

PREI®

PRUDENTIAL REAL ESTATE INVESTORS



# PRISA LP

**BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM | JANUARY 14, 2014**

Joanna Mulford  
MANAGING DIRECTOR

Jerry Aversano  
DIRECTOR



## TABLE OF CONTENTS

<b>Section I:</b>	Prudential Real Estate Investors Overview
<b>Section II:</b>	PRISA LP
<b>Appendix</b>	U.S. Market Outlook Supplemental PRISA LP Information

**Please see Appendix for important disclosures about PRISA's structure.**

Note: Unless otherwise stated, all return information provided in this presentation is before the deduction of Manager Compensation/Fees and is not a guarantee or a reliable indicator of future results. All performance targets throughout this presentation are made as of September 30, 2013 and are not guaranteed. Effective January 1, 2013, PREI changed its method for calculating income and appreciation returns to one which uses separate geometric linking for each component, which is consistent with recent changes in Global Investment Performance Standards. As a result, when linking multiple periods' returns, the cumulative effect of cross compounding may cause the sum of income and appreciation returns to not equal the total return. Please refer to the Appendix for returns after the deduction of Manager Compensation/Fees and for other important disclosures regarding the information contained herein.



## **I. PRUDENTIAL REAL ESTATE INVESTORS OVERVIEW**



## PRUDENTIAL FINANCIAL

[prudential.com](http://prudential.com)

### Among the Leaders in Financial Services with a Focus on Asset Management & Retirement Services

- Managing assets for more than 135 years.
- Among the world's premier financial services institutions.
- Top 10 worldwide institutional money manager<sup>1</sup>
- Listed on the NYSE. (NYSE: PRU)
- Over \$1 trillion of assets under management.<sup>2</sup>

<sup>1</sup> Pensions and Investments, May 27, 2013.

<sup>2</sup> As of June 30, 2013.

<sup>3</sup> As of June 30, 2013.

## PRUDENTIAL REAL ESTATE INVESTORS

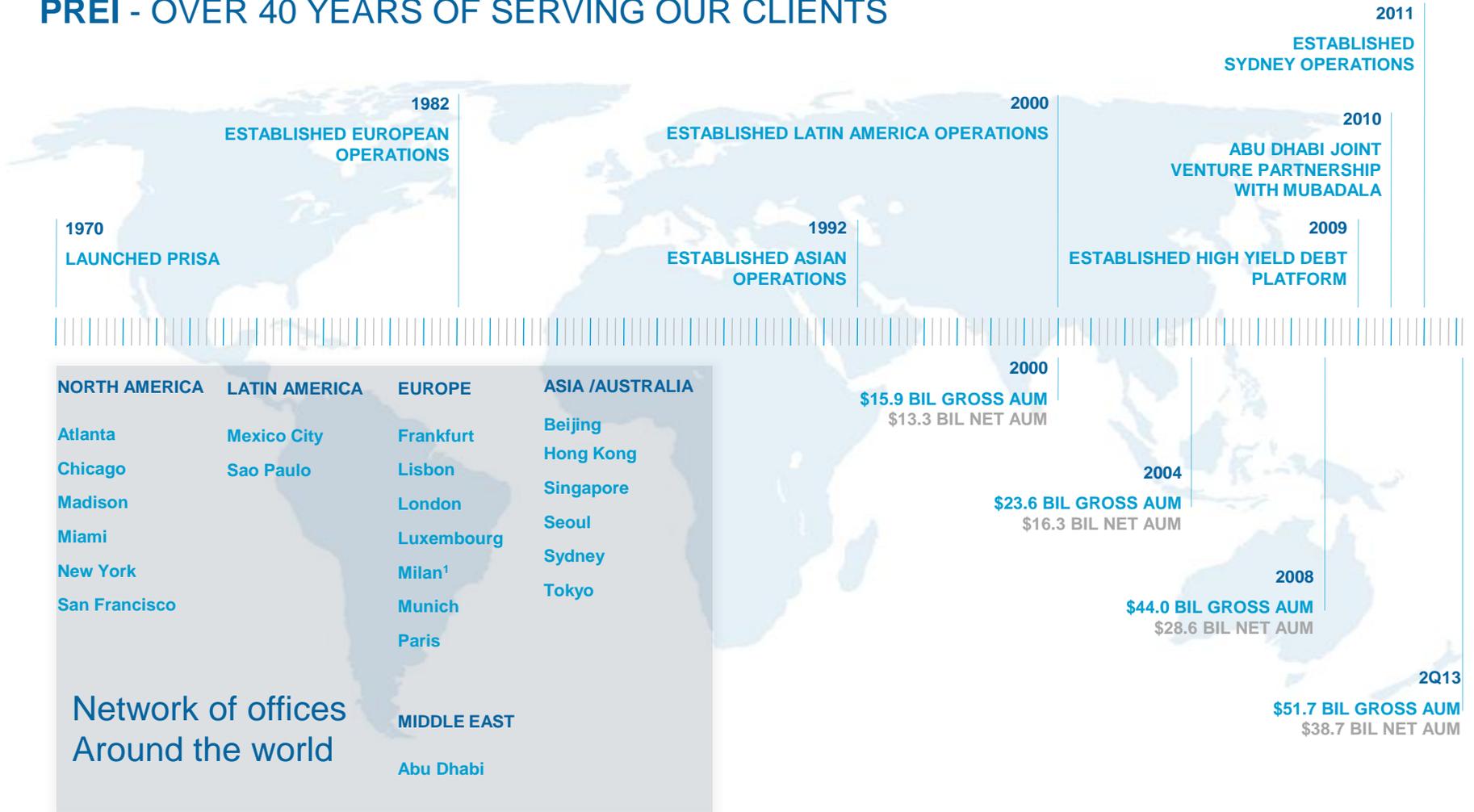
[prei.com](http://prei.com)

### A Leader in Global Real Estate Investment Management

- PREI offers a broad range of investment vehicles that invest in private and public market opportunities globally.
- Managing \$51.7 billion in gross real estate assets (\$38.7 billion net) on behalf of more than 490 institutional clients worldwide.<sup>3</sup>



# PREI - OVER 40 YEARS OF SERVING OUR CLIENTS



<sup>1</sup> Representative presence.

Note: past performance is not a guarantee or a reliable indicator of future results. As of June 30, 2013.



## EXPERIENCED GLOBAL MANAGEMENT TEAM



**Eric Adler**

**GLOBAL CHIEF EXECUTIVE OFFICER**

Years with Prudential: 3  
Real Estate Experience: 18



**Mark Chamieh**

**GLOBAL BUSINESS DEVELOPMENT**

Years with Prudential: 3  
Real Estate Experience: 12



**Pamela Sinclair**

**HEAD OF GLOBAL HUMAN RESOURCES**

Years with Prudential: <1  
Real Estate Experience: <1



**Ken Warman**

**GLOBAL CHIEF OPERATING OFFICER**

Years with Prudential: 15  
Real Estate Experience: 6



**Alfonso J. Munk**

**HEAD OF LATIN AMERICA**

Years with Prudential: 2  
Real Estate Experience: 15



**Andrew Radkiewicz**

**HEAD OF EMEA & EUROPEAN DEBT**

Years with Prudential: 4  
Real Estate Experience: 23



**Raimondo Amabile**

**HEAD OF EMEA**

Years with Prudential: 1  
Real Estate Experience: 16



**Morgan Laughlin**

**HEAD OF ASIA PACIFIC**

Years with Prudential: <1  
Real Estate Experience: 14



**Jack Taylor**

**HEAD OF REAL ESTATE FINANCE**

Years with Prudential: 4  
Real Estate Experience: 26



**Les Lockwood**

**HEAD OF KEY ACCOUNTS**

Years with Prudential: 43  
Real Estate Experience: 25



**David Bradford**

**HEAD OF CLIENT SERVICES**

Years with Prudential: 18  
Real Estate Experience: 30



**Kevin R. Smith**

**HEAD OF US BUSINESS**

Years with Prudential: 32  
Real Estate Experience: 32



**Ellen Kendall**

**GLOBAL PRODUCT DEVELOPMENT**

Years with Prudential: 20  
Real Estate Experience: 30



**Catherine Marcus**

**SENIOR PORTFOLIO MANAGER OF PRISA**

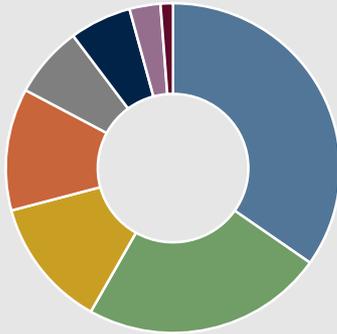
Years with Prudential: 15  
Real Estate Experience: 26

Note: Effective September 2013.



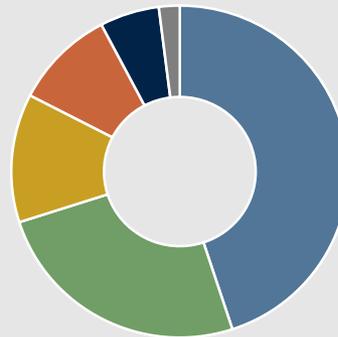
## GLOBAL ASSETS UNDER MANAGEMENT — \$51.7 BILLION<sup>1</sup>

### CLIENT TYPE



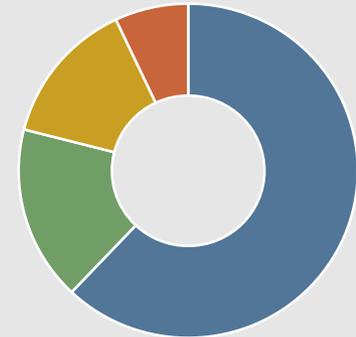
34%	PUBLIC PENSION PLAN
24%	CORPORATE PENSION PLAN
13%	UNION PENSION FUNDS
12%	RETAIL
7%	OTHER
6%	INSURANCE COMPANIES
3%	ENDOWMENTS & FOUNDATIONS
1%	SOVEREIGN WEALTH FUND

### INVESTMENT STRATEGY



45%	CORE
25%	CORE PLUS
12%	VALUE ADDED
10%	OPPORTUNISTIC
6%	SECURITIES
2%	DEBT

### INVESTMENT LOCATION



62%	NORTH AMERICA
17%	EUROPE
14%	ASIA PACIFIC
7%	LATIN AMERICA

<sup>1</sup>As of June 30, 2013, total net assets under management equal \$38.7 billion.



## PREI RESOURCES – UNITED STATES

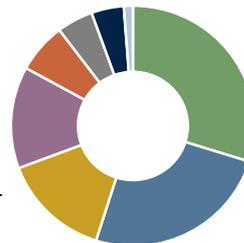
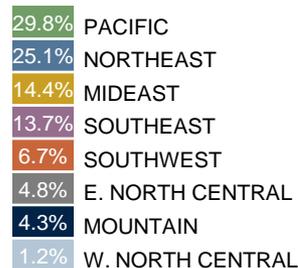
### \$32.3 Billion Gross AUM<sup>1</sup>

- 2 Executive Management
- 34 Portfolio Management
- 38 Transactions (Acquisitions/Dispositions)
- 57 Asset Management
- 26 Marketing, Client Service & Communications
- 8 Investment Research
- 4 Investment Risk Management
- 8 Global Securities
- 164 Support Staff (Administrative Assistants, Compliance, Finance/Operations, HR, Legal, Operational Risk, Systems, Sustainability)

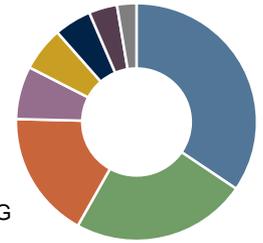
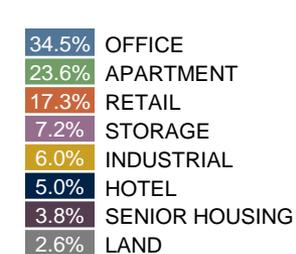
341 DEDICATED EMPLOYEES/ 158 INVESTMENT PROFESSIONALS<sup>2</sup>



### GEOGRAPHIC DISTRIBUTION<sup>1</sup>



### SECTOR DISTRIBUTION<sup>1</sup>



<sup>1</sup> As of June 30, 2013, total net US assets under management equal \$25.3 billion.

<sup>2</sup> Staffing as of September 30, 2013.



## THE PRUDENTIAL DIFFERENCE



The Heritage at Boca Raton (Apartments),  
Boca Raton, FL

### COMMITTED TO OUR CLIENTS AND EXCEPTIONAL SERVICE

- We forge long lasting partnerships: many client relationships dating back to the 1970's.
- Transparency and accessibility to areas of our business.
- Dedicated client service professionals orchestrating success in a complex global environment.

### OUR SIZE AND EXPERTISE HELPS US TO PURSUE PERFORMANCE

- Seasoned transactions professionals, asset and portfolio managers are the heart of our investment organization.
- We are always seeking alpha and accountable for measurable results.
- We are large enough to understand and access real estate markets globally but nimble enough to pursue local opportunities.



## PRISA FAMILY OF FUNDS

Strategy	PRISA <sup>2</sup>	PRISA II	PRISA III
<b>Size:</b> <sup>1</sup>			
<b>GAV</b>	\$15.9 B <sup>3</sup>	\$8.6 B	\$2.3 B
<b>NAV</b>	\$12.7 B <sup>3</sup>	\$6.1 B	\$1.4 B
<b>Risk Profile:</b>			
<b>Core</b>	90%	65%	40%
<b>Non-Core</b>	10%	35%	60%
<b>Inception:</b>	1970	1980	2003
<b>Return Focus:</b>	Income	Income + Appreciation	Income + Appreciation
<b>Property Type Focus:</b>	Fully Diversified	Diversified	Limited Diversification
<b>Geographic Focus:</b>	US Diversified	US Diversified	US Diversified
<b>Annualized Benchmark:</b>	Meet or exceed NFI-ODCE	NFI-ODCE +100 bps	NFI-ODCE + 300 bps
<b>Long Term Return Target:</b> <sup>4,5</sup>	7.50% to 9.50%	8.50% to 11.00%	11.00% to 14.00%
<b>Portfolio Leverage Limit:</b>	30%	40%	65%

<sup>1</sup> As of 9/30/13.

<sup>2</sup> PRISA represents the aggregate or composite of PRISA LP and PRISA Separate Account (PRISA SA).

<sup>3</sup> "Gross Investment Value" and "Net Investment Value" represents the value of the assets held by PRISA SA and PRISA LP without netting out PRISA SA's respective interest therein. PRISA LP's net asset value is \$989.2M as of 9/30/13.

<sup>4</sup> Targeted returns are portfolio level, before Manager Compensation/Fees and over a complete market cycle. There is no guarantee that targeted returns will be achieved.

<sup>5</sup> Net target return for PRISA is 6.50% - 8.50%; PRISA II is 7.50% - 10.00%; and PRISA III is 9.30% - 12.30%. There is no guarantee that targeted returns will be achieved.



## II. PRISA LP



## WHAT IS PRISA<sup>1</sup>?

- Launched in 1970, PRISA was the first open-end, commingled core real estate fund
- Well-diversified portfolio of quality, income producing assets
- PRISA has a focus on income and a proven track record of strong income performance
- PRISA's since inception total gross return before fees is 8.8% (July 1970)<sup>2</sup>
- Targeting total returns of 7.5% to 9.5%<sup>3</sup> over a complete market cycle, while meeting or exceeding the NFI-ODCE index
- PRISA was structured as an Insurance Company Separate Account from 1970-2012. Effective January 1, 2013, PRISA LP was formed to allow non-U.S. (and non-ERISA eligible) investors to invest in PRISA assets

### PRISA COMPOSITE FACTS (AS OF SEPTEMBER 30, 2013)

Gross Investment Value <sup>4</sup>	<b>\$15.9 B</b>
Net Investment Value <sup>4</sup>	<b>\$12.7 B</b>
Leverage (GAV)	<b>20.5%</b>
Number of Investors	<b>282</b>
Number of Investments	<b>255</b>

<sup>1</sup> PRISA represents the aggregate or composite of PRISA LP and PRISA Separate Account (PRISA SA).

<sup>2</sup> Total net return since inception is 7.7% (as of 3Q13). Returns prior to 1/1/13 are based upon PRISA SA. Past performance is not a guarantee or reliable indicator of future results.

<sup>3</sup> Target returns are not guaranteed. Targeted total net returns of 6.5% to 8.5%.

<sup>4</sup> "Gross Investment Value" and "Net Investment Value" represents the value of the assets held by PRISA SA and PRISA LP without netting out PRISA SA's respective interest therein. PRISA LP's net asset value is \$989.2M as of 9/30/13.

### LEASING HIGHLIGHT



#### International Place, Boston, MA

International Place is a trophy office property located in Boston's Financial District. The asset continues to experience leasing momentum and is 86% leased, which represents an 6% increase year-over-year. 62% of the space vacated by Ropes & Gray in December 2010 is now re-leased. The 8,300 sf Palm Restaurant occupies a portion of the lobby area and opened in May. The restaurant has commenced paying rent and will contribute approximately \$450,000 in annual base rent, with the potential to contribute significant percentage rent.



# PRISA DEDICATED PORTFOLIO MANAGEMENT TEAM

## PORTFOLIO MANAGERS



**CATHY MARCUS**  
**Managing Director**  
 Senior Portfolio Manager  
 Real Estate Experience:26  
 Years with Prudential:15



**JOANNA MULFORD**  
**Managing Director**  
 Portfolio Manager  
 Real Estate Experience:16  
 Years with Prudential:23



**FRANK GARCIA**  
**Managing Director**  
 Portfolio Manager  
 Real Estate Experience:20  
 Years with Prudential:<1



**NICOLE STAGNARO**  
**Vice President**  
 Assistant Portfolio Manager  
 Real Estate Experience:9  
 Years with Prudential:9

## DEDICATED ASSET MANAGERS



### SAN FRANCISCO

- Kristin Paul
- Jennifer Freedman
- Carlos Jimenez
- Daniel Kane

### ATLANTA

- Thomas G. Smith
- Martha Burrows
- Alex Griffin
- William Yowell

### CHICAGO

- Lawrence Frank
- Mark S. Vande Hey
- Michael McMains
- Christopher Apostal
- Ryan Bloom
- Dan Sherrard

### MADISON

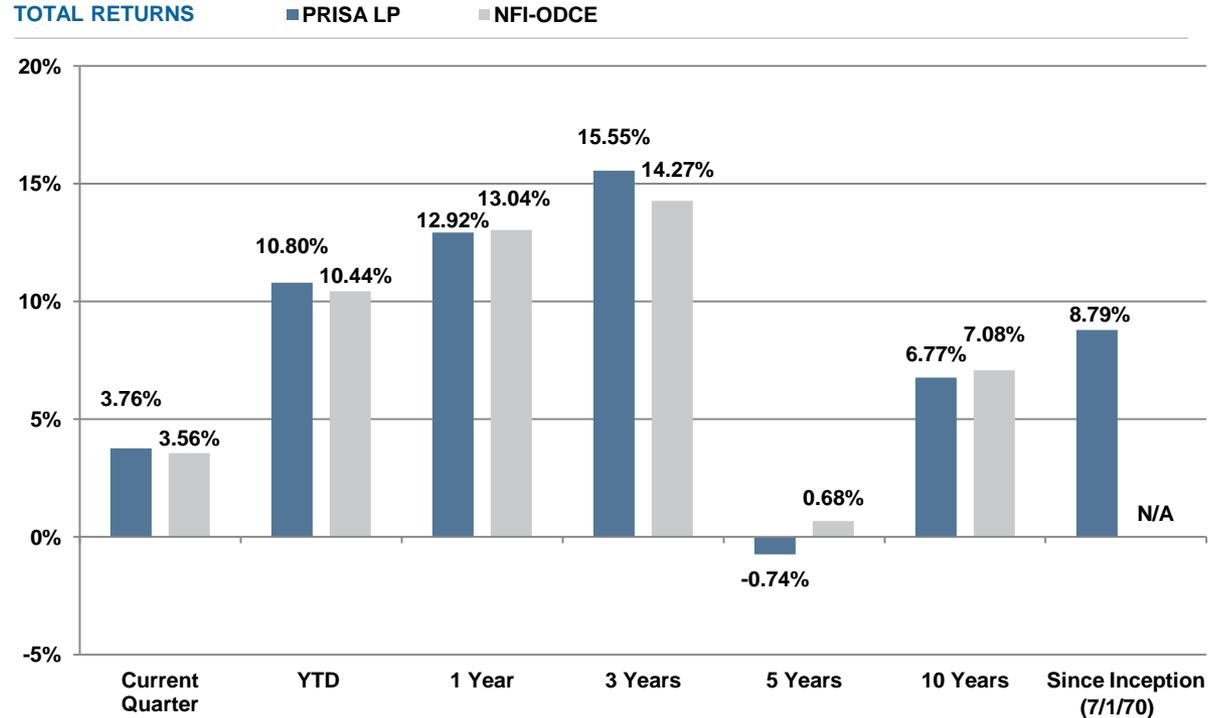
- William Anderson
- Carly Miller
- Sarah Downey
- Ana Maria Olmedo
- Shaun Trimblett
- Bonnie Poeta
- Douglas Roberts
- Kevin Sullivan

Note: As of November 2013. A total of 35 dedicated professionals, including 9 from the Operations team.



## PRISA LP PERFORMANCE – SEPTEMBER 30, 2013<sup>1</sup>

- PRISA LP's strong absolute performance was driven by value increases across all sectors, with the office and storage performing best.
- PRISA LP's outperformed the benchmark by 20bps for the quarter and is outperforming by 36bps on a YTD basis.
- PRISA LP's marking to market (MTM) of debt contributed only 9 bps to performance in the third quarter and 10 bps year-to-date.



	Current Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception (7/1/70)
<b>PRISA LP</b>							
Income	1.25%	3.88%	5.28%	5.46%	6.09%	6.54%	7.95%
Appreciation	2.51%	6.75%	7.35%	9.70%	-6.55%	0.21%	0.79%

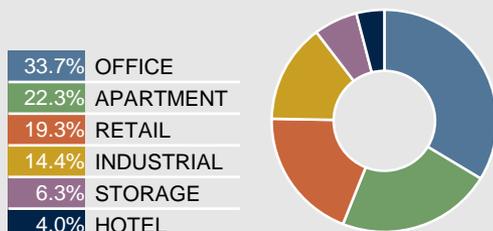
<sup>1</sup>Returns prior to 1/1/13 are based upon PRISA SA.

Note: Returns shown are time-weighted rates of return calculated in conformity with performance reporting standards and are before the deduction of Manager Compensation/Fees. Returns for NFI-ODCE are based on the final report published by NCREIF on 10/30/13. Past performance is not a guarantee or a reliable indicator of future results.



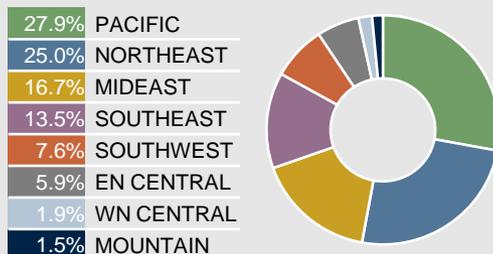
## PRISA LP SNAPSHOT – SEPTEMBER 30, 2013

### PROPERTY DIVERSIFICATION<sup>1</sup>



PRISA LP's property type diversification reflects sector allocations relative to NFI-ODCE designed to lower volatility and outperform in various cycles.

### GEOGRAPHIC DIVERSIFICATION<sup>1</sup>



PRISA LP is more heavily weighted to the major markets than NFI-ODCE.

### THE BASICS

Gross Investment Value <sup>2</sup>	<b>\$15.1 B</b>
Net Investment Value <sup>2</sup>	<b>\$12.0 B</b>
Number of Investments	<b>252</b>

### RISK METRICS

	CURRENT	TARGET
Core / Non-Core	<b>86%/14%</b>	90% / 10%
Leverage Ratio	<b>21.1%</b>	< 30.0%
Debt to Income Multiple	<b>4.5x</b>	< 5.0x

### PRISA COMPOSITE<sup>3</sup>

Client Activity	3Q13	YTD
Deposits	\$264.7 M	\$575.2M
Withdrawal Payments	\$98.0 M	\$307.2M
Cash Flow Distributions	\$58.3 M	\$164.9M
Deposit Queue	\$465.5 M	
Number of Investors	282	

### THE DEBT PICTURE

% Fixed / Floating <sup>4</sup>	<b>86%/14%</b>
Recourse Leverage Ratio	<b>0.4%</b>
Weighted Average Cost of Debt	<b>3.9%</b>
DEBT MATURING:	
2013	<b>\$46.5M</b>
2014	<b>\$73.3 M</b>
2015	<b>\$517.3 M</b>

### APPRAISAL ASSUMPTIONS

Direct Cap Rate	<b>5.69%</b>
Discount Rate	<b>7.56%</b>
TRANSACTIONS (GROSS)	
YTD Acquisitions	<b>\$1,299M</b>
2013 Target	<b>\$1,000M</b>
YTD Dispositions	<b>\$406M</b>
2013 Target	<b>\$500M</b>

<sup>1</sup> Based on the PRISA LP's share of gross market value in properties and all debt investments.

<sup>2</sup> "Gross Investment Value" and "Net Investment Value" represents the value of the assets held by PRISA SA and PRISA LP without netting out PRISA SA's respective interest therein. PRISA LP's net asset value is \$989.2M as of September 30, 2013.

<sup>3</sup> Represents combined activity held by PRISA SA and PRISA LP. PRISA Composite information is provided for illustrative purposes and should not be relied upon by investors for any assets.

<sup>4</sup> Includes floating rate loans with caps.

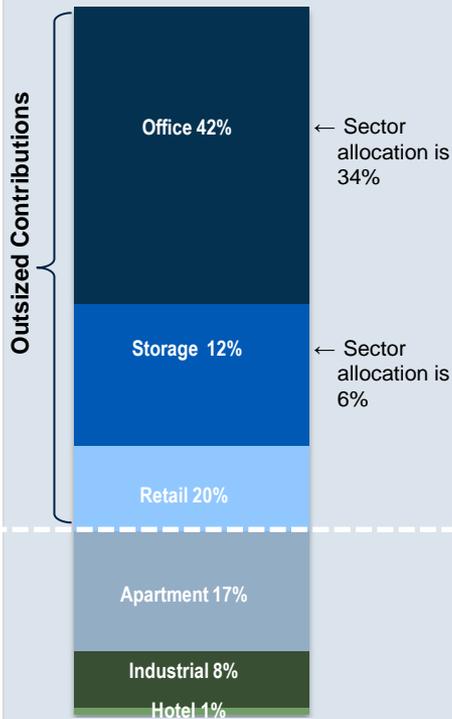
Note: There is no guarantee these targets will be achieved.



# PRISA LP – DRIVERS OF THIRD QUARTER PERFORMANCE

The Fund's performance was driven by value increases across all sectors, with particularly strong performance in the office, retail and storage sectors.

## PRISA LP Appreciation Attribution



International Place, Boston, MA

After lagging throughout most of the recovery, PRISA LP's office portfolio generated outsized value gains and contributed the most appreciation this quarter.

- Value increase of 2.4%
- CBD was the primary driver (89%) for office appreciation. International Place, Eleven Times Square and 1800 M Street were the best performers

**📷 International Place,** leasing momentum at this 86% leased, trophy quality property drove a value increase of \$21 million. Occupancy has increased in each of the last six quarters.



Storage Post, Long Island NY

PRISA LP's storage assets have posted seven consecutive quarters of outperformance.

- Value increase of 4% reflects strong fundamentals
- Occupancy of 92%
- YOY income growth of 8.2%
- Moderate cap rate compression of 15 bps to 5.84%
- Current supply growth is one-third of the long-term avg.

**📷 Storage Post** – Two infill assets were acquired in Q3 at pricing that will be accretive to the existing storage portfolio.



The Avenue East Cobb, Atlanta, GA

PRISA LP's retail portfolio increased in value by 1.9%.

- Overall occupancy of 92% has increased in each of the last 8 quarters
- YOY income growth of 11.9%
- Lifestyle Centers performed the best and contributed 43% of the sector's appreciation

**📷 Cousins** – PRISA LP purchased its JV partner's 12% interest in eight well-located power and lifestyle centers that are 98% leased, with an expected going in unlevered income return of 6.8%. These assets generated a \$20 million valuation gain this quarter.

Note: As of September 30, 2013. Past performance is not a guarantee or a reliable indicator of future results.

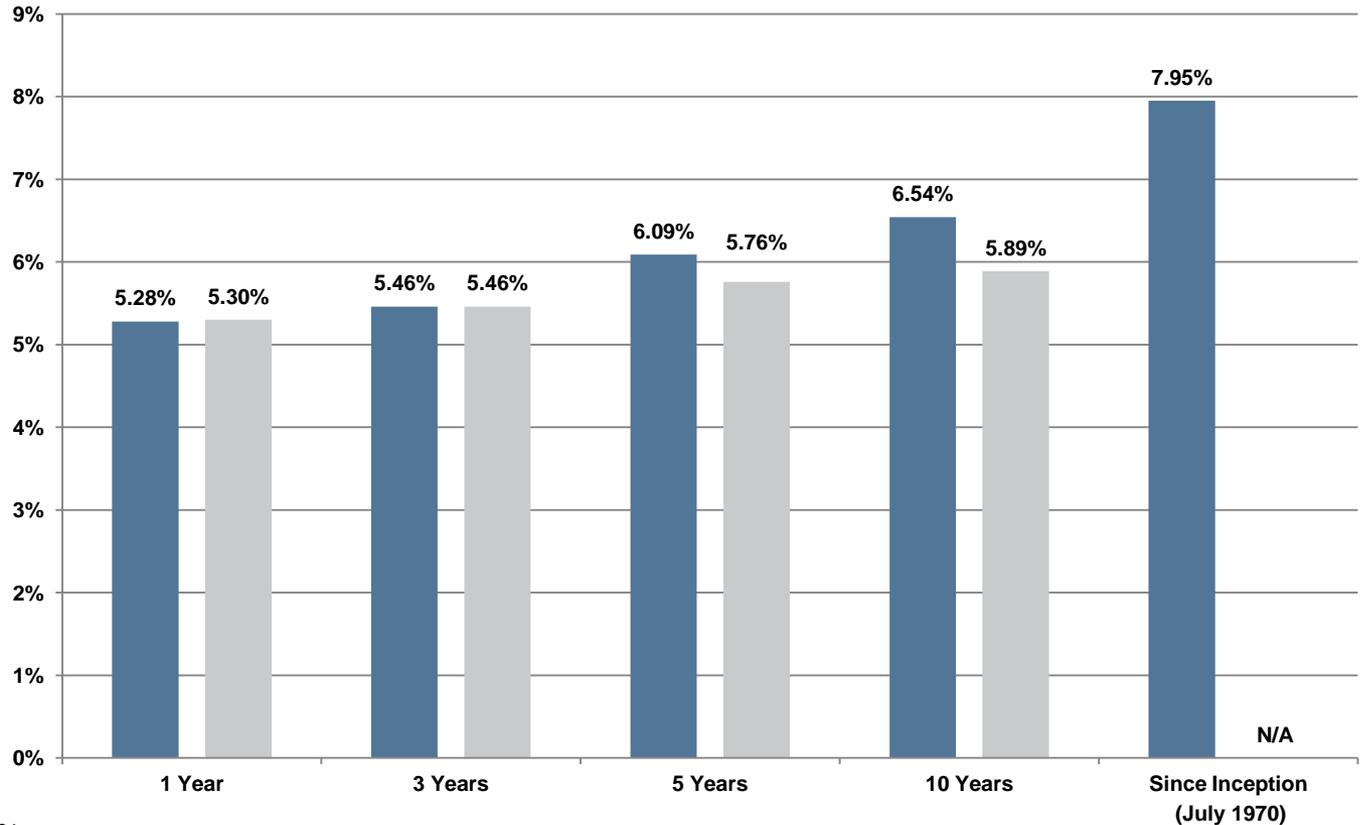


## PRISA LP INCOME RETURN VS. BENCHMARK – SEPTEMBER 30, 2013<sup>1</sup>

### INCOME RETURNS

■ PRISA LP ■ Benchmark (NFI-ODCE)

○ Despite lower leverage PRISA LP's income return is attractive and compares favorably to NFI-ODCE.



<sup>1</sup>Returns prior to 1/1/13 are based upon PRISA SA.

Note: Returns shown are time-weighted rates of return calculated in conformity with performance reporting standards and are before the deduction of Manager Compensation/Fees. Returns for NFI-ODCE are based on the final report published by NCREIF on 10/30/13. Past performance is not a guarantee or a reliable indicator of future results.

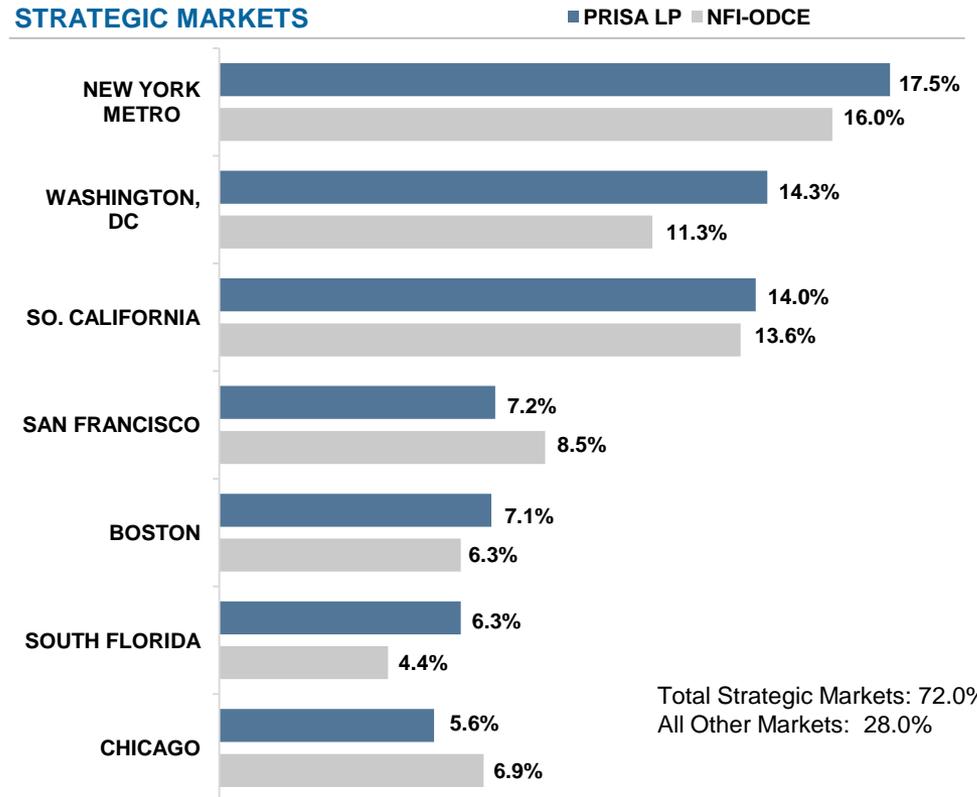


## PRISA LP'S GEOGRAPHIC DIVERSIFICATION BY STRATEGIC MARKETS - SEPTEMBER 30, 2013<sup>1</sup>

**PRISA LP will remain focused on strategic markets where supply constraints and diverse sources of demand are likely to result in better long-term fundamentals.**

- PRISA LP's assets are concentrated in gateway markets more than NFI-ODCE. The strategy is to continue to overweight in urban core markets and infill locations.
- PRISA LP has increased its geographic exposure in these strategic markets mainly by selling non-strategic assets this past year.

### STRATEGIC MARKETS



<sup>1</sup> Based upon PRISA LP's share of GMV in properties and all loan investments.

Note: NFI-ODCE does not publish detail property information at the market level. Strategic market information is calculated by extracting NFI-ODCE properties from the NPI datasets. NPI datasets are based on the final report published by NCREIF on 10/25/2013.

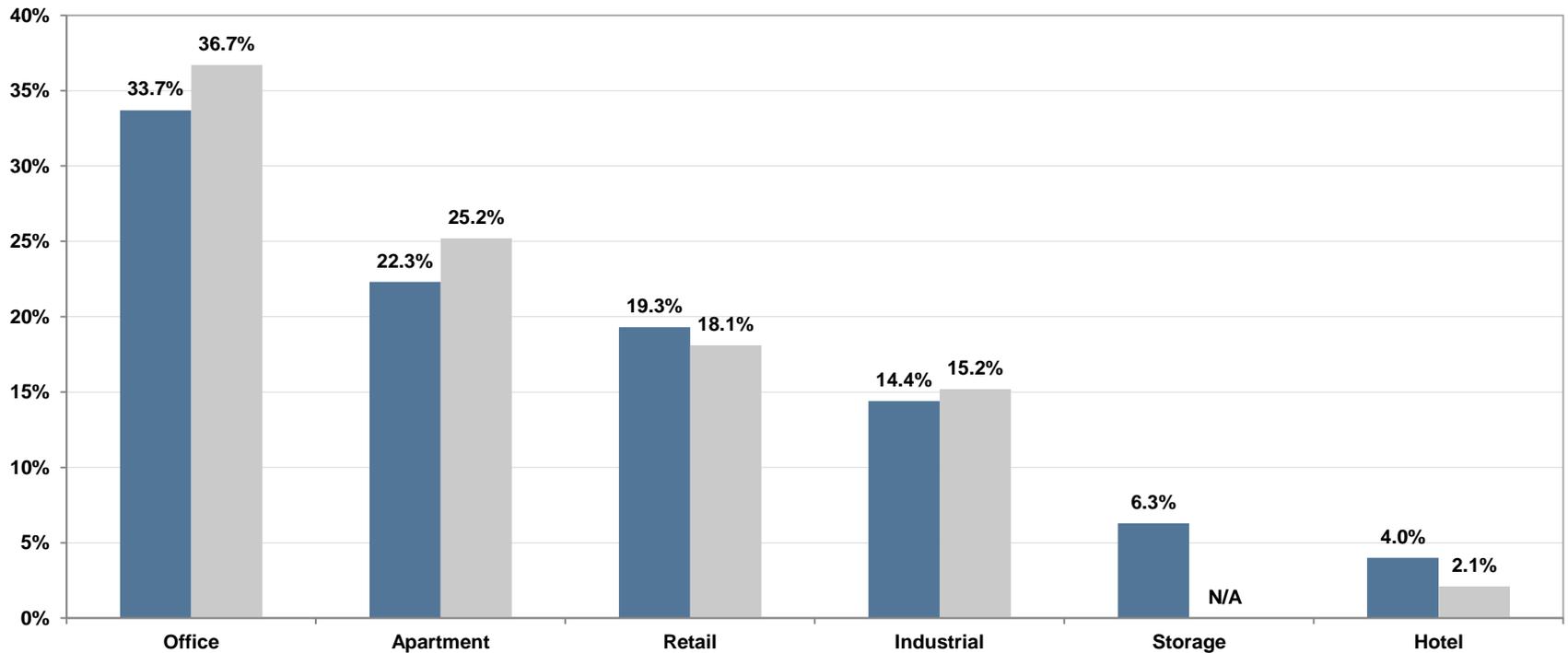


# PRISA LP PROPERTY TYPE DIVERSIFICATION – SEPTEMBER 30, 2013

PROPERTY TYPE DIVERSIFICATION

■ PRISA LP WEIGHTING <sup>1</sup>

■ NFI-ODCE WEIGHTING <sup>2</sup>



<sup>1</sup> Diversification is based upon PRISA LP's gross market value in properties and all loan investments.

<sup>2</sup> Diversification for NFI-ODCE is based on the final report published by NCREIF on 10/30/2013.



## PRISA LP INVESTMENT STRATEGY – SEPTEMBER 30, 2013

	PRISA 9/30/2013	ODCE 9/30/2013	PRISA 2014-2016 Plan	PRISA Target 2014-2016	2014-2016 Plan
<b>Office</b>	34.1%	36.7%		35-37%	Selectively increase office holdings to take advantage of the anticipated office recovery in 2014/2015. Over long term, maintain a modest underweight to the benchmark as well as overweight to CBD. Begin selling more commodity like assets toward the end of the plan period.
<b>Industrial</b>	13.7%	15.2%		13-15%	Increase industrial exposure primarily through select build to core opportunities, putting the Fund's valuable industrial land into production.
<b>Apartments</b>	24.1%	25.2%		23-25%	Maintain exposure at neutral/modest underweight. Acquire or develop assets in longer-term strategic markets and sell assets in markets with low barriers to entry. Maintain focus on urban, infill projects catering to the renter by choice.
<b>Retail</b>	18.3%	18.1%		15-17%	Retail recovery has lagged other property types (particularly the non-mall formats) during this cycle. Retail is in a transitional period and e-commerce adds uncertainty.
<b>Hotel</b>	3.9%	2.1%		3-5%	Target established hotels in supply constrained areas with long-term strong and varied demand drivers.
<b>Storage</b>	5.9%	N/A		5-7%	Target storage holdings, primarily in very in-fill areas. Consider developing storage as a component of non-core activity.

<sup>1</sup> Diversification is based upon PRISA LP's gross market value in properties and all loan investments.

<sup>2</sup> Diversification for NFI-ODCE is based on the 3Q13 report published by NCREIF on 10/30/2013.

<sup>3</sup> There is no guarantee that these targets will be achieved.



# PRISA LP HIGH QUALITY PORTFOLIO - CORE COMPONENT – SEPTEMBER 30, 2013

## CORE COMPOSITION

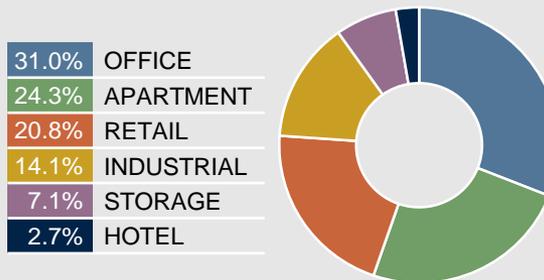


- We define “core” essentially as assets that are 80%+ leased.
- Approximately 60% of the core portfolio is invested in the prime gateway markets like New York, San Francisco, Washington D.C., Boston and Los Angeles.
- The weighted average cap rate for the core portfolio is 5.74%.

## LEASED STATUS AND LEASE ROLLOVER

	Total Portfolio		Core Portfolio		Average Lease Expiration 2013-2017
	9/30/2012	9/30/2013	9/30/2012	9/30/2013	
Industrial	87.2%	90.4%	92.2%	94.5%	9.6%
Office	82.9%	86.4%	86.8%	88.8%	7.8%
Retail	90.5%	91.9%	91.9%	93.5%	8.4%
Apartment	95.9%	94.3%	95.9%	94.3%	N/A
Hotel	72.0%	82.3%	72.0%	82.3%	N/A
Storage	92.4%	92.5%	92.4%	92.5%	N/A
<b>Total<sup>1</sup></b>	<b>88.6%</b>	<b>90.2%</b>	<b>91.2%</b>	<b>92.1%</b>	

## CORE PROPERTY TYPE DIVERSIFICATION<sup>2</sup>



100 Park Avenue, New York, NY

<sup>1</sup> Lease status for total portfolio based on gross market value and excludes hotels.

<sup>2</sup> Based on PRISA LP's share of gross market value in properties and all debt investments.



## INTERNATIONAL PLACE, BOSTON, MA

### TROPHY OFFICE TOWERS IN BOSTON'S FINANCIAL DISTRICT

#### GENERAL DESCRIPTION

**Property Type:** Office

**Year Built:** 1990

**Partner:** Chiofaro

**Size:** 1,841,873 sf

**Leased Status:** 86%

**Cost:** \$817.0M (\$444 psf)

**Market Value:** \$997.0M (\$541 psf)

**Risk Profile:** Core

**Property Certification:** LEED Silver Certified

#### APPRAISAL METRICS

**Direct Cap Rate:** 5.14%

**Discount Rate:** 7.64%

**Exit Cap Rate:** 5.28%

**Exit Value (10-Yr Hold):** \$759 psf



#### BACKGROUND & MARKET UPDATE

- Trophy office property located in Boston's Financial District. The property features 1.8 million sf of office space across two interconnected buildings. The property also includes ground-floor retail, a fitness center and underground parking garage.
- The asset continues to experience leasing momentum and is 86% leased, which represents a 6% increase year-over-year. 62% of the space vacated by Ropes & Gray in December 2010 is now re-leased.
- The 8,300 sf Palm Restaurant occupies a portion of the lobby area and opened in May. The restaurant has commenced paying rent and will contribute approximately \$450,000 in annual base rent, with the potential to contribute significant percentage rent.

Top Tenants <sup>1</sup>	SF
Eaton Vance	309,541
Choate Hall & Stewart	192,592
Proskauer Rose	96,957
UBS	75,099
Greenberg Traurig	64,107
PayPal, Inc.	62,814

<sup>1</sup>Based on square footage.

Note: As of September 30, 2013. There is no guarantee that returns for these or similar investments in the future will be achieved



# PRISA LP HIGH QUALITY PORTFOLIO - NON-CORE COMPONENT – SEPTEMBER 30, 2013

## NON-CORE COMPOSITION

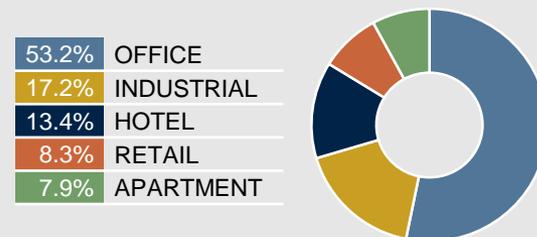


- The non-core component is primarily comprised of newly constructed properties undergoing initial lease-up.
- Lease-up assets move to the core portfolio once they achieve leasing of 80%.
- PRISA LP's total land exposure represents only 1.6% of its total gross assets.

## SUMMARY OF NON-CORE ASSETS

Investment Type	% Leased	# of Projects	PRISA LP's GMV (\$ Millions)	% of Non-Core
<b>Lease-Up Properties</b>				
Office	62.8%	2	\$960.6	46.9%
Retail	58.7%	2	125.9	6.1%
Industrial	8.2%	2	36.3	1.8%
<b>Total Lease-Up</b>	<b>60.7%</b>	<b>6</b>	<b>\$1,122.8</b>	<b>54.8%</b>
<b>Development Properties</b>				
Apartment		3	\$235.6	11.5%
Industrial		5	175.8	8.6%
<b>Total Development<sup>2</sup></b>		<b>8</b>	<b>\$411.4</b>	<b>20.1%</b>
Mezzanine & Other <sup>1</sup>		3	\$268.8	13.1%
Land		21	246.7	12.0%
<b>Total</b>		<b>38</b>	<b>\$2,049.7</b>	<b>100.0%</b>

## NON-CORE PROPERTY TYPE DIVERSIFICATION<sup>3</sup>



<sup>1</sup> Includes mezzanine, mortgage loans and preferred equity investments.

<sup>2</sup> For development properties, exposure is based on PRISA LP's share of total development cost at completion. When considering gross amount spent to date of \$158.7M, non-core exposure is 12.1%.

<sup>3</sup> Based on the PRISA LP's share of gross market value in properties and all debt investments.



## ELEVEN TIMES SQUARE, NEW YORK, NY NON-CORE ASSET IN A STRATEGIC MARKET

### GENERAL DESCRIPTION

**Property Type:** Office  
**Year Built:** 2010  
**Partner:** SJP Properties  
**Size:** 1,109,026 sf  
**Leased Status:** 68.2%  
**Cost:** \$987.3M (\$890 psf)  
**Market Value:** \$966.0M (\$871 psf)  
**Risk Profile:** Non-Core  
**Loan Balance:** \$427.5 M (44% LTV)  
**Maturity Date:** 8/1/16  
**Interest Rate:** 2.52% (avg)  
**Property Certification:** LEED Gold Certified

### APPRAISAL METRICS

**Direct Cap Rate:** 4.78%  
**Discount Rate:** 7.15%  
**Exit Cap Rate:** 5.25%  
**Exit Value (10-YR Hold):** \$1,152 psf



### BACKGROUND & MARKET UPDATE

- The overall Class A vacancy rate in Midtown Manhattan stands at 12.7% as of September 2013, up 110 bps from September 2012. Midtown Class A office asking rents average \$73.90 PSF, up \$1.20 from September 2012.
- Midtown has seen strong leasing activity both from non-financial services and hedge fund tenants. Midtown South continues to outperform the rest of NYC, with activity from technology users driving market rents up and vacancy down. Tenants continue to flock to newer, higher-quality office space.
- In July 2013, PRISA refinanced the loan, extending the maturity through August 2016 with two one-year options.
- The Microsoft space is under construction. They will take occupancy by January 2014 and begin paying rent July 2014.
- The free rent period for Global Foods has ended.

#### Tenants

Proskauer Rose	United First
Microsoft	Luskin, Stern & Eisler
Global Foods International	Sovarnum Capital
Zuckerman Gore	Next Capital
Teza Technologies	Off-the Wall
Señor Frog's	eMarketer

Note: As of September 30, 2013. There is no guarantee that returns for these or similar investments in the future will be achieved



## PRISA LP DEBT – SEPTEMBER 30, 2013<sup>1</sup>

### 3Q13 HIGHLIGHTS

- PRISA LP secured very favorable debt on a number of office assets. The Eleven Times Square loan was refinanced for three years at an average swapped rate of 2.52%. A \$225 million credit facility, currently collateralized by two office projects, was closed at a fixed rate of 3.87% for a seven-year term. In addition, 100 North Tampa was financed at a floating rate of Libor plus 180 bps for three years.
- PRISA LP has been actively securing financing that will take advantage of today's historical low interest rates and extend the average duration of its debt.

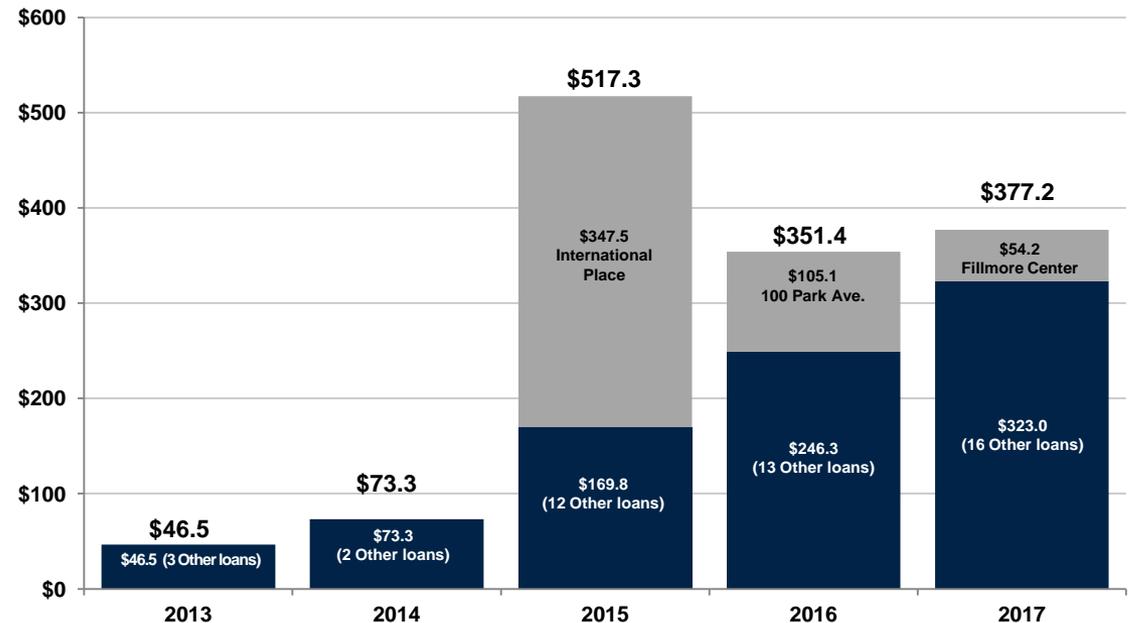
### LEVERAGE METRICS

Leverage Ratio	21.1%
Recourse Debt Leverage Ratio	0.4%
Debt to Income Multiple	4.5x

### COST OF DEBT

Fixed-Rate	4.2%
Floating-Rate	2.1%
Total Cost of Debt	3.9%
Weighted Average Maturity	5.4 Years

### DEBT MATURITIES (\$ MILLIONS)



### RECOURSE PROFILE

98% NON-RECOURSE  
2% RECOURSE



### INTEREST RATE RISK

86% FIXED  
14% FLOATING



<sup>1</sup> Represents PRISA LP's portfolio level debt, 100% of wholly-owned and PRISA LP's share of all joint ventures; includes off balance sheet debt.



## PRISA REPORT CARD | 2010 - 2013 ACQUISITIONS – SEPTEMBER 30, 2013

- The Fund's 2010-2013 acquisitions have increased in value overall. This is partly due to the fact that 57%<sup>1</sup> of these transactions were sourced on an off-market basis.

Project Name	Gross Market Value (\$ MILLIONS)	Gross Cost (\$ MILLIONS)	Gain/Loss	Gain/Loss %
Apartments	\$1,228.4	\$1,087.0	141.4	13%
Office	502.7	480.2	22.5	5%
Hotel	430.1	370.4	59.7	16%
Retail	207.7	189.6	18.1	10%
Industrial	114.4	111.0	3.4	3%
Storage	42.8	35.3	7.5	21%
<b>Total 2010 - 2013 Acquisitions</b>	<b>\$2,526.1</b>	<b>\$2,273.5</b>	<b>\$252.6</b>	<b>11%</b>

### UNLEVERED APPRECIATION RETURN

	2011 Appreciation	2012 Appreciation	2013 YTD
2010-2013 Acquisitions	11.48%	4.17%	6.28%
NFI-ODCE	7.57%	2.75%	4.14%

<sup>1</sup> Based on total gross cost.

Note: Past performance is not a guarantee or reliable indicator of future results.



# ACQUISITION HIGHLIGHT – SOCAL OFFICE PORTFOLIO, SORRENTO MESA & PASADENA CORE OFFICE WITH INCOME GROWTH OPPORTUNITIES

## GENERAL DESCRIPTION

**Property Type:** Office  
**Year Built:** 1981-2001  
**Size:** 1,052,057 sf  
**Leased Status:** 91%  
**Cost:** \$382.5M (\$364 psf)  
**Market Value:** Externally valued in 4Q13  
**Risk Profile:** Core  
**Property Certification:** Energy Star, seeking LEED Certification in 2013

## UNDERWRITING METRICS (UNLEVERED)

**Going-In Cap Rate:** 4.1%  
**Stabilized Cap Rate:** 5.6%  
**Avg 5-Yr COC Return:** 4.4%  
**Estimated IRR (5-Yr Hold):** 7.2%



## BACKGROUND & MARKET UPDATE

*The Portfolio consists of three office buildings in Pasadena and two office assets in Sorrento Mesa (San Diego). Average occupancy is 91% and the tenant profile includes 26% investment grade credit and 56% national tenant credit.*

- **Favorable Basis:** The all-in-cost basis of \$364 psf is approximately 30% below today's replacement cost for new products. Both Pasadena and Sorrento Mesa are highly supply-constrained submarkets.
- **Upside Opportunity:** The opportunity generates upside potential with in-place rents 11% below market and 65% rollover in the first 4 years, providing PRISA with both a secure cash flow and the potential to create value.
- **Economic Momentum:** The timing of the acquisition allows PRISA to purchase a portfolio at an early point in the recovery cycle of Southern California.

Top Tenants <sup>1</sup>	SF
Qualcomm at Sorrento Towers	119,381
Jacobs Engineering at CS	83,936
Bank of America at PFC	71,151
OneWest Bank at CS	46,725

<sup>1</sup> Based on square footage.

Note: As of September 30, 2013. There is no guarantee that returns for these or similar investments in the future will be achieved.



## PRISA ACQUISITION HIGHLIGHT – DIGITAL REALTY PORTFOLIO, CA, TX, & VA DATA CENTER PORTFOLIO – CORE INVESTMENT WITH INCOME RETURN PREMIUM

### GENERAL DESCRIPTION

**Property Type:** Industrial Data Center

**Year Built:** 2000-2012

**Partner:** Digital Realty Trust

**Size:** 1,060,473

**Leased Status:** 100%

**Cost:** \$367.4M (\$346 psf)

**Market Value:** Externally valued in 4Q13

**Risk Profile:** Core

### UNDERWRITING METRICS (UNLEVERED)

**Going-In Cap Rate:** 6.5%

**Avg 5-Yr COC Return:** 7.4%

**Estimated IRR (5-Yr Hold):** 7.2%



### BACKGROUND & MARKET UPDATE

*The Portfolio is comprised of nine Power Based Shell Buildings® located in the Silicon Valley, Northern Virginia, and Dallas that are 100% leased to credit tenants and with an average remaining lease term of 9.5 years.*

- **Best-In-Class Operator:** PRISA is in partnership with Digital Realty Trust, the largest data center owner and operator in the U.S.
- **Core Rent Roll:** Strong national credit tenant profile including Amazon, Equinix, AT&T, and Savvis Communications.
- **Strong Cash Returns:** Venture was structured with PRISA earning a priority return of 7.4% on both operating and extraordinary cash flow. This portfolio is expected to produce a strong levered income return of approximately 10% annually.
- **Increasing Demand Drivers:** The primary data center demand drivers are rapidly increasing: online retail, social networking, cloud computing, online gaming, corporate data storage, outsourcing, telecommunications, mobile applications, and trading platforms.
- **Attractive Debt:** The portfolio was leveraged at 50%; half the note was swapped at 3.26%, generating an initial blended rate of 2.62%, to mitigate future interest rate risk, maximize cash flow returns and allow flexibility for future sales.

Note: As of September 30, 2013. There is no guarantee that returns for these or similar investments in the future will be achieved.



## PRISA LP VALUATION METRICS – SEPTEMBER 30, 2013

- Since 3Q12, the direct cap and discount rates for the portfolio declined by 22 bps and 26 bps, respectively.
- On a YTD basis, the direct cap and discount rates for the portfolio declined by 21 bps and 20 bps, respectively.

### VALUATION METRICS BY PROPERTY TYPE<sup>1</sup>

Property Type	June 30, 2013		September 30, 2013		Market Value Per SF/Unit
	Direct Cap Rate <sup>2</sup>	Discount Rate	Direct Cap Rate <sup>2</sup>	Discount Rate	
Apartment -Suburban	4.95%	7.04%	5.11%	7.33%	\$193,491 per unit
Apartment - Urban	4.66%	6.91%	4.61%	6.81%	\$333,707 per unit
Hotel	7.24%	9.83%	7.24%	9.75%	\$322,977 per key
Industrial	6.07%	7.54%	6.09%	7.55%	\$82 psf
Office - CBD	5.52%	7.42%	5.40%	7.46%	\$513 psf
Office - Suburban	6.46%	7.80%	6.40%	7.76%	\$326 psf
Retail	6.84%	8.04%	6.77%	7.93%	\$230 psf
Storage	5.99%	8.66%	5.84%	8.52%	\$141 psf
<b>Total</b>	<b>5.75%</b>	<b>7.58%</b>	<b>5.69%</b>	<b>7.56%</b>	

<sup>1</sup>Rates are weighted on gross market value.

<sup>2</sup>The direct cap rate generally reflects the external appraiser's calculation of stabilized NOI divided by current appraised value.



## PRISA LP 2013 SAME PROPERTY INCOME GROWTH – SEPTEMBER 30, 2013

- The Fund targeted to achieve same property income growth of 6.3% for 2013.
- As of the third quarter we have exceeded our projection and anticipate some property income growth of 7.0% for the full year.

### YTD SAME PROPERTY INCOME GROWTH

Property Type <sup>1</sup>	Nine Months Ended	Nine Months Ended	% Change
	9/30/13 Actual	9/30/12 Actual	
	(\$ in MM)	(\$ in MM)	
Apartments	\$114.5	\$106.6	7.4%
Hotel	11.7	8.6	36.1%
Industrial	65.2	58.6	11.3%
Office	171.4	167.0	2.6%
Retail	129.2	115.4	11.9%
Storage	43.4	40.2	8.2%
<b>Total Comparable Property NOI</b>	<b>\$535.4</b>	<b>\$496.4</b>	<b>7.9%</b>

<sup>1</sup> 100% Property level unlevered. To provide a more meaningful basis for comparison between periods, net property income excludes income from properties that were purchased or sold during the comparative time periods, land and debt investments. Results are not guaranteed. Past performance is not a guarantee or reliable indicator of future results.



## PRISA LP – WRAP-UP

### The Fundamentals

- We expect portfolio occupancy to continue to improve in the near-term, mostly due to continued leasing momentum in the office and industrial sectors.
- Overall same store income grew by 7.9% YTD, with all sectors posting gains.
- Rent growth in most markets and sectors should continue to drive portfolio income growth in the near term; PRISA will see the most from its office and industrial properties.

### Transactions Strategy

- Focus on income - New acquisitions targeting assets and sectors that will benefit from improving rent growth, with an emphasis on increasing allocation to office and industrial in supply constrained markets
  - Office assets with some vacancy or near term roll
  - Selective industrial development on land we own
  - Less obvious core opportunities

### Financing

- Continue to take advantage of the attractive lending environment and increase the average duration of the Fund's debt.
- We expect to manage the Fund's LTV to a range of 23% to 25% over the next six months.

### Performance

- Total YTD return of 10.8%<sup>1</sup> has already exceeded full year target of 8% to 10% as a result of outsized appreciation.
- Based on current 3Q13 projections, we expect that as much as \$420 million of embedded value will be realized over the next four quarters, with the majority coming from the office portfolio.

<sup>1</sup> Total year-to-date net return of 10.11%. Past performance is not a guarantee or a reliable indicator of future results.



## BENEFITS OF INVESTMENT IN PRISA LP

- **Leading Real Estate Investment Manager**
  - Acting as a fiduciary since 1970
  - Stable experienced portfolio management team
  - Dedicated asset management team in four regions
  - Breadth of PREI platform
- **Well Diversified, High Quality Core Portfolio**
  - Concentration in strategic markets
  - Attractive sector weightings
- **Actively Managed Portfolio**
  - Focus on income
  - Provides high cash flow payout
  - Investment approach defined by emphasis on off-market deals, contrarian approach to the markets and robust sales discipline



Sono East, Chicago, IL

SoNo East is a 324-unit newly constructed high-rise luxury apartment project in Chicago, IL. The property includes an extensive upscale amenity package and high-end unit finishes.



## APPENDIX



## U.S. MARKET OUTLOOK



## U.S. REAL ESTATE MARKET OUTLOOK

### Demand Drivers: Sustainable Economic Recovery

- Economic news has been disappointing recently, reflecting the delayed impact from the government shutdown and increased uncertainty from debt crisis.
- Despite Consensus forecasts for GDP growth in the second half of this year being revised down, we anticipate stronger growth in 2014, as suggested by several forward-looking indicators including manager hiring intentions.
- The recovery could surprise on the upside if Europe and emerging markets outperform expectations and policy issues are resolved without roiling the financial markets.

### Development Constrained

- Low in all sectors but apartments, which is now at its long-term average and holding steady.

### Property Fundamentals Improving

- Real estate market fundamentals improving across the board.
- **Apartment:** Supply/demand in balance for majority of markets. Move-outs to ownership still low.
- **Office:** Energy/technology job gains driving absorption, housing recovery will likely spur demand.
- **Warehouse:** Global trade flows should improve, changing face of retail pushing demand.
- **Retail:** Store closings down, openings up; vacancies improving with very limited development.
- **Hotel:** Business travel, tourism expanding. Room demand up 3.1% y-y (August), ADRs up 4.5%.
- **Storage:** Strong NOI growth outlook, robust cash flows.

### Strong Investment Demand

- Demand for core gateway assets remains robust.
- Investors are moving along the risk spectrum to focus on value-add opportunities and secondary markets, which may present better risk-return parameters.

Source: PREI Research, as of November 2013.



## APARTMENT: SUPPLY GROWTH LEVELED OFF AT HISTORIC NORMS

### Fundamentals

- Demand for apartment units remains strong owing to job gains and pent-up demand. Vacancies edged down to 4.2% in 3Q13, according to Reis
- Multifamily starts of 282k units (SAAR) YTD Aug., leveling off as development costs increase
- Rent growth decelerating but still strong

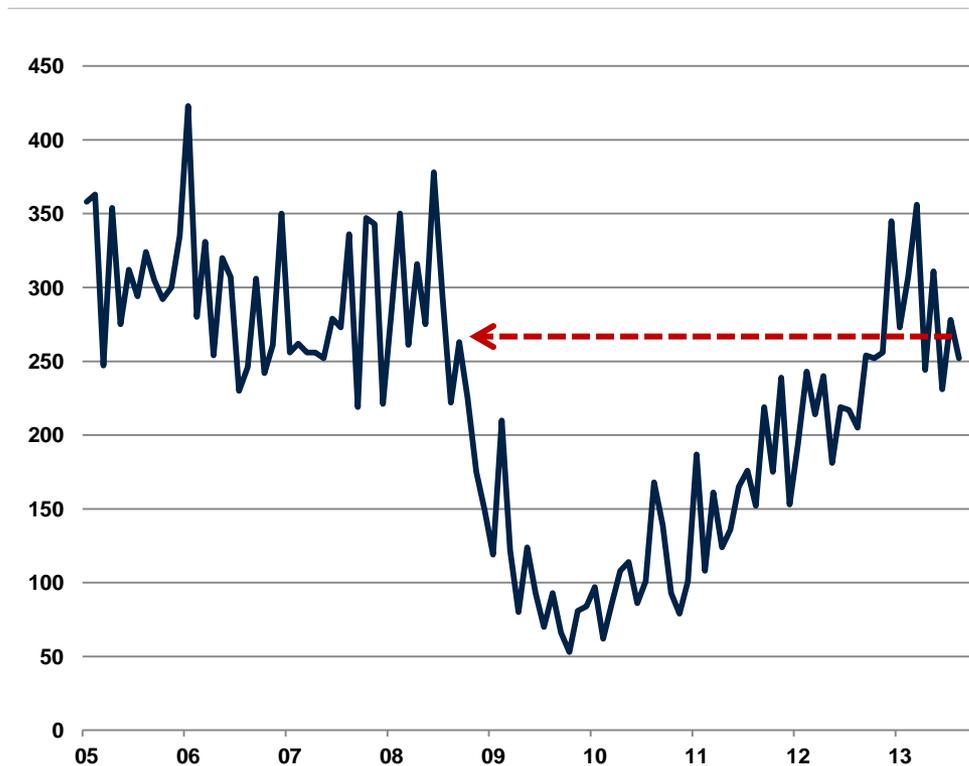
### Valuations

- Cap rates lower, demand for top tier assets is robust
- Capital moving to secondary locations to capture yield

### Recommendations

- Markets with higher barriers to entry provide short-term development and long-term hold opportunities.
- Core product remains pricey, higher yields can be realized in development.

US MULTIFAMILY HOUSING STARTS (5 OR MORE UNITS, THS. SAAR)



Source: Reis, PREI Research, Census Bureau, BLS, 3Q13



## OFFICE: PLAYING RECOVERY CYCLE

### Fundamentals

- Office employment increasing, steady net absorption
- Tech and energy markets seeing strongest gains, financial services employment slower
- Supply risk muted, increasing in some markets

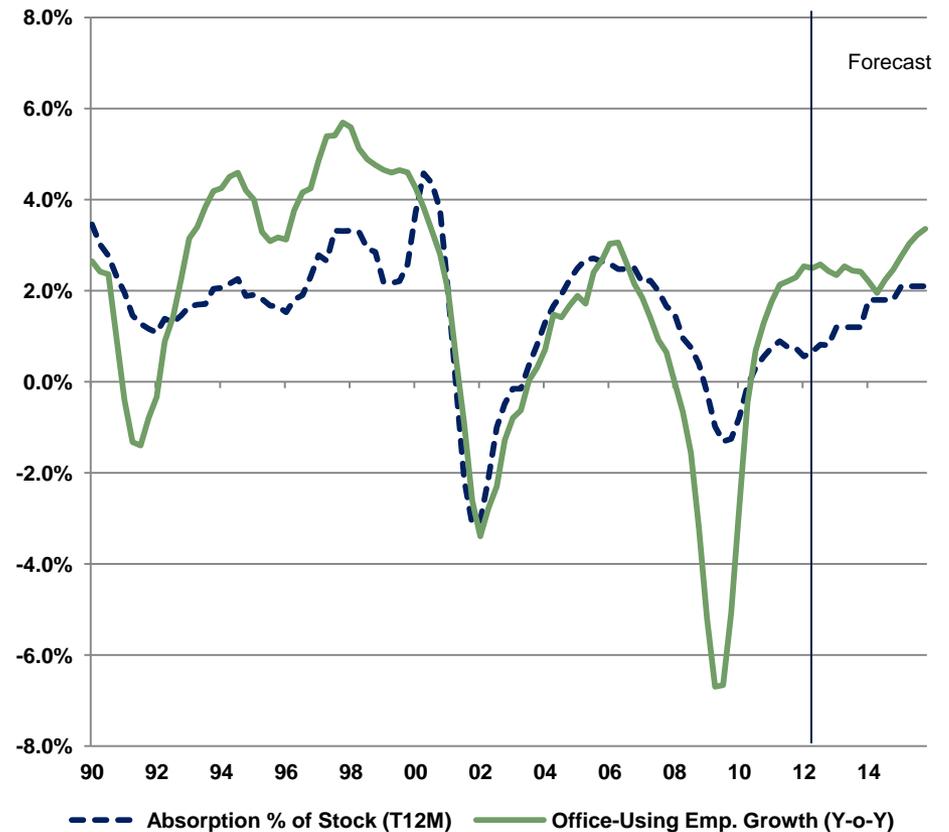
### Valuations

- Risk-averse investors seeking stable income driving major gateway markets higher
- Suburban/secondary markets may offer good risk-adjusted returns for short-term (3-5 years) investment horizons.

### Recommendations

- Focus on strong employment growth markets
- Prefer high-barrier over commodity
- Take lease rollover or lease-up risk
- Reposition/upgrade Class B+ assets as market recovers to take advantage of lack of supply
- Development opportunities in markets where office job growth is in expansionary mode

### OFFICE USING JOBS CONTINUE TO EXPAND, DRIVING ABSORPTION



Source: CBRE-EA, BLS, PREI Research, 3Q13



## WAREHOUSE: DEMAND TO OUTPACE NEW SUPPLY

### Fundamentals

- Warehouse demand drivers, including the housing recovery and growth in segments such as retail sales, auto sales and internet commerce, look promising over the next 12 months, suggesting increasing absorption of space.
- Warehouse space demand is expected to outpace new supply over the next two years.

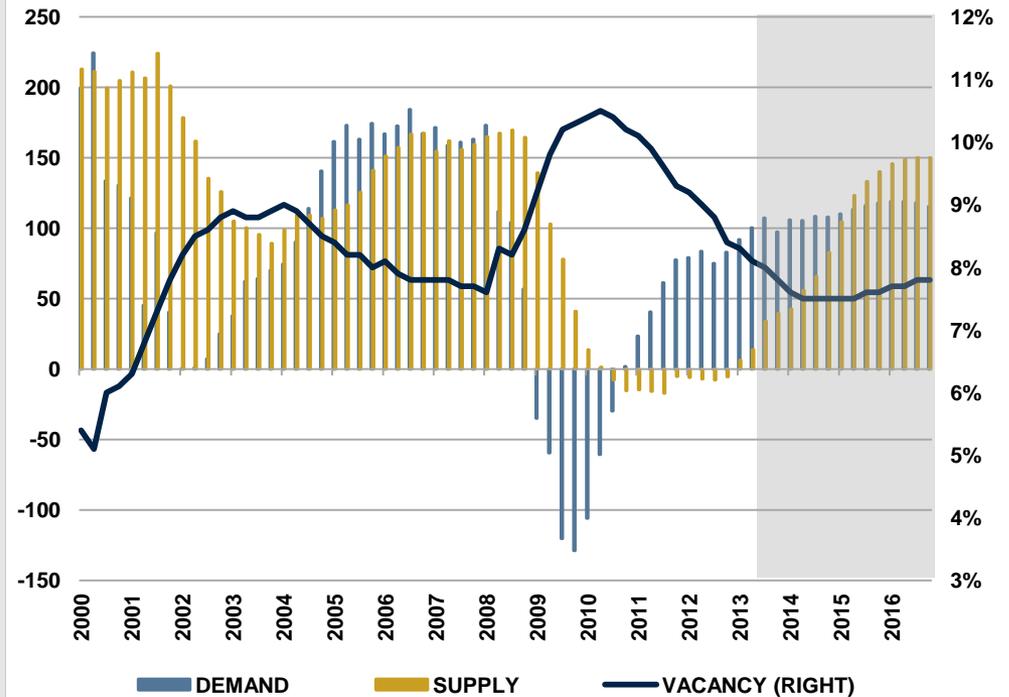
### Valuations

- Valuations starting to accelerate
- Highest transactions levels since 2007, lower cap rates in prime markets

### Recommendations

- Recommend targeted-development & value-add opportunities in Dallas, Houston, the LA Basin, Miami, Portland, Seattle.
- Also, acquiring and developing modern warehouse in supply-constrained, high-population regions such as Miami, Washington DC, New York, and the Bay Area.

WAREHOUSE TRAILING 4-QUARTER DEMAND, SUPPLY (MILLION SF) AND VACANCY



Source: PPR, Census Bureau, PREI Research, 3Q13



## RETAIL: POSITIVE MOVEMENT IN STORE OPENINGS

### Fundamentals

- Consumer spending continues to increase at a moderate rate, and confidence is at its highest level since early 2008
- Announced retail store openings have increased slightly for the first time in many years. At the same time, development activity remains non-existent. As a result, vacancies across all retail are starting to improve

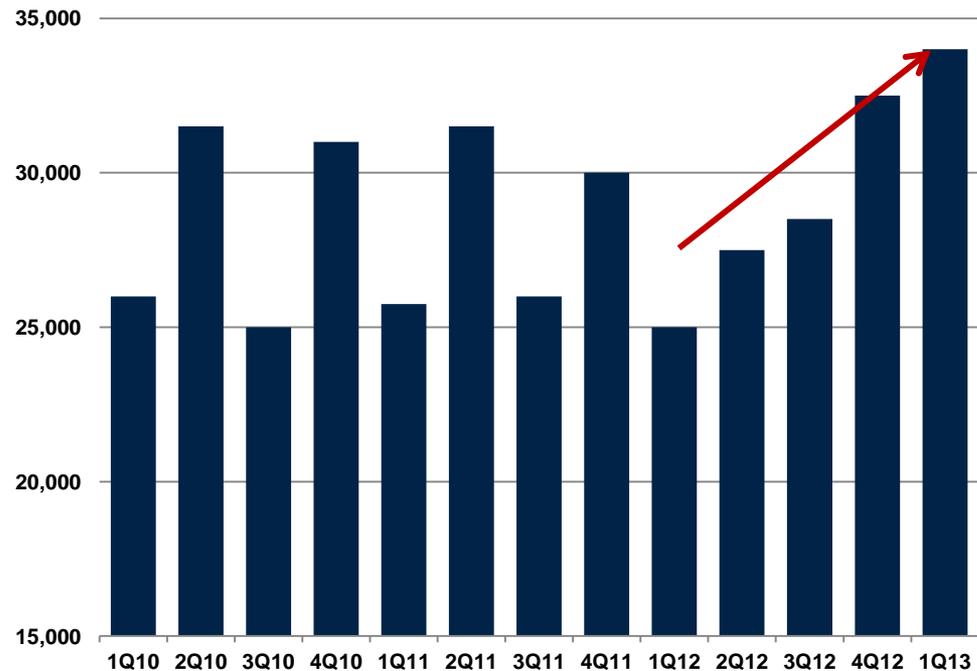
### Valuations

- Malls heading higher, but we expect recovery to expand in scope to power centers and other retail formats

### Recommendations

- Focus on grocer market leaders and non-discretionary/value-oriented retail
- Secondary markets to capture yield as population base more widespread

ANNOUNCED RETAIL STORE OPENINGS



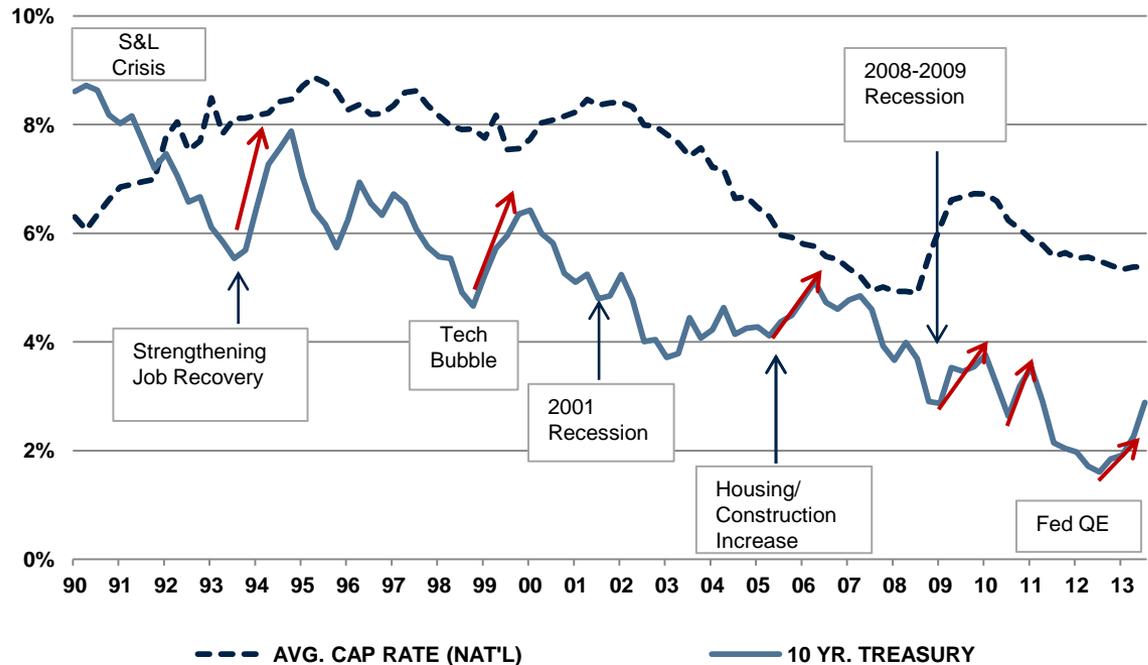
Source: US Census Bureau, PREI Research, 3Q13



# REAL ESTATE CAP RATES SHOULD REMAIN FIRM IN TODAY'S ENVIRONMENT

- Historical data strongly suggest that cap rates are somewhat resistant to the pressures of rising interest rates.
- During the last six extended periods dating back to the 1970s, the average cap rate increase was +16 bps vs. +233 bps for 10-yr treasuries, 119 bps for Baa corp. bonds.
- Further increases in Treasury yields should be accompanied by economic growth and improving real estate fundamentals, so the impact on cap rates could be fairly moderate.

NATIONAL CAP RATES VS. 10-YEAR TREASURY BOND YIELDS



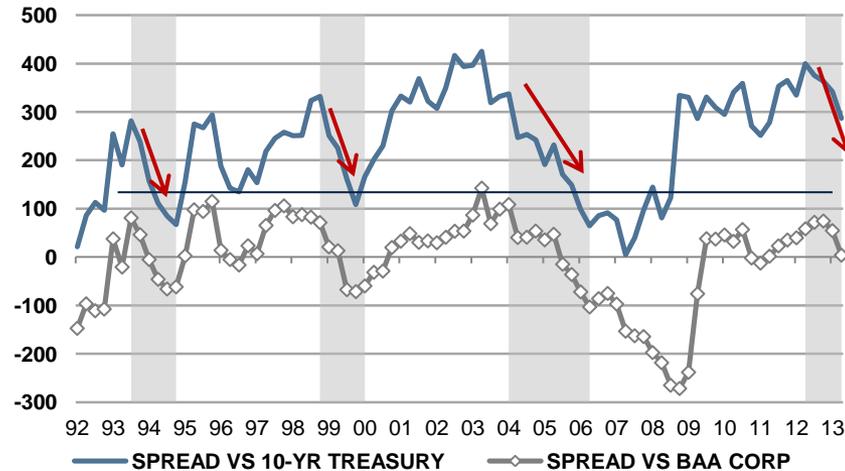
Sources: Federal Reserve, Moody's Analytics, PREI Research, 3Q13



# CAP RATE SPREADS VS. 10-YR TREASURIES AND BAA CORPORATE BONDS

- Based on historical spreads between 10-year treasury yields and NCREIF cap rates in an improving economic environment, a 4% 10-year treasury would likely result in a cap rate of approximately 5.4%, which is generally on par with today's cap rates.
- Private real estate yields are on par with Baa Corporate Bonds.

PRIVATE REAL ESTATE CAP RATE SPREADS VS. 10-YEAR TREASURIES AND BAA BONDS (BPS)



Cap rate spread compression likely to offset higher 10-yr Treasuries.

POTENTIAL RANGE OF ENDING CAP RATES

	Ending 10-year Treasury	Spread (BPs)	NCREIF Cap Rate
Current	2.50%	284	5.34%
Long Term Average		235	7.13%
<b>Ending Treasury Yields:</b>			
Moderate Increase	3.0%	138	4.36%
Significant Yield Increase	4.0%	138	5.36%
Massive Yield Increase	5.0%	138	6.36%

1992-2013 (BPS)	10-YR TREASURIES	BAA CORP.
Long Term Avg. Spread	235	-5
Midpoint	138	-138
Low Spread	40	-272

Source: NCREIF, Federal Reserve, Moody's, PREI Research, 3Q13

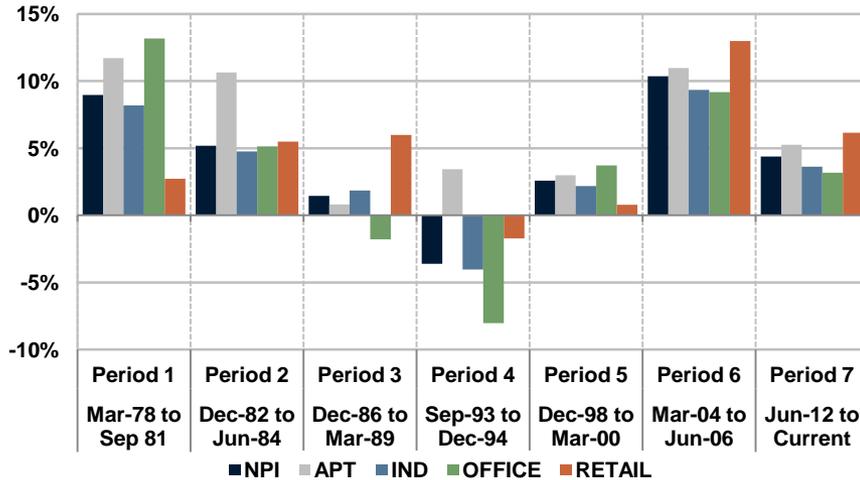
(1) 7/24/13

(2) Midpoint between long-term average and low spread of 138 bps is assumed.

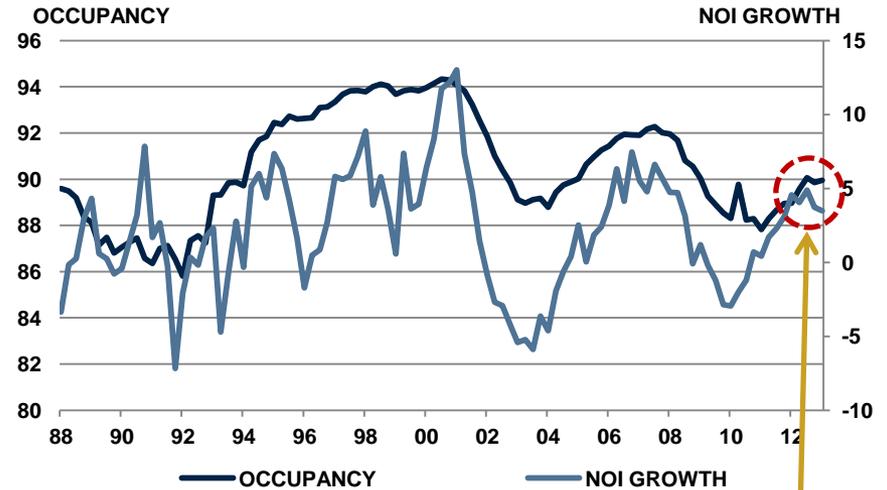


# ASSESSMENT OF APPRECIATION RETURNS IN RISING RATE ENVIRONMENTS

ANNUALIZED APPRECIATION RETURNS DURING RISING RATE PERIODS



REAL ESTATE OCCUPANCY VS. NOI GROWTH



**Fun Fact:**

Annualized NOI growth during rising interest rate periods was 4.7%, versus 2.4% in non-rising rate periods.

Rising occupancy in a stronger economic environment likely to boost NOI growth.

Source: NCREIF, Reis, PPR, PREI Research, 3Q13

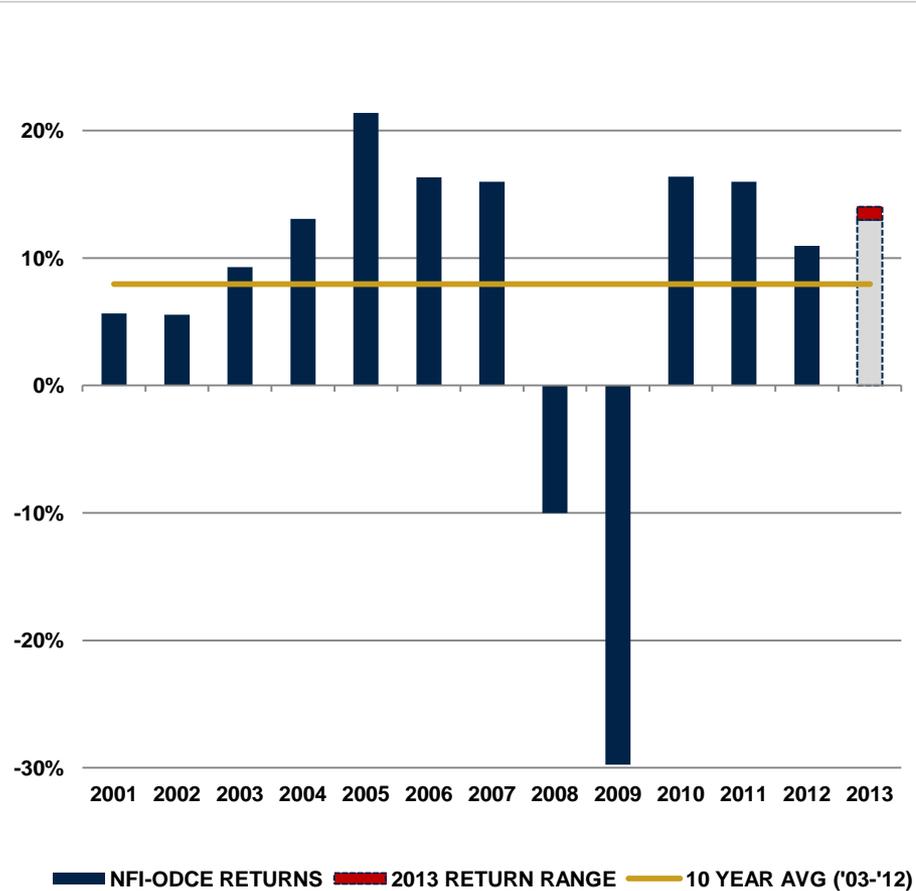


# STRONG REAL ESTATE RETURNS THIS YEAR

NFI ODCE ANNUAL RETURNS AND RANGE FOR 2013

YEAR	NFI-ODCE RETURN
2001	5.64%
2002	5.54%
2003	9.28%
2004	13.06%
2005	21.39%
2006	16.32%
2007	15.97%
2008	-10.01%
2009	-29.76%
2010	16.36%
2011	15.99%
2012	10.94%
2013	13% to 14%
<b>10-YEAR AVG. ('03-'12)</b>	<b>7.95%</b>

NFI ODCE ANNUAL RETURNS AND RANGE FOR 2013



Source: NCREIF, PREI Research projections, 3Q 2013



## **SUPPLEMENTAL PRISA LP INFORMATION**



## PRISA LP EMBEDDED VALUE RECOVERY ANALYSIS<sup>1</sup>

- Year-to-date, approximately 90% of the embedded value projected for 2013 has been realized.
- Based on current 3Q13 projections, we expect that as much as \$420 million of embedded value will be realized over the next four quarters, with the majority coming from the office portfolio.
- The large office assets that were a drag on performance in 2012 have contributed significantly in 2013, which is expected to continue into 2014.

	Full Year 2013 Projected Net Embedded Value (PRISA's Share) <sup>2</sup>	Actual Realized Through 9/30 Net Embedded Value (PRISA's Share) <sup>2</sup>	Projected - Net Embedded Value 4Q13-3Q14 (PRISA's Share) <sup>2</sup>
Apartment	\$82	\$73	\$91
Office	168	156	185
Retail	50	50	58
Industrial	36	33	47
Hotel	11	8	9
Storage	25	25	30
<b>Total</b>	<b>\$372</b>	<b>\$345</b>	<b>\$420</b>

### TOP DRIVERS OF EMBEDDED VALUE

	2013 YTD Actual <sup>2</sup>	4Q13-3Q14 Projected <sup>2</sup>
Eleven Times Square	\$74	\$55
International Place	39	32
One Montgomery	1	10
1800 M Street	21	18
100 Park Avenue	13	9
The Fillmore Center	14	8
<b>Total</b>	<b>\$162</b>	<b>\$132</b>

<sup>1</sup>For all assets (excluding developments currently under construction), embedded value is calculated using 10 year discounted cash flow valuations used under the income capitalization method section using external appraisals. Income and cash flow projections were rolled forward 1 year. For developments currently under construction, Net Asset Value based on PRISA's total equity commitment. Embedded value for development projects currently under construction are based on original underwriting at IC approval. Target returns are not guaranteed.

<sup>2</sup>\$ in millions.



## PRISA LP TOP 10 ASSETS BY GMV – SEPTEMBER 30, 2013

Project Name	Property Type	Location	Size/ Units / SF	100% GMV per SF/Unit	PRISA LP's Share GMV (\$ Millions)	Percentage of Fund's GMV
Eleven Times Square <sup>1</sup>	Office	New York, NY	1,109,026	\$871.0	\$922.0	6.2%
International Place <sup>1</sup>	Office	Boston, MA	1,841,873	\$541.3	\$894.2	6.0%
100 Park Avenue <sup>2</sup>	Office	New York, NY	895,166	\$794.3	\$354.8	2.4%
1800 M Street	Office	Washington, DC	552,976	\$524.4	\$290.0	1.9%
Annapolis Towne Centre at Parole	Retail	Annapolis, MD	504,353	\$547.4	\$275.4	1.8%
The Atrium Portfolio	Hotel	Various	N/A	N/A	\$242.6	1.6%
The Fillmore Center <sup>2</sup>	Apartment	San Francisco, CA	1,114	\$408,366.2	\$227.2	1.5%
Democracy Center	Office	Bethesda, MD	681,495	\$296.4	\$202.0	1.4%
1111 Brickell	Office	Miami, FL	522,892	\$380.6	\$199.0	1.3%
Post Montgomery <sup>2</sup>	Office	San Francisco, CA	675,432	\$612.9	\$198.3	1.3%
					<b>\$3,805.5</b>	<b>25.4%</b>

<sup>1</sup> Exceeds single asset exposure.

<sup>2</sup> PRISA SA holds an interest in these assets outside of its investment alongside PRISA LP in PRISA REIT; the interest PRISA SA owns outside of PRISA REIT is 0.4% of 100 Park Avenue, 50.1% of The Fillmore Center and 52.1% of Post Montgomery.



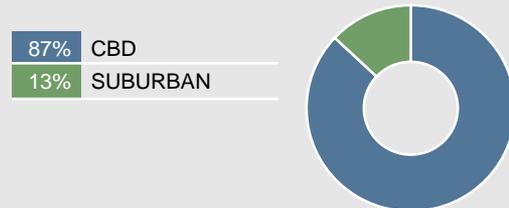
## PRISA LP OFFICE PORTFOLIO OVERVIEW – SEPTEMBER 30, 2013

Over-weighting to Central Business District (CBD) office should provide for near-term outperformance.<sup>1</sup>

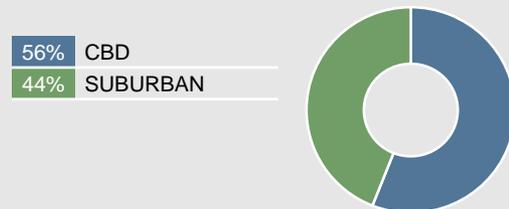
### SNAPSHOT

PRISA LP's share of GMV <sup>2</sup>	<b>\$5,029.7M</b>
Current Weighting	<b>33.7%</b>
NCREIF Property Index	<b>35.3%</b>
NFI- ODCE	<b>36.7%</b>
Desired Weighting	<b>Increase</b>

### PRISA LP



### NFI-ODCE



### MAJOR MARKET EXPOSURE:

Market (CMSA)	PRISA LP'S Share of GMV	% of Total	NFI-ODCE
New York Metro Area*	\$1,447.2	29%	21%
Boston	1,031.4	21%	10%
Washington, DC	539.5	11%	14%
Los Angeles	437.8	9%	12%
S.F. Bay Area	389.0	8%	12%
<b>Subtotal</b>	<b>3,844.9</b>	<b>76%</b>	<b>69%</b>
Other Markets	1,184.8	24%	31%
<b>Total</b>	<b>\$5,029.7</b>	<b>100%</b>	<b>100%</b>

\*Includes New Jersey

### LEASED STATUS:

	6/30/2013		9/30/2013		% of Square Footage Expiring In			
	Leased Status	Leased Status	Leased Status	Leased Status	2013 <sup>3</sup>	2014	2015	2016
Total	85.1%	86.4%	86.4%	86.4%	1.7%	7.6%	9.0%	9.3%
Stabilized	87.6%	88.8%	88.8%	88.8%	1.9%	8.4%	9.9%	10.2%

**Leverage Ratio: 27.9%**

<sup>1</sup> Performance objectives are not guaranteed. Actual results may vary.

<sup>2</sup> NAV as of 9/30/2013 \$3,640.9M

<sup>3</sup> Remainder of 2013.

Note: NFI-ODCE does not publish detail property information at the market level. Strategic market information is calculated by extracting NFI-ODCE properties from the NPI datasets. NPI datasets are based on the final report published by NCREIF on 10/25/2013.



# 100 PARK AVENUE, NEW YORK, NY

## TROPHY OFFICE PROPERTY IN PRIME NYC LOCATION

### GENERAL DESCRIPTION

**Property Type:** Office

**Year Built:** 1949 (renovated 2005-2008)

**Partner:** SL Green

**Size:** 895,166 sf

**Leased Status:** 94.7%

**Cost:** \$385.3M (\$430 psf)

**Market Value:** \$711.0M (\$794 psf)

**Risk Profile:** Core

**Property Certification:** LEED Silver Certified

### APPRAISAL METRICS

**Direct Cap Rate:** 5.00%

**Discount Rate:** 7.00%

**Exit Cap Rate:** 5.50%

**Exit Value (10-Yr Hold):** \$980 psf



### BACKGROUND & MARKET UPDATE

- o 100 Park Avenue is a trophy office property located within two blocks of Grand Central Station in Manhattan.
- o PRISA acquired the building in 1974. A 49.9% interest was sold to SL Green in February 2000.
- o From 2006-2008, a renovation was completed that included a new glass curtain wall on Park Avenue and steel paneling on the remaining exterior, a lobby and elevator cab renovation and the replacement/upgrading of the base building systems and HVAC.
- o In 2009, the building received an Existing Building Silver LEED designation and the NYC Regional BOMA award for best renovated building.

Top Tenants <sup>1</sup>	SF
BDO USA LLP	121,441
AECOM Technology	108,631
J&W Seligman & Co.	103,615
Wells Fargo Trade	100,833

<sup>1</sup> Based on square footage.

Note: As of September 30, 2013. There is no guarantee that returns for these or similar investments in the future will be achieved



## PRISA LP APARTMENT PORTFOLIO OVERVIEW – SEPTEMBER 30, 2013

PRISA LP's apartment portfolio is comprised of mostly new, Class A, infill apartments, many of which have a transit and/or retail component.

### SNAPSHOT

PRISA LP's share of GMV <sup>1</sup>	<b>\$3,335.0M</b>
Current Weighting	<b>22.3%</b>
NCREIF Property Index	<b>25.2%</b>
NFI- ODCE	<b>25.2%</b>
Desired Weighting	<b>Neutral</b>

### PRISA LP

67%	HIGH RISE
17%	GARDEN
16%	LOW RISE
0%	RESIDENTIAL LAND <sup>2</sup>



### NFI-ODCE

62%	HIGH RISE
27%	GARDEN
11%	LOW RISE



### MAJOR MARKET EXPOSURE:

Market (CMSA)	PRISA LP'S Share of GMV	% of Total	NFI-ODCE
Washington, DC	\$625.7	19%	13%
New York	504.8	15%	15%
Los Angeles	504.4	15%	11%
Chicago	293.0	9%	11%
Other Florida	271.9	8%	2%
<b>Subtotal</b>	<b>2,199.8</b>	<b>66%</b>	<b>52%</b>
Other Markets	1,135.2	34%	48%
<b>Total</b>	<b>\$3,335.0</b>	<b>100%</b>	<b>100%</b>

### LEASED STATUS:

	6/30/2013 Leased Status	9/30/2013 Leased Status
Total	93.0%	94.3%
Stabilized	94.7%	94.3%

**Leverage Ratio: 32.8%**

<sup>1</sup> NAV as of 9/30/13 \$2,251.3M

<sup>2</sup> Land is less than 1%.

Note: NFI-ODCE does not publish detail property information at the market level. Strategic market information is calculated by extracting NFI-ODCE properties from the NPI datasets. NPI datasets are based on the final report published by NCREIF on 10/25/2013.



## THE FILLMORE CENTER, SAN FRANCISCO, CA HIGH-RISE LUXURY APARTMENT COMMUNITY

### GENERAL DESCRIPTION

**Property Type:** Residential

**Year Built:** 1987-1991

**Size:** 1,114 units

**Leased Status:** 97.8%

**Cost:** \$254.8M (\$228,715 per unit)

**Market Value:** \$454.9M (\$408,366 per unit)

**Risk Profile:** Core

**Property Certification:** LEED Silver Certified

### APPRAISAL METRICS

**Direct Cap Rate:** 4.25%

**Discount Rate:** 6.75%

**Exit Cap Rate:** 5.25%

**Exit Value (10-Yr Hold):** \$487,915 per unit



### BACKGROUND & MARKET UPDATE

- The Fillmore Center is a 1,114-unit luxury apartment community with 68,000 square feet of retail located in the Fillmore District of San Francisco. Amenities include a swimming pool with hot tub and sauna, interior courtyards, parking garage, fitness room, racquetball court, laundry facility, and a free shuttle service to and from the CBD. Select unit amenities include patios, fireplaces, and full size appliances.
- The property is located amidst a variety of retail and commercial properties, including boutiques, restaurants, and live-entertainment venues.

Unit Type	# of Units
Studio	310
1-Bedroom	430
2-Bedroom	342
3-Bedroom	32
<b>Total</b>	<b>1,114</b>

Note: As of September 30, 2013. There is no guarantee that returns for these or similar investments in the future will be achieved.



## PRISA LP RETAIL PORTFOLIO OVERVIEW – SEPTEMBER 30, 2013

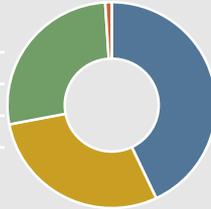
Neighborhood component provides for stability and enhanced liquidity.

### SNAPSHOT

PRISA LP's share of GMV <sup>1</sup>	<b>\$2,886.4M</b>
Current Weighting	<b>19.3%</b>
NCREIF Property Index	<b>23.3%</b>
NFI- ODCE	<b>18.1%</b>
Desired Weighting	<b>Decrease</b>

### PRISA LP

43%	POWER
29%	LIFESTYLE
27%	NEIGHBORHOOD
1%	RETAIL LAND



### NFI-ODCE

49%	REGIONAL MALL
32%	NEIGHBORHOOD
13%	POWER
6%	LIFESTYLE



### MAJOR MARKET EXPOSURE:

Market (CMSA)	PRISA LP'S Share of GMV	% of Total	NFI-ODCE
Washington, DC	\$419.1	15%	8%
Los Angeles	361.3	13%	15%
Dallas	354.9	12%	4%
Atlanta	319.8	11%	3%
New York	237.2	8%	11%
<b>Subtotal</b>	<b>1,692.3</b>	<b>59%</b>	<b>41%</b>
Other Markets	1,194.1	41%	59%
<b>Total</b>	<b>\$2,886.4</b>	<b>100%</b>	<b>100%</b>

### LEASED STATUS:

	6/30/2013	9/30/2013	% of Square Footage Expiring In			
	Leased Status	Leased Status	2013 <sup>2</sup>	2014	2015	2016
Total	91.9%	91.9%	1.8%	7.2%	8.8%	13.4%
Stabilized	93.5%	93.5%	1.9%	7.5%	9.1%	13.8%

**Leverage Ratio: 18.0%**

<sup>1</sup> NAV as of 9/30/13 \$2,378.7M

<sup>2</sup> Remainder of 2013.

Note: NFI-ODCE does not publish detail property information at the market level. Strategic market information is calculated by extracting NFI-ODCE properties from the NPI datasets. NPI datasets are based on the final report published by NCREIF on 10/25/2013.



# ANNAPOLIS TOWNE CENTRE AT PAROLE, ANNAPOLIS, MD

## UPSCALE MIXED-USE CENTER

### GENERAL DESCRIPTION

**Property Type:** Retail  
**Year Built:** 2009  
**Partner:** Greenberg Gibbons Company  
**Size:** 504,353 sf  
**Leased Status:** 95.0%  
**Cost:** \$223.4M (\$443 psf)  
**Market Value:** \$276.1M (\$547 psf)  
**Risk Profile:** Core

### APPRAISAL METRICS

**Direct Cap Rate:** 5.75%  
**Discount Rate:** 7.00%  
**Exit Cap Rate:** 6.25%  
**Exit Value (10-Yr Hold):** \$561 psf



### BACKGROUND & MARKET UPDATE

- Annapolis Towne Centre at Parole is part of a mixed-use property in Annapolis, Maryland. This upscale, open air retail center provides an urban shopping experience in a suburban setting. The property features a strong tenant merchandising mix with four anchor tenants and 54 in-line tenants, yielding a total occupancy of 95.0%.
- The property is located in Anne Arundel County, which is in close proximity to Washington DC and Baltimore. Convenient to US Route 301 and US Route 50, the property offers direct commuter access to both cities.

Top Tenants <sup>1</sup>	SF
Whole Foods	70,795
24 Hour Fitness	43,157
Bed, Bath, and Beyond	42,446

<sup>1</sup> Based on square footage.  
 Note: As of September 30, 2013. There is no guarantee that returns for these or similar investments in the future will be achieved.



## PRISA LP INDUSTRIAL PORTFOLIO OVERVIEW – SEPTEMBER 30, 2013

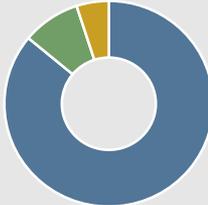
Newly delivered industrial assets provide the opportunity for near-term value increases as lease-up progresses.

### SNAPSHOT

PRISA LP's share of GMV <sup>1</sup>	<b>\$2,160.0M</b>
Current Weighting	<b>14.4%</b>
NCREIF Property Index	<b>13.9%</b>
NFI- ODCE	<b>15.2%</b>
Desired Weighting	<b>Increase</b>

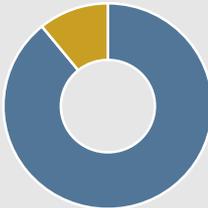
### PRISA LP

86%	WAREHOUSE DISTRIBUTION
9%	INDUSTRIAL LAND
5%	R & D



### NFI-ODCE

90%	WAREHOUSE DISTRIBUTION
10%	R & D



### MAJOR MARKET EXPOSURE:

Market (CMSA)	PRISA LP'S Share of GMV	% of Total	NFI-ODCE
Los Angeles	\$706.2	33%	24%
Washington, DC	429.1	20%	6%
Dallas	166.8	8%	9%
Seattle	153.2	7%	9%
So. Florida	115.1	5%	3%
<b>Subtotal</b>	<b>1,570.4</b>	<b>73%</b>	<b>51%</b>
Other Markets	589.6	27%	49%
<b>Total</b>	<b>\$2,160.0</b>	<b>100%</b>	<b>100%</b>

### LEASED STATUS:

	6/30/2013 Leased Status	9/30/2013 Leased Status	2013 <sup>2</sup>	% of Square Footage Expiring In		
				2014	2015	2016
Total	88.2%	90.4%	2.3%	12.8%	9.3%	12.3%
Stabilized	93.9%	94.5%	2.4%	13.5%	9.8%	12.9%

**Leverage Ratio: 11.4%**

<sup>1</sup> NAV as of 9/30/2013 \$1,916.0.0M.

<sup>2</sup> Remainder of 2013.

Note: NFI-ODCE does not publish detail property information at the market level. Strategic market information is calculated by extracting NFI-ODCE properties from the NPI datasets. NPI datasets are based on the final report published by NCREIF on 10/25/2013.



# PACIFIC GATEWAY INDUSTRIAL, TORRANCE, CALIFORNIA

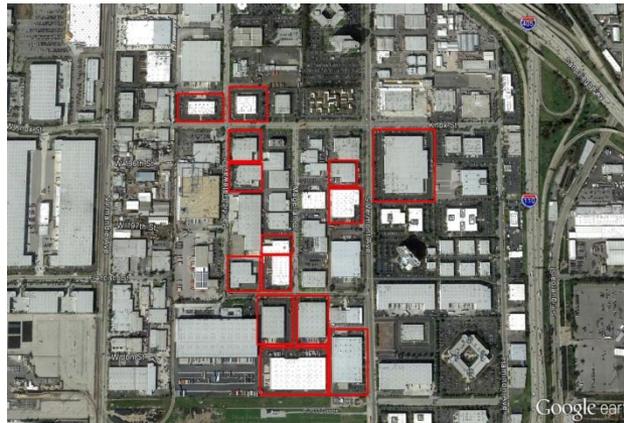
## PORT ORIENTED INDUSTRIAL PARK

### GENERAL DESCRIPTION

**Property Type:** Industrial  
**Year Built:** 1979  
**Size:** 1,070,874 sf  
**Leased Status:** 100.0%  
**Cost:** \$116.5M (\$109 psf)  
**Market Value:** \$142.2M (\$133 psf)  
**Risk Profile:** Core

### APPRAISAL METRICS

**Direct Cap Rate:** 5.33%  
**Discount Rate:** 7.65%  
**Exit Cap Rate:** 5.83%  
**Exit Value (10-Yr Hold):** \$171 psf



### BACKGROUND & MARKET UPDATE

- The property is located in close proximity to the ports of Los Angeles and Long Beach, as well as Los Angeles International Airport. Additionally, the property is less than a half mile from the intersection of Interstates 110 and 405, two major north/south and east/west highways in California.
- These assets are part of a larger industrial development project which consists of 15 free-standing industrial buildings with clear heights ranging between 22 and 30 feet. The majority of the buildings are classified as either warehouse or distribution facilities.

Top Tenants <sup>1</sup>	SF
Nippon Express USA	453,469
World Class Freight	76,416
K-Line Logistics	66,600
Shimadzu Medical Systems	66,495

<sup>1</sup> Based on square footage.  
 Note: As of September 30, 2013. There is no guarantee that returns for these or similar investments in the future will be achieved



## PRISA LP STORAGE PORTFOLIO OVERVIEW – SEPTEMBER 30, 2013

### SNAPSHOT

PRISA LP's share of GMV <sup>1</sup>	<b>\$937.3M</b>
Current Weighting	<b>6.3%</b>
NCREIF Property Index	<b>N/A</b>
NFI-ODCE	<b>1.7%</b>
Desired Weighting	<b>Increase</b>

### PRISA LP

49%	EAST
27%	WEST
16%	SOUTH
8%	MIDWEST



### MAJOR MARKET EXPOSURE:

Market (CMSA)	PRISA LP's Share of GMV	% of Total	NFI-ODCE
New York	\$226.6	24%	N/A
Washington, DC	117.2	13%	N/A
Los Angeles	87.8	9%	N/A
Southern Florida	61.8	7%	N/A
Hartford	40.1	4%	N/A
<b>Subtotal</b>	<b>533.5</b>	<b>57%</b>	<b>N/A</b>
Other Markets	403.8	43%	N/A
<b>Total</b>	<b>\$937.3</b>	<b>100%</b>	<b>N/A</b>

### LEASED STATUS:

	6/30/2013 Leased Status	9/30/2013 Leased Status
Total	90.7%	92.5%
Stabilized	90.7%	92.5%

**Leverage Ratio: 0%**

<sup>1</sup> NAV as of 9/30/13 \$940.1M.



# EXTRA SPACE STORAGE PORTFOLIO LESS OBVIOUS CORE

## GENERAL DESCRIPTION

**Property Type:** Storage  
**Year Built:** Various  
**Partner:** Extra Space Storage  
**Size:** 6,546,126 sf / 62,360 units  
**Leased Status:** 92.5%  
**Cost:** \$648.2M (\$99 psf)  
**Market Value:** \$898.4M (\$137 psf)  
**Risk Profile:** Core

## APPRAISAL METRICS

**Direct Cap Rate:** 5.83%  
**Discount Rate:** 8.51%  
**Exit Cap Rate:** 6.01%  
**Exit Value (10-Yr-Hold):** \$179 psf



## BACKGROUND & MARKET UPDATE

- PRISA's Extra Space Storage Portfolio consists of 86 facilities across 20 states concentrated in coastal regions. Storage has increasingly gained acceptance as an institutional investment class due to predictable cash flows and core like returns. Occupancy continues to increase and the current outlook for rent growth is strong.
- Storage is part of PRISA's "less obvious core" strategy. Since its initial acquisition in 2005, storage has proven to be a low beta strategy that has generated strong and stable cash flow. This sector benefits from lower capital requirements and diverse demand drivers, which insulates performance in weaker economic environments. PRISA anticipates a long term hold and may selectively acquire additional storage assets in high-barrier to entry markets.

Top Locations by Size	SF
Pt Loma – San Diego, CA	140,725
Route 112 – Coram, NY	128,370
Bruckner Blvd – Bronx, NY	126,630
East Main St. – Mesa, AZ	119,656
Route 17N – Hasbrouck Heights, NJ	107,210

Note: As of September 30, 2013. There is no guarantee that returns for these or similar investments in the future will be achieved



## PRISA LP HOTEL PORTFOLIO OVERVIEW – SEPTEMBER 30, 2013

### SNAPSHOT

PRISA LP's share of GMV <sup>1</sup>	<b>\$595.7M</b>
Current Weighting	<b>4.0%</b>
NCREIF Property Index	<b>2.3%</b>
NFI-ODCE	<b>2.1%</b>
Desired Weighting	<b>Neutral</b>

### PRISA LP

39%	SOUTH
26%	WEST
23%	EAST
12%	MIDWEST



### NFI-ODCE

40%	EAST
33%	SOUTH
20%	WEST
7%	MIDWEST



### MAJOR MARKET EXPOSURE:

Market (CMSA)	PRISA LP's Share of GMV	% of Total	NFI-ODCE
Atrium Portfolio (Various)	\$242.6	41%	N/A
Four Seasons (Austin, TX)	141.0	24%	N/A
Hotel Sofitel (Redwood City, CA)	101.0	17%	N/A
James Hotel (New York, NY)	84.8	14%	N/A
Lake Buena Vista (Orlando, FL)	26.3	4%	N/A
<b>Total</b>	<b>\$595.7</b>	<b>100%</b>	<b>N/A</b>

### LEASED STATUS:

	6/30/2013 Leased Status	9/30/2013 Leased Status
Total	79.7%	82.3%
Stabilized	79.7%	82.3%

**Leverage Ratio: 0%**

<sup>1</sup> NAV as of 9/30/13 \$604.6M

Note: NFI-ODCE does not publish detail property information at the market level. Strategic market information is calculated by extracting NFI-ODCE properties from the NPI datasets. NPI datasets are based on the final report published by NCREIF on 10/25/2013.



## THE FOUR SEASONS AUSTIN, TX LUXURY HOTEL IN A TECH MARKET

### GENERAL DESCRIPTION

**Property Type:** Hotel

**Year Built:** 2007

**Partner:** Lodging Capital Partners

**Size:** 291 keys

**Leased Status:** 78.7%

**Cost:** \$127.5M (\$438,115 per key)

**Market Value:** \$154.0M (\$529,210 per key)

**Risk Profile:** Core



### APPRAISAL METRICS

**Direct Cap Rate:** 6.75%

**Discount Rate:** 9.50%

**Exit Cap Rate:** 7.25%

**Exit Value (10-Yr Hold):** \$690,856 per key

### BACKGROUND & MARKET UPDATE

- The asset is a well located, full-service luxury hotel in the growing Austin, TX market.
- The Austin metro area has experienced consistent population and income growth over the past decade.
- The hotel is located in close proximity to major demand generators, including the University of Texas at Austin, and the Austin Convention Center. The property is one of three hotels on Lady Bird Lake and offers desirable lake view rooms.
- There are no luxury hotel competitors in the Austin Market.
- Lodging Capital Partners is PRISA's joint venture partner on this asset, as well as the Sofitel in Redwood City, CA.

Note: As of September 30, 2013. There is no guarantee that returns for these or similar investments in the future will be achieved



## PRISA – YEAR-TO-DATE ACQUISITIONS – SEPTEMBER 30, 2013

Property Name	Location	Risk Profile	SF/Units	Closing Date	Gross Investment (\$ Millions) <sup>1</sup>	PSF/Per Unit	Cap Rate <sup>2</sup>
Broadstone Ambrose (Partner Buyout)	Dallas, TX	Core	338	1/31/2013	\$2.7	\$144,231 <sup>5</sup>	4.8%
Waterstone Fremont	Fremont, CA	Non-Core	526	5/13/2013	25.2	173,194	8.4% <sup>3</sup>
Elan 1640	Ft. Lauderdale, FL	Non-Core	261	7/2/2013	63.2	241,992	7.1%
<b>Apartment Subtotal</b>					<b>\$91.1</b>		
1111 Brickell	Miami, FL	Core	522,892	4/12/2013	\$190.5	\$364	4.9%
Southern California Office Portfolio (5)	Sorrento Mesa & Pasadena, CA	Core	1,052,057	8/12/2013	382.5	364	4.1%
<b>Office Subtotal</b>					<b>\$573.0</b>		
Market at Lake Nona	Orlando, FL	Core	69,945	4/4/2013	\$11.4	\$163	7.6%
Cousins Partner Buyout (8)	Various, GA, FL, VA & CA	Core	2,171,973	9/23/2013	57.4	240 <sup>5</sup>	6.8%
<b>Retail Subtotal</b>					<b>\$68.8</b>		
James Hotel	New York, NY	Core	114	5/1/2013	\$82.9	\$727,663	7.1%
<b>Hotel Subtotal</b>					<b>\$82.9</b>		
Aviator - International Foods	St. Louis, MO	Core	227,500	3/26/2013	\$13.2	\$58	7.1%
Transal Park Warehouse	Miami, FL	Non-Core	215,560	5/13/2013	26.9	125	7.0%
Skyline Distribution Center	Seattle, WA	Non-Core	304,335	8/9/2013	35.2	116	6.3% <sup>4</sup>
I-20 Distribution Center – Phase III	Dallas, TX	Non-Core	822,031	9/18/2013	35.0	43	7.9%
Digital Realty Portfolio (9)	Various CA, VA & TX	Core	1,060,473	9/27/2013	367.4	346	6.5%
Ramona Expressway Distribution Center	Perris, CA	Non-Core	1,133,282	9/27/2013	71.4	63	7.1%
<b>Industrial Subtotal</b>					<b>\$549.1</b>		
Storage Post (2)	Long Island, NY	Core	129,191	8/28/2013	\$20.4	\$158	5.4%
<b>Storage Subtotal</b>					<b>\$20.4</b>		
<b>Joint Venture Partners' Share</b>					<b>(\$86.1)</b>		
<b>Total Closed Acquisitions</b>					<b>\$1,299.2</b>		

<sup>1</sup> Represents 100% of cost. <sup>2</sup> For Core investments, cap rate represents going-in; for Non-Core investments, cap rate represents stabilized cap rate.

<sup>4</sup> Blended cap rate includes existing and development. <sup>5</sup> Based on gross negotiated final price.

<sup>3</sup> Represents the preferred equity return.



## PRISA – YEAR-TO-DATE DISPOSITIONS – SEPTEMBER 30, 2013

Property Name	Sector	Location	Age (Years)	Risk Profile	SF/Units	Actual Sale Date	Gross Cost	Gross Sales Price <sup>1</sup> (\$ Millions)	Net Proceeds (\$Millions)	Hold Period	IRR
Overlook Ridge IA	Apartment	Revere, MA	8	Core	310	1/18/2013	\$62.8	\$61.3	\$60.1	7	2.8%
Overlook Ridge IB	Apartment	Revere, MA	6	Core	412	4/4/2013	97.9	88.0	34.6	5	-3.7%
<b>Apartment Subtotal</b>							<b>\$160.7</b>	<b>\$149.3</b>	<b>\$94.7</b>		
Primestor Portfolio	Retail	Various, CA	21	Core	617,774	1/15/2013	\$127.3	\$110.5	\$68.0	7	4.2%
<b>Retail Subtotal</b>							<b>\$127.3</b>	<b>\$110.5</b>	<b>\$68.0</b>		
Primestor Little Village <sup>2</sup>	Land	Chicago, IL	N/A	Non-Core	N/A	2/21/2013	\$4.6	\$2.5	\$2.4	7	-17.7%
Village at Riverwatch <sup>2</sup>	Land	Augusta, GA	N/A	Non-Core	N/A	8/30 & 9/6/2013	7.0	3.1	2.4	4	-21.5%
Colusa/Santa Nella	Land	Sacramento, CA	N/A	Non-Core	N/A	3/15/2013	9.4	1.1	1.1	7	-39.9%
<b>Land Subtotal</b>							<b>\$21.0</b>	<b>\$6.7</b>	<b>\$5.9</b>		
San Jose Marriott	Hotel	San Jose, CA	10	Core	506	5/9/2013	\$60.5	\$85.3	\$84.4	3	20.6%
<b>Hotel Subtotal</b>							<b>\$60.5</b>	<b>\$85.3</b>	<b>\$84.4</b>		
Condyne Portfolio	Industrial	Various, MA	7	Core	1,410,444	3/28/2013	\$82.8	\$63.5	\$23.2	5	-4.6%
<b>Industrial Subtotal</b>							<b>\$82.8</b>	<b>\$63.5</b>	<b>\$23.2</b>		
<b>Joint Venture Partners' Share</b>								<b>(\$9.7)</b>			
<b>Adjustments to Previous Dispositions</b>									<b>\$6.3</b>		
<b>Total Closed Dispositions</b>							<b>\$452.3</b>	<b>\$405.6</b>	<b>\$282.5</b>		

<sup>1</sup> Represents 100% of the investment. <sup>2</sup> Partial sales of land parcels.

Note: Past performance is not a guarantee or a reliable indicator of future results.



## PRISA LP TOP 10 TENANTS – SEPTEMBER 30, 2013

PRISA LP's largest tenants are diversified across the financial, government, law, technology, insurance and retail sectors.

Tenant	Property	Industry	Credit Rating (S&P) <sup>1</sup>	% of PRISA LP's Revenue	Square Feet
Proskauer Rose	Eleven Times Square/ International Place	Legal	NR	2.5%	503,356
Eaton Vance Management	International Place / 100 Park Avenue	Finance	A-	1.1%	320,526
Marsh & McLennan	Waterfront Corporate Center Phase II	Insurance	BBB	1.0%	425,424
Savvis Communications Corporation	Data Centers (14901 FAA Blvd/4650 Old Iron/4700 Old Iron)	Technology	BB	0.8%	478,222
BDO International	100 Park Ave/ 1111 Brickell/ Democracy Center	Finance	NR	0.7%	142,965
Choate, Hall, & Stewart	International Place	Legal	NR	0.6%	192,592
Wells Fargo	100 Park Ave/International Place/ Post Montgomery	Finance	AA	0.6%	177,932
General Services Administration GSA (U.S. Government)	1800 M Street/Preston Gateway/Plaza II	Government	AA+	0.6%	316,168
J&W Seligman	100 Park Ave	Finance	NR	0.5%	103,615
Giant Foods	Giant Portfolio	Retailer	NR	0.4%	369,092
<b>Total</b>				<b>8.8%</b>	<b>3,029,892</b>

<sup>1</sup> www.standardandpoors.com

Note: Based on revenue contribution budgeted for 2013.



## PREI AND PRISA SUSTAINABILITY – SEPTEMBER 30, 2013

### PREI'S OBJECTIVES

- Reduce our portfolio's environmental impact
- Enhance the well-being of our tenants, residents and employees by providing greener places to work and live
- Continue to improve financial performance by reducing operating expenses through strategic energy and resource management
- Educate our partners, employees and vendors as to the benefits of sustainability efforts
- PREI has a Director of Sustainability responsible for overseeing the company's evolving strategy to reduce its worldwide carbon footprint. In addition, PRISA LP has two LEED AP certified asset managers.

PRISA Leads The Way	PRISA's Roster LEED Certification	
<ul style="list-style-type: none"> <li>○ 28 properties totaling \$4.4B (31.0%) in GMV have LEED Certification</li> <li>○ 7 PRISA LP properties totaling \$0.9B (7.0%) in GMV have received the Energy Star Rating</li> <li>○ PRISA continually seeks ways to operate its assets more efficiently.</li> <li>○ Fillmore Center is the largest LEED certified EB multi-family property in the country</li> <li>○ Post Montgomery Tower was the fifth Gold EB in San Francisco to be certified</li> <li>○ 100 Park Avenue was the oldest building in NYC to receive LEED EB Silver status at the time of certification</li> <li>○ Northeast Business Park – Phase I has 870,000 sf of solar panels which generates 6.8 megawatts of solar power.</li> </ul>	<p style="text-align: center;"><u>Office</u></p> <ul style="list-style-type: none"> <li>100 North Tampa - Silver</li> <li>100 Park Avenue - Silver</li> <li>2020 Main – Silver</li> <li>Emerystation I - Silver</li> <li>Emerystation II – Silver</li> <li>Emerystation East - Silver</li> <li>Glendale Plaza - Silver</li> <li>International Place – Silver<sup>1</sup></li> <li>Westside Plaza I – Silver</li> <li>Westside Plaza II – Silver</li> <li>Westside Plaza III - Silver</li> <li>Ponce de Leon - Gold/Silver<sup>1</sup></li> <li>120 North LaSalle - Gold</li> <li>Eleven Times Square - Gold</li> <li>Post Montgomery Tower - Gold</li> <li>1800 M Street - Gold</li> <li>Emerystation Greenway – Gold</li> <li>Democracy Center - Gold</li> </ul>	<p style="text-align: center;"><u>Industrial</u></p> <ul style="list-style-type: none"> <li>I-20 Distribution Center - Silver</li> <li>Northpoint Logistics - Silver</li> <li>The Brick Yard, Building E - Silver</li> <li>The Brick Yard, Building H - Silver</li> <li>The Brick Yard, Building I - Silver</li> </ul> <p style="text-align: center;"><u>Apartment</u></p> <ul style="list-style-type: none"> <li>One Plantation – LEED New Construction</li> <li>Fillmore Center - Silver</li> <li>Vanguard Chelsea – Platinum</li> <li>SoNo East - Silver</li> </ul> <p style="text-align: center;"><u>Retail</u></p> <ul style="list-style-type: none"> <li>Marshfield Plaza - Silver</li> </ul>
	<b>Energy Star Level</b>	
	<p style="text-align: center;"><u>Office</u></p> <ul style="list-style-type: none"> <li>Ponce de Leon<sup>1</sup></li> <li>Glendale Plaza</li> <li>Post Montgomery Tower</li> <li>100 North Tampa</li> <li>120 North LaSalle</li> <li>2020 Main Street</li> <li>Westside Plaza I</li> <li>Democracy Center<sup>2</sup></li> </ul>	

<sup>1</sup> This property consists of two buildings.

<sup>2</sup> One of the three buildings at Democracy is Energy Star Label.



## PRISA LONG-TERM RETURN TARGETS

Strategy	Long-Term Return Target <sup>1</sup>	Long-Term PRISA Blend <sup>1</sup>
<b>Risk Profile:</b>		
Core (90%)	7.00% to 9.00%	7.50% to 9.50%
Non-Core (10%)	11.00% to 14.00%	

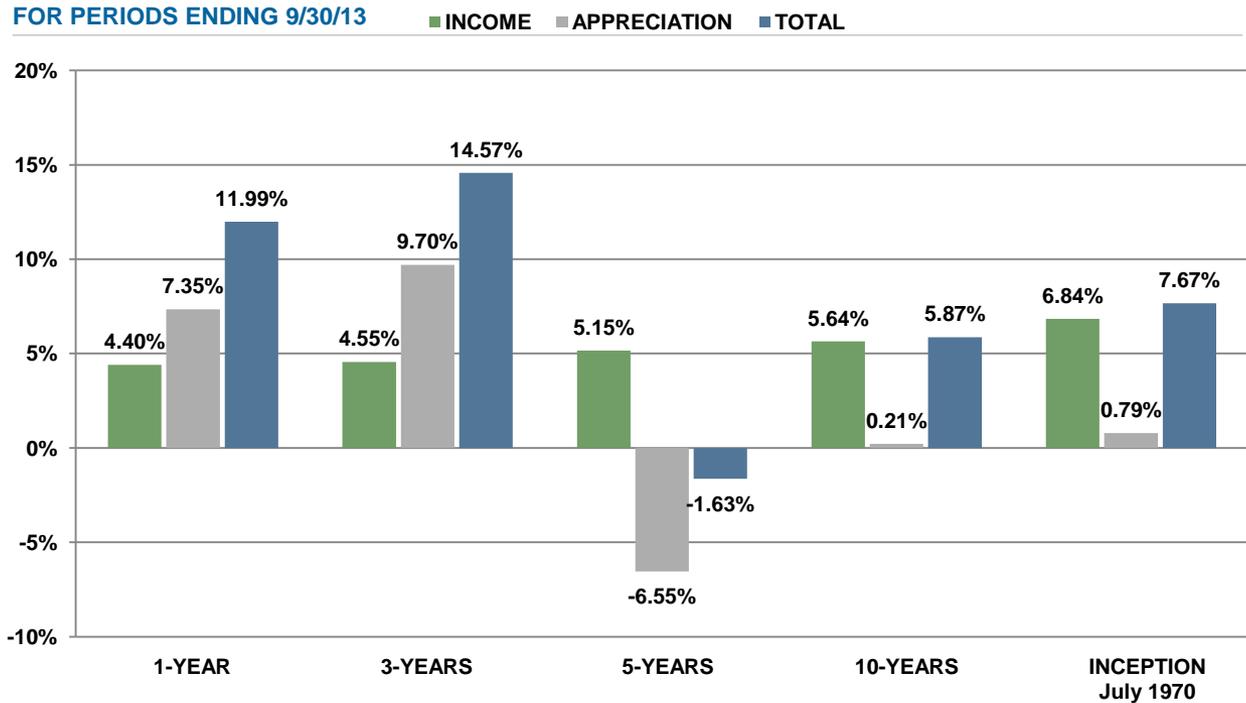
- Performance Benchmark is NFI-ODCE.
- Income is expected to contribute approximately 80% to the total return.

<sup>1</sup> Targeted returns are portfolio level and before fees. There is no guarantee that targeted returns will be achieved. Total net target return is 6.5%-8.5%.



## PRISA LP RETURNS AFTER MANAGER COMPENSATION/FEES – SEPTEMBER 30, 2013<sup>1</sup>

Net Performance		
	3Q13	YTD
Income	1.03%	3.21%
Appreciation	2.51%	6.75%
<b>Total</b>	<b>3.54%</b>	<b>10.11%</b>



<sup>1</sup>Returns prior to 1/1/13 are based upon PRISA SA.

Note: Returns shown are time-weighted rates of return after deduction of Manager Compensation/Fees using the highest rate applicable. Actual Manager Compensation/Fees schedules and other expenses are described in the individual investor contracts. Please see Part II of the Prudential Investment Management, Inc. Form ADV, for more information concerning fees. Past performance is not a guarantee or reliable indicator of future results.



## ENDNOTES

**PRISA Separate Account ("PRISA SA")** is the original PRISA fund structured as an insurance company separate account with an inception date of July 1970.

**PRISA LP** is the new investment vehicle formed on January 1, 2013 to invest in substantially all of the assets of the existing portfolio of PRISA SA (as of 12/31/2012) as well as all assets PRISA elects to invest in going forward.

**PRISA or PRISA Composite** reflects the combined performance of all assets held by PRISA SA and PRISA LP. Although this is not an actual fund in which any client is invested, it is indicative of the overall performance of the PRISA investment strategy and, therefore, the PRISA Composite returns and portfolio metrics will be provided to NCREIF for inclusion in the NFI-ODCE and other NCREIF Indices. PRISA may also refer to the PRISA dedicated portfolio and asset management teams.

**PRISA REIT** is the entity through which PRISA LP will make all of its investments. As of September 30, 2013, PRISA LP and PRISA SA own approximately 6.3% and 93.7% of PRISA REIT, respectively. Any reference to PRISA LP's dollar exposure throughout this document refers to that of PRISA REIT, unless otherwise noted.

**Important Note on Historical Information:** Economic terms and other portfolio metrics reported for PRISA, PRISA SA or PRISA LP that include periods to the formation of PRISA LP reflect information for PRISA SA for those periods prior to January 1, 2013. Prior to the formation of PRISA LP, PRISA and PRISA SA were one in the same.



## PREI'S DEFINITION OF CORE

- Office, retail, warehouse, storage, and residential properties that were more than 80% leased when purchased and hotels that were operating at, or near, market occupancy. (For the sake of clarity, properties will not move out of the core category if their occupancy falls below the 80% threshold subsequent to acquisition)
- Properties (office, retail, warehouse, multi-family or storage) that were developed, renovated or purchased and have now achieved leasing of 80% or more of the total leasable area
- Properties undergoing a minor renovation/expansion that does not have a material impact on the property's occupancy or operation
- Build-to-suit investments which are 80% or more pre-leased and where the Fund has reasonable protection from completion and cost overrun risk
- Investment activities incidental to the Fund's main strategies:
  - Listed securities or purchase money mortgages accepted as part of the consideration in a property sale
  - Senior first mortgages with an LTV at origination of 65% or less



## PREI VALUATION POLICY

All properties held by the Fund are accounted for at fair value in accordance with applicable contractual requirements and in compliance with authoritative accounting guidance (US GAAP). Property level debt is also accounted for at fair value based on the amount at which the impact of the liability could be measured in a current transaction exclusive of direct transactions costs. The Fund's current valuation procedure is as follows:

The Chief Real Estate Appraiser of PIM (the "Chief Appraiser") is responsible for the valuation process of the Fund's investments and approves all final values. The Chief Appraiser position is independent from PREI and reports directly to a senior member of PIM. The Chief Appraiser retains an independent Appraisal Management Firm to run the day-to-day operation of the appraisal process. The Appraisal Management Firm is responsible to assist with the selection, hiring, oversight, rotation and/or termination of third party appraisal firms. In addition, the Appraisal Management Firm provides independent reviews of the appraisal reports.

Although the Fund governing documents requires that every property that is held by the Fund for a full calendar year is valued at least once during the calendar year by an independent appraiser with professional qualifications, the Fund's current valuation practice is that every property and other investment is appraised every quarter with the exception of properties recently acquired or under LOI for sale. The fair value of land held for development is considered to be acquisition cost, including soft costs incurred prior to development assuming it is the assumption a market participant would use. Cost is considered fair value for properties under development until substantial completion has

occurred assuming the same premise. If cost is not considered to be representative of market, the properties are independently appraised based on the general policy. All appraisals are performed in accordance with the Uniform Standards of Professional Appraisal Practice ("USPAP") and consider the conventional method of valuation (income, cost and market).

As described above, the estimated market value of real estate and real estate related assets is determined through an appraisal process. These estimated market values may vary significantly from the prices at which the real estate investments would sell, since market prices of real estate investments can only be determined by negotiation between a willing buyer and seller. Valuations should be considered only estimates of value and not a measure of realizable value. In addition, such valuations should be viewed as subject to change with the passage of time.



## CATHERINE MARCUS

MANAGING DIRECTOR



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(973) 683 1601

**NUMBER OF YEARS REAL ESTATE EXPERIENCE: 26**

**NUMBER OF YEARS WITH PRUDENTIAL: 15**

Cathy Marcus is PRISA's Senior Portfolio Manager, and is involved in all aspects of managing the fund including portfolio strategy, investment decisions and management of the PRISA team.

From 2002 to early 2004, Cathy was the head of investment underwriting and operations for the Transactions Group of PREI. This included the underwriting review of each investment presented for approval to PREI's Investment Committee, as well as the coordination of the acquisition activity of the PREI acquisition professionals located in four regional offices.

From 1998 to 2001, Cathy was Vice President for Prudential Corporate Real Estate Advisors. In this capacity, she directed the strategic planning, development activities and transactional activities for over \$800 million of

corporate real estate on behalf of clients.

Prior to joining Prudential, Cathy was a Second Vice President with MBL Life Assurance Corporation. In this position, she was involved in real estate portfolio management, commercial loan securitization, commercial mortgage loan restructuring, portfolio dispositions and special projects, including the sale of the Agricultural Lending Division and a luxury resort development.

Cathy holds a BSE degree in Real Estate Finance and Entrepreneurial Management from the Wharton School at the University of Pennsylvania and a Master of Science degree in Real Estate Investment and Development from New York University.



## JOANNA MULFORD

MANAGING DIRECTOR



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(973) 683 1743

**NUMBER OF YEARS REAL ESTATE EXPERIENCE: 16**

**NUMBER OF YEARS WITH PRUDENTIAL: 23**

Joanna is the Portfolio Manager for PRISA, and is involved in all aspects of managing the fund including portfolio strategy, investment decisions and management of the PRISA team.

From 2005 through 2007, Joanna was responsible for U.S. real estate sales on behalf of PREI's clients. In 2007, PREI executed 79 commercial property sales totaling \$5.7 billion.

Joanna had previously been the Portfolio Manager for three accounts: A mezzanine fund with \$250 million of client commitments; a \$400 million private REIT; and a \$400 million co-investment program with an off-shore investor. Prior to this, she was responsible for the asset management of a portfolio of commercial real estate investments including office, residential, retail, storage and industrial property types and mezzanine loans.

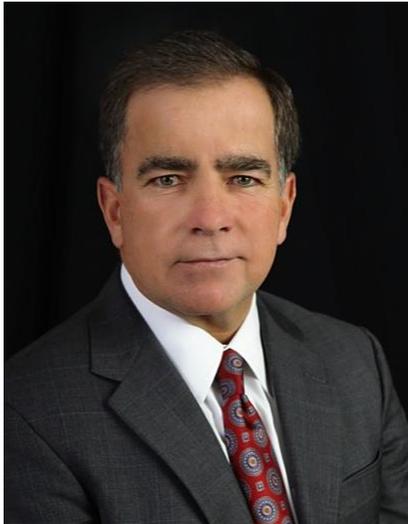
Before joining PREI in 1997, Joanna was a member of the Private Equity Group, working on behalf of Prudential's domestic and international subsidiaries investing in private equity transactions. Prior to this, she had been a member of the Comptrollers unit of the Prudential Asset Management Company since joining the firm in January of 1990. She provided support to several of Prudential's money management subsidiaries investing in both public and private equities.

Joanna is a graduate of Rutgers University where she studied Finance and Management and earned both an MBA and Bachelor's Degree.



## FRANK GARCIA

MANAGING DIRECTOR



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**NUMBER OF YEARS REAL ESTATE EXPERIENCE: 20**

**NUMBER OF YEARS WITH PRUDENTIAL: <1**

Frank Garcia is a managing director and portfolio manager for PRISA based in PREI's San Francisco office. He is involved in managing all aspects of the fund including portfolio strategy, investment decisions and management of the PRISA team.

Before joining PREI, Mr. Garcia was a managing director at RREEF, where he was a senior portfolio manager for the firms flagship core fund responsible for a nearly \$5 billion portfolio of assets and the lead portfolio manager for the firms flagship value-added fund that reached a peak gross value of \$4 billion.

He was also a voting member of the firms

investment committee. Earlier, he worked at Spieker Properties as a Vice President in Northern California responsible for the development, management and leasing of approximately 3 million square feet of office and industrial space with a total portfolio value of over \$250 million. He was also previously an industrial real estate broker with CB Commercial (now CBRE).

A native of Northern California, Frank Garcia holds a bachelor's degree from the University of the Pacific with a concentration in business administration.



## NICOLE STAGNARO

VICE PRESIDENT



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(973) 683 1640

**NUMBER OF YEARS REAL ESTATE EXPERIENCE: 9**

**NUMBER OF YEARS WITH PRUDENTIAL: 9**

Nicole Stagnaro is the assistant portfolio manager for PRISA. As such, she is involved in many aspects of the Fund's portfolio strategy, including investment selection, sales, asset management and portfolio reporting. She has been elected to serve on several PREI initiatives including the global portfolio management round table.

From 2008 to early 2011, Nicole managed a portfolio of assets and relationships that were being closely monitored due to unfavorable market conditions and executed on resolution strategies. Additionally, Nicole was responsible for the asset management of approximately \$700 million of properties including hotel, multi-family, industrial, land and mezzanine loans.

Nicole joined PREI in 2004 as a member of the acquisition team in San Francisco and conducted underwriting for approximately \$4 billion across all real estate asset classes with a broad scope of structures and strategies.

Nicole earned a Bachelors Degree in Business Administration and minor in Psychology from California Polytechnic State University in San Luis Obispo and earned a Masters Degree in Real Estate Finance and Development from New York University.



## JERRY AVERSANO

DIRECTOR



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(973) 734-1532

**NUMBER OF YEARS REAL ESTATE EXPERIENCE: 6**  
**NUMBER OF YEARS WITH PRUDENTIAL: 3**

Jerry Aversano is a member of Prudential's real estate marketing and client service team and has day-to-day client service and marketing responsibility for a select group of institutional investors.

Prior to joining PREI in 2011, Jerry spent three years at J.P. Morgan in Institutional Asset Management as a Client Advisor. Jerry's role spanned all asset classes, serving defined benefit pension plans, defined contribution plans, endowments, foundations, insurance companies, and hospital systems. Before joining J.P. Morgan, Jerry was in Institutional Equity Sales at Kaufman Bros., L.P.

Jerry holds a BS in management and marketing from Fairfield University. He holds an MBA with concentrations in finance and strategic management from Rutgers Business School.



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**PRISA LP:** The performance target set forth within this presentation is based on a fund that is a broadly diversified, core portfolio that invests primarily in existing, income-producing properties with strong cash flow that is expected to increase over time and thereby provide the potential for capital appreciation. Target returns are expected to be achieved over a complete market cycle which can be defined as a period of time whereby valuations have bottomed (hit a trough), rose to a peak and then declined to the trough point again. PREI has based this investment objective on certain assumptions that it believes are reasonable. There is no guarantee, however, that any or all of such assumptions will prove to be accurate in the face of actual changes in the market or other material changes in regional or local markets specific to this strategy. Factors necessary to achieve this performance target include a property type and geographic diversification strategy, which is intended to reduce risk and maintain a broadly diversified target include a property type and geographic diversification strategy, which is intended to reduce risk and maintain a broadly diversified



## DISCLOSURE

portfolio. Property selection and performance impact the ability to achieve the target returns, including asset location, asset class, and property type assets, investment strategy and the capitalization of investment. Property and overall portfolio performance are subject to healthy economic conditions in the US market and sub-markets where investments are located. Factors that would mitigate against achieving this performance target would include, but are not limited to, unforeseen sudden and drastic changes in economic and capital markets and/or demographic trends affecting the US or a particular market or sub market that could impact property performance and/or investors' demand for commercial real estate. There can be no guarantee that this target will be achieved.

**PRISA II:** The basis for the performance target set forth within this presentation is based on a fund that is a broadly diversified equity real estate portfolio that seeks to structure investments to enhance risk-adjusted returns. Target returns are expected to be achieved over a complete market cycle which can be defined as a period of time whereby valuations have bottomed (hit a trough), rose to a peak and then declined to the trough point again. PREI has based this investment objective on certain assumptions that it believes are reasonable. There is no guarantee, however, that any or all of such assumptions will prove to be accurate in the face of actual changes in the market or other material changes in regional or local markets specific to this strategy. Factors necessary to achieve this performance target include a diversification strategy, which is intended to reduce risk and maintain a broadly diversified portfolio. Property selection and performance impact the ability to achieve the target returns, including asset location, asset class, property type of asset, investment strategy and the capitalization of investment. Property and Fund performance are subject to healthy economic conditions in the US market and sub-markets where investments are located. Factors that would mitigate against achieving this performance target would include, but are not limited to, unforeseen sudden and drastic changes in economic and capital markets and/or demographic trends affecting the US or a

particular market or sub market that could impact property performance and/or investors' demand for commercial real estate.

**PRISA III:** The basis for the performance target set forth within this presentation is based on a fund that seeks to execute a value-added strategy by acquiring real estate investments located in diverse markets and to structure investments to enhance risk-adjusted returns. Target returns are expected to be achieved over a complete market cycle which can be defined as a period of time whereby valuations have bottomed (hit a trough), rose to a peak and then decline to the trough point again. PREI has based this investment objective on certain assumptions that it believes are reasonable. There is no guarantee, however, that any or all of such assumptions will prove to be accurate in the face of actual changes in the market or other material changes in regional or local markets specific to this strategy. Factors necessary to achieve this performance target include a diversification strategy, which is intended to reduce risk and maintain a broadly diversified portfolio. Property selection and performance impact the ability to achieve the target returns, including asset location, asset class, property type of asset, investment strategy and the capitalization of investment. Property and Fund performance are subject to healthy economic conditions in the US market and sub-markets where investments are located. Factors that would mitigate against achieving this performance target would include, but are not limited to, unforeseen sudden and drastic changes in economic and capital markets and/or demographic trends affecting the US or a particular market or sub market, lack of opportunities in the market and/or investors' demand for commercial real estate. There can be no guarantee that this target will be achieved.

The financial indices referenced herein as benchmarks are provided for informational purposes only. The holdings and portfolio characteristics may differ from those of the benchmark(s), and such differences may be material. Factors affecting portfolio performance that do not affect



## DISCLOSURE

benchmark performance may include portfolio rebalancing, the timing of cash flows, credit quality, diversification and differences in volatility. In addition, financial indices do not reflect the impact of fees, applicable taxes or trading costs which reduce returns. Unless otherwise noted, financial indices assume reinvestment of dividends. You cannot make a direct investment in an index. The statistical data regarding such indices has not been independently verified by PREI.

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must rely solely on the information contained in PRISA LP’s Memorandum and constitutional documents in making any decision to invest.

This presentation is being provided to you in connection with your potential investment in PRISA LP and not with respect to a potential investment in PRISA SA. PRISA LP’s portfolio will differ somewhat from the portfolio of PRISA SA. Accordingly, the return information and portfolio composition information included herein with respect to PRISA SA does not necessarily describe or represent the returns and portfolio composition of PRISA LP. Furthermore, PIM/PREI and its affiliates have the right to change the proposed terms of PRISA LP, including the right to decide not to proceed with forming PRISA LP.

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## DISCLOSURE

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## DISCLOSURE

### **NCREIF Fund Index-Open End Diversified Core Equity (NFI-ODCE):**

The NFI-ODCE, short for NCREIF Fund Index - Open End Diversified Core Equity, is the first of the NCREIF Fund Database products and is an index of investment returns reporting on both a historical and current basis the results of 21 private open-end commingled funds pursuing a core investment strategy, some of which have performance histories dating back to the 1970s. Fund membership requires the following criteria: (1) Private open-end funds; (2) Not more than 40% leverage; (3) At least 80% of assets in the five major property types; (4) At least 95% of assets located in the U.S.; and (5) Not more than 70% of assets in one region or one property type. Reinvestment of dividends is not applicable to this asset class. A benchmark Index is not professionally managed, does not have a defined investment objective, and does not incur fees or expenses. Investors cannot invest directly in an index.

**The NCREIF Property Index (NPI):** The NCREIF Property Index (“NPI”) is comprised of the NCREIF Classic Property Index (unleveraged) and the NCREIF Leveraged Property Database. The universe of investments includes: (1) Wholly owned and joint-venture investments; (2) Existing properties only -- no development projects; and (3) Only investment-grade, non-agricultural, income-producing properties: apartments, hotels, office, retail, office showroom/R&D, and warehouses. The database fluctuates quarterly as participants acquire properties, as new members join NCREIF, and as properties are sold. Sold properties are removed from the Index in the quarter the sales take place (historical data remains). Each property’s market value is determined by real estate appraisal methodology, consistently applied. Please note that when returns are computed for the NPI, the returns for the levered properties are computed on a de-levered basis, i.e., the impact of financing is excluded. Reinvestment of dividends is not applicable to this asset class. Note: A benchmark Index is not professionally managed, does not have a defined investment objective, and does not incur fees or expenses. Investors cannot invest directly in an index.