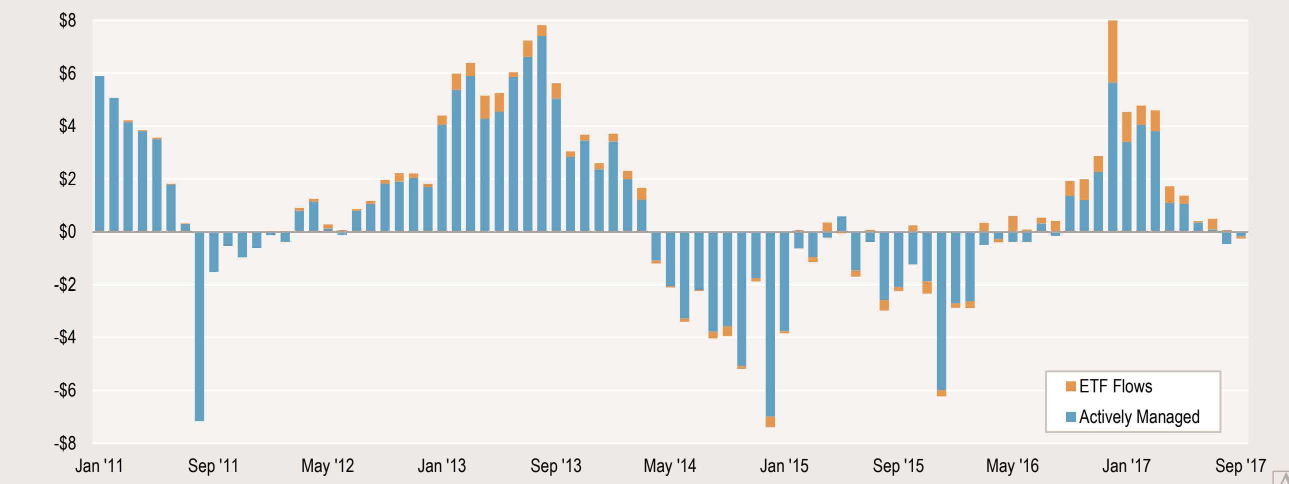
U.S. INSTITUTIONAL LOAN ISSUANCE



Source: Thomson Reuters LPC

Issuance remained strong during the quarter stemming from both refinancing and new money transactions.

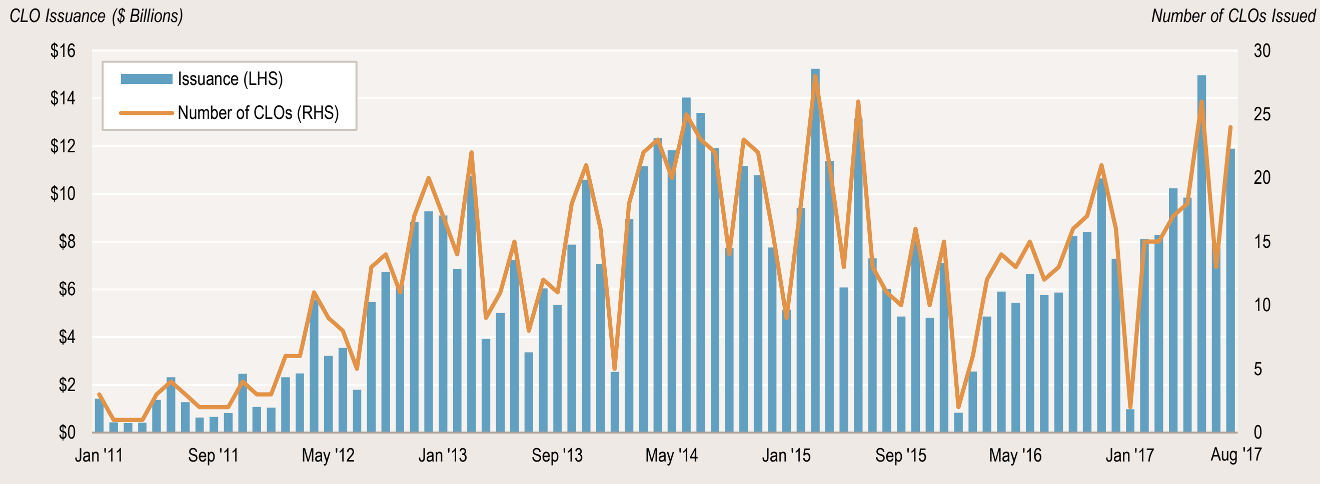
LEVERAGED LOAN FUND FLOWS



Source: J.P. Morgan

Loan fund flows moderated during the quarter although total fund flows on the year remain positive, providing ongoing technical support for the market.

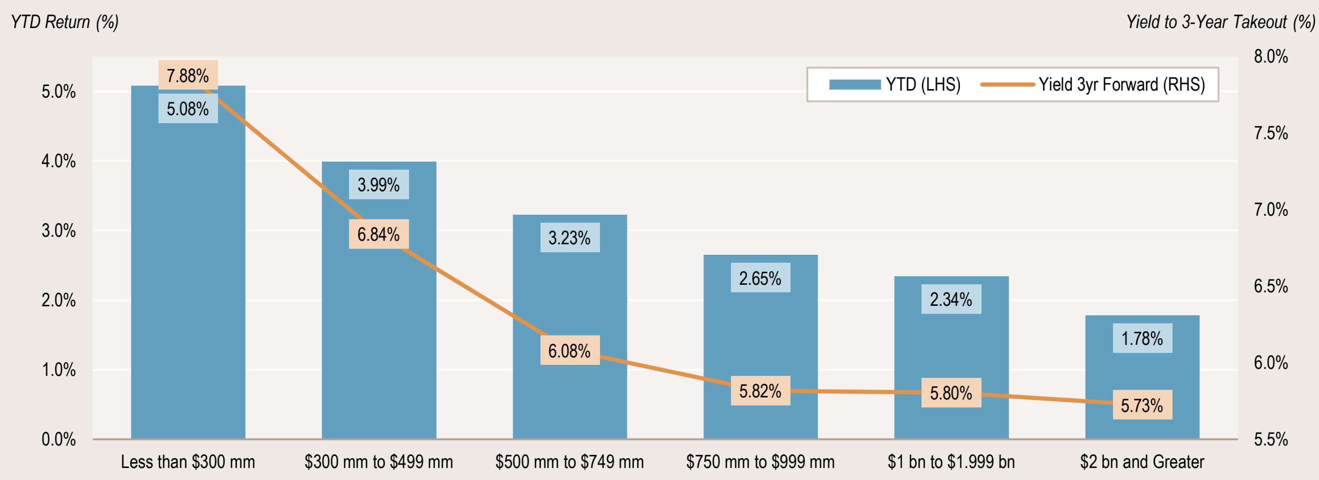
U.S. CLO NEW ISSUE VOLUME



Source: Thomson Reuters LPC, Wells Fargo

Gross CLO issuance continued at a strong pace during the quarter and YTD issuance of over $80 billion exceeds full year issuance in 2016.

PERFORMANCE BY LOAN TRANCHE SIZE

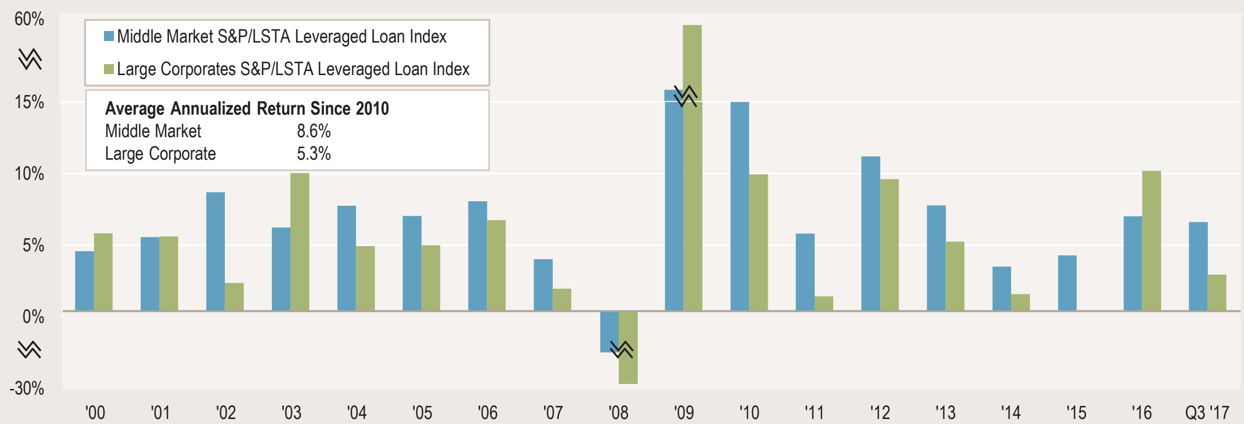


Source: J.P. Morgan

Smaller-sized loans have outperformed their larger counterparts this year, with the performance difference between loans less than $300 million and loans greater than $2 billion in excess of 300bps.

MIDDLE MARKET DIRECT LENDING

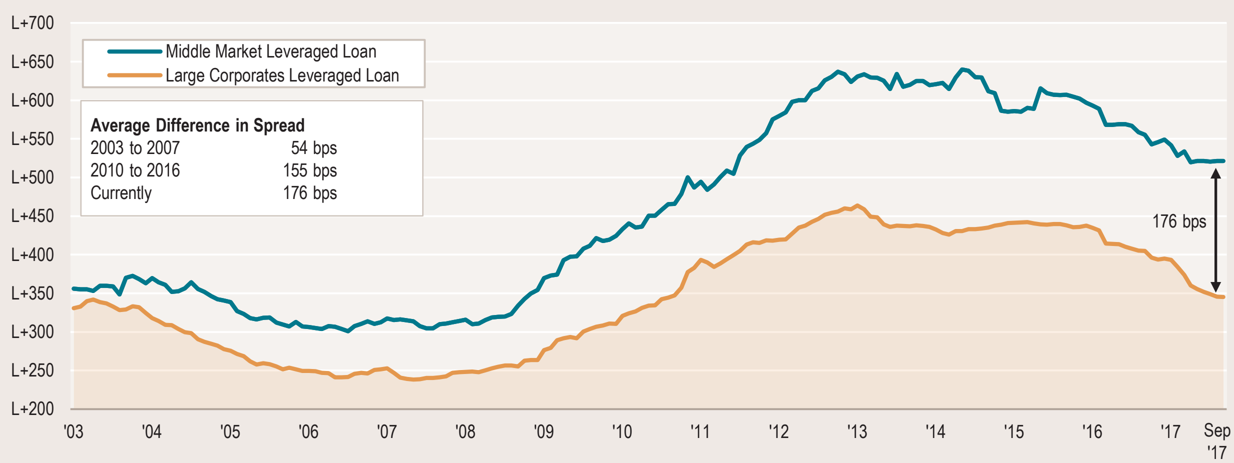
ANNUAL RETURNS: MIDDLE MARKET VS. LARGE CORPORATES



Middle market leveraged loan includes issuers with less then $50m EBITDA
Source: S&P LCD, S&P/LSTA Leveraged Loan Index

Middle market loans are on track to deliver positive returns for the ninth consecutive year.

AVERAGE LOAN SPREAD: MIDDLE MARKET VS. LARGE CORPORATES

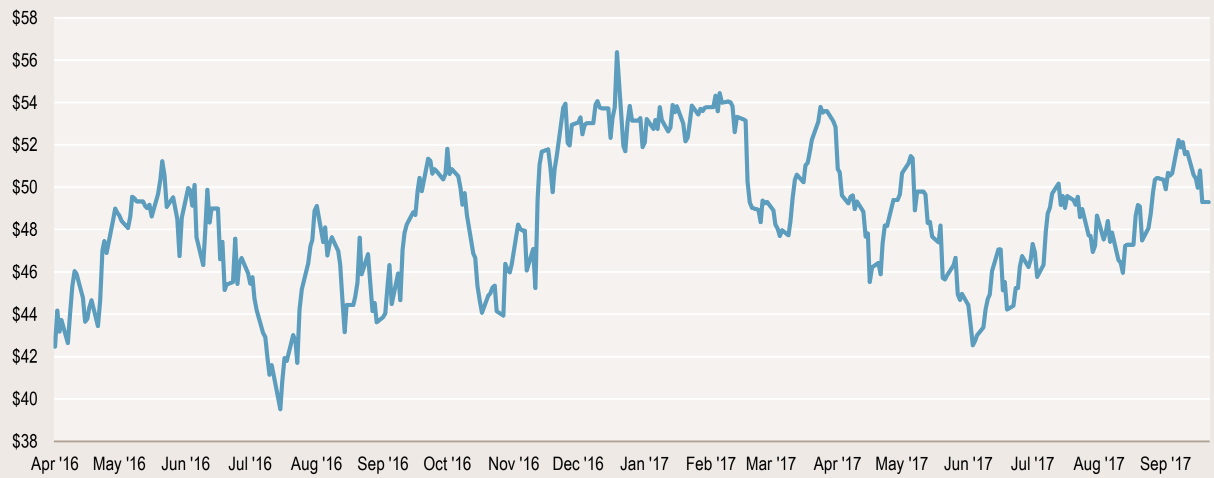


Middle market leveraged loan includes issuers with less than $50m EBITDA
Average spread includes any LIBOR floor benefit
Source: S&P LCD

Spreads in the middle market remain comfortably above those in the large corporate market.

ENERGY CREDIT

WTI CONTINUES TO RANGE TRADE

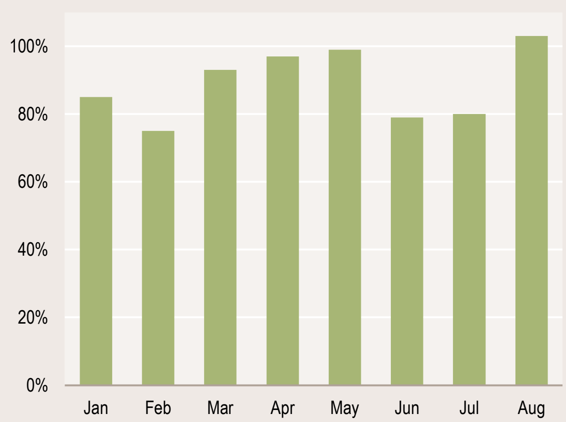


Source: Capital IQ

During the quarter, WTI continued to trade within a narrow band between $45 and $52.

OPEC COMPLIANCE WITH PRODUCTION CUTS

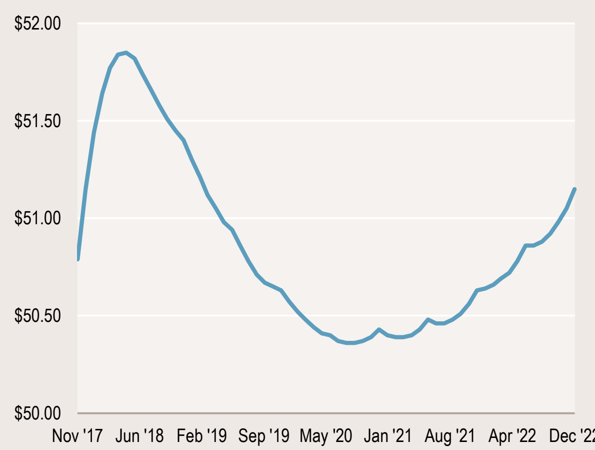
Actual Cuts as a % of Total Promised Cuts



Source: Bloomberg

In August, OPEC compliance with its stated production cuts achieved a new high of 110%.

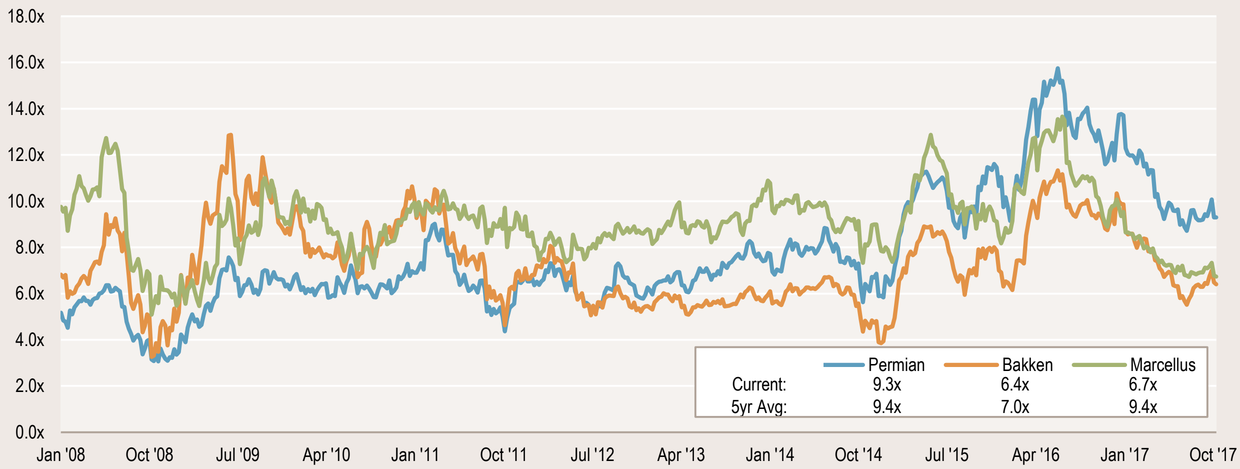
WTI FORWARD CURVE



Source: Bloomberg

The NYMEX strip was in backwardation at the end of Q3 and remains within a tight $50 to $52 band through 2022.

E&P EQUITY VALUATIONS: EV/EBITDA BY BASIN

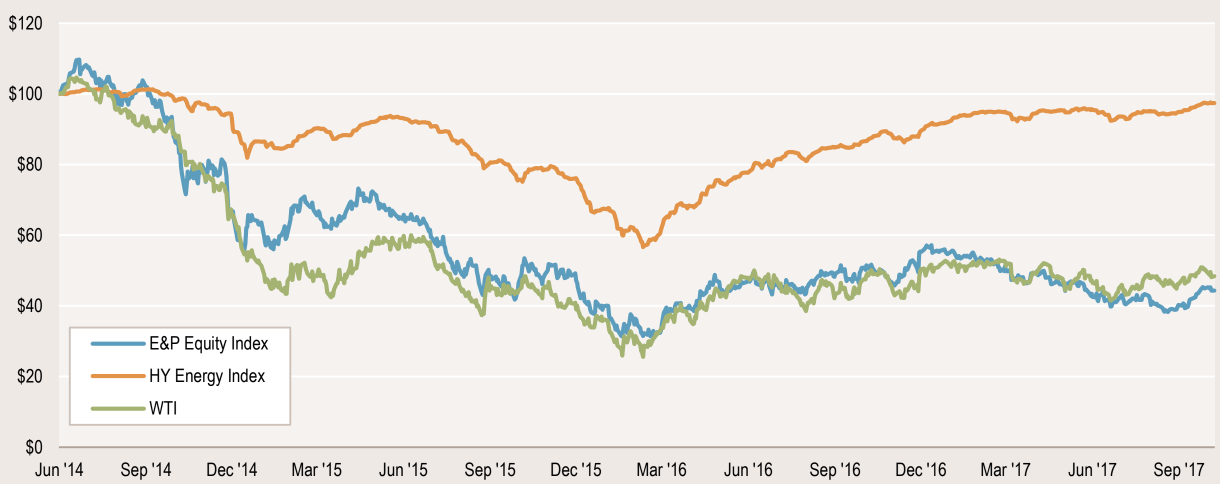


EV/EBITDA is based on consensus estimates for NTM
Source: FactSet, Evercore ISI Research

Aside from Permian-focused producers, E&P equity valuations generally remain well below 5-year averages.

COMMODITY PRICES VS. HIGH YIELD ENERGY VS. E&P EQUITY

Normalized at 100 – June 2014

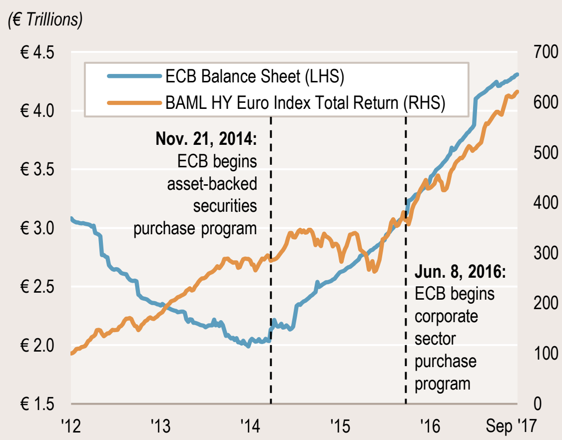


Source: Bloomberg

While energy equities underperform, energy credit spreads are now sub-7%.

DISTRESSED DEBT

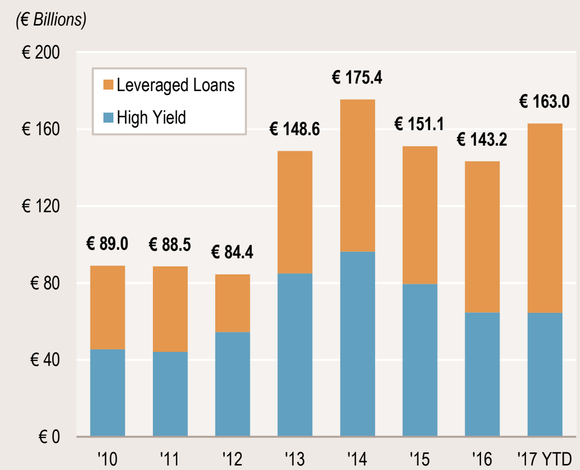
ECB BALANCE SHEET GROWTH



Sources: ECB Balance Sheet: Bloomberg as of September 15, 2017. Aggregate assets and liabilities of banks within an economy (including private or commercial banks, central banks or both). BAML HY Euro Index & Corp. IG Index: Bank of America Merrill Lynch Research as of September 15, 2017. Indexed to 100 on September 28, 2012

Despite certain credit markets reacting positively to central bank activity, we do not know how tapering will affect markets.

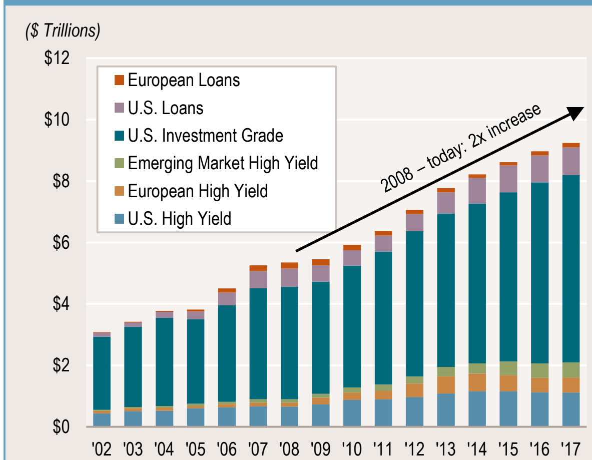
EUROPEAN SUB-IG PRIMARY ISSUANCE



Source: Bank of America Merril Lynch Research, S&P LCD

Primary issuance in Europe has stepped up materially over the last few years.

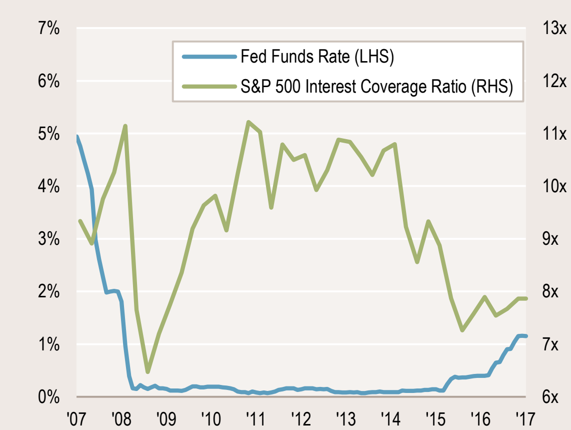
DRAMATIC INCREASE OF DEBT IN THE SYSTEM



Source: Bank of America Merrill Lynch, S&P LCD and J.P. Morgan as of July 31, 2017

Post-financial crisis, outstanding systemic debt has nearly doubled.

U.S. RATES VS. CORPORATE INTEREST RATE COVERAGE

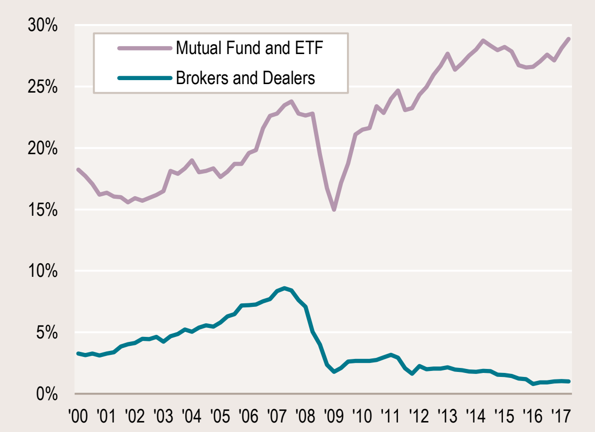


Source: Federal Reserve Bank of St. Louis and S&P Capital IQ as of September 1, 2017

Interest rate coverage did not materially or sustainably adjust to low interest rates; an increase in rates could lead to poor coverage in the future.

(Return to Table of Contents) *(Return to PM Overview)*

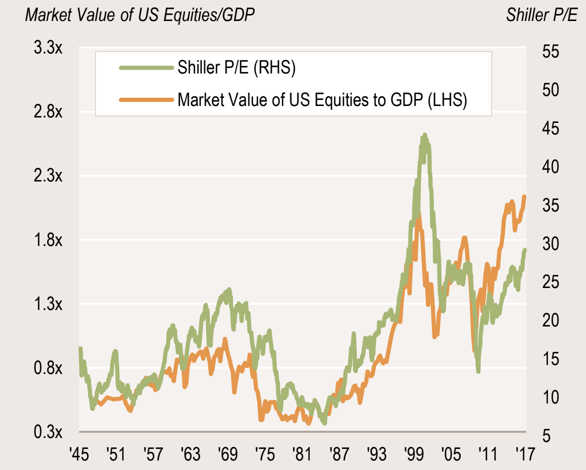
"FAST MONEY" INCREASING OWNERSHIP OF BOND ASSETS



Source: Federal Reserve Bank of St. Louis as of September 1, 2017

Not only has broker dealer inventory dramatically declined, but passive money participation has increased.

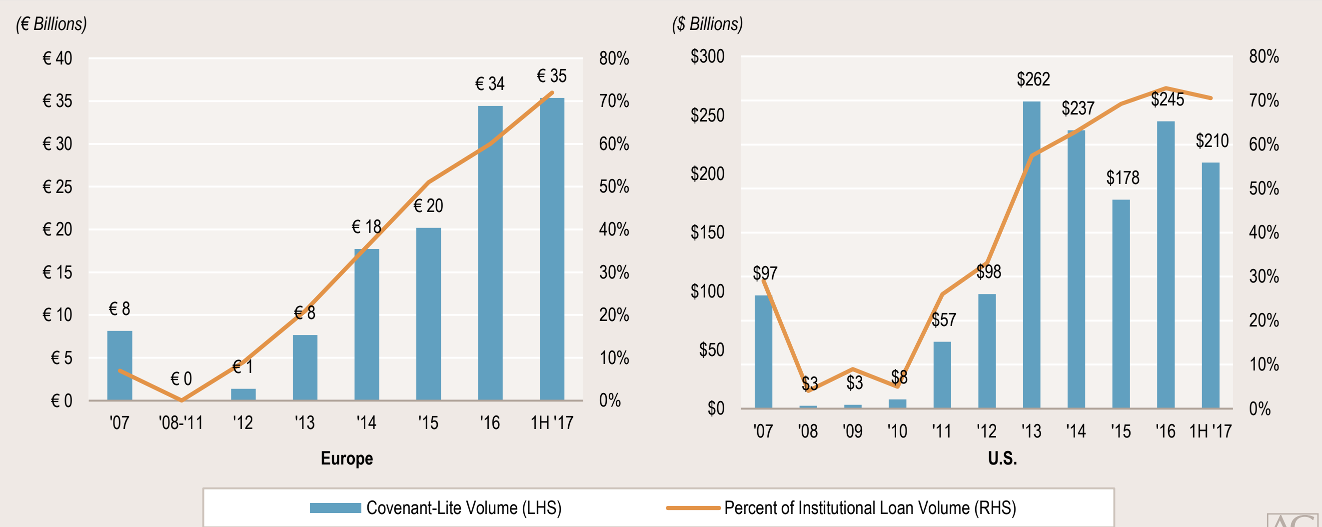
U.S. EQUITIES OUTPACING GDP



Source: Citi Research, Haver

While unclear if central bank actions have stimulated the global economy, they have clearly contributed to rising equity markets, now at all time highs vs. GDP.

U.S. & EUROPEAN COVENANT LIGHT AS A % OF NEW ISSUE INSTITUTIONAL LOANS

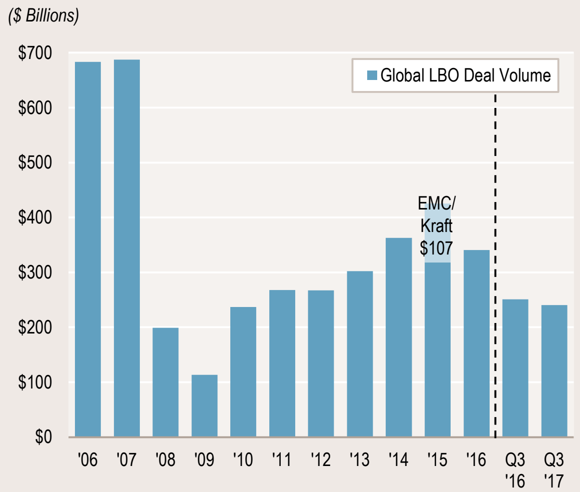


Source: S&P/LCD - Covenant-Lite Loans as a % of New Issue Institutional Loans

An undeniable loosening of credit standards has hit both European and U.S. loan markets.

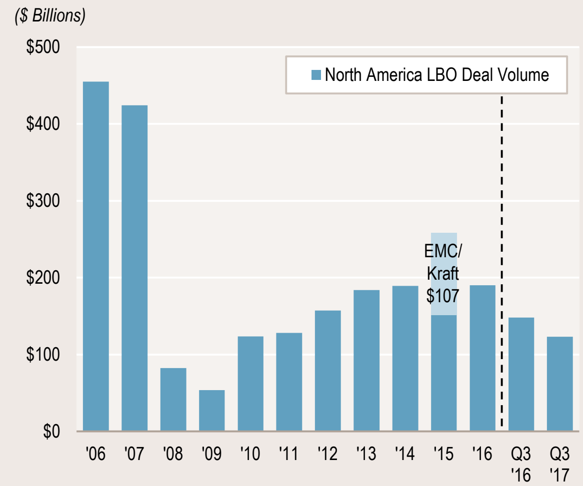
PRIVATE EQUITY

GLOBAL LBO DEAL VALUE



Source: Preqin

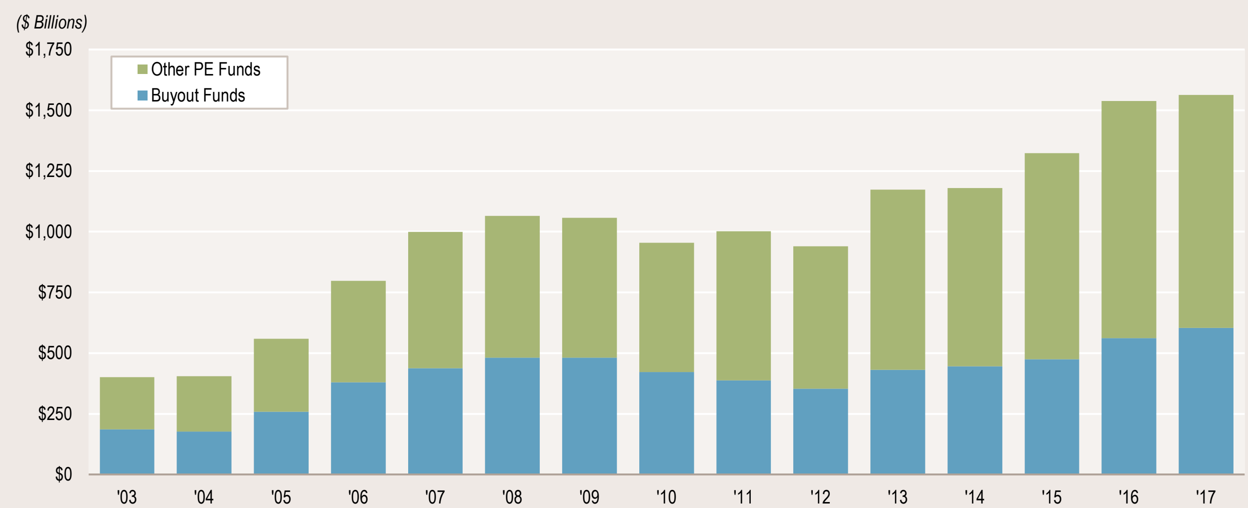
NORTH AMERICA LBO DEAL VALUE



Source: Preqin

Global deal volume in the first nine months of 2017 had a year on year decrease of 4%, while deal volume in North America declined approximately 14%.

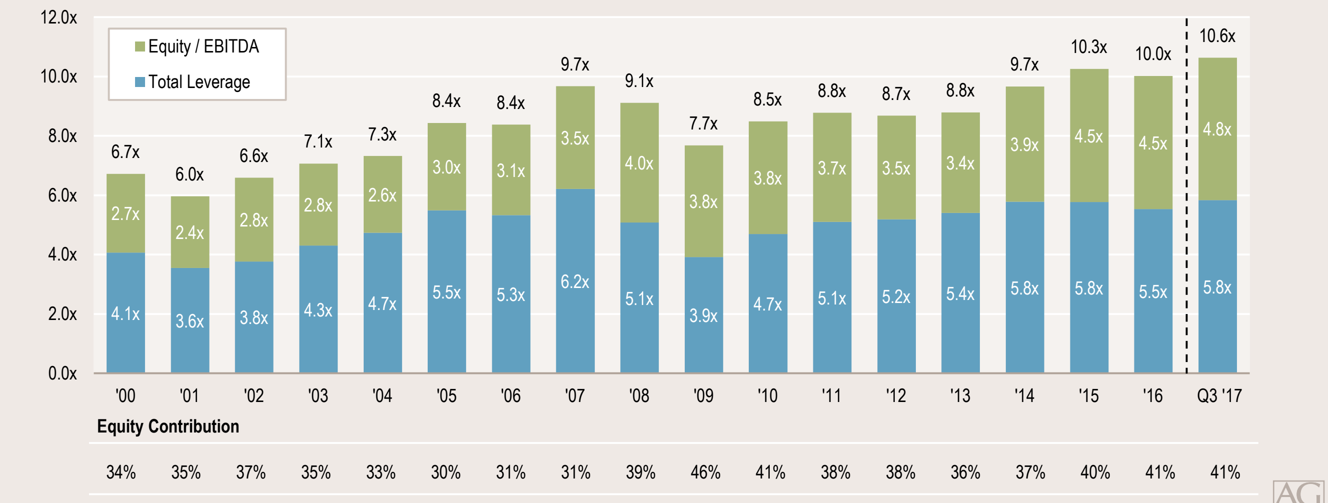
GLOBAL PRIVATE EQUITY DRY POWDER



Other PE Funds: Real Estate, Venture, Infrastructure, Growth, Distressed, Mezzanine, Other
Source: Preqin

Buyout dry powder at September 30, 2017 which stood at $603 billion increased 3% from the end of the second quarter, continuing the trend of quarterly all-time highs.

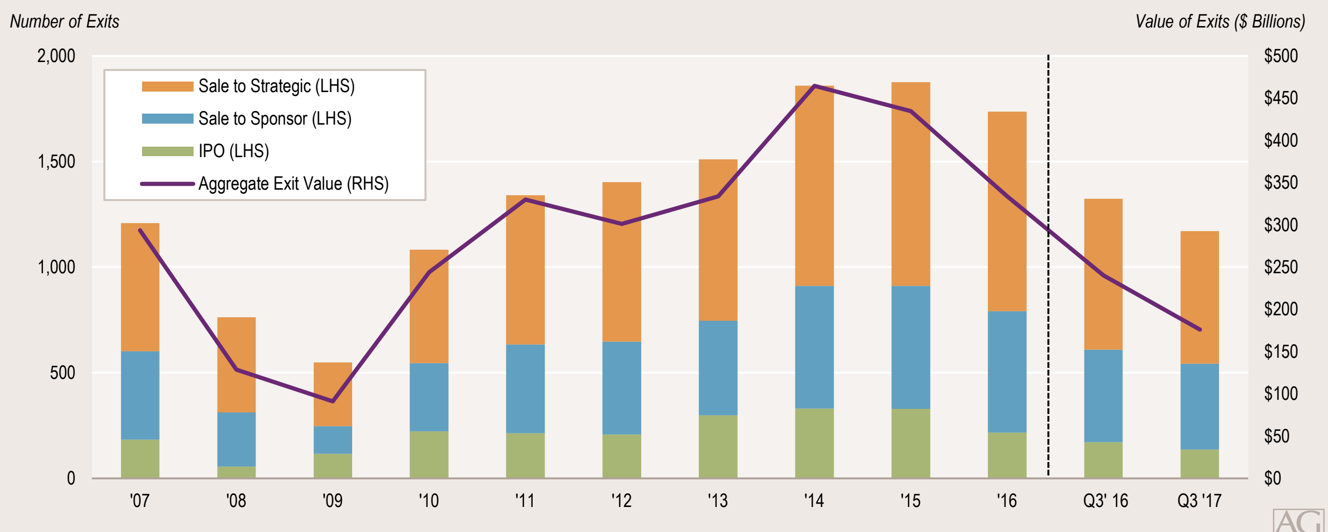
LBO CAPITALIZATION



Source: S&P Capital IQ LCD

LBO multiples in the first nine months (10.6x) increased from the 10.0x level of 2016 but are consistent with prior years.

PRIVATE EQUITY EXITS



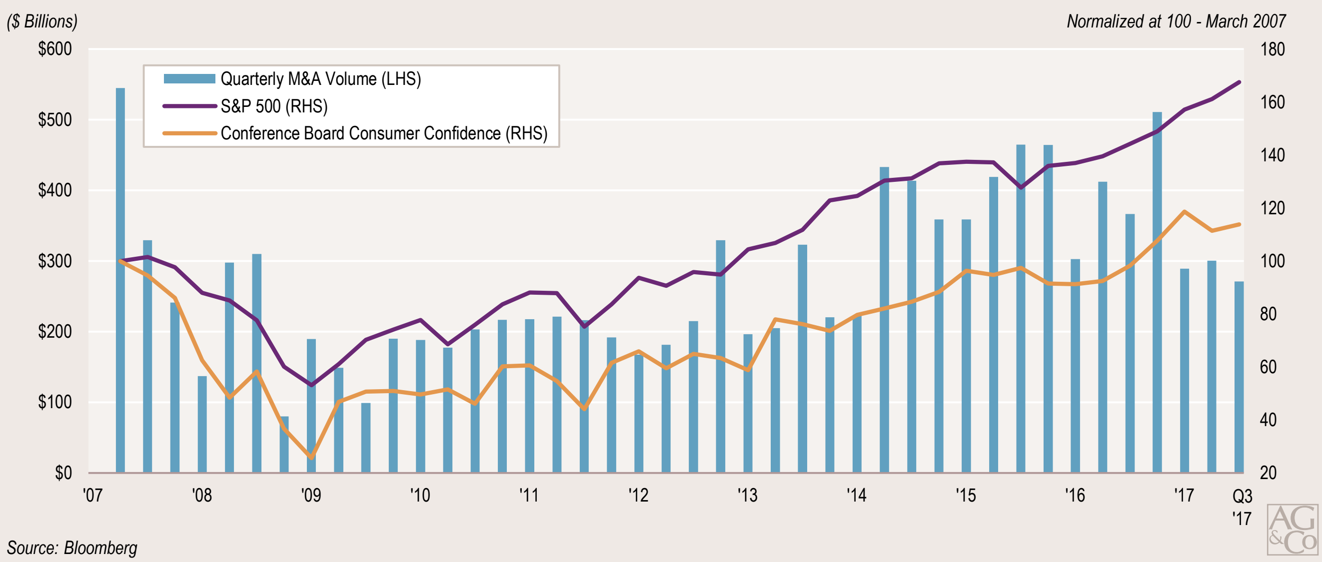
Source: Preqin

The number of exits in the first nine months of 2017 was lower than in the first nine months of 2016 as was the volume representing smaller dispositions by sponsors.

(Return to Table of Contents) *(Return to PM Overview)*

MERGER & CONVERTIBLE ARBITRAGE

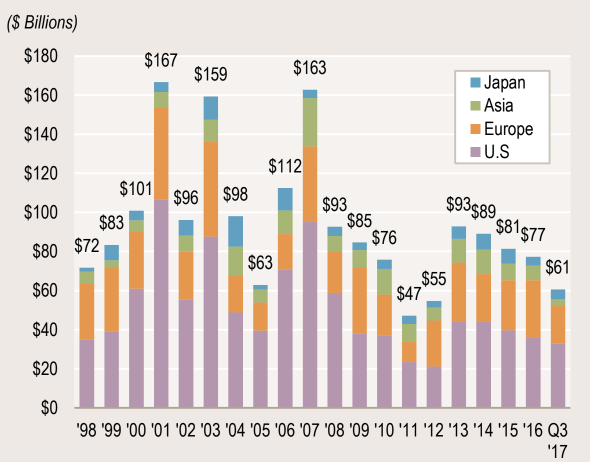
QUARTERLY NORTH AMERICA M&A VOLUME VS S&P 500 AND CONSUMER CONFIDENCE



Source: Bloomberg

M&A volumes declined as cross-border M&A into the U.S. fell below historical levels.

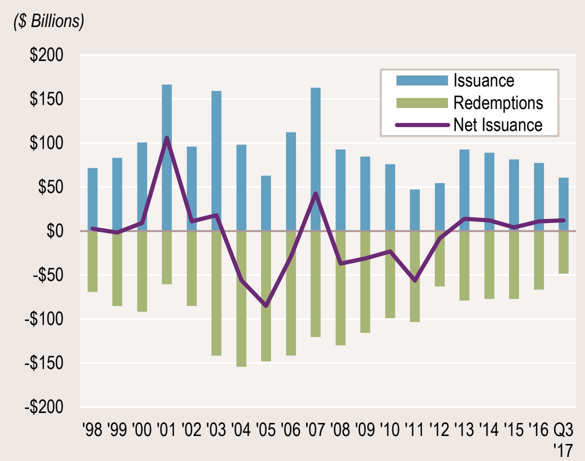
CONVERTIBLE BONDS ANNUAL GLOBAL ISSUANCE BY REGION



Source: Bank of America Merrill Lynch

Global new issuance remains on track to surpass the previous year's level.

CONVERTIBLE BONDS GLOBAL NET ISSUANCE

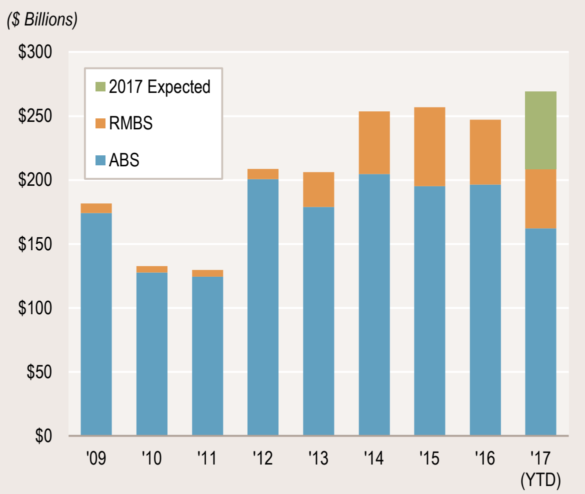


Source: Bank of America Merrill Lynch

The moderate pace of expansion supports valuations in the secondary market.

RESIDENTIAL AND CONSUMER DEBT (RMBS/ABS)

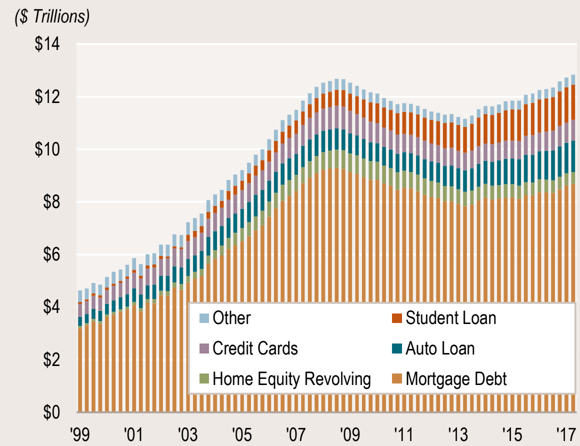
PRIVATE LABEL NEW ISSUE



Source: Bank of America Merrill Lynch Global Research September 2017

Private label RMBS and ABS issuance is on track for its strongest year since the financial crisis.

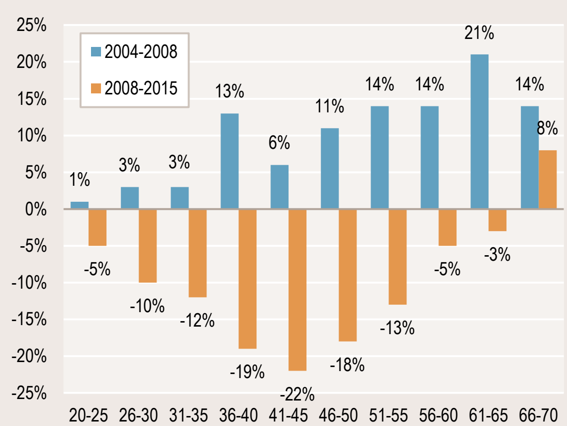
TOTAL OUTSTANDING HOUSEHOLD DEBT



Source: FRB- New York, DB Global Markets Research

Household debt has increased over the last several years although credit conditions remain tight; household wealth has also increased over the same time period.

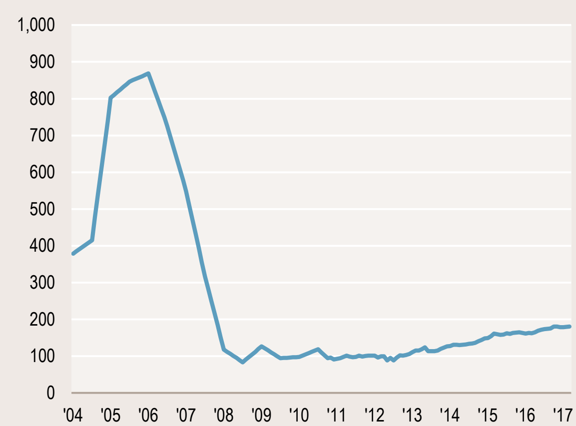
SHARE OF THE CHANGE IN TOTAL CREDIT CARD DEBT BY AGE GROUP



Source: FRB- New York, DB Global Markets Research

Younger individuals have delevered more than older individuals since the crisis.

MORTGAGE CREDIT AVAILABILITY INDEX

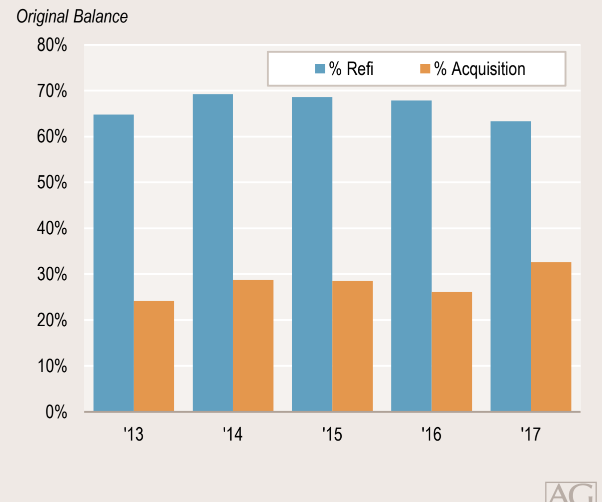


Source: Bank of America Merrill Lynch MBA Mortgage Credit Availability Index (2012=100)

Mortgage credit availability remains tight by historical standards.

COMMERCIAL REAL ESTATE DEBT (CMBS)

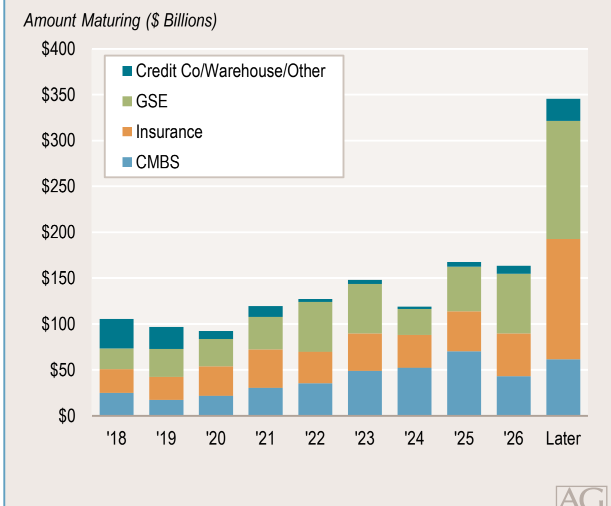
NEW ISSUE ACQUISITION LOANS SHARE INCREASING



Source: Bank of America Merrill Lynch Global Research

Although refis account for the majority of CMBS loans, the percent of loans used for acquisition financing has been increasing.

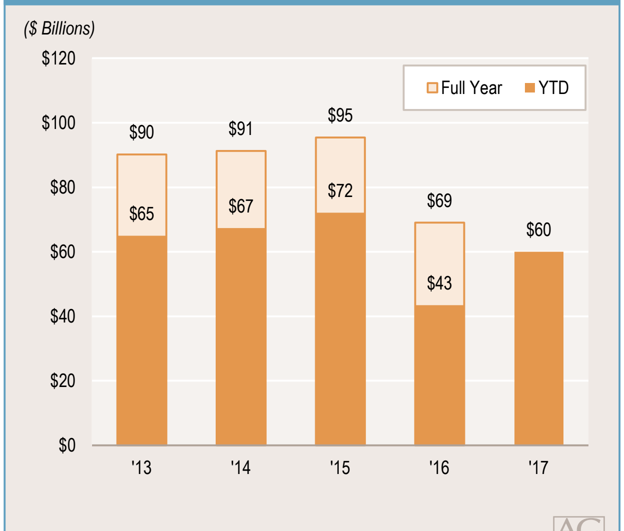
NON-BANK COMMERCIAL REAL ESTATE REFINANCE SCHEDULE



Source: Mortgage Bankers Association, data as of 12/31/2016

The much-feared CMBS wall of maturity is largely behind us but overall upcoming maturities remain substantial.

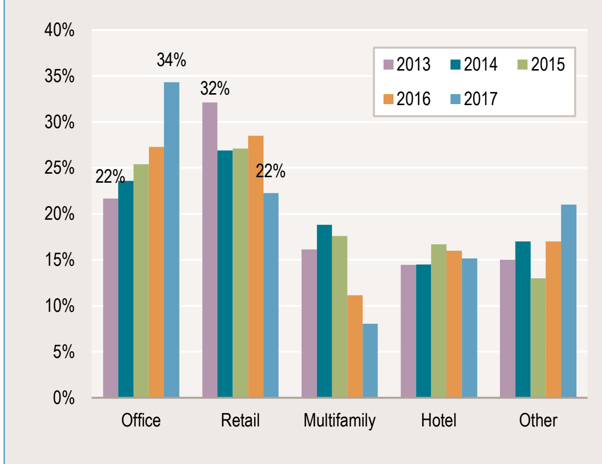
PRIVATE LABEL CMBS ISSUANCE



Source: CMA, Deutsche Bank

Private label issuance has surpassed investor expectations this year with YTD issuance rapidly approaching last year's $69 billion.

OFFICE SHARE OF COLLATERAL HAS GROWN

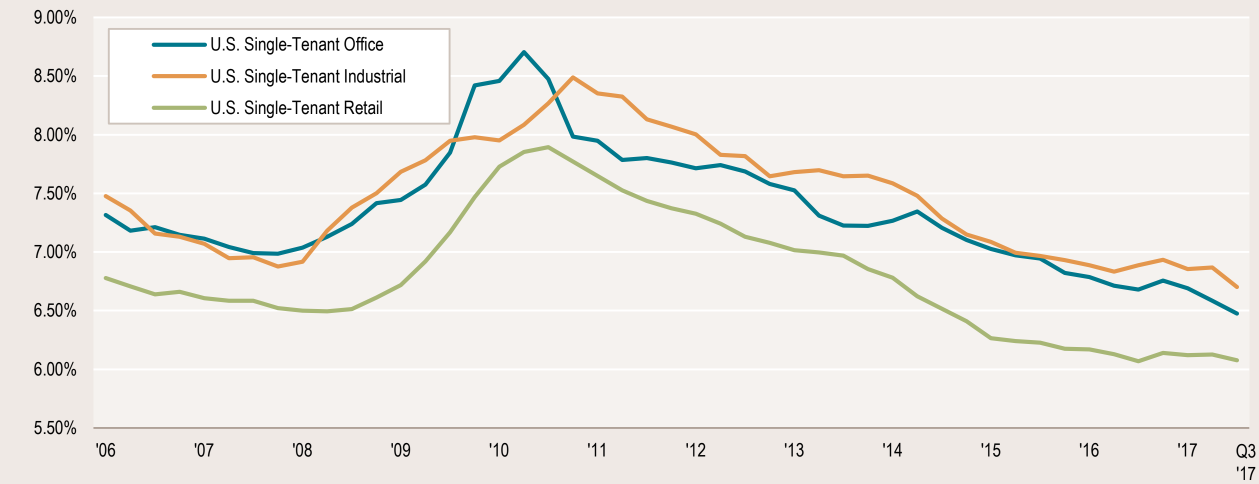


Source: CMA, Intex, Bloomberg Financial LLP, rating agency pre-sale reports, Deutsche Bank

CMBS conduit exposure to the retail sector and to malls has declined since the new issue market restarted in 2010.

NET LEASE REAL ESTATE

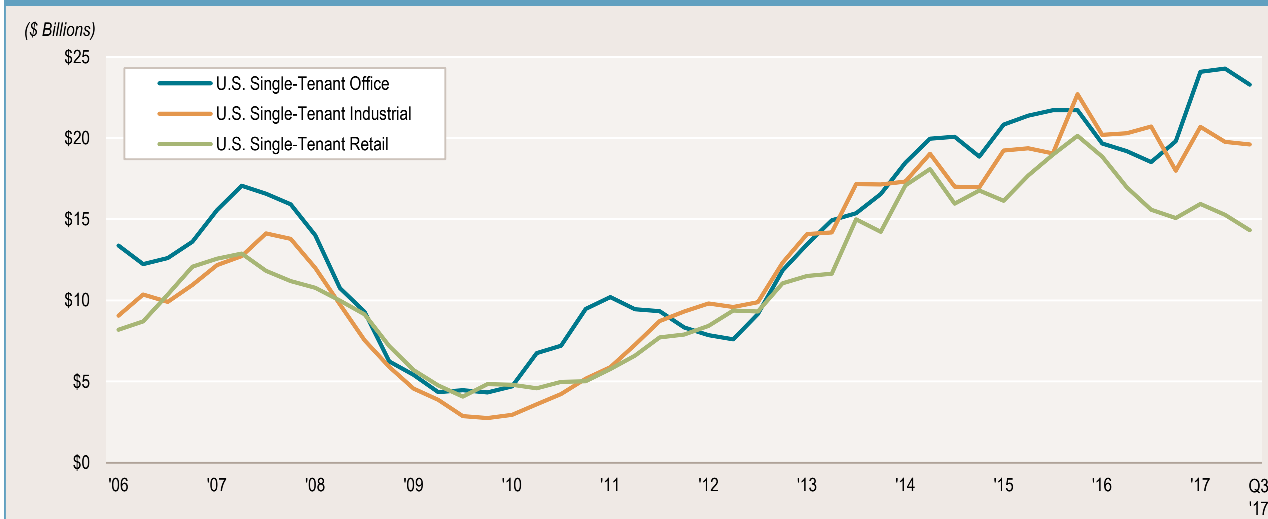
AVERAGE SINGLE-TENANT CAP RATES



Source: Real Capital Analytics

Cap rates have continued to compress.

12-MONTH ROLLING SINGLE-TENANT DEAL VOLUME

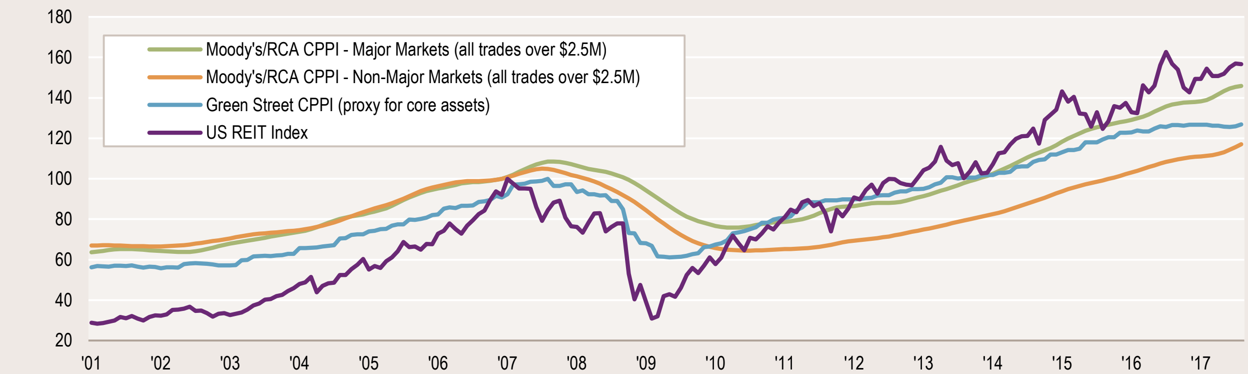


Source: Real Capital Analytics

Volume has been choppy, with slight declines in early 2017.

REAL ESTATE – UNITED STATES

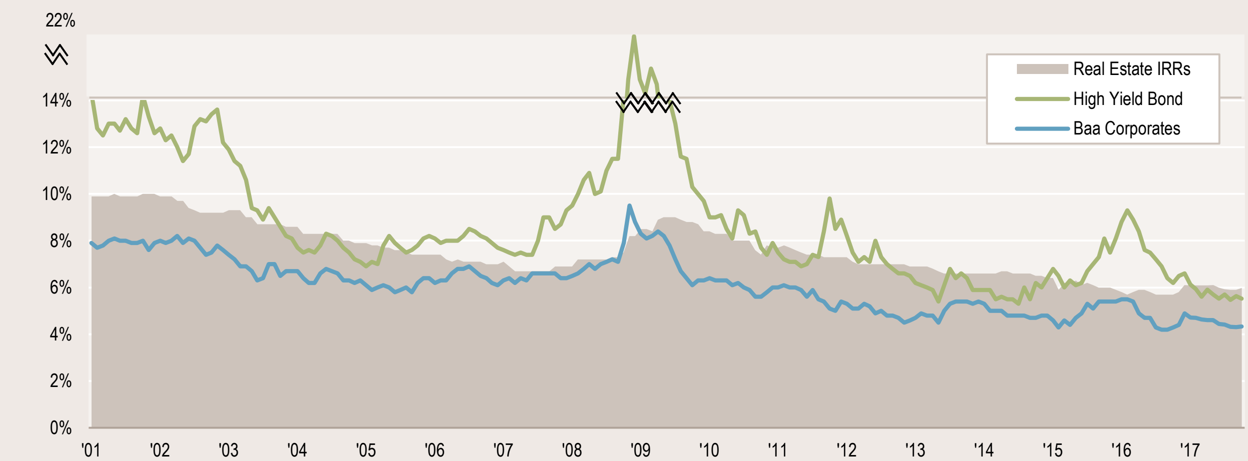
COMMERCIAL REAL ESTATE PRICE INDICES



Moody's CPPI = Moody's/RCA All Property Types
Green Street CPPI = Major Sectors
Sources: Moody's – Commercial Property Price Index (Moody's CPPI) (data through April '15), Green Street Advisors – Commercial Property Price Index (Green St CPPI) (data through May '15). Note: For this chart, Green St CPPI was indexed to 100 at it's 2007 peak (Aug 2007) and Moody's CPPI was indexed at 100 in Dec 2006. Note: Major markets include Boston, Chicago, Washington D.C. Metro, Los Angeles Metro, New York City Metro and San Francisco Metro.

Valuation flat for REITs but transaction pricing (Moody's/RCA) posted a positive trend.

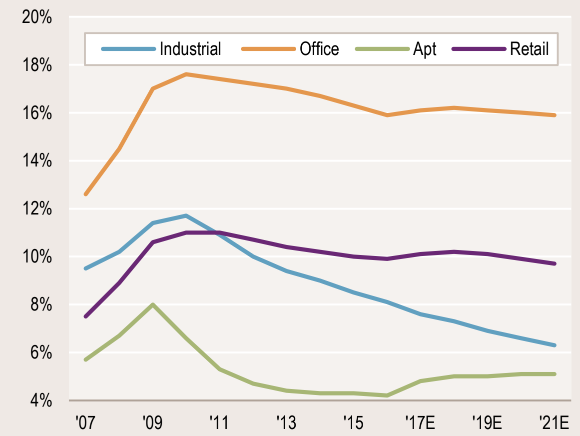
UNLEVERED TOTAL RETURN EXPECTATIONS ON REAL ESTATE VS. CORPORATE BOND YIELDS



Real Estate IRR is an equal-weighted average of the asset-weighted averages for the five major property sectors (Apartment, Industrial, Mall, Office and Strip Center).
Source: Green Street Advisors (Apr '16), Moody's (Baa Corporates), BAML (High-Yield Bonds)

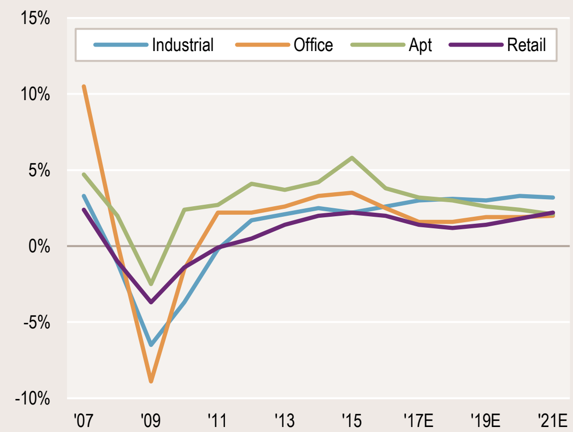
High yield bonds have come in sharply since last year; real estate attractive on a relative basis.

VACANCY RATES STEADY



Source: REIS, J.P. Morgan

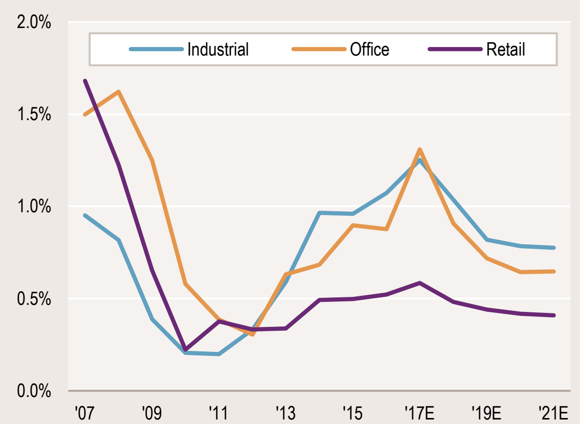
RENTAL RATES CONTINUING TO GROW BUT AT DECLINING RATES



Source: REIS, J.P. Morgan

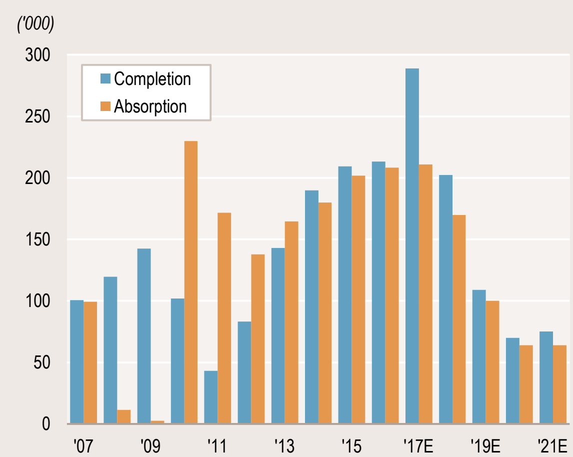
Property fundamentals remain positive but rate of improvement declining. *(Applies to all charts on page.)*

COMMERCIAL DEVELOPMENT (AS A % OF TOTAL INVENTORY) ACCELERATING



Source: REIS, J.P. Morgan

APARTMENT COMPLETIONS OUTPACING ABSORPTION

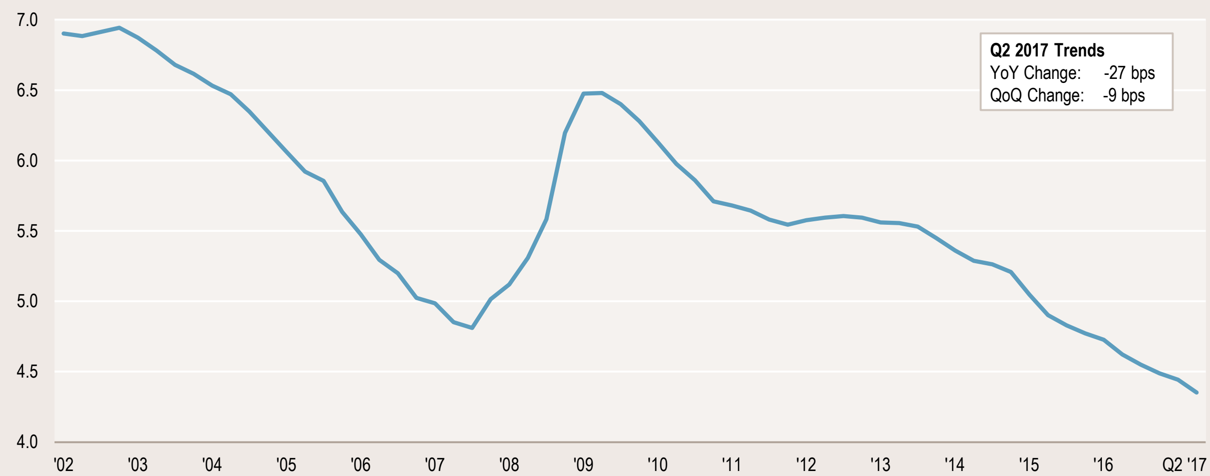


Source: REIS, J.P. Morgan

(Return to Table of Contents) (Return to PM Overview)

REAL ESTATE – EUROPE

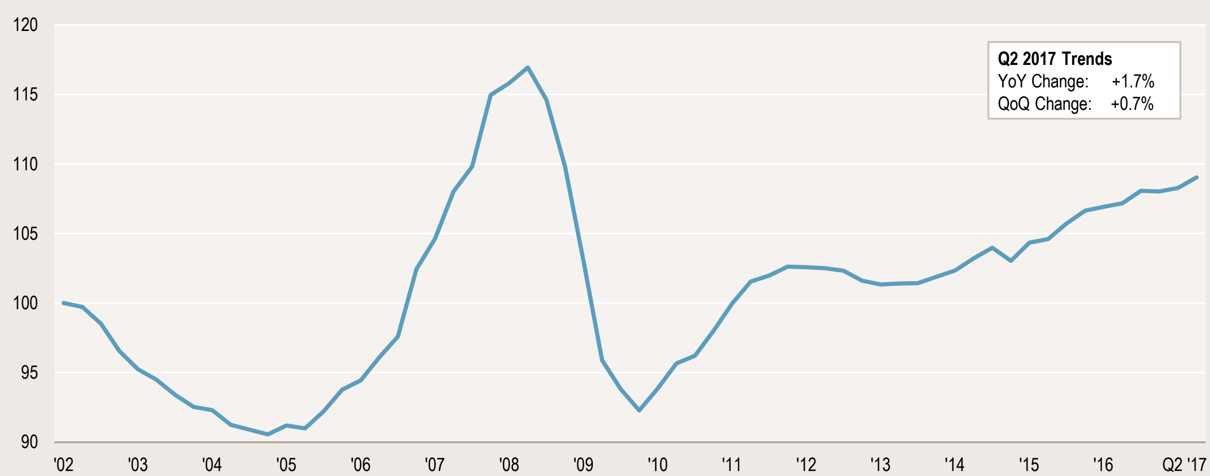
EUROPEAN WEIGHTED AVERAGE PRIME OFFICE YIELD



Source: Knight Frank Research

Cap rates for Core assets in Europe continue to move lower.

EUROPEAN PRIME OFFICE RENTAL INDEX

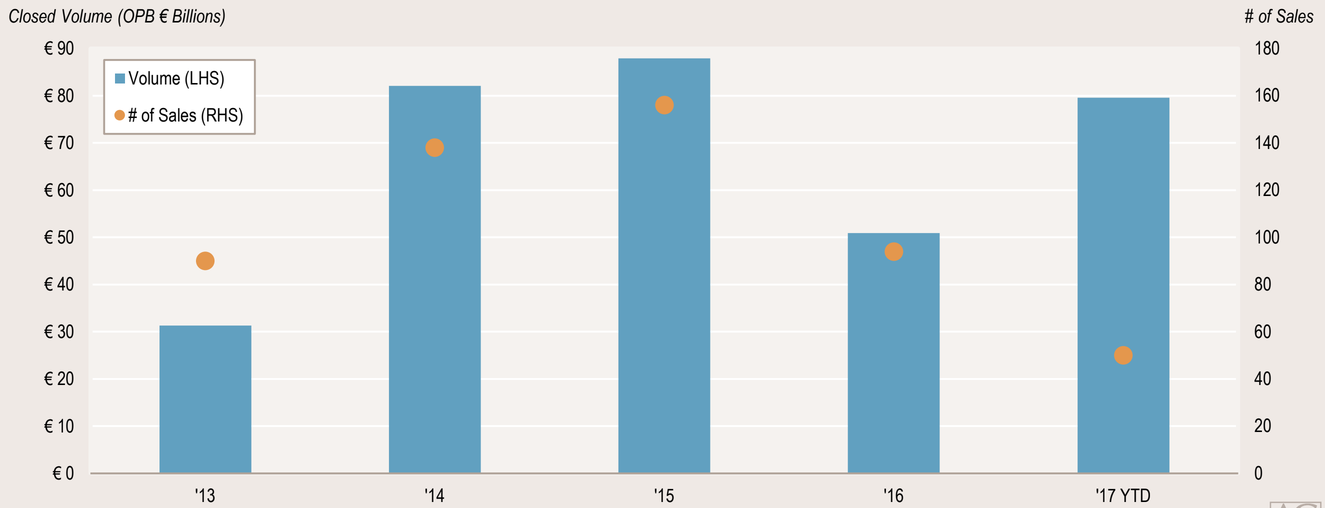


Index, Q2 2002 = 100
Source: Knight Frank Research

Rental growth has been positive and supports low cap rates.

(Return to Table of Contents) (Return to PM Overview)

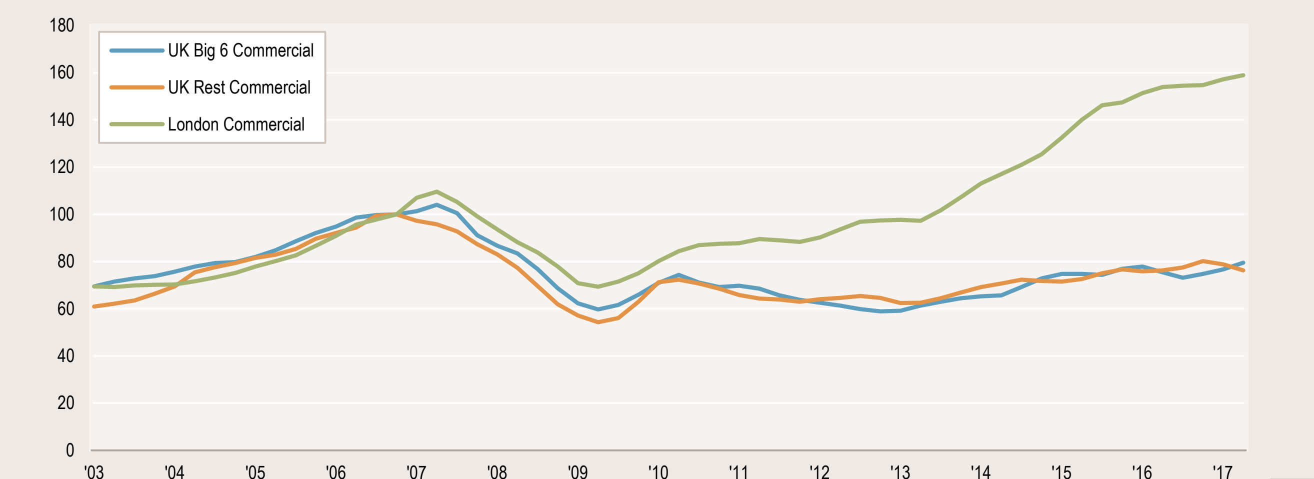
CLOSED EUROPEAN REAL ESTATE LOANS & REO TRANSACTIONS



Source: Evercore, Publicly Available Information

YTD 2017 has been the busiest year for NPL sales on record; it is likely 2017 will surpass the 2015 peak for distressed sales.

UK COMMERCIAL REAL ESTATE VALUES

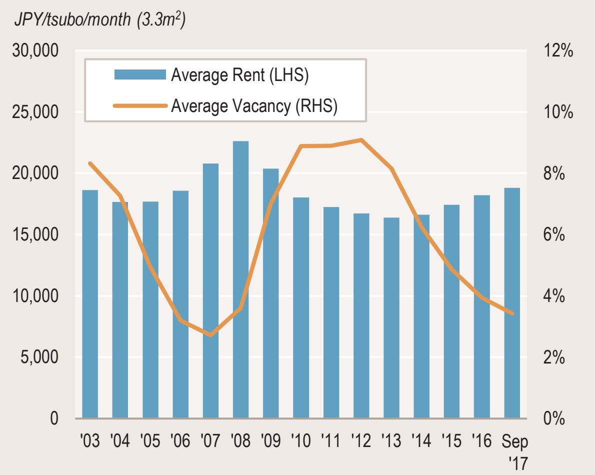


Source: Real Capital Analytics Commercial Property Price Indices

London prices have passed previous peaks but this is not true outside of London.

REAL ESTATE – ASIA

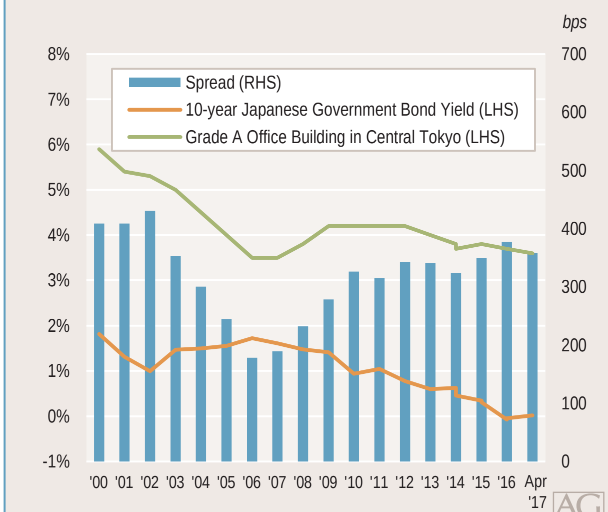
TOKYO'S 5 CENTRAL WARDS: OFFICE RENT AND VACANCY RATE



Source: Miki Shoji

Occupancy in Tokyo continues to improve although significant new supply is expected in the coming years.

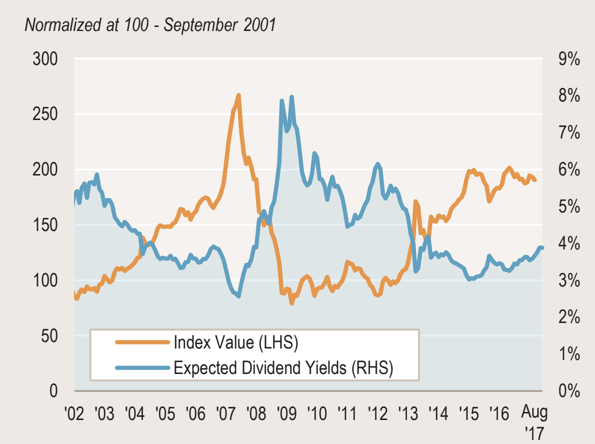
TOKYO GRADE A OFFICE CAP RATES VS. BORROWING COSTS



Source: Japan Real Estate Institute

Cap rate spreads continue to be wide as government bond yields remain low.

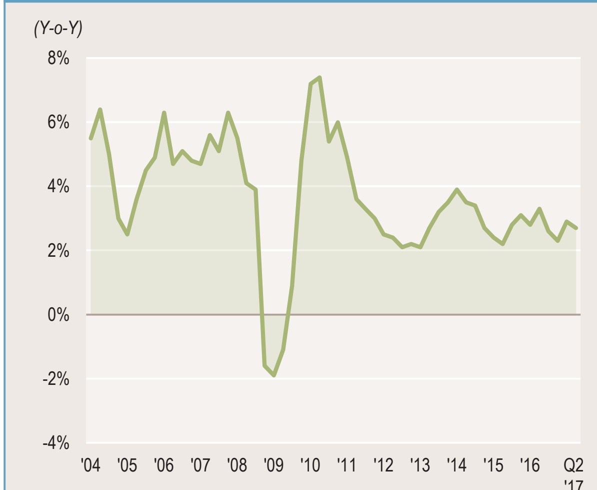
JAPANESE REAL ESTATE INVESTMENT TRUST (J-REIT) INDEX AND DIVIDEND YIELD



Source: Sumitomo Mitsui Trust Research Institute Co

The J-REIT index saw some declines in 2017 due to an ongoing Financial Services Agency investigation into potential improper practices by Japanese mutual funds.

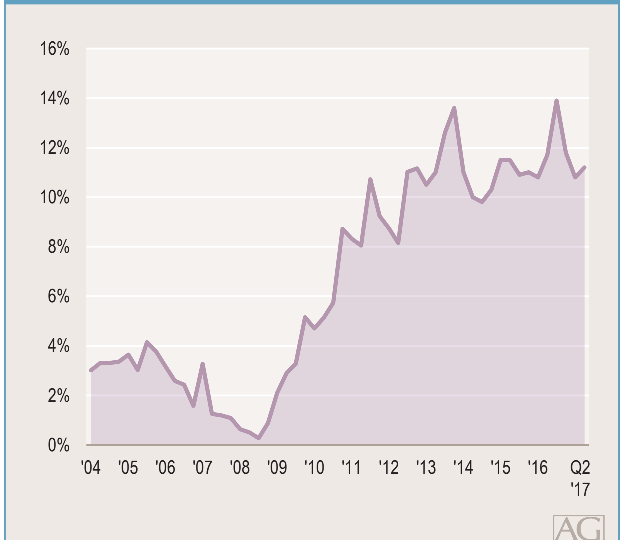
KOREA GDP GROWTH



Source: Bank of Korea

GDP growth continued to improve to 2.7% in the second quarter.

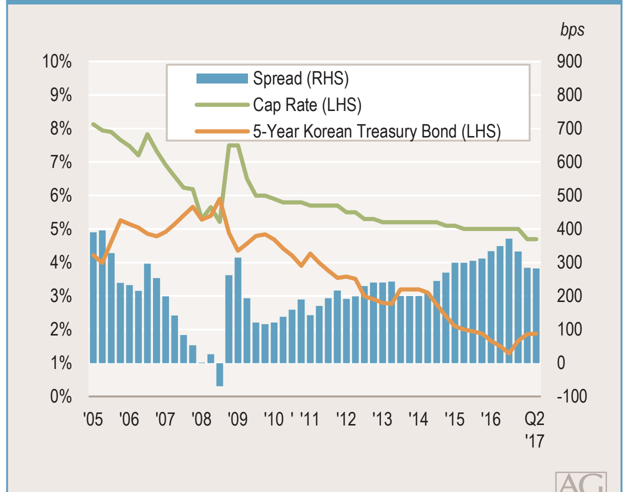
SEOUL OFFICE VACANCY RATE



Source: Jones Lang Lasalle Research

Office vacancy declined slightly to 11.2% as new supply was delivered to the market.

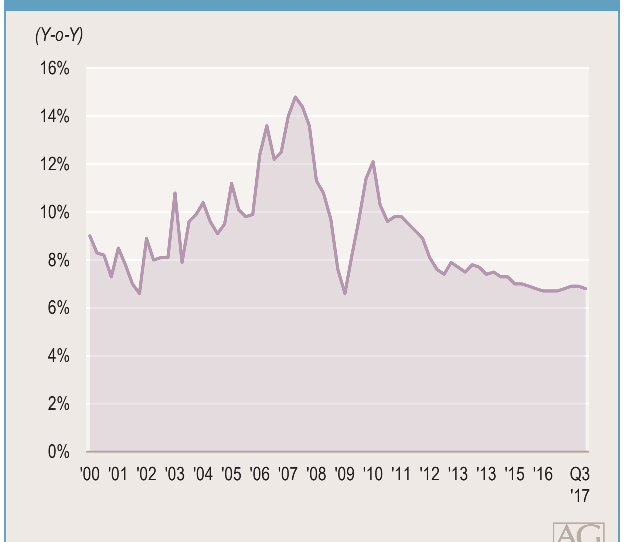
SEOUL PRIME OFFICE CAP RATE AND SPREAD OVER 5-YEAR TREASURY YIELD



Source: Savills Research

Cap rate spreads remain wide.

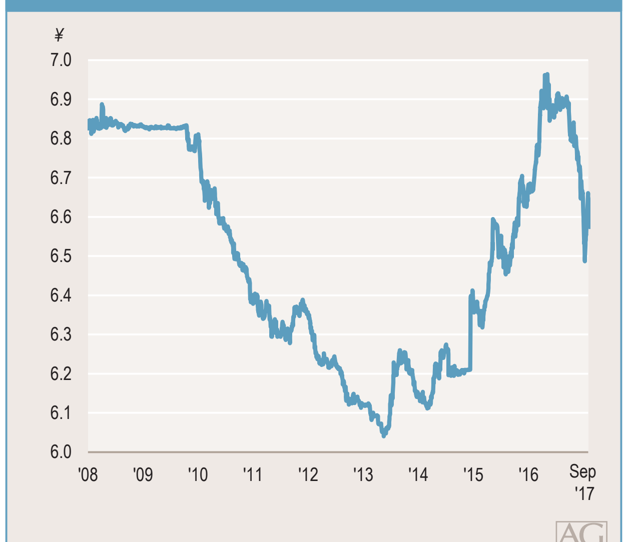
CHINA GDP GROWTH RATE



Source: National Bureau of Statistics of China

GDP growth continued to track towards 6.5%-7.0%.

USD VS. CNY



Source: Bloomberg

The Chinese RMB continued to show surprising strength in the most recent quarter.

AG &Co

This book is for informational purposes only and should not be construed as an offer to sell, a solicitation of an offer to buy, or a recommendation for any security. The information contained herein (A) is subject to change without notice, (B) is not, and may not be relied on in any manner as legal, tax or investment advice, and (C) may include “forward-looking statements,” which can be identified by the use of forward looking terminology such as “may,” “will,” “should,” “expect,” “anticipate,” “target,” “project,” “estimate,” “intend,” “continue” or “believe,” or the negatives thereof or other comparable terminology. Due to various risks and uncertainties, actual events or results may differ materially from those reflected or contemplated in such forward-looking statements.

ANGELO, GORDON & CO.

+1.800.805.0024
information@angelogordon.com
www.angelogordon.com

LOS ANGELES • SAN FRANCISCO • CHICAGO • HOUSTON
LONDON • AMSTERDAM • FRANKFURT • MILAN
HONG KONG • TOKYO • SEOUL