Sacramento Regional Transit District

Agenda

COMBINED SPECIAL MEETING OF THE RETIREMENT BOARDS FOR THE EMPLOYEES AND RETIREES OF THE SACRAMENTO REGIONAL TRANSIT DISTRICT
9:00 A.M., WEDNESDAY, FEBRUARY 26, 2020
REGIONAL TRANSIT AUDITORIUM
1400 29TH STREET, SACRAMENTO, CALIFORNIA
Website Address: www.sacrt.com
(29th St. Light Rail Station/Bus 38, 67, 68)

MEETING NOTE: ***This is a joint and concurrent meeting of the five independent Retirement Boards for the pension plans for the employees and retirees of the Sacramento Regional Transit District. This single, combined agenda designates which items will be subject to action by which board(s). Members of each board may be present for the other boards' discussions and actions, except during individual closed sessions.***

ROLL CALL

ATU Retirement Board:	Directors: Li, Kennedy, Niz, McGee Lee Alternates: Jennings, Land
IBEW Retirement Board:	Directors: Li, Kennedy, Ohlson, Bibbs Alternates: Jennings, McCleskey
AEA Retirement Board:	Directors: Li, Kennedy, Devorak, McGoldrick Alternates: Jennings, TBD
AFSCME Retirement Board:	Directors: Li, Kennedy, Guimond, Thompson Alternates: Jennings, Salva
MCEG Retirement Board:	Directors: Li, Kennedy, Ham, Norman Alternates: Jennings, Flores

PUBLIC ADDRESSES BOARD ON MATTERS ON CONSENT AND MATTERS NOT ON THE AGENDA

At this time the public may address the Retirement Board(s) on subject matters pertaining to Retirement Board business listed on the Consent Calendar, any Closed Sessions or items not listed on the agenda. Remarks may be limited to 3 minutes subject to the discretion of the Common Chair. Members of the public wishing to address one or more of the Boards may submit a "Public Comment Speaker Card" to the Assistant Secretary. While the Retirement Boards encourage your comments, State law prevents the Boards from discussing items that are not set forth on this meeting agenda. The Boards and staff take your comments very seriously and, if appropriate, will follow up on them.

NEW BUSINESS

		ATU	IBEW	AEA	AFSCME	MCEG
1. Resolution	Election of Governing Board Officers of the Retirement Plan for Sacramento Regional Transit District Employees who are Members of AEA. (Weekly)	☐	☐	☒	☐	☐
2. Resolution	Election of Governing Board Officers of the Retirement Plan for Sacramento Regional Transit District Employees who are Members of AFSCME. (Weekly)	☐	☐	☐	☒	☐

		ATU	IBEW	AEA	AFSCME	MCEG
3. Resolution	Election of Governing Board Officers of the Retirement Plan for Sacramento Regional Transit District Employees who are Members of MCEG. (Weekly)	☐	☐	☐	☐	☒
4. Information	Receive Information on Status of ATU Retirement Plan Valuation Study and Actuarially Determined Contribution Rates. (Weekly)	☒	☐	☐	☐	☐
5. Information	Receive Information on Status of IBEW Retirement Plan Valuation Study and Actuarially Determined Contribution Rates. (Weekly)	☐	☒	☐	☐	☐
6. Information	Receive Information on Status of the Salaried Retirement Plan Valuation Study and Actuarially Determined Contribution Rates (AEA, AFSCME, MCEG). (Weekly)	☐	☐	☒	☒	☒
7. Information	Real Estate Fund Manager Search Candidate Presentations – Clarion Partners, Morgan Stanley Investment Management and PGIM Real Estate (ALL) (Adelman)	☒	☒	☒	☒	☒
8. Resolution	Amend Contract with State Street Global Advisors Trust Company to Reduce Fees for the S&P 500 and MSCI EAFE Index Funds (ALL) (Adelman)	☒	☒	☒	☒	☒

ADJOURN

NOTICE TO THE PUBLIC

It is the policy of the Boards of Directors of the Sacramento Regional Transit District Retirement Plans to encourage participation in the meetings of the Boards of Directors. At each open meeting, members of the public shall be provided with an opportunity to directly address the Board on items of interest to the public that are within the subject matter jurisdiction of the Boards.

This agenda may be amended up to 72 hours prior to the meeting being held. An agenda, in final form, is located by the front door of Regional Transit's building at 1400 – 29th Street and posted to SacRT's website at www.sacrt.com.

Any person(s) requiring accessible formats of the agenda or assisted listening devices/sign language interpreters should contact the Human Resources Pension and Retiree Services Administrator at 916-556-0296 or TDD 916/483-4327 at least 72 business hours in advance of the Board Meeting.

Copies of staff reports or other written documentation relating to each item of business referred to on the agenda are on file with the Human Resources Administrative Technician at 916-556-0298 and/or Clerk to the Board of Directors of the Sacramento Regional Transit District and are available for public inspection at 1400 29th Street, Sacramento, CA. Any person who has questions concerning any agenda item may call the Human Resources Administrative Technician of Sacramento Regional Transit District to make inquiry.

Regional Transit

STAFF REPORT

DATE: February 26, 2020

TO: Boards of Directors of Sacramento Regional Transit District Retirement Plans (AEA, AFSCME and MCEG)

FROM: Valerie Weekly, Manager, Pension and Retirement Services

SUBJ: ELECTION OF AEA, AFSCME AND MCEG RETIREMENT BOARDS GOVERNING BOARDS OFFICERS OF THE SACRAMENTO REGIONAL TRANSIT DISTRICT RETIREMENT PLANS

RECOMMENDATION

Adopt the Attached Resolutions.

RESULT OF RECOMMENDED ACTION

Elect the Governing Board Officers of the Sacramento Regional Transit District Retirement Plans (AEA, AFSCME, MCEG).

FISCAL IMPACT

There is no fiscal impact associated with this action.

DISCUSSION

Officers of the AEA, AFSCME and MCEG Retirement Boards have recently retired from Board service. Pursuant to Sections 1.12 and 1.13 of the By-Laws of the Retirement Boards (attached as Exhibit A), membership of the AEA, AFSCME and MCEG Retirement Boards have changed with the retirement from Board service of Sue Robison, retirement from SacRT of Roger Thorn, and death of Gary Parks, respectively. As a result of these transitions, the current makeup of the AEA, AFSCME and MCEG Retirement Boards is as follows:

- Retirement Plan for District Employees who are members of AEA:
  - District representatives: Directors Patrick Kennedy and Henry Li; Alternate Rick Jennings
  - AEA representatives: Directors Russel Devorak and Tim McGoldrick; Alternate TBD

- Retirement Plan for District Employees who are members of AFSCME:
  - District representatives: Directors Patrick Kennedy and Henry Li; Alternate Rick Jennings
  - AFSCME representatives: Directors Peter Guimond and Lisa Thompson; Alternate Daniel Salva

- Retirement Plan for District Employees who are members of MCEG:
  - District representatives: Directors Patrick Kennedy and Henry Li; Alternate Rick Jennings
  - MCEG representatives: Directors Laura Ham and Craig Norman; Alternate Chris Flores

At this time, in accordance with Section 2.26 of the By-Laws of the Retirement Boards, staff recommends that the AEA, AFSCME and MCEG Retirement Boards elect a Chair, Vice Chair and Secretary from among their members (see Sections 2.21 through 2.24 of the By-Laws). If the Retirement Boards desire to be consistent with prior actions and the other two Retirement Boards, they should elect their two bargaining unit members for the positions of Board Chair and Board Vice Chair, and elect Henry Li as Board Secretary. (Under Section 2.21 of the By-Laws, Alternates cannot serve as Officers.)

As the most-recently elected Chair, Vice Chair and Secretary of the IBEW and AEA Retirement Boards all remain members of their respective Boards, the other two Retirement Boards do not require elections at this time.

The proposed actions will have no effect on the Boards' appointments of their Assistant Secretary (Valerie Weekly, Manager, Pension and Retirement Services), nor on the selection of the Common Chair and Vice Chair for all five Retirement Boards.

RESOLUTION NO. 20-_____

Adopted by the Board of Directors for the Retirement Plan for Sacramento Regional Transit District Employees Who Are Members of the AEA on this date:

February 26, 2020

ELECTING OFFICERS OF THE BOARD OF DIRECTORS OF THE RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES WHO ARE MEMBERS OF AEA

BE IT HEREBY RESOLVED BY THE RETIREMENT BOARD OF DIRECTORS FOR THE RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES WHO ARE MEMBERS OF AEA AS FOLLOWS:

THAT, the Board of Directors:

1. Elects __________________________ as Chair;
2. Elects __________________________ as Vice Chair; and
3. Elects ___________________________ as Secretary.

THAT, the above-listed individuals will serve in these elected roles until this Board elects to change its leadership; until any of the elected individuals resigns from such positions; or until any of the above-listed individuals leaves the Board.

THAT, this action does not alter this Board's appointment of its Assistant Secretary, or its selection of the Common Chair and Common Vice Chair of the five Sacramento Regional Transit District Retirement Boards.

_______________, Chair

A T T E S T:

___________, Secretary

By: _________________________________
Valerie Weekly, Assistant Secretary

Adopted by the Board of Directors for the Retirement Plan for Sacramento Regional Transit District Employees Who Are Members of the AFSCME on this date:

February 26, 2020

ELECTING OFFICERS OF THE BOARD OF DIRECTORS OF THE RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES WHO ARE MEMBERS OF AFSCME

BE IT HEREBY RESOLVED BY THE RETIREMENT BOARD OF DIRECTORS FOR THE RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES WHO ARE MEMBERS OF AFSCME AS FOLLOWS:

THAT, the Board of Directors:

1. Elects __________________________ as Chair;
2. Elects __________________________ as Vice Chair; and
3. Elects ___________________________ as Secretary.

THAT, the above-listed individuals will serve in these elected roles until this Board elects to change its leadership; until any of the elected individuals resigns from such positions; or until any of the above-listed individuals leaves the Board.

THAT, this action does not alter this Board’s appointment of its Assistant Secretary, or its selection of the Common Chair and Common Vice Chair of the five Sacramento Regional Transit District Retirement Boards.

_______________, Chair

A T T E S T:

___________, Secretary

By: _________________________________
Valerie Weekly, Assistant Secretary

Adopted by the Board of Directors for the Retirement Plan for Sacramento Regional Transit District Employees Who Are Members of the MCEG on this date:

February 26, 2020

ELECTING OFFICERS OF THE BOARD OF DIRECTORS OF THE RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES WHO ARE MEMBERS OF MCEG

BE IT HEREBY RESOLVED BY THE RETIREMENT BOARD OF DIRECTORS FOR THE RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES WHO ARE MEMBERS OF MCEG AS FOLLOWS:

THAT, the Board of Directors:

4. Elects ________________________ as Chair;
5. Elects ________________________ as Vice Chair; and
6. Elects _________________________ as Secretary.

THAT, the above-listed individuals will serve in these elected roles until this Board elects to change its leadership; until any of the elected individuals resigns from such positions; or until any of the above-listed individuals leaves the Board.

THAT, this action does not alter this Board's appointment of its Assistant Secretary, or its selection of the Common Chair and Common Vice Chair of the five Sacramento Regional Transit District Retirement Boards.

_________________, Chair

A T T E S T:

___________, Secretary

By: ______________________________
Valerie Weekly, Assistant Secretary

Regional Transit

STAFF REPORT

DATE: February 26, 2020

TO: Boards of Directors of Sacramento Regional Transit District Retirement Plan (ATU)

FROM: Valerie Weekly, Manager, Pension and Retirement Services

SUBJ: RECEIVE INFORMATION ON STATUS OF PRELIMINARY SALARIED RETIREMENT PLAN VALUATION AND ACTUARIALLY DETERMINED CONTRIBUTION RATE.

RECOMMENDATION

No Recommendation — For Information Only.

FISCAL IMPACT

There is no fiscal impact associated with this Informational Staff Report.

DISCUSSION

Cheiron, the Retirement Plans' actuary, has completed the Preliminary Actuarial Valuation for the ATU Employees' Retirement Plan as of June 30, 2019 (Exhibit A). The purpose of the annual Actuarial Valuation is to compute the annual actuarially determined contribution rate required to fund the Plan according to actuarial principles and to present items required for disclosure under Statement No. 67 of the Governmental Accounting Standards Board (GASB).

Based on the Preliminary Report, the Board can anticipate an increase in the SacRT contribution rate from 27.78% to 28.41% for Classic members. The SacRT contribution rate for PEPRA members is expected to increase to 21.16%, and the employee contribution rate for PEPRA members is expected to remain at 7.25%. The overall fiscal impact of this change to the SacRT Fiscal Year 2021 budget is estimated to be an increase in pension expense of approximately $602,240.

Cheiron will present the preliminary results and answer any questions. Based on results of the presentation, the final valuation will be presented to the Board for adoption at the March 11, 2020 Quarterly Retirement Board Meeting.

Sacramento Regional Transit Retirement Plans

Classic Values, Innovative Advice

2019 Preliminary Valuation

February 26, 2020

Graham A. Schmidt, ASA, FCA, EA

Topics for Discussion

- Preliminary 2019 Valuation Results
  - Executive Summary
  - Highlights
  - Historical Review
- Next Steps

Executive Summary (ATU)

ATU Summary of Principal Plan Results					
Valuation Date		**July 1, 2018**		**July 1, 2019**	**% Change**
Participant Counts					
Active Participants		531		537	1.13%
Participants Receiving a Benefit		476		500	5.04%
Terminated Vested Participants		27		27	0.00%
Transferred Participants		18		25	38.89%
Total		**1,052**		**1,089**	**3.52%**
Annual Pay of Active Members	$	31,595,561	$	32,601,349	3.18%
Assets and Liabilities					
Actuarial Liability (AL)	$	177,191,048	$	182,972,608	3.26%
Actuarial Value of Assets (AVA)		135,405,469		139,367,494	2.93%
Unfunded Actuarial Liability (UAL)	$	41,785,579	$	43,605,114	4.35%
Funded Ratio (AVA)		76.4%		76.2%	-0.25%
Market Value of Assets (MVA)	$	133,178,109	$	138,049,710	3.66%
Funded Ratio (MVA)		75.2%		75.4%	0.29%
Inactive Funded Ratio		60.3%		61.6%	1.37%
Contributions					
Total Contribution (Beginning of Year)	$	8,383,960	$	8,696,589	3.73%
Total Contribution Payable Monthly	$	8,682,561	$	9,006,325	3.73%
Total Contribution as a Percentage of Payroll		28.32%		28.41%	0.09%

Executive Summary (IBEW)

IBEW Summary of Principal Plan Results			
Valuation Date	**July 1, 2018**	**July 1, 2019**	**% Change**
Participant Counts			
Active Participants	211	209	-0.95%
Participants Receiving a Benefit	164	174	6.10%
Terminated Vested Participants	20	18	-10.00%
Transferred Participants	36	37	2.78%
Total	**431**	**438**	**1.62%**
Annual Pay of Active Members	$ 13,523,404	$ 13,735,701	1.57%
Assets and Liabilities			
Actuarial Liability (AL)	$ 76,501,290	$ 80,791,045	5.61%
Actuarial Value of Assets (AVA)	58,553,808	61,004,069	4.18%
Unfunded Actuarial Liability (UAL)	$ 17,947,482	$ 19,786,976	10.25%
Funded Ratio (AVA)	76.5%	75.5%	-1.03%
Market Value of Assets (MVA)	$ 57,166,577	$ 60,149,108	5.22%
Funded Ratio (MVA)	74.7%	74.5%	-0.28%
Inactive Funded Ratio	61.0%	60.9%	-0.08%
Contributions			
Total Contribution (Beginning of Year)	$ 3,217,025	$ 3,432,546	6.70%
Total Contribution Payable Monthly	$ 3,331,601	$ 3,554,798	6.70%
Total Contribution as a Percentage of Payroll	25.26%	26.66%	1.40%

Executive Summary (Salaried)

Summary of Principal Plan Results			
Valuation Date	July 1, 2018	July 1, 2019	% Change
Participant Counts			
Active Participants	226	233	3.10%
Participants Receiving a Benefit	293	319	8.87%
Terminated Vested Participants	53	51	-3.77%
Transferred Participants	82	79	-3.66%
Total	**654**	**682**	**4.28%**
Annual Pay of Active Members	$ 24,474,636	$ 25,654,432	4.82%
Assets and Liabilities			
Actuarial Liability (AL)	$ 145,254,307	$ 154,047,880	6.05%
Actuarial Value of Assets (AVA)	94,088,321	99,880,223	6.16%
Unfunded Actuarial Liability (UAL)	$ 51,165,986	$ 54,167,657	5.87%
Funded Ratio (AVA)	64.8%	64.8%	0.06%
Market Value of Assets (MVA)	$ 93,130,089	$ 99,186,092	6.50%
Funded Ratio (MVA)	64.1%	64.4%	0.27%
Inactive Funded Ratio	55.9%	60.5%	4.68%
Contributions			
Employer Contribution (Beginning of Year)	$ 8,382,720	$ 9,055,640	8.03%
Employer Contribution Payable Monthly	$ 8,681,278	$ 9,378,163	8.03%
Employer Contribution as a Percentage of Payroll	35.98%	37.03%	1.05%

Highlights (ATU)

- The 2017 assumption changes are fully phased-in, increasing rate by remaining 0.54% from prior year
- Investments returned 6.09% on a market value basis, net of investment expenses, compared to the 7.25% assumed rate of return
- The actuarial return on assets was 5.31% as a result of deferred investment losses, resulting in a $2.6 million loss and increasing the contribution rate by 0.80% of pay
- Payroll grew slightly more than expected (3.18% increase vs. 3.00% assumed growth), decreasing the contribution rate by 0.03% of pay
- A net loss on demographic experience increased the liability by $0.7 million and the contribution rate by 0.02% of pay
  - Primarily due to lower mortality rates than expected among retirees

Highlights (ATU)

- New PEPRA members reduced employer rate by 0.72% of pay
  - PEPRA members pick up higher percentage of the Normal Cost
- Other changes increased employer rate by 0.02% of pay
  - Contributions slightly below actuarial cost
  - Transfer of assets and liabilities from ATU to the Salaried plan for active Salaried members with prior ATU service
- PEPRA member contribution rate remains unchanged at 7.25% of pay
  - Rate only changes when Normal Cost for PEPRA members changes by more than 1% of pay from last time the rate was set
  - If Normal Cost changes by more than 1%, new rate set to ½ of the total Normal Cost, rounded to the nearest 0.25% of pay
  - Total Normal Cost for PEPRA members was 14.40% as of 7/1/2018 (when rates last changed) and 14.20% as of 7/1/2019, therefore no change required

Highlights (ATU)

ATU Employer Contribution Reconciliation				
Item	Total	Normal Cost	UAL Amortization	Admin Expense
FYE 2020 Total Employer Contribution Rate	27.78%			
Change due to phase-in	0.54%			
FYE 2020 Actuarial Contribution Rate	28.32%	14.78%	12.56%	0.98%
Change due to asset loss	0.80%	0.00%	0.80%	0.00%
Change due to PEPRA	-0.72%	-0.72%	0.00%	0.00%
Change due to ATU Transfer	0.01%	0.00%	0.01%	0.00%
Change due to demographic changes	0.02%	-0.05%	0.07%	0.00%
Change due to amortization payroll	-0.03%	0.00%	-0.02%	-0.01%
Change due to contribution shortfall	0.01%	0.00%	0.01%	0.00%
FYE 2021 Net Employer Contribution Rate	28.41%	14.01%	13.43%	0.97%

ATU PEPRA / Non-PEPRA Summary	Non-PEPRA	PEPRA	Total
1. Entry Age Normal Cost (Middle of Year)	$ 3,821,108	$ 1,085,017	$ 4,906,125
2. Covered Payroll (Normal Cost)	$ 23,136,314	$ 7,638,848	$ 30,775,162
3. Normal Cost as a Percent of Covered Payroll: (1) / (2)	16.52%	14.20%	15.94%
4. Expected Employee Contributions as a Percent of Covered Payroll	(0.18%)	(7.25%)	(1.93%)

Highlights (IBEW)

- The 2017 assumption changes are fully phased-in, increasing rate by remaining 0.53% from prior year
- Investments returned 6.12% on a market value basis, compared to the 7.25% assumed rate of return
- The actuarial return on assets was 5.06% as a result of deferred investment losses, resulting in a $1.3 million loss and increasing the contribution rate by 0.92% of pay
- A net loss on demographic experience increased the liability by $1.1 million and the contribution rate by 0.61% of pay
  - Higher than expected salary increases for IBEW transferred participants currently active in AFSC and MCEG
  - Lower mortality rates than expected among retirees

Highlights (IBEW)

- Payroll grew less than expected (1.57% increase vs. 3.00% assumed growth), increasing the contribution rate by 0.21% of pay
- New PEPRA members reduced the employer rate by 0.36% of pay
- PEPRA member contribution rate remains unchanged at 6.00% of pay
  - Total Normal Cost for PEPRA members was 12.12% as of 7/1/2018 (when rates last changed) and 11.87% as of 7/1/2019, therefore no change required

Highlights (IBEW)

IBEW Employer Contribution Reconciliation				
Item	Total	Normal Cost	UAL Amortization	Admin Expense
FYE 2020 Total Employer Contribution Rate	24.73%			
Change due to phase-in	0.53%			
FYE 2020 Actuarial Contribution Rate	25.26%	11.68%	12.60%	0.98%
Change due to asset loss	0.92%	0.00%	0.92%	0.00%
Change due to PEPRA	-0.36%	-0.36%	0.00%	0.00%
Change due to demographic changes	0.61%	-0.11%	0.72%	0.00%
Change due to amortization payroll	0.21%	0.00%	0.20%	0.01%
Change due to contribution shortfall	0.02%	0.00%	0.02%	0.00%
FYE 2021 Net Employer Contribution Rate	26.66%	11.21%	14.46%	0.99%

IBEW PEPRA / Non-PEPRA Summary	Non-PEPRA	PEPRA	Total
1. Entry Age Normal Cost (Middle of Year)	$ 1,189,856	$ 490,841	$ 1,680,697
2. Covered Payroll (Normal Cost)	$ 8,643,256	$ 4,136,110	$ 12,779,366
3. Normal Cost as a Percent of Covered Payroll: (1) / (2)	13.77%	11.87%	13.15%
4. Expected Employee Contributions as a Percent of Covered Payroll	0.00%	(6.00%)	(1.94%)

Highlights (Salaried)

- The 2017 assumption changes are fully phased-in, increasing rate by remaining 0.57% from prior year
- Investments returned 6.05% on a market value basis, compared to the 7.25% assumed rate of return
- The actuarial return on assets was 5.71% as a result of deferred investment losses, resulting in a $1.5 million loss and increasing the contribution rate by 0.58% of pay
- A net loss on demographic experience increased the liability by $2.6 million and the contribution rate by 1.34% of pay
    - Average AFSC salaries for continuing actives increased by 12.8% contributing to a large portion of the loss (over $2.3M)
- Payroll grew more than expected (4.82% increase vs. 3.00% assumed growth), decreasing the contribution rate by 0.39% of pay

Highlights (Salaried)

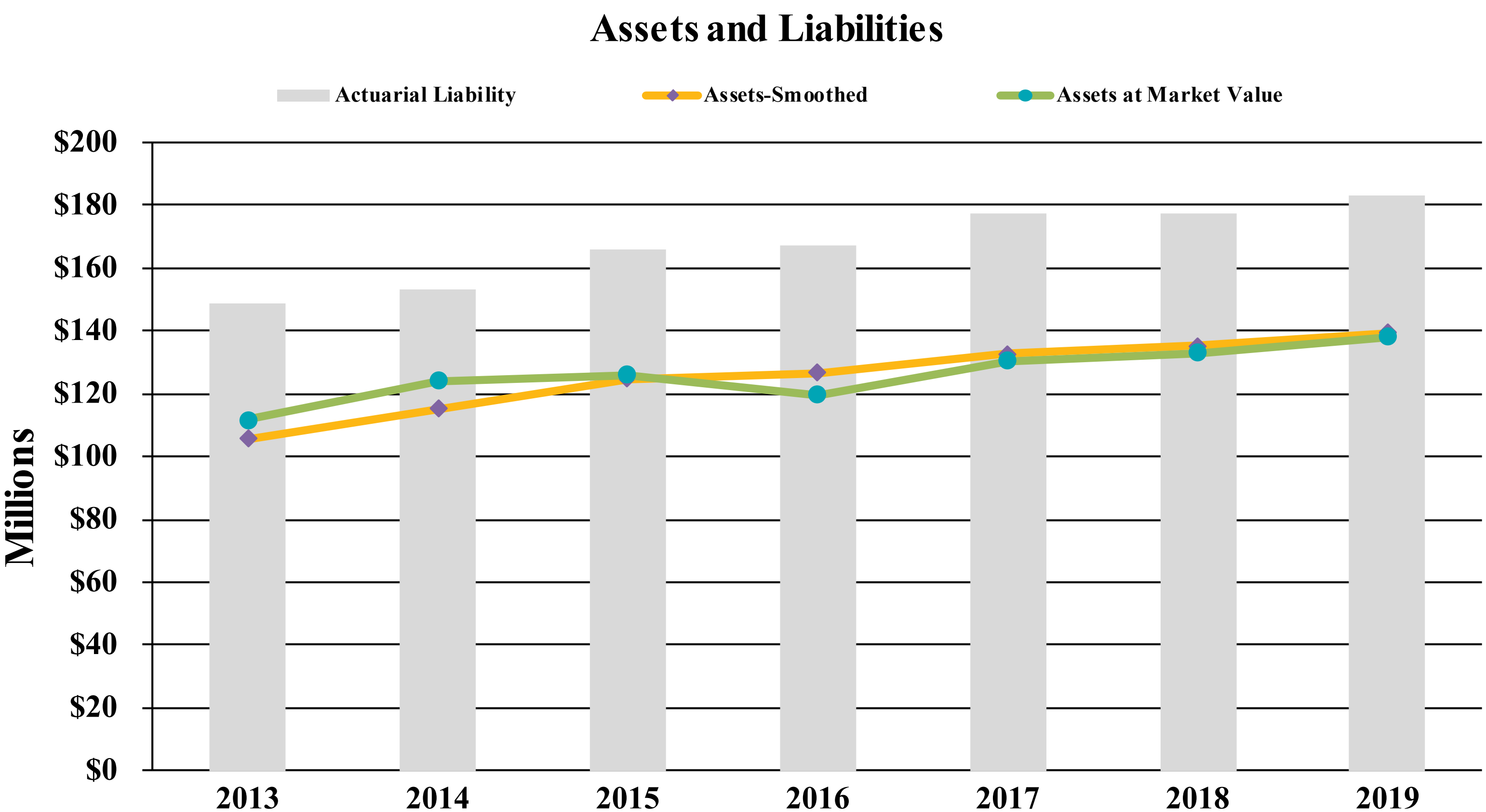
- New PEPRA members reduced the employer rate by 0.56% of pay.
- PEPRA member contribution rate remains unchanged at 5.75% of pay
  - Total Normal Cost for PEPRA members was 11.35% as of 7/1/2018 (when rates last changed) and 12.21% as of 7/1/2019, therefore no change required

Highlights (Salaried)

Employer Contribution Reconciliation				
Item	**Total**	**Normal Cost**	**UAL Amortization**	**Admin Expense**
FYE 2020 Employer Contribution Rate	35.41%			
Change due to phase-in	0.57%			
FYE 2020 Actuarial Contribution Rate	35.98%	14.88%	19.85%	1.25%
Change due to asset losses	0.58%	0.00%	0.58%	0.00%
Change due to PEPRA	-0.56%	-0.56%	0.00%	0.00%
Change due to ATU Transfer	0.02%	-0.03%	0.05%	0.00%
Change due to demographic losses	1.34%	0.31%	1.03%	0.00%
Change due to amortization payroll	-0.39%	0.00%	-0.37%	-0.02%
Change due to contribution shortfall	0.06%	0.00%	0.06%	0.00%
FYE 2021 Employer Contribution Rate	37.03%	14.60%	21.20%	1.23%

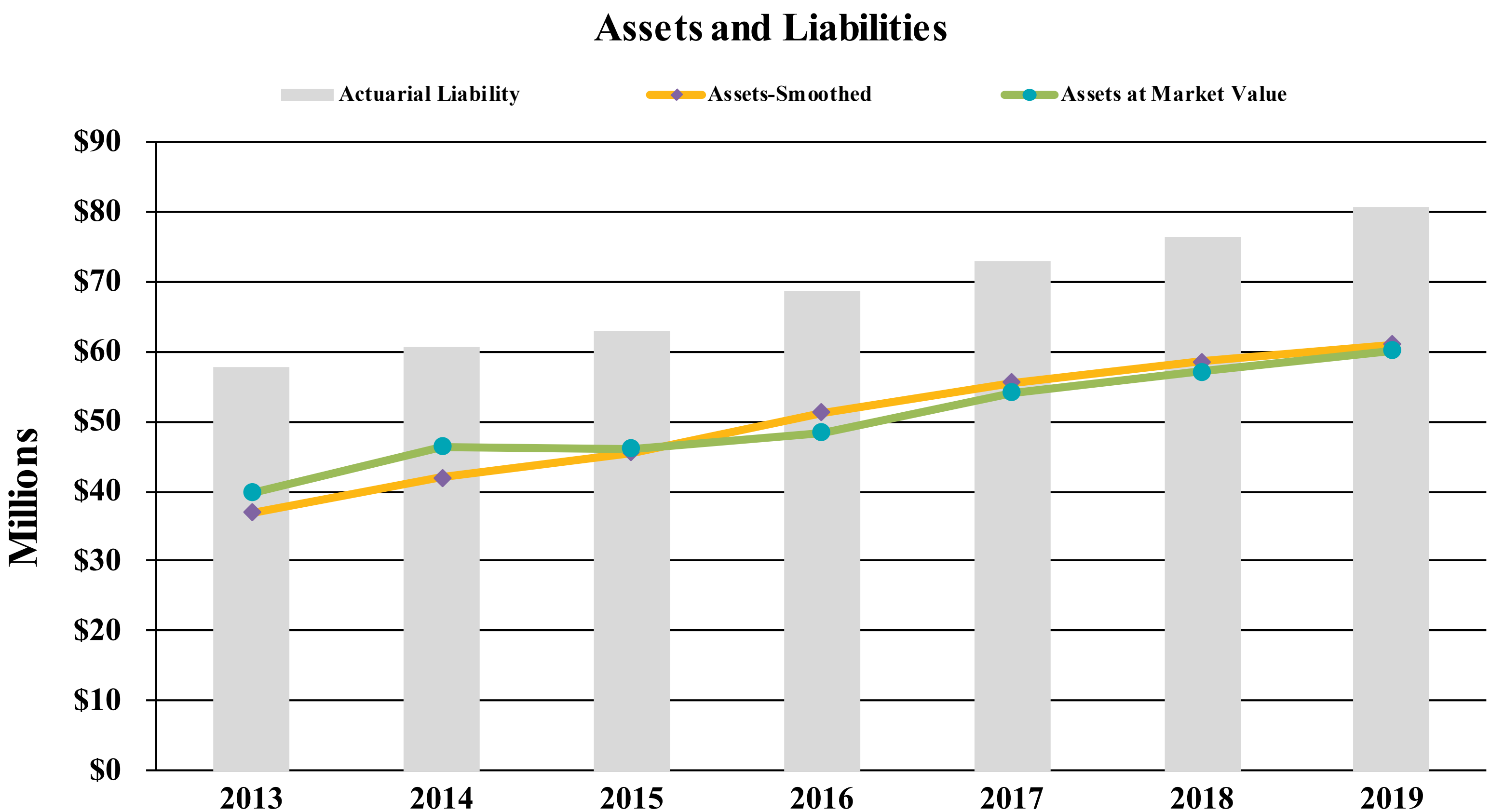
Salaried PEPRA/Non-PEPRA Summary			
	Non-PEPRA	**PEPRA**	**Total**
1. Entry Age Normal Cost (Middle of Year)	$ 3,320,738	$ 576,268	$ 3,897,006
2. Covered Payroll (Normal Cost)	$ 20,123,123	$ 4,719,882	$ 24,843,005
3. Normal Cost as a Percent of Covered Payroll: (1) / (2)	16.50%	12.21%	15.69%
4. Expected Employee Contributions as a Percent of Covered Payroll	0.00%	(5.75%)	(1.09%)

Historical Review (ATU)



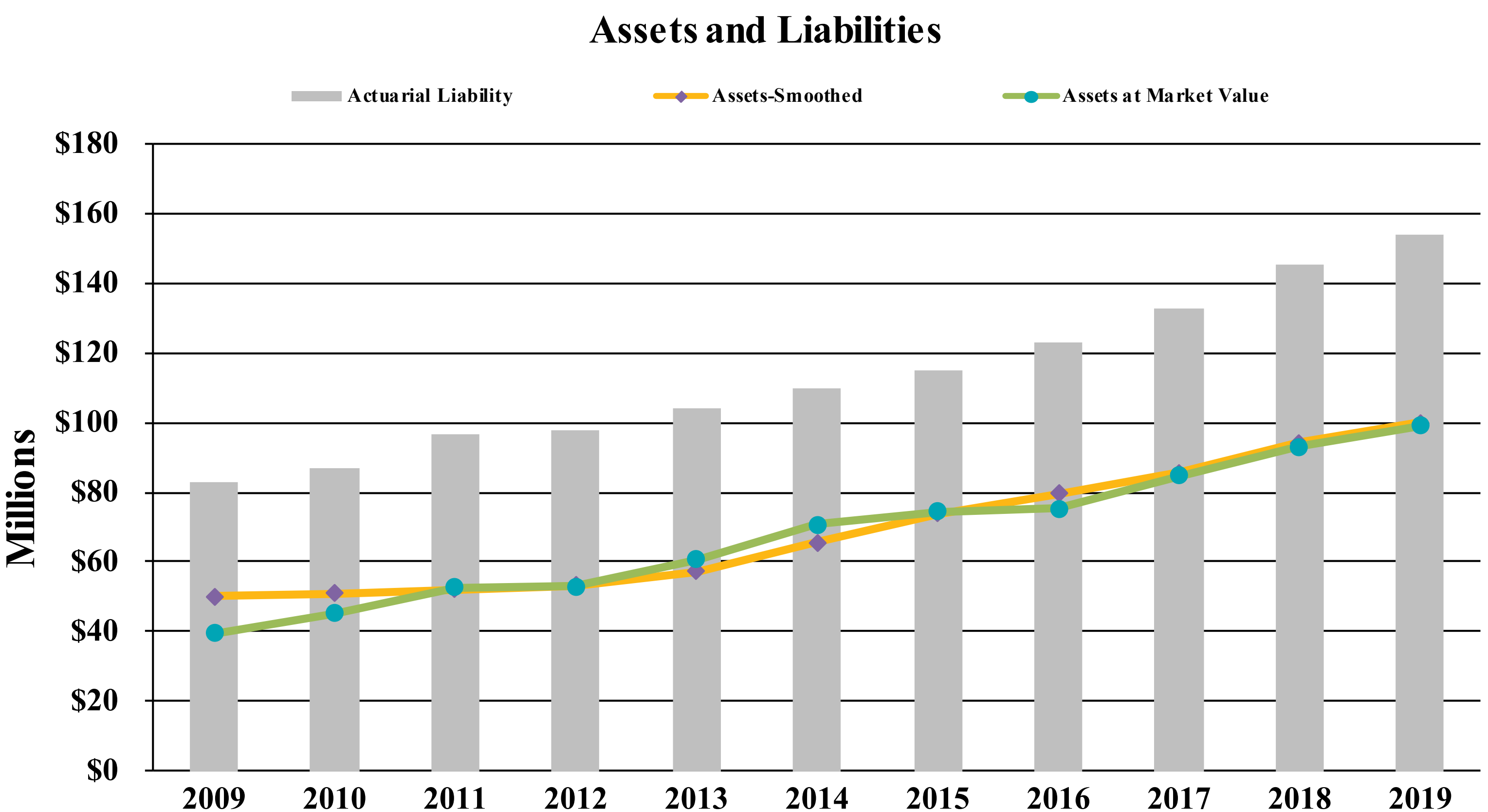
Valuation Year	2013	2014	2015	2016	2017	2018	2019
AVA Funded Ratio	71.0%	75.1%	75.3%	75.9%	74.9%	76.4%	76.2%
UAL (Millions)	$ 43.2	$ 38.1	$ 41.1	$ 40.3	$ 44.5	$ 41.8	$ 43.6

Historical Review (IBEW)



Valuation Year	2013	2014	2015	2016	2017	2018	2019
AVA Funded Ratio	63.9%	69.3%	72.5%	74.6%	76.2%	76.5%	75.5%
UAL (Millions)	$ 20.9	$ 18.6	$ 17.3	$ 17.5	$ 17.4	$ 17.9	$ 19.8

Historical Review (Salaried)



Valuation Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
AVA Funded Ratio	60.5%	58.7%	54.1%	54.5%	55.2%	59.5%	64.3%	65.0%	64.4%	64.8%	64.8%
UAL (Millions)	$ 32.8	$ 35.9	$ 44.3	$ 44.5	$ 46.6	$ 44.5	$ 41.0	$ 43.0	$ 47.3	$ 51.2	$ 54.2

Next Steps

- Collect feedback from Board
- Complete peer review process and produce updated calculations, including projections, as necessary
- Finalize July 1, 2019 Actuarial Valuations

Required Disclosures

The purpose of this presentation is to present the preliminary results of the annual actuarial valuation of the Sacramento Regional Transit Retirement Plans. This presentation is for the use of the Sacramento Regional Transit Retirement Boards in accordance with applicable law.

In preparing our presentation, we relied on information (some oral and some written) supplied by the Sacramento Regional Transit Retirement Plans. This information includes, but is not limited to, the plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23.

I hereby certify that, to the best of my knowledge, this presentation and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. Furthermore, as a credentialed actuary, I meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this presentation. This presentation does not address any contractual or legal issues. I am not an attorney, and our firm does not provide any legal services or advice.

This presentation was prepared exclusively for the Sacramento Regional Transit Retirement Boards for the purpose described herein. This presentation is not intended to benefit any third party, and Cheiron assumes no duty or liability to any such party.

The actuarial assumptions, data, and methods are those that will be used in the preparation of the actuarial valuation report as of July 1, 2019.

The assumptions reflect our understanding of the likely future experience of the Plans, and the assumptions as a whole represent our best estimate for the future experience of the Plans. The results of this presentation are dependent upon future experience conforming to these assumptions. To the extent that future experience deviates from the actuarial assumptions, the true cost of the plan could vary from our results.

Graham A. Schmidt ASA, FCA, EA
Consulting Actuary

CHEIRON

Classic Values, Innovative Advice.

Regional Transit

STAFF REPORT

DATE: February 26, 2020

TO: Board of Directors of Sacramento Regional Transit District Retirement Plan (IBEW)

FROM: Valerie Weekly, Manager, Pension and Retirement Services

SUBJ: RECEIVE INFORMATION ON STATUS OF PRELIMINARY SALARIED RETIREMENT PLAN VALUATION AND ACTUARIALLY DETERMINED CONTRIBUTION RATE.

RECOMMENDATION

No Recommendation — For Information Only.

FISCAL IMPACT

There is no fiscal impact associated with this Informational Staff Report.

DISCUSSION

Cheiron, the Retirement Plans' actuary, has completed the Preliminary Actuarial Valuation for the IBEW Employees' Retirement Plan as of June 30, 2019 (Exhibit A). The purpose of the annual Actuarial Valuation is to compute the annual actuarially determined contribution rate required to fund the Plan according to actuarial principles and to present items required for disclosure under Statement No. 67 of the Governmental Accounting Standards Board (GASB).

Based on the Preliminary Report, the Board can anticipate an increase in the SacRT contribution rate from 24.73% to 26.66% for Classic members. The SacRT contribution rate for PEPRA members is expected to increase to 21.16%, and the employee contribution rate for PEPRA members is expected to remain at 7.25%. The overall fiscal impact of this change to the SacRT Fiscal Year 2021 budget is estimated to be an increase in pension expense of approximately $434,603.

Cheiron will present the preliminary results and answer any questions. Based on results of the presentation, the final valuation will be presented to the Board for adoption at the March 11, 2020 Quarterly Retirement Board Meeting.

Sacramento Regional Transit Retirement Plans

CHEIRON

Classic Values, Innovative Advice

2019 Preliminary Valuation

February 26, 2020

Graham A. Schmidt, ASA, FCA, EA

Topics for Discussion

- Preliminary 2019 Valuation Results
  - Executive Summary
  - Highlights
  - Historical Review
- Next Steps

Executive Summary (ATU)

ATU Summary of Principal Plan Results			
Valuation Date	July 1, 2018	July 1, 2019	% Change
Participant Counts			
Active Participants	531	537	1.13%
Participants Receiving a Benefit	476	500	5.04%
Terminated Vested Participants	27	27	0.00%
Transferred Participants	18	25	38.89%
Total	**1,052**	**1,089**	**3.52%**
Annual Pay of Active Members	$ 31,595,561	$ 32,601,349	3.18%
Assets and Liabilities			
Actuarial Liability (AL)	$ 177,191,048	$ 182,972,608	3.26%
Actuarial Value of Assets (AVA)	135,405,469	139,367,494	2.93%
Unfunded Actuarial Liability (UAL)	$ 41,785,579	$ 43,605,114	4.35%
Funded Ratio (AVA)	76.4%	76.2%	-0.25%
Market Value of Assets (MVA)	$ 133,178,109	$ 138,049,710	3.66%
Funded Ratio (MVA)	75.2%	75.4%	0.29%
Inactive Funded Ratio	60.3%	61.6%	1.37%
Contributions			
Total Contribution (Beginning of Year)	$ 8,383,960	$ 8,696,589	3.73%
Total Contribution Payable Monthly	$ 8,682,561	$ 9,006,325	3.73%
Total Contribution as a Percentage of Payroll	28.32%	28.41%	0.09%

Executive Summary (IBEW)

IBEW Summary of Principal Plan Results			
Valuation Date	**July 1, 2018**	**July 1, 2019**	**% Change**
Participant Counts			
Active Participants	211	209	-0.95%
Participants Receiving a Benefit	164	174	6.10%
Terminated Vested Participants	20	18	-10.00%
Transferred Participants	36	37	2.78%
Total	**431**	**438**	**1.62%**
Annual Pay of Active Members	$ 13,523,404	$ 13,735,701	1.57%
Assets and Liabilities			
Actuarial Liability (AL)	$ 76,501,290	$ 80,791,045	5.61%
Actuarial Value of Assets (AVA)	58,553,808	61,004,069	4.18%
Unfunded Actuarial Liability (UAL)	$ 17,947,482	$ 19,786,976	10.25%
Funded Ratio (AVA)	76.5%	75.5%	-1.03%
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Contributions			
Total Contribution (Beginning of Year)	$ 3,217,025	$ 3,432,546	6.70%
Total Contribution Payable Monthly	$ 3,331,601	$ 3,554,798	6.70%
Total Contribution as a Percentage of Payroll	25.26%	26.66%	1.40%

Executive Summary (Salaried)

Summary of Principal Plan Results			
Valuation Date	July 1, 2018	July 1, 2019	% Change
Participant Counts			
Active Participants	226	233	3.10%
Participants Receiving a Benefit	293	319	8.87%
Terminated Vested Participants	53	51	-3.77%
Transferred Participants	82	79	-3.66%
Total	**654**	**682**	**4.28%**
Annual Pay of Active Members	$ 24,474,636	$ 25,654,432	4.82%
Assets and Liabilities			
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Funded Ratio (AVA)	64.8%	64.8%	0.06%
Market Value of Assets (MVA)	$ 93,130,089	$ 99,186,092	6.50%
Funded Ratio (MVA)	64.1%	64.4%	0.27%
Inactive Funded Ratio	55.9%	60.5%	4.68%
Contributions			
Employer Contribution (Beginning of Year)	$ 8,382,720	$ 9,055,640	8.03%
Employer Contribution Payable Monthly	$ 8,681,278	$ 9,378,163	8.03%
Employer Contribution as a Percentage of Payroll	35.98%	37.03%	1.05%

Highlights (ATU)

- The 2017 assumption changes are fully phased-in, increasing rate by remaining 0.54% from prior year
- Investments returned 6.09% on a market value basis, net of investment expenses, compared to the 7.25% assumed rate of return
- The actuarial return on assets was 5.31% as a result of deferred investment losses, resulting in a $2.6 million loss and increasing the contribution rate by 0.80% of pay
- Payroll grew slightly more than expected (3.18% increase vs. 3.00% assumed growth), decreasing the contribution rate by 0.03% of pay
- A net loss on demographic experience increased the liability by $0.7 million and the contribution rate by 0.02% of pay
  - Primarily due to lower mortality rates than expected among retirees

Highlights (ATU)

- New PEPRA members reduced employer rate by 0.72% of pay
  - PEPRA members pick up higher percentage of the Normal Cost
- Other changes increased employer rate by 0.02% of pay
  - Contributions slightly below actuarial cost
  - Transfer of assets and liabilities from ATU to the Salaried plan for active Salaried members with prior ATU service
- PEPRA member contribution rate remains unchanged at 7.25% of pay
  - Rate only changes when Normal Cost for PEPRA members changes by more than 1% of pay from last time the rate was set
  - If Normal Cost changes by more than 1%, new rate set to ½ of the total Normal Cost, rounded to the nearest 0.25% of pay
  - Total Normal Cost for PEPRA members was 14.40% as of 7/1/2018 (when rates last changed) and 14.20% as of 7/1/2019, therefore no change required

Highlights (ATU)

ATU Employer Contribution Reconciliation				
Item	Total	Normal Cost	UAL Amortization	Admin Expense
FYE 2020 Total Employer Contribution Rate	27.78%			
Change due to phase-in	0.54%			
FYE 2020 Actuarial Contribution Rate	28.32%	14.78%	12.56%	0.98%
Change due to asset loss	0.80%	0.00%	0.80%	0.00%
Change due to PEPRA	-0.72%	-0.72%	0.00%	0.00%
Change due to ATU Transfer	0.01%	0.00%	0.01%	0.00%
Change due to demographic changes	0.02%	-0.05%	0.07%	0.00%
Change due to amortization payroll	-0.03%	0.00%	-0.02%	-0.01%
Change due to contribution shortfall	0.01%	0.00%	0.01%	0.00%
FYE 2021 Net Employer Contribution Rate	28.41%	14.01%	13.43%	0.97%

ATU PEPRA / Non-PEPRA Summary	Non-PEPRA	PEPRA	Total
1. Entry Age Normal Cost (Middle of Year)	$ 3,821,108	$ 1,085,017	$ 4,906,125
2. Covered Payroll (Normal Cost)	$ 23,136,314	$ 7,638,848	$ 30,775,162
3. Normal Cost as a Percent of Covered Payroll: (1) / (2)	16.52%	14.20%	15.94%
4. Expected Employee Contributions as a Percent of Covered Payroll	(0.18%)	(7.25%)	(1.93%)

Highlights (IBEW)

- The 2017 assumption changes are fully phased-in, increasing rate by remaining 0.53% from prior year
- Investments returned 6.12% on a market value basis, compared to the 7.25% assumed rate of return
- The actuarial return on assets was 5.06% as a result of deferred investment losses, resulting in a $1.3 million loss and increasing the contribution rate by 0.92% of pay
- A net loss on demographic experience increased the liability by $1.1 million and the contribution rate by 0.61% of pay
  - Higher than expected salary increases for IBEW transferred participants currently active in AFSC and MCEG
  - Lower mortality rates than expected among retirees

Highlights (IBEW)

- Payroll grew less than expected (1.57% increase vs. 3.00% assumed growth), increasing the contribution rate by 0.21% of pay
- New PEPRA members reduced the employer rate by 0.36% of pay
- PEPRA member contribution rate remains unchanged at 6.00% of pay
  - Total Normal Cost for PEPRA members was 12.12% as of 7/1/2018 (when rates last changed) and 11.87% as of 7/1/2019, therefore no change required

Highlights (IBEW)

IBEW Employer Contribution Reconciliation				
Item	Total	Normal Cost	UAL Amortization	Admin Expense
FYE 2020 Total Employer Contribution Rate	24.73%			
Change due to phase-in	0.53%			
FYE 2020 Actuarial Contribution Rate	25.26%	11.68%	12.60%	0.98%
Change due to asset loss	0.92%	0.00%	0.92%	0.00%
Change due to PEPRA	-0.36%	-0.36%	0.00%	0.00%
Change due to demographic changes	0.61%	-0.11%	0.72%	0.00%
Change due to amortization payroll	0.21%	0.00%	0.20%	0.01%
Change due to contribution shortfall	0.02%	0.00%	0.02%	0.00%
FYE 2021 Net Employer Contribution Rate	26.66%	11.21%	14.46%	0.99%

IBEW PEPRA / Non-PEPRA Summary	Non-PEPRA	PEPRA	Total
1. Entry Age Normal Cost (Middle of Year)	$ 1,189,856	$ 490,841	$ 1,680,697
2. Covered Payroll (Normal Cost)	$ 8,643,256	$ 4,136,110	$ 12,779,366
3. Normal Cost as a Percent of Covered Payroll: (1) / (2)	13.77%	11.87%	13.15%
4. Expected Employee Contributions as a Percent of Covered Payroll	0.00%	(6.00%)	(1.94%)

Highlights (Salaried)

- The 2017 assumption changes are fully phased-in, increasing rate by remaining 0.57% from prior year
- Investments returned 6.05% on a market value basis, compared to the 7.25% assumed rate of return
- The actuarial return on assets was 5.71% as a result of deferred investment losses, resulting in a $1.5 million loss and increasing the contribution rate by 0.58% of pay
- A net loss on demographic experience increased the liability by $2.6 million and the contribution rate by 1.34% of pay
  - Average AFSC salaries for continuing actives increased by 12.8% contributing to a large portion of the loss (over $2.3M)
- Payroll grew more than expected (4.82% increase vs. 3.00% assumed growth), decreasing the contribution rate by 0.39% of pay

Highlights (Salaried)

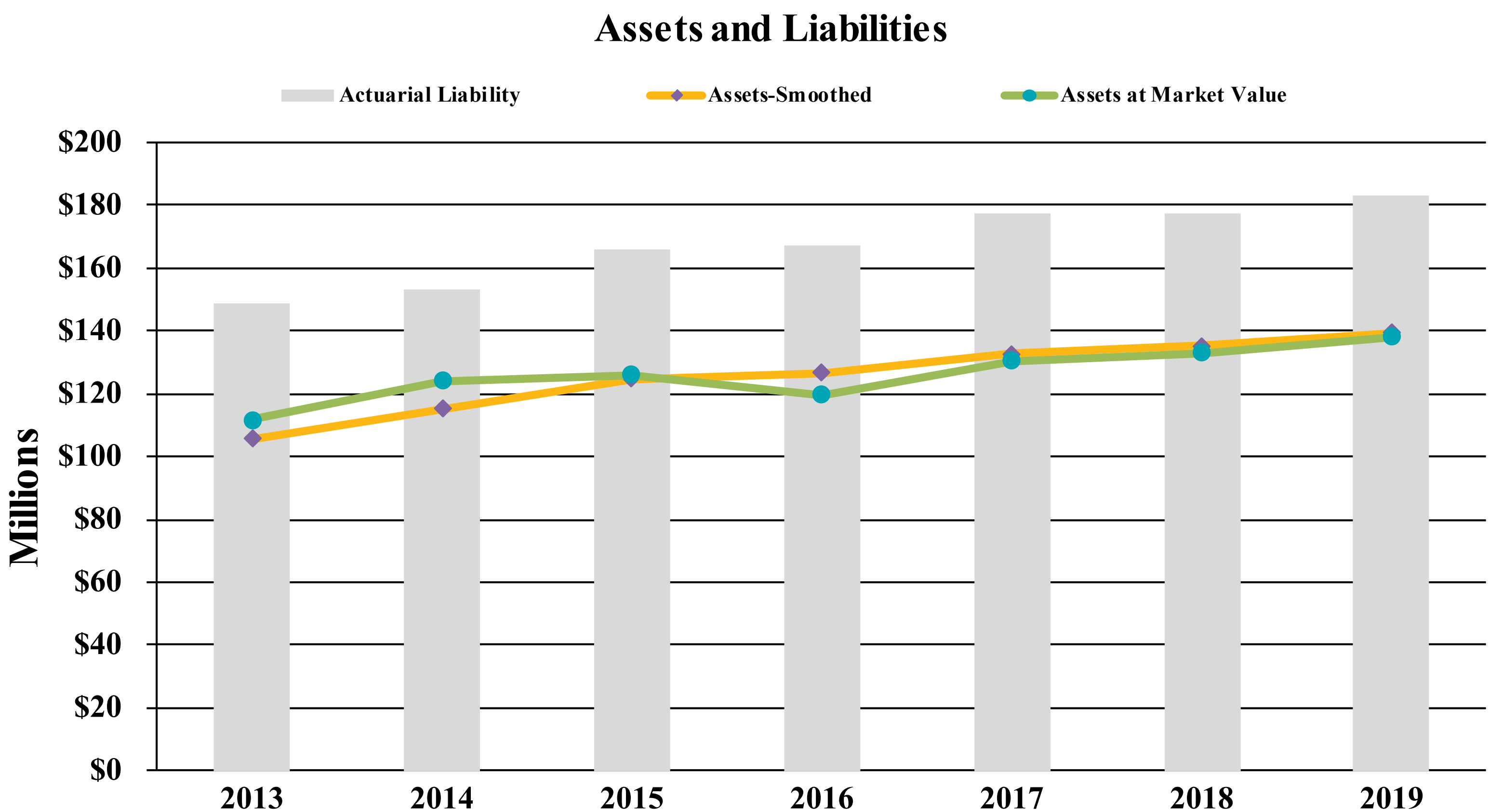
- New PEPRA members reduced the employer rate by 0.56% of pay.
- PEPRA member contribution rate remains unchanged at 5.75% of pay
  - Total Normal Cost for PEPRA members was 11.35% as of 7/1/2018 (when rates last changed) and 12.21% as of 7/1/2019, therefore no change required

Highlights (Salaried)

Employer Contribution Reconciliation				
Item	**Total**	**Normal Cost**	**UAL Amortization**	**Admin Expense**
FYE 2020 Employer Contribution Rate	35.41%			
Change due to phase-in	0.57%			
FYE 2020 Actuarial Contribution Rate	35.98%	14.88%	19.85%	1.25%
Change due to asset losses	0.58%	0.00%	0.58%	0.00%
Change due to PEPRA	-0.56%	-0.56%	0.00%	0.00%
Change due to ATU Transfer	0.02%	-0.03%	0.05%	0.00%
Change due to demographic losses	1.34%	0.31%	1.03%	0.00%
Change due to amortization payroll	-0.39%	0.00%	-0.37%	-0.02%
Change due to contribution shortfall	0.06%	0.00%	0.06%	0.00%
FYE 2021 Employer Contribution Rate	37.03%	14.60%	21.20%	1.23%

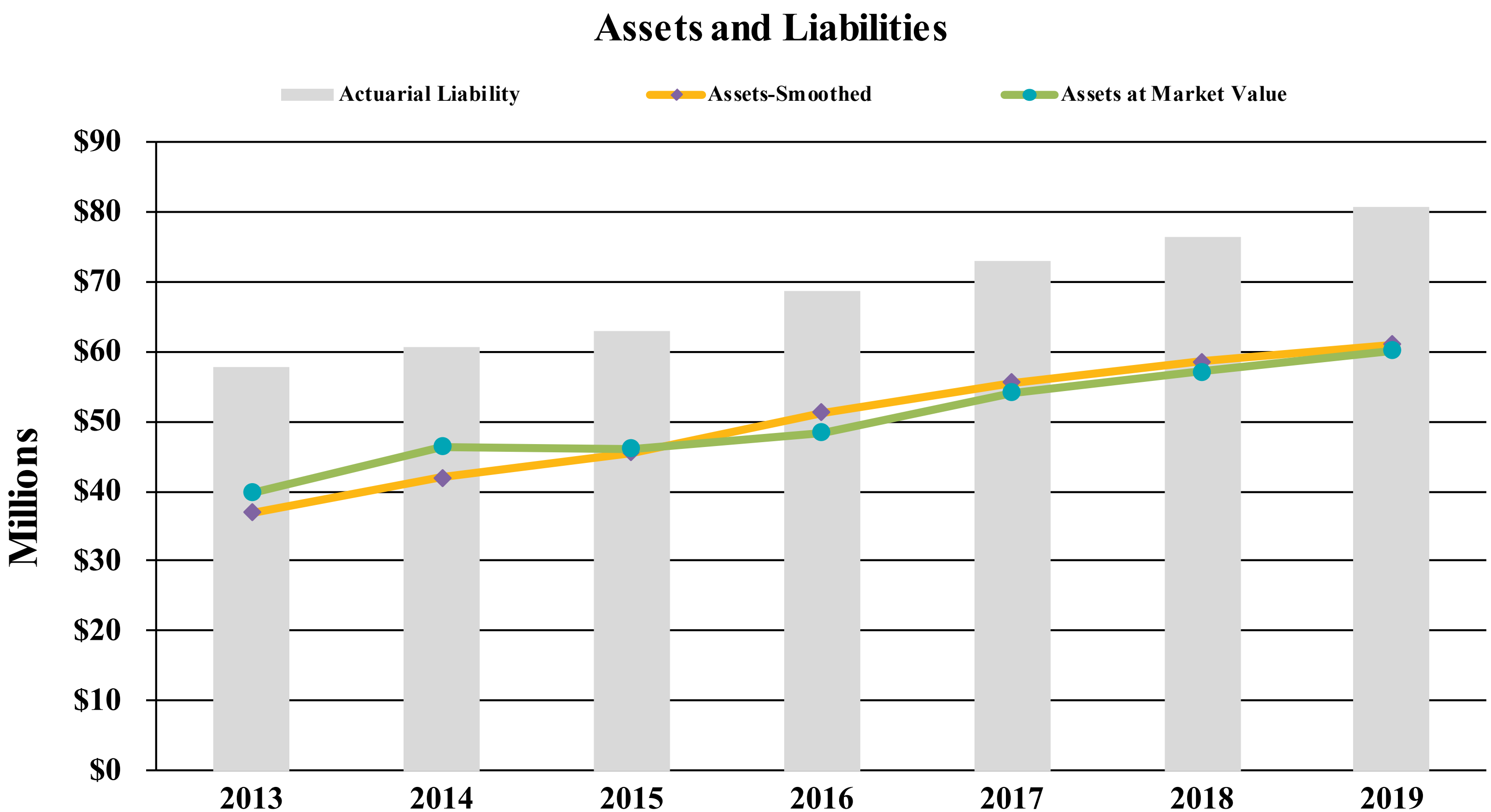
Salaried PEPRA/Non-PEPRA Summary			
	Non-PEPRA	**PEPRA**	**Total**
1. Entry Age Normal Cost (Middle of Year)	$ 3,320,738	$ 576,268	$ 3,897,006
2. Covered Payroll (Normal Cost)	$ 20,123,123	$ 4,719,882	$ 24,843,005
3. Normal Cost as a Percent of Covered Payroll: (1) / (2)	16.50%	12.21%	15.69%
4. Expected Employee Contributions as a Percent of Covered Payroll	0.00%	(5.75%)	(1.09%)

Historical Review (ATU)



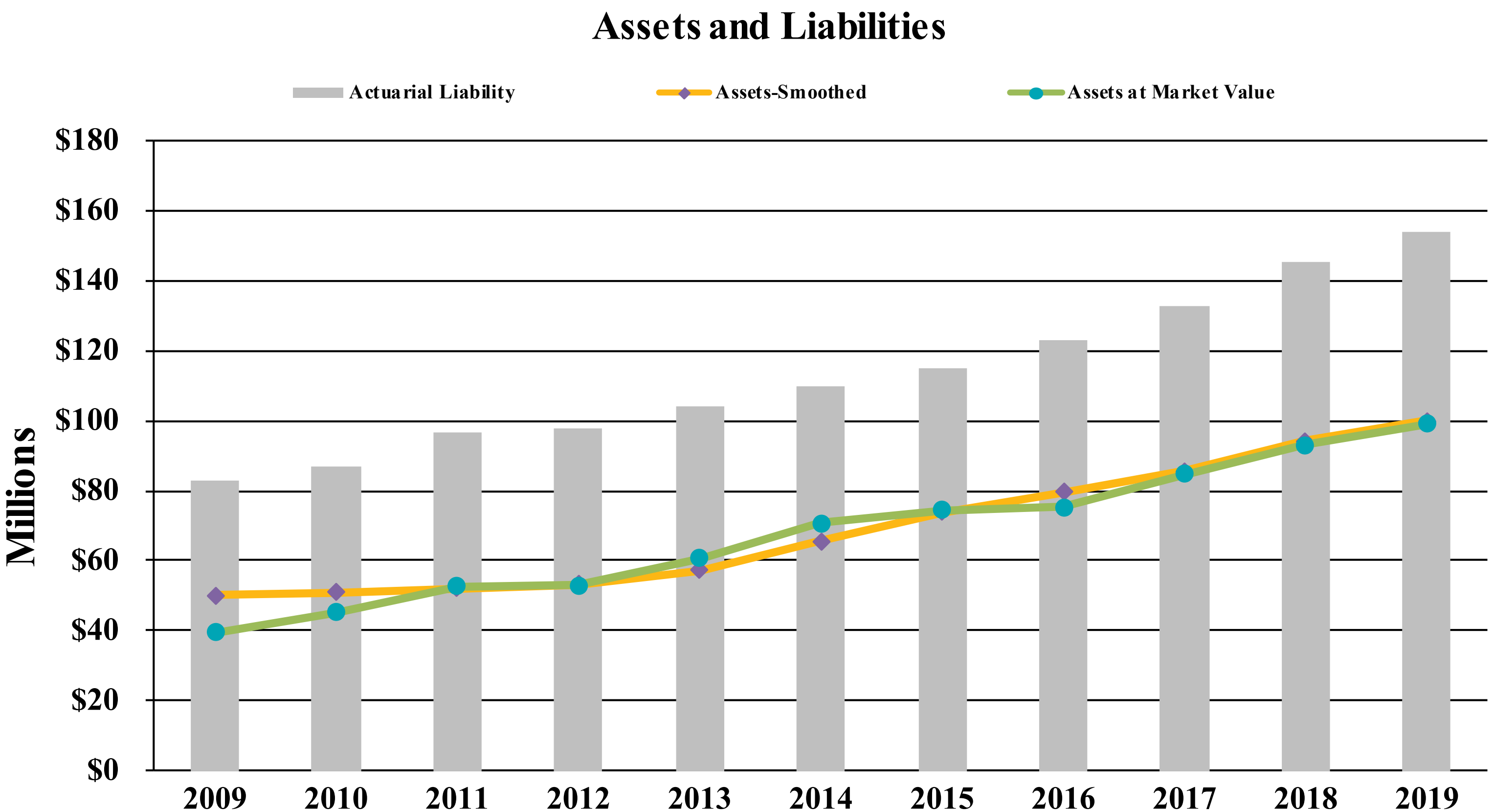
Valuation Year	2013	2014	2015	2016	2017	2018	2019
AVA Funded Ratio	71.0%	75.1%	75.3%	75.9%	74.9%	76.4%	76.2%
UAL (Millions)	$ 43.2	$ 38.1	$ 41.1	$ 40.3	$ 44.5	$ 41.8	$ 43.6

Historical Review (IBEW)



Valuation Year	2013	2014	2015	2016	2017	2018	2019
AVA Funded Ratio	63.9%	69.3%	72.5%	74.6%	76.2%	76.5%	75.5%
UAL (Millions)	$ 20.9	$ 18.6	$ 17.3	$ 17.5	$ 17.4	$ 17.9	$ 19.8

Historical Review (Salaried)



Valuation Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
AVA Funded Ratio	60.5%	58.7%	54.1%	54.5%	55.2%	59.5%	64.3%	65.0%	64.4%	64.8%	64.8%
UAL (Millions)	$ 32.8	$ 35.9	$ 44.3	$ 44.5	$ 46.6	$ 44.5	$ 41.0	$ 43.0	$ 47.3	$ 51.2	$ 54.2

Next Steps

- Collect feedback from Board
- Complete peer review process and produce updated calculations, including projections, as necessary
- Finalize July 1, 2019 Actuarial Valuations

Required Disclosures

The purpose of this presentation is to present the preliminary results of the annual actuarial valuation of the Sacramento Regional Transit Retirement Plans. This presentation is for the use of the Sacramento Regional Transit Retirement Boards in accordance with applicable law.

In preparing our presentation, we relied on information (some oral and some written) supplied by the Sacramento Regional Transit Retirement Plans. This information includes, but is not limited to, the plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23.

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The assumptions reflect our understanding of the likely future experience of the Plans, and the assumptions as a whole represent our best estimate for the future experience of the Plans. The results of this presentation are dependent upon future experience conforming to these assumptions. To the extent that future experience deviates from the actuarial assumptions, the true cost of the plan could vary from our results.

Graham A. Schmidt ASA, FCA, EA
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Classic Values, Innovative Advice.

Regional Transit

STAFF REPORT

DATE: February 26, 2020

TO: Boards of Directors of Sacramento Regional Transit District Retirement Plans (AEA, AFSCME and MCEG)

FROM: Valerie Weekly, Manager, Pension and Retirement Services

SUBJ: RECEIVE INFORMATION ON STATUS OF PRELIMINARY SALARIED RETIREMENT PLAN VALUATION AND ACTUARIALLY DETERMINED CONTRIBUTION RATE.

RECOMMENDATION

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Cheiron will present the preliminary results and answer any questions. Based on results of the presentation, the final valuation will be presented to the Boards for adoption at the March 11, 2020 Quarterly Retirement Board Meeting.

Sacramento Regional Transit Retirement Plans

CHEIRON
Classic Values, Innovative Advice

2019 Preliminary Valuation

February 26, 2020

Graham A. Schmidt, ASA, FCA, EA

Topics for Discussion

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- The actuarial return on assets was 5.31% as a result of deferred investment losses, resulting in a $2.6 million loss and increasing the contribution rate by 0.80% of pay
- Payroll grew slightly more than expected (3.18% increase vs. 3.00% assumed growth), decreasing the contribution rate by 0.03% of pay
- A net loss on demographic experience increased the liability by $0.7 million and the contribution rate by 0.02% of pay
    - Primarily due to lower mortality rates than expected among retirees

Highlights (ATU)

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  - PEPRA members pick up higher percentage of the Normal Cost
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- PEPRA member contribution rate remains unchanged at 7.25% of pay
  - Rate only changes when Normal Cost for PEPRA members changes by more than 1% of pay from last time the rate was set
  - If Normal Cost changes by more than 1%, new rate set to ½ of the total Normal Cost, rounded to the nearest 0.25% of pay
  - Total Normal Cost for PEPRA members was 14.40% as of 7/1/2018 (when rates last changed) and 14.20% as of 7/1/2019, therefore no change required

Highlights (ATU)

ATU Employer Contribution Reconciliation				
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FYE 2020 Total Employer Contribution Rate	27.78%			
Change due to phase-in	0.54%			
FYE 2020 Actuarial Contribution Rate	28.32%	14.78%	12.56%	0.98%
Change due to asset loss	0.80%	0.00%	0.80%	0.00%
Change due to PEPRA	-0.72%	-0.72%	0.00%	0.00%
Change due to ATU Transfer	0.01%	0.00%	0.01%	0.00%
Change due to demographic changes	0.02%	-0.05%	0.07%	0.00%
Change due to amortization payroll	-0.03%	0.00%	-0.02%	-0.01%
Change due to contribution shortfall	0.01%	0.00%	0.01%	0.00%
FYE 2021 Net Employer Contribution Rate	28.41%	14.01%	13.43%	0.97%

ATU PEPRA / Non-PEPRA Summary	Non-PEPRA	PEPRA	Total
1. Entry Age Normal Cost (Middle of Year)	$ 3,821,108	$ 1,085,017	$ 4,906,125
2. Covered Payroll (Normal Cost)	$ 23,136,314	$ 7,638,848	$ 30,775,162
3. Normal Cost as a Percent of Covered Payroll: (1) / (2)	16.52%	14.20%	15.94%
4. Expected Employee Contributions as a Percent of Covered Payroll	(0.18%)	(7.25%)	(1.93%)

Highlights (IBEW)

- The 2017 assumption changes are fully phased-in, increasing rate by remaining 0.53% from prior year
- Investments returned 6.12% on a market value basis, compared to the 7.25% assumed rate of return
- The actuarial return on assets was 5.06% as a result of deferred investment losses, resulting in a $1.3 million loss and increasing the contribution rate by 0.92% of pay
- A net loss on demographic experience increased the liability by $1.1 million and the contribution rate by 0.61% of pay
  - Higher than expected salary increases for IBEW transferred participants currently active in AFSC and MCEG
  - Lower mortality rates than expected among retirees

Highlights (IBEW)

- Payroll grew less than expected (1.57% increase vs. 3.00% assumed growth), increasing the contribution rate by 0.21% of pay
- New PEPRA members reduced the employer rate by 0.36% of pay
- PEPRA member contribution rate remains unchanged at 6.00% of pay
  - Total Normal Cost for PEPRA members was 12.12% as of 7/1/2018 (when rates last changed) and 11.87% as of 7/1/2019, therefore no change required

Highlights (IBEW)

IBEW Employer Contribution Reconciliation				
Item	Total	Normal Cost	UAL Amortization	Admin Expense
FYE 2020 Total Employer Contribution Rate	24.73%			
Change due to phase-in	0.53%			
FYE 2020 Actuarial Contribution Rate	25.26%	11.68%	12.60%	0.98%
Change due to asset loss	0.92%	0.00%	0.92%	0.00%
Change due to PEPRA	-0.36%	-0.36%	0.00%	0.00%
Change due to demographic changes	0.61%	-0.11%	0.72%	0.00%
Change due to amortization payroll	0.21%	0.00%	0.20%	0.01%
Change due to contribution shortfall	0.02%	0.00%	0.02%	0.00%
FYE 2021 Net Employer Contribution Rate	26.66%	11.21%	14.46%	0.99%

IBEW PEPRA / Non-PEPRA Summary	Non-PEPRA	PEPRA	Total
1. Entry Age Normal Cost (Middle of Year)	$ 1,189,856	$ 490,841	$ 1,680,697
2. Covered Payroll (Normal Cost)	$ 8,643,256	$ 4,136,110	$ 12,779,366
3. Normal Cost as a Percent of Covered Payroll: (1) / (2)	13.77%	11.87%	13.15%
4. Expected Employee Contributions as a Percent of Covered Payroll	0.00%	(6.00%)	(1.94%)

Highlights (Salaried)

- The 2017 assumption changes are fully phased-in, increasing rate by remaining 0.57% from prior year
- Investments returned 6.05% on a market value basis, compared to the 7.25% assumed rate of return
- The actuarial return on assets was 5.71% as a result of deferred investment losses, resulting in a $1.5 million loss and increasing the contribution rate by 0.58% of pay
- A net loss on demographic experience increased the liability by $2.6 million and the contribution rate by 1.34% of pay
  - Average AFSC salaries for continuing actives increased by 12.8% contributing to a large portion of the loss (over $2.3M)
- Payroll grew more than expected (4.82% increase vs. 3.00% assumed growth), decreasing the contribution rate by 0.39% of pay

Highlights (Salaried)

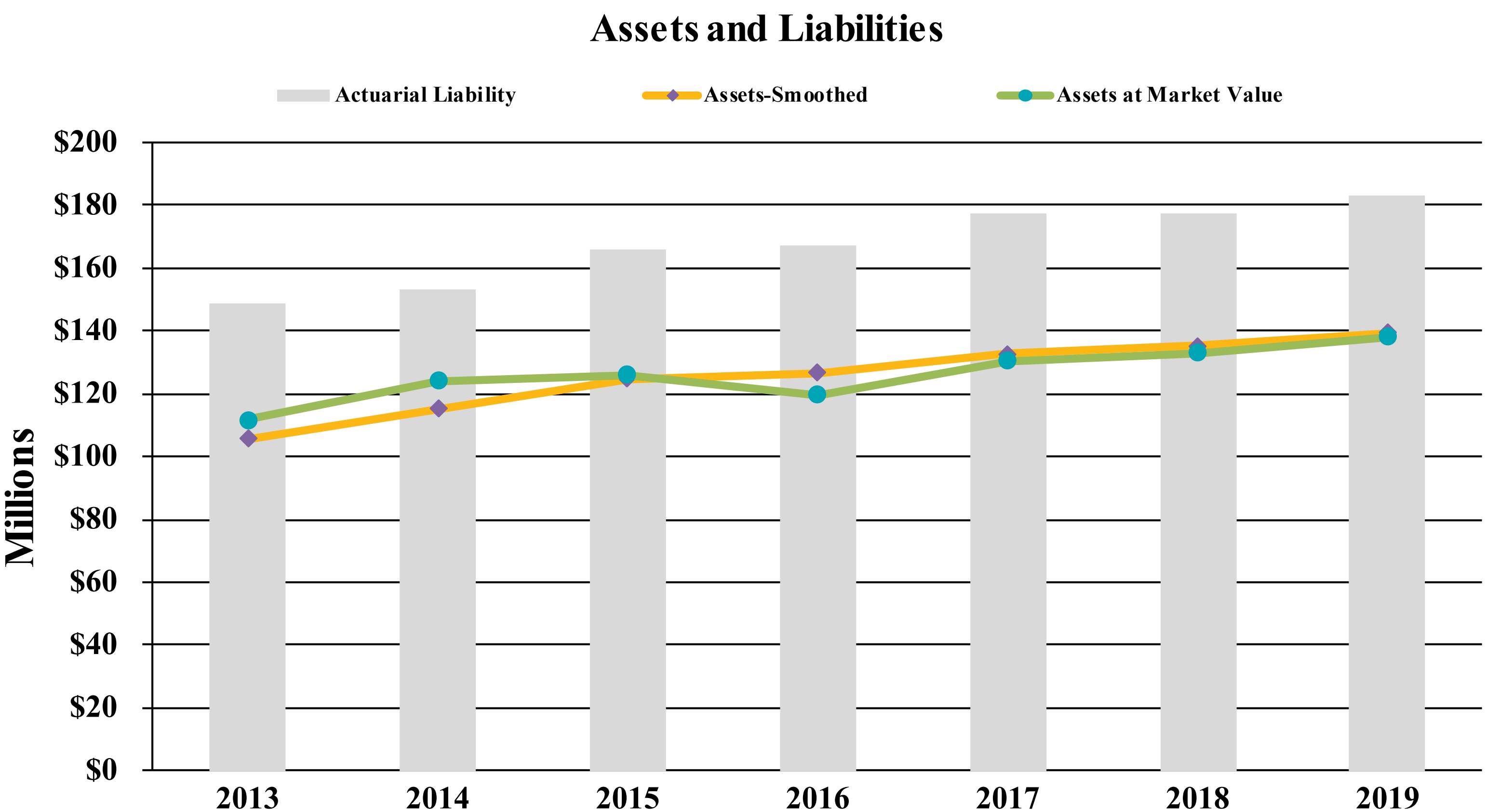
- New PEPRA members reduced the employer rate by 0.56% of pay.
- PEPRA member contribution rate remains unchanged at 5.75% of pay
  - Total Normal Cost for PEPRA members was 11.35% as of 7/1/2018 (when rates last changed) and 12.21% as of 7/1/2019, therefore no change required

Highlights (Salaried)

Employer Contribution Reconciliation				
Item	Total	Normal Cost	UAL Amortization	Admin Expense
FYE 2020 Employer Contribution Rate	35.41%			
Change due to phase-in	0.57%			
FYE 2020 Actuarial Contribution Rate	35.98%	14.88%	19.85%	1.25%
Change due to asset losses	0.58%	0.00%	0.58%	0.00%
Change due to PEPRA	-0.56%	-0.56%	0.00%	0.00%
Change due to ATU Transfer	0.02%	-0.03%	0.05%	0.00%
Change due to demographic losses	1.34%	0.31%	1.03%	0.00%
Change due to amortization payroll	-0.39%	0.00%	-0.37%	-0.02%
Change due to contribution shortfall	0.06%	0.00%	0.06%	0.00%
FYE 2021 Employer Contribution Rate	37.03%	14.60%	21.20%	1.23%

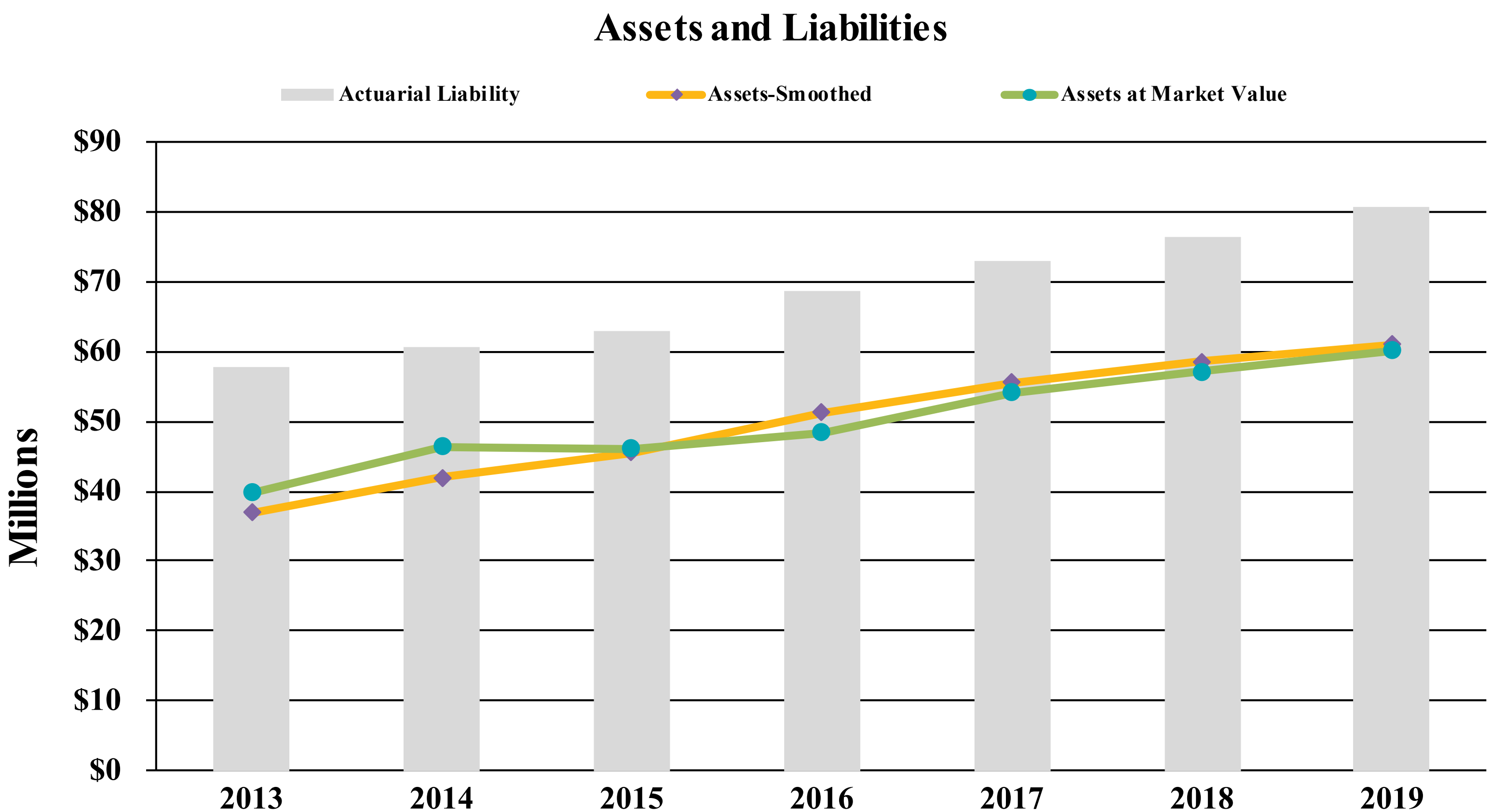
Salaried PEPRA/Non-PEPRA Summary			
	Non-PEPRA	PEPRA	Total
1. Entry Age Normal Cost (Middle of Year)	$ 3,320,738	$ 576,268	$ 3,897,006
2. Covered Payroll (Normal Cost)	$ 20,123,123	$ 4,719,882	$ 24,843,005
3. Normal Cost as a Percent of Covered Payroll: (1) / (2)	16.50%	12.21%	15.69%
4. Expected Employee Contributions as a Percent of Covered Payroll	0.00%	(5.75%)	(1.09%)

Historical Review (ATU)



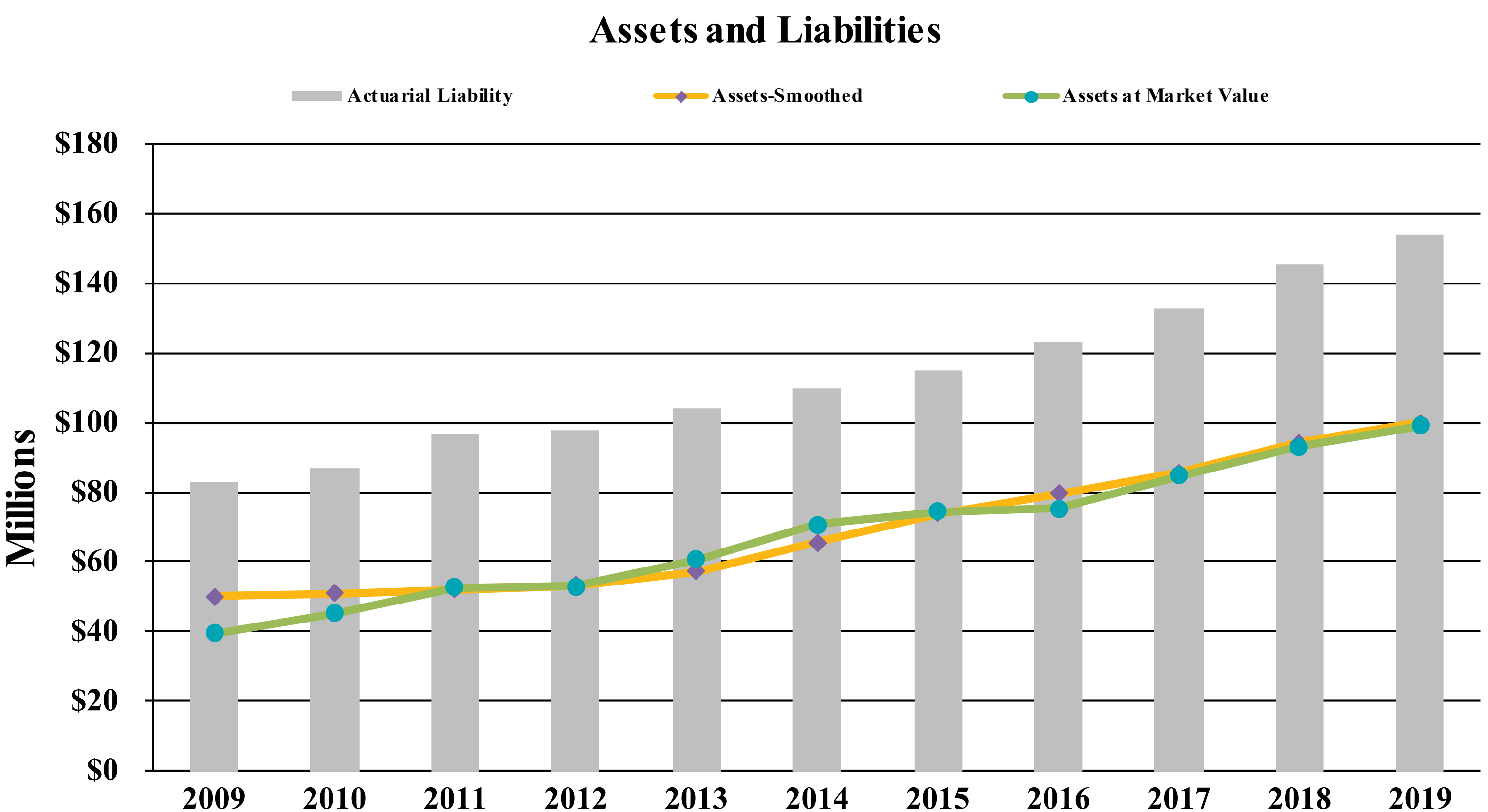
Valuation Year	2013	2014	2015	2016	2017	2018	2019
AVA Funded Ratio	71.0%	75.1%	75.3%	75.9%	74.9%	76.4%	76.2%
UAL (Millions)	$ 43.2	$ 38.1	$ 41.1	$ 40.3	$ 44.5	$ 41.8	$ 43.6

Historical Review (IBEW)



Valuation Year	2013	2014	2015	2016	2017	2018	2019
AVA Funded Ratio	63.9%	69.3%	72.5%	74.6%	76.2%	76.5%	75.5%
UAL (Millions)	$ 20.9	$ 18.6	$ 17.3	$ 17.5	$ 17.4	$ 17.9	$ 19.8

Historical Review (Salaried)



Valuation Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
AVA Funded Ratio	60.5%	58.7%	54.1%	54.5%	55.2%	59.5%	64.3%	65.0%	64.4%	64.8%	64.8%
UAL (Millions)	$ 32.8	$ 35.9	$ 44.3	$ 44.5	$ 46.6	$ 44.5	$ 41.0	$ 43.0	$ 47.3	$ 51.2	$ 54.2

Next Steps

- Collect feedback from Board
- Complete peer review process and produce updated calculations, including projections, as necessary
- Finalize July 1, 2019 Actuarial Valuations

Required Disclosures

The purpose of this presentation is to present the preliminary results of the annual actuarial valuation of the Sacramento Regional Transit Retirement Plans. This presentation is for the use of the Sacramento Regional Transit Retirement Boards in accordance with applicable law.

In preparing our presentation, we relied on information (some oral and some written) supplied by the Sacramento Regional Transit Retirement Plans. This information includes, but is not limited to, the plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23.

I hereby certify that, to the best of my knowledge, this presentation and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. Furthermore, as a credentialed actuary, I meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this presentation. This presentation does not address any contractual or legal issues. I am not an attorney, and our firm does not provide any legal services or advice.

This presentation was prepared exclusively for the Sacramento Regional Transit Retirement Boards for the purpose described herein. This presentation is not intended to benefit any third party, and Cheiron assumes no duty or liability to any such party.

The actuarial assumptions, data, and methods are those that will be used in the preparation of the actuarial valuation report as of July 1, 2019.

The assumptions reflect our understanding of the likely future experience of the Plans, and the assumptions as a whole represent our best estimate for the future experience of the Plans. The results of this presentation are dependent upon future experience conforming to these assumptions. To the extent that future experience deviates from the actuarial assumptions, the true cost of the plan could vary from our results.

Graham A. Schmidt ASA, FCA, EA
Consulting Actuary

CHEIRON

Classic Values, Innovative Advice.

Regional Transit

STAFF REPORT

DATE: February 26, 2020

TO: Sacramento Regional Transit Retirement Boards (ALL)

FROM: Jamie Adelman, AVP Finance and Treasury

SUBJ: REAL ESTATE FUND MANAGER SEARCH CANDIDATE PRESENTATIONS – CLARION, MORGAN STANLEY AND PGIM

RECOMMENDATION

No Recommendation — For Information Only.

RESULT OF RECOMMENDED ACTION

Informational Only.

FISCAL IMPACT

None.

DISCUSSION

On December 5, 2019 with the assistance of Anne Heaphy, Senior Vice President in Callan's Fund Sponsor Consulting Group, and Avery Robinson, Senior Vice President and Co-Manager of Callan's Real Assets Consulting Group, the Retirement Boards' Search Committee, which was comprised of one non-Board member from four of the bargaining groups (ATU, IBEW, AEA, and MCEG, the representative from AFSCME was not in attendance), SacRT's AVP, Finance and Treasury and one Accounting Staff member for SacRT's Retirement Plans, met to discuss four candidate real estate fund managers recommended by Callan.

The Search Committee meeting began with an overview of core real estate investments in general. Mr. Robinson then provided a detailed review of each of the four candidate fund managers, including background on staffing, returns, investment philosophy, risk, and other attributes. Based on all the information presented and discussed, the Search Committee unanimously voted to recommend that the Retirement Boards interview three of the candidates: Clarion Partners Lion Properties Fund (Clarion), Morgan Stanley Real Estate Investing Prime Property Fund (Morgan Stanley) and PGIM Real Estate PRISA Fund (PGIM). See Attachment #1 for the presentation prepared by Callan on these three managers. See Attachment #2 for Clarion's presentation materials, Attachment #3 for Morgan Stanley's presentation materials and Attachment #4 for PGIM's presentation materials.

Staff will seek further direction from the Retirement Boards when the Asset Allocation Review is conducted at the March 11, 2020 meeting.

ATTACHMENT #1

Callan

February 26, 2020

Sacramento Regional Transit District
Core Real Estate

Core Real Estate Search

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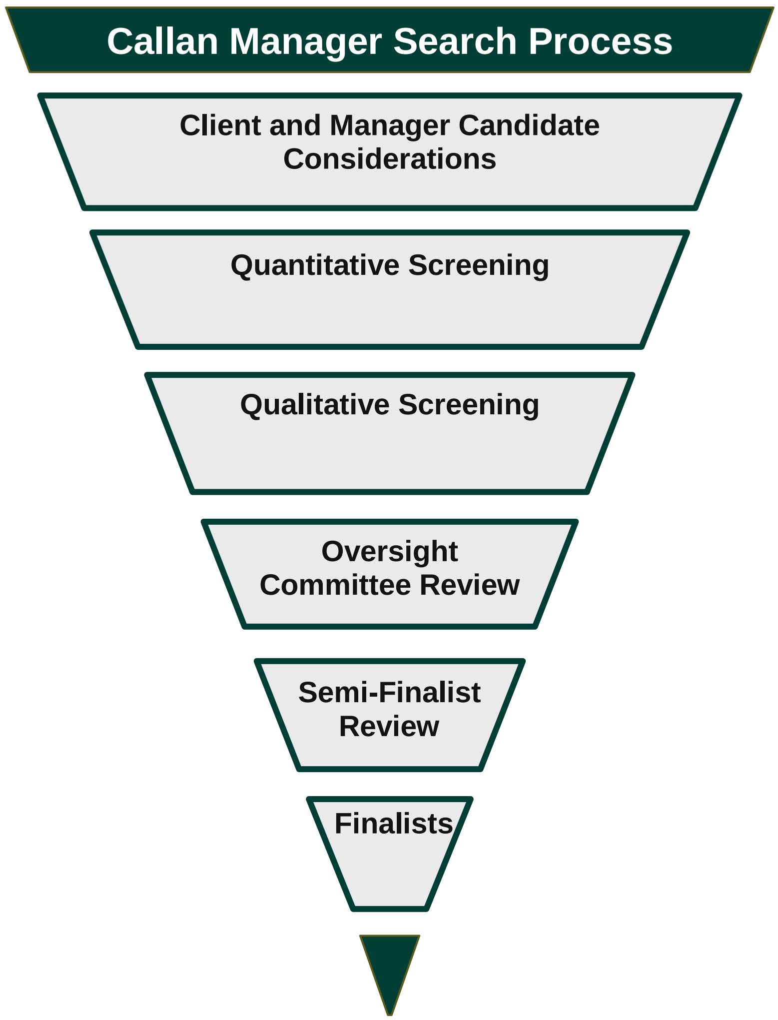
February 26, 2020

Callan

Manager Search Process



Manager Search Process Overview

Callan's investment manager searches are underpinned by a disciplined, six-step process:

I. Identify Client and Manager Candidate Considerations

At the onset of each search, Callan meets with the client to review and document any specific characteristics sought in an investment manager. This includes factors such as the manager's strategy and approach, organizational structure, minimum/maximum assets under management, performance criteria relative to an appropriate index and peer group, and risk tolerance. These factors serve as the basis for developing the appropriate quantitative and qualitative screening criteria.

II. Conduct Quantitative Screening

After beginning with the broadest possible universe of candidates, Callan narrows the field using client-specified screening criteria to screen our proprietary database. Screens examine numerous quantitative factors including performance, volatility, correlation with the existing structure, and assets under management. Callan screens performance across multiple time periods, market cycles, and statistical analyses so as to identify consistency of returns and avoid performance bias.

III. Perform Qualitative Screening

Qualitative screening concentrates the field even further. Qualitative screens examine manager type, organizational history, depth and experience of investment personnel, investment process and style, client servicing capability and resource allocation. Callan generates qualitative assessments based on manager research conducted by our dedicated asset class specialists and generalist consultants through regular in-house meetings, conference calls, and on-site manager due diligence.

IV. Oversight Committee Review of Preliminary Recommendations

Callan's Manager Search Committee—an oversight body that is comprised of more than a dozen senior consultants—reviews each search to thoroughly examine candidates and ensure Callan has met the client's specified criteria. Collectively, the Manager Search Committee vets the candidates and identifies semi-finalist candidates to present to the client.

V. Review Semi-finalist Candidates

A manager evaluation document comparing the semi-finalist candidates is prepared for the client. Callan reviews the report with the client to highlight important considerations in conducting the search, compare and contrast the manager candidates, and assist in the identification of finalist candidates.

VI. Interview Finalists

To gain additional insight, finalists are invited to present to the client. The presentations generally include an overview of the manager organization and a specific review of the product being considered. They also provide the opportunity for the client and/or consultant to address any outstanding issues. A winner is typically selected following these presentations.

Candidate Profile

1. Manager Type

The Sacramento Regional Transit District ("SacRT") is seeking open end, commingled, core real estate funds. Only qualified investment counselors or organizations registered under the Investment Advisers Act of 1940 that are currently managing assets will be considered. This includes investment counselors and investment counseling subsidiaries of banks, brokerage houses and insurance companies.

2. Investment Style

SacRT is seeking a core commingled fund that implements broad diversification with respect to property types and geography. The vast majority of fund investments should be in existing, income-producing properties that are substantially leased.

3. Managed Assets

Candidates should have sufficient assets under management to support the professional staff required to successfully acquire, manage, and sell real estate. A minimum of $1 billion in tax-exempt assets under management is preferred; however, smaller firms may be considered on a case-by-case basis. Eligible vehicles should have at least $500 million invested in equity real estate; however, smaller firms may be considered on a case-by-case basis. Eligible vehicles should be open for commitments with the ability to accommodate the plan's approximate $29 million allocation in a timely manner. Optimal candidates should not have a substantial current withdrawal queue.

4. Professional Staff

Investment staff should be stable and of sufficient depth and breadth to perform the ongoing duties of the firm and to ensure continuity of the investment process. The firm's executive management team should be experienced and stable. Additionally, there should be a sufficient number of client service professionals relative to the firm's client base to ensure that the client has reasonable access to the firm.

5. Portfolio Manager Structure & Experience

Team approach preferred but not required. Key professionals should have at least 10 years of investment experience. Teams that have worked together for at least five years are preferred.

6. Investment Vehicle

Only commingled open end fund vehicles will be considered.

7. Historical Performance & Risk Criteria

Performance over multiple cumulative, annual and rolling periods will be evaluated relative to the NCREIF ODCE Index and Callan's Real Estate ODCE peer group. Risk-adjusted measures and holdings-based portfolio characteristics will also be considered.

Candidate Profile (continued)

8. Qualities Specifically Sought

- The firm must be a viable, ongoing business
- Well established organization with institutional focus
- Disciplined and time-tested investment process with risk controls
- Low turnover of personnel
- Low dispersion of returns within appropriate composite
- Commitment to client service and an ability to effectively articulate their investment process
- Willingness to visit client as needed (managers typically provide a portfolio review once per year to the Board)

9. Qualities To Be Avoided

- Concentrated client base
- Candidates currently involved in a merger, acquisition, or recent transaction impacting the firm’s senior executives
- Excessive recent personnel turnover

10. Specific Client Requests & Additional Considerations

We can present 3-5 candidates for the client to review. There are no incumbents or additional managers that need to be included in the performance section.

Sacramento Regional Transit District
Core Private Real Estate (open-end) Search

Background and Search Process

On behalf of Sacramento Regional Transit District, Callan conducted a search for core real estate managers. Callan considered all 24 managers within the NFI ODCE Index.

Twelve products were eliminated prior to Search Committee for the following reasons:

Organization	Product	Elimination Reason
AFL-CIO Investment Trust	Building Investment Trust	Performance
American Realty Advisors	American Core Realty Fund, LP	Performance
ASB Capital Management Inc.	Allegiance Real Estate Fund	Performance
Barings LLC	Barings Core Property Fund	Performance & PM Turnover
Bentall Kennedy	Edgemoor	Performance
EverWest Real Estate Investors	GWL U.S. Property Fund	Fund Size
Goldman Sachs Asset Management	US Real Property Income	Fund size
Intercontinental	U.S. Real Estate Investment Fund	Strategy Fit
Metlife	Metlife Core Property Fund	Strategy Fit
New York Life Investments	Madison Core Property Fund	Performance
Stockbridge	SmartMarket Fund	Strategy Fit
UBS Realty	UBS Trumbull Property Fund	Performance

Twelve products were presented to Callan's Manager Search Committee as follows:

Organization	Product
AEW Capital Management	AEW Core Property Trust
Blackrock Realty	Blackrock US Core Property Fund
CBRE Global Investors	CBRE Core Partners, L.P.
Clarion Partners	Clarion Lion Properties Fund
DWS	RREEF America REIT II
Heitman LLC	Heitman America Real Estate Trust
Invesco Real Estate	Invesco Core Real Estate USA
J.P. Morgan Asset Management	Strategic Property Fund
LaSalle	LaSalle US Property Fund
Morgan Stanley Real Estate	Prime Property Fund
PGIM	PRISA
Principal Real Estate Investors	Principal U.S. Property Account

Four products were advanced by Callan's Manager Search Committee:

Organization	Product
Clarion Partners	Clarion Lion Properties Fund
Morgan Stanley	Prime Property Fund
PGIM	PRISA
Principal Real Estate Investors	Principal U.S. Property Account

Clarion

Clarion Partners
230 Park Avenue
New York, NY 10169

History

Clarion Partners registered as an investment advisor with the SEC under the Investment Advisers Act of 1940 on December 1, 1981, and began providing real estate investment management services to U.S. institutional clients in 1982. From 1982 through 1996, Clarion operated as Jones Lang Wootton Realty Advisors, a venture between management and the UK-based brokerage firm, Jones Lang Wootton. In 1996, management bought back JLW's interest in the company and owned it privately until the sale to ING Group in 1998. Clarion was wholly owned by ING Group from 1998 to 2011, and managed autonomously as a real estate investment management business in the Americas. In June 2011, Clarion completed a management buyout of the business, capitalized by senior management of the Firm (31 partners at the time) and Lightyear Capital, a private equity firm specializing in the financial services industry. In April 2016, Clarion Partners became an independent investment management affiliate of Legg Mason, Inc. ("Legg Mason"). Legg Mason acquired the entire ownership position of Clarion's prior financial partner, Lightyear, as well as a portion of Clarion management's position. The existing Clarion management team retained an ownership stake in the business of over 18%, and continues to have over $80 million invested personally in various Clarion fund products. Consistent with other investment management affiliates of Legg Mason, Clarion operates autonomously and retains complete control over its strategy and investment activities. Day-to-day operations continue to be run by Clarion's Executive Board, and the investment process continues to be run by Clarion's Investment Committee.

As of September 30, 2019, Clarion managed $54 billion in real estate investment throughout the U.S., Mexico, and Brazil on behalf of institutional investors.

Structure

Founded: 1981
Type of Firm: Limited Liability Company
Ownership: Management Owned
Errors and Omissions Insurance: Yes
In Compliance with SEC and DOL: Yes
Registered Investment Advisor: Yes

Key Professionals

	Year started in Industry	Year started w/Firm
Stephen J. Furnary – Executive Chairman	1974	1984
David Gilbert – CEO & CIO	1983	2007
Patrick Tully – CFO	1994	1998
Tim Wang, PhD – Head of Investment Research	2005	2006
Craig Tagen – MD, Head of Asset Management and Separate Accounts	1984	1997

Contact

Gwynne M. Murphy
230 Park Avenue
New York, NY 10169
Phone: (212) 883-2730
Email: Gwynne.Murphy@clarionpartners.com

Employee Structure

Portfolio Management	51
Research	10
Acquisitions	36
Dispositions	-
Asset Management	70
Property Management	-
Leasing	-
Accounting/Financial	85
Legal	4
Client Servicing/Marketing	23
IT (Technology)	10
Senior Management*	-
Engineering	-
Other**	13
Total	**302**

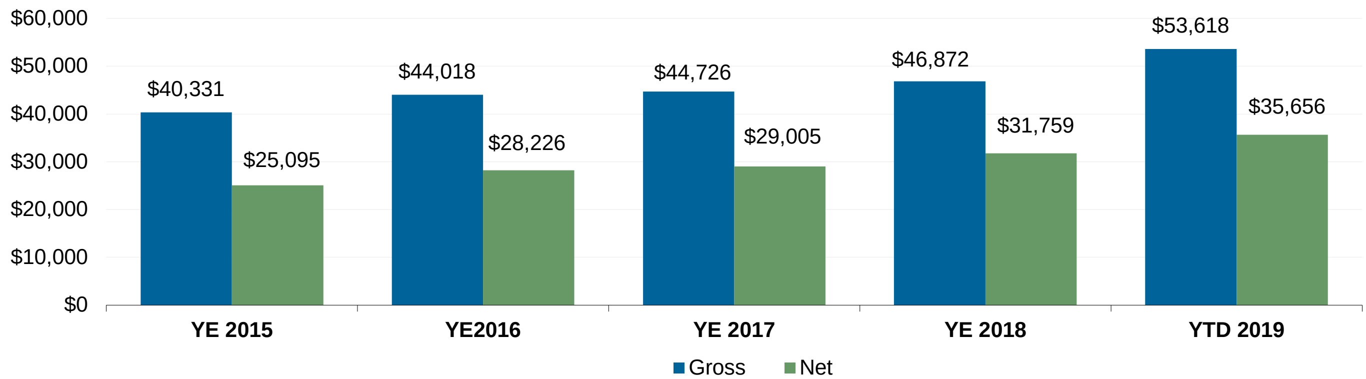
*Other includes HR, insurance, and executive management. Forty-one senior management included in categories

Investment Professional Turnover

	Additions						Termination/Departures					
	Port. Mgrs.	Acq.	Asset Mgmt.	Research/ Other	Inv. Comm.	Total	Port. Mgrs.	Acq.	Asset Mgmt.	Research/ Other	Inv. Comm.	Total
YTD 2019	1	5	1	3	-	**10**	5	1	3	3	-	**12**
2018	3	-	5	2	2	**12**	6	5	5	1	1	**18**
2017	1	-	3	-	-	**4**	2	-	2	-	-	**4**
2016	1	-	-	4	1	**6**	2	2	3	3	1	**11**
2015	1	1	1	-	1	**4**	3	2	-	7	2	**14**
Total	**7**	**6**	**10**	**9**	**4**	**36**	**18**	**10**	**13**	**14**	**4**	**59**

Private Real Estate Assets Under Management ($mm)

Total Asset Growth



The following table provides a breakdown of total Tax-exempt assets by client type. *As of June 30, 2019

	Number of Accounts	Net Asset Value ($mm)
Employee-Benefit Funds	19	$438
Corporate	52	$3,814
Multi-Employer	-	-
Public	63	$13,893
Endowments & Foundations	83	$2,050
Other*	1	$353
Total Accounts	**218**	**$20,549**

*Other represents high net worth clients.

Lion Properties Fund
Inception Date: April 2000

Key Professionals

		Year Started in Industry	Year Started with Firm
Jeb Belford	Portfolio Manager	1984	1995
Jon Gelb	Assistant PM	2005	2007
Katie Vaz	Assistant PM	2005	2005

Fund Overview

Fund Structure:	Private REIT
Total Fund Assets - Gross	$14,731 million
Total Fund Assets - Net	$10,853 million
% of Leverage:	22.5%
Queue:	No entry/no exit
Cash:	$533 million
# of Institutional Investors:	548

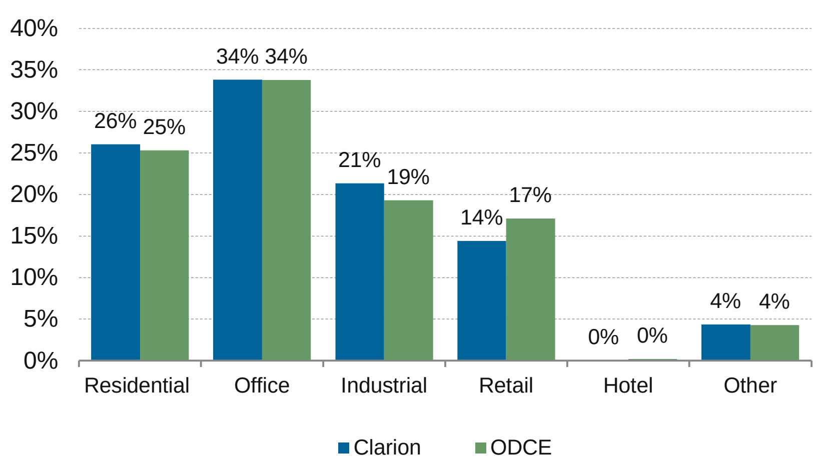
Strategy

The Fund's general investment strategy is to manage a diversified portfolio of primarily institutional quality real estate assets and related investments in the United States. The investment philosophy seeks to take advantage of changing conditions within the U.S. property and capital markets by periodically shifting allocations among property types and locations, while remaining focused on the management of a core equity real estate portfolio. For appropriate diversification, consideration is given predominantly to economic drivers, geographic regions, and various property types to achieve risk-adjusted return targets. Consideration is also given to the overall makeup of the competitive index, as well as pricing levels of assets in the marketplace relative to expectations of appropriate returns.
The Fund generally seeks to invest in areas with growth (job growth, population and/or household growth, increasing affluence and consumption growth, trade growth) that it believes will lead to real estate out-performance; and then invests in assets that it believes should take advantage of such dynamics. This includes a focus on markets driven by growth sectors in the economy (technology, health care, and education), an emphasis on urban and transit-oriented properties and an emphasis on highly functional assets in top sub-markets.

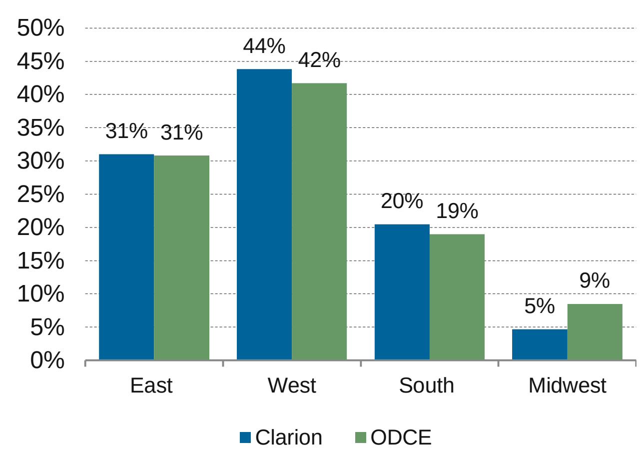
Portfolio Manager

Name:	Jeb Belford
% of Dedication:	100%
Responsibilities:	Jeb is the lead Portfolio Manager and is responsible for the management of the strategy, investments, asset management and reporting of the Lion Properties Fund.
Prior Experience:	Jeb joined Clarion Partners in 1995, and began working in the real estate industry in 1984. From 1984 to 1995, Mr. Belford worked at Winthrop Financial Associates.

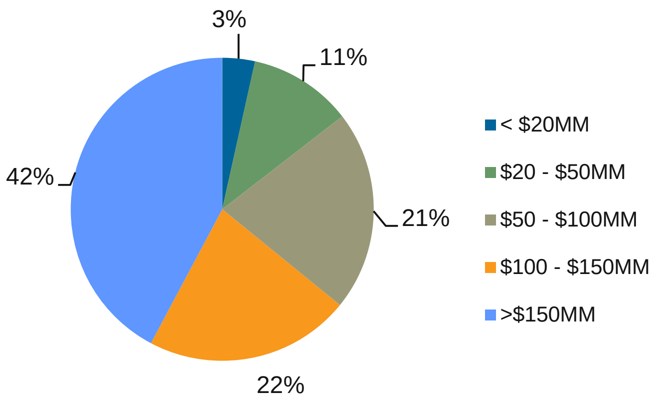
Property Type Diversification vs. ODCE



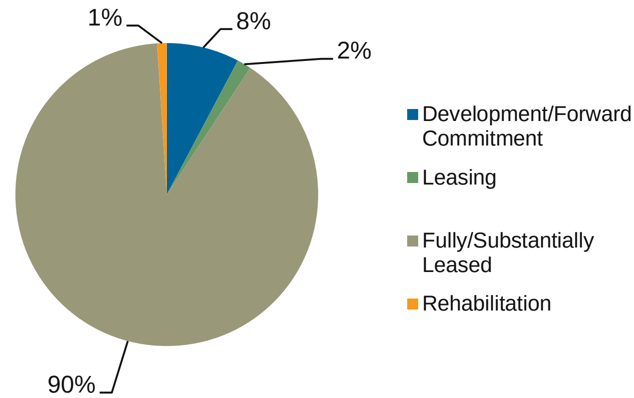
Regional Diversification vs ODCE



Investment Size Diversification



Investment Stage Diversification



Terms

Minimum Investment:	$10 million
Sponsor Commitment:	$43.2 million
Total Return Target:	8 - 10%
Income Return Target:	4.0 - 4.5%
Advisory Board:	Yes

Fees

Acquisition Fee:	None
Asset Management Fee:	First $25mm: 1.10% Above $25mm: 0.85%
Disposition Fee:	None
Performance Fee:	None
Other Fees:	0.10% fee on cash

Limitations

Cash:	None; Target of 2-3%
Portfolio Leverage:	40%
Property Leverage:	None
Geography:	U.S Only
Property Type:	None
Joint Venture:	None
Non-Core Allocation:	15% GAV in development
Other	None

Portfolio Characteristics

Average Occupancy:	95%
Joint Ventures:	21.2%
Average Investment Size:	$97 million
Average Age of Assets:	25 years
Number of Investments	145
Dividend Policy:	Quarterly
Redemption Policy:	Quarterly with 90 days written notice
Mark Debt to Market	Yes
Implied Going-In Cap Rate:	4.3%

Comments

- The Fund did not have a contribution or redemption queue as of September 30, 2019.
- The Fund has a weighted average cost of debt of 3.9%. The Fund has 0.0% of its debt maturing in the next 12 months and 8.8% maturing in the subsequent 12 months.
- The Fund is overweight in the East and South and underweight in the West and Midwest compared to the NCREIF ODCE Value Weight Index.
- Christy Hill, Assistant Portfolio Manager for the Fund, left Clarion in July 2018. She was replaced by Katie Vaz, who has been with Clarion for 13 years, most recently serving as Portfolio Manager for several of the Firm's separate accounts.
- Stephen Latimer stepped down from his role as Head of Separate Accounts in April 2018. He was replaced by Craig Tagen. Latimer retired later in 2018.
- In April 2016, Clarion Partners became an independent investment management affiliate of Legg Mason, Inc. Legg acquired the entire ownership position of Clarion's financial partner, Lightyear Capital, as well as a portion of management's position. Clarion's management team has retained an ownership stake in the business of over 18%. Like all other affiliates of Legg, Clarion will continue to operate autonomously. Clarion will retain complete control over its strategy and investment activities, with the same branding and offices. Legg's capital is long-term in duration, providing important platform stability and supporting management's vision for the Firm.

Flows into Fund ($mm)	Inflows	Outflows	Net Flows
2017	$1,007.8	-$670.6	$337.1
2018	$1,507.4	-$296.2	$1,211.2
YTD 2019	$1,444.4	$489.0	$955.4
Total	$3,959.6	$1,455.8	$2,503.8

New Commitments by Client Type ($mm)	Interval Funds	Non-US Investors	Domestic Investors	Other	Total
2017	$127.8	$357.4	$522.6	$0.0	$1,007.8
2018	$90.5	$270.6	$1,146.3	$0.0	$1,507.4
YTD 2019	$35.1	$367.3	$1,042.0	$0.0	$1,444.4
Total	$253.4	$995.2	$2,710.9	$0.0	$3,959.6

Morgan Stanley Real Estate
1585 Broadway, 37th Floor
New York, NY 10036

History

Morgan Stanley Real Estate (MSRE) is owned by Morgan Stanley and was formed in 1969. MSRE comprises three global businesses: banking, lending, and investing. Since 1991, Morgan Stanley Real Estate Investing has acquired and managed real estate assets for third party investors. Morgan Stanley Real Estate Advisor, Inc. was formed through Morgan Stanley's acquisition of a substantial portion of the US real estate equity advisory business of Lend Lease in 2003, which included Prime Property Fund. MSREA registered with the SEC in November 2003. Lend Lease Real Estate Investments, Inc. was established in 1997, when Lend Lease Corporation acquired Equitable Real Estate (ERE) from The Equitable Life Assurance Society of the United States (The Equitable) and merged it with The Yarmouth Group, Inc. (Yarmouth), another Lend Lease U.S. real estate advisory subsidiary. Lend Lease purchased Boston Financial, a multi-family investment manager, in 1999.

Morgan Stanley Real Estate has offices in New York, Atlanta, San Francisco, Los Angeles and several cities outside of the U.S. They provide various real estate products across the risk/return spectrum. U.S. private real estate activities are centered on discretionary asset management through funds, including Prime and its opportunity fund closed-end fund series. As of September 30, 2019, Morgan Stanley Real Estate Managed $41 billion in private real estate.

Structure

Founded: 1969
Type of Firm: Limited Liability Company
Ownership: Subsidiary of Morgan Stanley
Errors and Omissions Insurance: Yes
In Compliance with SEC and DOL: Yes
Registered Investment Advisor: Yes

Contact

Anicia Mendez
522 Fifth Avenue
Floor 8
New York, NY 10036
Phone: 212-296-7640
Email: anicia.mendez@morganstanley.com

Key Professionals

	Year started in Industry	Year started w/Firm
John Klopp – Head of Global Real Assets	1978	2010
Olivier de Poulpiquet – CEO & CIO	1994	1994
Toru Bando – Head of MSRE Asia	1999	1999
Brian Niles – Head of MSRE Europe	1997	2006
Lauren Hochfelder Silverman – Head of MSREI Americas	2000	2000
Peter Harned – Global CFO of MSREI	1988	1988
Anthony Charles – Global Head of Research & Strategy	2005	2016
Christie Park – Global COO of MSREI	2001	2005

Employee Structure

Portfolio Management	18
Research	3
Acquisitions	81
Dispositions	-
Asset Management	41
Property Management	-
Leasing	-
Accounting/Financial	10
Legal	-
Client Servicing/Marketing	5
IT (Technology)	-
Senior Management	6
Engineering	-
Other*	22
Total	**186**

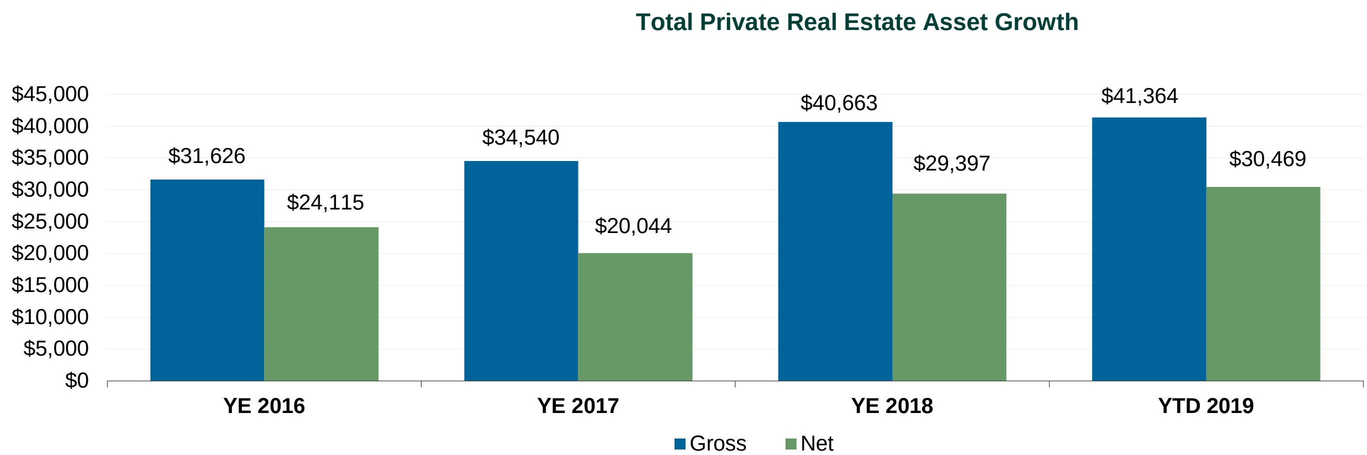
*Includes support professionals who cover MSREI

Investment Professional Turnover (Private Real Estate Professionals)

	Additions						Termination/Departures					
	Port. Mgrs.	Acq.	Asset Mgmt.	Research/ Other	Inv. Comm.	Total	Port. Mgrs.	Acq.	Asset Mgmt.	Research/ Other	Inv. Comm.	Total
YTD 2019	-	-	-	-	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-	-

*Morgan Stanley does not provide investment professional turnover information.

Private Real Estate Assets Under Management ($mm)



^Most recent data available

*** Morgan Stanley does not provide Tax-exempt breakdown by client-type information.**

	Number of Accounts	Net Asset Value ($mm)
Pension Fund		
Governmental/Government Agency/Sovereign Wealth Funds		
Charitable Trust/Endowment/Foundation/ Not-For-Profit		
Insurance Company		
Other*		
Individual/Family Office/Family Trust		
Total Accounts		

*****Other represents revocable trusts, schools, Taft-Hartley, Fund of Funds, and corporate banking clients.

Prime Property Fund
Inception Date: August 20, 1973

Key Professionals

		Year Started in Industry	Year Started with Firm
Scott Brown	Head of Prime	1990	1993

Fund Overview

Fund Structure:	Private REIT
Total Fund Assets - Gross	$30,418 mm
Total Fund Assets - Net	$25,275 mm
% of Leverage:	16.5%
Queue:	$1,352 mm entry/no exit queue
Cash:	$387 million
# of Institutional Investors:	395

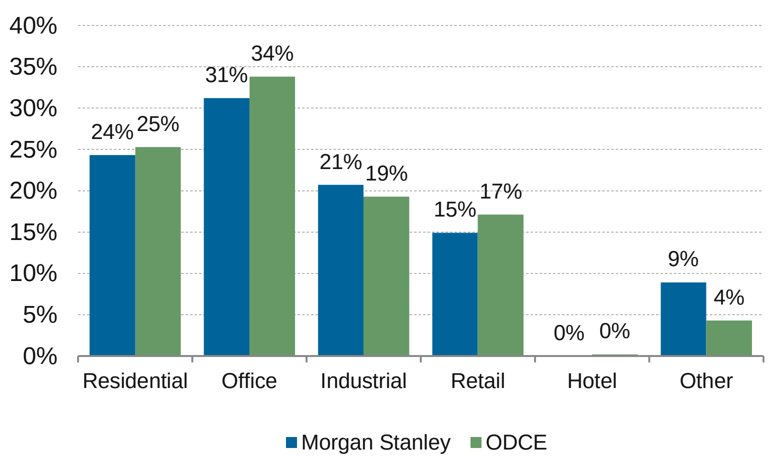
Strategy

The overall strategy of Prime Property Fund is to acquire and own well located, high quality, income-producing commercial real estate in markets with proven investor demand on resale. The Fund is diversified across property types and geographic regions and targets properties with high occupancy levels to provide a relatively stable income component. Properties are routinely evaluated for hold/sell strategic planning with a goal of maximizing returns by taking advantage of changing market conditions. The Fund currently employs the following property type target ranges: (1) Retail - 15%-25%; (2) Office - 25%-35%; (3) Industrial - 15%-25%; (4) Apartment - 20%-30%; (5) Hotel - 0%-10%; (6) Self Storage - 0%-5%; and (7) Other - 0%-3%.

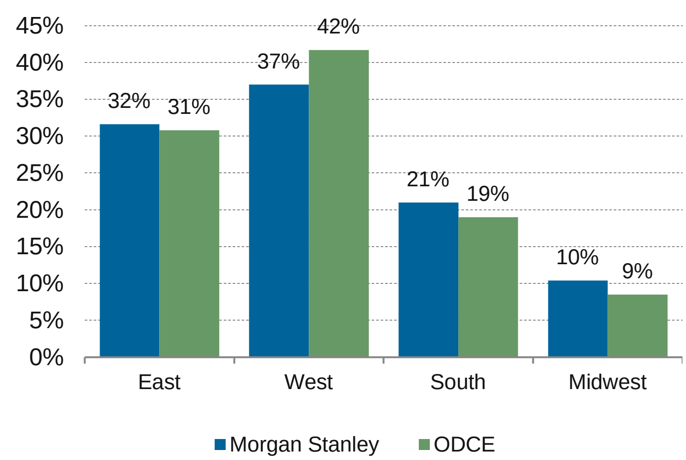
Portfolio Manager

Name:	Scott Brown
% of Dedication:	100%
Responsibilities:	Scott is responsible for the performance and strategic direction of the Prime Property Fund.
Prior Experience:	Prior to working with the Fund, Scott Brown was head of acquisitions at Lend Lease.

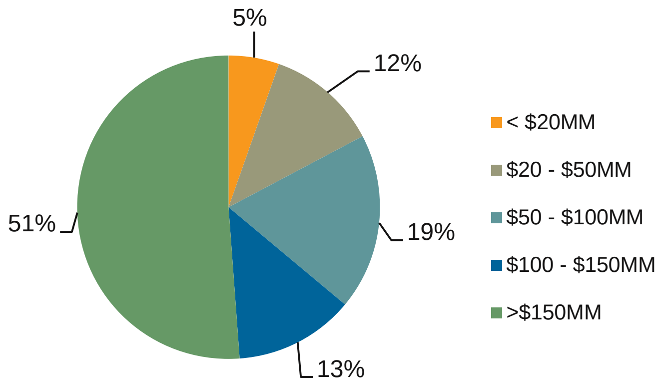
Property Type Diversification vs. ODCE



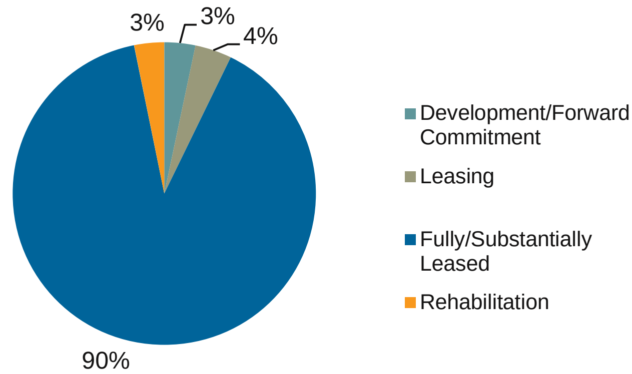
Regional Diversification vs ODCE



Investment Size Diversification



Investment Stage Diversification



Terms

Minimum Investment:	$5 million, with GP discretion.
Sponsor Commitment:	None
Total Return Target:	8% – 10% Gross
Income Return Target:	None
Advisory Board:	Yes

Fees

Acquisition Fee:	None
Asset Management Fee:	NAV: 0.84%*
Disposition Fee:	None
Performance Fee:	NAV: 5% of NAV* NOI growth monthly 0.35% cap

*See comments for more fee information.

Limitations

Cash:	None
Portfolio Leverage:	50%
Property Leverage:	None
Geography:	U.S. only. No regional limits
Property Type:	None, targets utilized
Joint Venture:	35% to 45%
Non-Core Allocation:	Less than 15%
Other	No more than 10% in one asset

Portfolio Characteristics

Average Occupancy:	93%
Joint Ventures:	43%
Average Investment Size:	$70 million
Average Age of Assets:	14 years
Number of Investments	437
Dividend Policy:	Quarterly
Redemption Policy:	On a quarterly basis, with 90 days of notice
Mark Debt to Market	Yes
Implied Going-In Cap Rate:	4.4%

Comments

- As of September 30, 2019, the Fund had an entry queue of $1,352 million and no exit queue. Per Morgan Stanley the exact timing of the drawing down of the queue is unknown.
- The Fund pays a quarterly dividend at the manager's discretion. The Board may, upon the recommendation of the Manager, change the Fund's dividend policy from time to time. The Fund's five year average is 4.0%.
- The Fund has 7.3% of its debt maturing over the next twelve months, and another 9.4% maturing in the subsequent twelve months.
- All properties owned by the Fund are valued on a quarterly basis by independent appraisers engaged by the Board on behalf of the Fund.
- Morgan Stanley historically used a wide range of leverage for this fund, but during recent years has made a strategic shift to keep the leverage low. Since 2008 the leverage has ranged from approximately 16% to 46% with high end of the range experienced during the GFC as a result of the decline in asset values and the low end currently reflected.
- The Management Fee is composed of two parts: (1) the base fee and (2) the incentive fee. The base fee is a flat 0.84%. The incentive fee will accrue on a monthly basis over a calendar year at the following rate: (5.0%) x (Beginning of the month NAV) x (NOI generated that month for only the assets held within the fund for at least 13 months/NOI for those same assets generated the same calendar month one year prior) x (1/12). The fee is capped at 1.19bps. Note that prior to April 2013, the fee cap was 1.35bps.

Flows into Fund ($mm)	Inflows	Outflows	Net Flows
2017	$1,966.8	-$631.7	$1,335.1
2018	$2,737.0	-$1,377.0	$1,360.0
YTD 2019	$2,317.6	-$1,160.8	$1,156.8
Total	$7,021.4	-$3,169.5	$3,851.9

New Commitments* by Client Type ($mm)	Interval Funds	Non-US Investors	Domestic Investors	Other	Total
2017					
2018					
YTD 2019					
Total					

*Morgan Stanley does not provide client-type information at the fund-level.

PGIM
7 Giralda Farms
Madison, NJ 07940

History

PGIM Real Estate is a global real estate investment management firm dedicated to providing institutional investors and select other clients a broad array of real estate investments, opportunities, and strategies. PGIM has been managing real estate investments for clients since 1970, when it pioneered the use of the open-end, commingled equity real estate fund designed for US pension funds. PGIM operates as a business unit of Prudential Investment Management ("PIM"), an indirect subsidiary of Prudential Financial, Inc. ("PFI"). PFI, is a publicly-traded company (NYSE:PRU), owned by its shareholders. There is no direct employee ownership of PGIM. PGIM's investment management activities have expanded from core real estate funds to include higher returning strategies offered through a series of diversified commingled funds and separately managed accounts for select clients. Specialty investment types, such as senior housing and a real estate securities capability were added to offer clients a wider array of investment strategies. PGIM began to develop as a global real estate investment management platform in the mid-1980's, with the establishment of operations in Europe, followed by Asia in the 1990's, and Latin America in 2000. In 2009, PGIM added a dedicated capability to enable clients to take advantage of the growing opportunities to invest in real estate debt in both the US and Europe.

Today, PGIM offers investment strategies across the risk spectrum, from core to opportunistic, investing through both equity and debt structures, through private investments as well as publicly-traded real estate securities. PGIM has a global presence with office locations in the US, Europe, the Middle East, Asia/Pacific, and Latin America and provides investment opportunities to a global client base in markets around the world. As of September 30, 2019, PGIM had $72 billion in gross assets under management.

Structure

Founded: 1971
Type of Firm: Corporation
Ownership: Subsidiary of PGIM Financial, Inc.
Errors and Omissions Insurance: Yes
In Compliance with SEC and DOL: Yes
Registered Investment Advisor: Yes

Contact

Dennis Martin
7 Giralda Farms
Madison, NJ 07940
Phone: (973) 734-1593
Email: dennis.martin@pgim.com

Key Professionals

	Year started in Industry	Year started w/Firm
Eric Adler – CIO & CEO	1997	2010
Leonard Kaplan – Chief Risk Officer	1991	1991
Alfonso Munk – Americas CIO, Head of Latin America	1996	2012
Lee Menifee – Head of U.S. Research	1997	2014
Cathy Marcus – Chief Operating Officer	1987	1998
Christy Hill – Head of Americas Asset Management	1995	2018
Steve Bailey – Head of Real Estate Debt Strategies	1985	2017

Employee Structure

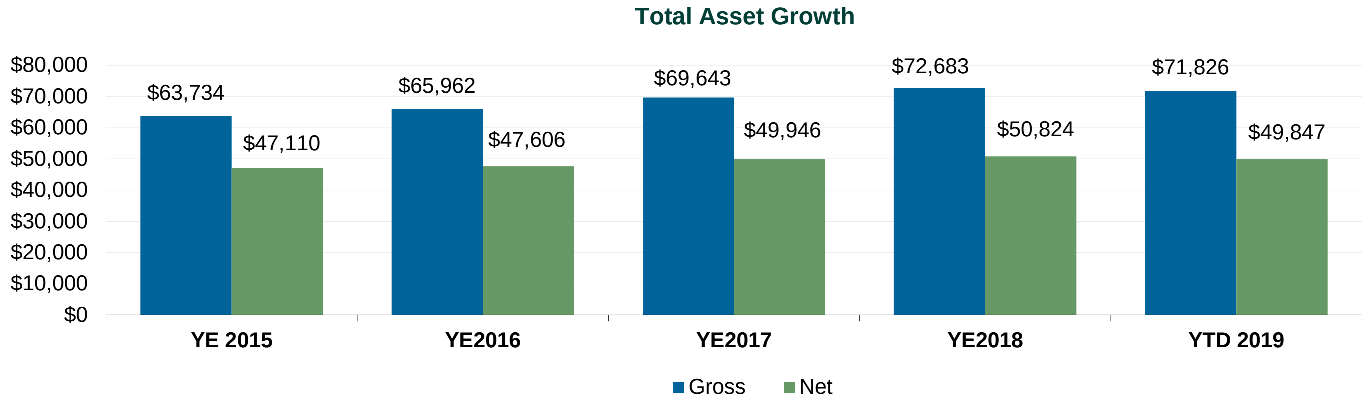
Portfolio Management	49
Research	15
Acquisitions Dispositions	92
Asset Management	100
Property Management	-
Leasing	-
Accounting/Financial	-
Legal	-
Client Servicing/Marketing	58
IT (Technology)	-
Senior Management	13
Engineering	-
Other	279
Total	**606**

*Other includes Marketing, Systems, Risk Management, Support Staff, Compliance, Real Estate Securities, and Admin.

Investment Professional Turnover (Private Real Estate Professionals)

	Additions						Termination/Departures					
	Port. Mgrs.	Acq.	Asset Mgmt.	Research/ Other	Inv. Comm.	Total	Port. Mgrs.	Acq.	Asset Mgmt.	Research/ Other	Inv. Comm.	Total
YTD 2019	1	13	20	40	-	**74**	1	13	25	30	-	**69**
2018	10	23	20	45	-	**98**	10	21	9	41	-	**81**
2017	14	14	13	1	-	**42**	13	8	20	3	-	**44**
2016	8	15	21	2	-	**46**	9	8	11	-	-	**28**
2015	11	16	25	3	-	**55**	8	23	23	3	-	**57**
Total	**44**	**81**	**99**	**91**	**-**	**315**	**41**	**73**	**88**	**77**	**-**	**279**

Private Real Estate Assets Under Management ($mm)



The following table provides a breakdown of total tax-exempt assets by client type.

	Number of Accounts	Net Asset Value ($mm)
Employee-Benefit Funds	99	5,446
Corporate	111	10,545
Multi-Employer		
Public	120	15,376
Endowments & Foundations	42	843
Other	78	6,871
Total Accounts	**450**	**39,081**

*Other represents high net worth clients.

PRISA
Inception Date: July 31, 1970

Key Professionals

	Year started in Industry	Year started w/Firm
Frank Garcia – Managing Director	1993	2013
Joanna Mulford – Managing Director	1997	1990
James Glen – Executive Director	2001	2014
Jeremy Keenan – Vice President	2007	2012

Fund Overview

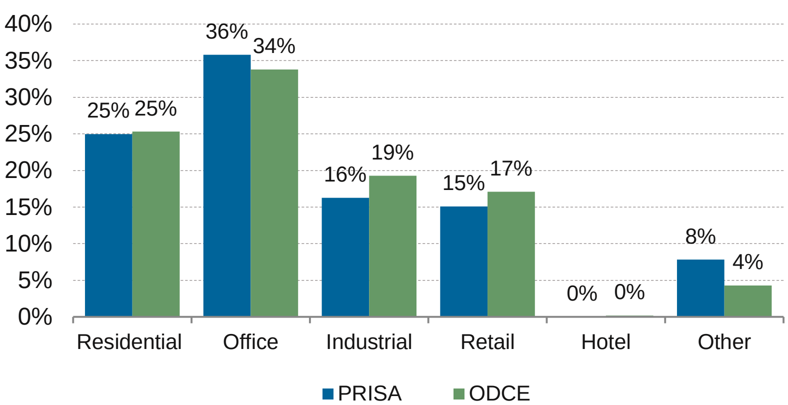
Fund Structure:	Insurance Company Separate Account
Total Fund Assets - Gross	$26,400 million
Total Fund Assets - Net	$20,891 million
% of Leverage:	20.5%
Queue:	No entry queue/ No exit queue
Cash:	$956 million
# of Institutional Investors:	330

Strategy
PRISA will primarily seek existing, income-producing properties with strong cash flow that is expected to increase over time and thereby provide the potential for capital appreciation. The Fund will be diversified geographically and by property type. Target property types are office, retail, industrial, multifamily, self-storage, and hotels located throughout the U.S. Investments may be made through direct property ownership, or indirectly through such vehicles as joint ventures, general or limited partnerships, limited liability companies, mortgage loans and other loan types, including mezzanine debt, and debt secured by an interest in the borrowing entity or interests in companies or entities that directly or indirectly hold real estate or real estate interests. Both top down research and bottom up analysis will be conducted to reduce risk and optimize cash flow.

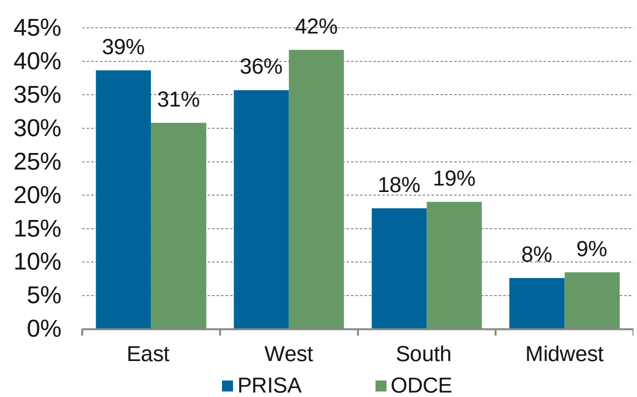
Portfolio Manager

Name:	Frank Garcia
% of Dedication:	100%
Responsibilities:	Frank is the senior portfolio manager for PRISA and is responsible for managing all aspects of the Fund including portfolio strategy, investment decisions, and management of the PRISA team.
Prior Experience	Before joining PGIM in 2013, Frank Garcia was a managing director at RREEF, where he was a senior portfolio manager for the firm's flagship core fund and the lead portfolio manager for the firm's flagship value-added fund. Prior to that, Mr. Garcia worked at Spieker Properties as a vice president in Northern California responsible for the development, management, and leasing of office and industrial space. He was also previously an industrial real estate broker with CB Commercial (now CBRE).

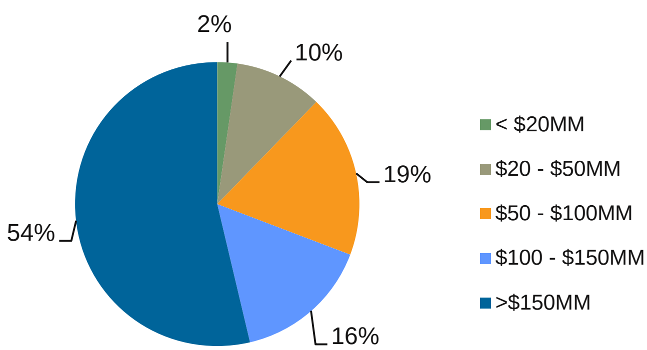
Property Type Diversification vs. ODCE



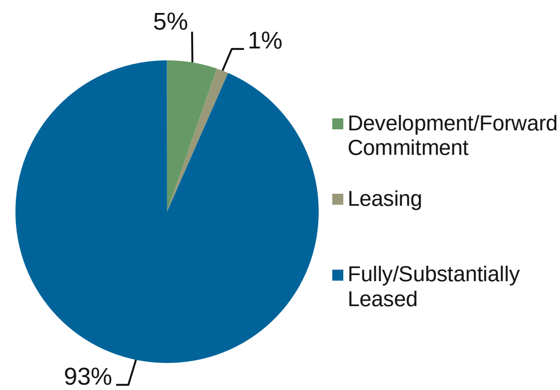
Regional Diversification vs ODCE



Investment Size Diversification



Investment Stage Diversification



Terms

Minimum Investment:	$5 million, with GP discretion
Sponsor Commitment:	None
Total Return Target:	Outperform the ODCE Index
Income Return Target:	Outperform the ODCE Index
Advisory Board:	Yes

Fees

Acquisition Fee:	None
Asset Management Fee:	First $25mm: 1.00% Next $25mm: 0.95% Next $50mm: 0.85% Next $100mm: 0.75% Next $100mm: 0.70% Above $300mm: 0.65%
Disposition Fee:	None
Performance Fee:	None
Other Fees:	0.15% fee on cash above 5% of NAV

Limitations

Cash:	None
Portfolio Leverage:	30%
Property Leverage:	None
Geography:	U.S. only
Property Type:	No more than 10% in Hotels
Joint Venture:	None
Non-Core Allocation:	10% Limit
Other	5% limit in single asset

Portfolio Characteristics

Average Occupancy:	91%
Joint Ventures:	48%
Average Investment Size:	$97 million
Average Age of Assets:	22 years
Number of Investments	263
Dividend Policy:	Quarterly, with option to reinvest
Redemption Policy:	On a quarterly basis
Mark Debt to Market	Yes
Implied Going-In Cap Rate:	4.5%

Comments

- As of September 30, 2019, the Fund has no redemption queue and no contribution queue.
- Frank Garcia became the lead portfolio manager for the Fund effective January 1, 2015, replacing the prior PM who assumed another role with PGIM.
- The Fund pays an income dividend that can either be paid in cash or reinvested into the fund.
- PGIM has a formal allocation policy to address accounts with competing capital.
- PGIM has a Chief Real Estate Appraiser who hires an independent Appraisal Management Firm. The Appraisal Management Firm is responsible for assisting with the selection, hiring, oversight, rotation and/or termination of third party appraisal firms, as well as providing an independent valuation and/or reviews of the narrative appraisal reports. A full narrative report is required for each asset at least once in the calendar year. The Appraisal Management Firm provides updates on the quarters where a full narrative report is not performed.
- Callan actively participates on the Fund's Advisory Board. It is an uncompensated role.
- If cash exceeds 5% of NAV, it is excluded from NAV for purposes of fee calculation.
- The Fund has a weighted average cost of debt of 3.9% and has 5.2% of its debt maturing over the next 12 months and 18.0% of its debt maturing over the next 12 months.
- Kevin R. Smith, most recently Head of Americas, retired from PGIM Real Estate in March 2018. Alfonso Munk head of Latin America & Americas CIO for PGIM Real Estate effective September 2019 left the firm. U.S. Transactions will be organized under Cathy Marcus, head of the United States and global chief operating officer. Enrique Lavin, who has been head of Mexico since 2017, will expand his current responsibilities leading the Mexico funds platform to include oversight of Latin America transactions.
- Christy Hill joined PGIM as Head of Americas Asset Management in September 2018.

Flows into Fund ($mm)	Inflows	Outflows	Net Flows
2017	$1,487.6	$1,199.7	$287.9
2018	$838.7	$1,465.3	-$626.7
YTD 2019	$1,085.9	$985.9	$100.1
Total	$3,412.2	$3,650.9	-$238.7

New Commitments by Client Type ($mm)	Interval Funds	Non-US Investors	Domestic Investors	Other	Total
2017	$123.1	$0.0	$145.6	$0.0	$268.7
2018	$39.9	$426.0	$372.8	$0.0	$838.7
YTD 2019	$65.5	$268.5	$751.9	$0.0	$1,085.9
Total	$228.5	$694.5	$1,270.3	$0.0	$2,193.3

Fund Name (as of September 30, 2019)	Clarion Lion Properties Fund	PRIME Property Fund	PRISA
Organization			
Parent Company:	Clarion Partners	Morgan Stanley Real Estate	PGIM
Assets Under Management (Gross and Net):	$53.6b (G); $35.6b (N)	$42.4b (G); $31.8b (N)	$71.8b (G); $49.8b (N)
Vehicle Overview			
Vehicle Type	Private REIT	Private REIT	Insurance Company Separate Account
Inception Date	April 2000	August 1973	July 1970
Fund Size (Gross $mm)	$14,731 million	$30,418 million	$26,400 million
Fund Size (Net $mm)	$10,853 million	$25,275 million	$20,891 million
Uninvested Commitments/Entry Queue ($mm)	None	$1,352 million	None
Projected time before new commitments would be called	N/A	Not provided	N/A
Leverage Percentage	22.5%	16.5%	20.5%
Number of Institutional Investors	548	395	330
Management			
Portfolio Manager(s)	Jeb Belford	Scott Brown	Frank Garcia
Start Year with Firm	1995	1995	2013
Start Year in Industry	1995	1990	1993
% of Dedication to Fund	100%	100%	100%
Terms			
Minimum Investment:	$10 million	$5 million, with GP discretion	$5 million, with GP discretion
Sponsor Commitment:	$43.2 million	None	None
Total Return Target:	8 - 10%	8-10% Gross	Outperform the ODCE Index
Income Return Target:	4.0 - 4.5%	None	Outperform the ODCE Index
Mark Debt to Market (Y/N)	Yes	Yes	Yes
Redemption Policy	Quarterly with 90 day's written notice	Quarterly with 90 days of notice	Quarterly
Dividend Policy	Quarterly	Quarterly	Quarterly, with option to reinvest
Advisory Board:	Yes	Yes	Yes
Portfolio Characteristics			
Average Occupancy:	95%	93%	91%
Joint Ventures:	21%	43%	48%
Average Investment Size:	$97 million	$69 million	$97 million
Average Age of Assets	25 years	14 years	22 years
Implied Going-In Cap Rate	4.3%	4.4%	4.5%
Fees			
Acquisition Fee:	None	None	None
Asset Management Fee:	First $25mm: 1.10% Above $25mm: 0.85%	0.84% of NAV	First $25mm: 1.00% Next $25mm: 0.95% Next $50mm: 0.85% Next $100mm: 0.75% Next $100mm: 0.70% Above $300mm: 0.65%
Disposition Fee:	None	None	None
Performance Fee:	None	(5% of NAV x NOI growth)/12 Capped at 0.35%	None
Other Fees:	0.10% fee on cash	None	0.15% fee on cash above 5% of NAV
Limitations			
Cash:	None; Target of 2-3%	No limit	None
Portfolio Leverage:	40%	50%	30%
Property Leverage:	None	No limit	None
Geography:	U.S Only	U.S. only No regional limits	U.S. only
Property Type:	None	No limits	No more than 10% in Hotels
Joint Venture:	None	35 to 45%	None
Non-Core Allocation:	15% GAV in development	Less than 15%	10% Limit
Other	None	No more than 10% in a single asset	5% limit in single asset

Asset Management Fees (Based on Investor AUM)

Manager	$15mm	$30mm	$50mm	$100mm	Note
Clarion Partners	1.10%	1.10%	0.98%	0.85%	
Morgan Stanley*	1.03%	1.03%	1.03%	1.03%	Annual Incentive Fee: 0 to 35 basis points (based on same-store NOI growth) per annum. Total annual fee ranges from 84- 119 basis points. Last Five Years: • 2018: 103 bps • 2017: 103 bps • 2016: 112 bps • 2015: 119 bps • 2014: 119 bps
PGIM	1.00%	1.00%	0.98%	0.91%	
Mean	1.04%	1.04%	1.00%	0.93%	
Median	1.03%	1.03%	0.98%	0.91%	

Manager Performance Summary

Comparative Manager Performance

Net of Fee Returns
for Periods Ended December 31, 2019

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 15 Years	Last 20 Years
Clarion	1.78	6.41	7.75	9.19	9.98	11.51	6.08	--
MSIM	1.50	6.14	7.62	9.28	10.92	11.94	8.00	8.30
PRISA	1.11	5.44	6.60	8.42	9.76	11.18	6.76	7.45
NFI-ODCE VW (Net)	1.27	4.39	6.13	7.98	9.17	10.39	6.73	7.17

Net of Fee Excess Return vs ODCE VW
for Periods Ended December 31, 2019

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 15 Years	Last 20 Years
Clarion	0.51	2.02	1.62	1.21	0.82	1.12	(0.65)	--
MSIM	0.23	1.75	1.49	1.30	1.76	1.54	1.27	1.14
PRISA	(0.16)	1.05	0.47	0.44	0.59	0.79	0.03	0.28

Comparative Manager Performance

Returns for Calendar Years
10 Years Ended December 31, 2019

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Clarion	6.41	8.76	8.10	8.16	14.70	12.18	11.80	9.93	17.68	18.07
MSIM	6.14	8.00	8.75	9.21	14.49	14.11	16.15	11.68	16.29	15.09
PRISA	5.44	7.80	6.59	8.02	14.51	12.52	13.82	8.77	18.03	17.16
NFI-ODCE VW (Net)	4.39	7.36	6.66	7.79	13.95	11.46	12.90	9.79	14.96	15.26

Returns for Calendar Years
10 Years Ended December 31, 2009

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Clarion	(39.32)	(13.35)	16.15	13.99	17.13	11.89	8.48	8.28	6.54	--
MSIM	(33.22)	(4.74)	15.24	17.03	19.82	17.57	10.02	4.31	2.60	12.20
PRISA	(34.83)	(13.63)	16.66	15.23	22.21	14.31	7.47	6.24	4.31	15.80
NFI-ODCE VW (Net)	(30.40)	(10.70)	14.84	15.27	20.15	12.00	8.28	4.57	4.64	13.19

Comparative Manager Performance

Net of Fee Returns for 12 Quarter Rolling Periods
7 Years Ended December 31, 2019

	12/31/19	12/31/18	12/31/17	12/31/16	12/31/15	12/31/14	12/31/13
Clarion	7.75	8.34	10.28	11.65	12.89	11.30	13.09
MSIM	7.62	8.65	10.79	12.58	14.92	13.97	14.69
PRISA	6.60	7.47	9.65	11.65	13.62	11.68	13.48
NFI-ODCE VW (Net)	6.13	7.27	9.42	11.04	12.77	11.38	12.53

Net of Fee Returns for 12 Quarter Rolling Periods
7 Years Ended December 31, 2012

	12/31/12	12/31/11	12/31/10	12/31/09	12/31/08	12/31/07	12/31/06
Clarion	15.16	(5.53)	(14.69)	(15.16)	4.68	15.75	14.31
MSIM	14.34	(3.67)	(9.87)	(9.83)	8.71	17.35	18.13
PRISA	14.58	(3.41)	(12.96)	(13.08)	5.10	17.99	17.19
NFI-ODCE VW (Net)	13.31	(2.66)	(10.52)	(10.63)	5.74	16.73	15.76

Comparative Manager Performance

Income Net of Fee Returns
for Periods Ended December 31, 2019

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 15 Years	Last 20 Years
Clarion	0.72	3.04	3.32	3.47	3.61	4.10	4.20	--
MSIM	0.60	2.59	2.82	2.97	3.13	3.46	3.59	4.57
PRISA	0.83	3.49	3.60	3.77	3.96	4.29	4.74	5.55
NFI-ODCE VW (Net)	0.81	3.27	3.33	3.46	3.66	4.01	4.25	4.91

Appreciation Returns
for Periods Ended December 31, 2019

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 15 Years	Last 20 Years
Clarion	1.06	3.28	4.33	5.58	6.21	7.19	1.83	--
MSIM	0.90	3.44	4.68	6.14	7.58	8.21	4.28	3.58
PRISA	0.28	1.89	2.93	4.53	5.64	6.69	1.95	1.82
NFI-ODCE VW (Net)	0.46	1.12	2.75	4.41	5.36	6.19	2.41	2.18

Comparative Manager Performance

Correlation Table
for 5 Years Ended December 31, 2019

	Clarion	MSIM	PRISA	NFI-ODCE VW (Net)
Clarion	**1.0000**			
MSIM	0.7561	**1.0000**		
PRISA	0.6721	0.8189	**1.0000**	
NFI-ODCE VW (Net)	0.8610	0.9130	0.8937	**1.0000**

Comparative Manager Performance

Excess Correlation Table
Benchmark: NFI-ODCE VW (Net)
for 5 Years Ended December 31, 2019

	Clarion	MSIM	PRISA
Clarion	**1.0000**		
MSIM	(0.0549)	**1.0000**	
PRISA	(0.4099)	0.0312	**1.0000**

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Definitions and Disclosures

Definitions

Performance

Capitalization rate: Commonly known as cap rate, is a rate that helps in evaluating a real estate investment. Cap rate = Net operating income / Current market value (Sale price) of the asset.

Net operating income: Commonly known as NOI, is the annual income generated by an income-producing property, taking into account all income collected from operations, and deducting all expenses incurred from operations.

Real Estate Appraisal: The act of estimating the value of a property. A real estate appraisal may take into account the quality of the property, values of surrounding properties, and market conditions in the area.

Income Return ("INC"): Net operating income net of debt service before deduction of capital items (e.g., roof replacement, renovations, etc.)

Appreciation Return ("APP"): Increase or decrease in an investment's value based on internal or third party appraisal, recognition of capital expenditures which did not add value, uncollectible accrued income, or realized gain or loss from sales.

Total Gross Return ("TGRS"): The sum of the income return and appreciation return before adjusting for fees paid to and/or accrued by the manager.

Total Net Return ("TNET"): Total gross return less Advisor fees reported. All fees are requested (asset management, accrued incentives, paid incentives). No fee data is verified. May not include any fees paid directly by the investor as opposed to those paid from cash flows.

Inception Returns: The total net return for an investment or portfolio over the period of time the client has had funds invested. Total portfolio Inception Returns may include returns from investments no longer held in the current portfolio.

Net IRR: IRR after advisory fees, incentive, and promote. This includes actual cash flows and a reversion representing the LP Net Assets at market value as of the period end reporting date.

Equity Multiple: The ratio of Total Value to Paid-in-Capital (TVPIC). It represents the Total Return of the investment to the original investment not taking into consideration the time invested. Total Value is computed by adding the Residual Value and Distributions. It is calculated net of all investment advisory and incentive fees and promote.

Definitions

Style Groups

The Style Groups consist of returns from commingled funds with similar risk/return investment strategies. Investor portfolios/investments are compared to comparable style groupings.

Core: Direct investments in operating, fully leased, office, retail, industrial, or multifamily properties using little or no leverage (normally less than 30%).

Value-Added: Core returning investments that take on moderate additional risk from one or more of the following sources: leasing, re-development, exposure to non-traditional property types, the use of leverage.

Opportunistic: Investments that take on additional risk in order to achieve a higher return. Typical sources of risks are: development, land investing, operating company investing, international exposure, high leverage, distressed properties.

Definitions

Indices

Stylized Index: Weights the various style group participants so as to be comparable to the investor's portfolio holdings for each period.

Open-End Diversified Core Equity Index ("ODCE"): A core index that includes only open-end diversified core strategy funds with at least 95% of their investments in U.S. markets. The ODCE is the first of the NCREIF Fund Database products, created in May 2005, and is an index of investment returns reporting on both a historical and current basis (24 active vehicles). The ODCE Index is capitalization-weighted and is reported gross and net of fees. Measurement is time-weighted and includes leverage.

NCREIF Fund Index Open-End Index ("OE"): NFI-OE is an aggregate of open-end, commingled equity real estate funds with diverse investment strategies. Funds comprising NFI-OE have varied concentrations of sector and region, core and non-core, leverage, and life cycle.

NAREIT Equity Index: This is an index of Equity Real Estate Investment Trust returns reflecting the stock value changes of REIT issues as determined through public market transactions.

Definitions

Cash Flow Statements

Beginning Market Value: Value of real estate, cash, and other holdings from prior period end.

Contributions: Cash funded to the investment for acquisition and capital items (i.e., initial investment cost or significant capital improvements).

Distributions: Actual cash returned from the investment, representing distributions of income from operations.

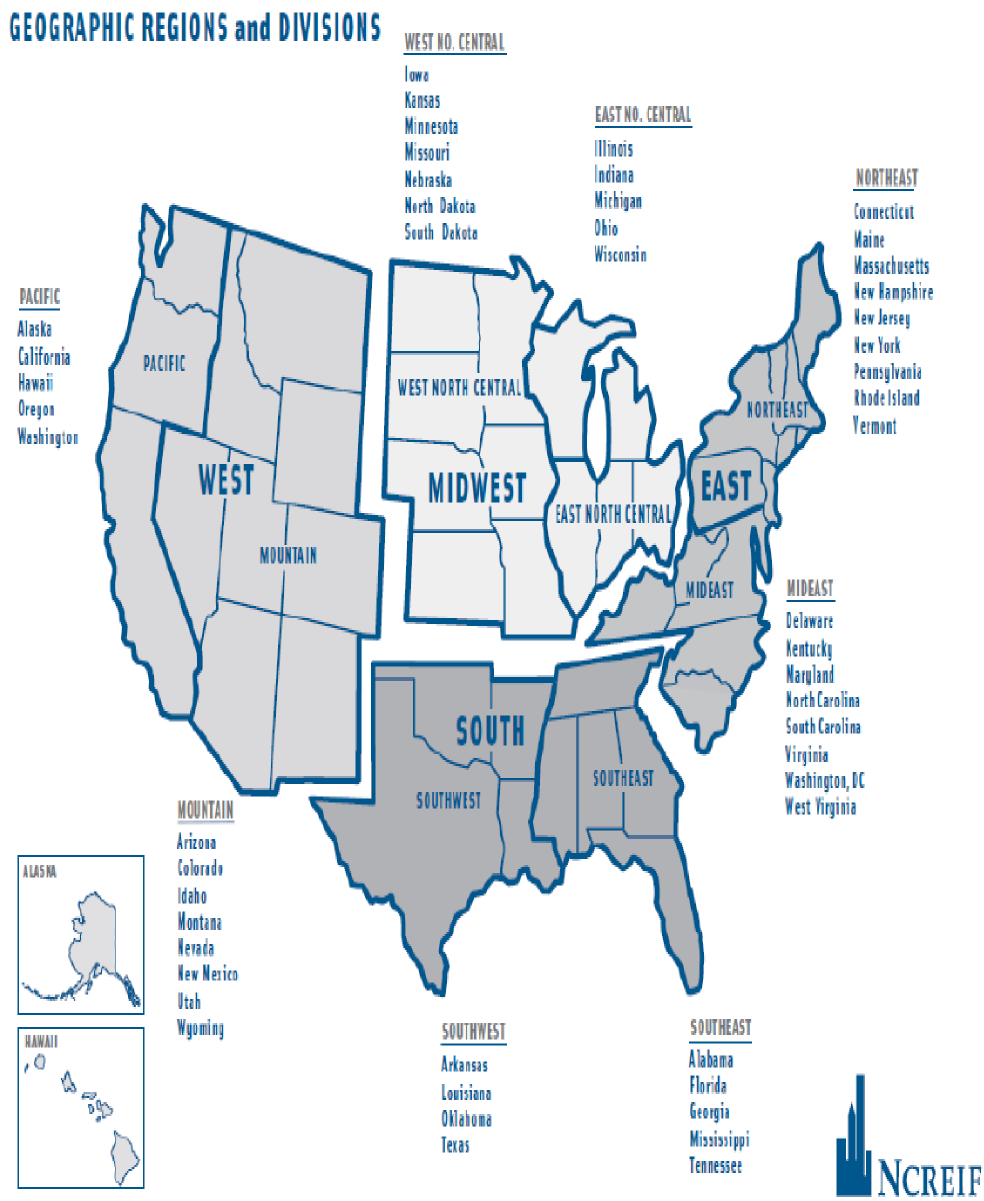
Withdrawals: Cash returned from the investment, representing returns of capital or net sales proceeds.

Ending Market Value: The value of an investment as determined by actual sales dollars invested and withdrawn plus the effects of appreciation and reinvestment; market value is equal to the ending cumulative balance of the cash flow statement (NAV).

Unfunded Commitments: Capital allocated to managers which has not yet been called for investment. Amounts are as reported by managers.

Remaining Allocation: The difference between the ending market value + the unfunded commitments and the target allocation. This figure represents dollars available for allocation.

NCREIF Region Map



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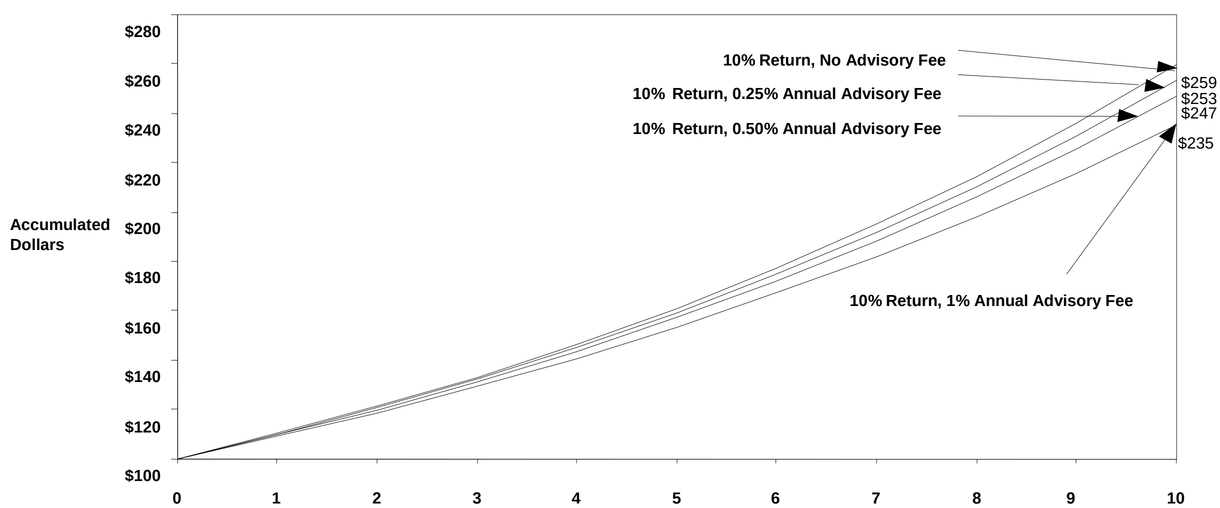
Disclosure Statement

The preceding report has been prepared for the exclusive use of Sacramento Regional Transit District. Unless otherwise noted, performance returns contained in this report do not reflect the deduction of investment advisory fees. The returns in this report will be reduced by the advisory fees and any other expenses incurred in the management of an investment account. The investment advisory fees applicable to the advisors listed in this report are described in Part II of each advisor's form ADV.

The following graphical and tabular example illustrates the cumulative effect of investment advisory fees on a $100 investment growing at 10% over ten years. Fees are assumed to be paid monthly.

The Cumulative Effect of Advisory Fees



Accumulated Dollars at End of Years

	1	2	3	4	5	6	7	8	9	10
No Fee	110.0	121.0	133.1	146.4	161.1	177.2	194.9	214.4	235.8	259.4
25 Basis Points	109.7	120.4	132.1	145.0	159.1	174.5	191.5	210.1	230.6	253.0
50 Basis Points	109.5	119.8	131.1	143.5	157.1	172.0	188.2	206.0	225.5	246.8
100 Basis Points	108.9	118.6	129.2	140.7	153.3	166.9	181.8	198.0	215.6	234.9

10% Annual Return Compounded Monthly, Annual Fees Paid Monthly.

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Disclosure

The table below indicates whether one or more of the candidates listed in this report is, itself, a client of Callan as of the date of the most recent quarter end. These clients pay Callan for educational, software, database and/or reporting products and services; refer to our Form ADV 2A for additional information. Given the complex corporate and organizational ownership structures of investment management firms and/or trust/custody or securities lending firms, the parent and affiliate firm relationships are not listed here if they don't separately contract with Callan.

The client list below may include parent companies who allow their affiliates to use some of the services included in their client contract (eg, educational services including published research and attendance at conferences and workshops). Because Callan's investment manager client list changes periodically, the information below may not reflect changes since the most recent quarter end. Fund sponsor clients are welcome to request a complete list of Callan's investment manager clients at any time.

As a matter of policy, Callan follows strict procedures so that investment manager client relationships do not affect the outcome or process by which Callan's searches or evaluations are conducted.

Firm	Is an Investment Manager Client of Callan*	Is Not an Investment Manager Client of Callan*
Clarion		X
Morgan Stanley	X	
PGIM	X	

*Based upon Callan manager clients as of the most recent quarter end.

ATTACHMENT #2

LION PROPERTIES FUND

| SACRAMENTO REGIONAL TRANSIT DISTRICT | 26 FEBRUARY 2020

CLARION PARTNERS

REAL ESTATE INVESTMENT MANAGEMENT

Table of Contents

FIRM OVERVIEW

SECTION I

CLARION PARTNERS

Firm Highlights

One of the largest pure-play real estate investment managers

37-Year History of Stability and Growth

Partnership structure: Equity owned broadly across ~90 senior employees; independently operated affiliate of Legg Mason

Co-investment: Over $275 million invested by employees in our Firm and its products

Diversification: Broad client base provides stability (over 350 investors globally)

International Operating Platform

Focus: 112 acquisitions and asset management team members with presence and expertise in local markets across the U.S. and Europe.

Scale: Over $40 billion of deals reviewed annually to generate equity and debt investment opportunities across all property sectors

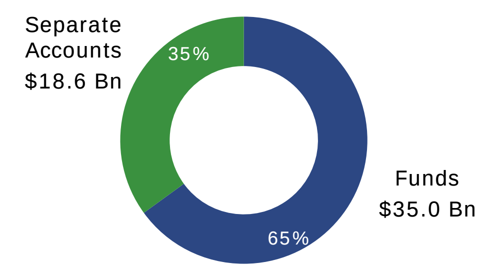
Long-Term Outperformance

Discipline: In-house research group informs investment strategy and execution

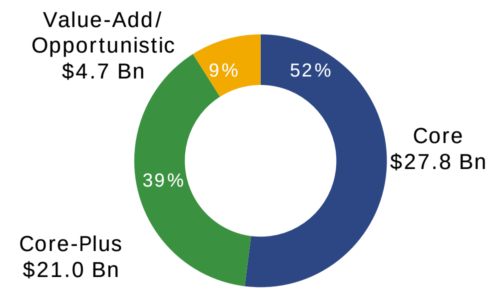
Consistency: Successful management through market cycles

Results: Firm-level property performance since inception exceeds NCREIF Property Index by 89 bps[2]

INVESTMENT FORMAT[1]



RISK PROFILE[1]



Personnel as of December 31, 2019. All other data as of September 30, 2019.

[1]Diversification percentages are based on Gross Asset Value (GAV) at share.

[2]Gross of Fees. Please see Important Legal Information at the end of this presentation.

GAV, Gross Real Estate Value (GRE) and AUM are defined at the end of this presentation.

Global Investment Management Platform with Local Execution

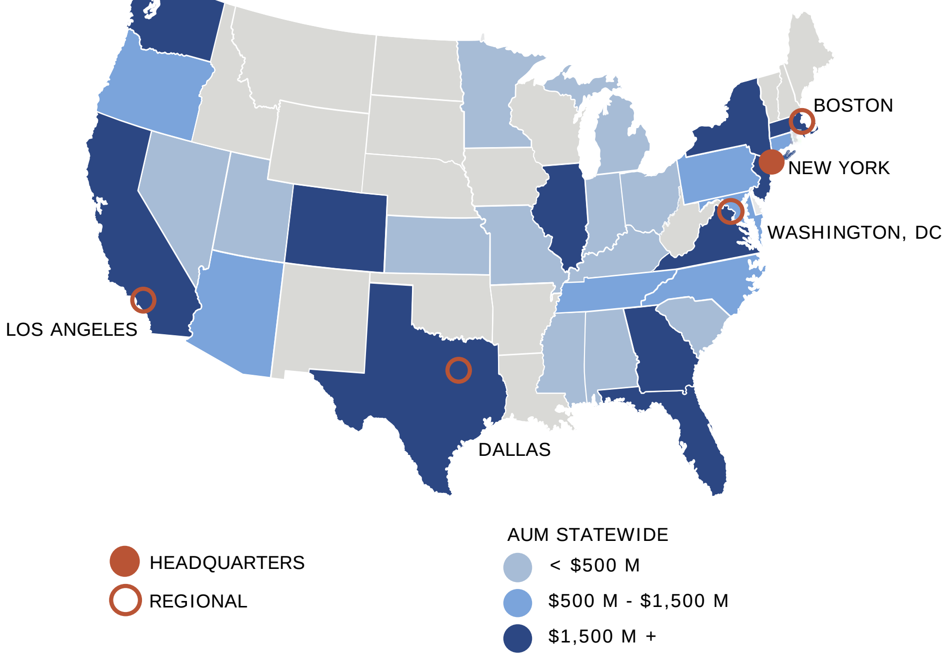
AUM ($bn)
$53.6

Assets
1,260

Offices
7

Employees
304

UNITED STATES



EUROPE

Investment Research
10 Team Members
Proprietary research informs all investment decisions

Acquisitions
37 Team Members
Regional teams based in New York, Dallas, Los Angeles, and London.

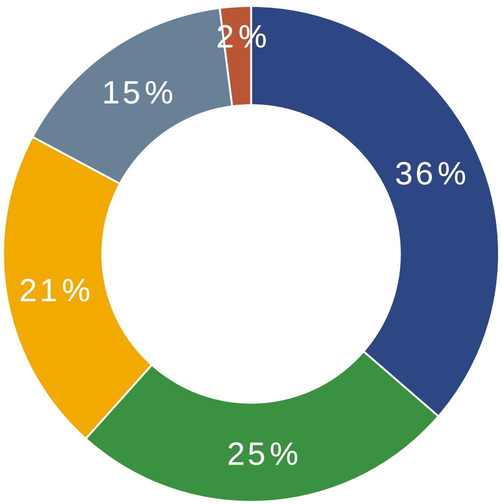
Asset Management
75 Team Members
Property sector specialists positioned regionally

Personnel data as of December 31, 2019. All other data as of September 30, 2019.
Geographic information represents GRE; compared to Firm-level GAV. Please see Important Legal Information at the end of this presentation.

National Scale Across All Property Types

Scale enhances deal flow and tenant relationships across all major sectors

% OF FIRM AUM[1]



INDUSTRIAL — **$18.8 billion, 752 properties, 44 markets**

- Includes a $14.5 billion[2] open-end, sector-focused fund; one of the largest private, pure-play industrial funds in the U.S.
- Growing European industrial presence through acquisition and development of logistics properties

OFFICE — **$13.1 billion, 100 properties, 19 markets**

- Over 1,100 tenant relationships
- Investments in 19 MSAs nationwide

MULTIFAMILY — **$10.7 billion, 171 properties, 34 markets**

- Spans spectrum: apartments, student housing, condominium projects
- Includes a $4.4 billion[2] open-end, sector-focused fund operated by a vertically integrated, 37-year old operating company with over 27,000 owned/managed units in the U.S.

RETAIL — **$7.9 billion, 135 properties, 33 markets**

- Proven execution through JVs with public companies and direct investment
- Partner relationships include Brookfield Properties Retail Group, Simon, Kimco & New England Development

HOTEL — **$1.1 billion, 54 properties, 36 markets**

- One of the largest institutional owners of hotel assets in the U.S.
- Diversified portfolio of upper-scale branded hotels catering to business travel

As of September 30, 2019. Dollar values and diversification percentages are GRE. Please see Important Legal Information at the end of this presentation.

[1]Excludes Land and Other Investments.

[2]Based on Fund's GAV at December 31, 2019.

Clarion Partners Management: Proven Industry Leaders

Senior management averages 30 years of experience and 18 years tenure with the Firm

ACQUISITIONS
37 members

PORTFOLIO MANAGEMENT
46 members

ASSET MANAGEMENT
75 members

INVESTMENT RESEARCH
10 members

EXECUTIVE BOARD

David Gilbert (12/37)
Chief Executive Officer & CIO

Stephen Furnary (35/46)
Executive Chairman

Jeb Belford (24/36)
Portfolio Manager

Edward Carey (12/35)
Portfolio Manager

Hugh Macdonnell (8/29)
Head of Client Capital Management

Craig Tagen (23/36)
Head of Asset Management & Separate Accounts

Patrick Tully (21/26)
Chief Financial Officer

INVESTMENT COMMITTEE

David Gilbert (12/37)
Chief Executive Officer & CIO

Stephen Furnary (35/46)
Executive Chairman

Jeb Belford (24/36)
Portfolio Manager

Hugh Macdonnell (8/29)
Head of Client Capital Management

Onay Payne (16/23)
Portfolio Manager

Richard Schaupp (19/25)
Portfolio Manager

Craig Tagen (23/36)
Head of Asset Management & Separate Accounts

Tim Wang (13/15)
Head of Investment Research

FINANCIAL MANAGEMENT
85 members

CLIENT CAPITAL MANAGEMENT
24 members

LEGAL & COMPLIANCE
4 members

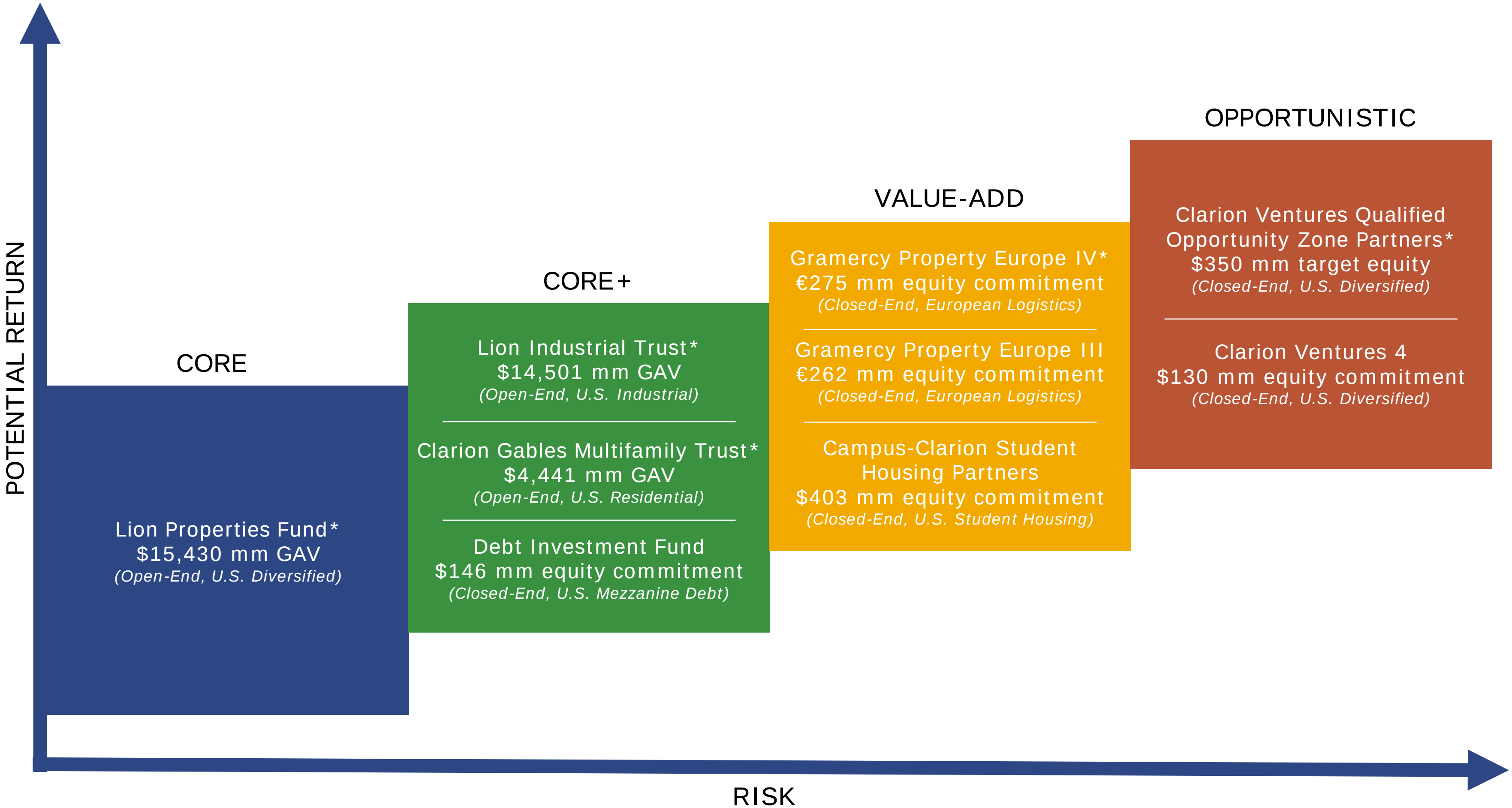
CORPORATE SUPPORT
19 members

As of December 31, 2019.

Numbers in parentheses represent tenure with the Firm/years in the industry. Staff counts are inclusive of administrative personnel, but exclude the offices of the CEO & CIO as well as the Executive Chairman. Corporate Support includes Information Technology, Human Resources, and Insurance Risk Management staff members.

Investment Style

Clarion offers a wide range of products across the risk-return spectrum



*Open to investment. Gramercy Property Europe IV final close anticipated 1Q 2020. As of December 31, 2019. The above chart only includes comingled funds targeted at institutional investors that are currently investing or harvesting investments. It does not include offerings to non-institutional investors or funds in wind-down. Please see Important Legal Information at the end of this presentation.

Clarion Corporate Responsibility
Enhancing Value Through Responsible Investment

The belief that the sustainability and competitiveness of our properties go hand -in-hand is embedded throughout our organization and is a key consideration in our investment process

CREATING VALUE

CONSERVING RESOURCES

INVESTING IN SUSTAINABLE BUILDINGS

LEADING BY EXAMPLE

ACCOMPLISHMENTS, INDUSTRY RECOGNITION & CERTIFICATIONS

30MW+
of solar power installations

GRESB 2019

Green Stars
Earned by all three open-end funds for excellence in ESG policy & implementation

77
Green Building certifications

30
ENERGY STAR certifications

PRI

A+
The highest possible score for implementation of responsible investment policies

As of December 31, 2019.

LION PROPERTIES FUND

SECTION II

CLARION PARTNERS

Executive Summary

LPF HIGHLIGHTS:

- Consistent outperformance over NFI-ODCE Benchmark 1-, 3-, 5-, 7- and 10-year periods
- High-quality, growth-oriented portfolio difficult to replicate
- Current strategy investments have been accretive and outperform investments made in the ODCE benchmark over same period
- Projected NOI growth of 4.6% on a same property basis for 2020; four-year rolling NOI growth has been 4.1% as of YE 2019
- Appropriate risk positioning
  - Overweight industrial and apartments, underweight office and retail
  - Leverage and non-core exposure consistent with ODCE peers

Redlands Business Ctr, Inland Empire, CA

245 First Street, Cambridge, MA

Cortland Boca Raton, Boca Raton, FL

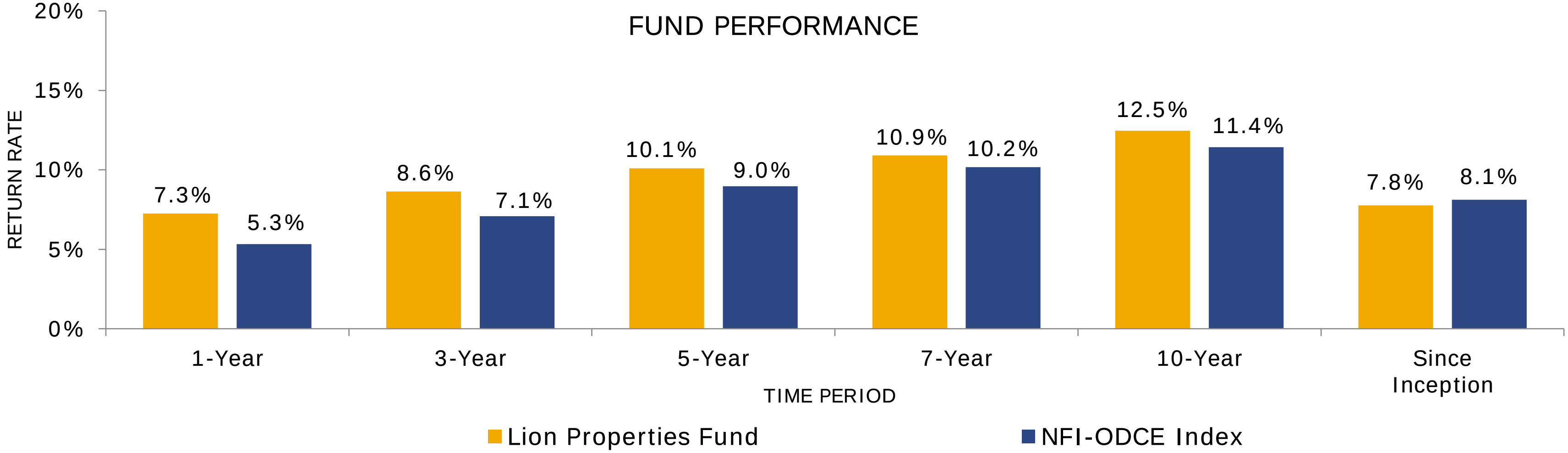
100 Fifth Ave, New York, NY

Fourth & Madison, Seattle, WA

As of December 31, 2019. Past performance is not indicative of future results and a risk of loss exists. Please see Important Legal Information at the end of this presentation.

Fund Statistics and Investment Performance – Rolling Time Periods

Gross Asset Value	$15.4 billion	Number of Investments	152	Dividend Yield	4.06%
Net Asset Value	$11.5 billion	Portfolio Occupancy	95.1%	Mgmt Co-investment[1]	$61.4 million
Leverage Ratio	22.4%	Value-Add / ex. Pre-leased	10.6% / 9.5%	Entry Queue	None



DECEMBER 31, 2019	1-YEAR	3-YEAR	5-YEAR	7-YEAR	10-YEAR	SINCE INCEPTION
Income Return	3.89%	4.17%	4.35%	4.50%	5.01%	5.83%
Appreciation Return	3.28%	4.32%	5.58%	6.21%	7.19%	1.86%
LPF Total Return Before Fees	7.26%	8.63%	10.10%	10.91%	12.47%	7.77%
NFI-ODCE Total Return Before Fees	5.34%	7.09%	8.97%	10.17%	11.42%	8.12%
LPF Total Return After Fees	6.40%	7.75%	9.19%	9.98%	11.51%	6.88%

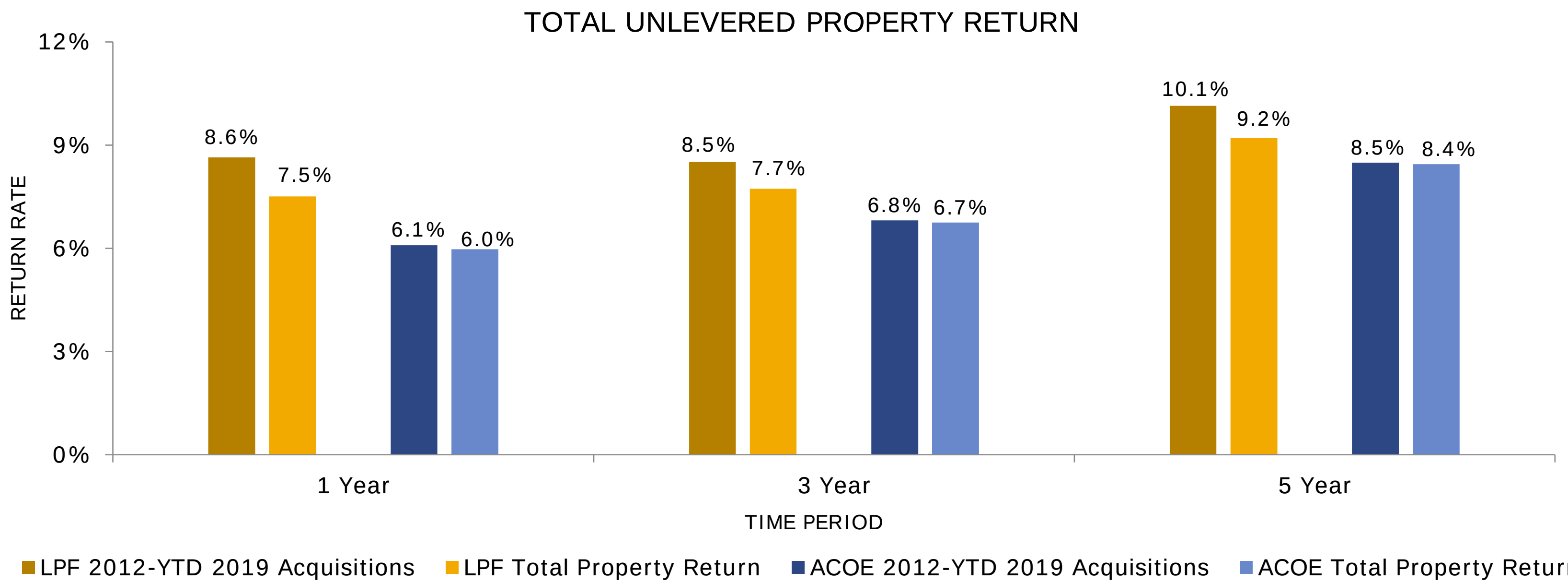
[1]This includes current employees as well as former employees who still hold a financial interest in Clarion Partners as of January 1, 2020.

As of December 31, 2019. Lion Properties Fund inception date April 1, 2000. Chart returns are presented before fees. NFI-ODCE Index presented as benchmark. Past performance is not indicative of future results and a risk of loss exists. Please see Important Legal Information at the end of this presentation.

LPF Investment Performance – Properties Acquired 2012 – YTD 2019

Key LPF Differentiator: New acquisitions since 2012 (68% of current portfolio) have been significantly outperforming new acquisitions in the ODCE benchmark

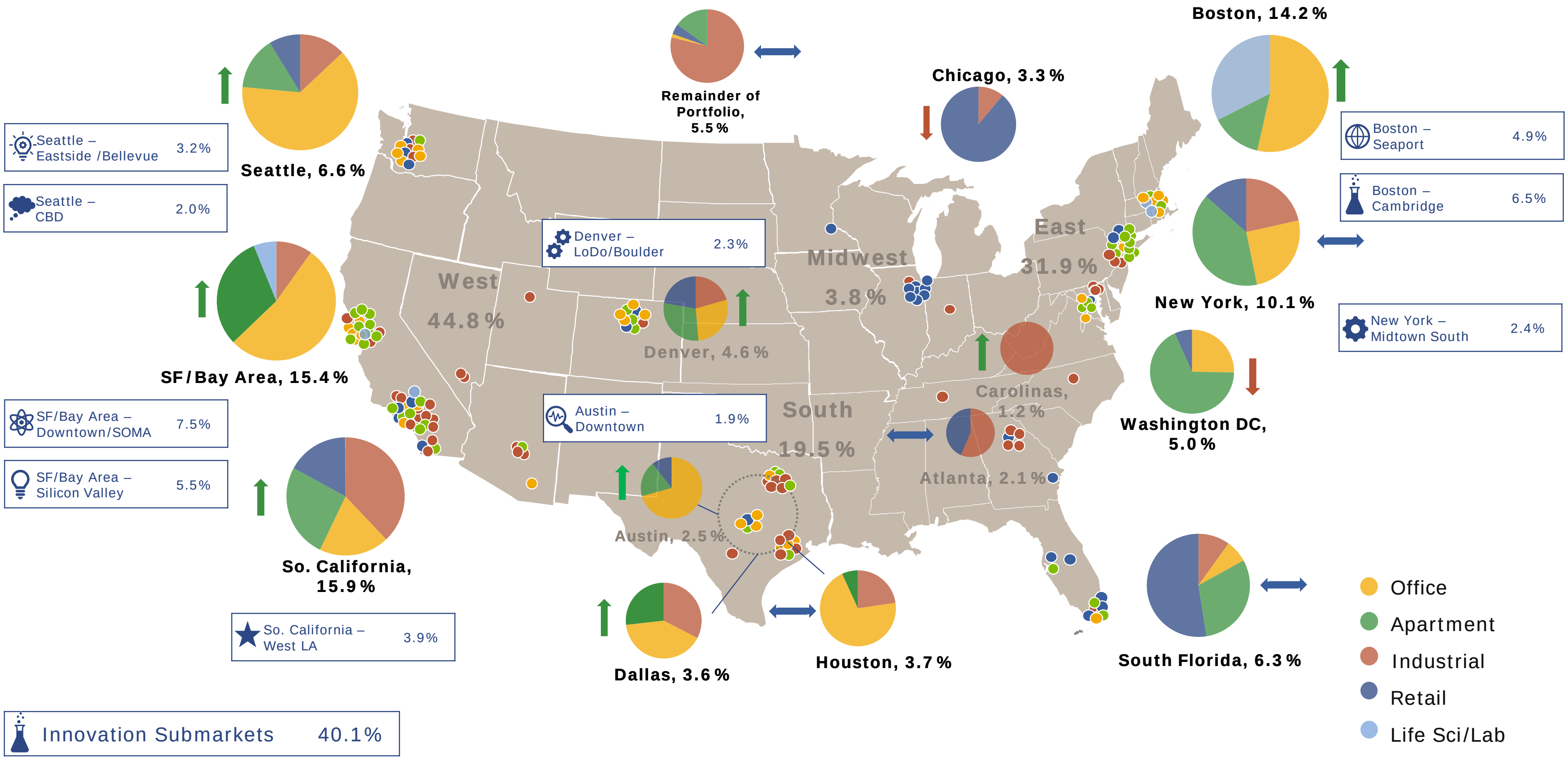
- LPF's 85 new investments since 2012 have been highly accretive (yellow bars below); the same is not true of the ODCE (blue bars below)
- Outperformance is fairly consistent across all acquisitions, led by the office and industrial sectors: 69 core acquisitions ($8.2 billion, 58% of current portfolio), plus 16 non-core investments ($1.4 billion, 10% of current portfolio)
- Validates LPF's strategy and execution capability; focus on growth submarkets and price discipline



As of September 30, 2019. Chart returns are presented before fee. Past performance is not indicative of future results and a risk of loss exists. Please see Important Legal Information at the end of this presentation. Source: MSCI Real Estate

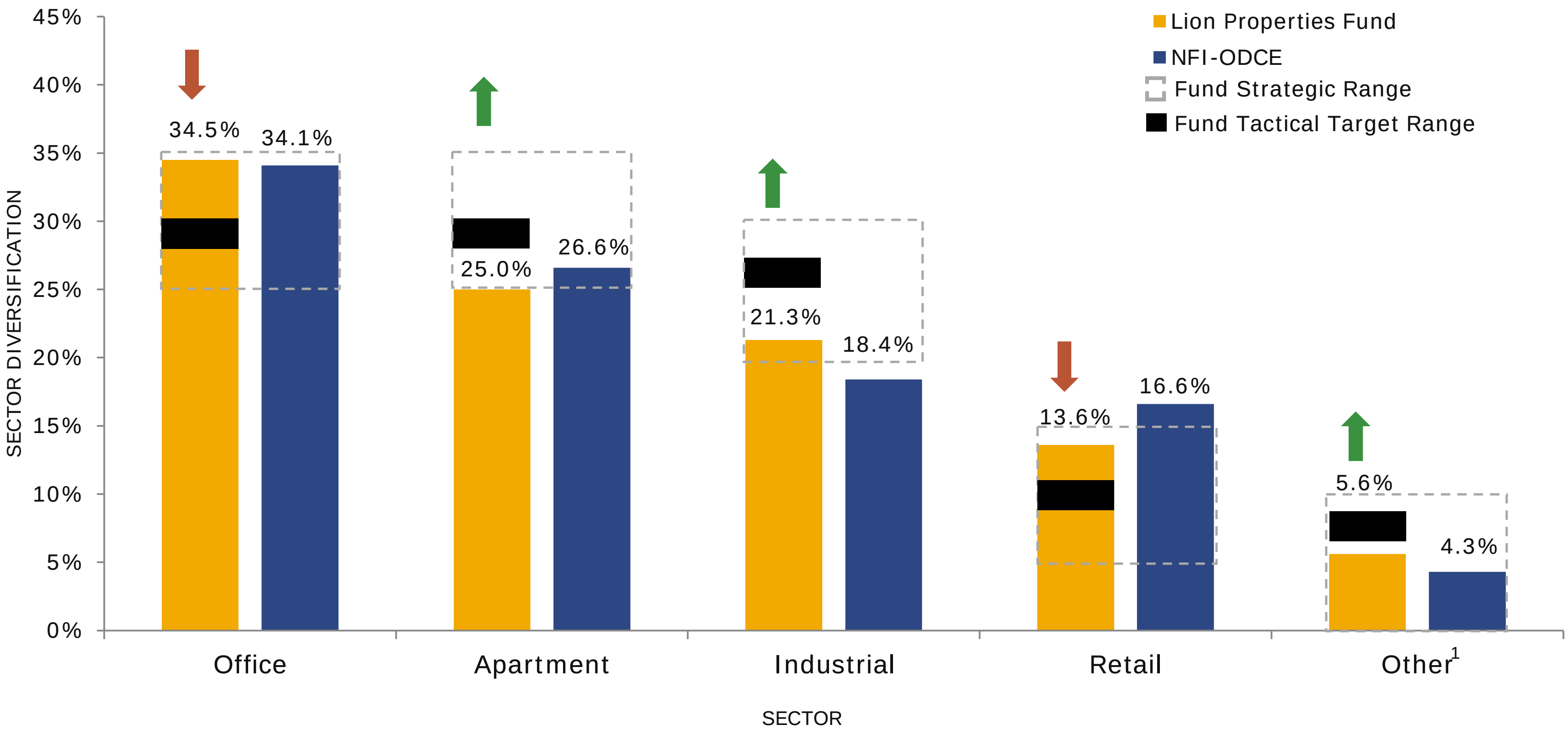
Geographic Diversification

Major market fund (84% in Top 10 markets) with key strategic overweight to “innovation submarkets” driven by tech, biotech, healthcare and education



As of December 31, 2019. Percentages represent Gross Real Estate Value at share. Arrows indicate intended portfolio geographic diversification targets. Please see Important Legal Information at the end of this presentation.

Property Type Diversification



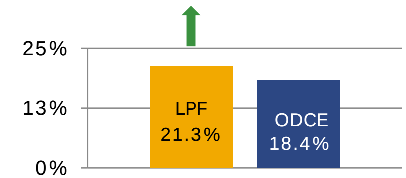
[1]"Other" represents any asset not in the four major property types listed above. In LPF's portfolio, "Other" includes only lab office/life sciences and a de minimis amount of land.

Data as of December 31, 2019. Percentages represent Gross Real Estate Value at share. Arrows indicate intended portfolio property-type diversification targets. Please see Important Legal Information at the end of this presentation.

Portfolio Composition and Strategy: Industrial

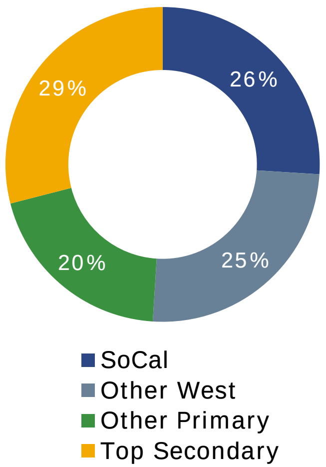
- Strong overweight bias; sector is major beneficiary of e-commerce growth and solid economic fundamentals in general
- Focus on top primary distribution markets and strong secondary markets
- Significant allocation to Southern California (and the West in general), which historically has had strong performance
- Focus on highly functional assets with modern specifications, across size ranges
- Leverage deep Clarion platform in the industrial sector

INDUSTRIAL ALLOCATION

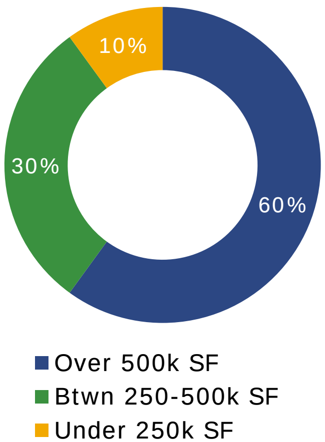


Fund Tactical Target Allocation: 25%-27%

GEOGRAPHIC ALLOCATION



BUILDING SIZE



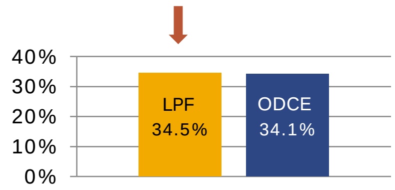
Cranbury Station, Cranbury, NJ

Data as of December 31, 2019. Chart percentages represent Gross Real Estate Value. Arrows indicate intended portfolio diversification targets. Please see Important Legal Information at the end of this presentation.

Portfolio Composition and Strategy: Office

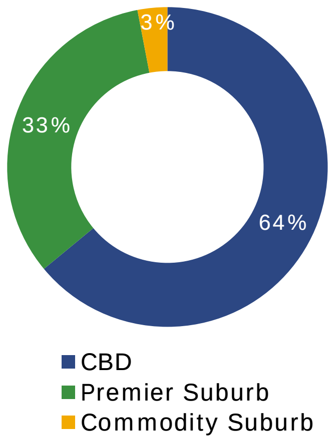
- Long-term underweight bias; sector has underperformed with higher volatility than other major property types
- Major focus on urban & "premier suburban" submarkets (avoiding traditional, commodity suburbs)
  - Growth-oriented "innovation submarkets" led by technology, life sciences/ healthcare, education clusters, etc.
- Highly diversified tenant base across the portfolio
- Significant allocations to "creative office" and high-growth "lab office" sector in premier life sciences submarkets

OFFICE ALLOCATION

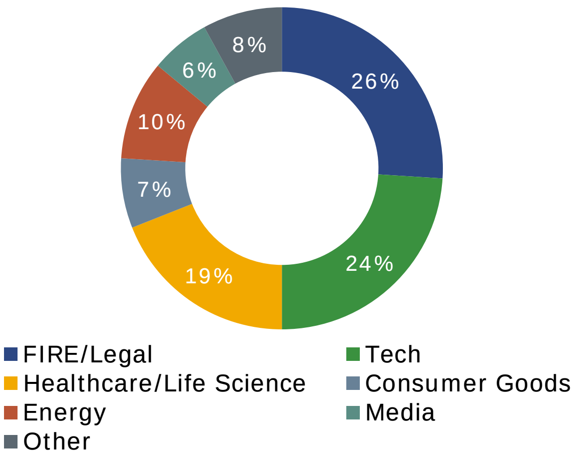


Fund Tactical Target Allocation: 28%-30%

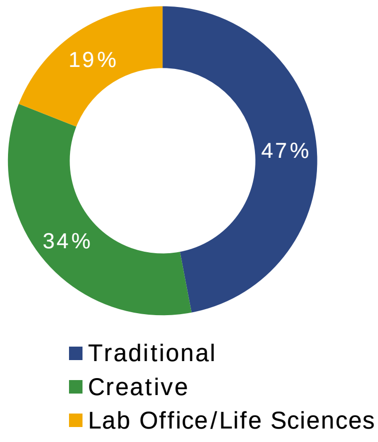
OFFICE LOCATION



TENANT BY SECTOR[1]



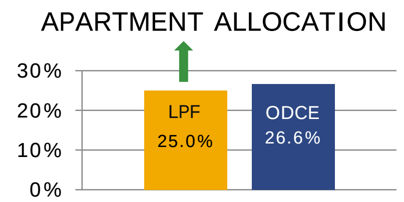
OFFICE TYPE[1]



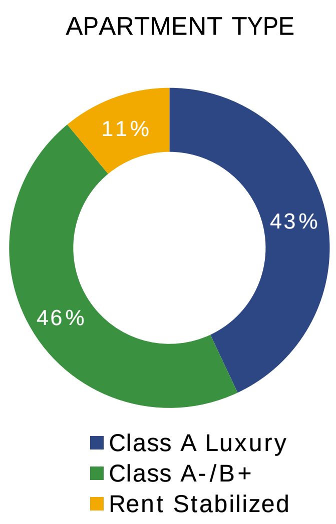
[1]Lab office/life sciences investment is included in donut charts, but broken out between office and other in property type allocation.
Data as of December 31, 2019. Chart percentages represent Gross Real Estate Value. Arrows indicate intended portfolio diversification targets. Please see Important Legal Information at the end of this presentation.

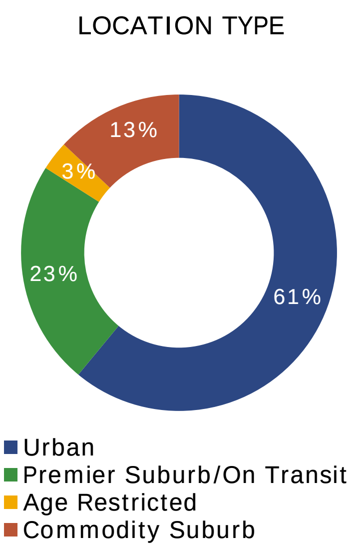
Portfolio Composition and Strategy: Apartment

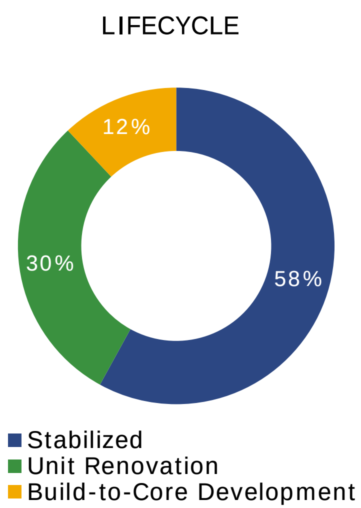
- Long-term overweight bias; sector has had consistent strong performance with low volatility relative to other major property types
- Focus on urban and walkable/transit-oriented suburbs
- Portfolio diversified by rent level
  - Includes allocation to "workforce housing"
- Active asset management focus on renovating older existing apartment units to achieve accretive yield on cost



Fund Tactical Target Allocation: 28%-30%





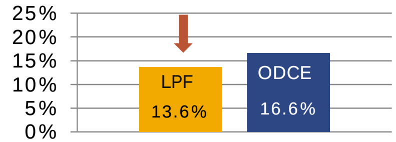


LPF data as of December 31, 2019. Chart percentages represent Gross Real Estate Value. Arrows indicate intended portfolio diversification targets. Please see Important Legal Information at the end of this presentation.

Portfolio Composition and Strategy: Retail

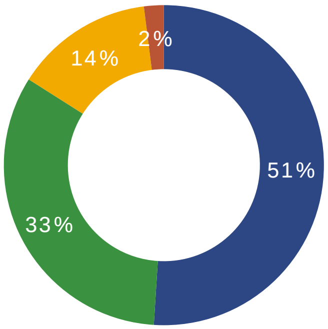
- Strong underweight bias given retail headwinds
- Focus on grocery and urban & high street retail, which are likely to remain resilient in the face of e-commerce competition
  - Seeking assets with proven formats and solid operating history, excellent demographics and strong rent-to-sales ratios
- Focus on minimizing retail that has been highly disrupted by e-commerce; low portfolio exposure to power centers; no exposure to mall sector
- Maintain vigilance on tenant credit (currently healthy)

RETAIL ALLOCATION



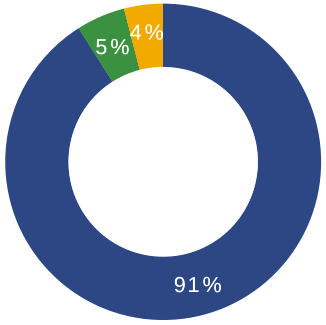
Fund Tactical Target Allocation: 10%-12%

RETAIL FORMAT



- Urban & High Street
- Grocery
- Outlets
- Power Center

TENANT RISK



- Low Risk
- Medium Risk
- High Risk

Marketplace at the Outlets, West Palm Beach, FL

LPF data as of December 31, 2019. Chart percentages represent Gross Real Estate Value. Arrows indicate intended portfolio diversification targets. Please see Important Legal Information at the end of this presentation.

Recent Core Acquisition Activity

2020 CORE ACQUISITIONS

PROPERTY	TYPE	MARKET	DATE	PURCHASE PRICE ($)	CAP RATE	TARGET UNLEVERED IRR
Lear Industrial Center	Industrial	Reno	01/15/20	117,300,000	4.4%	6.9%
2000 Walnut	Apartment	Boulder	01/15/20	10,477,000	4.7%	5.5%
				127,777,000		

As of January 15, 2020. The activity described above includes all transactions consummated by the Fund since January 1, 2020. For new investments, estimated capitalization rates and IRRs are derived from Clarion Partners' underwriting targets. Forecasts have certain inherent limitations and are based on complex calculations and formulas that contain substantial subjectivity and should not be relied upon as being indicative of future results. Please see Important Legal Information at the end of this presentation regarding the valuation of unrealized assets. The target returns established by Clarion Partners are based on assumptions and calculation using available data and in light of current market conditions and available investment opportunities and any investment is subject to the risk of loss. The target returns are for illustrative purpose and are subject to significant limitations. Potential investors should not rely on them when making a decision on whether or not to invest in the strategy. The target returns cannot account for the impact that economic market and or other factors may have on the implementation of an investment. Target returns do not reflect actual investments liquidity constraints and actual fees and expenses. There can be no assurance that target returns will be achieved and a risk of loss exist.

Recent Core Acquisition Activity

2019 CORE ACQUISITIONS

PROPERTY	TYPE	MARKET	DATE	PURCHASE PRICE ($)	CAP RATE	TARGET UNLEVERED IRR
215 Fremont Street[1,2]	Office	SF Bay Area	01/31/19	396,565,000	4.0%	6.8%
75-125 Binney Street	Office/Lab	Boston	02/13/19	438,000,000	4.4%	6.6%
Veritas Apartment Portfolio[3]	Apartment	SF Bay Area	02/22/19	18,280,000	3.5%	6.8%
Space Center Logistics Portfolio[4]	Industrial	Various	03/28/19	105,000,000	7.0%[5]	7.5%
Artist Walk	Apartment	SF Bay Area	07/15/19	110,250,000	4.4%	6.5%
Cortland Boca Raton	Apartment	Boca Raton	07/18/19	120,835,000	4.1%	6.3%
The Henderson	Apartment	Dallas	07/19/19	31,750,000	4.3%	6.6%
500 Forbes Boulevard	Lab Office	SF Bay Area	08/01/19	139,500,000	4.5%	7.6%
West Port Colony Apartments	Apartment	Tampa	08/12/19	54,600,000	4.9%	6.2%
901 East 6th Street	Office	Austin	09/16/19	112,750,000	5.2%	7.2%
Fourth & Madison	Office	Seattle	09/26/19	296,450,000	5.0%	6.6%
The Essex[4]	Apartment	New York	11/08/19	40,000,000	6.6%[6]	6.9%
One Marina Park Drive	Office	Boston	12/17/19	482,000,000	3.7%	6.9%
The Citizen South Bay Portfolio	Apartment	Los Angeles	12/17/19	221,500,000	4.2%	6.5%
2121 Canyon	Apartment	Boulder	12/17/19	17,180,000	5.0%	6.6%
Downtown Boulder Portfolio	Office	Boulder	12/23/19	146,300,000	4.6%	6.6%
				2,730,960,000		

[1]Purchase Price is inclusive of certain closing costs.
[2]Stabilized year-2 cap rate.
[3]Programmatic joint venture with properties acquired on multiple close dates. Date shown above is the first close of 2019.
[4]Mezzanine loan investment.
[5]This investment has a current interest pay rate of 1 month Libor plus 450 bps. At the time of acquisition, the rate was 7.0%.
[6]This investment has a current fixed interest pay rate of 6.6%.

As of December 31, 2019. The activity described above includes all transactions consummated by the Fund since January 1, 2019. For new investments, estimated capitalization rates and IRRs are derived from Clarion Partners' underwriting targets. Forecasts have certain inherent limitations and are based on complex calculations and formulas that contain substantial subjectivity and should not be relied upon as being indicative of future results. Please see Important Legal Information at the end of this presentation regarding the valuation of unrealized assets. The target returns established by Clarion Partners are based on assumptions and calculation using available data and in light of current market conditions and available investment opportunities and any investment is subject to the risk of loss. The target returns are for illustrative purpose and are subject to significant limitations. Potential investors should not rely on them when making a decision on whether or not to invest in the strategy. The target returns cannot account for the impact that economic market and or other factors may have on the implementation of an investment. Target returns do not reflect actual investments liquidity constraints and actual fees and expenses. There can be no assurance that target returns will be achieved and a risk of loss exist.

Recent Non-Core Acquisition Activity

2019 NON-CORE ACQUISITIONS

PROPERTY	TYPE	MARKET	DATE	TOTAL DEV. COST ($)	UNTRENDED ROC	TARGET UNLEVERED IRR
Waypoint Business Park	Industrial	Houston	02/26/19	67,430,000	6.4%	7.7%
3855 Watseka Avenue	Land	Los Angeles	02/28/19	2,200,000	N/A	N/A
Mansfield Logistics Park	Industrial	New York	06/19/19	115,770,000	5.3%	7.9%
Silver State Commerce Center	Industrial	Las Vegas	10/15/19	189,000,000	6.4%	8.8%
Bellevue Wilburton	Land	Seattle	10/15/19	6,350,000	N/A	N/A
Washington Federal Building	Office	Seattle	12/10/19	53,500,000	6.6%	8.2%
Redmond Fairway	Land	Seattle	12/19/19	6,000,000	N/A	N/A
				440,250,000		

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Recent Disposition Activity

2019 DISPOSITIONS

PROPERTY	TYPE	MARKET	DATE	LAST APPRAISAL ($)	SALES PRICE ($)	REALIZED IRR
Tri County Distribution Center	Industrial	San Antonio	02/13/19	18,700,000	20,550,000	14.9%
The Overlook	Office	Austin	03/14/19	19,700,000	19,300,000	12.3%
Lake Washington Park	Office	Seattle	03/18/19	43,600,000	53,000,000	33.6%
3225/3245 Meridian Parkway	Industrial	Miami	03/28/19	60,600,000	63,050,000	9.0%
Azola at Magnolia Park	Apartment	Tampa	05/08/19	17,700,000	18,300,000	-8.6%
Turnbull Canyon Distribution Center	Industrial	Los Angeles	05/31/19	28,400,000	27,100,000	10.1%
Sunroad Centrum Apartments[1]	Apartment	San Diego	07/02/19	20,000,000	20,000,000	9.9%
1475 Dunwoody Drive / Ricoh Building	Office	Philadelphia	08/13/19	23,900,000	21,250,000	-2.0%
Rochester Apartments	Apartment	Los Angeles	09/18/19	29,790,000	32,265,000	11.1%
Promenade at Sacramento Gateway	Retail	Sacramento	09/27/19	61,300,000	58,442,000	-0.7%
Emerytech	Office	SF Bay Area	10/17/19	122,000,000	126,500,000	13.0%
350 Rhode Island	Office	SF Bay Area	11/25/19	125,000,000	134,250,000	13.5%
Railway Plaza	Apartment	Chicago	12/19/19	104,200,000	96,125,000	6.5%
Infinity Harbor Point	Apartment	New York	12/20/19	95,400,000	90,000,000	2.1%
Columbia Town Center	Apartment	Baltimore	12/20/19	141,000,000	133,700,000	5.8%
				911,290,000	**913,832,000**	

[1]B-Note loan investment payoff.

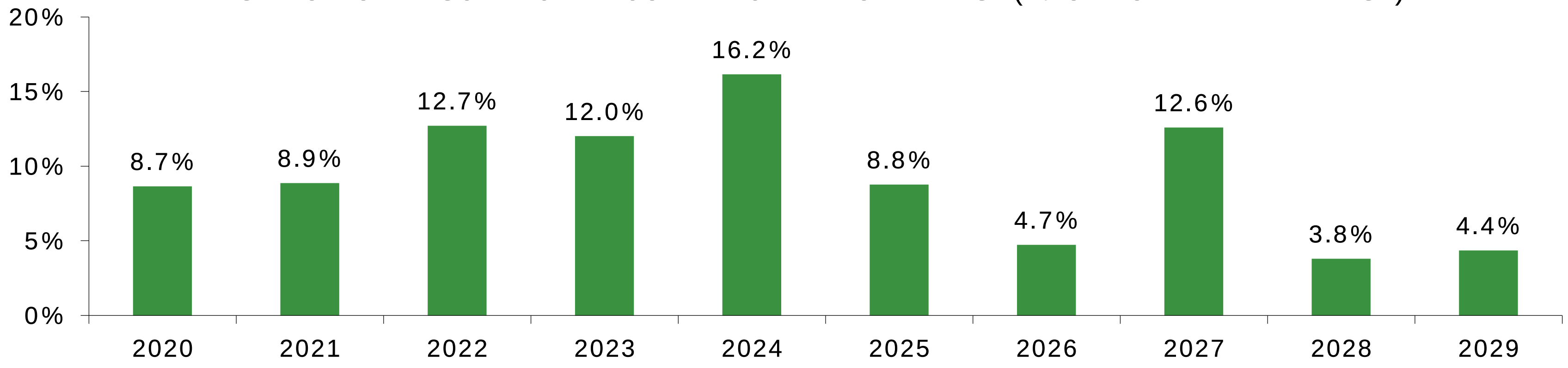
As of December 31, 2019. The activity described above includes all transactions consummated by the Fund since January 1, 2019. Past performance is not indicative of future results and a risk of loss exists. Please see Important Legal Information at the end of this presentation.

Current Valuation Metrics & Lease Rollover

CURRENT VALUATION METRICS

	OCCUPANCY	YR-1 CAP RATE	EXIT CAP RATE	DISCOUNT RATE
Office	94.1%	4.38%	5.55%	6.44%
Apartment	94.0%	4.15%	5.00%	6.22%
Industrial	97.5%	4.25%	5.35%	6.06%
Retail	93.7%	4.66%	5.54%	6.33%
Other – Lab Office	100.0%	3.97%	5.08%	5.84%
Total	**95.1%**[1]	**4.32%**	**5.35%**	**6.25%**

LEASE ROLLOVER SCHEDULE – COMMERCIAL PROPERTIES[2] (% OF TOTAL RENTABLE SF)



[1]Occupancy excludes properties in initial lease-up and properties undergoing significant renovation.

[2]Commercial Properties is defined as office, lab office, retail, and industrial and excludes the Fund's apartment properties.

As of December 31, 2019. Please see Important Legal Information at the end of this presentation.

Value Drivers: Core Portfolio

Significant future value creation is targeted within the core portfolio, largely resulting from NOI increases due to below market rents and contractual rent bumps

PROPERTY	PROPERTY TYPE	METRO MARKET	2020 BUDGET NOI (M)	2024 BUDGET NOI (M)	CAP EX – 2020 - 2023 (M)	ESTIMATED MARKET CAP RATE	ESTIMATED FUTURE VALUE (M)	12/31/19 APPRAISAL VALUE (M)	ESTIMATED VALUE PICKUP (M)
245 First Street	Office/Lab Office	Boston	18.5	23.0	11.3	4.25%	530.0	501.0	29.0
75-125 Binney Street	Lab Office	Boston	19.3	20.7	0.6	4.25%	486.2	466.8	19.4
One Victory Park	Office	Dallas	7.4	15.2[1]	32.9[1]	5.00%	271.2	219.0	52.2
Plaza Yarrow Bay	Office	Seattle	6.9	10.5[1]	26.6[1]	5.50%	164.2	145.0	19.2
215 Fremont Street	Office	SF Bay Area	18.5	25.4[1]	9.8[1]	4.25%	588.4	459.0	129.4
60 Spear	Office	SF Bay Area	6.0	8.7	9.5	4.50%	183.1	158.0	25.1
Arboretum Gateway	Office	SoCal	11.6	13.6	0.2	4.25%	320.2	288.0	32.2
Watermark Seaport	Apartment	Boston	9.8	11.7	0.8	4.00%	291.3	250.0	41.3
Avignon Townhomes	Apartment	Seattle	6.1	7.9	8.6	4.25%	177.0	144.0	33.0
Veritas Apartment Portfolio	Apartment	SF Bay Area	4.8	7.4	6.2	4.00%	178.0	161.9	16.1
Oak View at Sonoma Hills	Apartment	SF Bay Area	3.3	4.0	0.9	4.75%	83.1	68.7	14.4
Artist Walk	Apartment	SF Bay Area	4.8	5.7	0.6	4.50%	126.8	110.1	16.7
Crescent Park	Apartment	SoCal	4.6	6.6	7.6	4.25%	147.5	126.0	21.5
Missions at Chino Hills	Apartment	SoCal	3.6	4.2	1.4	4.75%	87.9	76.9	11.0
Seattle Industrial Portfolio	Industrial	Seattle	5.2	7.2	8.3	4.75%	144.0	126.4	17.6
Eden Rock 10	Industrial	SF Bay Area	2.2	4.1[1]	2.1[1]	4.25%	94.4	62.7	31.7
Patterson Pass Business Park	Industrial	SF Bay Area	2.3	3.1	3.7	5.00%	57.7	47.6	10.1
SoCal Industrial Portfolio	Industrial	SoCal	29.3	38.4	22.2	4.35%	860.9	740.0	120.9
TOTAL[2]			**$164.2**	**$217.4**	**$153.3**	**4.40%**	**$4,791.9**	**$4,151.1**	**$640.8**

Estimated % change in value from 2020-2023: **15.4%**[3]

As of December 31, 2019. Estimated market capitalization rates and future values are derived from Clarion Partners' underwriting projections. Forecasts have certain inherent limitations and are based on complex calculations and formulas that contain substantial subjectivity and should not be relied upon as being indicative of future performance and no express or implied prediction is made to be interpreted as investment advice.

[1]Budgeted NOI and Cap Ex is as of Year 2025 to reflect leasing rollover occurring in 2024.

[2]Comprises 28.0% of LPF's total portfolio.

[3]There can be no assurance that investment and/or target objectives will be achieved. Past performance is not indicative of future performance and a risk of loss exists.

Value Drivers: Non-Core Portfolio

	DEVELOPMENTS	PRE-LEASED DEVELOPMENTS	LEASING ASSETS
Est. All-In Basis	**$1,238m**	**$160m**	**$208m**
Est. Stab. Value	**$1,440m**	**$196m**	**$214m**
Value Pickup	**16.3%**	**22.3%**	**2.5%**
% of Portfolio	**8.0%**	**1.0%**	**1.4%**


8777 Washington
Culver City, CA


Sunnyvale Kifer
Sunnyvale, CA


Silver State Commerce Center
Las Vegas, NV


Market Station
Denver, CO

As of December 31, 2019. Estimated stabilized values are derived from Clarion Partners' underwriting projections. Forecasts have certain inherent limitations and are based on complex calculations and formulas that contain substantial subjectivity and should not be relied upon as being indicative of future performance. Please see Important Legal Information at the end of this presentation.

Value Drivers: Non-Core Portfolio (cont'd)

REDEVELOPMENT/DEVELOPMENT PIPELINE

PROPERTY	PROPERTY TYPE	METRO MARKET	12/31/19 CARRYING VALUE (M)	REMAINING COST (M)	ALL-IN BASIS (M)	STABILIZED NOI (M)[1]	EST. MKT CAP RATE	EST. STABILIZED VALUE (M)	EST. VALUE PICKUP (M)	DELIVERY DATE
Mansfield Log Park	Industrial	New York	74.3	36.9	111.2	6.1	4.3%	143.8	32.6	3Q20
Silver St Comrce Ctr	Industrial	Las Vegas	60.2	137.6	197.8	12.5	5.0%	249.3	51.5	3Q20
Waypoint Bus Park	Industrial	Houston	44.9	22.5	67.4	4.5	5.3%	85.8	18.4	3Q20
Sunnyvale Kifer	Apartment	SF Bay Area	304.7	77.0	381.7	17.3	4.3%	406.8	25.1	1Q20
LaTerra Apt Portfolio	Apartment	Los Angeles	55.3	71.4	126.7	6.2	4.3%	145.4	18.7	2Q21
Market Station	Mixed Use	Denver	142.3	47.2	189.5	10.7	4.9%	216.8	27.3	2Q20
American Stock Exch.	Mixed Use	New York	117.5	46.4	163.9	10.6	5.5%	192.4	28.5	-
TOTAL			**$799.2**	**$439.0**	**$1,238.2**	**$67.9**	**4.7%**	**$1,440.3**	**$202.1**	

PRE-LEASED/BUILD-TO-SUIT

PROPERTY	PROPERTY TYPE	METRO MARKET	12/31/19 CARRYING VALUE (M)	REMAINING COST (M)	ALL-IN BASIS (M)	STABILIZED NOI (M)[1]	EST. MKT CAP RATE	EST. STABILIZED VALUE (M)	EST. VALUE PICKUP (M)	DELIVERY DATE
8777 Washington	Office	Los Angeles	135.1	25.3	160.4	8.3	4.3%	196.1	35.7	2Q20
TOTAL			**$135.1**	**$25.3**	**$160.4**	**$8.3**	**4.3%**	**$196.1**	**$35.7**	

LEASING

PROPERTY	PROPERTY TYPE	METRO MARKET	12/31/19 CARRYING VALUE (M)	REMAINING COST (M)	ALL-IN BASIS (M)	STABILIZED NOI (M)	EST. MKT CAP RATE	EST. STABILIZED VALUE (M)	EST. VALUE PICKUP (M)	OCC.
Chevy Chase – Retail	Retail	Washington DC	42.3	7.7	50.0	3.5	7.0%	50.2	0.2	47.3%
2901 Patrick Henry Drive	Office	SF Bay Area	31.2	3.4	34.6	2.2	6.3%	34.9	0.3	61.4%
Airport 100 Way	Industrial	Baltimore	16.1	0.8	16.9	0.8	5.0%	16.7	(0.2)	34.8%
Blue Ridge Dist Ctr	Industrial	Atlanta	22.6	0.6	23.2	1.1	5.0%	22.9	(0.3)	68.6%
Heartland Corp Ctr D	Industrial	Chicago	45.4	3.6	49.0	2.6	5.0%	51.8	2.8	49.6%
University Park Tech	Industrial	San Antonio	30.8	3.9	34.7	2.6	7.0%	37.2	2.5	0.0%
TOTAL			**$188.4**	**$20.0**	**$208.4**	**$12.8**	**6.0%**	**$213.7**	**$5.3**	

LAND

PROPERTY	PROPERTY TYPE	METRO MARKET	12/31/19 CARRYING VALUE (M)	REMAINING COST (M)	ALL-IN BASIS (M)	STABILIZED NOI (M)	EST. MKT CAP RATE	EST. STABILIZED VALUE (M)
3855 Watseka Avenue	Land	Los Angeles	2.5	N/A	2.5	N/A	N/A	N/A
Palm Beach Land	Land	W Palm Beach	21.8	N/A	21.8	N/A	N/A	N/A
TOTAL			**$24.3**		**$24.3**			

[1]Untrended from current rents

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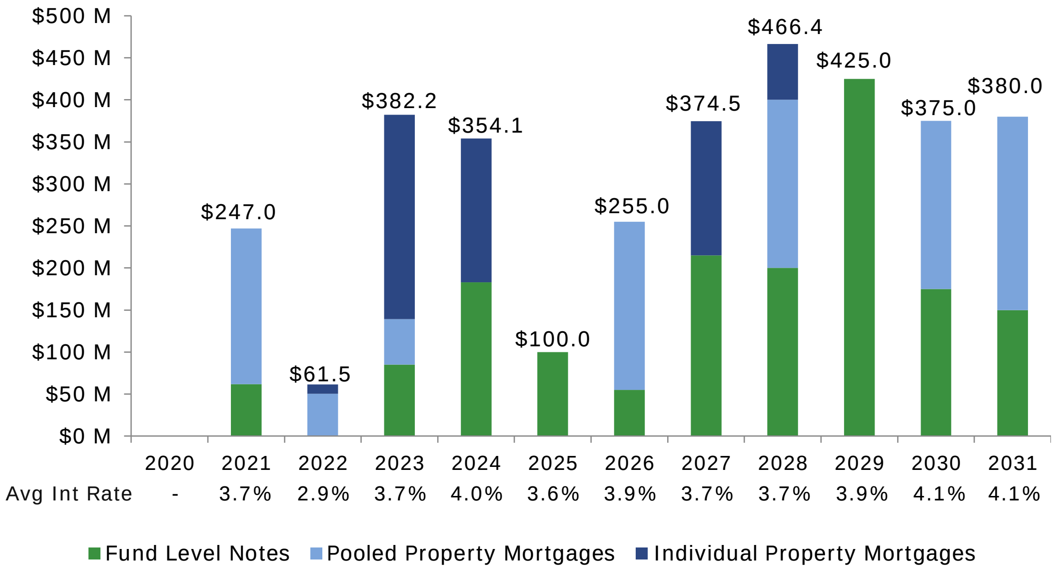
Financial Management

- Assumed $182M of property mortgages through new acquisitions
  - $171M mortgage on One Marina Park Drive; remaining term of 4.7 years; fixed interest rate of 3.81%
  - $11M mortgage on 2121 Canyon; remaining term of 7.8 years; fixed interest rate of 4.47%
- Prepaid $39M property level mortgage on Crescent Park; was set to mature in December 2020
- $500M revolving line of credit for liquidity purposes
  - Undrawn as of December 31, 2019
- Fixed 93% / Floating 7%

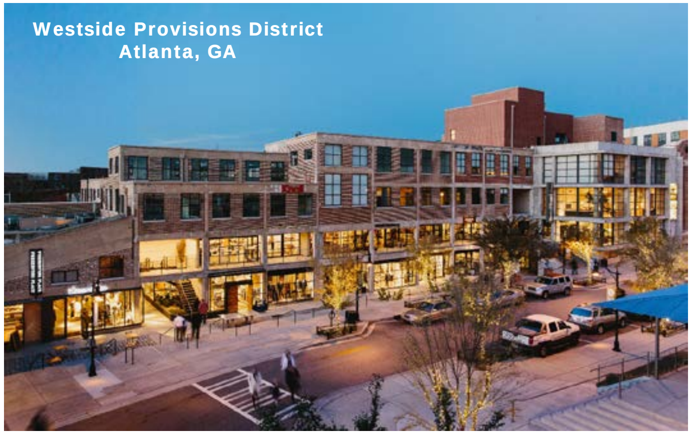
ANNUAL DEBT MATURITIES



AS OF DECEMBER 31, 2019	AMOUNT (M)	CONTRACTUAL RATE	MARKET RATE[1]	YEARS
Property Mortgages	$1,771	3.71%	3.61%	6.6
Fund Level Notes	$1,650	3.99%	3.19%	7.8
Total Debt (Par Value)	**$3,421**	**3.84%**	**3.41%**	**7.2**

[1] Represents the prevailing interest rates on the Fund's existing loans calculated by the Fund's Debt Valuation Firm pursuant to the Fund's Debt Valuation Policy. As of December 31, 2019. Please see Important Legal Information at the end of this presentation.

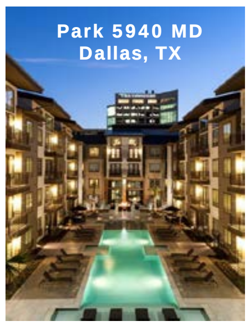
Representative Properties


Westside Provisions District
Atlanta, GA

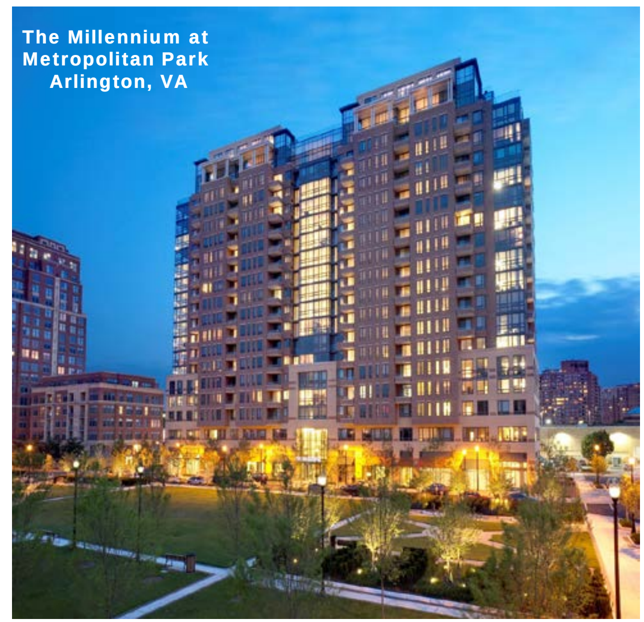

101 Arch Street
Boston, MA


215 Fremont Street
San Francisco, CA


Arboretum Gateway
Santa Monica, CA


Park 5940 MD
Dallas, TX


1000 Jefferson
Hoboken, NJ


The Millennium at
Metropolitan Park
Arlington, VA


75-125 Binney Street
Cambridge, MA

RECENT TRANSACTION ACTIVITY

APPENDIX A

CLARION PARTNERS

Recent Acquisition

Downtown Boulder Portfolio

1900 15th Street
1050 Walnut Street
1881 9th Street
Boulder, CO

Property Size	Purchase Price	Occupancy	Risk	Year Acquired
224,677 sq.ft.	**$146,300,000**	**92.5%**	**Core**	**2019**

Property Description

The Fund acquired three office properties in the Downtown Boulder Portfolio transaction. These three buildings total 224,677 sq.ft. and are 92.5% leased. Each building includes modern amenities and specifications including mountain views and bike storage. The buildings include a diverse tenant list, including Amazon which leases 100.0% of one building. All three properties are located in the heart of Downtown Boulder and are one block away from the Pearl Street Mall, a pedestrian walkway with entertaining venues including shops, cafes, bars, and restaurants.

Investment Rationale

Downtown Boulder is a target market for the Fund. Boulder is one of the fastest growing tech hubs in the country. Large tenants in the market include Google, IBM, Qualcomm, and Apple. The Boulder office submarket is very supply constrained as height restrictions and government legislation limit new development. Employees are attracted to Boulder's active live-work-play lifestyle, and the University of Colorado Boulder provides a large talent pool.

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Recent Acquisition

Redmond Fairway

16701 Cleveland Street
Redmond, WA

Property Size	Purchase Price	Occupancy	Risk	Year Acquired
10,176 sq.ft.	**$6,000,000**	**100.0%**	**Redevelopment**	**2019**

Property Description

The Fund acquired a 0.71-acre land site in Redmond, WA, in an anticipated joint venture with KG Investment Properties. The site is currently improved with a 10,176-sq.ft. medical office/retail building 100.0% leased to five tenants. The business plan includes securing lease buyouts and commencing the entitlement process to develop a 104,157-sq.ft. Class A apartment building. The building is expected to have 149 apartment units and 4,780 sq.ft. of retail space. The site is walkable to many retail amenities, including four grocery stores and the Redmond Town Center, an open-air mall with shops, restaurants, and fitness uses.

Investment Rationale

The property is located in a transforming transit-oriented location as a new light rail stop is being built adjacent to the site. This station will provide the site with easy access to Downtown Bellevue, Downtown Seattle, SeaTac Airport, the Microsoft campus in Redmond, and North Seattle. The Eastside, which is anchored by Kirkland, Bellevue, and Redmond, features best-in-class premier technology tenants and is widely regarded as one of the information technology capitals of the world. The city of Redmond is anchored by Microsoft's world headquarters, and includes other major tenants such as SpaceX, Nintendo, and Oculus/Facebook.

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Recent Acquisition

2121 Canyon

2121 Canyon Boulevard
Boulder, CO

Property Size	Purchase Price	Occupancy	Risk	Year Acquired
60 Units	**$17,180,000**	**93.3%**	**Core**	**2019**

Property Description

2121 Canyon is a four-story apartment property in Boulder, CO (Denver MSA) with 60 units. The property was built is 1968 and fully renovated in 2016 with modern appliances and finishes. Current occupancy is 93.3% and the property features a resident lounge, laundry room, swimming pool, storage lockers, indoor dog wash station, a bike repair station, and off-street parking. The property is well-located within a few blocks of Downtown Boulder's Pearl Street entertainment corridor, adjacent to a neighborhood city park, and less than one mile from the University of Colorado Boulder and Google's new 330,000-sq.ft. campus. These qualities all help appeal to the younger demographic of the area, as the median age within a one-mile radius of the asset is 29 years old.

Investment Rationale

Boulder has strong fundamentals with a thriving tech scene and major research universities as key economic drivers. This expanding tech presence should continue to benefit apartment performance as companies expand their Boulder exposure. The property's rents are approximately 25% lower than competing properties with similar finishes, making this an attractive value option to the younger demographic in the area. Additionally, these average rents are significantly below the average cost of home ownership in Denver. Boulder's high barriers to entry due to its strict height restrictions and government legislation will also limit future apartment supply.

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Recent Acquisition

The Citizen South Bay Portfolio

Torrance, CA

Property Size	Purchase Price	Occupancy	Risk	Year Acquired
422 Units	**$221,500,000**	**79.1%**	**Core**	**2019**

Property Description

The Citizen South Bay Portfolio consists of 422 units across two properties in Southern California. These two properties are approximately 1.2 miles apart and were built between 1964 and 1967. One property, Citizen South Bay on Anza, has 239 units across 51 buildings, and the other, Citizen South Bay on W235, has 183 units across 34 buildings. This product is very unique, offering a single-family home neighborhood feel, comprised of two-story buildings on attractive streets with mature trees and large front lawns. The properties are located in the city of Torrance, which is a part of the Los Angeles South Bay Market. This market includes other beach-cities including El Segundo, Manhattan Beach, Hermosa Beach, and Redondo Beach.

Investment Rationale

Torrance offers residents a great quality of life, ample retail amenities, and beach access at a lower cost compared to other beach-cities in the South Bay market. Torrance also offers high quality schools versus other surrounding neighborhoods. Given the vintage of the properties, the Fund can renovate dated units for a roughly 4.22% return on cost. These renovations update all unit interiors to modern finishes and improve the exterior of the buildings as well. An apartment community of this scale would be extremely difficult to recreate in this supply-constrained market.

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Recent Acquisition

One Marina Park Drive

One Marina Park Drive
Boston, MA

Property Size	Purchase Price	Occupancy	Risk	Year Acquired
491,573 sq.ft.	**$482,000,000**	**99.7%**	**Core**	**2019**

Property Description

One Marina Park Drive is a LEED Gold Class A office building in the Seaport District of Boston. The property totals 491,573 sq.ft. over 18-stories and is 99.7% leased to a diverse tenant mix. The property has desirable amenities including flexible floor plates, floor-to-ceiling windows, fitness center, showers and changing rooms on each floor, as well as an on-site café and ample below-grade parking. Located in the heart of the Seaport District, the building is a short walk from Downtown Boston and adjacent to the MBTA Silver line which offers direct access to South Station, Downtown Boston, and the Logan International Airport.

Investment Rationale

The Seaport District is a top submarket in Boston. Recent mixed-use development has turned the area into a thriving urban neighborhood that has been attracting major employers such as GE, Amazon, PWC, and Boston Consulting Group. The Seaport offers a dynamic live-work-play environment with immediate proximity to the urban core, public transportation, and unique dining and entertainment offerings. The property is leased to a diverse tenant mix including law, biotech, and energy related companies. In-place rents are currently 24% below market with a 5.3-year average weighted lease term. The Fund believes that there is a strong upside in time as below-market leases expire.

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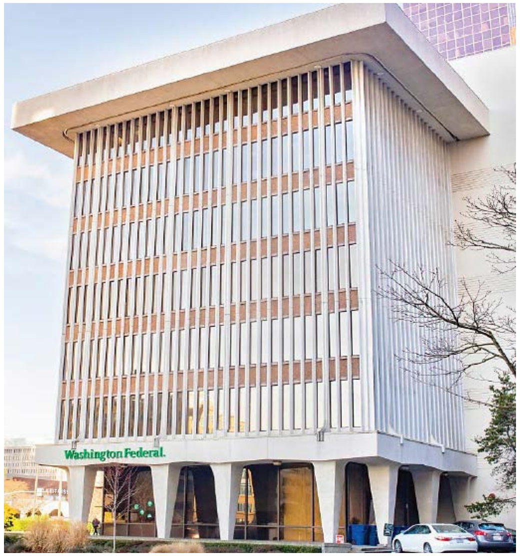
Recent Acquisition

Washington Federal Building

400 108th Avenue NE
Bellevue, WA

Property Size	Purchase Price	Occupancy	Risk	Year Acquired
77,014 sq.ft.	**$53,500,000**	**100.0%**	**Redevelopment**	**2019**



Property Description

The site is located in the heart of Bellevue's CBD and is currently improved with a 77,104-sq.ft. Class C office building 100.0% leased to 17 tenants. The business plan involves obtaining approvals to build a larger Class A office tower (anticipated to take up to three years), and then demolishing the existing structure and redeveloping the site. The new building is estimated to be a 380,000-sq.ft. Class A office building with 15' ceilings, outdoor amenity space, ground floor retail, and a subterranean parking garage. The Fund would not plan to commence redevelopment without a pre-leasing commitment for all, or a significant portion, of the new building.

Investment Rationale

The site is prominently located in the heart of Downtown Bellevue between Bellevue Square Mall, the Bellevue Transit Center, and a future light rail station that will connect Bellevue to other densely populated areas around Seattle. Bellevue has been a top submarket, given the strong growth in the tech, cloud computing, and e-commerce sectors. This location in Bellevue offers an urban environment with access to executive housing which has attracted tenants such as Amazon, Microsoft, Facebook, and Salesforce. The development is expected to provide a return on cost approximately 200 bps above current Class A buildings in the Bellevue CBD.

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Recent Acquisition

The Essex

125 Delancey Street
New York, NY

Property Size	Loan Amount	Interest Rate	Risk	Year Acquired
195 Units	**$40,000,000**	**6.6%**	**Core**	**2019**

Property Description

The Fund originated a $40.0 mezzanine loan for The Essex in the Lower East Side of New York City. The property is a newly-developed 26-story residential asset with 195 units and a 65,000-sq.ft. movie theater 100.0% leased to Regal Cinemas. The Essex is the fourth building to be developed and opened as part of the overall Essex Crossing master-planned development. This development includes multiple residential buildings, office space, retail space, and an underground marketplace called The Market Line.

Investment Rationale

The loan is collateralized by a high-quality asset located in a market with strong apartment fundamentals. This project occupies a prime location on the Lower East Side, which offers excellent transient access and foot traffic. The Fund believes that with the further development of the Essex Crossing and The Market Line, this will continue to be a strategic asset in the New York market. With a fixed interest rate of 6.6%, and a seven-year term, the investment generates an attractive risk-adjusted yield compared to current unleveraged equity returns in the apartment sector.

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Recent Acquisition

Silver State Commerce Center

Craig Rd and North 5th Street
Las Vegas, NV

Property Size	Development Cost	Occupancy	Risk	Year Acquired
1,813,870 sq.ft. (to be built)	**$189,000,000**	**N/A**	**Development**	**2019**

Property Description

The Fund acquired 149.31 acres of land to be constructed in a multi-phase development project in the North Las Vegas submarket of Las Vegas, NV. Phase I will consist of three industrial buildings totaling 840,000 sq.ft. Construction is anticipated to begin in December 2019, with final completion of Phase I projected 12 months later. In addition to Phase I, the Fund is commencing a build-to-suit for a credit rated tenant on the Phase III portion of the site. The site is in an excellent location, with proximity to the McCarren International airport and major I-15 interchanges. Each building will be able to accommodate the needs of single-tenant users or multiple tenants. When fully built out, the property will feature seven buildings totaling 1.8 million sq.ft. over three phases of development.

Investment Rationale

The development of Silver State Commerce Center is consistent with the Fund's strategy to invest in new Class A industrial projects in strategic markets for long-term growth. Las Vegas is a target market for industrial investments as e-commerce and logistics tenants are increasingly attracted to its strong distributional reach across the West Coast and its access to a large labor pool. More specially, the North Las Vegas submarket offers one-day truck delivery to large population centers including San Francisco, Los Angeles, and Phoenix, and two-day service to Denver, Portland, and Seattle. Users in the market include Amazon, TJ Maxx, Sephora, Sysco, and Walmart.

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Recent Acquisition

Bellevue Wilburton

11723 NE 8th Street
Bellevue, WA

Property Size	Purchase Price	Occupancy	Risk	Year Acquired
TBD	**$6,350,000**	**100.0%**	**Redevelopment**	**2019**

Property Description

The Fund acquired a 0.68-acre land parcel site in Bellevue, WA, in an anticipated joint venture with KG Investment Properties. The site is currently entitled for retail use and will require a re-zone which is contemplated under the Wilburton Subarea Plan that the City of Bellevue is implementing. The Fund's current focus is to develop an approximate 180-unit apartment building, but an 150,000-sq.ft. office building would potentially be permissible as well under the re-zone. A part of this plan is to negotiate an early lease termination to the current tenant, Burger King. The site is located across the street from the future Grand Connection corridor and a light-rail station that will deliver in 2023 which will connect Bellevue to downtown Redmond, downtown Seattle, the SeaTac Airport, and the University of Washington.

Investment Rationale

This acquisition gives the Fund optionality to develop a multifamily or office asset in a strategic market that has potential for strong growth. The city is encouraging development to create high-density, transit-oriented projects in the immediate area through the Wilburton Subarea Plan. This should provide strong value creation for the investment as the area begins to transform. Bellevue is known for its high-quality of life, excellent schools, and premier tenants including Microsoft, Amazon, Facebook/Oculus, and Google. The site's value of $46 per FAR is an approximate 50% discount to the value of multifamily and office land today, and the estimated return on cost for the apartment development provides an approximate 125 bps spread to current market cap rates.

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Recent Acquisition

Fourth & Madison

925 4th Avenue
Seattle, WA

Property Size	Current Value (at share)	Occupancy	Risk	Year Acquired
842,499 sq.ft.	**$298,900,000**	**96.5%**	**Core**	**2019**

Property Description

The Fund acquired a 49% managing member interest in Fourth & Madison, a 39-story, 842,499-sq.ft., Class A office tower in downtown Seattle. The property is LEED Platinum and features floor-to-ceiling windows which are rare and no longer permitted in the Seattle market, fitness center with showers, bike storage, conference center, valet parking, on-site restaurants, deck space, and a childcare center. Fourth & Madison is highly accessible within the Seattle CBD, located near Seattle's main bus artery, the Colman Dock ferry terminal, and the Link light rail station.

Investment Rationale

Downtown Seattle is a major technology hub and continues to produce outsized high-tech, high-wage, and office-using job growth. The strong technology ecosystem and large talent base in the market has attracted significant office expansion by major technology firms including Amazon, Facebook, Salesforce, and Google, among others. This has been a target market for the Fund given its solid fundamentals, strong growth prospects, and promising employment outlook. The property is 96.5% leased to 23 tenants with a strong weighted average lease term.

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Recent Acquisition

901 East 6th Street

901 E 6th Street
Austin, TX

Property Size	Current Value	Occupancy	Risk	Year Acquired
129,444 sq.ft.	**$113,000,000**	**100.0%**	**Core**	**2019**

Property Description

901 East 6th Street is a five-story, 129,444-sq.ft., creative office building in East Austin, TX. The property was recently delivered in 2019, and is the first cross-laminated-timber office building in the state of Texas. The property is LEED Gold certified and features at the property are high-end with creative-office styling which caters to both technology and traditional office users in the market. The building has highly-configurable rectangular floorplates, 15' high exposed ceilings, and secure bike storage with private changing rooms and showers.

Investment Rationale

The Fund has identified Austin as one of its top strategic secondary target markets given its job and population growth, diversified economy with booming technology sector, and attractive lifestyle. The property is located in the emerging East Austin submarket. This submarket has become a favored location for technology tenants outside of the CBD due to its urban live-work-play profile offering an abundance of retail, dining, and entertainment amenities. The property was fully leased before completion to four tenants, providing a secure and stable cash flow for the Fund.

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Recent Acquisition

West Port Colony Apartments

190 112th Avenue North
St. Petersburg, FL

Property Size	Current Value	Occupancy	Risk	Year Acquired
324 Units	**$55,000,000**	**92.9%**	**Core**	**2019**

Property Description

West Port Colony Apartments is a 16-building, 324-unit, garden-style apartment community located in St. Petersburg, FL. The property, which was built in 1989, covers 26.7 acres and includes a fitness center, resort-style pool with an outdoor kitchen, tennis courts, a dog park, and car care center. Units include in-unit washers and dryers as well as private balconies. The property is located in the North St. Petersburg submarket, which is one of Tampa Bay's most infill locations, benefitting from its proximity to both amenities and major employment centers throughout the Tampa Bay area.

Investment Rationale

West Port Colony Apartments is located in a high barrier to entry market, with no units delivered since 2017 and only one project in development for the submarket. Total construction and vacancy are at an all-time low for this submarket. Additionally, the property offers a discount to newer vintage properties in the market, making it an affordable choice for renters. The Fund will continue a unit renovation program previously initiated at the property, updating unit appliances and finishes. This renovation will capture higher rents while maintaining a discount to newer assets in the market, further adding to its competitive position in the submarket.

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Recent Acquisition

500 Forbes Boulevard

500 Forbes Boulevard
San Francisco, CA

Property Size	Current Value (at share)	Occupancy	Risk	Year Acquired
159,942 sq.ft.	**$140,400,000**	**100.0%**	**Core**	**2019**

Property Description

The Fund acquired a 90% joint-venture interest from Alexandria Real Estate Equities in the ownership of 500 Forbes Boulevard. The property is a two-story, 159,942-sq.ft., laboratory office building in the South San Francisco submarket. The property is organized around a 120’ wide central rotunda and features four 39,000 sq.ft. floor plates that can be demised to accommodate two to four tenants. Other building features include 17’ ceiling heights, shower facilities and locker rooms, an onsite café, and a secure outdoor bicycle storage area. The property is 100% leased to Genentech, a market leader in treatments for life-threatening medical conditions.

Investment Rationale

The San Francisco Bay Area is the second largest life science cluster in the United States, after Boston/Cambridge where the Fund owns two lab office buildings. Within the San Francisco Bay Area, South San Francisco is the largest submarket for lab office with approximately 9.8 million sq.ft. of inventory and is home to over 200 biotechnology firms. The submarket has excellent supply/demand fundamentals and has been producing strong rent growth. 500 Forbes Boulevard is well located within the submarket and gives the Fund exposure to the high growth South San Francisco lab office market.

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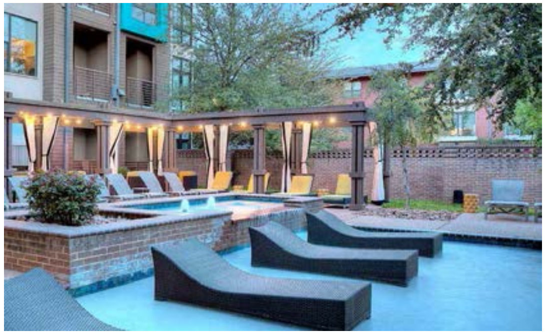
Recent Acquisition

The Henderson

5215 Belmont Avenue
Dallas, TX

Property Size	Current Value	Occupancy	Risk	Year Acquired
182 Units	**$31,100,000**	**94.5%**	**Core**	**2019**



Property Description

The Henderson is a three-story apartment property totaling 182 units. The property is located in the East Dallas submarket along Henderson Avenue, which is one of the few pedestrian-friendly entertainment corridors in Dallas and is known for nightlife, shopping, and dining. Community amenities include courtyards with grilling stations, dog park, resort-style pool, fitness center, and onsite dry cleaning. The property has performed well since it was built in 2009, and it caters to the young professionals in the submarket seeking a live-work-place lifestyle.

Investment Rationale

Dallas is one of the most diverse economies in the country and ranks highly in terms of business expansion and population growth. The property is two blocks east of US-75, allowing quick access to Dallas' major employment nodes including the Dallas CBD, Uptown Dallas, and Baylor Hospital. Existing finishes within the units are becoming out-of-date, which supports a light value-add strategy. Unit renovations will be completed upon natural turnover and are projected to generate a 15% return on cost. The post-renovation rent will still be below new construction, creating an attractive value option for the younger demographic of this market.

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Recent Acquisition

Cortland Boca Raton

7801 North Federal Highway
Boca Raton, FL

Property Size	Current Value	Occupancy	Risk	Year Acquired
384 Units	**$122,000,000**	**90.9%**	**Core**	**2019**

Property Description

Cortland Boca Raton is a 19-building, 384-unit, garden-style apartment community on 17 acres in Boca Raton, FL. The property is less than one mile from Boca Valley Plaza, a grocery-anchored shopping center, and less than two miles from the beach and convenience-based retail. Unit features include stainless-steel appliances, granite countertops, kitchen islands, in-unit washers and dryers, as well as other market leading amenities. Community amenities include gated entry, fitness center, clubhouse with a movie theater, and outdoor activities such as a resort-style pool, putting green, and bocce ball court.

Investment Rationale

The property is located in an infill, supply-constrained location in Boca Raton. There is limited availability of land left to develop in the market, and the few remaining sites are mainly suitable for mid-rise and high-rise developments. Importantly, the property offers more affordable rents than these mid-rise and high-rise apartments, which should drive demand over time from renters seeking a discount to new construction. The Fund anticipates doing light renovations to the units and amenities, generating additional yield. These renovations are underwritten to achieve an 18% return on cost.

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Recent Acquisition

Artist Walk

3888 Artist Walk Commons
Fremont, CA

Property Size	Current Value	Occupancy	Risk	Year Acquired
185 Units	**$110,100,000**	**95.7%**	**Core**	**2019**

Property Description

Artist Walk is a 185-unit apartment building built in 2017, located in the East Bay of San Francisco, a short commute across the bay from Silicon Valley. The property benefits from the strong demographics and job growth of Silicon Valley and the wider Bay Area. Unit features at the property include quartz countertops, in-unit washers and dryers, and wood-style flooring. Community amenities include onsite retail, a pool and spa, clubhouse, yoga and spin rooms, barbecues, and covered parking. The property has strong resident demographics, with tenants working throughout Silicon Valley and the East Bay with a median household income of $150,000.

Investment Rationale

Artist Walk is located in Fremont, CA, which is one of the East Bay's largest employment nodes. The property is well located, in close proximity to the Dumbarton Bridge, BART, and the Fremont ACE/Amtrack rail station. This connects the property's tenants to Silicon Valley and its high-growth employment nodes, as well as San Francisco, Oakland, and San Jose. Notably, with the increasing cost of living in Silicon Valley and its surrounding markets, Fremont offers an affordable discount relative to other markets in the Bay Area. This affordability theme as a discount to high-priced areas in the heart of Silicon Valley is expected to drive demand at Artist Walk over the long term.

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Recent Acquisition

Mansfield Logistics Park

I-295 and the New Jersey Turnpike
Mansfield, NJ

Property Size	Development Cost	Occupancy	Risk	Year Acquired
959,854 sq.ft. (to be built)	**$115,770,000**	**N/A**	**Development**	**2019**

Property Description

Development will commence immediately and is expected to be completed by mid 2020. Mansfield Logistics Park will be comprised of two Class-A industrial warehouse buildings, ranging from 250,000 sq.ft. to 710,000 sq.ft. Each building will feature modern specifications, including 36’-40’ clear heights, deep truck courts, cross-dock and rear-loading configurations, as well as ESFR fire sprinklers and LED lighting.

Investment Rationale

Mansfield Logistics Park is located in central New Jersey, which has one of the strongest industrial markets. The site’s location between I-295 and the New Jersey Turnpike is ideal for distribution, giving tenants access to the major population centers of the Northeast Corridor. To acquire an already entitled industrial development opportunity in New Jersey is rare. This investment adds to the Fund’s industrial exposure through investing in a supply constrained location where it is difficult to acquire assets on a core basis.

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Recent Acquisition

Space Center Logistics Portfolio

Property Size	Loan Amount	Interest Rate	Risk	Year Acquired
19,222,467 sq.ft.	**$105,000,000**	**1m Libor + 450 bps**	**Core**	**2019**

Property Description

The Fund provided a $105 million Junior Mezzanine Loan to affiliates of Blackstone Real Estate Advisors LP to acquire the Blackstone Space Center Logistics Portfolio. The portfolio consists of 41 warehouse distribution properties and totals 19.2 million sf across seven markets. The markets in this portfolio include the Inland Empire, Kansas City, Chicago, Atlanta, Memphis, Minneapolis, and Dallas/Fort Worth.

Investment Rationale

The portfolio consists of high-quality collateral spread out across major industrial markets. The largest submarket in this portfolio, the Inland Empire, is a primary industrial market due to its large distributional reach and well-developed capabilities. The investment provides a good cash flow, an attractive yield in comparison to core industrial cap rates, and a total return greater than most core transactions.

As of December 31, 2019. Investment case studies presented herein describe all of the Fund’s investments that were acquired since January 1, 2019. Properties are valued at their most recent independent appraisal with the exception of properties acquired during the previous quarter or current quarter, which are carried at cost or purchase price, respectively. There can be no assurance that any unrealized investment described herein will prove to be profitable. Please see Important Legal Information at the end of this presentation.

Recent Acquisition

Waypoint Business Park

Northwest corner of Sam
Houston Tollway and HWY 90
Houston, TX

Property Size	Development Cost (at share)	Occupancy	Risk	Year Acquired
863,105 sq.ft. (to be built)	**$72,000,000**	**N/A**	**Development**	**2019**

Property Description

The Fund entered into a joint venture with 4M Investments to develop six industrial buildings totaling 863,105 sq.ft. Phase I is expected to deliver at the beginning of 2020 and Phase II in August 2020. Building size ranges from 20,000 sq.ft. to 145,000 sq.ft., offering strong flexibility to accommodate a large range of configuration requirements for tenants. The buildings will feature LED lighting, ESFR sprinklers, ample car and trailer parking, as well as additional market leading specifications. The site is located at the northwest corner of Sam Houston Tollway and Highway 90, which is a major logistical intersection for local and regional distribution, providing access to Houston's fastest growing suburbs.

Investment Rationale

Waypoint Business Park adds to the Fund's industrial exposure through investing in an attractive industrial development with returns at a healthy spread above current market cap rates. The site is located in Houston, which is the fourth-largest industrial market in the U.S. The Southwest Industrial submarket within Houston has extremely strong fundamentals with all-time low vacancies, which should support future rent growth.

As of December 31, 2019. Investment case studies presented herein describe all of the Fund's investments that were acquired since January 1, 2019. Properties are valued at their most recent independent appraisal with the exception of properties acquired during the previous quarter or current quarter, which are carried at cost or purchase price, respectively. There can be no assurance that any unrealized investment described herein will prove to be profitable. Please see Important Legal Information at the end of this presentation.

Recent Acquisition

75-125 Binney Street

75-125 Binney Street
Cambridge, MA

Property Size	Current Value	Occupancy	Risk	Year Acquired
388,271 sq.ft.	**$466,800,000 (at share)**	**100.0%**	**Core**	**2019**

Property Description

The Fund entered into a 60%/40% joint venture with Alexandria Real Estate Equities to recapitalize 75-125 Binney Street, a 388,271 sq.ft., five-story, lab office building located in Cambridge, MA. Completed in 2015, the property is LEED Gold certified, and features 14'-19' ceiling heights, two indoor bike storage rooms, a landscaped glass enclosed atrium, shuttle service, and a two-floor below-grade parking garage. The property takes up nearly an entire city block, and is located three blocks from LPF's 245 First Street. This is a leading location for biotechnology tenants due to premiere local research institutions and life science firms.

Investment Rationale

The property is very well-located in the heart of the East Cambridge/Kendall Square office and lab Submarket, a critical location within Boston for life science and biotechnology companies. Local universities and hospitals such as MIT, Harvard, and Massachusetts General Hospital provide unrivaled talent for local firms. This submarket has limited supply of new Class A lab office product, making 75-125 Binney Street a unique acquisition. The JV partner, Alexandria, is a premier owner and operator of life science assets, giving the Fund access to unapparelled experience in the lab office space. The property is 100% master leased to a credit-rated Pharmaceutical company through March 2030, providing a steady long-term income stream.

As of December 31, 2019. Investment case studies presented herein describe all of the Fund's investments that were acquired since January 1, 2019. Properties are valued at their most recent independent appraisal with the exception of properties acquired during the previous quarter or current quarter, which are carried at cost or purchase price, respectively. There can be no assurance that any unrealized investment described herein will prove to be profitable. Please see Important Legal Information at the end of this presentation.

Recent Acquisition

215 Fremont Street

215 Fremont Street
San Francisco, CA

Property Size	Current Value	Occupancy	Risk	Year Acquired
367,925 sq.ft.	**$459,000,000**	**100.0%**	**Core**	**2019**

Property Description

215 Fremont Street is a 367,925 sq.ft., eight-story, class A office building in the South Financial District submarket of San Francisco, CA. The property features large 49,000 sq.ft. floorplates, full-height windows, open-exposed concrete ceiling, and a secure bicycle storage room. In addition, the property features 21,000 sq.ft. of ground-floor retail and a 10,000 sq.ft. terrace with views of the San Francisco skyline and the Bay Bridge.

Investment Rationale

The South Financial District is considered to be one of the prime office locations in San Francisco. Major tenants in the submarket include Salesforce, Facebook, Google, and Amazon. Demand has remained strong in this market due to limited supply and strong tenant demand for high-quality office buildings. 215 Fremont Street stands out in this submarket from its large floorplate and proximity to the Transbay Transit Center, connecting eight Bay Area counties through eleven transit systems. The property is currently 100% leased to Google, FitBit, and Charles Schwab.

As of December 31, 2019. Investment case studies presented herein describe all of the Fund's investments that were acquired since January 1, 2019. Properties are valued at their most recent independent appraisal with the exception of properties acquired during the previous quarter or current quarter, which are carried at cost or purchase price, respectively. There can be no assurance that any unrealized investment described herein will prove to be profitable. Please see Important Legal Information at the end of this presentation.

LIST OF MAJOR INVESTMENTS

APPENDIX B

CLARION PARTNERS

List of Major Investments

PROPERTY	LOCATION		TYPE	% OWNED	GROSS MARKET VALUE ($)	% OF PORTFOLIO
One Marina Park Drive	Boston	MA	Office	100.0%	477,600,000	3.2%
215 Fremont Street	San Francisco	CA	Office	100.0%	459,000,000	3.1%
100 Fifth Avenue	New York	NY	Office	100.0%	357,000,000	2.4%
475 Brannan Street	San Francisco	CA	Office	100.0%	332,000,000	2.2%
Fourth & Madison	Seattle	WA	Office	49.0%	298,900,000	2.0%
Arboretum Gateway	Santa Monica	CA	Office	100.0%	288,000,000	1.9%
245 First Street	Cambridge	MA	Office	100.0%	282,000,000	1.9%
101 Arch Street	Boston	MA	Office	100.0%	272,000,000	1.8%
One Victory Park	Dallas	TX	Office	100.0%	219,000,000	1.5%
Sand Hill Commons[1]	Menlo Park	CA	Office	51.0%	175,600,000	1.2%
			Office Total		**3,161,100,000**	**21.2%**
Sunnyvale Kifer	Sunnyvale	CA	Apartment	96.3%	304,700,000	2.1%
Watermark Seaport	Boston	MA	Apartment	100.0%	250,000,000	1.7%
The Acadia at Metropolitan Park	Arlington	VA	Apartment	100.0%	228,000,000	1.5%
Eastchester Heights	Bronx	NY	Apartment	90.0%	195,300,000	1.3%
Veritas Apartment Portfolio	SF Bay Area	CA	Apartment	97.8%	161,900,000	1.1%
The Millennium at Metropolitan Park	Arlington	VA	Apartment	100.0%	148,000,000	1.0%
1000 Jefferson	Hoboken	NJ	Apartment	100.0%	146,000,000	1.0%
Avignon Townhomes	Redmond	WA	Apartment	100.0%	144,000,000	1.0%
Citizen South Bay – Anza	Torrance	CA	Apartment	100.0%	126,500,000	0.9%
Crescent Park	Playa Vista	CA	Apartment	100.0%	126,000,000	0.9%
			Apartment Total		**1,830,400,000**	**12.5%**

[1]Gross Market Value includes the Fund's preferred partnership interest of $96 million.

As of December 31, 2019. The Fund's Major Investments for purposes of this description include the Fund's largest investments by property type.

Please see Important Legal Information at the end of this presentation.

List of Major Investments (cont'd)

PROPERTY	LOCATION		TYPE	% OWNED	GROSS MARKET VALUE ($)	% OF PORTFOLIO
600 North Michigan Avenue	Chicago	IL	Retail	100.0%	363,000,000	2.4%
Palm Beach Outlets	West Palm Beach	FL	Retail	90.0%	272,900,000	1.8%
West Hollywood Gateway	Los Angeles	CA	Retail	100.0%	170,000,000	1.1%
Westside Provisions District	Atlanta	GA	Retail	97.5%	133,600,000	0.9%
Gateway at Kearny Mesa	San Diego	CA	Retail	100.0%	127,000,000	0.9%
Marketplace at the Outlets	West Palm Beach	FL	Retail	100.0%	119,000,000	0.8%
Essex Green	West Orange	NJ	Retail	100.0%	104,000,000	0.7%
American Stock Exchange	New York	NY	Retail	70.0%	96,600,000	0.7%
Gateway Towne Center	Compton	CA	Retail	100.0%	96,200,000	0.6%
Village Shopping Center	Boulder	CO	Retail	80.0%	60,500,000	0.4%
			Retail Total		**1,542,800,000**	**10.3%**
Cranbury Station	Cranbury	NJ	Industrial	100.0%	217,000,000	1.5%
Research Tri-Center	Durham	NC	Industrial	100.0%	185,700,000	1.3%
Pacific Technology Park	San Diego	CA	Industrial	100.0%	146,000,000	1.0%
Mile High Distribution Center	Denver	CO	Industrial	100.0%	140,400,000	0.9%
Principio Commerce Center	North East	MD	Industrial	100.0%	119,000,000	0.8%
Gateway Technology Center	Newark	CA	Industrial	95.0%	114,400,000	0.8%
Space Center Logistics Portfolio[1]	Various	Various	Industrial	100.0%	105,000,000	0.7%
Pompano Business Center	Pompano Beach	FL	Industrial	100.0%	92,100,000	0.6%
Redlands Business Center	Redlands	CA	Industrial	100.0%	90,400,000	0.6%
16850 Heacock Street	Moreno Valley	CA	Industrial	100.0%	90,400,000	0.6%
			Industrial Total		**1,300,400,000**	**8.8%**
75-125 Binney Street	Cambridge	MA	Lab Office	60.0%	466,800,000	3.2%
245 First Street	Cambridge	MA	Lab Office	100.0%	219,000,000	1.5%
500 Forbes Boulevard	San Francisco	CA	Lab Office	90.0%	140,400,000	0.9%
			Lab Office Total		**826,200,000**	**5.6%**
TOTAL MAJOR INVESTMENTS					**8,660,900,000**	**58.4%**

[1]Mezzanine loan investment.

As of December 31, 2019. The Fund's Major Investments for purposes of this description include the Fund's largest investments by property type.

Please see Important Legal Information at the end of this presentation.

SUMMARY OF TERMS

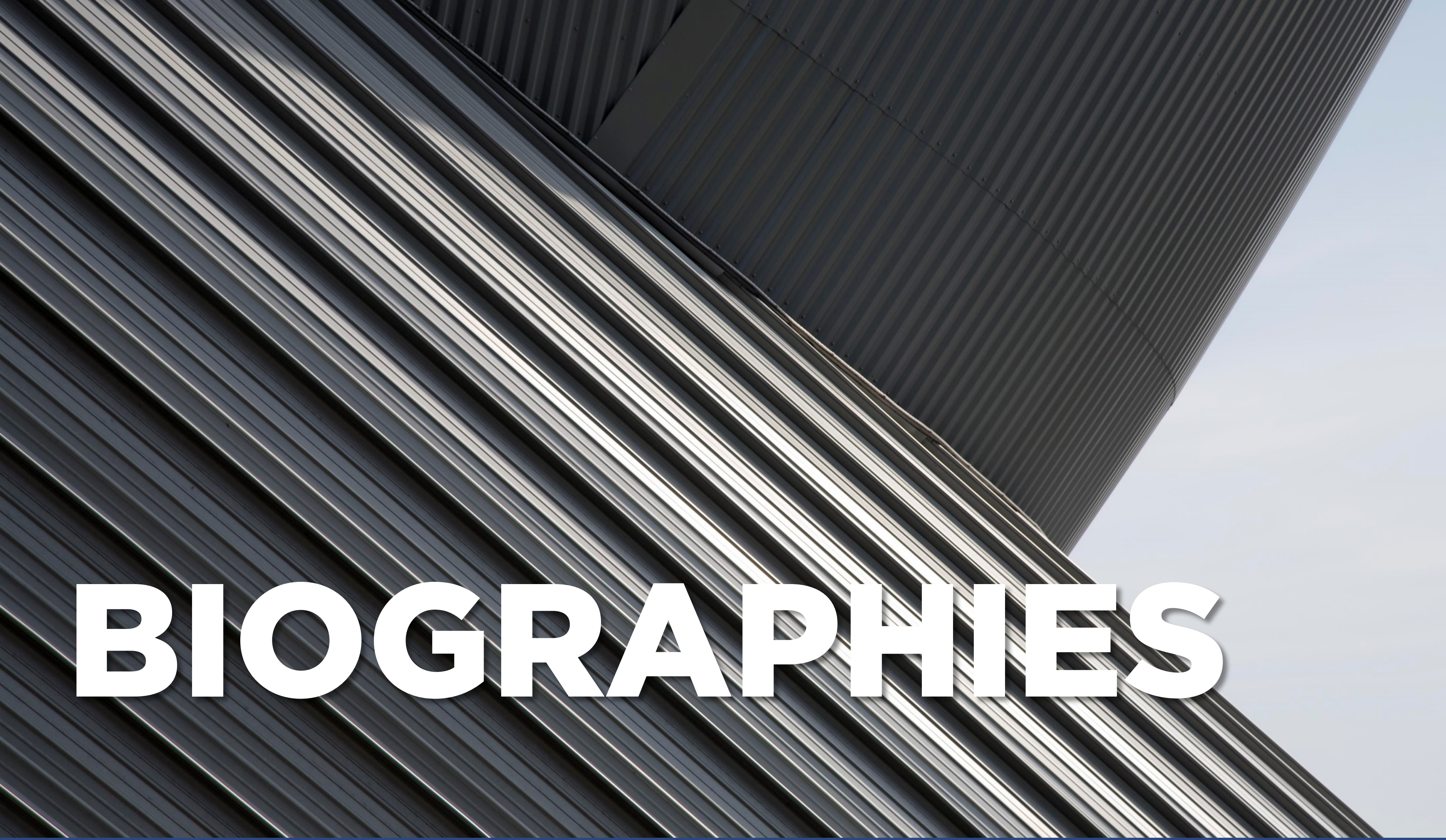
APPENDIX C

CLARION PARTNERS

Summary of Key Terms

Eligible Investors:	Pension funds, foundations, endowments, non-U.S. institutions and taxable qualified investors Collective Investment Trust structure available for qualified retirement plans
Cash Distributions:	Quarterly with re-investment option
Redemptions:	Quarterly with 90 days written notice; no withdrawal fee
Fee Structure:	<u>Asset Management Fee</u> First $25 million 1.10% Greater than $25 million 0.85% <u>Cash Management Fee</u> In lieu of the Asset Management Fee, 0.10% is charged on cash/marketable securities held by the Fund

As of December 31, 2019. This summary of key terms is not an exhaustive summary of the terms of an investment in the Fund and is qualified in its entirety by reference to the Fund's private placement memorandum and definitive organizational documents. Asset Management and Cash Management fees are billed quarterly in arrears and are paid from each Limited Partner's quarterly distribution. Please see Important Legal Information at the end of this presentation.



BIOGRAPHIES

APPENDIX D

CLARION PARTNERS

Fund Management and Resources

INVESTMENT COMMITTEE

LION PROPERTIES FUND

JEB BELFORD (24/36)
Portfolio Manager
Managing Director

JON GELB (12/15)
Portfolio Manager
Managing Director

KATIE VAZ (14/15)
Assistant Portfolio Manager
Managing Director

HEATHER HOPKINS (4/24)
Chief Financial Officer
Managing Director

HARRIS MARKOWITZ
Portfolio Operations
Vice President

JESSICA BETTS
Portfolio Operations
Vice President

JOSHUA COHEN
Portfolio Analytics
Senior Associate

CHRIS PERINO
Portfolio Analytics
Analyst

ALICE MCAVOY
Fund Administration
Vice President

OWEN KAPLAN
Fund Administration
Associate

CONTROLLERS
CUI TUNG, Vice President
JOHN DEBERADINIS, Vice President

ASSISTANT CONTROLLERS
GENEVA KING, Sr. Associate
NATALIE SEONG, Sr. Associate
JULIE RAICE, Sr. Associate

ACCOUNTANTS
KATHY HANDLON, Sr. Associate
CHARLES CARITA, Associate
SETH GOLDSTEIN, Associate
JOSEPH GUISTINO, Associate

INVESTMENT RESEARCH	ACQUISITIONS	ASSET MANAGEMENT	CLIENT CAPITAL MANAGEMENT	FINANCIAL MANAGEMENT	LEGAL & COMPLIANCE	CORPORATE SUPPORT
Team – 10	Team – 37	Team - 75	Team - 24	Team – 85	Team - 4	Team - 19

As of December 31, 2019. Numbers in parentheses represent tenure with the Firm/years in the industry. Staff counts are inclusive of administrative personnel.

Biographies

JEB BELFORD

(212) 883-2535 Jeb.Belford@clarionpartners.com
Managing Director, Lion Properties Fund Portfolio Manager

Jeb Belford is an equity owner and Managing Director with Clarion Partners and a member of the Firm's Investment Committee and Executive Board. Jeb is also the Portfolio Manager of the Lion Properties Fund, the Firm's $15.4 billion open-end core fund. As Portfolio Manager, Jeb has overall responsibility for Fund management and portfolio strategy. From 2005-2012, Jeb was the Portfolio Manager for the Lion Value Fund, the Firm's value-add investment platform. Prior to becoming a portfolio manager, Jeb was a senior member of the Firm's Acquisitions Group, completing more than $3.5 billion in real estate acquisitions across a broad range of strategies. He joined Clarion Partners in 1995, and began working in the real estate industry in 1984. His background includes all key aspects of portfolio management, including acquisitions, financing and sales totaling over $20 billion in all property types and risk strategies, in markets across the U.S., Brazil and Mexico.

Prior Experience

Winthrop Financial Associates, Boston, MA - Acquisitions and Asset Management (1984-1995)

Education

Dartmouth College, B.A. - Mathematics and Religion (1983)

Biographies

JON GELB

(212) 883-2733 Jon.Gelb@clarionpartners.com
Managing Director, Lion Properties Fund Portfolio Manager

Jon Gelb is an equity owner, Managing Director and Portfolio Manager for the Lion Properties Fund. Jon shares responsibility for all facets of Fund management including acquisitions and dispositions, asset management and investor communications. Previously, Jon served as Assistant Portfolio Manager to Jeb Belford on an open-end value-added fund and had acquisitions and portfolio management responsibilities for other Clarion portfolios. Jon joined the Firm in 2007 and began working in the real estate industry in 2005.

Prior Experience

Cushman & Wakefield, New York, NY - Transaction Consultant (2005-2007)

Education

Harvard Business School, M.B.A. (2005)
Wesleyan University, B.A. (1997)

Biographies

KATIE VAZ

(212) 883-2546 Katie.Vaz@clarionpartners.com
Managing Director, Lion Properties Fund Assistant Portfolio Manager

Katie Vaz, equity owner and Managing Director, is an Assistant Portfolio Manager for the Lion Properties Fund. Katie shares responsibility for all facets of Fund management including acquisitions and dispositions, asset management and investor communications. Previously, she served as a portfolio manager for three of Clarion's separate account portfolios totaling over $1.2 billion in assets under management. Prior to focusing on portfolio management, she was an asset manager of office product in the New York tri-state and Florida markets and also a portfolio management associate for Clarion's multifamily fund. Katie joined Clarion in 2005 and has 14 years of experience in the real estate industry.

Prior Experience

Pharmacia Corporation, Peapack, NJ - Manager of Sales Analytics (2001-2003)
ZS Associates, Princeton, NJ - Analyst (2000-2001)

Education

New York University, Stern School of Business, M.B.A (2005)
Princeton University, B.A. (2000)

Biographies

HEATHER HOPKINS, CPA

(212) 808-2163 Heather.Hopkins@clarionpartners.com
Managing Director, Lion Properties Fund Chief Financial Officer

Heather Hopkins is a Managing Director and the Chief Financial Officer of the Lion Properties Fund. Heather oversees financial reporting, cash management, investor relations and the legal, tax and capital structure aspects related to the Fund. Additionally, Heather is the Head of Investment Accounting for Clarion Partners. She joined Clarion Partners in 2015 and began working in the real estate industry in 1996. Heather is a Certified Public Accountant with the State of New York.

Prior Experience

Pretium Partners, LLC, New York, NY – Chief Financial Officer (2012–2015)
The Winter Organization, New York, NY – Chief Financial Officer (2007–2012)
Thor Equities, LLC, New York, NY – Vice President of Finance (2004–2007)
Soros Fund Management, LLC, New York, NY – Senior Controller, Real Estate division (2003–2004)
Goldman, Sachs & Co., New York, NY – Vice President, Controllers division (1996–2003)
Deloitte & Touche, New York, NY and Atlanta, GA – Senior Accountant, Audit services (1992–1996)

Education

University of North Carolina at Chapel Hill, Masters in Accounting and BS in Business Administration (1992)

Biographies

CUI TUNG, CPA

(212) 883-2618 Cui.Tung@clarionpartners.com
Vice President, Lion Properties Fund Controller

Cui Tung is a Vice President and the Controller for the Lion Properties Fund at Clarion Partners. Cui is responsible for accounting and financial reporting of the Fund. She joined Clarion Partners in 2006 and began working in the real estate industry in 2003. Cui is a Certified Public Accountant with the State of New York.

Prior Experience

Deloitte & Touche, New York, NY - Audit Senior (2003-2006)

Biographies

JOHN DEBERADINIS, CPA

(212) 883-2609 John.DeBeradinis@clarionpartners.com
Vice President, Lion Properties Fund Controller

John DeBeradinis is a Vice President and a Controller for the Lion Properties Fund at Clarion Partners. John is responsible for accounting and financial reporting of the Fund. He joined Clarion Partners in 2016 and began working in the real estate industry in 2009. John is a Certified Public Accountant with the State of New York.

Prior Experience

Pretium Partners, New York, NY - Vice President, Controller (2013-2016)
Brixmor Property Group, New York, NY - Financial Accounting Manager (2009-2013)
Health Systems Solutions, New York, NY - Senior Financial Analyst (2008-2009)
KPMG, Stamford, CT - Senior Associate (2006-2008)

Education

Loyola University Maryland, BBA in Accounting (2006)

Biographies

JESSICA BETTS

(213) 236-3443 Jessica.Betts@clarionpartners.com
Vice President, Portfolio Operations

Jessica Betts, Vice President is responsible for Portfolio Operations of West Coast assets for the Lion Properties Fund. Jessica serves as asset manager for a portfolio of office properties in Los Angeles and the Bay Area, totaling 1 million square feet. In addition, Jessica provides portfolio oversight of the Fund's West Coast assets. Jessica joined the Firm in 2011 and previously had asset management and acquisitions responsibilities for other Clarion portfolios.

Prior Experience

Waronzof Associates (2010-2011)

Education

University of Southern California, B.S. (2010)

Biographies

HARRIS MARKOWITZ, CPA

(212) 808-2164 Harris.Markowitz@clarionpartners.com
Vice President, Portfolio Management

Harris Markowitz is a Vice President on the Lion Properties Fund Portfolio Management Team at Clarion Partners. Harris is responsible for the quarterly property valuations, return calculations and performance reporting. Harris also is an asset manager for several of the Lion Properties Fund's assets. He also has portfolio management oversight responsibilities for the Fund's Baltimore-area, Midwest and Mountain region assets. He joined Clarion Partners in 2012 and began working in the real estate industry in 2005. Harris is a Certified Public Accountant with the State of New York.

Prior Experience

Goldman, Sachs & Co., Jersey City, NJ – Senior Associate (2010-2012)
Ernst & Young, New York, NY – Audit Senior (2005-2010)

Education

The George Washington University, Bachelor of Accountancy (2005)

MARKET OUTLOOK & HOUSE VIEW

APPENDIX E

CLARION PARTNERS

Signs of Stabilization in Slowing Global and U.S. Economic Growth

- What's New:
  - Phase One trade agreement reached between the U.S. and China
  - Guarded optimism for 2020
- Tailwinds:
  - Goldilocks economy: good growth + low inflation = possibility of a longer cycle
  - Accommodative monetary policy
  - Trade war has had minimal impact on U.S. GDP growth so far
  - Strong consumer spending (+3-4% YoY)
  - Manageable leverage in the economy (except corporate bonds and student debt)
  - Demographic drivers (household formation, Millennials / Gen Z)
  - Tech innovations / the 4th Industrial Revolution
  - U.S. energy independence in 2020
- Headwinds:
  - Geopolitical events especially in the Middle East
  - Ongoing trade tensions / decoupling between the U.S. and China
  - Global slowdown / Brexit
  - Election year uncertainty

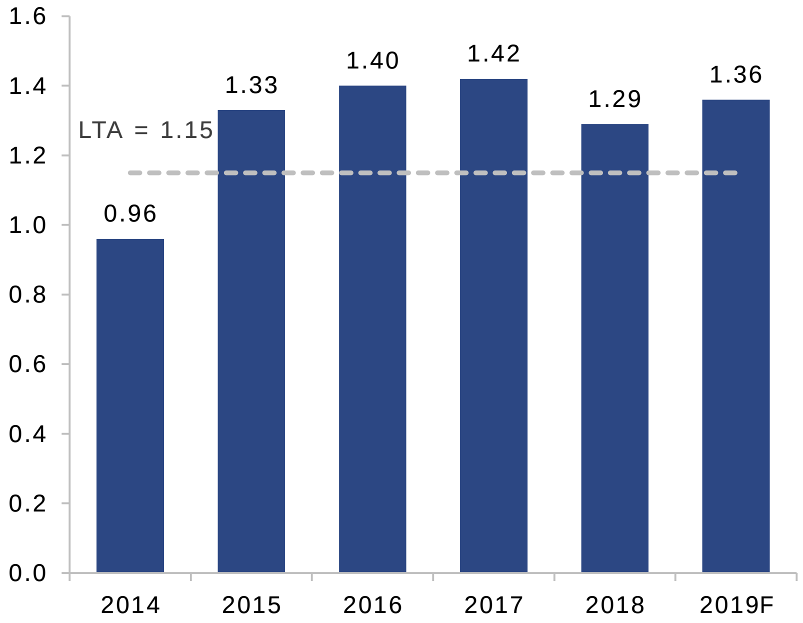
Source: Moody's Analytics, Clarion Partners Investment Research, January 2020.

Note: Past performance is not indicative of future results. Please see Important Legal Information regarding forecasts and in respect to risk factors at the end of this presentation.

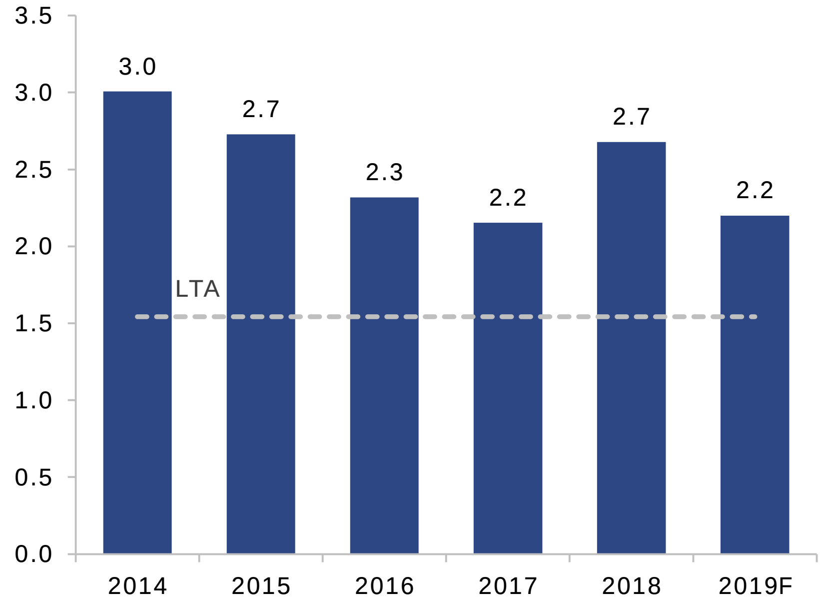
Strong Household Formation and Job Growth = Bright Spots in the U.S. Economy and a Distinct Competitive Advantage in the Global Market

– Job growth remains strong: 2019 year-to-date employment growth well above the LTA

ANNUAL U.S. HOUSEHOLD FORMATION (MILLION)



ANNUAL U.S. EMPLOYMENT GROWTH (MILLION)

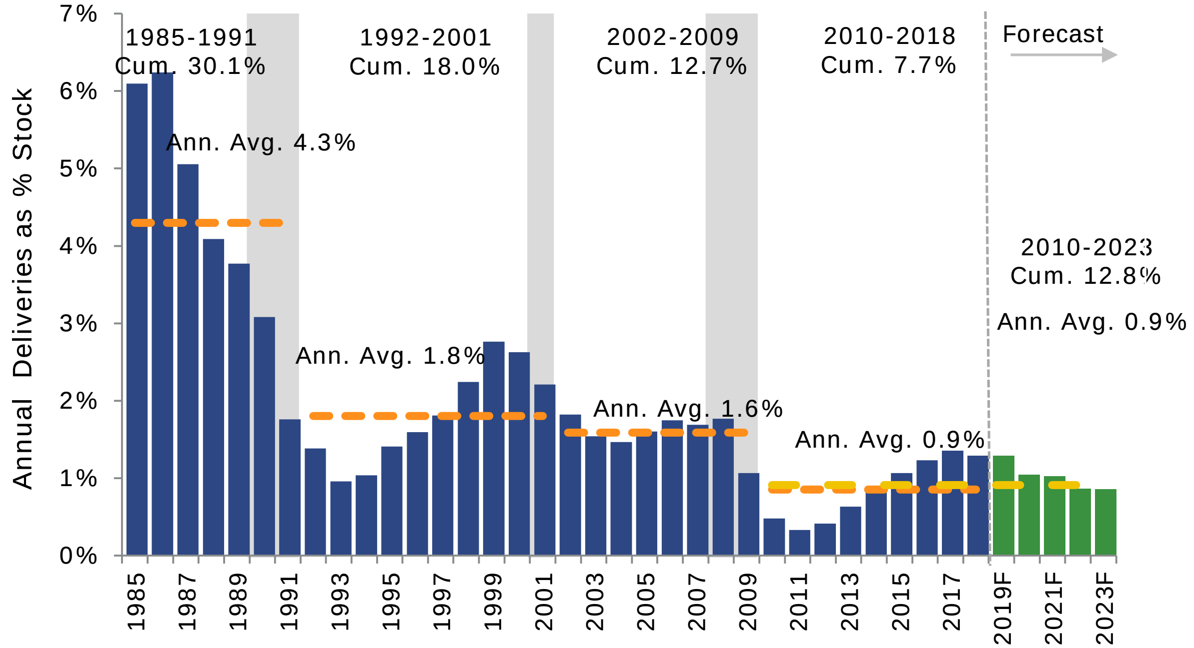


Source: Zelman Associates, Bureau of Labor Statistics, Clarion Partners Investment Research, December 2019.

Note: Past performance is not indicative of future results. LTA = long-term average. The 2019 employment growth is annualized based on year-to-date through November.

Cumulative New Supply is Significantly Lower This Cycle Relative to Previous Cycles

CUMULATIVE AND AVERAGE NEW SUPPLY



(GRAY BAR = RECESSION; DOTTED LINE = ANNUAL AVERAGE)

Source: CBRE-EA, Clarion Partners Investment Research, Q3 2019.

Note: Deliveries % is the average of industrial, multifamily, office, and retail sectors. Cumulative new supply was calculated from the beginning of the cycle to the end of recession. Past performance is not indicative of future results. Please see Important Legal Information regarding forecasts and projections at the end of this presentation.

Replacement Costs Rising 3x Ahead of Headline Inflation, Providing Additional Support for Asset Appreciation

– Higher land costs, rising construction costs, lengthy entitlement processes, and construction worker shortages have led to manageable new supply and potential challenges for new development projects

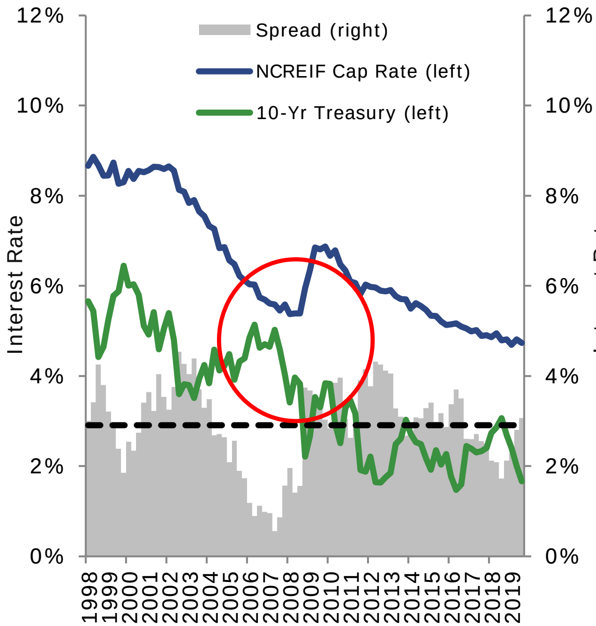
YEAR-OVER-YEAR INCREASE (%)
INFLATION, CONSTRUCTION COST, AND NPI APPRECIATION

	CPI INDEX	CONSTRUCTION COST INDEX	NPI APPRECIATION INDEX
2014	0.8%	4.4%	6.2%
2015	0.7%	4.5%	8.0%
2016	2.1%	4.9%	3.1%
2017	2.1%	5.0%	2.2%
2018	1.9%	5.6%	2.1%
2019 Q3 YoY	1.7%	5.2%	1.7%
2014-18 Cum. Growth	7.8%	26.9%	23.4%

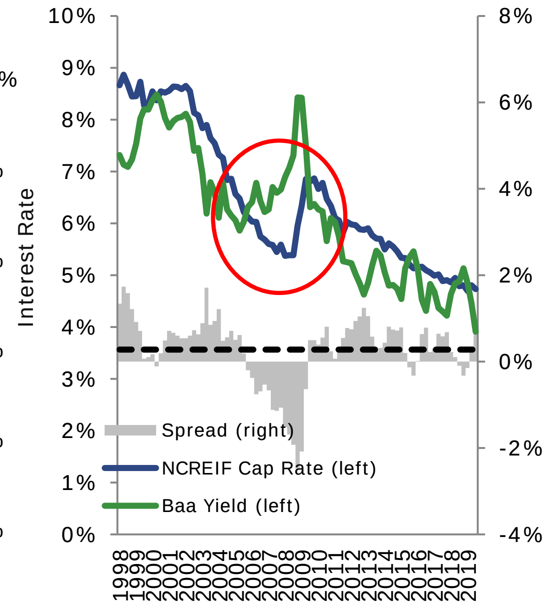
Source: Turner Construction Cost Index, NCREIF, Bureau of Labor Statistics, Clarion Partners Investment Research, Q3 2019.
Note: Past performance is not indicative of future results.

Current Cap Rate Spreads Over Treasuries and Corporates Still Well Above Prior Peaks

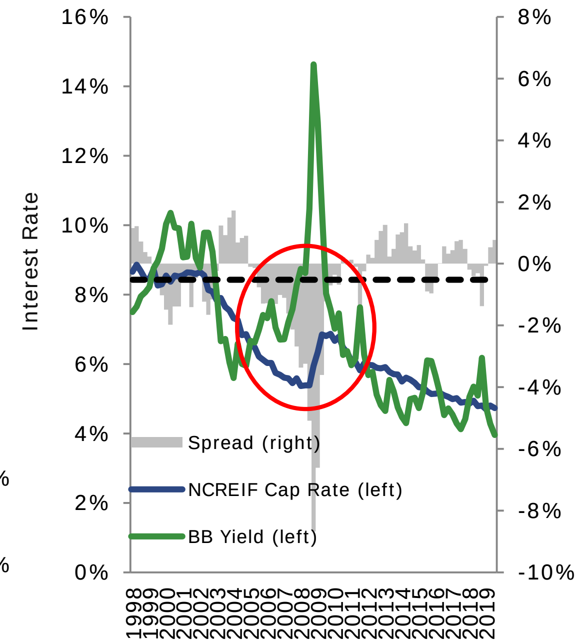
... VS. 10-YR TREASURY
CURRENT = +306 BPS
LTA = +291 BPS
2007 PEAK = +86 BPS



... VS. BAA CORPORATE BOND
CURRENT = +82 BPS
LTA = +28 BPS
2007 PEAK = -114 BPS



... VS. HIGH YIELD BOND (BB)
CURRENT = +77 BPS
LTA = -52 BPS
2007 PEAK = -213 BPS

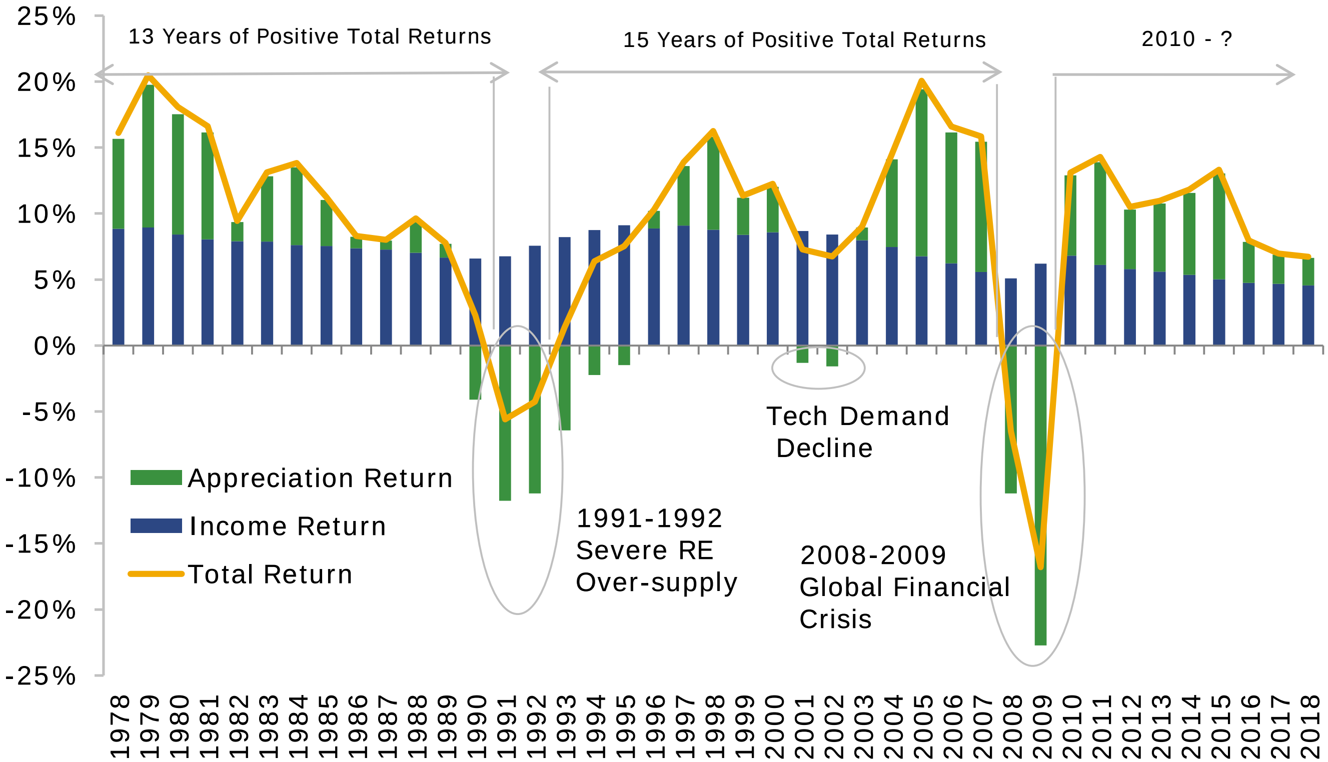


Source: NCREIF, Federal Reserve, BofA Merrill Lynch, Clarion Partners Investment Research, Q3 2019.
Note: All yields are as of Q3 2019. Red circles represent periods of high relative values; LTA (dotted line) = long-term average. Past performance is not indicative of future results.

U.S. Real Estate Cycles Historically Last More Than 10 Years; Strong Performance: 37 Years of Positive Returns in 41-Year History

– Target NPI (unlevered) total return is 6.5% for 2019, driven by both income and solid NOI growth

NCREIF PROPERTY INDEX TOTAL RETURN HISTORY



LTA Returns	
Income	7.2%
Appreciation	2.1%
Total	9.4%

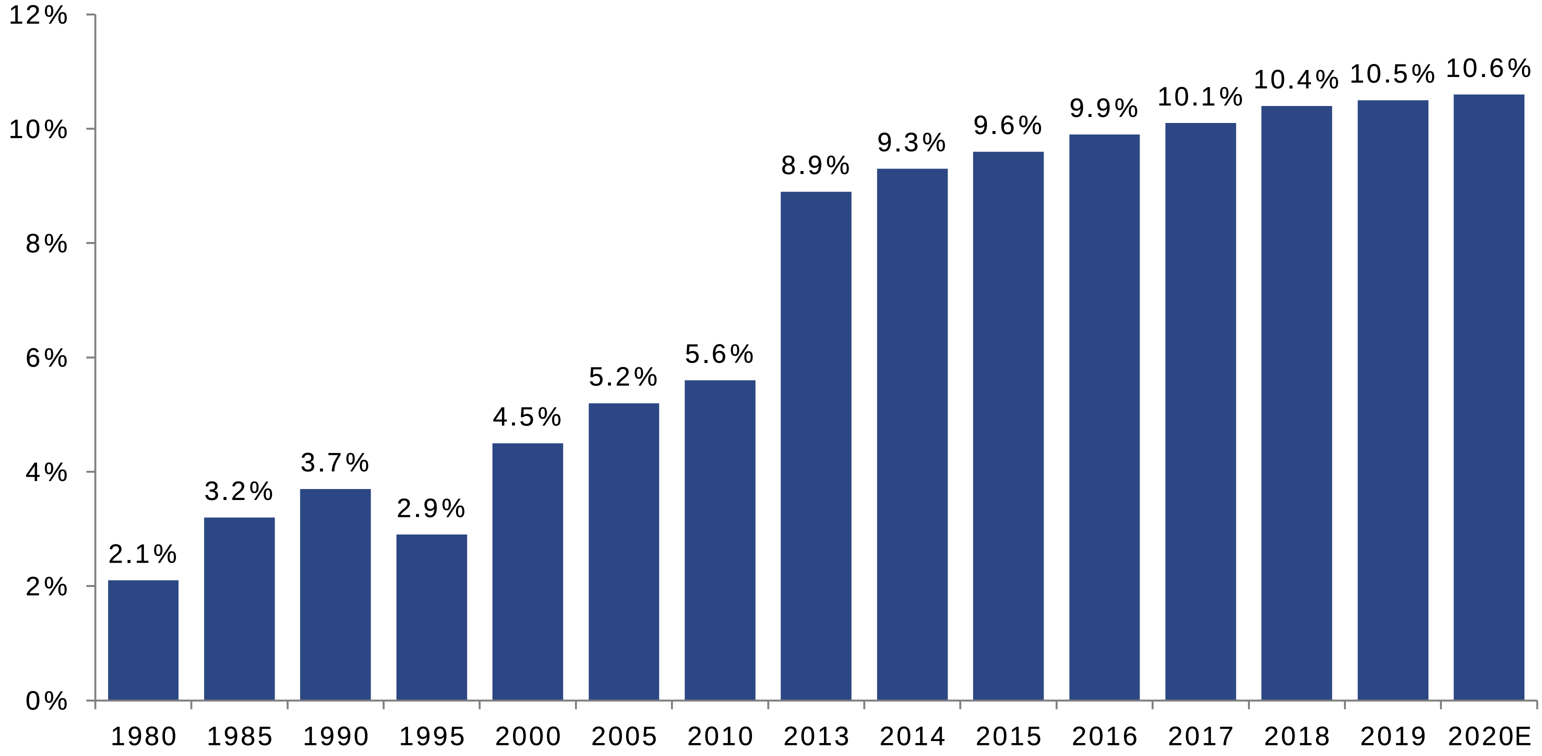
Source: NCREIF, Clarion Partners Investment Research, December 2019.

Note: LTA = long-term average, 1978-2018. 1978 is the NCREIF Property Index inception year. Please see Important Legal Information regarding forecasts and projections at the end of this presentation. Past performance is not indicative of future results. Forecasts have certain inherent limitations and are based on complex calculations and formulas that contain substantial subjectivity and should not be relied upon as being indicative of future performance.

Institutional Investors Increase Real Estate Target Allocations

– Market evidence suggests that insurance companies, sovereign wealth funds, and HNWIs have begun to catch up with this trend

REAL ESTATE AS % OF INSTITUTIONAL INVESTOR TARGET ALLOCATIONS



Source: Cornell Baker Program in Real Estate & Hodes Weill & Associates 2019. Institutional Real Estate Allocations Monitor, October 2019.

Notes: 1) Survey based on 212 institutional investors in 24 countries holding total assets under management (AUM) exceeding $12.3 trillion with portfolio investments in real estate totaling approximately $1.1 trillion. 2) 2020E is based on institutions' intended target allocation for next year. 3) HNWIs = high net worth individuals.

U.S. Real Estate Investment Outlook

U.S. Real Estate Fundamentals

- Good demand and record low new supply continue to support strong fundamentals
- Rent growth at or above long-term averages
- Healthy demand in most markets supports core/value-creation strategies
- Industrial and retail in structural transformation
- Real estate decisions largely influenced by access to talent, labor availability, housing affordability, and CAPEX
- Adaptive in a disruptive environment

U.S. Capital Markets

- Lower interest rates are positive for real estate valuations
- Record global investment capital and stiff competition for desirable core assets / projects
- Asset pricing at cyclical peak, but still attractive relative to alternatives
- Lenders remain conservative; value-add and construction tougher to finance
- Plenty of opportunities to obtain and create value through disciplined, active investment strategies

Source: Clarion Partners Investment Research, January 2020.

U.S Real Estate Market Opportunities Today

Desired:

- Industrial, industrial, and industrial
- West and South / tech / media-driven markets
- Alternative: life science / MOB / workforce housing
- Value-add / build-to-hold long-term
- Irreplaceable / defensive retail and selected opportunistic retail repositioning

Cautious:

- Most retail / most suburban office
- Large commodity assets / Midwest / some East Coast markets
- Assets with high, recurring CAPEX

Potential Risks:

- Rent regulations in several apartment markets
- Trade war / supply chain reconfigurations for logistic routes
- The future of co-working / demand for office space after WeWork failed IPO
- Large CAPEX in retail re-development

Source: Clarion Partners Investment Research, January 2020.

NOTES TO PERFORMANCE

APPENDIX F

CLARION PARTNERS

Important Legal Information

This is not an offer to sell, or a solicitation of an offer to buy, securities. Investment in real estate and real estate derivatives entails significant risk and is suitable only for certain qualified investors as part of an overall diversified investment strategy and only for investors able to withstand a total loss of investment. This material is for distribution only to prospective investors who are highly sophisticated and are “accredited investors” and “qualified purchasers,” as those terms are defined in the Securities Act of 1933 and the Investment Company Act of 1940, respectively. This presentation is strictly confidential and is not intended for distribution without the written permission of Clarion Partners. Unless otherwise indicated, returns are presented on a gross basis and do not reflect expenses, management fees or incentive allocations. References to indexes are hypothetical illustrations of aggregate returns and do not reflect the performance of any actual investment. Investors cannot invest in an index. Past performance is not indicative of future results and a risk of loss exists. Any investor’s actual returns may vary significantly from any aggregate returns set forth in this presentation. Forecasts and projections rely on a number of economic and financial variables and are inherently speculative. Such forecasts and projections are based on complex calculations and formulas that contain substantial subjectivity. There can be no assurance that market conditions will perform according to any forecast or that any fund or account will achieve its objectives. Investors are cautioned not to place undue reliance on any forward-looking statements. Clarion Partners does not assume any obligation to update any forward-looking statements as a result of new information. Such statements are believed to be accurate as of the date provided but are not guaranteed and are subject to change without notice. This material does not constitute investment advice and should not be viewed as a current or past recommendation to buy or sell any securities or to adopt any investment strategy. Clarion Partners does not provide tax or legal advice. Tax-related statements are based on Clarion Partners’ understanding of the tax laws. Investors must seek the advice of their independent legal and tax counsel before investing. Certain information contained in this material may have been obtained or derived from independent sources believed to be reliable. Clarion Partners cannot guarantee the accuracy or completeness of such information and has not reviewed the assumptions on which such information is based.

Target Return Disclosure. Target returns may be included herein and, if so, are based on historical performance of the real estate market, current market conditions, the amount of risk to be assumed by the account or fund, as applicable, and certain subjective assumptions relating to the respective investment strategy. Fund-level target returns assume investment through a complete real estate investment cycle. Target returns are presented to establish a benchmark for future evaluation of fund performance, to provide a measure to assist in assessing the anticipated risk and reward characteristics of an investment in the strategy and to facilitate comparisons with other investments. In general, the higher a target return is for an investment, the greater the amount of risk that is associated with that investment. The target is not intended to provide an investor with a prediction of performance and no investment should be made as a result of the target. Any target data or other forecasts contained herein are based upon estimates and assumptions about circumstances and events that may not occur or may change over time. For instance, the target may assume a certain rate of increase in the value of real estate over a particular period of time. If any of the assumptions used do not prove to be true, actual results may be lower than targeted returns. The target investment returns are subject to change at any time and are current as of the date hereof only. In any given year, there may be significant variation from these targets, and Clarion Partners makes no guarantee that an investment will be able to achieve the target investment returns in the short term or the long term (i.e., over a complete real estate investment cycle). Targets are subjective and should not be construed as providing any assurance as to the results that may be realized.

Target Internal Rates of Return. “Target Gross IRRs” are returns calculated gross of fund-level management fees, incentive allocations and expenses, which in the aggregate will be substantial and will have the effect of reducing returns. “Target Net IRRs” are returns calculated net of fund-level management fees, incentive allocations and expenses, unless otherwise disclosed. Target IRRs are based solely on internal cash flow projections and estimates of current market value and do not reflect opinions of value from third party appraisals.

Aggregated Property-Level Data. Aggregated (or “Blended”) property-level return targets, capitalization rates and internal rates of return (IRR), as applicable, are based, in part, on the value of the properties held in the portfolio. Values are assigned to each property using a consistent methodology that is applied in accordance with the written valuation policies. Aggregated asset-level return targets, capitalization rates and IRRs may incorporate property values assigned to properties on different dates within the prior year. Such property values are estimates only. This data is provided for illustrative purposes only and should not be viewed as a guarantee of current property value, capitalization rate or internal rate of return, as applicable. Neither individual nor aggregated cap rates represent a return or distribution from the portfolio itself.

Important Legal Information (cont.)

Private Fund Disclosure. The information provided herein with respect to one or more funds (each, a "Fund"), as applicable, has been provided for informational purposes only and does not constitute an offer to sell, or solicitation of offers to buy or convert, securities in any existing or to-be-formed issuer. Investment in a Fund can be made only pursuant to the subscription agreement, offering memorandum and related documents and after careful consideration of the risk factors set forth therein. The information provided with respect to any the Fund is qualified in its entirety by reference to, and will be superseded by, such documents.

An investment in a Fund is speculative and involves a high degree of risk, potentially including risks related to the use of leverage. The performance of the Fund and its assets may be volatile. An investor may lose all or a significant amount of its investment in the Fund. Investment in the Fund is suitable only for sophisticated investors and requires the financial ability and willingness to accept the high risk and lack of liquidity inherent in the investment.

There can be no assurance that unrealized investments will be realized at the current valuations. There can be no guarantee that any Fund will be successful in implementing its investment strategy or that target returns will be realized. Gross returns are calculated prior to deduction of all fund-level fees, including asset management fees and incentive distributions, and investor-level taxes, all of which will reduce returns to investors.

Value Definitions, As Applicable. Gross Asset Value ("GAV") is the Firm's consolidated wholly owned total assets and proportionate share of joint venture total assets. Gross Real Estate ("GRE") is the Firm's consolidated wholly owned real estate assets and proportionate share of joint venture real estate assets. In contrast to GAV, GRE excludes cash and other assets. For Periods on or after 12/31/2013, Assets under Management ("AuM") is Gross Asset Value ("GAV"). Prior to that date, AuM is Gross Real Estate Value ("GRE").

Important Disclosure Relating to Clarion Partners Property Performance and Comparisons to the NCREIF Property Index

Inception date is 10/1/1984. Clarion Partners' performance is calculated by blending the performance of assets from all client portfolios that meet the criteria for inclusion in the NCREIF Property Index ("NPI"). If the performance shown is for a subset of accounts of Clarion Partners, then all properties that would meet the criteria for inclusion in such subset in the NPI are included. Except with respect to subsets (e.g., industrial properties), qualifying properties include all Clarion Partners client-owned U.S. office, industrial, retail, residential and hospitality operating properties accounted for at market value, pursuant to the current valuation policy applicable to the respective client. New qualifying properties are included in the first full quarter in which they reach a minimum of 60% occupancy or, for newly acquired renovation or development assets, the earlier of 60% occupancy or 1 year after completion of the renovation or development. Once a property is included by Clarion Partners, it remains in the track record until it is disposed or converted to a property type which does not meet NPI inclusion criteria. With the exception of subsets outside of the hospitality sector, Clarion Partners includes the historical performance of 2 hotel investments managed by a Clarion Partners employee between 2002 and 2005 while working at Sarofim Realty Advisors and transferred to Clarion Partners in 2006 and 2007. The performance of Clarion Partners is hypothetical in that it does not track the aggregate performance of all assets held in Clarion Partners client accounts or of any individual account. No client has received the performance shown. Except as otherwise noted, Clarion Partners performance is shown unleveraged and gross of taxes, investment management fees, incentive fees, and, any fund expenses, if applicable. If such fees and expenses were deducted from the assets shown, performance would be substantially lower.

The NPI is a primary benchmark for the commercial real estate industry calculated and maintained by the National Council of Real Estate Investment Fiduciaries. The NPI is a total rate of return measure of the investment performance of a large pool of individual commercial properties that have been acquired in the private market for investment purposes. The NPI includes only U.S. office, industrial, retail, residential and hospitality operating properties owned in whole or in part by non-taxable institutional investors and accounted for at market value. The NPI is gross of investment management fees and is unleveraged. Information regarding NPI's methodology is available at http://www.reportingstandards.info/. Substantial differences exist between the methodology for calculating the NPI and the Clarion Partners performance data. Performance was achieved under certain economic conditions that may not be repeated. Past performance is not a guarantee of future results.

Effect of Fees on Gross Performance

If management and other fees were included, performance would be lower. Advisory fees are disclosed in each fund's private placement memorandum, in each investment advisory agreement for separate accounts, and in Part 2A of Clarion Partners' Form ADV, Part 2A.

Important Legal Information (cont.)

<u>Additional Index Definitions</u>

The NCREIF Total Return Property Index (NPI). The NPI quarterly, annual and annualized total returns consist of three components of return – income, capital and total. Total Return is computed by adding the Income Return and the Capital Value Return.

NPI Market Value Index (MVI). The NPI MVI is simply an equal-weighted average of quarterly changes in reported market value for the properties that are not undergoing a major capital expansion. MVI is designed to reflect how property values are changing over time and be an alternative to the NCREIF capital index.

NCREIF Appreciation Index. The NCREIF Appreciation Index is a quarterly, unleveraged composite appreciation return for private commercial real estate properties held for investment purposes only.

NCREIF Industrial Sub-Index. The NCREIF Industrial Sub-Index is a quarterly, unleveraged composite total return for private industrial real estate properties held for investment purposes only.

Bloomberg Barclays US Aggregate Bond Index. The Bloomberg Barclays US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency).

EURO STOXX 600. The STOXX Europe 600 or STOXX 600 is a stock index of European stocks designed by STOXX Ltd. This index has a fixed number of 600 components, among them large companies capitalized among 18 European countries, covering approximately 90% of the free-float market capitalization of the European stock market (not limited to the Eurozone).

FTSE NAREIT All Equity REIT Index. The FTSE NAREIT All Equity REITs Index is a free-float adjusted, market capitalization-weighted index of U.S. Equity REITs. Constituents of the Index include all tax-qualified REITs with more than 50 percent of total assets in qualifying real estate assets other than mortgages secured by real property.

JLL Global RE Transparency Index. The JLL Global Real Estate Transparency Index is based on a combination of quantitative market data and information gathered through a survey of the global business network of JLL and LaSalle Investment Management across 109 markets.

Morgan Stanley EAFE Int'l Stock (MSCI EAFE) Index. The MSCI EAFE Index is designed to represent the performance of large and mid-cap securities across 21 developed markets, including countries in Europe, Australasia and the Far East, excluding the U.S. and Canada.

Morgan Stanley Emerging Markets (MSCI EM) Index. The MSCI Emerging Markets Index captures large and mid-cap representation across 24 Emerging Markets (EM) countries. With 845 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

NAREIT Equity REIT. NAREIT Equity REIT Index is an index designed to provide the most comprehensive assessment of overall industry performance, and includes all tax-qualified real estate investment trusts (REITs) that are listed on the New York Stock Exchange, the NYSE AMEX Equities or the NASDAQ National Market List.

The FTSE NAREIT Equity REITs index contains all Equity REITs not designated as Timber REITs or Infrastructure REITs.

Investment Property Databank (IPD) Index. The IPD Index is a composite of investment returns on both a historical and current basis of its participating members, who must qualify as being open-end, core, diversified funds pursuing a core investment strategy and includes all investments owned by them including real estate, cash and other investments (mezzanine loans receivable, notes receivable, forward commitments, etc.). The IPD Index is capitalization-weighted and is reported gross of fees. Measurement is time-weighted. Unless otherwise noted, IPD Index returns are presented without leverage and before the deduction of portfolio level management fees and do not reflect the results of any actual investment portfolio. The index's history is unfrozen; therefore, any reconstitution would result in a revision to the index's historical data. For comparative purposes, IPD calculates LPF returns using the same methodology as the IPD Index. Further information is available online at http://www.ipd.com.

S&P 500 - Standard and Poor's 500 Index. The S&P 500 Index is a capitalization-weighted index of 500 large U.S. stocks. The index is designed to capture the returns of many different sectors of the U.S. economy. The total return calculation includes the price-plus-gross cash dividend return.

ATTACHMENT #3

Morgan Stanley

INVESTMENT MANAGEMENT

Discussion Materials

Morgan Stanley Real Estate Investing
Prime Property Fund

As of December 31, 2019

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ERISA plan investment committee or plan sponsor only:

Morgan Stanley believes that you, as a fiduciary of the Plan, hold or have under management or control total assets of at least $50,000,000 and are capable of evaluating investment risk independently, both in general and with regard to particular transactions and investment strategies.

Important Notices

General. The information contained herein refers to research, but does not constitute an equity research report and is not from Morgan Stanley Equity Research. Unless otherwise indicated, the views expressed are those of the research and strategy team of Morgan Stanley Real Estate Investing ("MSREI") and may differ from those of Morgan Stanley Equity Research and other Morgan Stanley affiliates (including others within MSREI). These views may also differ from investment strategies implemented by MSREI now or in the future. The information (including facts, opinions, estimates or projections) contained herein is based on financial, economic, market and other conditions prevailing as of the date hereof. As such, it remains subject to change at any time. By providing such information, MSREI assumes no obligation to provide any update or supplement to such information following the date hereof. Although reasonable care has been taken to ensure that the information (including facts, opinions, estimates or projections) contained herein is accurate, complete and fair, no warranty, express or implied, is made as to the accuracy, completeness or fairness of such information. Certain economic and market information contained herein may have been obtained from third parties sources. While MSREI believes that such sources are reliable, neither MSREI nor any other Morgan Stanley affiliate has independently verified such information or assumes any responsibility or liability for the accuracy, completeness or fairness of such information or any omission of information.

Confidentiality. The information contained herein is highly confidential. By accepting these materials, you agree that such materials (including any data, analysis, conclusions or other information contained herein and all oral information, if any, provided by MSREI in connection herewith) may not be photocopied, reproduced or otherwise shared or distributed to any other persons, in whole or in part, without the prior consent of MSREI. Notwithstanding the foregoing, such materials and information may be provided to (a) your legal, tax, financial and other advisors who agree to maintain these materials in confidence and (b) a government official to the extent necessary to comply with a judicial or governmental order. Notwithstanding the foregoing, prospective investors and their employees, representatives and/or advisors may disclose to any person, without limitation, the U.S. federal income tax treatment of the transactions and relationships contemplated herein and copies of related tax opinions or other materials concerning the tax structure thereof.

Past Performance. Past performance is not indicative of future results. Any projected or target returns contained herein are being provided for informational purposes only. Investments in real estate may result in the loss of principal. There can be no assurance that any projected or target returns, or any returns at all, will be achieved.

Not Investment Advice. The materials have been prepared solely for information purposes and do not constitute an offer or a recommendation to buy or sell any particular security or to adopt any specific investment strategy. The materials contained herein have not been based on a consideration of any individual client circumstances and is not investment advice, nor should it be construed in any way as tax, accounting, legal or regulatory advice. To that end, investors should seek independent legal and financial advice, including advice as to tax consequences, before making any investment decision.

Forward-Looking Statements. These materials contain projections and other forward-looking statements. Any statements that are not historical facts are forward-looking statements that involve risks and are inherently uncertain. Sentences or phrases that use such words as "believe," "anticipate," "plan," "may," "hope," "can," "will," "expect," "should," "goal," "objective," "projected" and similar expressions also identify forward-looking statements, but their absence does not mean that a statement is not forward-looking. Projections and other forward-looking statements, including statements regarding MSREI's assessment of the market, are by their nature uncertain insofar as actual realized returns or other projected results can change quickly based on, among other things, unexpected market movements, changes in interest rates, legislative or regulatory developments, errors in strategy execution, acts of God and other asset-level developments. There can be no assurance that projections and other forward-looking information will not change based on subsequent developments and without further notice, and no assurance can be given as to outcome. You should not place undue reliance on forward-looking statements, including forecasts and projections, and statements regarding the assessment of the market, which speak only as of the date referenced herein.

Targeted Purpose and Audience. These materials have been prepared for a specific purpose and a specific target audience. These materials have been designed for use on a one-on-one basis; if you are not the intended recipient and/or plan on using these materials for other than the intended purpose, then these disclosures may not be adequate for your purposes. These materials do not purport to be all-inclusive or to contain all the information necessary to make an investigation or decision regarding MSREI, the Fund or the Adviser. Please discuss any questions you may have with an appropriate MSREI representative.

Important Notices (Cont'd)

Not an Offer; Qualified by Offering Memorandum. These materials and the information, which is not impartial, contained herein have been prepared solely for informational and educational purposes and do not constitute an offer, or a solicitation of an offer, to buy or sell any security, instrument or other interest in any current or future fund or investment vehicle, whether sponsored by MSREI or any other Morgan Stanley affiliate or otherwise. Any such offer or solicitation shall be made only pursuant to a final confidential private placement memorandum (the "Offering Memorandum") for such fund or investment vehicle, which will describe other important information about the sponsor and such fund or investment vehicle. In deciding whether to invest in a fund or investment vehicle, prospective investors should carefully review the Offering Memorandum for such fund or investment vehicle, including the sections regarding the risks and conflicts of interest associated with such an investment and the material terms of the relevant constituent documents. Prospective investors should rely solely on the Offering Memorandum in making an investment decision, and should not rely on any other materials, including these materials, or any oral information, if any, provided by MSREI in connection therewith.

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Investment Risk. Investments in private funds are speculative and include a high degree of risk. Investors could lose their entire investment. Private funds are highly illiquid, and are only suitable for long-term investors willing to forgo liquidity and put capital at risk for an indefinite period of time. Private funds often engage in speculative investment practices that may increase the risk of investment loss. Private funds may involve complex tax structures and there may be delays in distributing important tax information. Private funds typically have significantly higher fees and expenses than other investment vehicles. Investing in private funds is not for everyone as it entails risks that are different from those of more traditional investments. Anyone considering an investment in a private fund should have the financial ability and willingness to accept the risks (including, among other things, the risk of loss of investment and the lack of liquidity) characteristic of such investments.

Consultation of Advisors. These materials do not constitute legal, tax, financial or other advice. The legal, tax and other consequences of any proposed transaction may differ for each recipient as a result of, among other things, the particular financial situation of, and the laws and regulations applicable to, each recipient. You should consult your own legal counsel, accountants and other advisors regarding the information contained herein and the transactions described hereby.

Availability of Adviser's Form ADV. Morgan Stanley Real Estate Advisor, Inc., the Adviser to the Fund, and various other Morgan Stanley affiliates that are registered with the U.S. Securities & Exchange Commission ("SEC") have filed with the SEC, and are required to update periodically, Form ADV. Form ADV Part 2A and 2B contain essential information about a given investment advisory firm, including information about firm management, clients, fee arrangements and the handling of conflicts of interest, and the SEC requires that it be sent to all prospective clients who might enter into an advisory agreement prior to execution. Upon request, the Adviser will furnish a copy of its Form ADV without charge to you. Please contact Morgan Stanley Real Estate Investor Services at (212) 761-7160 or email msreinvestor@morganstanley.com for a copy.

Any losses in MSREI funds will be borne solely by investors in MSREI funds and not by Morgan Stanley and its affiliates. Therefore, Morgan Stanley's losses in MSREI funds will be limited to losses attributable to the ownership interests in MSREI funds held by Morgan Stanley and its affiliates in their capacity as investors in MSREI funds. Interests in MSREI funds are not insured by the FDIC and are not deposits, obligations of, or endorsed or guaranteed in any way, by Morgan Stanley. Investors should read the applicable Offering Memorandum (if available) before investing in MSREI fund. Morgan Stanley is the sponsor of MSREI funds for purposes of the Section 619 of the Dodd-Frank Act ("The Volcker Rule"). A description of the role and services of Morgan Stanley is provided in the Memorandum.

Distribution in the European Economic Area. The Fund may not have been approved, notified or registered in accordance with the Alternative Investment Fund Managers Directive (Directive(2011/61/EU) (the "AIFMD") for marketing to professional investors in certain member states of the EEA (each an "EEA Member State"). In such cases, approval may be sought or such notification or registration may be made in the future. Alternatively, the Fund may not be relying on such registration for marketing, and these materials may have been transmitted to an investor in an EEA Member State at such investor's own initiative.

For more information contact: Scott Brown, c/o Morgan Stanley, 1585 Broadway, 37th Floor, New York, NY 10036.

Risk Considerations

There are significant risk factors associated with an investment in PRIME. An investment in PRIME will involve significant risks due to, among other things, the nature of the Fund's investments and potential conflicts of interest. There can be no assurance that PRIME will realize its rate of return objectives or return any investor capital. Investors should have the financial ability and willingness to accept the risks (including, among other things, the risk of loss of investment and the lack of liquidity). The value of an investment in the Fund may fluctuate. Past results do not guarantee future performance.

These risk factors include the following:

- Conflicts of interests between the Fund, its investors, the Adviser and other affiliates of Morgan Stanley
- Tax considerations and regulatory matters
- Lack of liquidity of investments
- No or restricted transferability of, or market for, interests in the Fund
- Competition
- Leverage
- Market risk; minority investments in companies
- Interest rate risks
- Risks of real estate investments, which may include the following: dependency on specialized management skills, lack of diversification, fluctuations in the value of underlying properties; defaults by borrowers or tenants; market saturation; changes in general and local economic conditions; decreases in market rates for rents; increases in competition, property taxes, capital expenditures or operating expenses; and other economic, political or regulatory occurrences affecting the real estate industry

See Tab E - Risk Considerations for additional risk factors in connection with making an investment in PRIME

SECTION 1

Morgan Stanley – MSREI Overview

Morgan Stanley – A Leading Global Financial Services Firm

Morgan Stanley serves clients worldwide providing a wide range of investment banking, securities, investment management and wealth management services

MSIM

40+
YEARS OF HISTORY

24
COUNTRIES

699
INVESTMENT PROFESSIONALS

24
INVESTMENT TEAMS

$507Bn
TOTAL MSIM CLIENT AUM

Morgan Stanley
James Gorman
Chairman and Chief Executive Officer

Investment Management (MSIM)

Global investment manager delivering innovative investment solutions across public and private markets

Institutional Securities Group

Global leader in investment banking: consistently ranked among the top firms in M&A, equity underwriting and debt financings

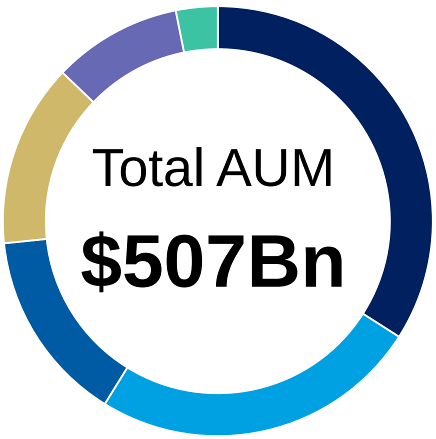
Wealth Management (MSWM)

Recognized as one of the industry's premier global wealth management firms

AUM as of September 30, 2019
Fund of Fund assets represent assets under management and assets under supervision
Direct private investing assets represents the basis on which the firm earns management fees, not the market value of the assets owned

MSIM Overview

Investment Solutions Across Public & Private Markets



$126Bn
ACTIVE FUNDAMENTAL EQUITY

- International Equity
- Counterpoint Global
- Global Emerging Markets
- European Equity

$74Bn
GLOBAL FIXED INCOME

- U.S. Fixed Income
- Global Fixed Income
- Emerging Markets Debt
- European Fixed Income

$173Bn
GLOBAL LIQUIDITY

- Money Markets
- Ultra-Short Income

$71Bn
SOLUTIONS & MULTI-ASSET

- Portfolio Solutions
- Global Multi-Asset
- Hedge Fund Solutions
- Managed Futures
- Applied Equity Advisors

$16Bn
PRIVATE CREDIT & EQUITY

- U.S. Private Equity
- Asia Private Equity
- U.S. Growth Private Equity
- U.S. Energy Private Equity
- Private Opportunistic Investing
- U.S. Private Credit
- AIP Private Markets

$48Bn
REAL ASSETS

- Private Real Estate
- Private Infrastructure
- Private Real Assets Credit
- Listed Real Assets

AUM figures within each business line may not sum to total AUM due to rounding. Data as of September 30, 2019. Fund of Fund assets represent assets under management and assets under supervision. Direct private investing assets represents the basis on which the firm earns management fees, not the market value of the assets owned

MSIM's Real Assets Platform

Scope and Scale – $48Bn in Total AUM

MORGAN STANLEY INVESTMENT MANAGEMENT
Dan Simkowitz

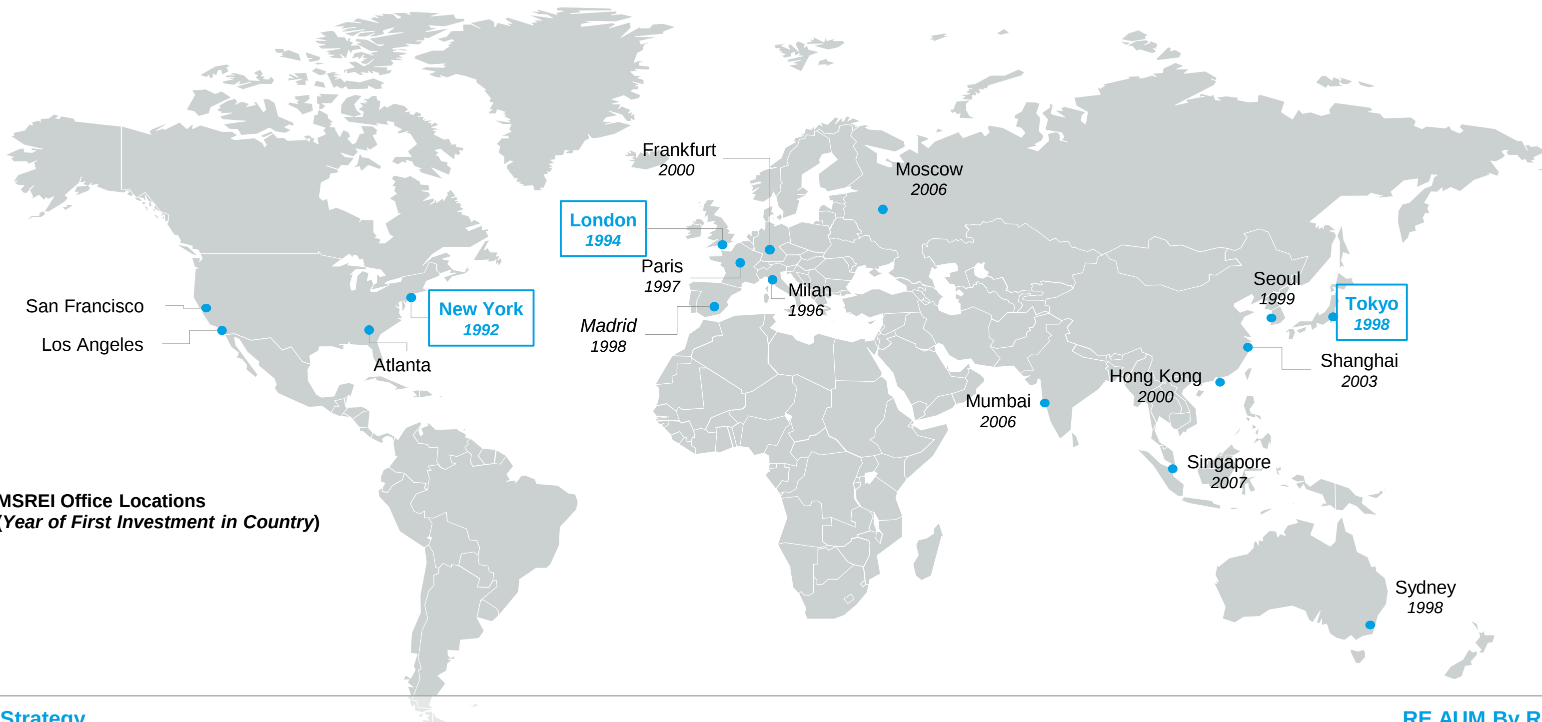
REAL ASSETS
John Klopp

		PRIVATE REAL ASSETS CREDIT		
PRIVATE REAL ESTATE **Olivier de Poulpiquet**	**PRIVATE INFRASTRUCTURE** **Markus Hottenrott**	**MESA WEST CAPITAL (U.S.)** **Jeff Friedman & Mark Zytko**	**SECURED PRIVATE CREDIT (EUROPE)** **Claus Vinge Skrumsager**	**GLOBAL LISTED REAL ASSETS** **Ted Bigman**
AUM: $30Bn	**AUM: $3Bn**	**AUM: $3Bn**	**AUM: $1Bn**	**AUM: $10Bn**
Global Opportunistic and Regional Core real estate	Global Value-Add Infrastructure	Private commercial real estate debt origination	Senior secured private debt origination	Publicly traded real estate and infrastructure securities
~200 Professionals	~50 Professionals	~40 Professionals	6 Professionals	~25 Professionals
17 Global Offices	8 Global Offices	4 U.S. Offices	1 Europe Office	4 Global Offices
Average Senior Tenure 26 years	Average Senior Tenure 27 years	Average Senior Tenure 21 years	Average Senior Tenure 18 years	Average Senior Tenure 23 years

AUM figures within each business line may not sum to total AUM due to rounding. Data as of September 30, 2019. Direct private investing assets represents the basis on which the firm earns management fees, not the market value of the assets owned. Number of professionals excludes Firm and Morgan Stanley Investment Management professionals who support Real Assets. Average tenure reflects the average years of industry experience of the senior management teams

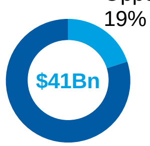
MSREI Global Reach

- Morgan Stanley Real Estate Investing ("MSREI") is the global private real estate investment management arm of Morgan Stanley
- ~200 professionals in 17 offices across 13 countries plus decades of experience investing internationally
- As of September 30, 2019, MSREI manages $41Bn of global real estate on behalf of its clients[(1)]



MSREI Office Locations
(*Year of First Investment in Country*)

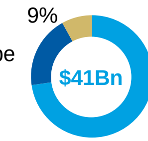
RE AUM By Strategy



STRATEGIES

Regional Core	Prime Property Fund U.S.	Prime Property Fund Europe	Prime Property Fund Asia
Global Opportunistic	North Haven Real Estate Funds		

RE AUM By Region



Note
1. As of September 30, 2019. Real estate assets under management ("RE AUM") represents gross fair market value of the real estate assets managed by MSREI on behalf of the Firm and its clients, presented at direct ownership interest. RE AUM for certain minority interests represents the respective fund's equity investment in the entity. Global equity assets under management (fee generating accounts) as of September 30, 2019 was $30Bn (unaudited). Totals subject to rounding

PRIME Family of Core Open-End Funds

As of December 31, 2019

- The PRIME brand exemplifies quality and consistency of approach in managing and servicing investor interests over the long-term
- The PRIME Funds replicate best practices, governance and operations while delivering first-class reporting, transparency and risk management

MSREI offers three open-end core real estate strategies that share consistent investment approaches and best practices across different geographies

PRIME Property Fund

- Established in 1973
- PRIME is one of the largest diversified open-end funds in the U.S. with a proven track record of outperformance
- Focuses on high quality office assets, Class A multifamily communities, warehouse distribution and storage facilities, and top tier super regional malls in targeted primary markets within the U.S.
- Gross Asset Value of $31.4B across 436 investments
- Target leverage 15%-25%

PRIME Asia

- Established in 2015
- PRIME Asia seeks to take advantage of the growing economic relevance and long-term growth potential of the Asian markets
- Focuses on institutional grade real estate diversified by property type and location primarily across six major Asian markets
- Gross Asset Value of $2.5B across 49 investments
- Target leverage 25%-35%

PRIME Europe

- Established in 2019
- PRIME Europe seeks to offer scale, diversification, liquidity and superior risk-adjusted returns by assembling an institutional-grade real estate portfolio in targeted markets across Europe
- MSREI has a long-standing presence in Europe and a deep team of experienced professionals with established relationships in key markets.
- In its initial investing period
- Target leverage 25%-35%

SECTION 2

Executive Summary

Premier Assets

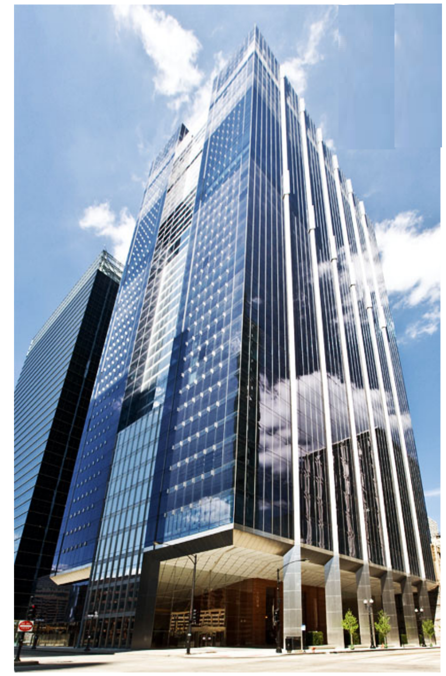
One Maritime Plaza, San Francisco, CA

500 Park Avenue, New York, NY

Dadeland Mall, Miami, FL

AMLI South Shore, Austin, TX

AMLI 535, Seattle, WA



155 North Wacker, Chicago, IL

801 17th Street, Washington, DC

Fashion Valley Mall, San Diego, CA

586 Gulf Avenue, Staten Island, NY

Prime Property Fund

- One of the longest-term core open-end funds – in its 47th year of operation

PRIME is a core, fully-specified, open-end commingled real estate investment fund diversified by property type and location designed to provide a stable, income-driven rate of return over the long term with potential for growth of income and appreciation of value.

Highlights:

- Diversified high-quality portfolio that is difficult to replicate and constructed to be resilient through market cycles
- Consistent, research supported investment strategies employed
- Focus on high-quality office buildings, Class A apartment communities concentrated within nine targeted markets, warehouses in major distribution markets and top tier super-regional malls
- Proven track record over the near, intermediate and long term, meaningfully outperforming the NFI-ODCE index over these time frames(1)
- Long-tenured and experienced portfolio management team dedicated to providing superior results and client service
- The largest fund across MSREI's global real estate investing platform and comprises over 96% of gross real estate assets in the U.S.(2)

Notes

Past performance is not indicative of future results. See the Performance Notes for important information about performance returns.

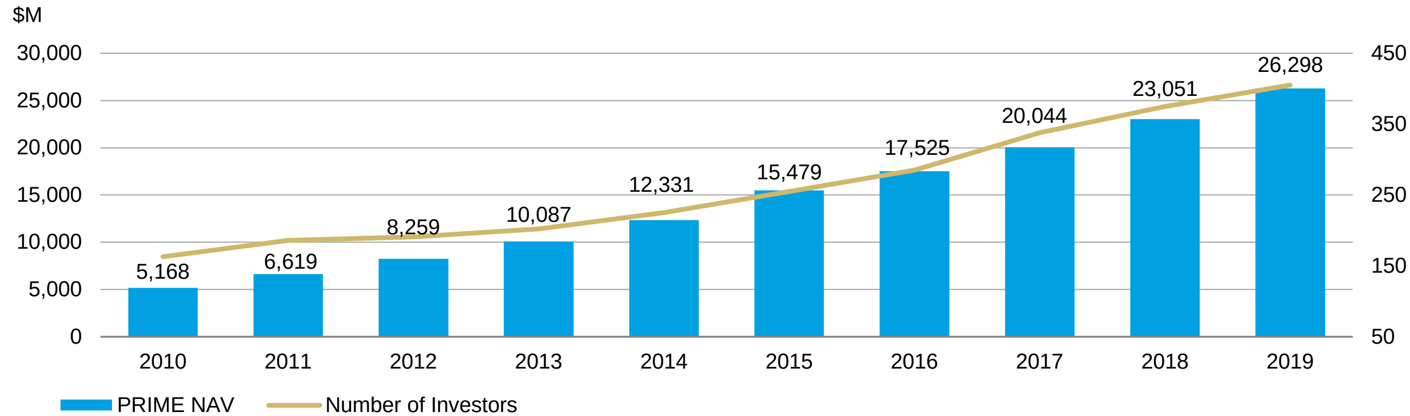
1. Based on gross returns as of December 31, 2019. Please see page 44 for PRIME's before and after fee performance compared to the NFI-ODCE.
2. Gross real estate assets represents the gross fair market value of the real estate assets managed by MSREI on behalf of the firm and its clients, presented at direct ownership interest. Gross real estate assets for certain minority interests represents MSREI's equity investment in the entity. Ownership interest, as of September 30, 2019.

Fund Profile

As of December 31, 2019

Gross Real Estate Assets[1] ($B)	31.4
Net Asset Value ($B)	26.3
Consolidated Leverage (%)	16.7
Number of Assets	436
Investors[2]	405
Leased[3] (%)	93.1
Trailing 12-Month Dividend (%)	4.0
Return Since Inception[4] (%)	9.2
Incoming Queue ($M)	1,149

NAV and Number of Investors



Notes

Past performance is not indicative of future results. See the Performance Notes for important information about performance returns.

1. Gross real estate assets represent the market value of PRIME real estate investments, including PRIME's share of joint venture assets, before debt.
2. Excludes non-voting shareholders with investment(s) of less than $10,000.
3. Leased status is value weighted (i.e., calculated using the asset values gross of debt) and adjusted for ownership share.
4. Returns are presented before (i.e., gross of) investment advisory fees—specifically they do not reflect a deduction for asset management fees. Annual net returns are provided in the Performance Notes. PRIME's net return for 4Q19 is 1.5% and since inception is 8.1%.

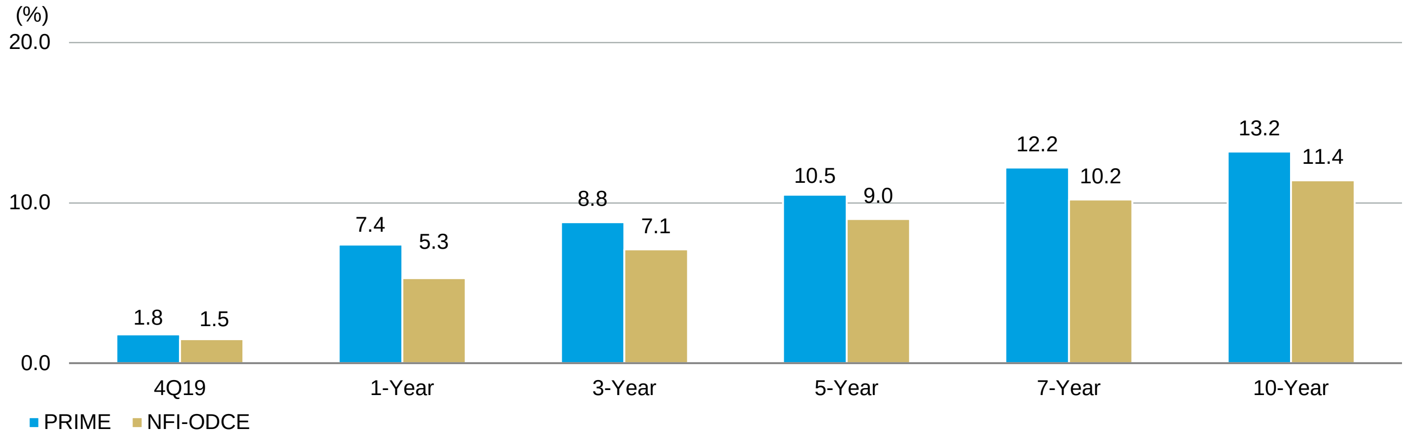
Return Profile

As of December 31, 2019

- The annualized outperformance of PRIME, on a gross return basis, relative to the NFI-ODCE[(1)(2)]
  - 1-Year 204 bps
  - 3-Year 168 bps
  - 5-Year 150 bps
  - 7-Year 199 bps
  - 10-Year 178 bps
- Over the trailing ten years, an investment in PRIME would have been worth 16.7% more, on a net basis, than an investment in NFI-ODCE index excluding PRIME

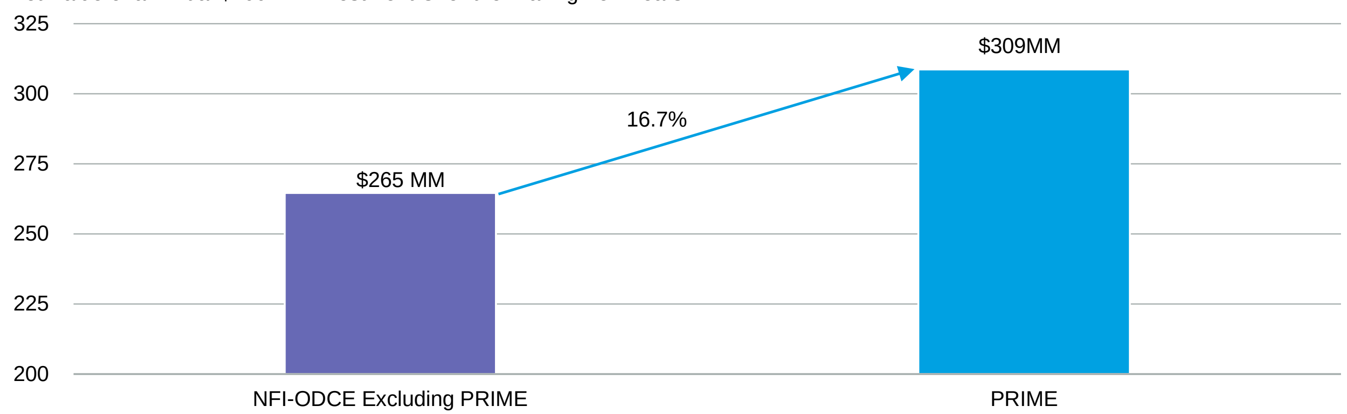
PRIME Leveraged Total vs. NCREIF Fund Index—Open-End Diversified Core Equity ("NFI-ODCE") Total[(1)(2)]

Annualized Gross Return Comparison—As of December 31, 2019



Cumulative Net Return Differential of PRIME vs. NFI-ODCE (Ex PRIME)

Net Value of an Initial $100MM Investment Over the Trailing Ten Years [(3)]



Notes:

Past performance is not indicative of future results. See the Performance Notes for important information about performance returns.

1. The NCREIF Fund Index—Open-End Diversified Core Equity ("NFI-ODCE") is a fund-level, capitalization-weighted, time-weighted return index and includes property investments at ownership share, cash balances and leverage (i.e., returns reflect each fund's actual asset ownership positions and financing strategy). NFI-ODCE performance information is presented gross of fees.
2. See the Performance Notes for important information about the characteristics of the NFI-ODCE and other comparative indices in relation to PRIME and other factors relevant to such comparisons. See page 44 for PRIME's net returns for the periods presented.
3. Net total returns.

PRIME Resources

As of December 31, 2019 (1)(2)

- Scott Brown and Candice Todd provide substantial experience and continuity to the Fund with each having
  - Over 30 years in real estate
  - Over 25 years with Morgan Stanley[4]
  - Over 18 years of dedication to PRIME
- The officers within the portfolio management team have an average tenure with the platform of over 21 years

Board of Directors

Kent Goodwin (I)
Field Griffith (I)
Lynne Sagalyn (I)
Kevin Twomey (I)
John Klopp

I = Independent

MSREI Investment Committee

Toru Bando
Andrew Bauman
Scott Brown
Tony Charles
Olivier de Poulpiquet
Peter Harned
John Klopp
Brian Niles
Toby Norris
Lauren Hochfelder Silverman
Candice Todd
Kev Zoryan

PRIME Portfolio Management

Scott Brown
Head of PRIME
Yrs./Ten. = 30/27 (3)(4)

Candice W. Todd
Chief Financial Officer
Yrs./Ten. = 30/25 (3)(4)

Josh Myerberg
Deputy Portfolio Manager
Yrs./Ten. = 16/13 (3)

Bennett A. Weaver
Head of Operations
Yrs./Ten. = 22/15 (3)(4)

Megan Golder
Investor Coverage
Yrs./Ten. = 14/11 (3)

Cheyenne Sparrow
Executive Director
Yrs./Ten. = 10/10 (3)

Lidia Novak
Investor Services
Yrs./Ten. = 29/47 (3)(4)

Legal

Braden Wilhelm
Fund Counsel

Portfolio Specialists | Risk/ Insurance(5) | Investment Finance | Asset Management | Research | Investor Relations | Acquisitions | Fund Accounting & Analytics (6)

Notes:
1. This chart and the data provided herein with respect to professionals that are assigned to work on matters related to PRIME are subject to change from time to time based on MSREI senior management's sole discretion regarding the needs of the MSREI business.
2. Resources are shared across all MSREI clients.
3. Yrs./Ten. = Years of real estate experience/Tenure at Morgan Stanley.
4. Includes years employed by Lend Lease Real Estate and its predecessor, Equitable Real Estate, prior to the acquisition of certain portions of Lend Lease Real Estate's advisory business by Morgan Stanley Real Estate Investing.
5. Risk Management is a shared resource across the MSIM platform. As of 1 January 2018, the MSREI Insurance Group has been outsourced. Acrisure LLC hired the four team members and entered into a long term agreement with Morgan Stanley to provide insurance services. Under this agreement, the former MS employees will dedicate substantially all of their time to the Morgan Stanley Private Funds.
6. Fund accounting and analytics are provided by State Street Bank and Trust Company personnel; 15 professionals currently are assigned to provide fund control and analytics services relating to PRIME.

SECTION 3

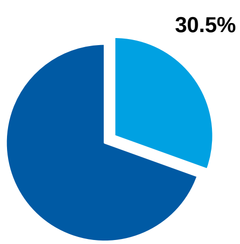
Portfolio Overview

PRIME Scale

As of December 31, 2019

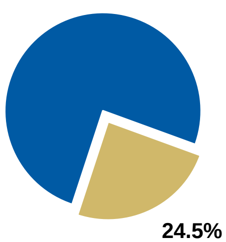
Office

- $9.6B of gross real estate[1]
- 12.7M sq. ft.
- 34 assets
- 96.4% leased



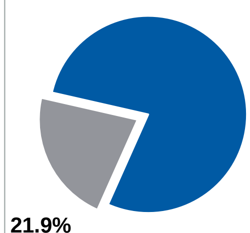
Apartment

- $7.7B of gross real estate[1]
- 23,581 units
- 81 assets
- 91.2% leased



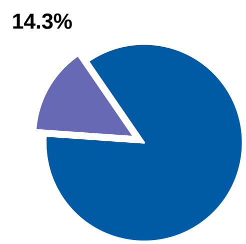
Industrial

- $6.9B of gross real estate[1]
- 53.9M sq. ft.
- 173 assets
- 92.1% leased



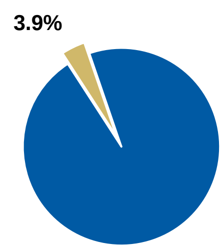
Retail

- $4.5B of gross real estate[1]
- 7.5M sq. ft.
- 23 assets
- 91.0% leased



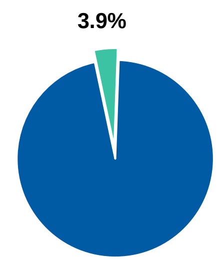
Self Storage

- $1.2B of gross real estate[1]
- 4.0M sq. ft.
- 79 assets
- 87.1% leased



Healthcare

- $1.2B of gross real estate[1]
- 4.5M sq. ft.
- 32 assets
- 94.6% leased



Notes:
1. Appraised value at ownership basis.

Large Scale Holdings[1]

As of December 31, 2019

- PRIME's ten largest assets comprise 22% of the Fund[2]
- Historically, larger properties tend to outperform smaller properties
  - Over the last ten years, properties larger than $200M have outperformed properties smaller than $200M by 12 basis points[3]

Fashion Valley Mall, San Diego, CA

- 50% Ownership
- 92% Leased

One Post Office Square, Boston, MA

- 100% Ownership
- Leased % - N/A[4]

Hills Plaza, San Francisco, CA

- 100% Ownership
- 98% Leased

One Maritime Plaza, San Francisco, CA

- 100% Ownership
- 100% Leased

155 North Wacker, Chicago, IL

- 99% Ownership
- 98% Leased

151 N. Franklin, Chicago, IL

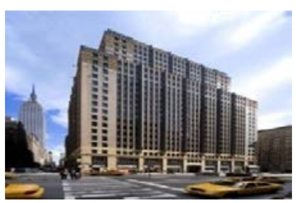
- 100% Ownership
- 99% Leased

Dadeland Mall, Miami, FL

- 50% Ownership
- 95% Leased

Christiana Mall, Newark, DE

- 50% Ownership
- 99% Leased



Two Park Avenue, New York, NY

- 100% Ownership
- 93% Leased

AMLI Marina del Rey, Marina del Rey, CA

- 95% Ownership
- 75% Leased

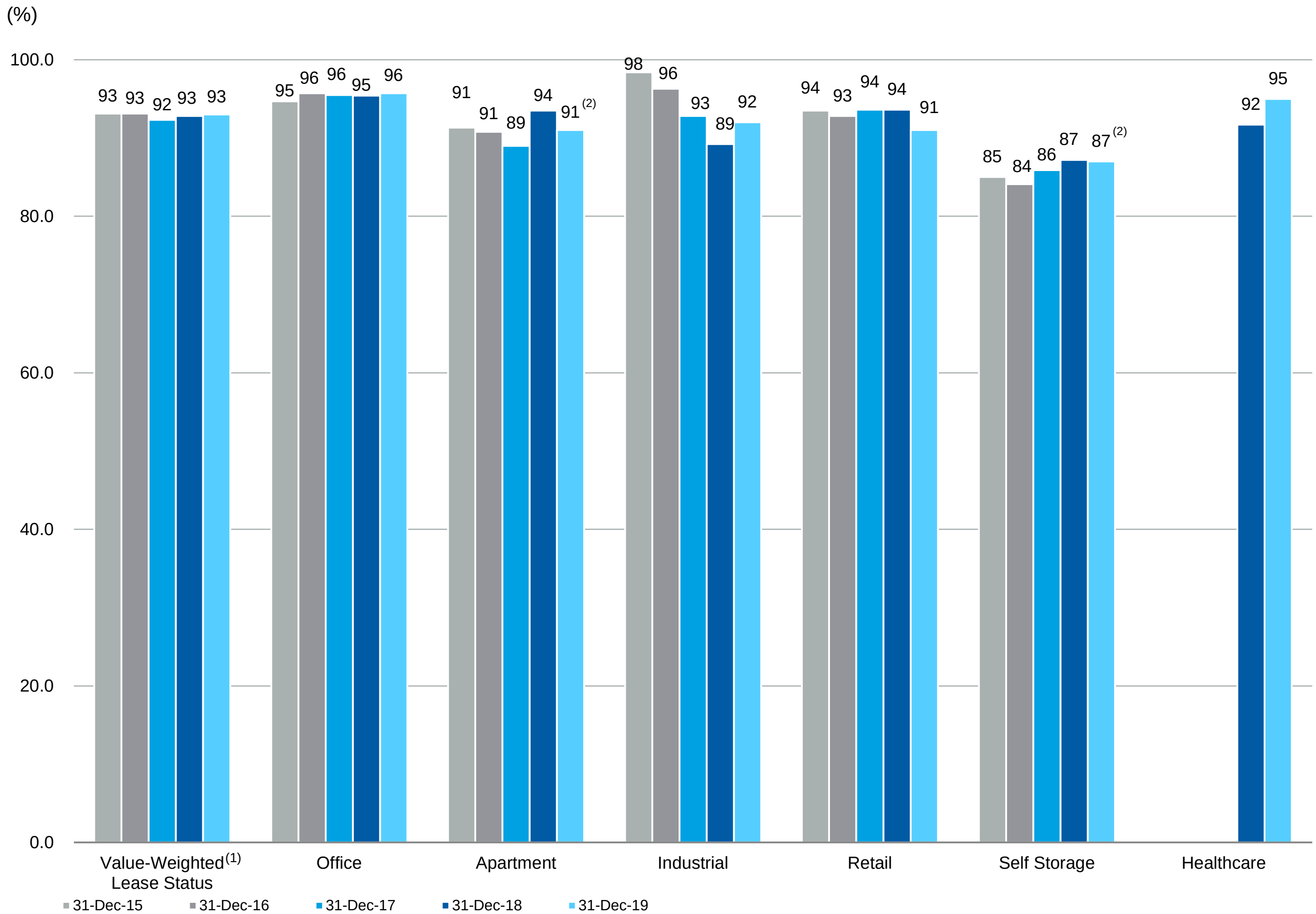
Notes:
1. Appraised value at ownership basis.
2. Calculated using PRIME's share of gross asset value.
3. Based on same-store analysis of NCREIF Property Index historical returns from January 2010 through December 2019.
4. Office asset is currently under redevelopment. Asset is excluded from all Occupancy and Leased Area percentages.

Leased Status

As of December 31, 2019

- The apartment lease status excluding seven assets in initial lease up is 94.3%
- The self storage lease status excluding three assets in initial lease up is 89.1%

Portfolio Lease Status



Notes:
1. Leased Status is value weighted (i.e., calculated using the asset values gross of debt) and adjusted for ownership share.
2. As of December 31, 2019, the leased status excluding assets in lease up in both the apartment and self storage sectors was 94.3% and 89.1%, respectively.

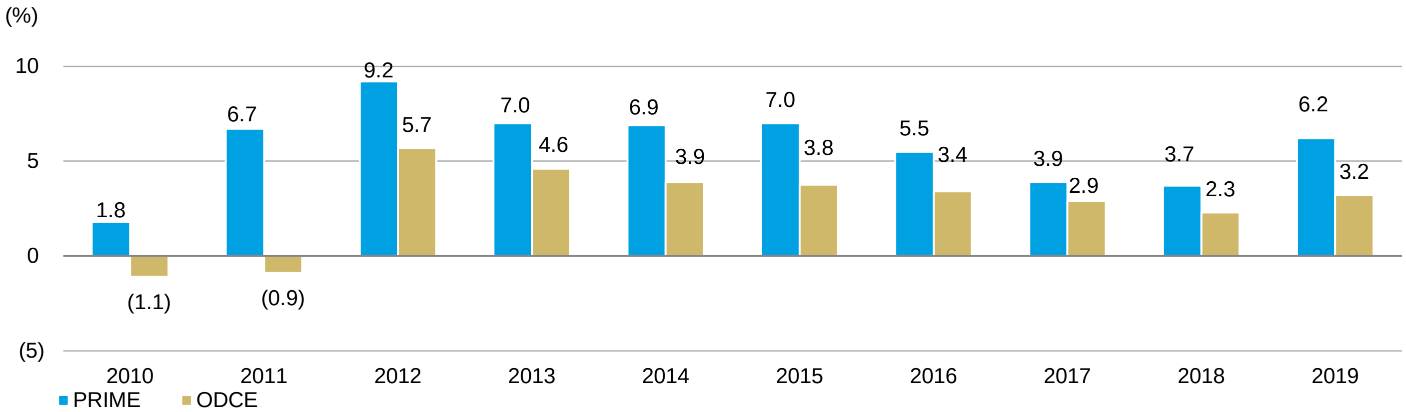
Comparable Property Level Net Operating Income[1]

As of December 31, 2019

- PRIME's five and ten-year same-store average Comparable Property Level Net Operating Income growth is 5.3% and 5.8% versus the ODCE at 3.1% and 2.8%, respectively[1]

- Comparable Property Level Net Operating Income growth for the twelve months ended December 31, 2019 was 6.2%[2]

PRIME vs. ODCE Net Operating Income Growth



Source: NCREIF, data as of 4Q 2019

PRIME Net Operating Income[3]

Same-Store Analysis – For the twelve months ended December 31,

	Comparable Property Net Operating Income ($ in MM)		
	2019	**2018**	**Inc /(Dec) 12/31/2019[4]**
Office	$374.0	$354.3	5.6%
Apartment	219.6	204.4	7.4%
Industrial	210.5	195.0	7.9%
Retail	156.6	154.3	1.5%
Self Storage	56.6	55.0	2.9%
Healthcare	32.6	28.3	15.2%
Other	10.9	7.4	47.3%
Total Property Level Net Operating Income[3]	**$1,060.8**	**$998.7**	**6.2%**

Notes:
Past performance is not indicative of future results. See the Performance Notes for important information about performance returns.

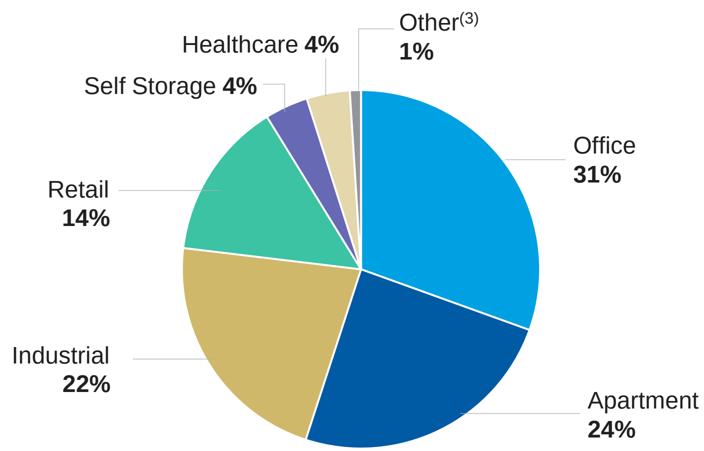
1. Simple average based on calendar years 2010 through 2019.
2. Comparable total net operating income growth, including operating companies, for the twelve months ended December 31, 2019 was 6.4%.
3. When comparing asset classes, keep in mind that each has differences. Due to the appraisal methods for valuing real estate, there may be inherent issues when comparing real estate to other asset classes.
4. To provide a more meaningful basis for comparison, net operating income includes income before debt service and, for a given calendar month, includes only income generated by real estate investments held by the Fund for at least 13 months prior to the end of that month and excludes net operating income from AMLI operating company $(0.2)M for the twelve months ended 2019 and $(1.6)M for the twelve months ended 2018 and Safeguard Self Storage operating company $(2.6)M for the twelve months ended 2019 and $(3.0)M for the twelve months ended 2018.

Sector Diversification

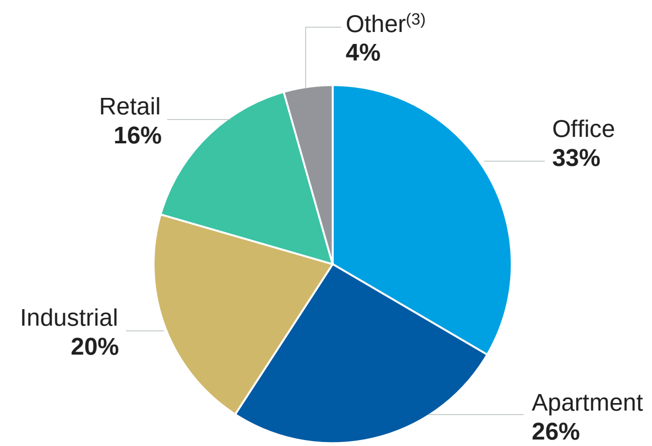
As of December 31, 2019

- Broad property type diversification can reduce overall portfolio volatility
- PRIME's near-term diversification targets are[2]
  - Office 30%–40%
  - Apartment 20%–30%
  - Industrial 15%–25%
  - Retail 10%–20%
  - Self Storage 0%–5%
  - Healthcare 0%–5%

PRIME Diversification – Property Sector[1]



NFI-ODCE Diversification – Property Sector[1]



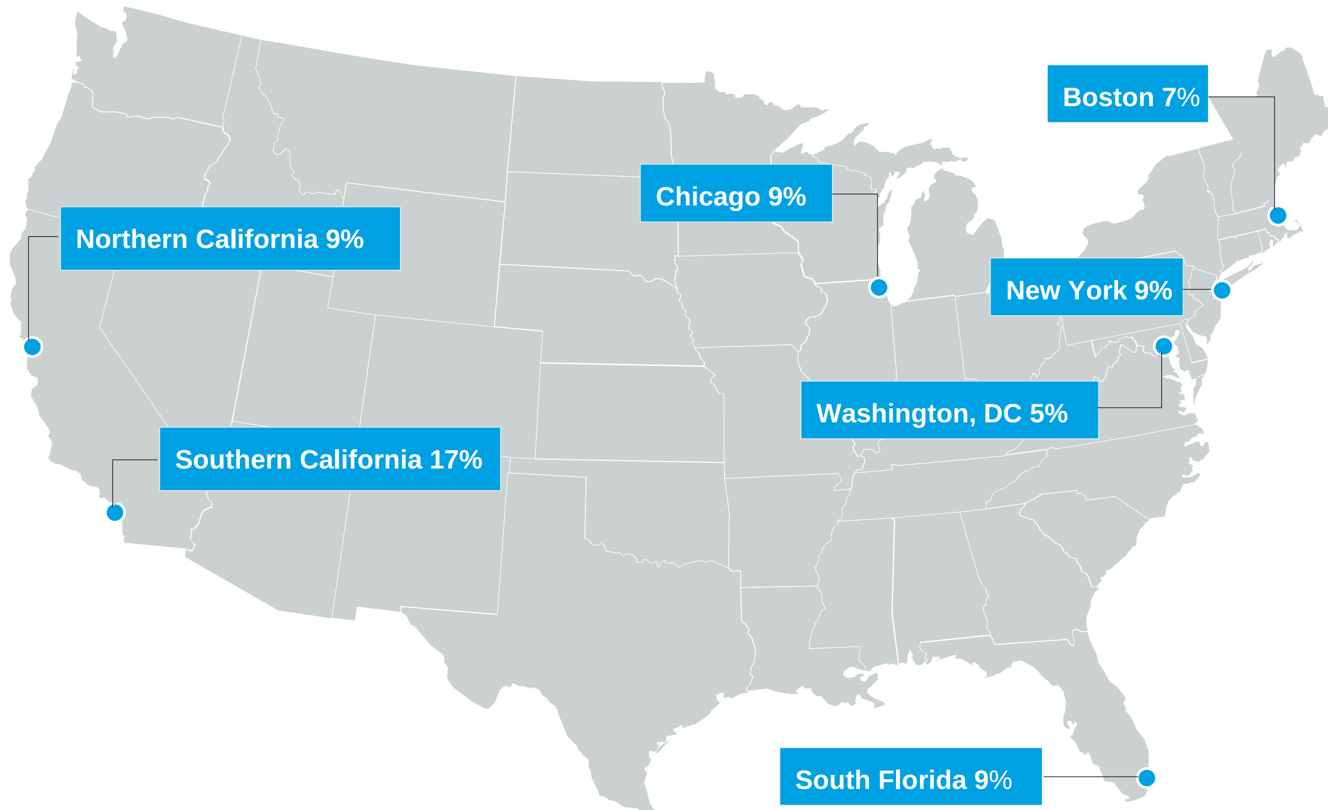
Notes:
Past performance is not indicative of future results. See the Performance Notes for important information about performance returns. Diversification does not eliminate the risk of future loss.

1. NFI-ODCE diversification data is presented on a gross asset value basis. The Fund's property sector targets, as set forth in its investment guidelines, are set on a gross asset value basis.
2. These are targets only. The Fund's investment guidelines include no specific limitations or requirements with regard to property type or geographic diversification. The investment guidelines, including these targets, are subject to modification from time to time by the board of directors of the Fund upon recommendation of the Adviser. Additionally, the Adviser retains discretion to vary from these targets when it deems it appropriate. There can be no assurance that these targets will be met at any time.
3. For PRIME, other includes land held for potential development, a hotel and a hotel development. For NFI-ODCE, other includes hotel and other assets.

Concentration in Preferred Markets

As of December 31, 2019

- 65%, on a gross basis, of PRIME's holdings are concentrated in seven preferred markets[(1)]
- Preferred major markets have outperformed the NPI by an average of 35 basis points per annum for the last twenty years[(1)]
  - When compared to the NPI, excluding these major markets, outperformance climbs to 66 basis points per annum over the last twenty years



Notes:
1. The following markets were selected by the Adviser as preferred major markets for this analysis: Boston, New York, Washington, DC, Miami / Fort Lauderdale, Chicago, San Francisco / San Jose / Sacramento and Los Angeles / San Diego. As of December 31, 2019, with respect to real estate assets owned by NFI-ODCE funds, real estate assets in these markets represented $376B of value, or 57% of the NPI ($658B).

Representative Office Assets

100 F Street, Washington, DC

One Post Office Square, Boston, MA

550 South Hope Street, Los Angeles, CA

Wilshire Beverly Center, Beverly Hills, CA

Rowes Wharf, Boston, MA

Hills Plaza, San Francisco, CA

PRIME Office

As of December 31, 2019

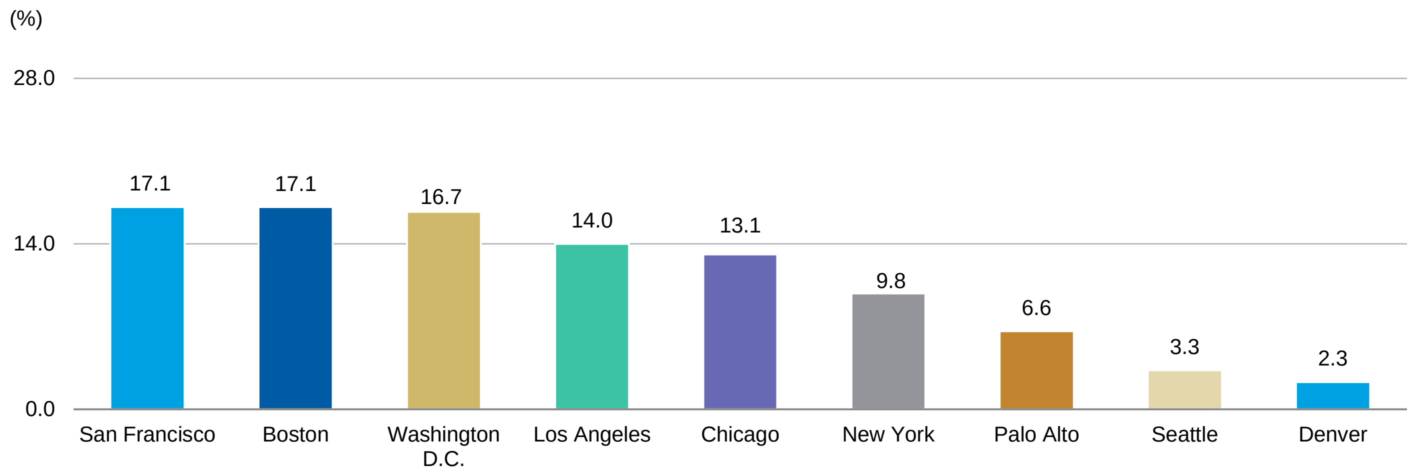
Key Metrics	
Assets:	**34**
Square Feet:	**12.7 Million**
Allocation:	**30.5%**
Leased:	**96.4%**
2019 NOI Growth (1):	**5.6%**

- NCREIF Property Index shows CBD office has outperformed suburban office over the last 10-years with more than 74 basis points per annum of outperformance over the last ten years[2]
- Major office tenants include Deloitte, Ernst & Young, Facebook, Gartner, Google, K&L Gates, Kaiser, Parsons, SEC, Skadden Arps and TIBCO

Strategy – To target large, high-quality assets that are more resilient to market cycles and generally attract better credit-quality tenants committing to longer-term leases

- Concentrated in major “24-hour” cities and locations
- Focus on opportunities to mitigate historically high volatility of office properties
- Average office asset value at ownership share of $308.2M[3]
- Primary holdings in San Francisco, Boston, Washington, D.C., Los Angeles, Chicago, New York, Palo Alto, Seattle and Denver

PRIME Market Concentrations[4]



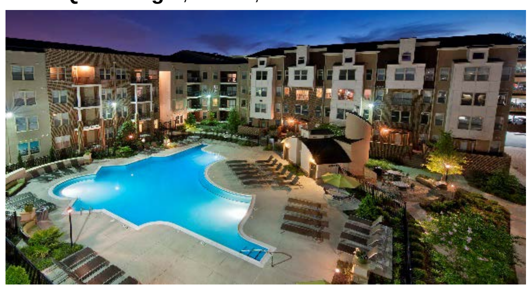
Notes:
Past performance is not indicative of future results. See the Performance Notes for important information about performance returns.

1. To provide a more meaningful basis for comparison, net operating income includes income before debt service and, for a given calendar month, includes only income generated by real estate investments held by the Fund for at least 13 months prior to the end of that month.
2. NCREIF Property Index, as of December 31, 2019.
3. 100 Cambridge Park Drive, 125 Cambridge Park Drive and 150 Cambridge Park Drive are reported under one portfolio of assets and also excludes Pasadena Venture Phase 1 - Office.
4. Appraised value at ownership basis.

Representative Apartment Assets

AMLI at River North, Chicago, IL

AMLI Quadrangle, Dallas, TX



AMLI Lindbergh, Atlanta, GA

AMLI Lex on Orange, Glendale, CA

AMLI 3464, Atlanta, GA

AMLI Arc, Seattle, WA

AMLI RidgeGate, Lone Tree, CO

AMLI Joya, Miami, FL

AMLI on Aldrich, Austin, TX

PRIME Apartment

As of December 31, 2019

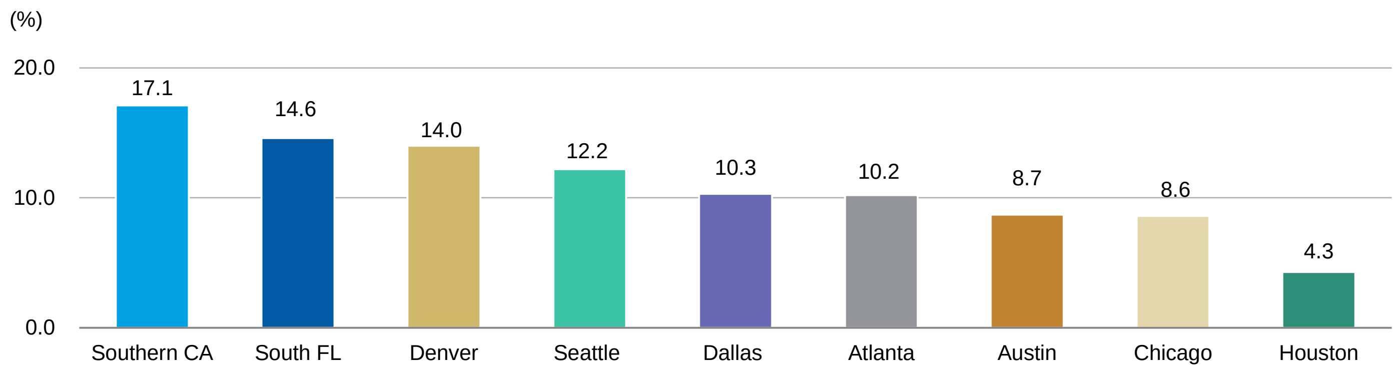
Key Metrics	
Assets:	**81**
Units:	**23,581**
Allocation:	**24.5%**
Leased:	**91.2%**
2019 NOI Growth (1):	**7.4%**

- The average age of AMLI properties is seven years

Strategy – To focus on markets with strong population and employment growth as well as supply-constrained infill submarkets

- AMLI, wholly-owned and controlled by PRIME, is a proven operator of multifamily assets
  - Heavily invested in technology allowing for revenue maximization and cost controls
  - Established culture of providing outstanding service and management to its customers
  - Developed increasingly important brand recognition through targeted market concentration. All assets are managed under the AMLI brand with over 78% of net new leases executed in the prior twelve months leased on-line
- AMLI's development platform provides the opportunity for PRIME to create new product in select markets and submarkets

PRIME Market Concentrations[2]



Notes:
Past performance is not indicative of future results. See the Performance Notes for important information about performance returns.

1. To provide a more meaningful basis for comparison, net operating income includes income before debt service and, for a given calendar month, includes only income generated by real estate investments held by the Fund for at least 13 months prior to the end of that month and excludes net operating income from AMLI operating company $(0.2)M for the twelve months ended 2019 and $(1.6)M for the twelve months ended 2018.
2. Appraised value at ownership basis.

Representative Industrial Assets

3 Sorbello Road, Pedricktown, NJ

Turnpike Distribution Center, Medley, FL

10201 NW 112th Street, Miami, FL

3 Montgomery Way, Robbinsville, NJ

Airport West Distribution Center, Atlanta, GA

3 South Middlesex Avenue, Monroe, NJ

2201 E. Carson Street, Carson, CA

4501 West Valley Highway East, Sumner, WA

10501 Seymour Avenue, Franklin Park, IL

PRIME Industrial

As of December 31, 2019

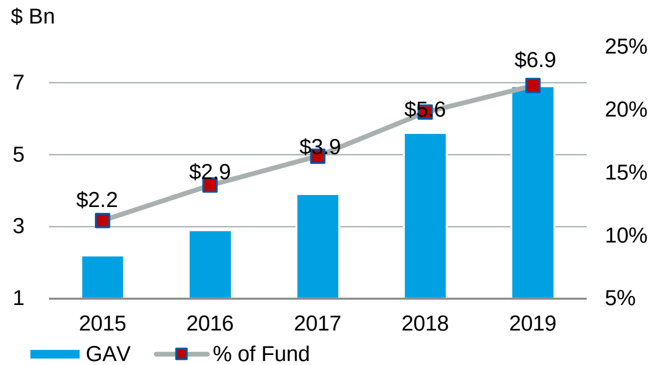
Key Metrics	
Assets:	**173**
Square Feet:	**53.9 Million**
Allocation:	**21.9%**
Leased:	**92.1%**
2019 NOI Growth [1]:	**7.9%**

- PRIME has increased the size of its industrial allocation from $2.2 billion at the end of 2015 to $6.9 billion as of December 31, 2019. Over this time period the industrial allocation has increased from 11.2% to 21.9%

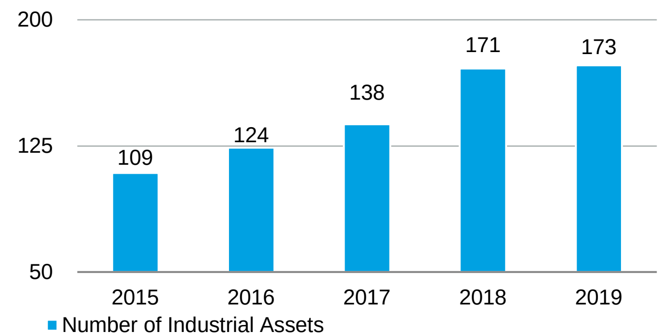
Strategy – To focus on clustering holdings in key trade-oriented distribution markets

- 65% of the portfolio is in southern California, New Jersey, New England and New York markets. An additional 31% is located in the markets of Chicago, Philadelphia, Baltimore/Washington DC, South Florida, Dallas, Seattle and northern California
- Our holdings are generally distribution warehouses with low office finishes that meet the functional needs of today's users

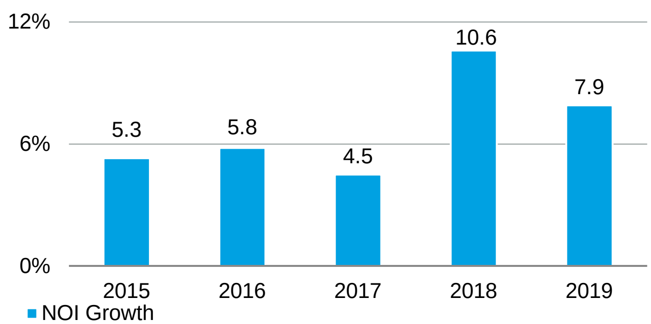
Industrial Allocation USD & % [2]



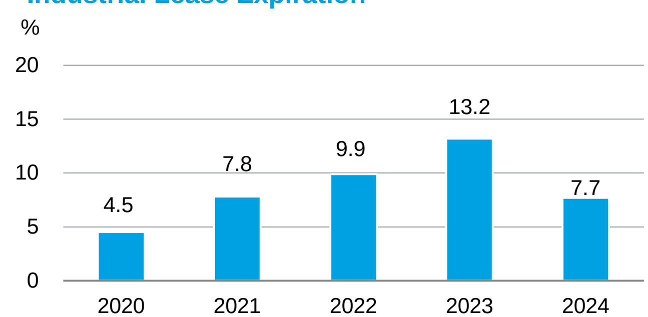
Number of Industrial Assets



Same Store Industrial NOI Growth [1]



Industrial Lease Expiration



Notes:
Past performance is not indicative of future results. See the Performance Notes for important information about performance returns.

1. To provide a more meaningful basis for comparison, net operating income includes income before debt service and, for a given calendar month, includes only income generated by real estate investments held by the Fund for at least 13 months prior to the end of that month.
2. Based on Fund's ownership.

Representative Retail Assets

Fashion Valley Mall, San Diego, CA

Dadeland Mall, Miami, FL

Christiana Mall, Newark, DE

103 Prince Street, New York, NY

669 N. Michigan Avenue, Chicago, IL

PRIME Retail

As of December 31, 2019

Key Metrics	
Assets:	**23**
Square Feet:	**7.5 Million**
Allocation:	**14.3%**
Leased:	**91.0%**
2019 NOI Growth (1):	**1.5%**

- PRIME has consistently been underweight to the NFI-ODCE's allocation to retail over the past seven years

Strategy - To focus on irreplaceable retail assets that have strategic value to tenants expanding the appeal and market profile of each holding understanding the need of an evolving customer experience

- PRIME's top three retail investments are highly-productive, class A++ and A+ fortress super-regional malls which comprise almost 50% of the Fund's retail allocation[(2)]
  - Dadeland Mall and Fashion Valley Mall are rated A++ by Green Street Advisors (top 37 out of over 1,200 malls in the U.S.) producing trailing 12-months sales per square foot of $1,384 and $1,610, respectively[(2)]
  - Christiana Mall is rated A+ by Green Street Advisors (top 101 out of over 1,200 malls in the U.S.) generating trailing 12-month sales per square foot of $1,349[(3)(4)]
  - These properties range between 92-99% leased with occupancy costs ranging between 8.4% and 12.0%[(4)]
- PRIME also holds a diverse set of "high street" retail properties comprising 36% of the retail allocation concentrated in premier urban locations across the country such as the Soho neighborhood of Manhattan, Michigan Avenue in Chicago, the South Beach neighborhood of Miami, the Las Vegas Strip, Union Square in San Francisco, and within the Golden Triangle of Beverly Hills in Los Angeles
  - Highly trafficked urban locations where we believe retailers want and need exposure

Notes:
Past performance is not indicative of future results. See the Performance Notes for important information about performance returns.

1. To provide a more meaningful basis for comparison, net operating income includes income before debt service and, for a given calendar month, includes only income generated by real estate investments held by the Fund for at least 13 months prior to the end of that month.
2. The Fund owns five super-regional malls. representing 59% of the retail portfolio with average sales of $1,184 per square foot across the five malls.
3. Average sales trends represents tenants less than 11,000 square feet .
4. Excluding sales of one particularly impactful retailer and one tenant currently undergoing a sales audit, Christiana Mall reported average sales of $648/sf with a (0.6)% TTM sales trend and average occupancy costs equal to 17.4%.

PRIME Self Storage

As of December 31, 2019

Key Metrics	
Assets:	**78**
Square Feet:	**4.0 Million**
Allocation:	**3.9%**
Leased:	**87.1%**
2019 NOI Growth [1]:	**2.9%**

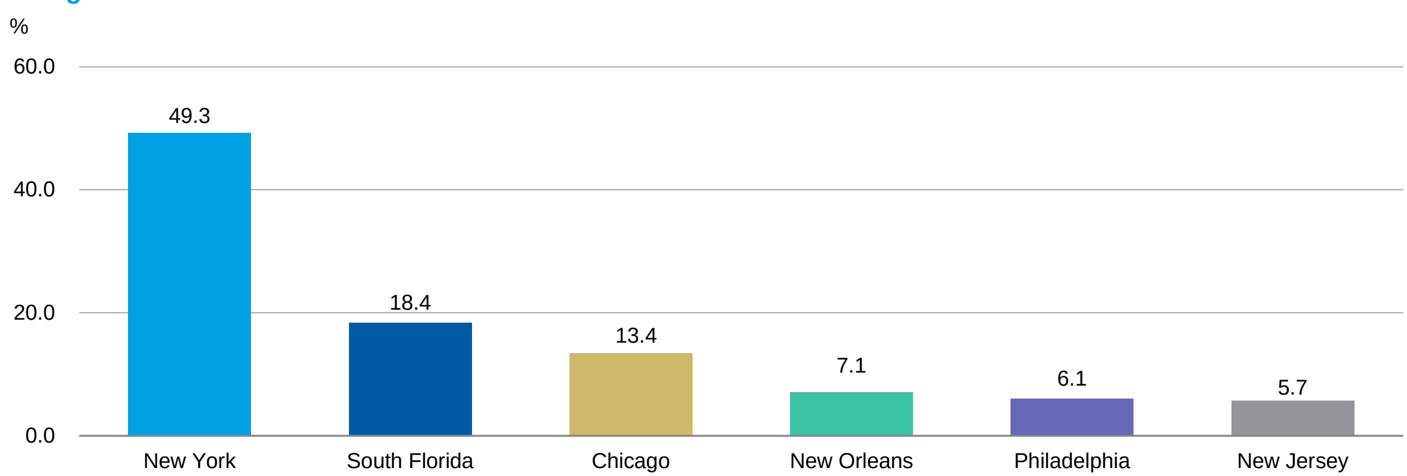
Hialeah Northeast, Miami, FL

Juniata, Philadelphia, PA

Strategy – To concentrate holdings in infill sub-markets with limited supply and strong demographics and grow primarily through selective development

- Safeguard, wholly-owned and controlled by PRIME, is a proven operator of self storage assets
- All assets are managed under the Safeguard brand as brand recognition through targeted market concentration is increasingly important
- Gross asset value of the portfolio is $1,238MM
- Safeguard is currently constructing seven new facilities with total budgeted construction costs of approximately $142.9M ($57.5M funded to date)

Safeguard Market Concentrations [2]



Notes:
Past performance is not indicative of future results. See the Performance Notes for important information about performance returns.

1. To provide a more meaningful basis for comparison, net operating income includes income before debt service and, for a given calendar month, includes only income generated by real estate investments held by the Fund for at least 13 months prior to the end of that month and excludes net operating income from Safeguard Self Storage operating company $(2.6)M for the twelve months ended 2019 and $(3.0)M for the twelve months ended 2018.
2. Appraised value at ownership basis.

PRIME Healthcare

As of December 31, 2019

Key Metrics	
Assets:	**32**
Square Feet:	**4.5 Million**
Allocation:	**3.9%**
Leased:	**94.6%**
2019 NOI Growth:	**15.2%**

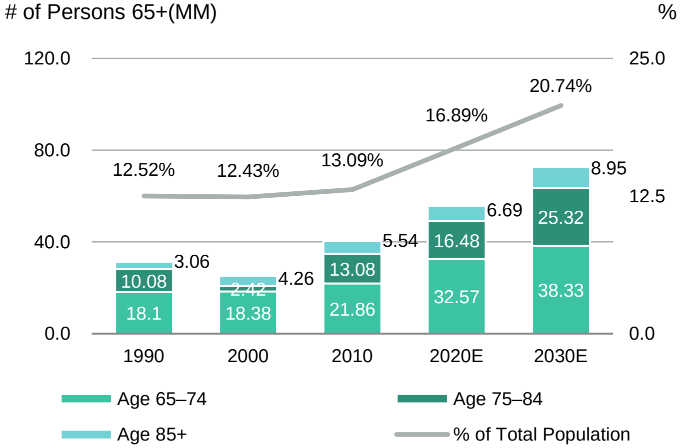
Memorial Hermann Portfolio, Houston, TX

200 Cambridge Park Drive, Cambridge, MA

Strategy – To own assets directly advantaged from demand tailwinds of an aging population and increased trend in healthcare spending

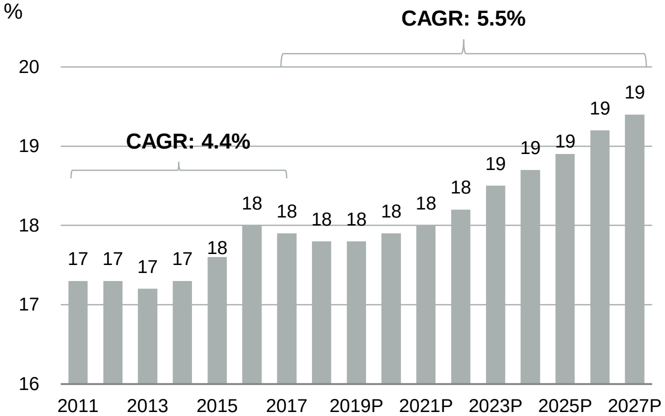
- The age 65+ cohort requires the highest need for health services and is projected to grow at 2.7% vs 0.6% for the rest of the population over 2020 - 2030
- We believe the sector has defensive attributes given non-cyclical demand and limitations on speculative supply
- Targeted holdings will be medical office properties and life-science buildings
- PRIME currently owns 28 medical office properties and four life science buildings

Population Growth: 65+ Cohort to Grow by 17MM People Over Next 10 Years



Source: U.S. Census Bureau, Moody's Analytics, MSREI Strategy, as of February 2020

Healthcare Spending As % of GDP



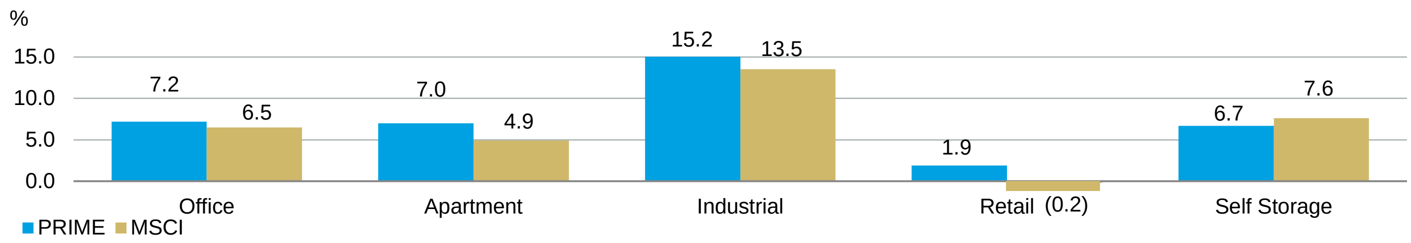
Source: Centers for Medicare and Medicaid Services, data as of February 2020

Notes:
Past performance is not indicative of future results. See the Performance Notes for important information about performance returns.

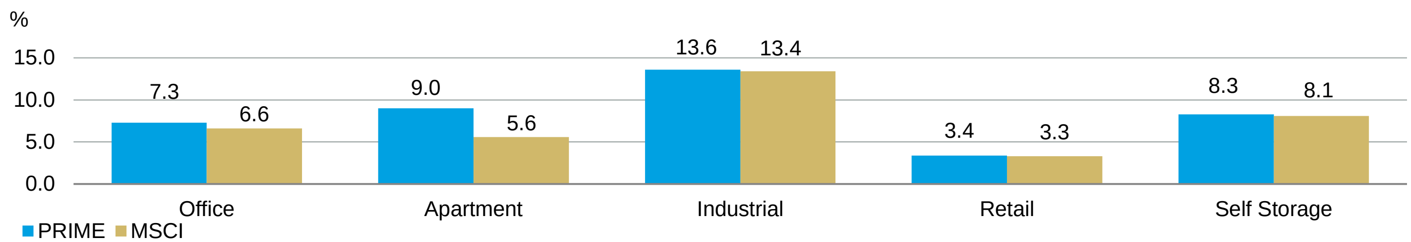
Unleveraged Returns by Sector

As of September 30, 2019

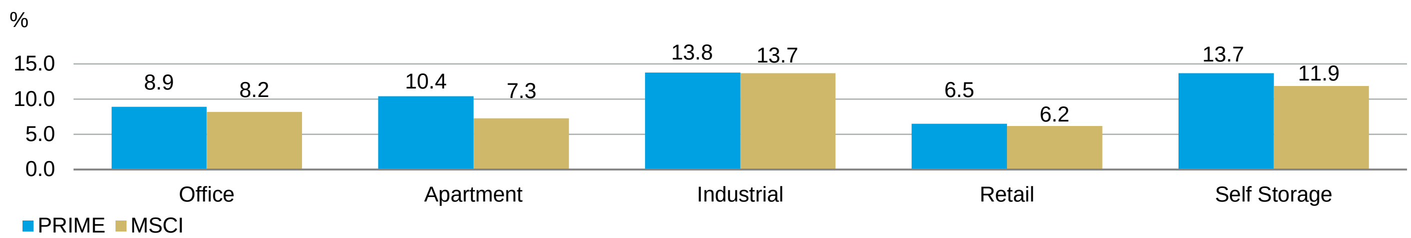
1-Year PRIME vs. MSCI U.S. Core Open End Fund Benchmark (1)(2)



3-Year PRIME vs. MSCI U.S. Core Open End Fund Benchmark (1)(2)



5-Year PRIME vs. MSCI U.S. Core Open End Fund Benchmark (1)(2)



Notes:
Past performance is not indicative of future results. See the Performance Notes for important information about performance returns and the characteristics of the MSCI Benchmark.

1. The MSCI U.S. Core Open-End Fund Benchmark ("MSCI Benchmark") is time-weighted return index peer group benchmark used by PRIME and includes all investments owned by the peer group including real estate, cash and other investments (mezzanine loans receivable, notes receivable, forward commitments, etc.). The MSCI Benchmark is gross of fees and excludes the impact of leverage.
2. See the Performance Notes for important information about the characteristics of the MSCI Benchmark and other comparative indices in relation to PRIME and other factors relevant to such comparisons.

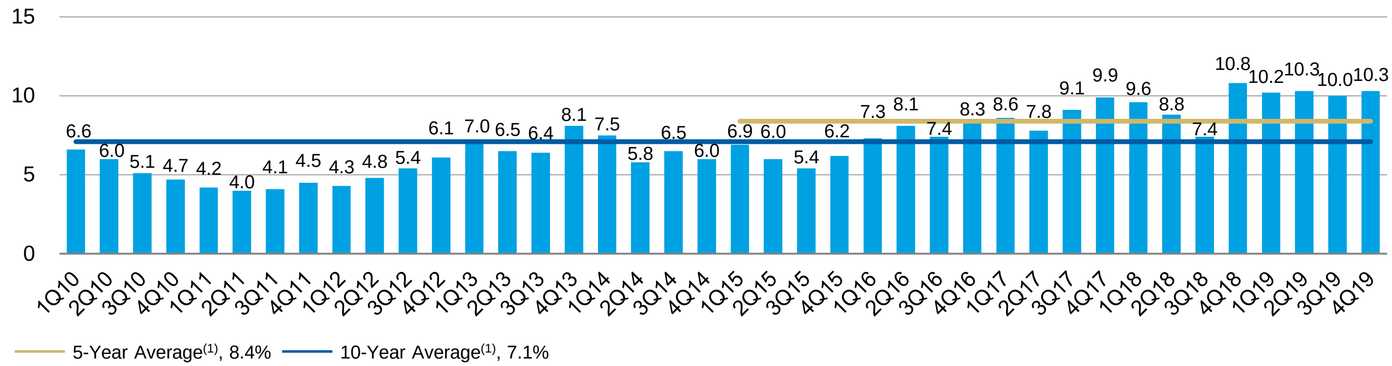
PRIME Value Add

As of December 31, 2019

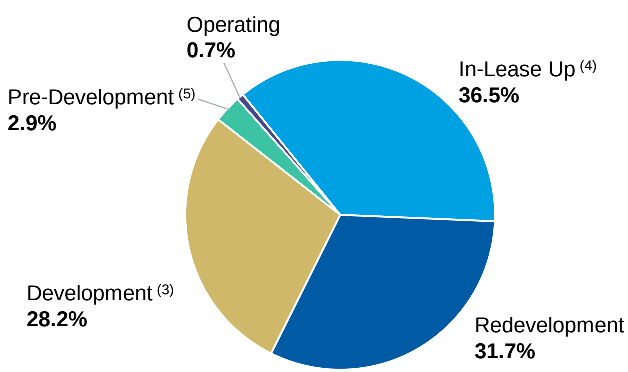
- PRIME's Investment Guidelines allow a portion of the Fund's assets (generally less than 15% of gross assets) to be invested in properties with reasonable asset enhancement opportunities
- As of December 31, 2019, 10.3% of PRIME's gross assets under management are value enhancing
  - In fourth quarter 2018, PRIME commenced major redevelopments at One Post Office Square and 120 Stockton Street and both were categorized as value enhancing in 4Q18 and comprise almost 32% of the total as of December 31, 2019

Value Add

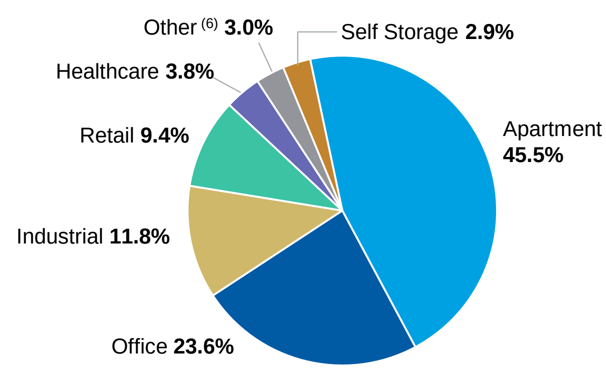
As % of Gross Asset Value



Value Add by Type (2)



Value Add by Sector (2)



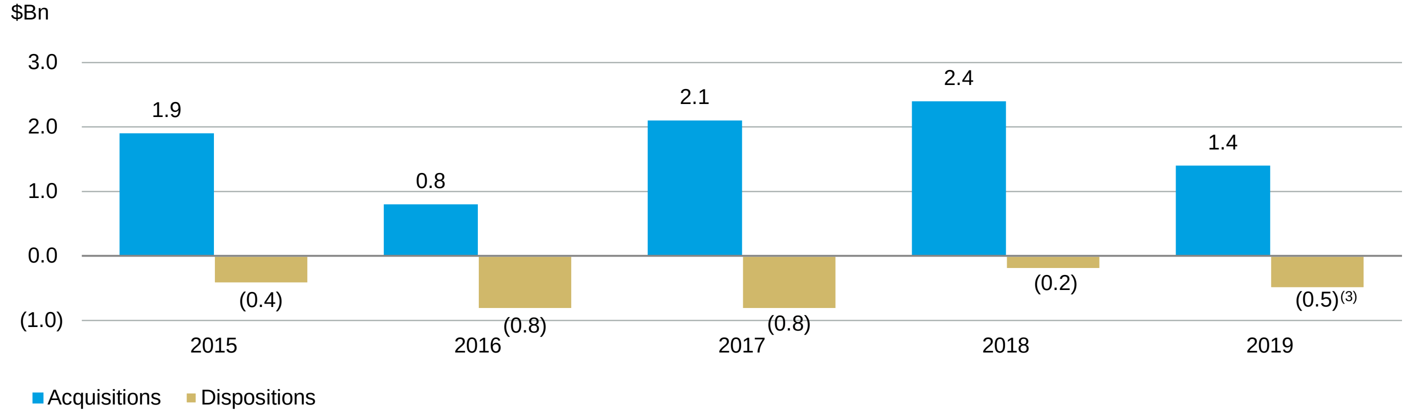
Notes:
1. Simple average provided.
2. Appraised value at ownership basis.
3. Development is defined as assets that are under construction.
4. In Lease-Up is defined as assets that have not achieved 70% leased status and have not received final certificate of occupancy (CO).
5. Pre-Development is defined as assets that are land held for future development.
6. Other primarily includes land held for potential development, a hotel and a hotel development.

PRIME Acquisitions and Dispositions (1)(2)

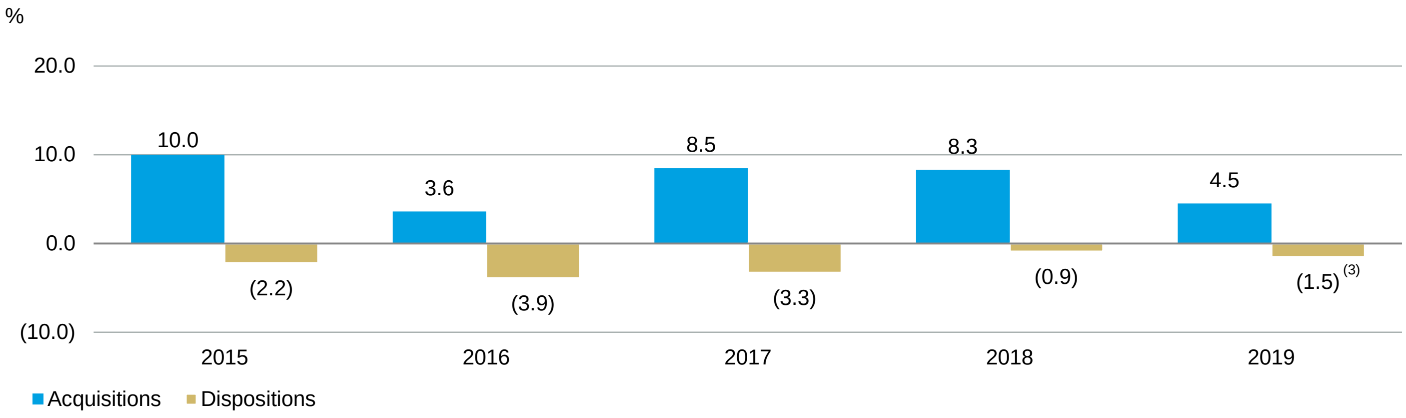
As of December 31, 2019

- In 2019, 47% of the total acquisition volume was in the industrial sector, 24% in apartment, 14% in office and 13% in healthcare
- In 2018, 42% of the total acquisition volume was in the industrial sector, 28% in healthcare, 16% in office, and 14% in apartment
- In 2017, the Fund closed on 42 investments totaling $2.1B of which approximately 54% was in the office sector
- Dispositions for the last five years had an average sales price of 4.7% above the most recent appraised value

Total Acquisitions and Dispositions in Billions



Total Acquisitions and Dispositions as a Percent of Year-Ending Gross Asset Value



Notes:
Past performance is not indicative of future results.

1. The amounts do not include development other than the initial acquisition of land.
2. Based on PRIME's share of purchase price from 2015, 2016, 2017, 2018 and 2019.
3. Year-to-Date dispositions totaled $477.0 million or 1.5%.

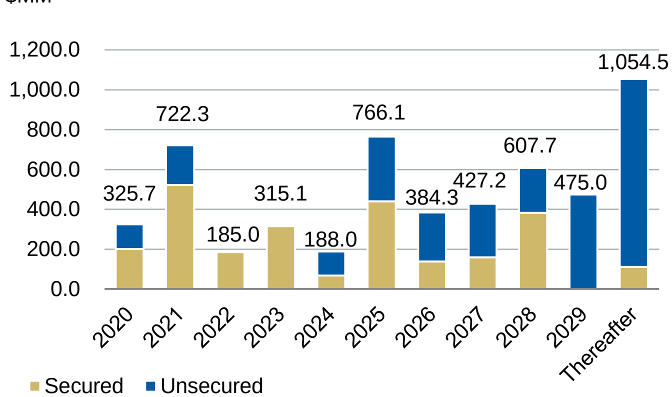
Debt Profile

As of December 31, 2019

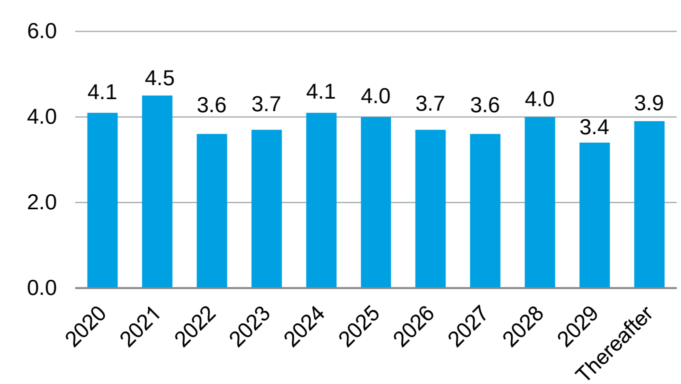
- PRIME's target range for leverage is 15%–25%
- PRIME's debt strategy of maintaining a mix of secured and unsecured financing allows the Fund to effectively and actively manage the portfolio as well as tap into a more diverse set of lending sources
- The Fund has no outstanding forward commitments

Leverage [1] (%)	16.7
Fund Rating (Standard & Poor's)	A
Weighted Average Cost of Debt (%)	3.9
Weighted Average Debt Remaining Term	6.9 years
Unsecured Debt (%)	53.7
Fixed Rate Debt (%)	91.5
Cash to Net Assets (%)	2.8

Debt Maturity Schedule [2]



Weighted Average Cost of Debt by Year of Maturity [2]



Notes:
1. Includes all wholly-owned debt and PRIME's proportionate share of joint venture debt.
2. Maturity schedule reflects wholly owned and joint venture debt at ownership share. Excludes the Fund's $650 million line of credit and the $10 million AMLI line of credit , both of which had a zero outstanding balance as of December 31, 2019.

Sustainability

As of September 30, 2019

PRIME has implemented a comprehensive sustainability strategy, aimed at monitoring resources consumed by its real estate assets, thereby creating the potential for the Fund to reduce its carbon footprint in a financially responsible way. Morgan Stanley Investment Management is a signatory to the United Nations Principles for Responsible Investment (UN PRI) and has adopted Environmental, Social and Governance (ESG) Principles in keeping with the UN PRI.

Participation, Benchmarking and Objectives

- PRIME participates annually in the Global Real Estate Sustainability Benchmark ("GRESB"). In the most recent GRESB survey, PRIME improved its GRESB score from 78 to 81, ranking in the top 40% of all U.S. Diversified non-listed participants and maintained a Green Star rating. This represents a 30 point improvement since 2014 in this survey.
- PRIME has participated in MSIM's UN PRI survey for the last 2 years achieving an A rating in both years, which is above the median B rating marked by our peer set
- The Fund had previously set a goal of achieving an 8% absolute reduction in same-store energy use and Scope 1 and 2 Greenhouse Gas ("GHG") emissions by 2020 from a 2015 base year for its directly managed portfolio(1)
  - As of year-end 2017, PRIME had exceeded its goal, reaching a 10.7% reduction in energy and a 14.4% reduction in GHG emissions from its 2015 base year(2)
  - In light of this accomplishment, PRIME has set a new goal of achieving a 8% absolute reduction in same-store energy use and Scope 1 and 2 GHG emissions by 2022 from a 2017 base year for its directly managed portfolio
- 33.1% of the Fund's assets are LEED certified(3)
  - The Fund has a weighted average LEED certification of Gold(3)

Office

- 66.2% of the Fund's office portfolio is LEED certified(3)
- Energy Star certification is achieved with a score of 75 or higher. In mid-2018, the EPA changed the criteria on which it based Energy Star scores, significantly reducing the number of Fund assets that qualify for certification
  - Fifteen office assets representing 52% of the Fund's office portfolio were eligible for the Energy Star certification(3)

Apartment

- Thirty-six LEED certified apartment assets with an additional 12 assets pursuing certification
- In April 2019 AMLI was recognized as the ENERGY STAR Partner of the Year by the EPA (U.S. Environmental Protection Agency)
- AMLI requires that all new developments attempt a minimum of LEED Silver certification or higher
- AMLI employs 16 designated LEED AP individuals in-house

Notes:
1. Implementation of efforts to achieve this goal remains subject to the Adviser's duties to the Fund, including the obligation of the Adviser to endeavor to maximize the return on investment for the Fund.
2. Includes all assets that were owned and stabilized as of January 1, 2015. Assets that are sold are disregarded for the entire calculation period. Assets acquired or stabilized after January 1, 2015 are disregarded for purposes of this analysis. Directly managed refers to assets for which PRIME, through its internal or external property or asset manager, has operational control and no single tenant has the greatest authority over building operations.
3. Based on gross asset value, at ownership.

SECTION 4

Performance & Capital Flows

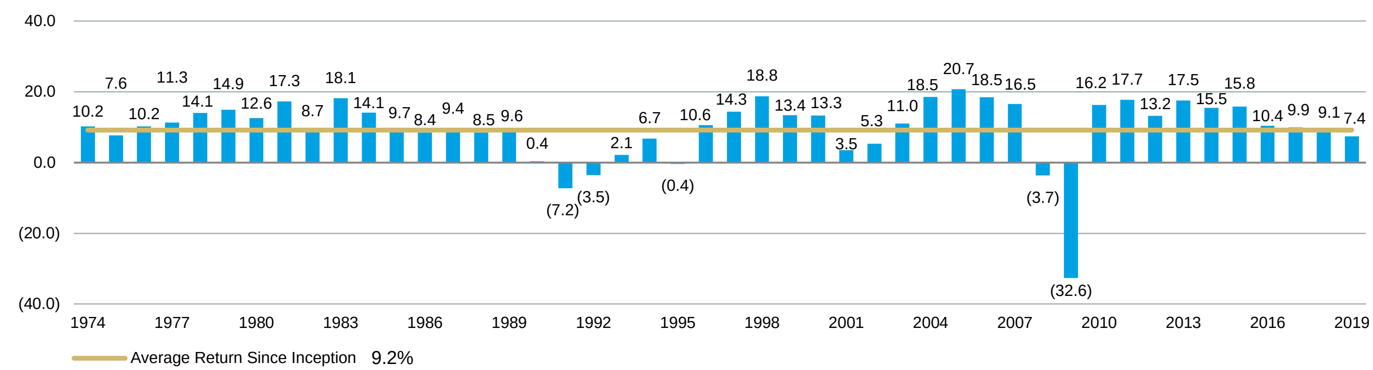
PRIME Performance Since Inception

As of December 31, 2019

- PRIME's total gross return since inception is 9.2% [(1)]
- PRIME's annual gross return has exceeded 8% in 34 of 46 calendar years

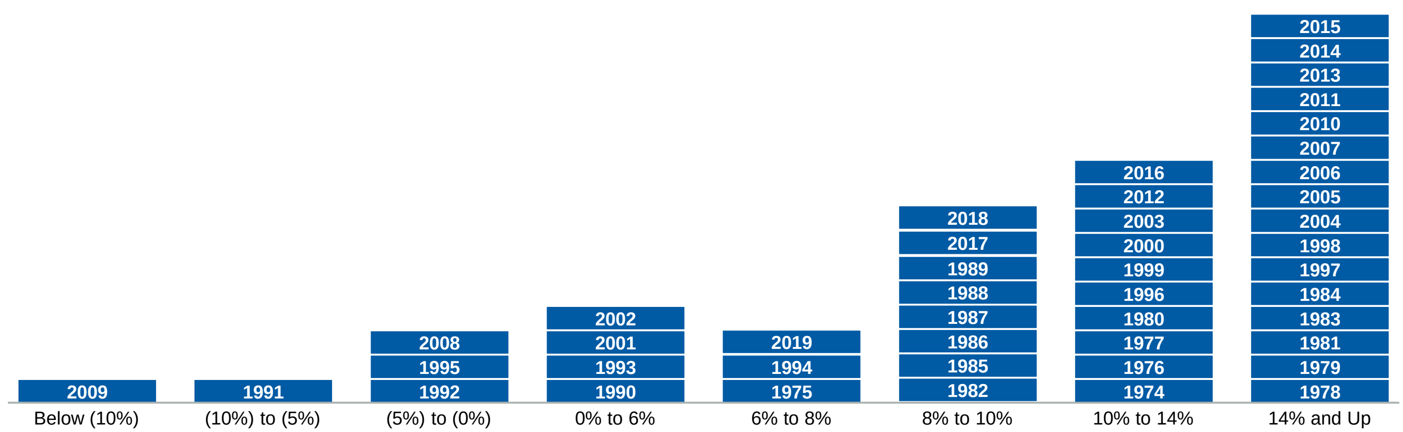
Total Annual Gross Returns [(1)]

Levered Before Fees, By Calendar Year, 1974–2019 (%)



Annual Gross Return Distribution [(1)]

Levered Before Fees, Calendar Year, By Return Distribution, 1974–2019



Notes:

Past performance is not indicative of future results. See the Performance Notes for important information about performance returns

1. Returns are presented before (i.e., gross of) investment advisory fees—specifically, they do not reflect a deduction for asset management fees. Annual net returns are provided in the Performance Notes. PRIME's total net return since inception is 8.1% as of December 31, 2019.

PRIME Performance vs. NFI-ODCE

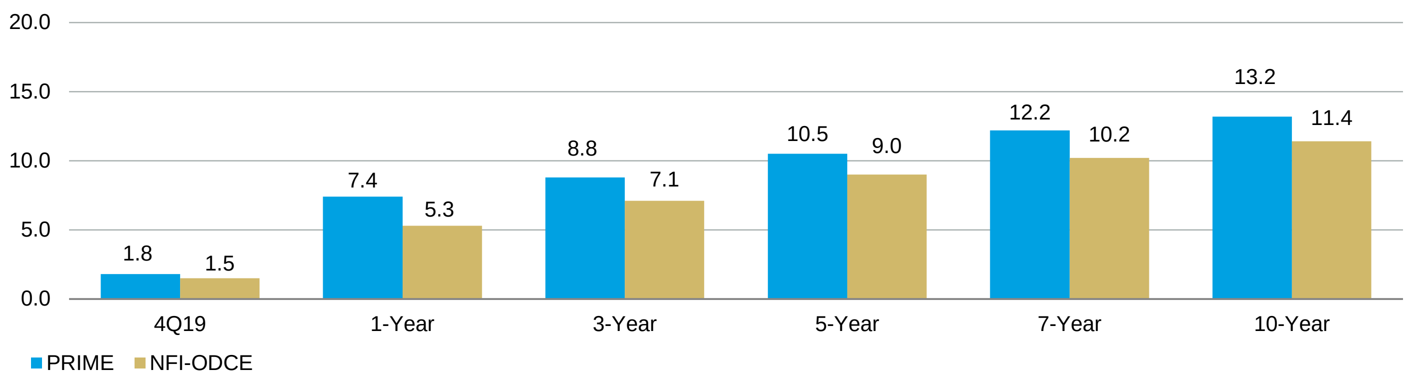
As of December 31, 2019

- The NCREIF Fund Index - Open-End Diversified Core equity ("NFI-ODCE") is an index of investment returns reporting on both a historical and current basis the results of participating U.S. open-end commingled funds pursuing a core investment strategy

- Over the past 10-years, PRIME's annualized total gross return has exceeded the NFI-ODCE by 178 bps
- PRIME has outperformed each of the last nine calendar years

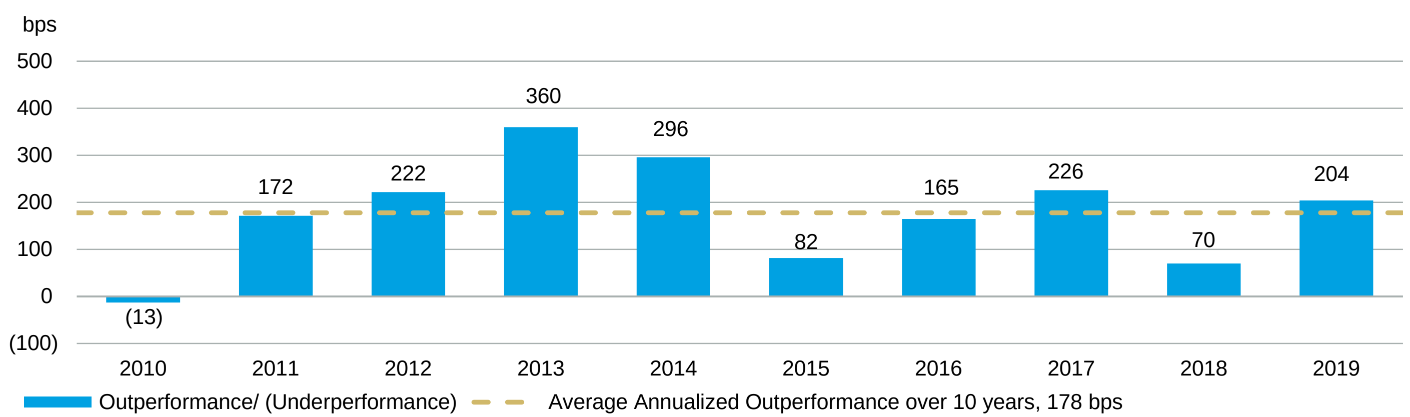
PRIME Leveraged Total vs. NCREIF Fund Index—Open-End Diversified Core Equity ("NFI-ODCE") Total (1)

Annualized Gross Return Comparison, as of December 31, 2019 (%)



PRIME vs. NFI-ODCE Performance Comparison

Annual Gross Return Comparison, Calendar Year 2010-2019



Notes:

Past performance is not indicative of future results. See the Performance Notes for important information about performance returns.

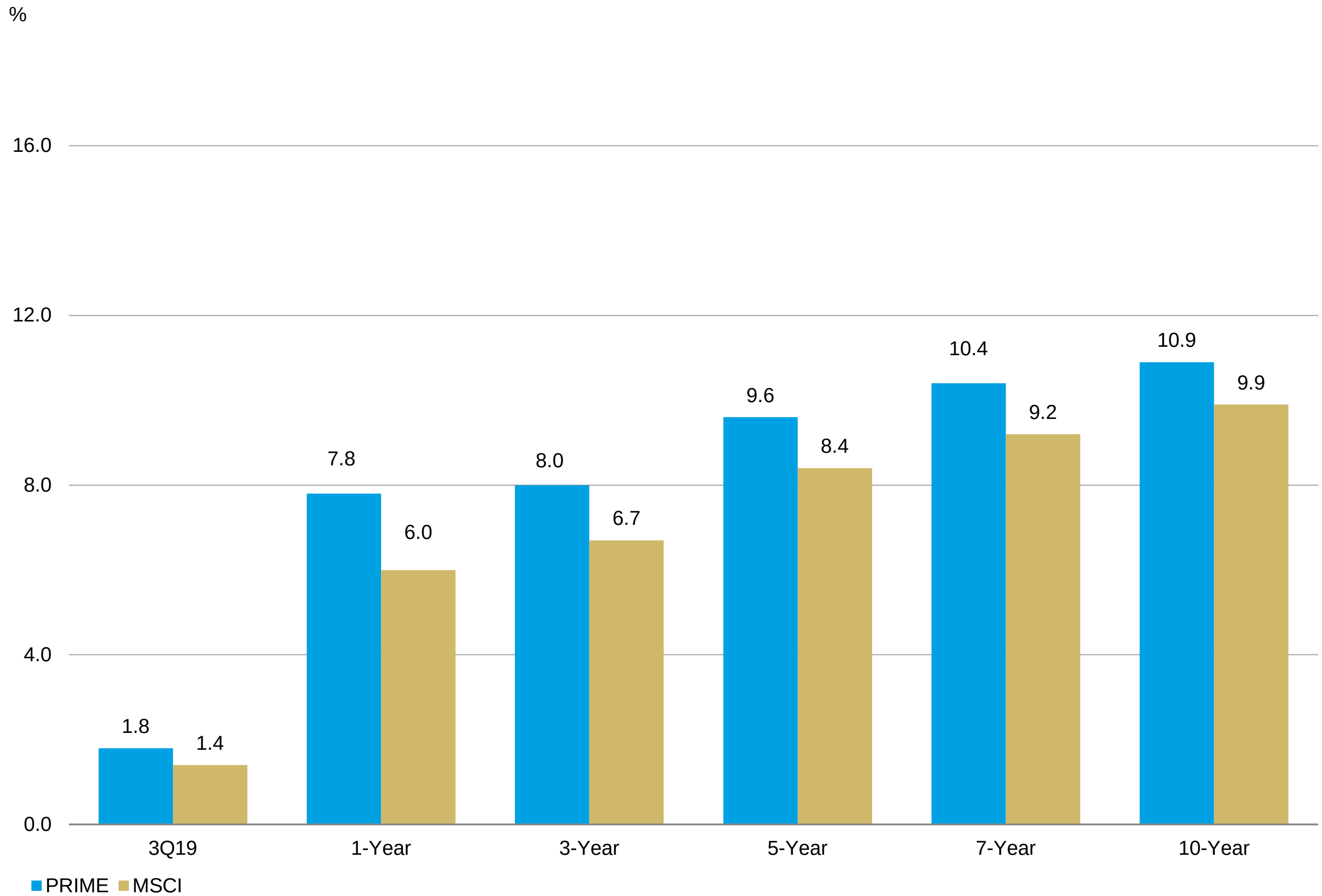
1. Returns are presented before (i.e., gross of) investment advisory fees—specifically, they do not reflect a deduction for asset management fees. Annual net returns are provided in the Performance Notes. See page 44 for net returns for the periods presented herein. See the Performance Notes for important information about the characteristics of the NFI-ODCE and other comparative indices in relation to PRIME and other factors relevant to such comparisons.

Unleveraged Returns

As of September 30, 2019

- The MSCI U.S. Core Open End Fund Benchmark (the "MSCI Benchmark") is a non-published peer group consisting of 21 U.S.-based core open-end private equity real estate funds. The MSCI Benchmark includes 21 of the 24 funds in the NFI-ODCE (95.7% of NFI-ODCE NAV)

PRIME vs. MSCI U.S. Core Open End Fund Benchmark (1)(2)



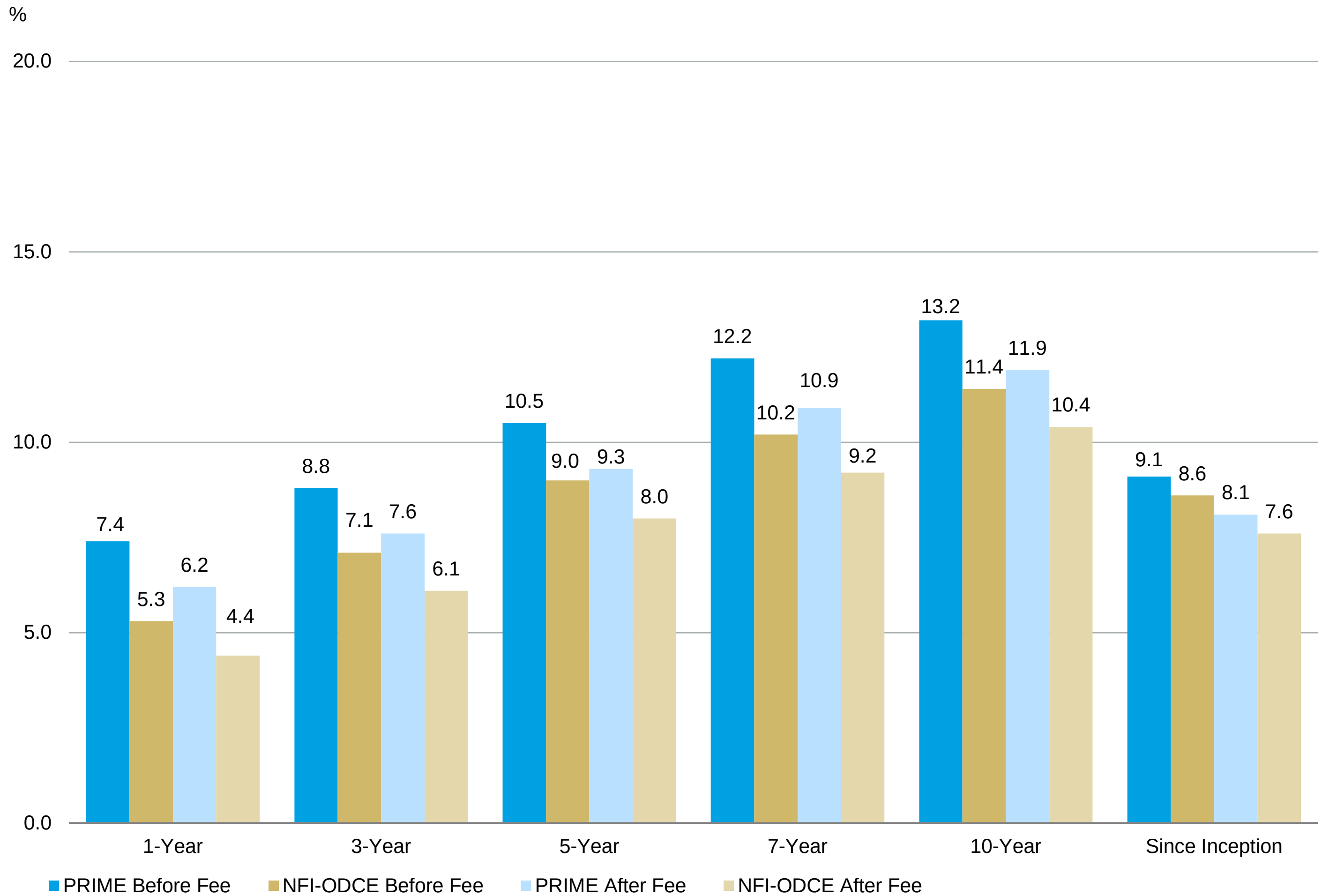
Notes:
Past performance is not indicative of future results. See the Performance Notes for important information about performance returns and the characteristics of the MSCI Benchmark
1. Returns are presented before (i.e., gross of) investment advisory fees—specifically, they do not reflect a deduction for asset management fees. See page 44 for PRIME's net returns for the periods presented herein. PRIME's unleveraged returns are calculated without the impact of property- and portfolio-level financing.
2. See the Performance Notes for important information about the characteristics of the MSCI Benchmark and other comparative indices in relation to PRIME and other factors relevant to such comparisons.

PRIME Before and After Fee Performance vs. NFI-ODCE

As of December 31, 2019

- PRIME's fee for each of the last five calendar years has been
  - 2019 115 bps
  - 2018 103 bps
  - 2017 103 bps
  - 2016 112 bps
  - 2015 119 bps
- PRIME's fee structure is detailed on page 54 (Tab A)
- The difference between Before Fee and After Fee returns does not total the fee charged in terms of basis points on NAV given the compounding impact of the chain linking of returns

PRIME vs. NFI-ODCE Total Returns (1)



Notes:
Past performance is not indicative of future results. See the Performance Notes for important information about performance returns and the characteristics of the NFI-ODCE Benchmark

1. The Fund's inception was August 20, 1973; however, to provide a more meaningful basis for comparison, returns for the Fund and the NFI-ODCE are shown for the period starting in the first quarter of 1978, inclusive, which represents all available return information for the NFI-ODCE since its inception.

Valuation

- PRIME works closely with the Fund's independent appraisers to ensure they have the most current property and capital market information possible

PRIME has implemented a rigorous appraisal process

- **Every asset independently appraised quarterly**
- Nationally recognized appraisal firm is engaged to manage the process with the third-party appraisal firms that provide appraisals
- Individual appraisal assignments are rotated every three years
- Third-party appraisal firms are engaged by PRIME's independently controlled Board of Directors
- All valuation recommendations are formally reviewed by the Adviser's internal valuation committee

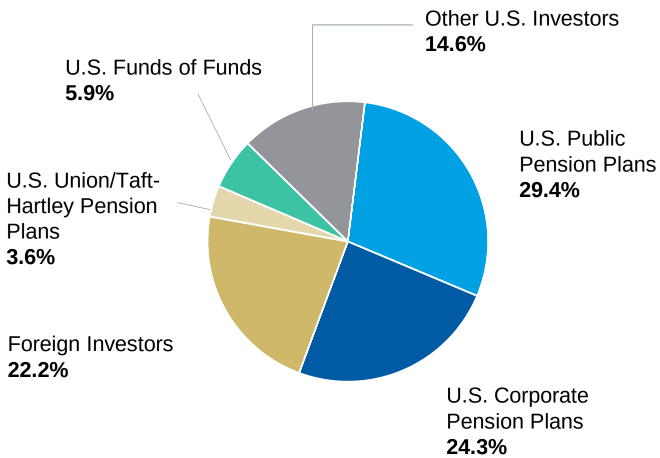
Investor Profile

As of December 31, 2019

- Ownership structure allows for a more diversified capital base

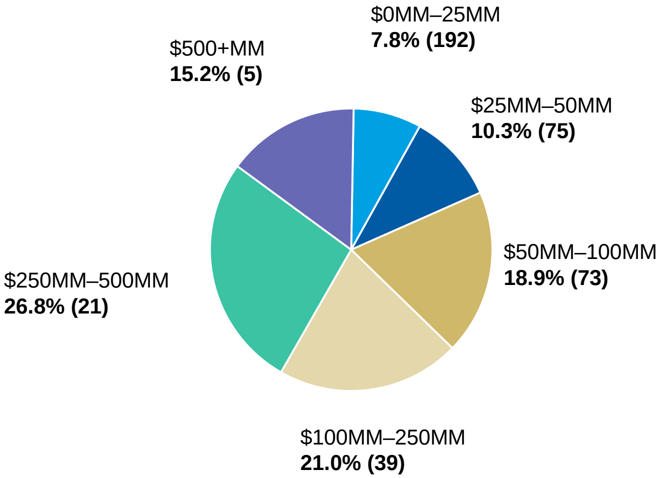
Investor Type—Measured in $

$26.3B Net Asset Value



Number of Investors—Measured by Size

$26.3B Net Asset Value



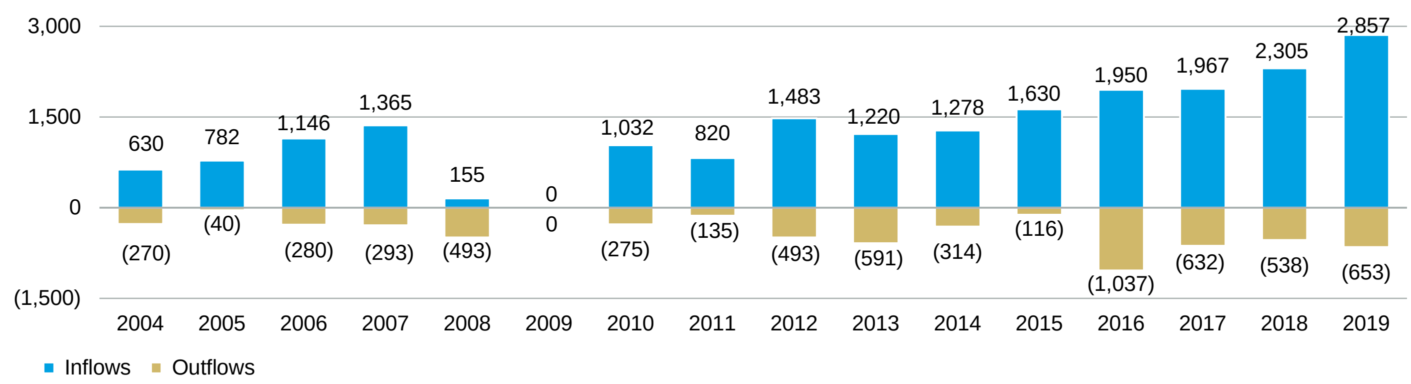
PRIME Client Flows

As of December 31, 2019

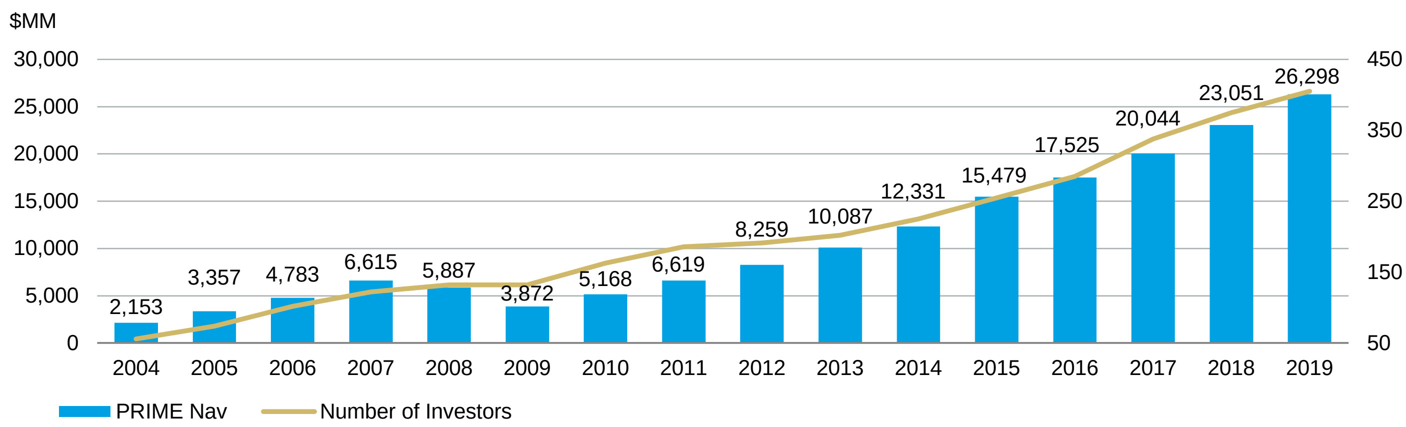
- As of December 31, 2019, PRIME has an incoming investment queue of $1,149M

- The number of investors in PRIME has more than doubled since 2012

Inflows and Outflows [1]



NAV and Number of Investors



Notes:
1. Excludes dividends paid and reinvested. PRIME had a redemption queue from September 2008 to September 2010

Summary & Differentiating Attributes

Broad Investment Platform

- PRIME is MSREI’s only active U.S. core investment mandate
- Provides access to deal flow, information and expertise

Experienced and Dedicated Team

- Providing consistency of approach to investing
- Interests aligned with shareholders

Strong Relative Track Record

- Have outperformed through market cycles
- Research supported and specific investing strategies within each sector
- Established practices in place to manage to an attractive risk-adjusted return

High-quality Portfolio

- Difficult to replicate and more resilient through market cycles
- Strategically constructed, diversified and concentrated in preferred major markets

Operational Expertise

- AMLI provides expertise and experience within the apartment sector

Performance Notes

Past performance is not indicative of future results. There can be no assurance that the Fund will achieve comparable, or any, returns. Losses, including a total loss of invested amounts, can result from investment in the Fund.

Unless otherwise noted, performance returns for the Fund contained herein:

- Are annualized (i.e., for periods of one year or greater, the performance returns represent average annual returns). Returns for periods less than one year are unannualized.
- Are time-weighted returns calculated using a "modified Dietz method." In the absence of daily portfolio valuations, the modified Dietz method weights individual cash flows by the amount of time that those cash flows are held by (or absent from) the portfolio. The Adviser believes the modified Dietz method is a more appropriate way to measure the return on a portfolio than a simple geometric return method because the modified Dietz method identifies and accounts for the timing of all random cash flows while a simple geometric return does not.
- The modified Dietz method formula for calculating a time weighted return is as follows:
  - $Rp = \frac{EFV - BFV - CF}{BFV + WCF}$
  - Rp = Return for the measurement period
  - EFV = Ending fair value of the investment
  - BFV = Beginning fair value of the investment
  - CF = Net cash flows for the period (add if net distribution)
  - WCF = Sum of weighted cash flows for the period
- Are presented before (i.e., gross of) investment advisory fees—specifically, they do not reflect a deduction for asset management fees. Actual returns to an investor would be lower.
- Are presented on a levered basis.
- Are presented based on finalized interim unaudited financial results (or, if available, finalized audited financial statements) available as of the stated time in the return presentation. Such results as of the end of the applicable fiscal year are generally audited by a reputable outside firm within 90 days of the Fund's fiscal year end.
- Include interest income from short-term investments.
- Include income which is based on accrual accounting.
- Include increases or decreases in net asset value arising from the Fund's marking of its debt to market in accordance with Accounting Standards Codification 825-10-25

Performance Notes (Cont'd)

The Fund's annual total returns for calendar years 1974-2019 are as follows:

Year	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983
Gross	10.18%	7.64%	10.20%	11.27%	14.05%	14.92%	12.58%	17.25%	8.70%	18.13%
Net	9.15%	6.54%	9.05%	10.44%	13.27%	14.08%	11.59%	16.30%	7.34%	17.52%
Year	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
Gross	14.10%	9.74%	8.44%	9.40%	8.51%	9.60%	0.36%	(7.24)%	(3.52)%	2.12%
Net	13.11%	8.63%	7.30%	8.25%	7.38%	8.46%	(0.70)%	(8.23)%	(4.57)%	1.06%
Year	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Gross	6.73%	(0.38)%	10.61%	14.34%	18.75%	13.40%	13.27%	3.54%	5.27%	11.04%
Net	5.68%	(1.36)%	9.54%	13.23%	17.59%	12.26%	12.20%	2.59%	4.30%	10.02%
Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Gross	18.53%	20.70%	18.47%	16.53%	(3.69)%	(32.61)%	16.23%	17.72%	13.16%	17.54%
Net	17.56%	19.81%	17.03%	15.23%	(4.75)%	(33.22)%	15.09%	16.28%	11.68%	16.15%
Year	2014	2015	2016	2017	2018	2019				
Gross	15.46%	15.84%	10.42%	9.88%	9.05%	7.38%				
Net	14.11%	14.50%	9.20%	8.75%	7.95%	6.16%				

The Fund's inception date was August 20, 1973. Performance information for the Fund for the period in which it was advised by Lend Lease Real Estate Investments, Inc. or its predecessors (the period prior to December 2003) is included because it has been concluded that, given the substantial overlap of personnel and other factors, reporting such information would be helpful. On June 30, 2004, the Fund became the successor in interest of an open-end institutional real estate fund organized in 1973 as a statutory insurance company separate account (known as "Separate Account No. 8 – Prime Property Fund") sponsored and maintained by The Equitable Life Assurance Society of the United States.

Performance Notes (Cont'd)

The sum of the income return and appreciation return components may not equal the gross return because of the time weighting (i.e., chain linking) of component monthly returns and/or quarterly returns.

Income return may or may not approximate distributed income to the investor, depending on the cash distribution policy or elections made by the investor.

As stated above, performance returns for the Fund contained herein are reported on an annualized, not cumulative, return basis. The cumulative, compounded effect of advisory fees on total returns can be significant. For example, assuming an 8% annual return to a portfolio, earned evenly over the period in question, and an annual advisory fee on equity equal to 1.15%, the total after-fee return to the client would nominally be 6.85%. Over one-, three-, five- and ten-year periods, however, cumulative actual returns would be 8.24% (gross) and 7.03% (net) for one year; 26.82% (gross) and 22.60% (net) for three years; 48.59% (gross) and 40.44% (net) for five years; and 120.80% (gross) and 97.23% (net) for ten years.

Comparable Indices and Benchmarks – Generally

For purposes of evaluating the Fund's performance, the information contained herein includes certain comparisons to certain real estate and non-real estate indices and benchmarks. It is not possible to invest directly into an index or benchmark. Certain factors and the limited data available for such indices and benchmarks may make direct comparisons difficult, and such indices and benchmarks may have characteristics that are not be fully applicable to the Fund and may be more or less volatile than the Fund. For example, indices (or particular funds contained therein) may have dissimilar asset concentrations, appraisal standards or policies on the reinvestment of dividends or other proceeds when compared to the Fund.

Characteristics of certain indices and benchmarks commonly used in comparisons with the Fund are described below; however, the descriptions are not exhaustive. Thorough familiarity with the characteristics for each index and benchmark is advisable before one can fully understand such comparisons.

NCREIF Fund Index – Open-End Diversified Core Equity

The NCREIF Fund Index – Open-End Diversified Core Equity ("NFI-ODCE") is a fund-level, capitalization-weighted, time-weighted return index and includes property investments at ownership share, cash balances and leverage (i.e., returns reflect each fund's actual asset ownership positions and financing strategy). NFI-ODCE performance information is presented gross of fees. NFI-ODCE information is available beginning in the first quarter of 1978, inclusive.

Performance Notes (Cont'd)

MSCI U.S. Core Open-End Fund Benchmark

The MSCI U.S. Core Open-End Fund Benchmark ("MSCI Benchmark") is time-weighted return index peer group benchmark used by PRIME and includes all investments owned by the peer group including real estate, cash and other investments (mezzanine loans receivable, notes receivable, forward commitments, etc.). The MSCI Benchmark is gross of fees and excludes the impact of leverage.

NCREIF Property Index

The NCREIF Property Index ("NPI") is a property-level, time-weighted return index and includes property investments at 100% ownership and does not account for leverage (i.e., returns do not reflect each fund's actual asset ownership position (if not 100%) or financing strategy). NPI performance information is presented gross of fees.

The Fund has a core-oriented investment strategy, while the NPI includes investments with a non-core orientation. The NPI performance returns exclude development, agricultural and other non-income producing properties. Also, the NCREIF Property Index is a broader index and includes assets with enhanced or more opportunistic-type strategies. The Fund's exposure to these types of assets is limited to 15% of gross assets, and the Fund's exposure to these types of assets was 10.3% of gross assets as of December 31, 2019.

Other Indices

Comparisons to the performance returns of other indices (e.g., NAREIT Equity REIT Index, S&P 500, Barclays Capital U.S. Government/Credit Bond Index) are subject to similar considerations concerning component product mixes, weighting, etc. In particular, when comparing the performance of asset classes, readers should keep in mind that there are differences that make direct comparisons difficult. For example, due to the appraisal methods for valuing real estate, there may be inherent issues when comparing real estate to other asset classes; stocks are more volatile than bonds; and U.S. government bonds and fixed income investments are guaranteed by the issuer as to the timely payment of principal and interest and pay a fixed rate of interest.

SECTION 5

Additional Information

PRIME Fee Structure

- Fee structure intended to create strong alignment of Adviser's interest with investors by compensating Adviser for NOI growth
  - 2019 Fees 115 bps
  - 2018 Fees 103 bps
  - 2017 Fees 103 bps
  - 2016 Fees 112 bps
  - 2015 Fees 119 bps

Asset Management Fee: 84 basis points per annum of the NAV (as of the beginning of each calendar quarter) payable quarterly in arrears.

Incentive Fee: Incentive Fee for each calendar year is capped at 35 basis points per annum. Accrues on a monthly basis over a calendar year. Monthly accrual will equal the product of X*Y*Z*1/12, where:

- X = 5.0%;
- Y = NAV (as of the beginning of that month); and
- Z = "Comparable Property NOI Growth" for that month (expressed as a percentage) [(1)]

Incentive Fee is payable at or promptly after the end of each calendar year and equal to the aggregate amount of the Incentive Fee (including any negative amounts) accrued for each month of the calendar year.

Notes:

1. "Comparable Property NOI Growth" for a given calendar month is the growth, expressed as a percentage, of (i) the aggregate income after operating expenses have been deducted, but before deducting income taxes, financing expenses, fund expenses and capital expenditures (the "NOI") generated by Included Investments that month, over (ii) the aggregate NOI generated by the same Included Investments during the same calendar month in the preceding year. For these purposes, "Included Investments" means each real estate asset held directly or indirectly by the Fund for at least 13 months prior to the end of that month (for the avoidance of doubt, including any real estate for which there was any expansion, redevelopment or similar change during the prior 13 months); provided that if any such real estate asset is a development asset (i.e., either undeveloped land or a previously developed real estate asset that is subject to a development or redevelopment project where the budgeted costs of such project exceed 50% of the value of such asset immediately prior to undertaking such project), such real estate asset will only be considered held once its development has been completed (i.e., a certificate of occupancy or equivalent document has been obtained); and provided further that "Included Investments" shall not include AMLI Operating Company, Safeguard Operating Company or any other future Investment deemed to be an operating company

Executive Summary

MACRO

- Moderating trade tensions and accommodative monetary policy likely to support trend growth in the U.S.
- Labor markets and consumer remain healthy
- Downside risks remain including election year uncertainty, Coronavirus impact on global growth and re-escalation of trade tensions
- Near term recession unlikely

CAPITAL MARKETS

- Investment volumes remain near record levels, despite full pricing. Industrial, apartment and healthcare sectors remain most in-favor
- Core returns moderating as income growth becomes primary driver
- Industrial returns continue to be very strong (2x other sectors)

FUNDAMENTALS

- Fundamentals increasingly bifurcated within each sector based on location and product type requiring careful capital deployment and more intensive asset management
- Strongest rental growth expected in industrial and residential sectors driven by ecommerce and housing shortages
- Office sector rental growth tied to market specific supply and demand dynamics
- Retail sector continues to face challenges associated with ecommerce, changing retail business models and demographic shifts

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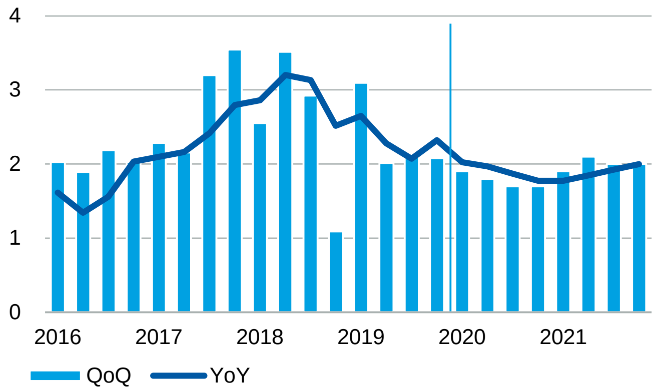
Macro Economic Conditions Mostly Steady

- U.S. growth moderated in 2H 2019, expanding at an annualized rate of 2.1% compared to 2.6% in 1H 2019
  - Full year growth, however, was 2.3% in-line with the 5-year average
- Growth was driven primarily by the consumer, while business investment was a drag
  - Income and consumption growth have been in-line throughout this expansion
- Weak business investment driven by a strong USD, excess inventories at the start of the year, and the sharp decline in oil prices
  - Manufacturing PMI is hinting at a potential recovery
- While the unemployment rate is at 50-year lows, inflation remains stubbornly low suggesting that excess labor market slack may still exist
  - An alternative measure of labor market slack, the prime age employment to population rate, suggests that employment gains could remain robust over the next few years as additional labor is absorbed

U.S. GDP Growth Steady

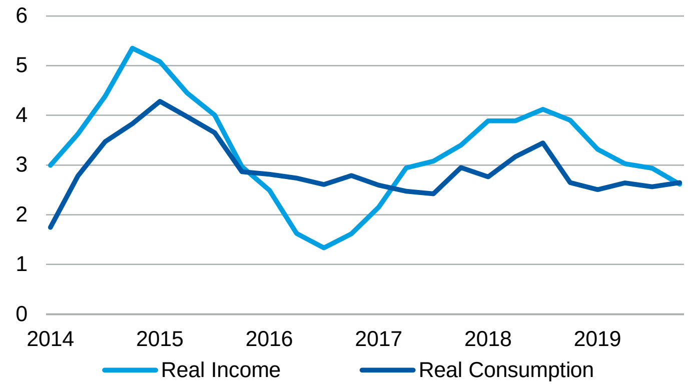
Headline GDP, YoY, %



Source: Bureau of Economic Analysis, Morgan Stanley Research, MSREI Strategy, data as of February 2020

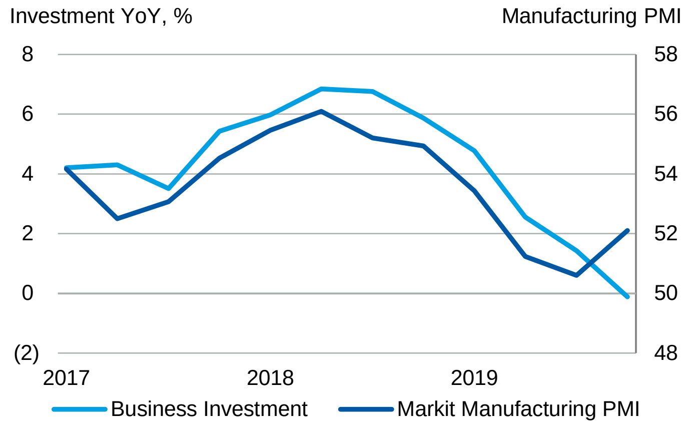
Supported by Healthy Consumer Fundamentals

Consumption & Income, YoY, %



Source: Bureau of Economic Analysis, MSREI Strategy, data as of February 2020

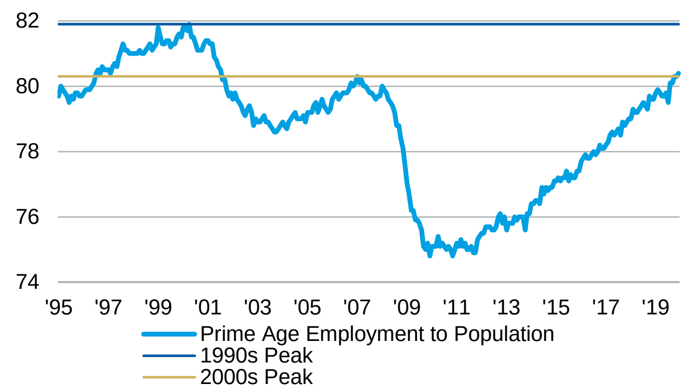
Business Investment Weakness is a Risk



Source: Bureau of Economic Analysis, Markit MSREI Strategy, data as of February 2020

Labor Market Provides Upside Risk

Prime Age Employment to Population, %



Source: Bureau of Labor Statistics, MSREI Strategy, data as of February 2020

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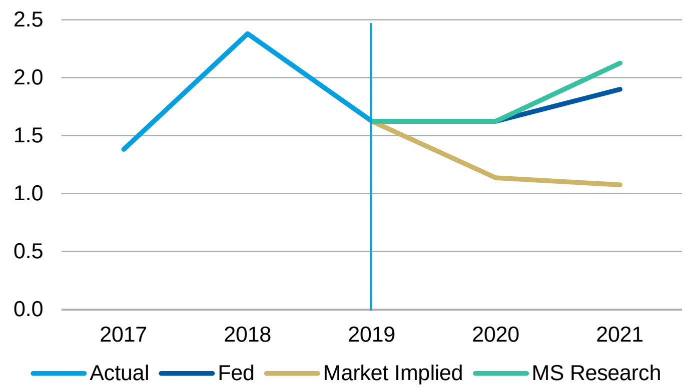
Fed Policy Should Remain Loose

- Low inflation may allow the Fed to maintain looser monetary policy, with high hurdles for a new round of rate hikes
  - While the Fed has signaled that its “mid-cycle adjustment” is complete, futures markets are pricing in a ~60% chance of a rate cut in 1H 2020
- Since the start of 2014, U.S. interest rates have diverged significantly from the DM median which has put substantial pressure on USD (up 23% since this divergence began)
- Interest rates likely to remain low as an aging global population increases desired savings while also reducing demand for new investment

Fed Taking an Easing Bias

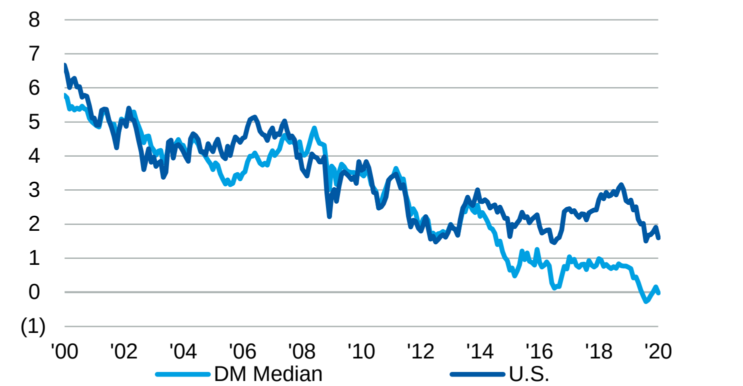
Fed Funds Rate, %



Source: Board of Governors of the Federal Reserve System, Morgan Stanley Research, CBOE, MSREI Strategy, data as of February 2020

Global Interest Rates Have Diverged, UST likely to stay low

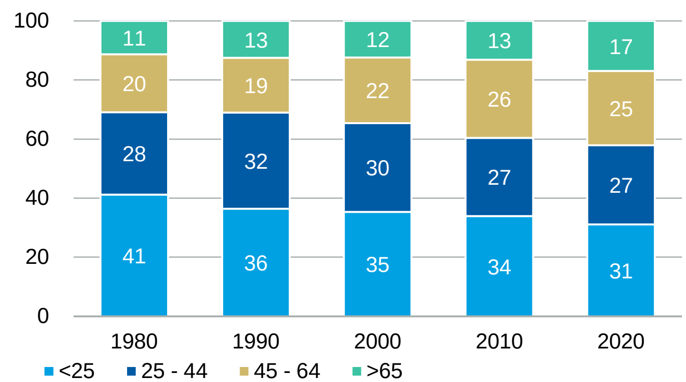
10-year Yield, %



Source: Oxford Economics, MSREI Strategy, data as of February 2020

Aging Demographics Globally

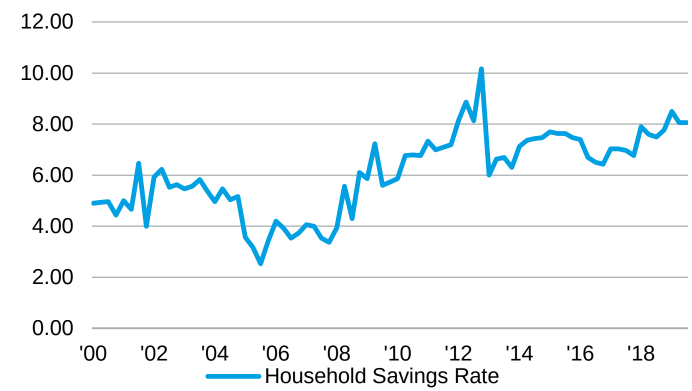
%



Source: Moody’s Analytics, MSREI Strategy, data as of February 2020

Will Lead to Higher Savings and Lower Interest Rates

Personal Savings Rate, %



Source: Bureau of Economic Analysis, Moody’s Analytics, MSREI Strategy, data as of February 2020

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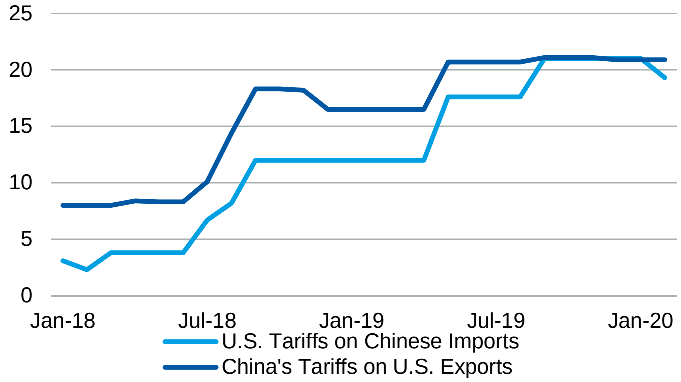
High Degrees of Macro Uncertainty Persist

- The average tariff rate the U.S. applied to Chinese imports increased from 3.1% at the start of 2018 to 21.0% by the end of 2019
  - Tariff rate declining slightly in February to 19.3% as part of Phase 1 trade deal
  - U.S. imports to China have seen their average tariff rate increase from 8.0% in January 2018 to 20.9%
  - Relative to 2017, U.S. imports from China have declined by 17% while exports have fallen 25%(1)
- There is still significant uncertainty around the coronavirus outbreak, but risks exist to global travel as well as financial markets
- Risks that economic activity slows in 3Q due to election uncertainty
- High levels of corporate debt remain a lingering threat

Trade Policy Remains a Key Risk

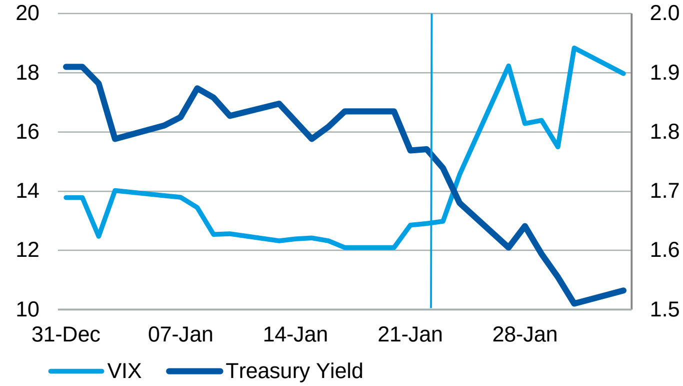
Average Tariff Rate, %



Source: Chad P. Bown. 2019. US-China Trade War Tariffs: An Up-to-Date Chart. PIIE Chart, Peterson Institute for International Economics, as of December 19th 2019

Coronavirus Impacting Financial Markets

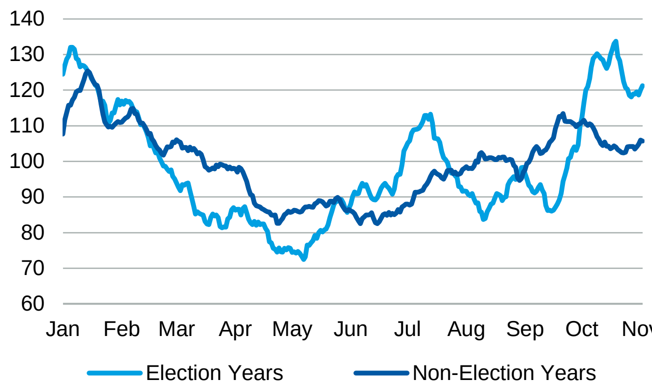
VIX, points | 10-year Treasury Yield. %



Source: Chicago Board Options Exchange, Board of Governors of the Federal Reserve System, MSREI Strategy, data as of February 2020

Uncertainty Could Spike in Mid-September

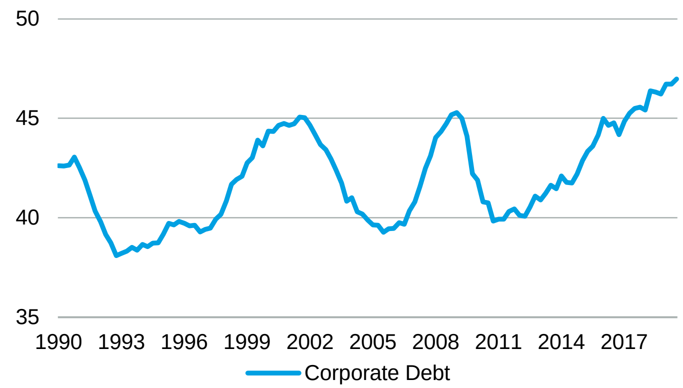
Average Uncertainty (1998 – 2016)



Source: Baker, Scott R., Bloom, Nick and Davis, Stephen J., Economic Policy Uncertainty Index for United States, MSREI Strategy, data as of February 2020

Corporate Debt Remains High

Corporate Debt, % of GDP



Source: Bureau of Economic Analysis, Board of Governors of the Federal Reserve System, Moody's Analytics, MSREI Strategy, data as of February 2020

Notes
1. U.S. Census Bureau, MSREI Strategy, data as of February 2020

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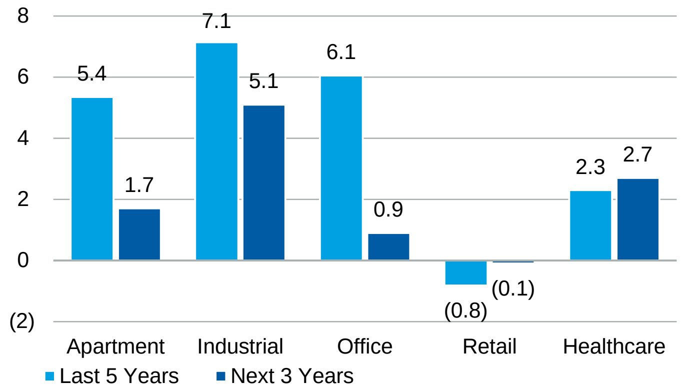
Implications of Lower Growth

- Industrial, apartment, and healthcare are expected to continue posting strong relative NOI growth
- Industrial cap rates have compressed by 20 bps YoY
  - Apartment and office cap rates flat
- The yield spread between the NPI and 10-year UST increased by 103 bps YoY in 2019
  - Driven by a 116 basis point decline in the 10-year UST
  - Cap rates ticked down slightly, by 13 bps to 4.7%
- Cap rate spreads are at their historical averages

NOI Expected to Decelerate

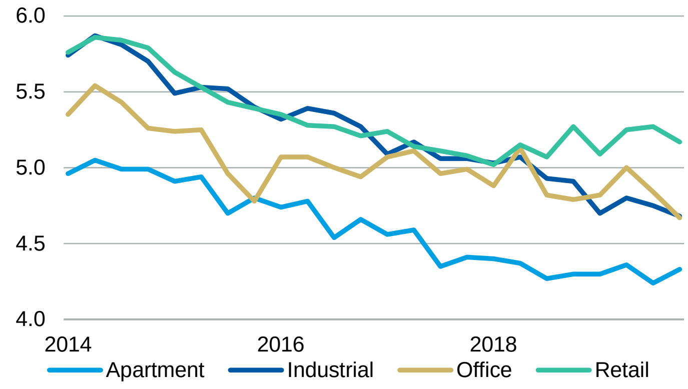
Annualized, %



Source: NCREIF, Green Street Advisors, MSREI Strategy, data as of February 2020

Cap Rates Likely to Remain Stable

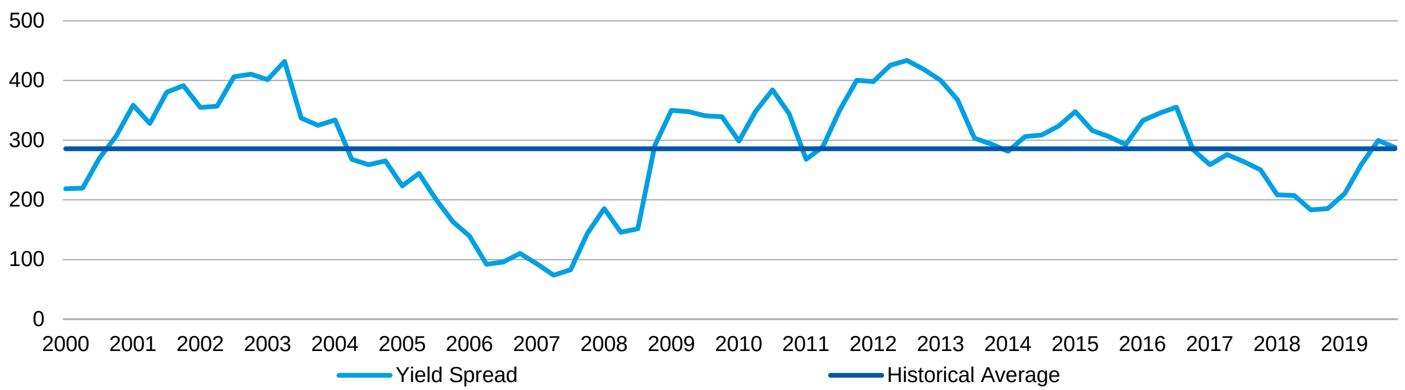
%



Source: NCREIF, data as of February 2020

Wider Cap Rate Spreads

Spread to 10-year Treasury, Bps



Source: NCREIF, Board of Governors of the Federal Reserve System, Moody's Analytics, MSREI Strategy, data as of February 2020

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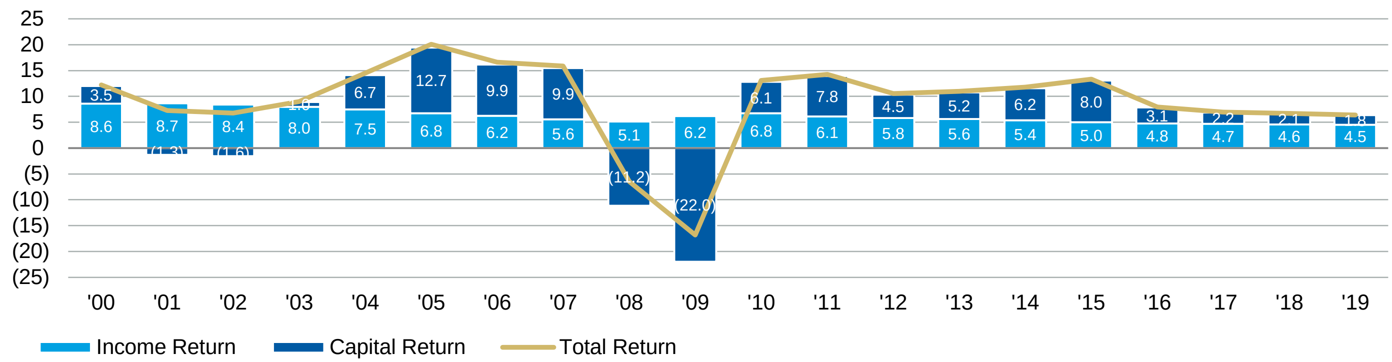
Investing Through the Cycle

Real Estate Returns Remain Attractive, Particularly Industrial

- Quarterly returns have stabilized around 1.5% QoQ
  - Driven by a 1.1% income return
  - Capital values increased by 0.4% QoQ
- Over the full year, unlevered returns were 6.4%, a YoY deceleration of 30 bps
  - Vs. ODCE returns of 5.4%, a YoY deceleration of 300 bps
- Returns are increasingly driven by income
  - Over 2017 – 2019 , income accounts for 69% of the total return while over 2014 – 2016 income made up 46% of total return
- Attractive relative returns continue to drive higher real estate allocations

Private Real Estate Performance Has Stabilized

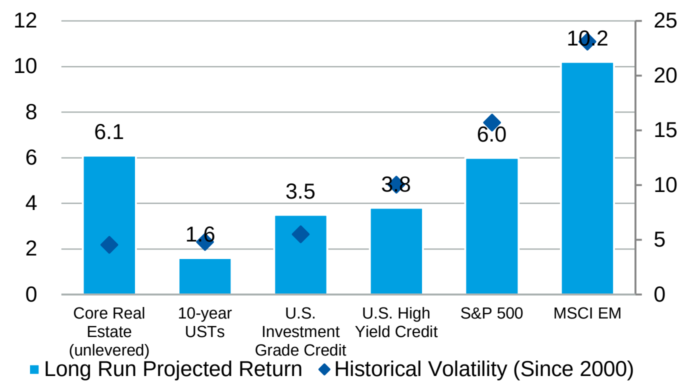
NPI, Annual Unlevered Returns, %



Source: NCREIF, MSREI Strategy, data through February 2020

Attractive Relative Returns

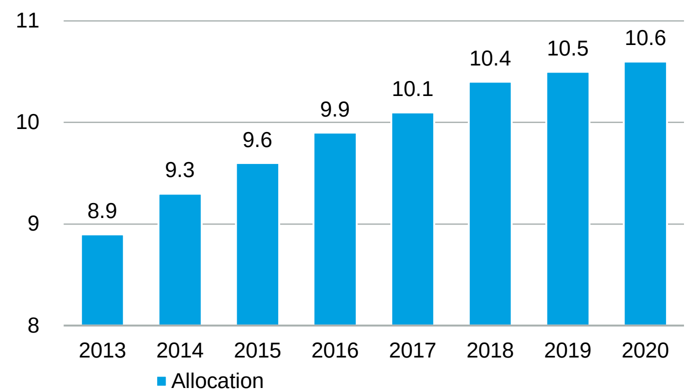
Projected 10-Year Total Return, Annualized, % Historical Volatility



Source: Green Street, NCREIF, Bloomberg, MSREI Strategy, data as of February 2020

Target RE Allocations Increasing

Allocation, %



Source: Hodes Weill & Associations, data as of February 2020

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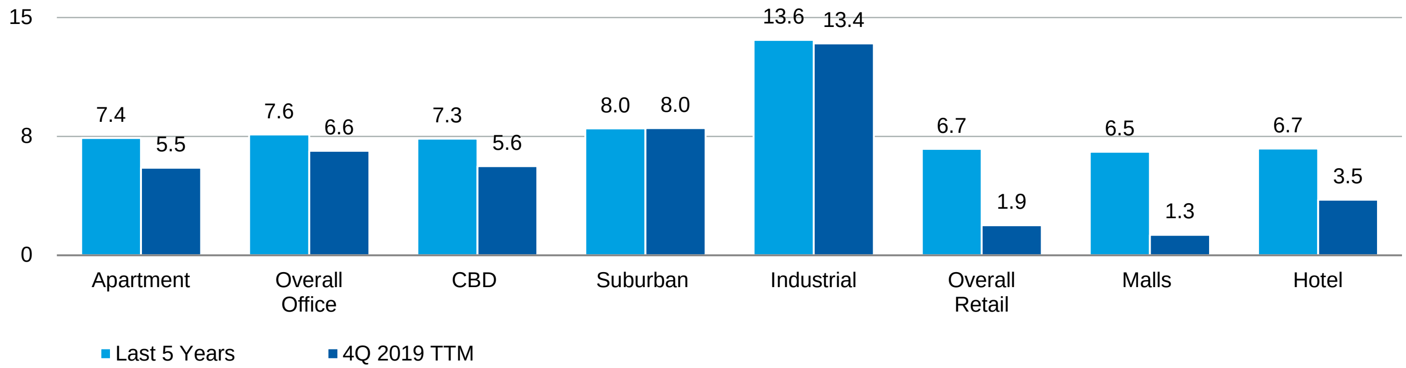
Investing Through the Cycle

Real Estate Returns Remain Attractive, Particularly Industrial and West Coast Markets

- By property type, industrial returns continue to lead, >2x returns from other sectors
  - – Retail returns continue to be challenged, returning just 1.3% over the last year
- West coast markets have generally outperformed east coast markets

Industrial Returns 2x All Other Sectors

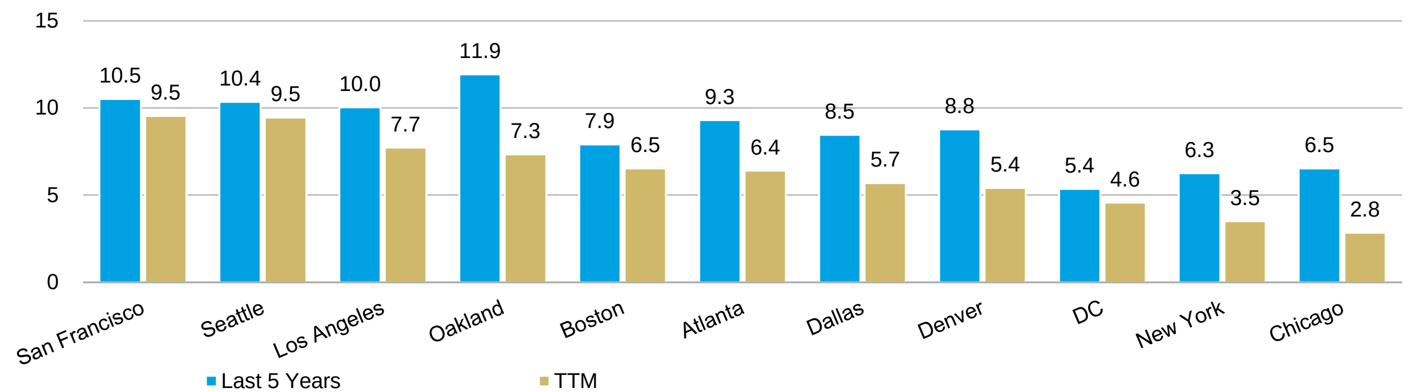
Annualized Performance by Property Type, %



Source: NCREIF, MSREI Strategy, data as of January 2020

Returns By Market

Annualized Total Return, %



Source: NCREIF, MSREI Strategy, data as of January 2020

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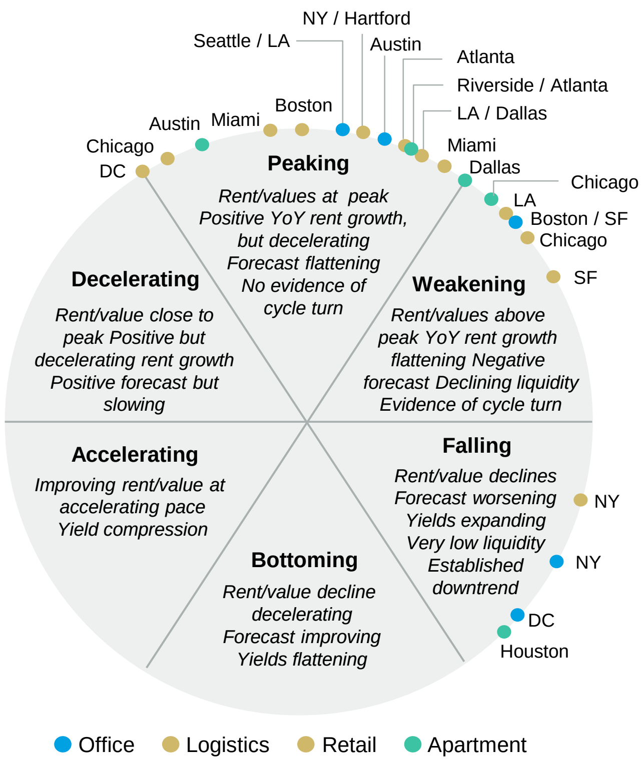
Cycle Normalization

Market Fundamentals Remain Healthy but Assets are Fully Priced

- Major U.S. real estate markets are generally in the mature stage of the cycle
- Pricing among all major property types is above the prior peak, largely supported by strong fundamentals
- Given lateness in the cycle, capital may become more discerning targeting better quality properties in preferred markets

Market Cycle is Advanced [1]

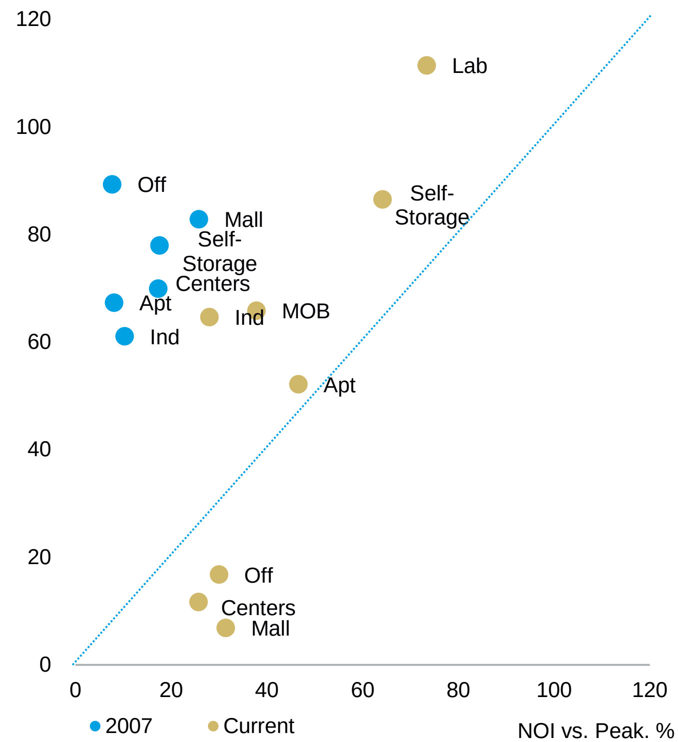
2Q 2019



Source: MSREI Strategy, data as of July 2019

Relative to Prior Peak

Price vs. Peak. %



Source: Green Street Advisors, MSREI Strategy, data as of February 2020

Notes:

1. The market cycle positioning framework is the outcome of the use of an internal tool being developed by MSREI based on a consistent set of real estate metrics available on a country-by country basis. It is aimed to help identify drivers of market performance, market positioning relative to prior cyclical peaks and troughs, turning points and implications for investing strategies. It is updated on a quarterly basis in line with the release of macroeconomic and commercial real estate data. The tool uses a mix of real estate fundamentals and capital markets metrics that are generally available in applicable countries (including rent, occupancy, cap rates and spreads and liquidity and values metrics). The majority of the metrics are based on "actuals", versus relying on forecast data. Note that other outcomes could result if different inputs or assumptions are made. The market cycle positioning constitutes a "forward looking statement." Due to various risks and uncertainties, actual events or results may differ materially from those reflected or contemplated in such forward-looking statement.

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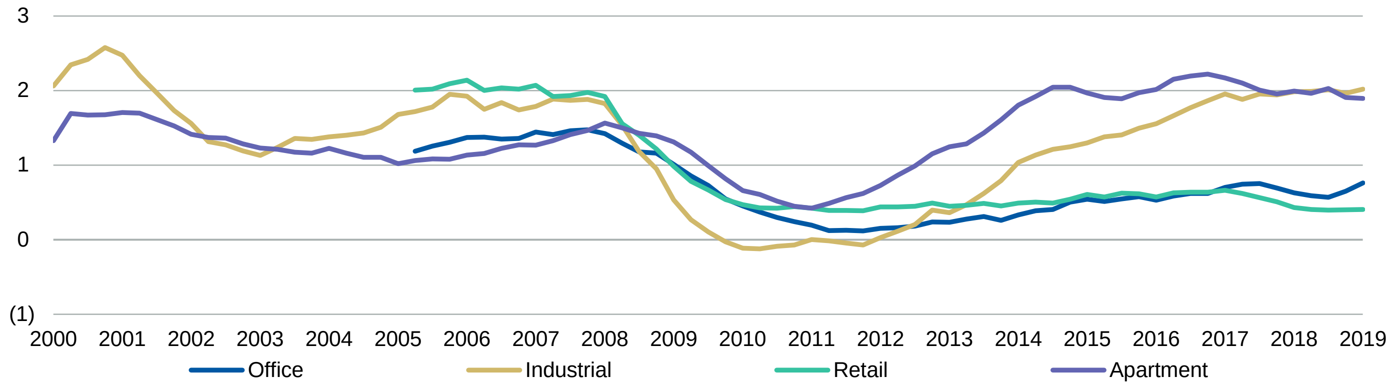
Past performance is not indicative of future results. When comparing asset classes, keep in mind that each has differences. Stocks can be more volatile than other securities. Fixed income securities are subject to credit risk. U.S. government bonds and fixed income investments are guaranteed by the issuer as to the timely payment of principal and interest and pay a fixed rate of interest. Due to the appraisal methods for valuing real estate, there may be inherent issues when comparing real estate to other asset classes

Low Supply & Manageable Debt Likely to Support Prolonged Cycle

- Supply growth well below historical averages for office and retail sectors, above average for apartments and industrial sectors
- Construction loan growth moderating
  - Up 2.4% YoY through 3Q 2019
- Debt metrics remain healthy with LTVs low, while debt yields and DSCR are high

Net Completions

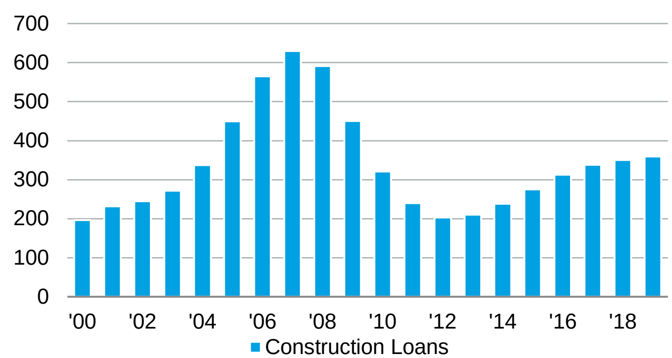
% of Stock



Source: CoStar, MSREI Strategy, data as of February 2020

Construction Loans

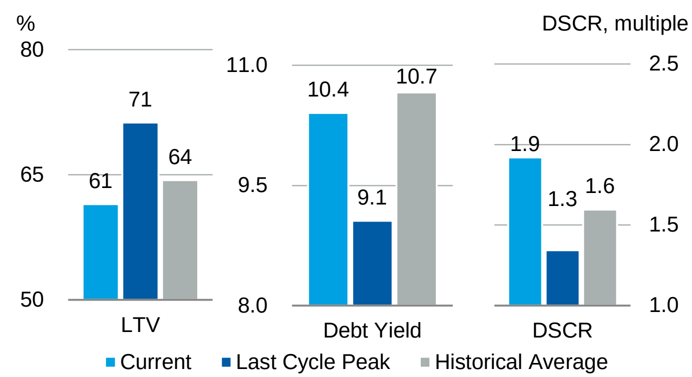
Construction and Development Loans Outstanding, USD Bn



Source: FDIC Quarterly Banking Profile, data as of February 2020

U.S. Debt Markets Remain Healthy

4Q 2019, Last Cycle Peak, and Historical Average



Source: Real Capital Analytics, MSREI Strategy, data as of February 2020

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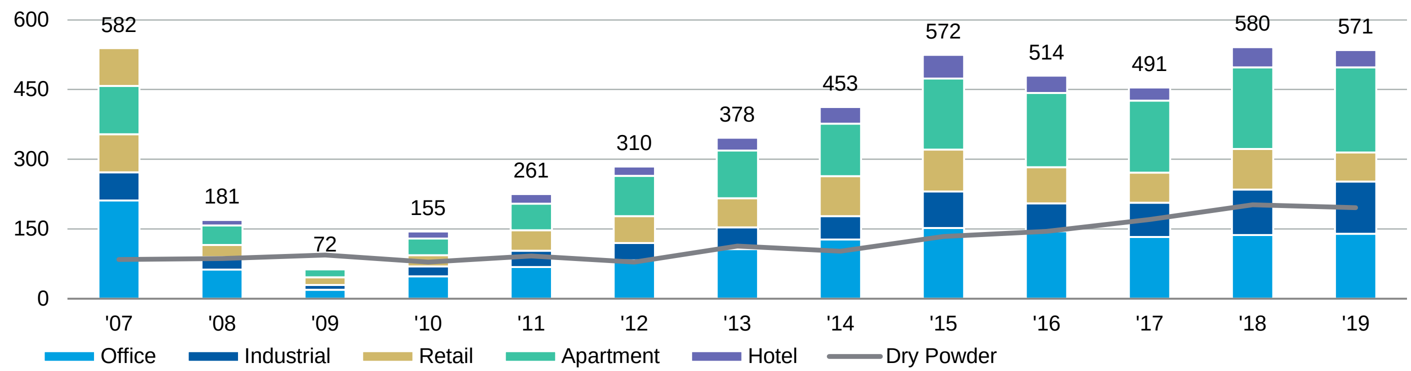
Private Equity Capital Markets Continue to be Active

Apartment and Industrial Sectors Showing Strongest Growth

- Transaction volume totaling $571Bn in 2019, down 1.6% YoY
  - Industrial transaction volume up 14% YoY[1]
- Cross border acquisitions fell by 49% YoY in 2019 while dispositions increased by 4.8% YoY
  - Cross border capital was a net seller over the TTM period for the second consecutive quarter
  - REITs were a small net buyer over the TTM period while institutional and private investors continued to be large net buyers of commercial real estate
- Real estate investors are signaling a preference for value-add and core plus strategies

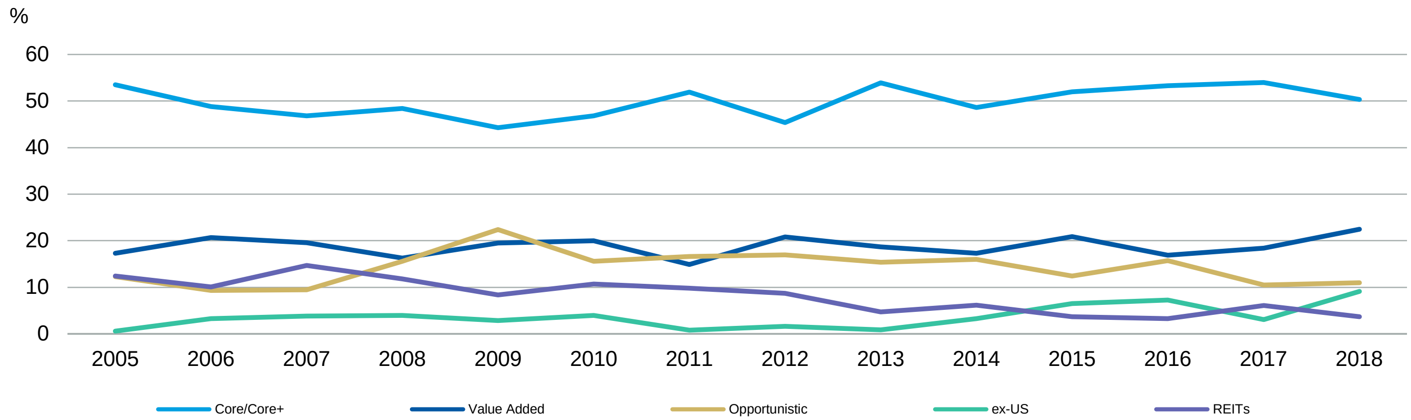
Robust Liquidity

Annual Transaction Volume by Property Type (US$ Bn)



Source: Real Capital Analytics, MSREI Strategy, data as of February 2020

Real Estate Allocations By Strategy



Source: Kingsley Associates, IREI, MSREI Strategy, data as of February 2020

Notes:
1. Real Capital Analytics, MSREI Strategy, data as of February 2020

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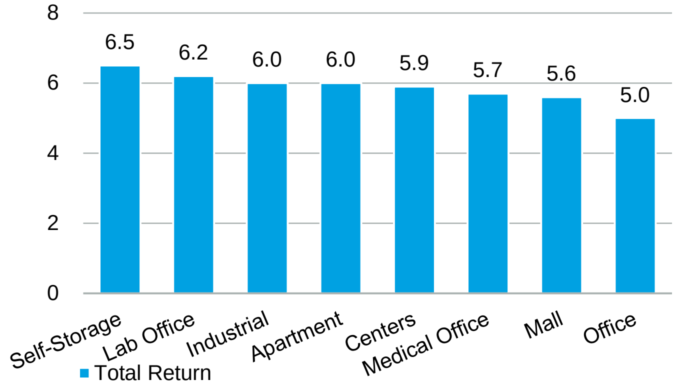
Relative Sector Attractiveness

- Self-storage, lab office, industrial and apartment projected to outperform
- Spread between alternative and traditional property types compressed by 25 bps YoY
  - Spread of 40 bps is below long run average of 60 bps
- Secondary to primary cap rate spreads also compressed YoY, by 7 bps
  - Current spread of 60 bps in line with the long run average

Expected Returns

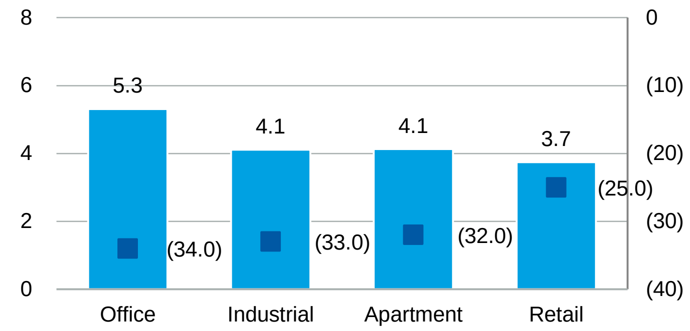
Unlevered, Annualized, %



Source: Green Street, data as of February 2020

Historical St. Deviation of Total Returns

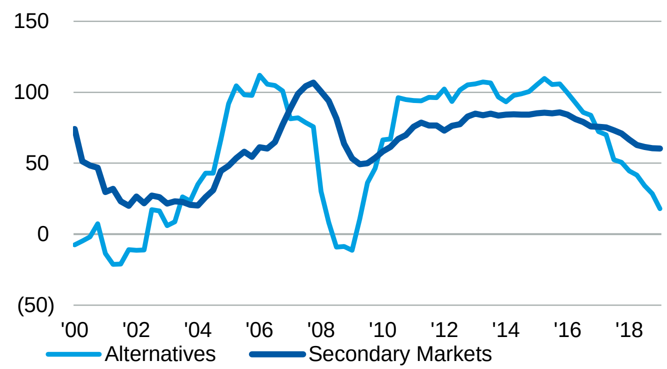
Annualized (%)



Source: NCREIF, MSREI Strategy, data as of February 2020

Alts & Secondary Market Yield Spreads Compressed

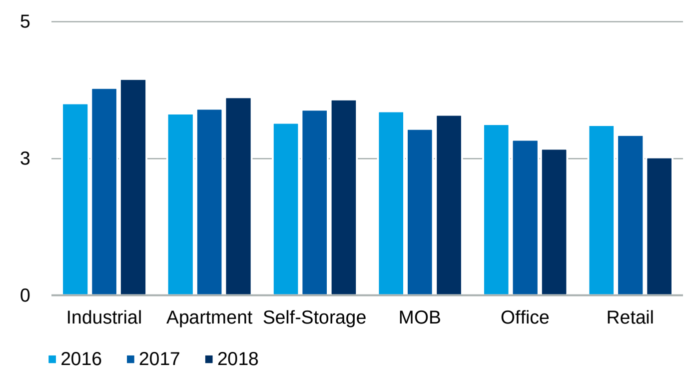
Bps



Source: NCREIF, Green Street Advisors, data as of February 2020

Relative Attractiveness for New Investments

By Property Type (Score)



Source: Kingsley Associates, IREI, MSREI Strategy, as of February 2020

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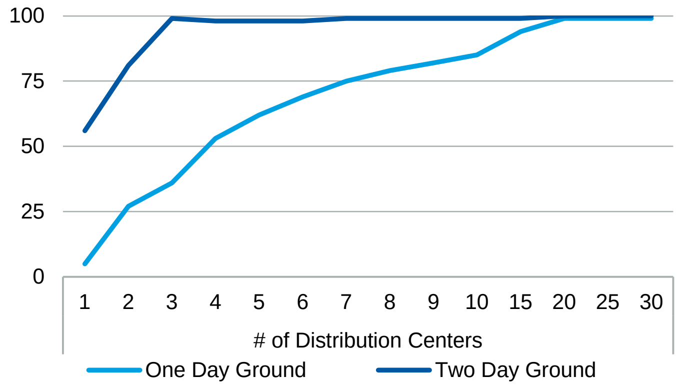
Industrial Fundamentals

Expected to Outperform

- As consumers increasing expect one day shipping (or faster), retailers will need to increase their total distribution center count, providing continued support for industrial space
- Industrial net absorption slowed by 40% in 2019, totaling 131 MM SF
  - Net absorption expected to return towards the recent trend in 2020 before moderating after
  - The vacancy rate increased by 80 bps YoY in 2019, to 5.6%
  - Vacancy forecasted to rise to 6.0% in 2020 and 6.8% by 2024
- New supply varies greatly by market, with supply remaining limited in denser markets like Los Angeles, Seattle and New York
- Over the last 5 years, 75% of markets saw rent growth above 2.8% p.a. vs. 50% over TTM

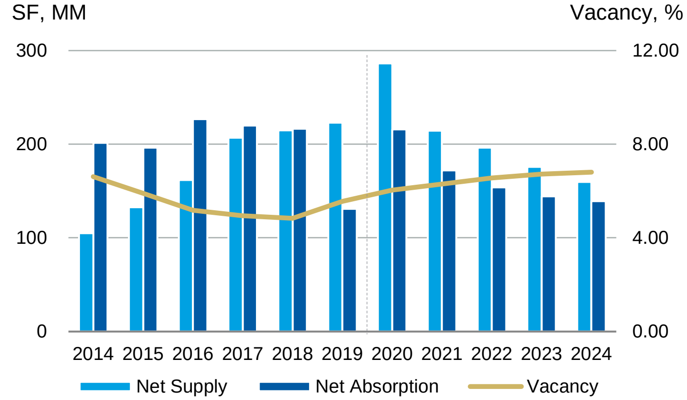
Faster Shipping = More Distribution Centers

Share of U.S. Population Covered, %



Source: UPS, data as of February 2020

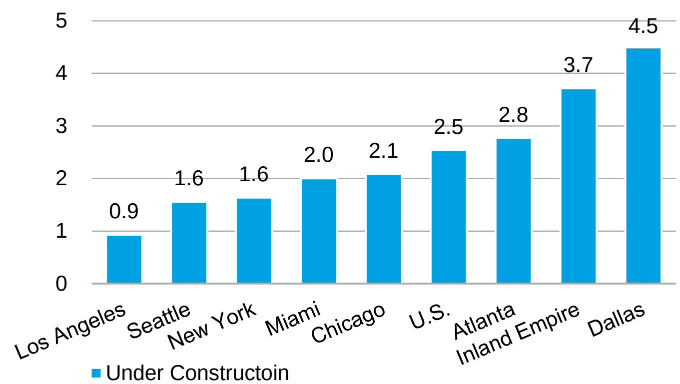
Supply & Demand Largely in Balance (Annual)



Source: CoStar, MSREI Strategy, data as of February 2020

Supply Growth by Market

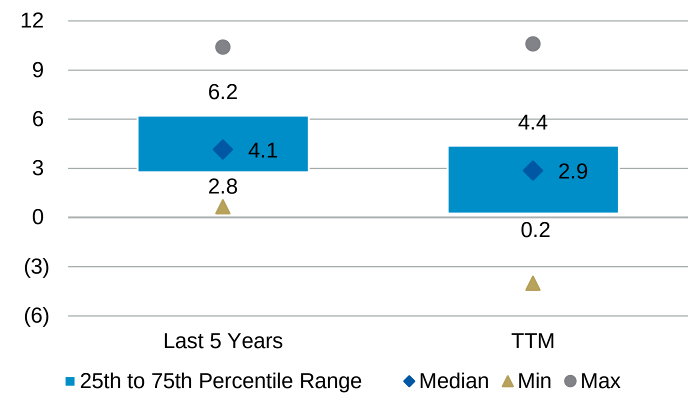
Under Construction Stock as a % of Existing Stock



Source: CoStar, MSREI Strategy, data as of February 2020

Rent Growth Diverging

Rent Growth, Annualized, %



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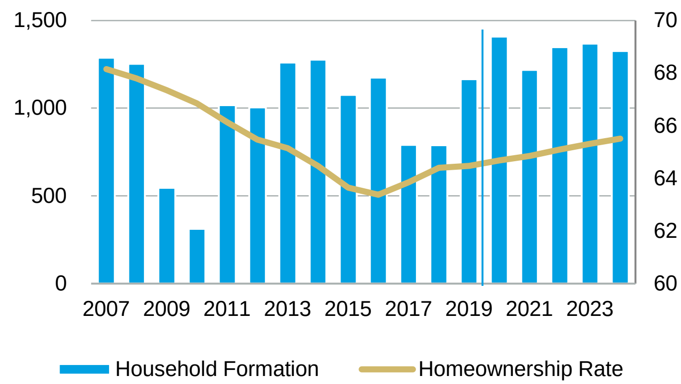
Apartment Fundamentals

Remain Resilient

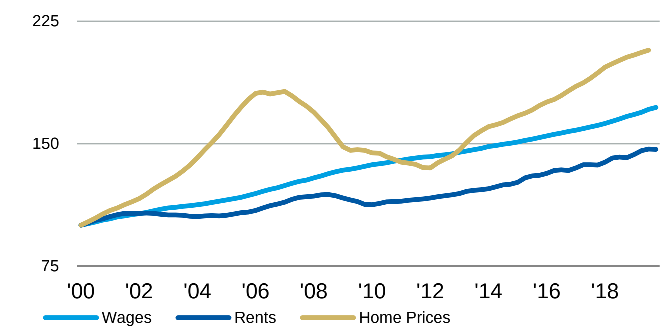
- The homeownership rate ticked up slightly in 2019 (by 10 bps) to 64.5%
  - Over the next 5 years, the homeownership rate is projected to increase to 65.5%
- However, high home prices may weigh on further gains in the homeownership rate in the near term
  - Since 2000, home prices have risen at an annualized pace of 3.8% leading wage growth by 100 bps p.a. (while rents have increased just 2.0% p.a.)
  - Demographics remain favorable for higher rates of homeownership in the medium term
- Apartment vacancy rates dropped marginally in 2018 as robust demand offset slightly lower levels of supply

Household Formation Remains Strong



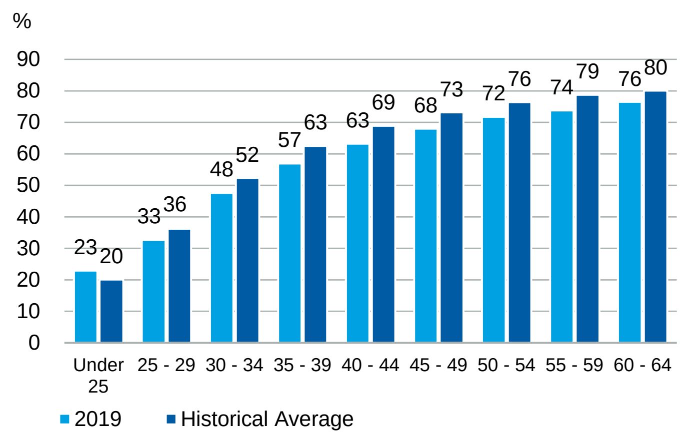
Source: Census Bureau, Moody's Analytics, data as of January 2020

Affordability Higher in Rentals vs For Sale



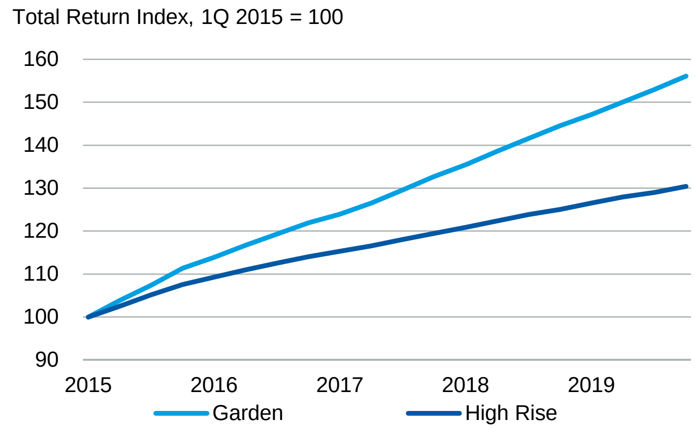
Source: CoStar, Moody's Analytics, Bureau of Labor Statistics, CoreLogic, MSREI Strategy, data as of January 2020

Homeownership Rate by Age Cohort



ource: Census Bureau, Moody's Analytics, data as of January 2020

Divergent Returns by Apartment Type



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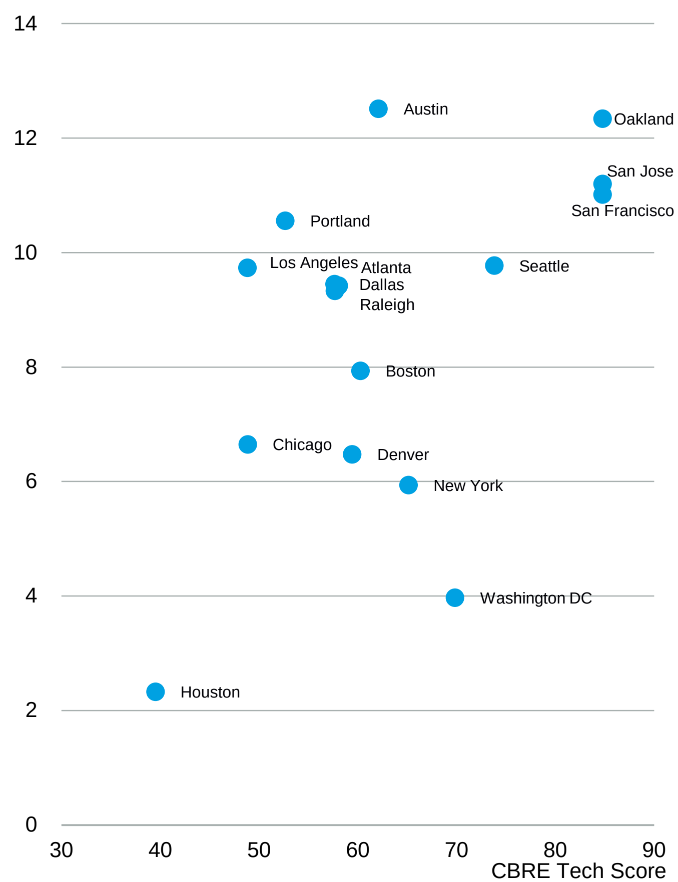
Office Fundamentals

Lower Demand and Supply versus Prior Cycles

- Office demand driven by growth in technology employment
- Job growth and rent growth strongest in west coast markets
- Tech leasing is above 60% of total leasing in: San Jose, San Francisco, Seattle, Boston, Austin, and Oakland
- Office market performance will be tied to supply / demand dynamics of each location

Innovation Cities Likely to Outperform

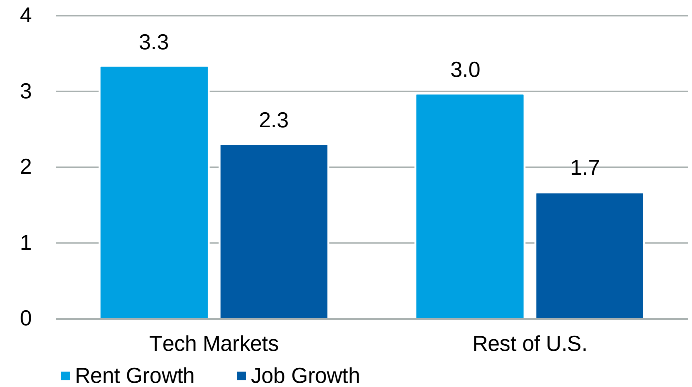
Trailing 5-Year Return, Annualized, %



Source: CBRE, NCREIF, MSREI Strategy, data as of February 2020

Tech Markets Have Stronger Job & Rent Growth

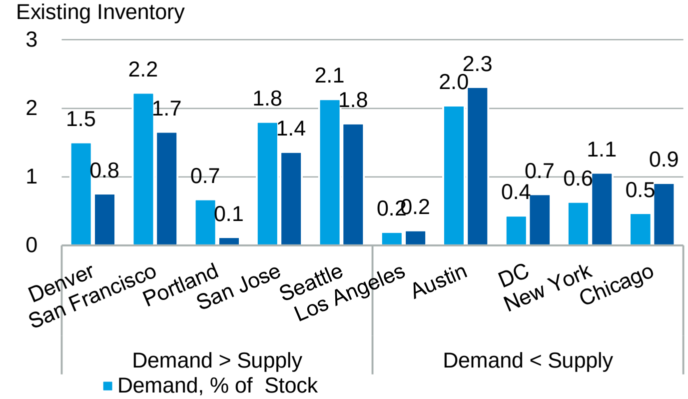
Last 5 Years, Annualized, %



Source: CoStar, MSREI Strategy, data as of February 2020

Supply & Demand

2-Year Average Demand Growth & Next Year Supply Growth, % of Existing Inventory



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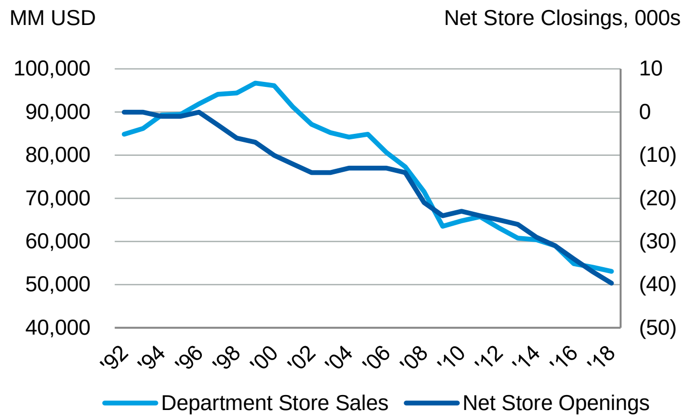
Retail Demand Drivers

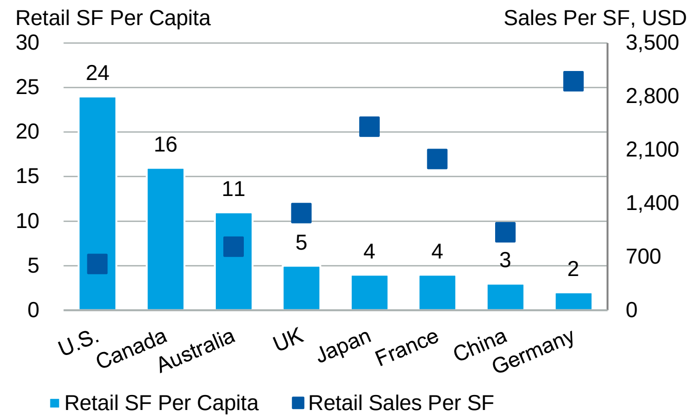
- Department stores account for 340 MM SF of mall space vs 400 MM SF of small inline shops
  - Therefore, shadow supply from department store closures may continue to be a headwind for occupancy and rent growth
  - Limited direct impact on NOI from vacating anchors as these tenants tend to own or control their space
- Despite continuous efforts to disrupt grocery, e-commerce penetration rates remain low at just 2.9%

Sliding Department Store Sales & More Store Closures



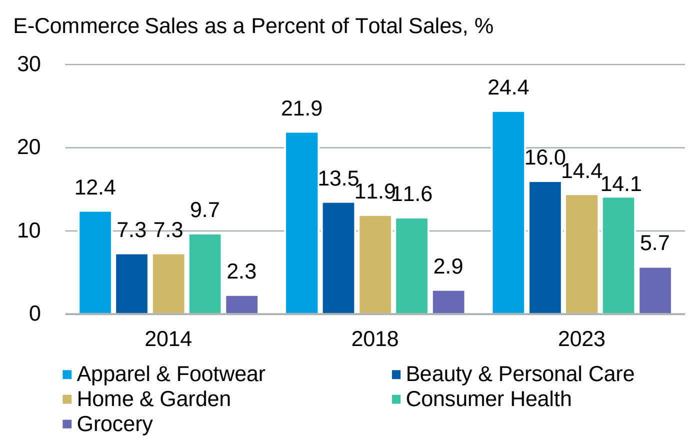
Source: U.S. Bureau of Economic Analysis, Moody's Analytics, data as of February 2020

U.S. Over Retailed vs. Other Global Markets



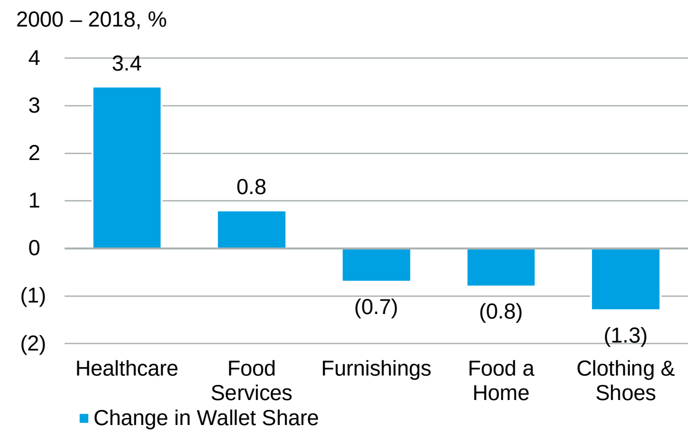
Source: ICSC, MSREI Strategy, data as of February 2020

Low E-commerce Penetration in Grocery Sales



Source: Euromonitor, Morgan Stanley Research, data as of October 2019

Change in Wallet Share



Source: Bureau of Economic Analysis, Morgan Stanley Research, data as of February 2020

Notes:
1. Proxied by public REITs; as defined by Green Street Advisors. High productivity includes GGP, Macerich, Simon Property Group and Taubman Centers; low productivity includes CBL, Pennsylvania REIT, and Washington Property Group.

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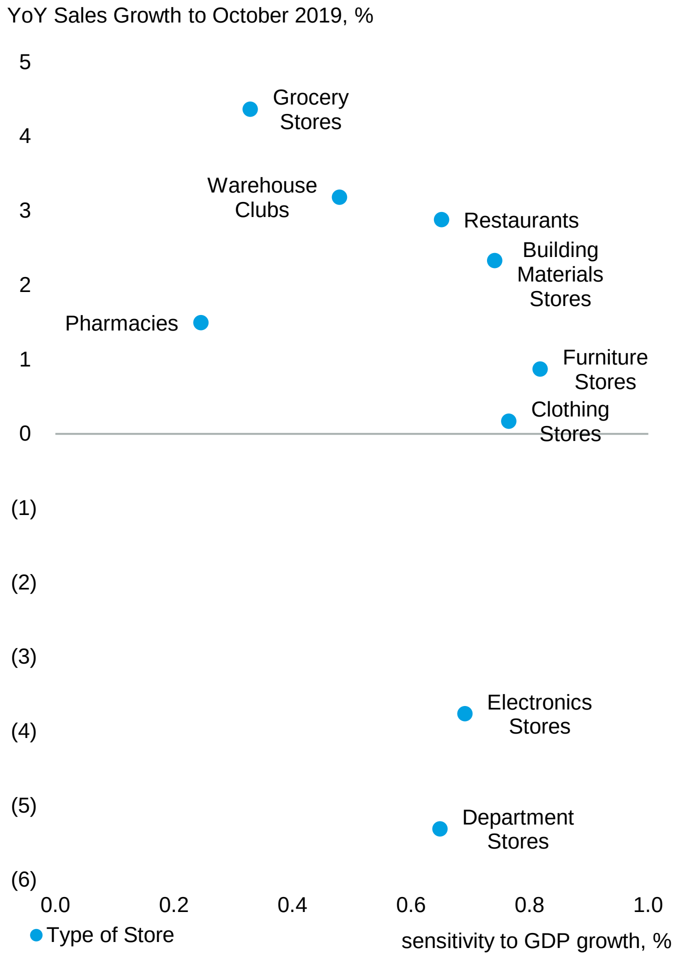
Performance Across Retail Formats

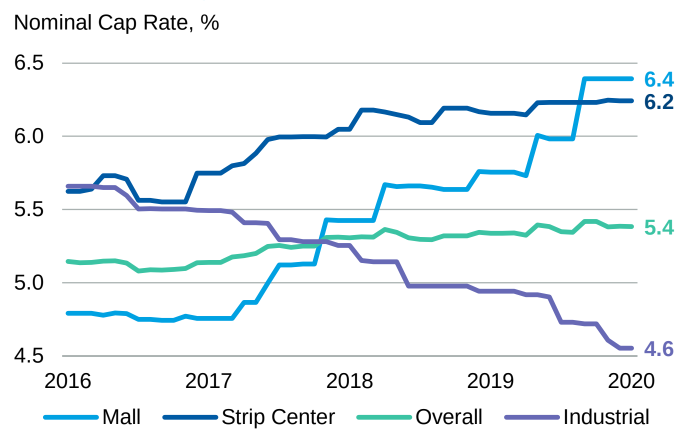
- Core brick & mortar retailer sales growth has been led by grocery stores and warehouse clubs over the TTM to October 2019
  - Weakness is evident in electronics and department stores which are among the most sensitive to e-commerce
- Mall cap rates have expanded by 180 bps since 2016 vs. 60 bps for strip centers and compression of 100 bps for industrial

Sales Growth & GDP Sensitivity by Retail Type



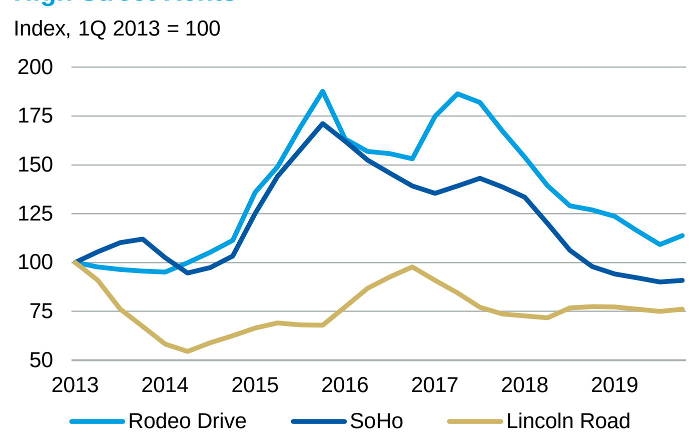
Source: Census Bureau, Moody's Analytics, MSREI Strategy, data as of October 2019

Relative Pricing



Source: Green Street Advisors, MSREI Strategy, data as of February 1, 2020

High Street Rents



Source: CoStar, MSREI Strategy, data as of January 2020

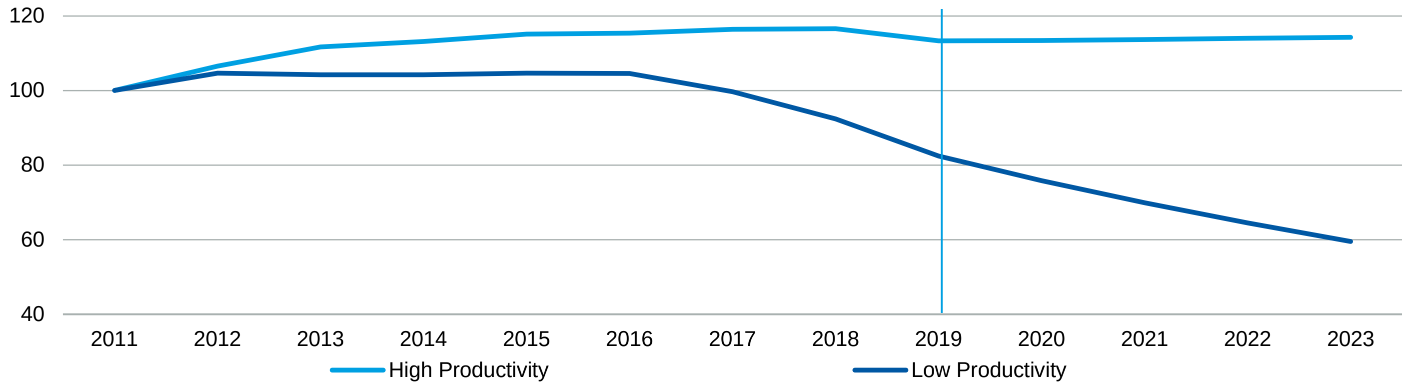
Mall Fundamentals

Bifurcated Fundamentals

- Significant bifurcation exists in the retail mall sector
  - Yields for the best quality malls remain ~4.6%
  - Market RevPAF projected to meaningfully decline in low productivity malls while holding up in high productivity malls

Market RevPAF Bifurcation

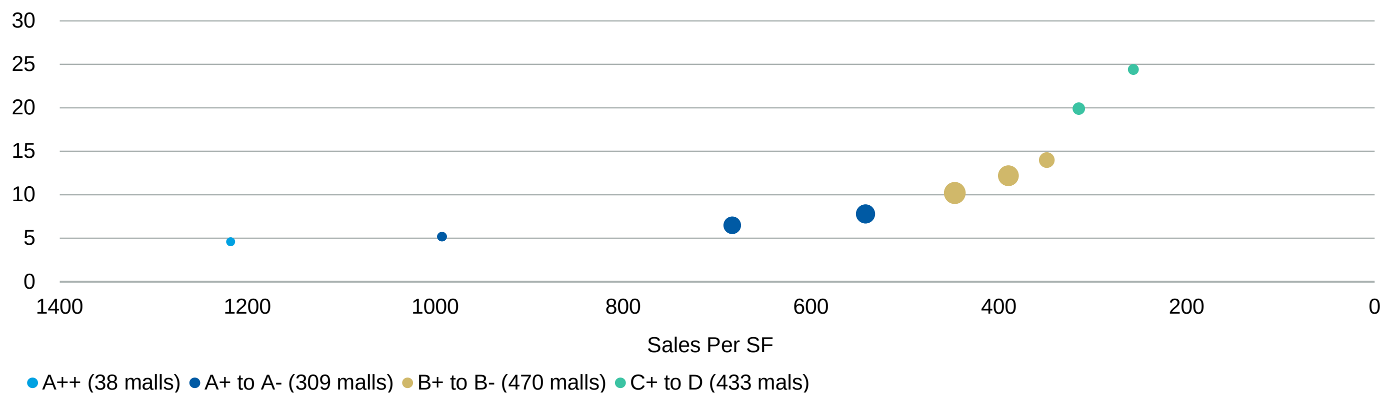
Index, 2011 = 100



Source: Green Street Advisors, MSREI Strategy, data as of February 2020

Divergence in Yields

Average Cap Rate, %



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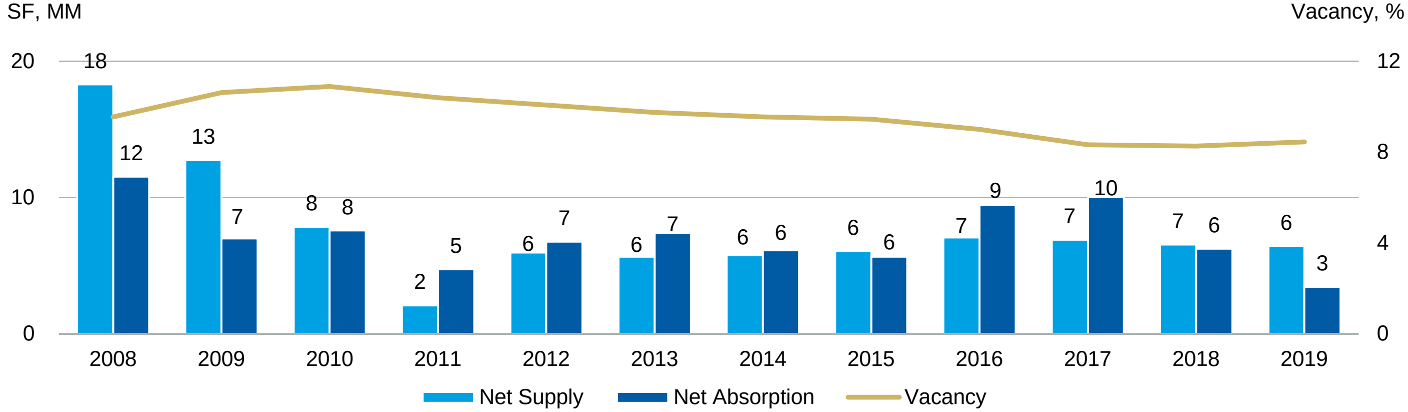
Healthcare Fundamentals

Demand Drivers Robust

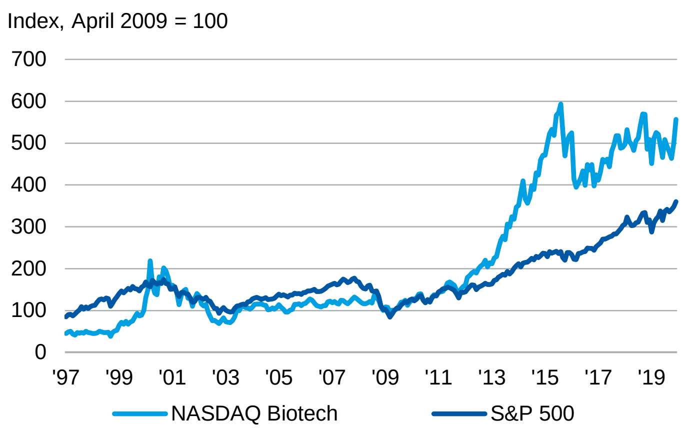
- Demand tailwinds from aging population and increased healthcare spending
  - 6.4 MM SF of new MOB supply in 2019 vs. 3.4 MM SF of new demand
- Rents up 2.9% YoY
- Biotech stocks continue to outperform S&P 500
- MOB cap rates have compressed to be in-line with traditional office

Medical Office Demand Continues to Outpace Supply (Annual)



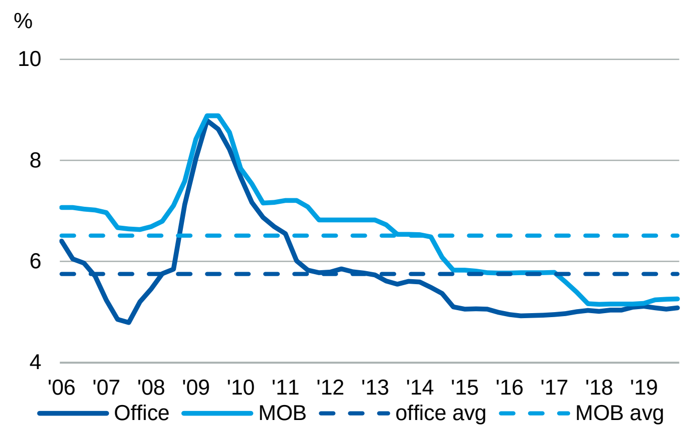
Source: CoStar, MSREI Strategy, data as of February 2020

NASDAQ Biotech Index vs. S&P 500



Source: Bloomberg, MSREI Strategy, data as of February 2020

Healthcare & Office Nominal Cap Rates



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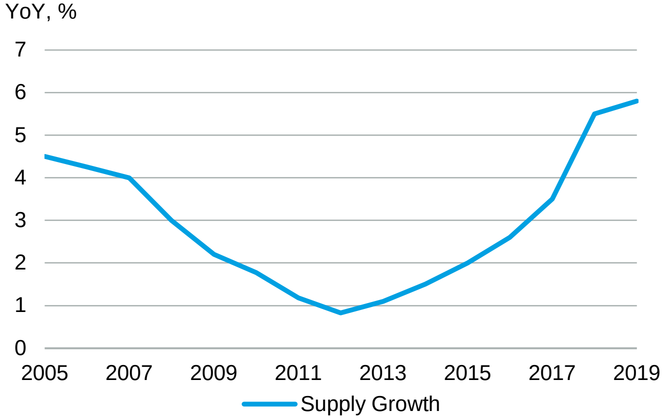
Self Storage

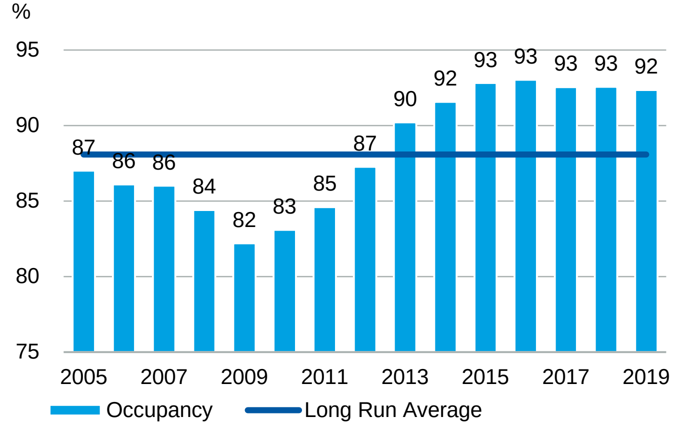
- Supply growth will continue to challenge fundamentals
  - 5% supply growth forecast in 2020 represents a modest deceleration from 2019
- Demand likely to remain steady through 2020
- Strong NOI growth and cap rate compression have produced significant price appreciation but is likely to slow

Supply Growth



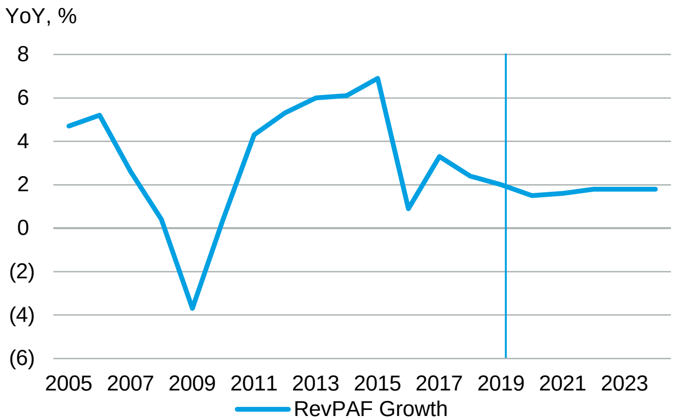
Source: Green Street Advisors, data as of February 2020

Occupancy



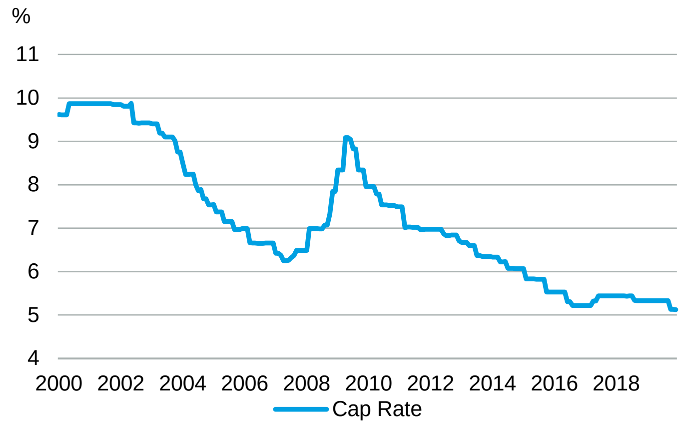
Source: Green Street Advisors, data as of February 2020

RevPAF Growth



Source: Green Street Advisors, data as of February 2020

Cap Rate



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Governance

- Morgan Stanley Real Estate Advisor, Inc. is the investment adviser (the "Adviser") to PRIME
- PRIME's board of directors meets each quarter to review the investment performance of the Fund and monitor the Adviser's performance of its management responsibilities

PRIME Investment Adviser—Morgan Stanley Real Estate Advisor, Inc.

PRIME Board of Directors

Independent Directors

Kent Goodwin	Field Griffith	Lynne Sagalyn	Kevin Twomey
Former Managing Director of GIC Real Estate	Former Director of Real Estate Investments of Virginia Retirement System	Former Director of the MBA Real Estate Program and Founding Director of the Paul Milstein Center for Real Estate	Former President of the St. Joe Company

Affiliated Directors

John Klopp
Head of Global Real Assets
Morgan Stanley Investment Management

Key Duties of Directors

- Review quarterly investment performance of PRIME
- Monitor overall performance of the Adviser
- Remove/replace Adviser
- Review/approve investment guidelines and dividend policy
- Approve incurrence of any debt causing consolidated debt to exceed 50% of gross value of assets
- Engage/change independent appraisers and auditors
- Review/approve asset valuation policy
- Resolve certain conflicts of interest; approve certain affiliated transactions (Independent Directors)

Key Executives

Scott A. Brown

Global Head of Prime

Scott Brown is a Managing Director of Morgan Stanley, Head of Prime Property Fund in the U.S. and Global Head of Prime. With over 30 years of real estate experience, he is responsible for the portfolio construction and performance of PRIME as well as the direction and execution of the Fund's strategy. He also serves as a member on various investment committees across the platform. Scott began working with PRIME in 1993 as part of Equitable Real Estate and then Lend Lease while becoming fully dedicated to PRIME in 2002. He transitioned to Morgan Stanley in 2003 and took a leadership position in PRIME in 2007. He is a member of the Pension Real Estate Association and Urban Land Institute. He received an MBA from Indiana University and a BS in Finance from the University of Illinois.

Candice W. Todd

Chief Financial Officer of Morgan Stanley Real Estate Investing and Prime Property Fund, LLC

Candice Todd is a Managing Director of Morgan Stanley, Global Chief Financial Officer for MSREI and Chief Financial Officer of Prime Property Fund in the U.S. Candice is responsible for managing finance, reporting, portfolio management, risk and legal / regulatory activities across both the North Haven Real Estate and PRIME series of core funds. She is responsible for PRIME's capital structure and REIT compliance and also serves on the fund's Investment Committee. Prior to joining Morgan Stanley in November 2003, Candice worked for Lend Lease (predecessor The Yarmouth Group) since 1994 and has 30 years of real estate experience. She previously worked for Prentiss Properties Limited overseeing systems and reporting related to Resolution Trust Corporation contracts. Candice started her career at Price Waterhouse working primarily on real estate clients. In June 2017, she was appointed to the Global Standards Steering Committee, a committee sponsored by ANREV, INREV, PREA and NCREIF to establish global reporting standards wherever practical. Candice was appointed to the Board of NCREIF in November 2014. She has served as the Co-Chairperson of the Accounting Committee at NCREIF and was a REIS Council member. Candice received a Master of Accountancy, and a BS in Human Resources from the University of Alabama.

Key Executives (Cont'd)

Josh Myerberg
Deputy Portfolio Manager

Josh Myerberg is a Managing Director of Morgan Stanley and Deputy Portfolio Manager for Prime Property Fund. Prior to joining the Prime executive team, he was responsible for sourcing, underwriting and executing transactions on the West Coast on behalf of Morgan Stanley's real estate funds. During his tenure at Morgan Stanley, Josh has been involved in the acquisition and asset management of a wide range of assets, property types and investment structures for PRIME. Josh joined Morgan Stanley in 2006 after previously working for Banc of America Securities' Real Estate Investment Banking group and First Union Securities. Josh is on the Board of NAREIM and an active member of ULI. Josh received his MBA from the Kenan-Flagler Business School at the University of North Carolina at Chapel Hill and a BA in economics from Washington & Lee University.

Bennett A. Weaver
Head of Operations

Bennett Weaver is an Executive Director of Morgan Stanley and the Head of Operations of Prime Property Fund. Prior to joining Morgan Stanley in July 2004, Bennett worked for Lend Lease and has over 22 years of real estate experience. He departed Morgan Stanley in February 2012 in the lift out of the portfolio accounting & finance team to State Street and rejoined Morgan Stanley in October 2013. Bennett began his career in assurance services at Ernst & Young focusing primarily on real estate clients. Bennett is a Certified Public Accountant. He is an active member of the Accounting Committee at NCREIF. Bennett received an MBA from the University of Georgia, and a BS in Accounting from Oglethorpe University.

Key Executives (Cont'd)

Megan Golder

Executive Director

Megan Golder is an Executive Director in Morgan Stanley Real Estate Investing. She joined Morgan Stanley in 2007 and is currently a dedicated Investor Coverage resource to Prime Property Fund. In this role, Megan is responsible for client and consultant relationships as well as fund marketing. Megan previously spent three years at Ernst & Young, LLP within the Assurance Advisory Business Services group working primarily on real estate clients. Megan is a member of the Pension Real Estate Association. Megan received a Masters of Accountancy and a BBA in Accounting from the University of Georgia.

Cheyenne Sparrow

Executive Director

Cheyenne is an Executive Director in Morgan Stanley's Real Estate Investing and a portfolio manager for Prime Property Fund. During her time at Morgan Stanley, Cheyenne has worked on the U.S. debt capital markets team, responsible for structuring the capital stack and securing financing on behalf of MSREI funds and individual transactions. She also worked on the Morgan Stanley's acquisition and integration of Mesa West Capital, a third party real estate credit platform. Among various other strategic initiatives, she has been involved in fund management, capital raising, fund restructuring, and other platform management projects. Prior to joining Morgan Stanley, Cheyenne worked in the Portfolio Analytics Group at BlackRock, focusing on Institutional Multi-Sector Fixed Income accounts as well as BlackRock's Fixed Income Retail Mutual Funds. Cheyenne received a BSE with distinction from The Wharton School at the University of Pennsylvania.

Key Executives (Cont'd)

John R. Klopp

Head of Global Real Assets, Morgan Stanley Investment Management

John R. Klopp is a Managing Director of Morgan Stanley, Head of Global Real Assets and a member of the management committee at Morgan Stanley Investment Management. John joined Morgan Stanley in 2010 and served as Co-Chief Executive Officer, Co-Chief Investment Officer and Head of the Americas for MSREI until early 2016. He has 41 years of investing experience. Prior to joining Morgan Stanley, John was the Chief Executive Officer of Capital Trust, Inc., a publicly traded real estate finance and investment management company that he co-founded. From 1989 to 1997, John was the founder and Managing Partner of Victor Capital Group, L.P. John had previously served as Managing Director and Co-Head of Chemical Realty Corporation, the real estate merchant banking arm of Chemical Bank. John serves as the Chair of Columbia Business School's Real Estate Advisory Committee and is an active member of various real estate organizations including the Pension Real Estate Association. He received a B.A. in Economics from Tufts University and an M.B.A in Finance and Real Estate from The Wharton School of the University of Pennsylvania.

Olivier de Poulpiquet

Chief Executive Officer and Chief Investment Officer, Morgan Stanley Real Estate Investing

Olivier de Poulpiquet is a Managing Director of Morgan Stanley and Chief Executive Officer and Chief Investment Officer of MSREI. He has 26 years of investing experience. Olivier began his career in Morgan Stanley's Investment Banking Division in 1994 and moved to MSREI two years later. He went on to serve as the Head of MSREI in Italy and later the Co-Head of European Real Estate Investing, responsible for all MSREI core and opportunistic funds in Europe. Olivier left Morgan Stanley in 2004 to join Pirelli & C. Real Estate S.p.A. as Chief Investment Officer and Head of Asset Management where he was responsible for capital raising asset allocation, investment decisions and asset management. In June 2008, he was named Pirelli RE's Executive Board Member. Subsequently, he rejoined Morgan Stanley in May 2010. Olivier received an M.B.A. from Columbia Business School.

Key Executives (Cont'd)

Tony Charles

Head of Global Research and Strategy

Tony Charles is a Managing Director and Global Head of Research and Strategy for Morgan Stanley Real Estate Investing. Tony works with the global investment teams to integrate market research into investment decisions and strategy. He is responsible for conducting research on the global real estate markets to identify new products and investment opportunities designed to meet clients' investment goals. With his research team, he develops quarterly global macroeconomic, property sector, and capital markets updates. He serves on fund investment and valuation committees. Prior to joining Morgan Stanley, Tony ran the Research and Strategy function for GE Capital's real estate business, and was senior strategy manager in the financial services practice at Accenture. Tony received a Bachelor of Commerce from the University of Melbourne and a Graduate Diploma in Applied Finance from the Securities Institute of Australia.

F. Claiborne Johnston III

Head of North America Real Assets Client Coverage

Claiborne Johnston is a Managing Director of Morgan Stanley and Head of North America Real Assets client coverage responsible for real estate, private infrastructure and listed real asset securities. Claiborne re-joined Morgan Stanley Investment Management in 2016. Claiborne began his career with Morgan Stanley where he spent over 15 years focused on private equity capital markets, investment banking and investment management activities including the coverage of global capital sources for the firm's investment banking and investment management services. Claiborne also had global responsibility for the supervision and coordination of the firm's real estate activities with Wealth Management. Prior to re-joining the firm, Claiborne spent four years with Invesco Real Estate. Claiborne received an MBA from Columbia University and BA from James Madison University. He currently is involved in a number of industry groups such as INREV, AFIRE, ULI, PREA and the institute for Fiduciary Education.

Key Executives (Cont’d)

Gareth Dittmer

Head of Europe Real Assets Client Coverage

Gareth serves as a Managing Director for Morgan Stanley Real Estate Investing based in London. He has more than 14 years of institutional private markets experience across a range of global and regional real estate investing strategies, risk profiles and fund structures. In his current role, he oversees the capital markets activities across Europe and is involved with key institutional investor relationships, fund formation and capital raising. Prior to joining Morgan Stanley in 2012, Gareth served as a European Director in a leading London based private equity real estate fund manager. Gareth is an active member of the European Association for Investors in Non-Listed Real Estate Vehicles (INREV).

Risk Considerations

There are significant risk factors associated with an investment in PRIME. An investment in PRIME will involve significant risks due to, among other things, the nature of the Fund's investments and potential conflicts of interest. There can be no assurance that the Fund will realize its rate of return objectives or return any investor capital. Investors should have the financial ability and willingness to accept the risks (including, among other things, the risk of loss of investment and the lack of liquidity). The value of an investment in a fund may fluctuate. Past results do not guarantee future performance. These risk factors include the following:

- Financial Reform Legislation: In July, 2010 (the "Enactment Date"), President Obama signed into law the Dodd-Frank Wall Street Reform and Consumer Protection Act, one provision of which will eventually prohibit bank holding companies and their affiliates, subject to certain exceptions (including an exemption for certain funds to which Morgan Stanley has committed no more than 3% of the capital), from investing in or sponsoring private equity funds following passage of a transition period. While the Adviser will endeavor to minimize the impact of such legislation on the Fund and the assets held by the Fund, investors may be adversely affected by the legislation and the supporting rules and regulations that have yet to be created.
- Bank Holding Company: Morgan Stanley became both a bank holding company and a financial holding company under the U.S. Bank Holding Company Act of 1956, as amended (the "BHCA"). As such, Morgan Stanley is subject on a worldwide basis to regulation (including capital adequacy regulations), examination and supervision by the U.S. Board of Governors of the Federal Reserve System (the "Federal Reserve"). Because it is an indirect subsidiary of Morgan Stanley, the Adviser of the Fund is subject to the BHCA.
- There can be no assurance that PRIME's return objectives will be realized or that there will be any return of capital.
- Investors should carefully review and evaluate the more detailed description of risk factors and conflicts of interest in the Offering Memorandum.
- General economic factors and many other conditions affecting performance (including interest rates, capital flows and employment levels) are beyond PRIME's control.
- Shareholders have no assurance of liquidity. Real estate is relatively illiquid, and redemption queues can develop. PRIME has fully satisfied the redemption queue at the end of the third quarter 2010. There is no guarantee that PRIME will have sufficient cash to fund redemptions, and PRIME is under no obligation to make cash available through sale of assets, borrowings, or otherwise. Also, the right to transfer shares in PRIME is subject to restrictions.
- Earthquakes, floods, other natural disasters, terrorism, war, etc., could cause significant damage to PRIME's properties and may not be adequately insurable.
- PRIME must comply with complex legal and tax rules (particularly, but not limited to, maintaining qualification as a tax advantaged REIT and as an ERISA-exempt "operating company"). There can be no assurance that it will be successful or that ensuring such compliance may not be economically disadvantageous at times. Failure to comply would have a material adverse impact on returns realized by PRIME's shareholders. For example, if PRIME fails to qualify or remain qualified as a REIT, PRIME's dividends will not be deductible by it, and its income will be subject to taxation at regular corporate rates.

Risk Considerations (Cont'd)

- To the extent PRIME makes loans, it has special risks as lender (e.g., lender liability, usury, partner fiduciary issues for partner loans, etc.).
- The Adviser has various conflicts of interest, including that it and its affiliates represent other advisory and/or investment banking clients; they may provide services to PRIME or represent counterparties in transactions with PRIME, subject in some but not all cases to the need for board approval. These conflicts could adversely impact performance.
- PRIME has significant assets in joint ventures, which can keep PRIME from implementing decisions in its sole judgment, and can increase the risk of disputes and litigation with the joint venture partner.
- PRIME relies heavily on its Adviser, which can choose to vary materially from the stated investment guidelines and allocation targets. Shareholders have only limited voting rights, with no control over daily investment decisions.
- Tenant financial condition deterioration could impact performance.
- Mortgage debts and other leverage incurred by PRIME can exacerbate certain risks and, upon default, result in loss of property and cross-defaults.
- Competition for desirable real estate assets is intense.
- Unstabilized properties, if acquired, carry extra risk, as does development of properties. Underwriting of acquisitions and other transactions can be an imprecise process. Litigation can also result from property level transactions or events.
- Real estate valuations are inherently uncertain given the uniqueness of real property, the need to project rental income with such projections being inherently unreliable, and the absence of frequent trading. Real property can be subject to property and transfer taxes. The Fund makes no assurances regarding the price at which an asset may be sold and cautions investors that sales may occur at prices materially lower or higher than the latest appraised value for such asset.
- Owners/operators of real property can be subjected to significant environmental liabilities over extended periods, which may not be insurable.
- The Adviser of PRIME may face challenges as it oversees the management of AMLI and Safeguard and their businesses in conjunction with PRIME's existing investments.
- The rental growth rates in markets where PRIME currently owns many of its apartment assets have historically lagged the rental growth rates of other major U.S. markets.
- There is no guarantee that the PRIME management team, the management team of its operating companies, PRIME's property mangers, joint venture partners or other partners in PRIME's operations will remain in place.
- Additional risk factors and conflicts of interest are set forth in PRIME's Offering Memorandum.

PGIM REAL ESTATE

PRISA LP

Sacramento Regional Transit District

February 26, 2020

Topics for Discussion

- **Who We Are**
- **Market Outlook**
- **PRISA Strategy**

PGIM REAL ESTATE REPRESENTATIVES

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Dennis Martin
Head of Americas Business Development
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dennis.martin@pgim.com

Integrated Global Real Estate Platform

$175.9B
Combined Equity & Debt AUM and AUA[1]

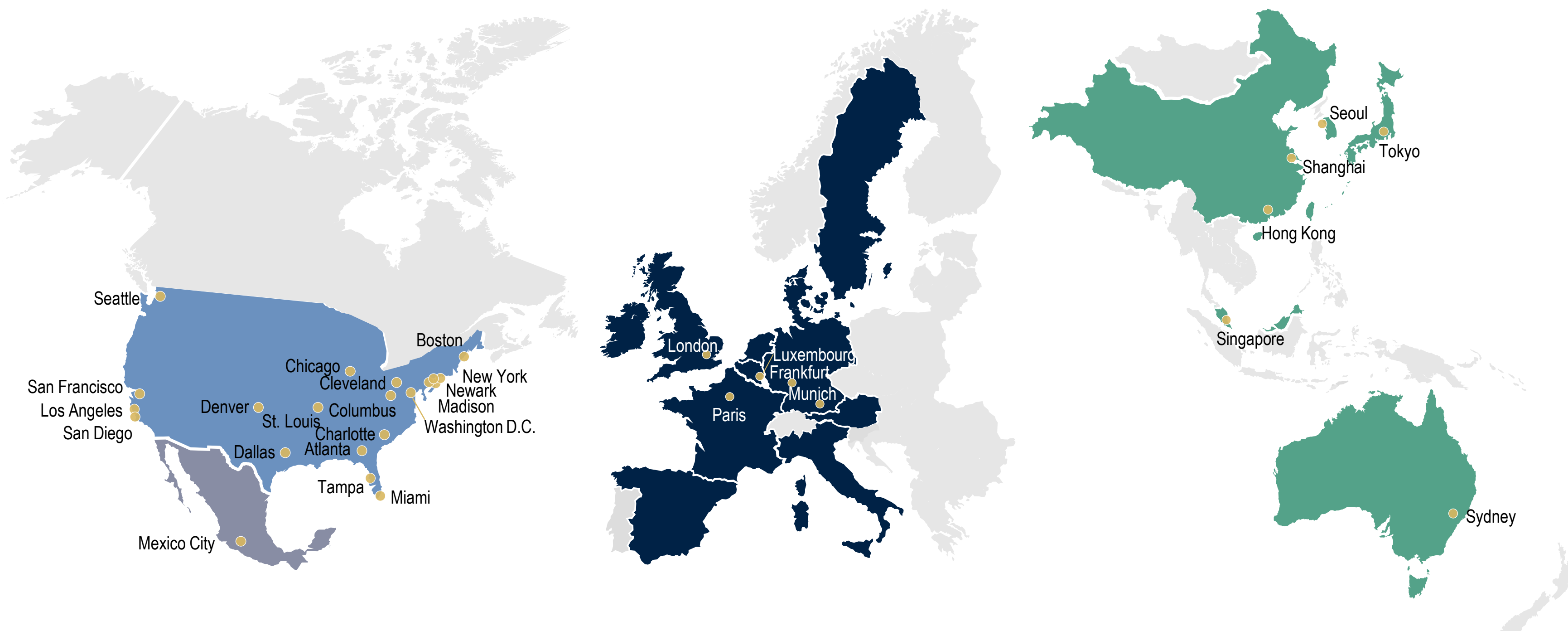
620
Global Investors

Top 2
Real Estate Investment Manager[2]

Amongst the **Largest** Non-Bank Lenders

1,073
Professionals

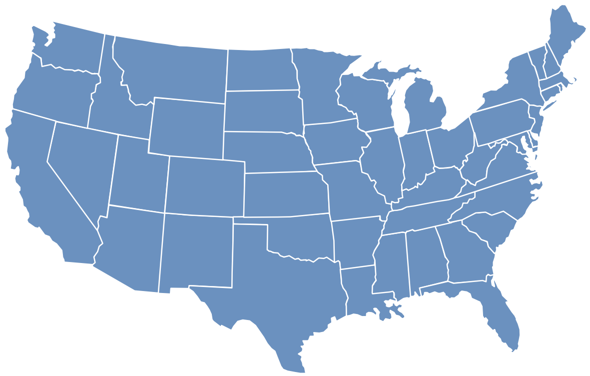
31
Cities



[1] As of September 30, 2019, Includes gross AUM for PGIM Real Estate and PGIM Real Estate Finance. Net AUM is $153.9B and $36.0 billion assets under administration. [2] Source: Pension & Investments' annual real estate manager survey as of October 2019. Note: All numbers and rankings reflect combined capabilities of PGIM's private real estate businesses, PGIM Real Estate and PGIM Real Estate Finance

U.S. Investment Platform

Extensive Resources Committed to Delivering Results



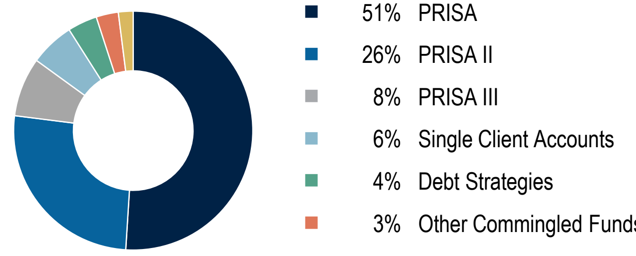
$51B AUM[1]

49 Year History

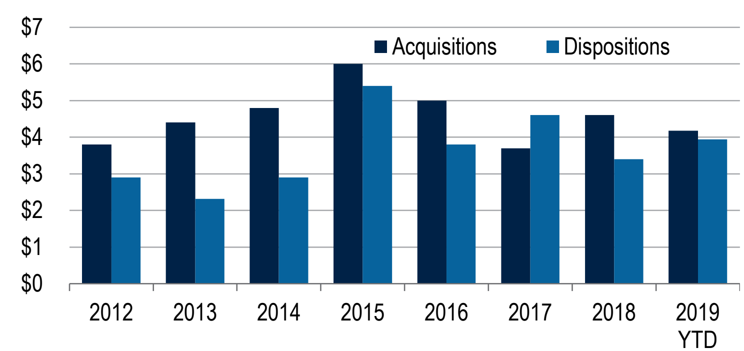
6 Regional Offices

317 Professionals[2]

Distribution by Fund (Based on AUM)[1]



U.S. Transaction History ($ Billions)



[1] As of September 30, 2019, total net U.S. assets under management equals $36.4 billion; note this does not include PGIM Real Estate Finance and GRES AUM/AUA. [2] Staffing as of September 30, 2019 in allocated full-time employees. Note: Information on this page is as of September 30, 2019 unless otherwise noted. Percentages may not sum to 100% due to rounding.

Our ESG Approach

ESG is embedded in practices throughout our real estate investment, asset management, risk management and talent management processes.

Environment
Investing Sustainably

Investment Process

Due Diligence
ESG Assessment
Investment Committee
Climate Risk Assessment

Operations & Resiliency

Environmental Data Management
Operating Efficiencies
Certifications
Health and Wellness
Resiliency & Business Continuity

Social
Social Responsibility

Communities

Community Betterment
Charitable Activity
Tenant Retention
Resident Engagement

Talent

Diversity, Culture and Inclusion
Rewards and Recognition
Benefits and Wellness
Career Development

Governance
Investing Responsibly

Policy & Governance

Governance Framework

Risk Management throughout the Investment Lifecycle

Business Engagement

Standardization of Best Practices

Measurement and Reporting of ESG Progress

Measuring Our Success

Doing the right thing on behalf of our clients, our communities and the environment

Environment

67*

GRESB Average 65

64 Green stars in the last 5 years (GRESB)

137 Green building certifications, globally

73 Energy Star certifications in 2018

Social

82*

GRESB Average 79

40% Women in professional positions, Globally, excluding admin. assistants

56% Staff diversity in U.S.

868 Charitable/ community events with 28,100 participating employees[1]

Governance

92*

GRESB Average 84

A+ for Strategy and Governance for three consecutive years (UNPRI)

1st in Life and Health Insurance (Fortune®)[2]

84% of our AUM score ≥ 90 (out of 100) points in the GRESB Governance category

ULI Greenprint Center for Building Performance

*Scores from PGIM Real Estate 2019 GRESB Assessment – Global Scorecard. Figures refer to PGIM Real Estate unless otherwise noted. [1] Employees across PGIM Real Estate and PFI. [2] Ranking for PFI overall.

U.S. Market Outlook

We expect continued income growth across most property types…

…and **interest rates supporting real estate values** over the near term.

But risks of a downturn have risen over the past year.

So today's investments should be supported by structural drivers, such as:

- Supply-constrained apartment and office markets with long-term demand growth
- Healthcare, including life sciences
- An aging population requiring senior housing
- Demand for infill logistics near large population centers
- Mixed-use environments

PRISA's Team and Platform Resources

Complementary and Diverse Team with Scaled Platform

PRISA'S Portfolio Management Team

Frank E. Garcia
Managing Director
Senior Portfolio Manager
RE Experience: 27

Joanna Mulford
Managing Director
Portfolio Manager & PRISA's CFO
RE Experience: 22

James Glen
Managing Director
Portfolio Manager
RE Experience: 19

Lexi Woolf
Vice President
Assistant Portfolio Manager
RE Experience: 9

Investment Resources[1]

71	Asset Management
45	Transactions
15	Research

Additional Resources: Portfolio Analytics, Risk & Compliance, Investment Committee, Advisory Councils, Client Services, Fund Operations

[1] Headcount as of December 31, 2019.

Defining Core Since 1970

Income Focus with Dynamic Core Investment Strategy

First U.S. Open-End Core Fund

Top 3 ODCE Fund with $27B AUM[1]

Transparent / Core Risk Profile

High Occupancy Generating **Stable Income**

Consistent **Outperformance**[2]

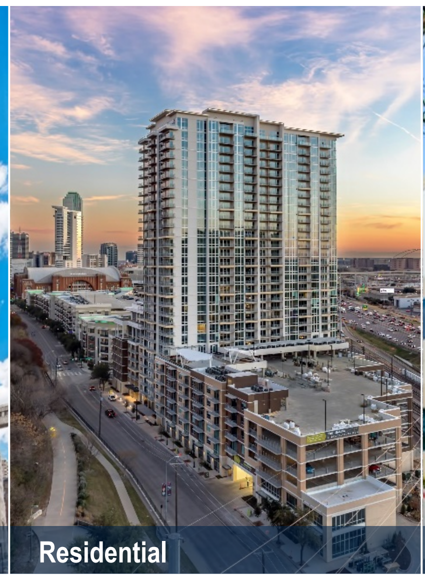
[1] As of December 31, 2019. Composite GAV: $26.6B, NAV: $21.1B. Top 3 based on ODCE members as of September 30, 2019. [2] Outperformed benchmark for 1, 3, 5, 7, 10 and Since Inception periods. See page 11 for more details on returns.

Diversified Core Portfolio

$27B AUM[1] | **253** Investments | **91%** Leased


Office

Quality Properties in High Barrier Commercial Business District Markets


Residential

Amenitized Transit-Oriented Communities in Urban and Infill Suburban Areas


Industrial

Highly Functional Warehouses with Access to Large Populations


Retail

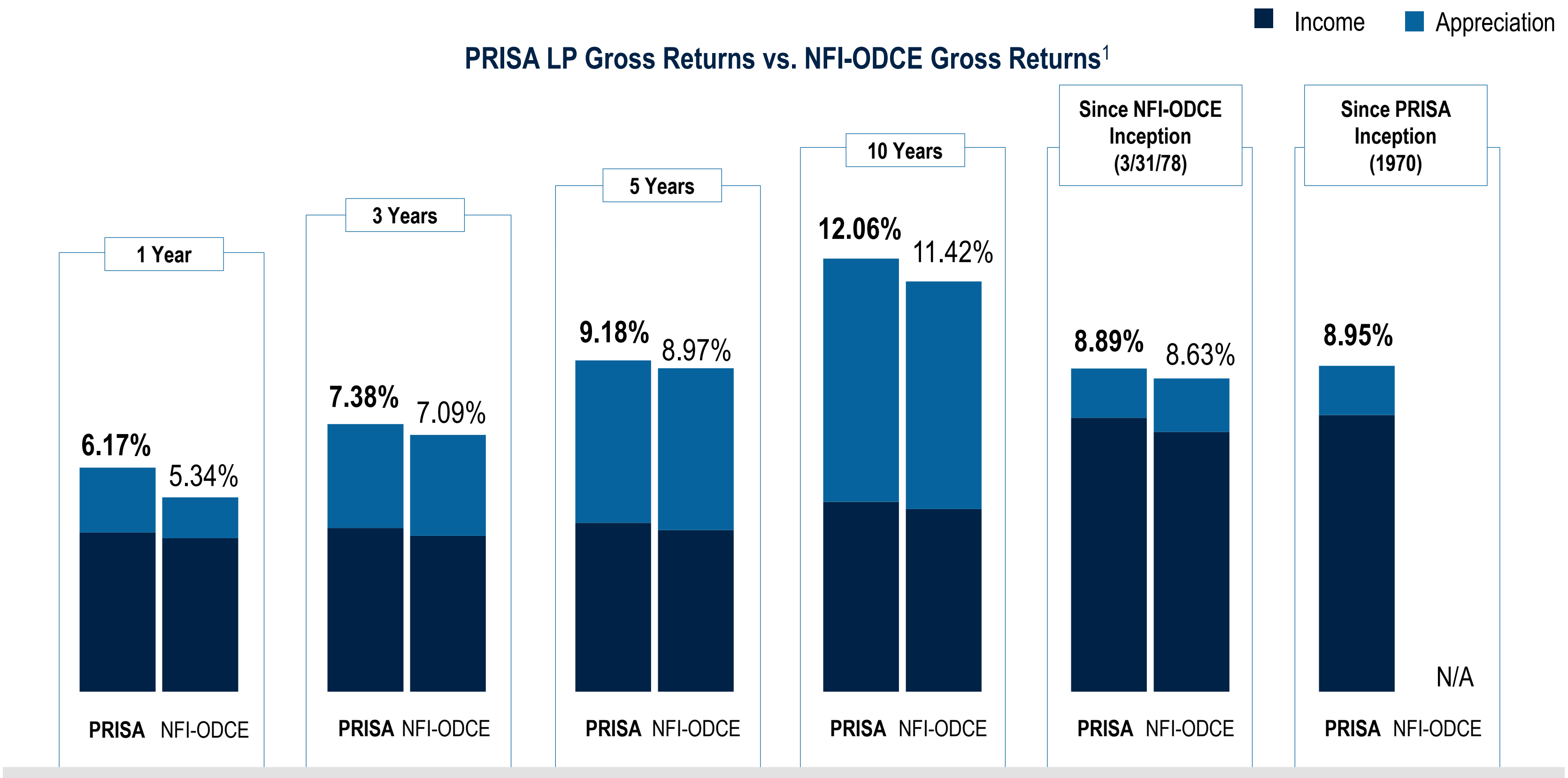
Necessity-Based and Mixed-Use Experiential Centers

[1]Composite gross assets under management. As of December 31, 2019. GAV: $26.6B; NAV: $21.1B.

Track Record of Delivering Performance

Outperformance in All Key Time Periods

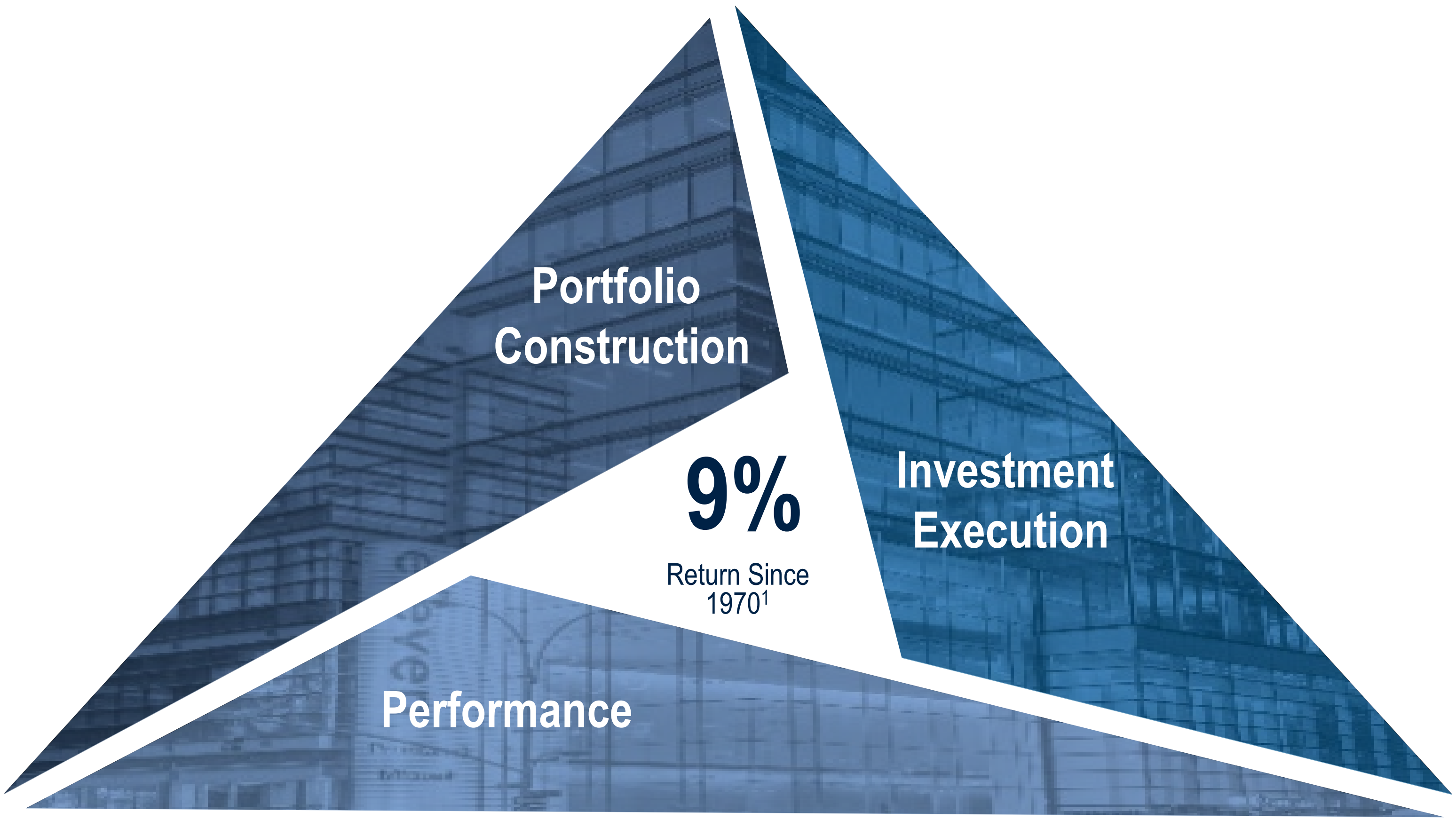
Performance



[1] Performance information regarding PRISA SA or PRISA LP, as applicable, along with performance net of manager compensation/fees, appears in the appendix. Returns for periods prior to January 1, 2013 are based upon PRISA SA only. 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 January 30, 2020. Past performance is not a guarantee or a reliable indicator of future results. As of December 31, 2019.

Dynamic Core Strategy

PRISA's Active Approach to Portfolio Management



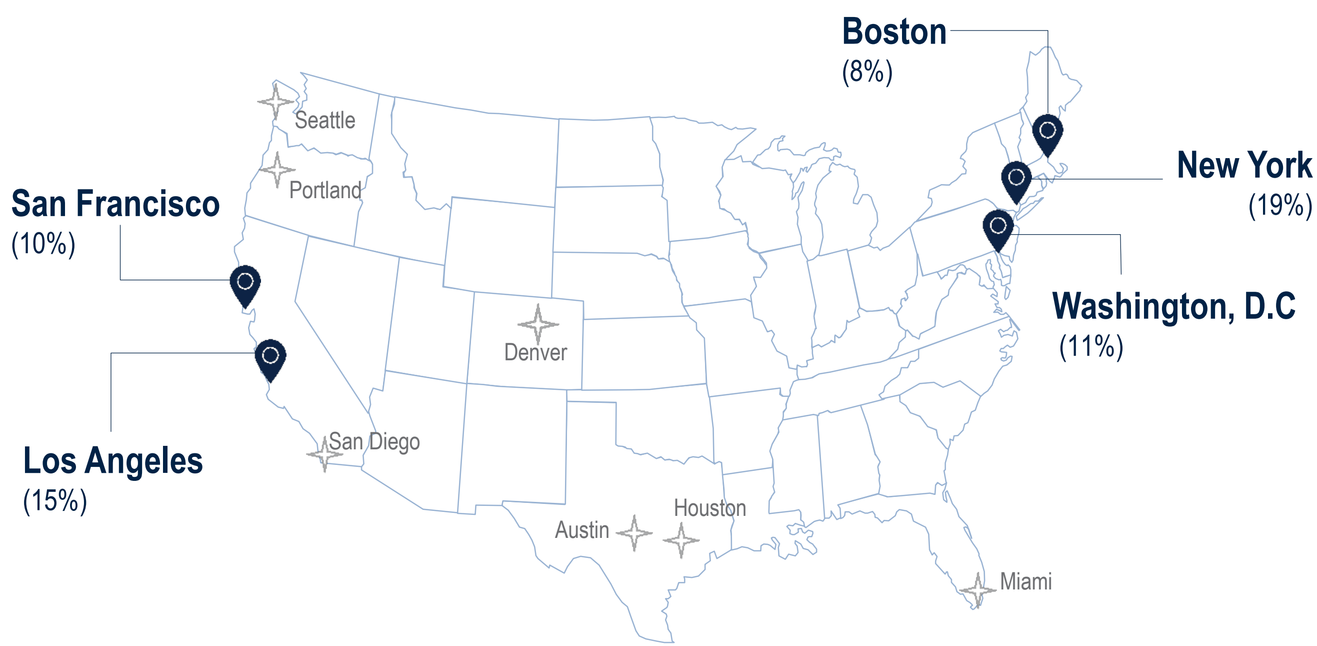
Actioning research-based investment themes with conviction

[1] LP Gross return since fund inception; net return over same period: 7.9%. As of December 31, 2019. Past performance is not a reliable indicator of future results. Returns are not guaranteed.

Strategic Markets

Overweight with Approximately 80% of PRISA LP's Exposure

Portfolio Construction



Research-Based Market Selection Based on:

- Favorable Demographics
- Liquidity
- Diversified Job Base
- Supply Constraints

5 Major
Strategic Markets

7 Next Tier
Strategic Markets

Note: Exposure is calculated using PRISA LP GMV. Markets noted on this page and throughout this presentation refer to the broader CSA. Market information is based on CSA definitions and calculated by extracting NFI-ODCE property data from the NCREIF Research Database. Data as of December 31, 2019.

Active Property Type Allocation

Strategy Emphasizing Income and Low Capital Requirements

Portfolio Construction

	Office	Apartment	Industrial	Retail	Storage
Change in Exposure (bps) since 4Q-16[1]	-550 bps	+560 bps	+420 bps	-310 bps	-10 bps
4Q-19 Exposure	35.0%	24.6%	17.3%	15.1%	6.4%
4Q-19 ODCE[2] Exposure	35.5%	26.8%	18.6%	15.3%	1.8%
Strategic Direction[3]	▼	▲	▲	▼	◀ ▶

[1] Based upon PRISA LP's share of GMV in properties and debt investments. [2] Diversification as of 4Q19 is based on NFI-ODCE gross market value in the NCREIF Performance Attribution Report. [3] There is no guarantee that these targets will be achieved.

Beyond the Conventional Property Types

Positioning PRISA for Continued Outperformance

Portfolio Construction

Higher Return for **Lower Risk**[1]

2004: Invested | **2005: Invested** | **2013: Invested** | **2019: Pursuing**

Strategies **incubated** across the platform to **mitigate risk**

[1] Based on historical NCREIF returns. Past performance not a guarantee of future results. Note: Representative PGIM Real Estate Senior Housing asset not owned by PRISA.

Investment Execution: Creative Sourcing

Investment Execution

Solving Challenges to Access Irreplaceable Assets

International Place
Boston

$1.8B Gross Market Value[1]
1.8M SF

Avalon
Atlanta

$576M Gross Market Value[1]
Retail 476K SF | Apartment 526 Units | Office 105K SF

[1] Based on 100% Gross Market Value as of December 31, 2019.

Pioneer of Build-to-Core Strategies

Investment Execution

High-Quality Modern Properties
for Long-Term Holds

Superior Access
to New Investments

Return Premium
over Core
by Acquiring at Cost

Risk Transferred
to Development Partners

Over **60%** of PRISA's Industrial and Apartment Properties Began as Build-to-Core[1]

5% Total Assets in Development [2]

[1]Based on count. [2] Based on PRISA LP's share of GMV in Land, pre-development and developments underway. As of December 31, 2019.

Build-to-Core Execution

Creating State-of-the-Art Industrial and Apartment Assets

Investment Execution

Amazon Park 70
Denver

1M SF
Build-to-Suit

Development Yield[1]
6.1%

Implied Profit Margin[1]
17%

Gross Market Value[2]
$117M

The Modern I
New York

First of Two
451-Unit Towers

Development Yield[1]
5.1%

Implied Profit Margin[1]
25%

Gross Market Value[2]
$299M

[1] As of date of stabilization. [2] 100% Gross Market Value as of December 31, 2019. Note: Markets noted on this page and throughout this presentation refer to the broader CSA.

Active Asset Management

Improving Portfolio Quality and Growing Income

Investment Execution

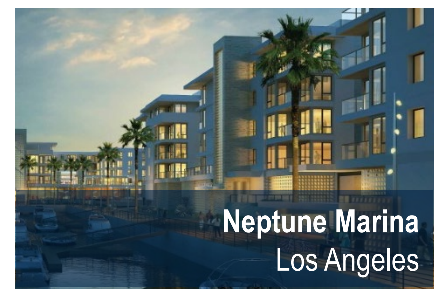
Investing Capital

Prudent use of capital to maintain property quality and relevance

Upgrading the Portfolio

Selling inferior assets….

…and reinvesting in new investments for outperformance



Note: Markets noted on this page and throughout this presentation refer to the broader CSA.

PRISA ESG Overview

Investment Execution

Objectives

- Improve investment returns for our clients
- Become a landlord of choice
- Practice good global citizenship starting with the communities we serve

Recognition

Outperforming Peer Group Average

GRESB

Peer Group Average: 74

69 Total PRISA buildings have earned LEED, NGBS or Energy Star certification ($11.1B or 46% of GMV as of December 31, 2018)

U.S. GREEN BUILDING COUNCIL MEMBER | NATIONAL GREEN BUILDING STANDARD™ | ENERGY STAR

Case Study Highlight: 11 Madison

Ice Plant Chillers

Generating significant **expense savings**

New, **energy efficient** technology

Multiple awards for **sustainability results** including **LEED Gold** rating

[1] Scores from PGIM Real Estate 2019 GRESB Assessment – Global Scorecard.

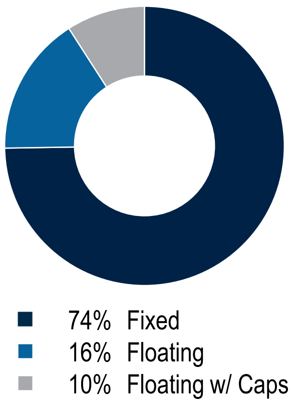
PRISA LP Debt Profile

Target low-20% LTV range	Fixed-rate bias with diversified maturities	Reserve debt for long-term assets and JVs	Modest portfolio level debt	Maintain unencumbered assets for flexibility

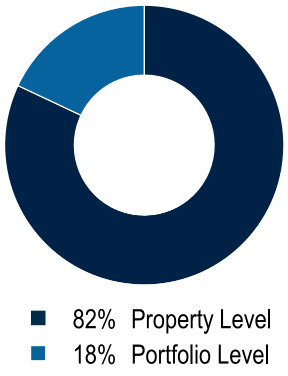
Key Metrics[1]

Leverage Ratio	21.0%
Weighted Average Maturity	4.7 yrs
Total Weighted Average Cost of Debt	4.0%
Line of Credit Size	$750M ($0M Drawn)

Fixed vs. Floating Rate Debt[1]



Property vs. Portfolio Level Debt[1]



[1] Represents portfolio level debt, 100% wholly owned and PRISA LP's share of all joint venture debt. Weighted average maturity calculation based on 100% principal. As of December 31, 2019.

PRISA Strategy

Positioning for Late Cycle Outperformance

Portfolio Construction	Investment Execution	Performance
Nearing **Long-Term Weightings** for Durable Income	Increase **Apartments & Industrial** Explore **Senior Housing**	Focus on **Active Asset Management** for Income Growth
Overweight **Strategic Markets** in Infill Locations	**Non-Strategic Dispositions** to Upgrade Portfolio	Maintain **Healthy Risk Metrics**

The PRISA Advantage

Achieve superior risk-adjusted core returns through:

Diverse, experienced and complementary **team** with access to scaled global platform

Dynamic core approach to **strategy** and execution

Diversified portfolio of irreplaceable **assets** delivering resilient and growing income

Past performance is not a reliable indicator of future results. Returns are not guaranteed.

Summary of Key Terms

Management Fees

- Competitive fee structure
- Investors move through each tier based on NAV
- No acquisition, disposition, or incentive fees

Investor NAV	Fee Rate
$25M	100 bps
>$25M - $50M	95 bps
>$50M - $100M	85 bps
>$100M - $200M	75 bps
>$200M - $300M	70 bps
>$300M	65 bps

Eligible Investors

- Tax efficient REIT structure to accommodate a broad range of U.S. and non-U.S. institutional investors

Sample Effective Fees

Investor NAV	$25M	$50M	$100M	$150M	$250M	$500M
Fee Rate	100 bps	98 bps	91 bps	86 bps	81 bps	73 bps

For illustrative purposes only.

Frank E. Garcia

Managing Director, PRISA Senior Portfolio Manager

Email: frank.e.garcia@pgim.com
Phone: +1 (415) 486-3802

Years with PGIM: 6
Real Estate Experience: 27

Frank Garcia is a managing director at PGIM Real Estate and senior portfolio manager for PRISA, PGIM Real Estate's flagship U.S. core equity real estate fund. Based in San Francisco, Frank is responsible for managing all aspects of the fund including portfolio strategy, investment decisions, and management of the PRISA team. Frank is a member of the U.S. Executive Council and Investment Committee.

Previously, Frank served as a portfolio manager for PRISA. Before joining PGIM Real Estate in 2013, he was a managing director at RREEF, where he was a senior portfolio manager for the firm's flagship core fund, responsible for a nearly $5 billion portfolio of assets, and the lead portfolio manager for the firm's flagship value-add fund that reached a peak gross value of $4 billion. He was also a voting member of the firm's investment committee. Earlier, Frank worked at Spieker Properties as a vice president in Northern California, responsible for the development, management, and leasing of approximately three 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).

Frank has a bachelor's degree from the University of the Pacific with a concentration in business administration.

Joanna Mulford

Managing Director, PRISA Portfolio Manager/Chief Financial Officer

Email: joanna.mulford@pgim.com
Phone: +1 (973) 683-1743

Years with PGIM: 30
Real Estate Experience: 22

Joanna Mulford is a managing director at PGIM Real Estate and the portfolio manager and chief financial officer for PRISA, PGIM Real Estate's flagship U.S. core equity real estate fund. Based in Madison, New Jersey, she is involved in all aspects of managing the fund including portfolio strategy, making investment decisions and management of the PRISA team. As CFO, Joanna has primary responsibility for developing and executing the fund's capital strategy and oversight of financial operations and tax structuring.

Prior to joining the PRISA team in 2008, Joanna was responsible for U.S. real estate investment sales on behalf of PGIM Real Estate's clients.

During her tenure with PGIM Real Estate, Joanna has served as the portfolio manager of several closed-end funds, including a value-add strategy with a private REIT structure. Joanna also helped launch PGIM Real Estate's debt investment platform, raising investor capital for and managing its first mezzanine fund.

Prior to this, she was responsible for the asset management of a portfolio of commercial real estate investments including office, apartment, retail, storage and industrial property types and mezzanine loans.

Before joining PGIM Real Estate in 1997, Joanna was a member of Prudential Financial, Inc.'s Private Equity group, working on behalf of the company's domestic and international subsidiaries investing in private equity transactions. Previously, she was a member of the Comptrollers unit of the Prudential Asset Management Company since joining the firm in January of 1990. Joanna provided support to several of Prudential's money management subsidiaries investing in both public and private equities.

Joanna has a bachelor's degree in finance and management and a master of business administration from Rutgers University.

James Glen

Managing Director, PRISA Portfolio Manager

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Phone: +1 (973) 683-1686

Years with PGIM: 5
Real Estate Experience: 19

James Glen is a managing director of PGIM Real Estate and portfolio manager for PRISA, PGIM Real Estate's flagship core open-end real estate fund. Based in Madison, New Jersey, James is involved in all aspects of managing the fund, including portfolio strategy, investments and asset management oversight.

Prior to joining PGIM Real Estate, James served in various capacities within BlackRock's real estate group. He was a member of the Portfolio Management team working on both core and opportunistic real estate funds in the United States and internationally. He also served as global head of research and strategy with responsibility for monitoring real estate markets and formulating investment strategy for the platform, and was a member of the investment committee.

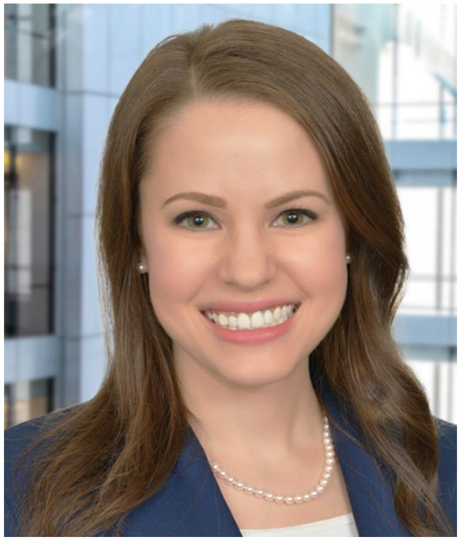
James' service with BlackRock and its predecessor, SSR Realty Advisors, dates back to 2004. Prior, James was a senior economist at Moody's Analytics, where he provided regional economic and real estate market analysis. He began his career as an analyst at JPMorgan Chase.

James earned a bachelor's degree in economics from the University of North Carolina at Greensboro and a master's degree in economics from the University of Delaware.

James currently serves on the NCREIF ODCE Index Policy Committee and is a member of the Pension Real Estate Association (PREA). He is a CFA charter holder.

Lexi Woolf

Vice President, PRISA Assistant Portfolio Manager



Email: lexi.woolf@pgim.com
Phone: +1 (973) 734-1375

Years with PGIM: 9
Real Estate Experience: 9

Lexi Woolf is an assistant portfolio manager for PRISA, PGIM's flagship U.S. core equity real estate fund. Based in Madison, New Jersey, Lexi works on all aspects of managing the fund including portfolio strategy, investment selection, financial operations, and portfolio reporting.

Prior to joining PRISA, Lexi spent five years in Transactions where she had a lead role in the underwriting, due diligence, and closing of nearly $5 billion of new acquisitions for a variety of commercial product types and investment strategies across the northeast and Midwest United States. Most recently, Lexi focused primarily on the New York City region.

In addition, Lexi spent two years as a member of the Customized Investment Strategies team, where she split her time between responsibilities in asset management and several of PGIM's new product initiatives. Through these roles, she provided analytical support for investments within a series of closed-end real estate opportunity funds, while also evaluating new real estate investments and preparing client materials.

Lexi graduated from the Wharton School of the University of Pennsylvania with concentrations in finance and real estate.

Dennis Martin

Head of Americas Business Development

Email: dennis.martin@pgim.com
Phone: +1 (973) 734-1593

Years with PGIM: 7
Real Estate Experience: 27

Dennis Martin is a managing director at PGIM Real Estate and head of the Americas Business Development, responsible for managing and developing PGIM Real Estate's client relationships with U.S. & Latin American institutional investors. He is a member of the U.S. Executive Council and is based in Madison, NJ.

Before joining PGIM Real Estate, Dennis was a managing director in RREEF's Client Relations group, where he developed and managed client and consultant relationships in the Midwest and Eastern regions. Prior to that, he was the director of real estate investments for Lucent Asset Management Corp., the pension asset management subsidiary of Lucent Technologies, Inc., and practiced law with various national law firms.

Dennis has a bachelor's degree in political science from St. John's University and a law degree from New York University's Law School. He has been an active participant in PREA since 2000, serving on the board of directors from 2001 to 2006 and as chairman from 2004 to 2005.

Appendix

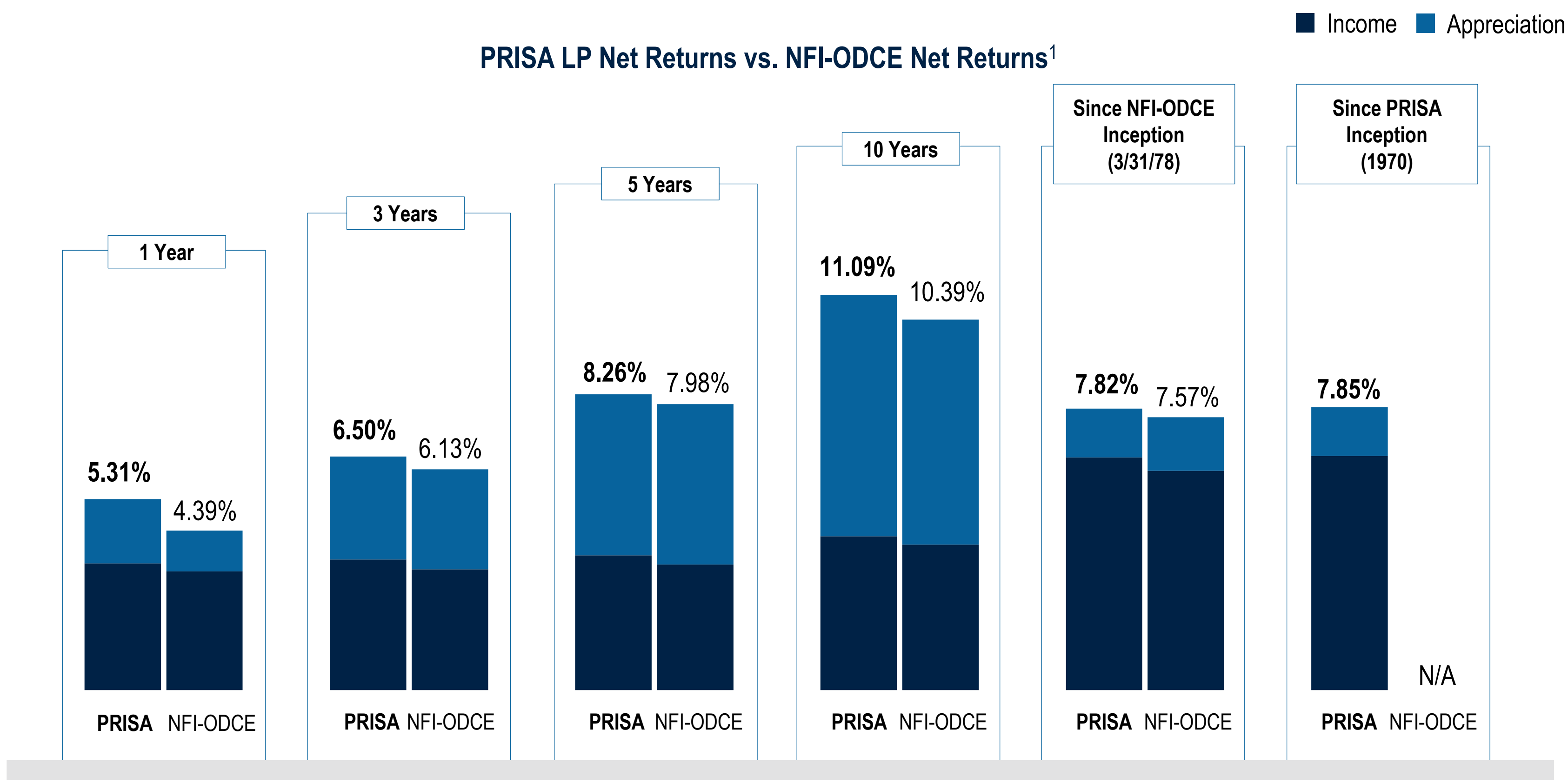
PRISA LP Summary of Terms

Fund Structure	▪ PRISA LP ("the "Fund"), is a Delaware limited partnership investing on a pro rata basis alongside PRISA SA (as defined below) through one or more private REITS ("PRISA REIT") organized as a perpetual life, open-ended commingled fund to invest primarily in core real estate assets located in the United States through PRISA REIT.
Investment with PRISA SA	▪ As of the Fund's initial closing on January 1,2013, the Fund invests alongside PRISA SA on a pro rata basis through PRISA REIT in substantially all of PRISA SA's assets. On a going forward basis, the Fund invests alongside PRISA SA in all assets in which Prudential Insurance Company of America ("PICA") elects to invest. As used herein "PRISA SA" means the PRISA Separate Account, a commingled, open-end insurance company separate account established under the laws of the state of New Jersey made available under a group insurance product issued by PICA and managed by PGIM, Inc.
Minimum Investment	▪ The minimum capital commitment will be $5 million per investor, although the General Partner reserves the right to accept Capital Commitments of a lesser amount.
Return Objective	▪ To produce a total return each year that meets or exceeds the National Council of Real Estate Investment Fiduciaries Fund Index – Open-End Diversified Core Equity (NFI-ODCE) while maintaining the benefits of a broadly diversified, core portfolio.[1]
Leverage	▪ Current policy is to limit debt to 35% loan to value.
Advisory Council	▪ An Advisory Council composed of PRISA investors and consultants provides input to PRISA management. The Advisory Council has no decision-making authority with respect to the Fund.
Reporting	▪ Quarterly reports will be provided to all Fund investors describing Fund performance and activity. In addition, PRISA LP's financial statements will be audited annually (US GAAP) and provided to investors with PRISA's annual report.
Quarterly Distributions	▪ The Fund's available cash flow will be automatically reinvested in the Fund on a quarterly basis unless a Fund investor requests that its pro rata share of such available cash flow be distributed on the last business day of the subsequent calendar quarter.
Deposits, Withdrawals & Liquidity	▪ PRISA LP is generally open for deposits on the last business day of each calendar quarter (each, a "Valuation Date") subject to capital requirements and any deposit queue made up of both PRISA LP investors and PRISA SA investors. The priority for calling capital from Fund investors and PRISA SA investors in the deposit queue will be based on the calendar quarter in which such fund investors delivered a commitment letter. ▪ Investors may request a partial or complete redemption from the Fund at any time and such redemptions will be made quarterly, subject to the availability of cash and certain other restrictions. There will be one redemption queue made up of Fund investors and PRISA SA investors. In the event there is insufficient cash to redeem all investors in a given quarter, PRISA SA will be entitled to priority redemptions in an amount up to the capital contributions made to PRISA SA and PRISA SA's net financing proceeds. However, if any such priority redemptions are made to PRISA SA, PRISA LP investors will next receive priority redemptions until all PRISA investors are treated pro rata.

[1] Targeted returns are not guaranteed and are subject to risk.

PRISA LP Total Returns After Management Fees

Outperformance in All Key Time Periods



[1] Returns shown prior to January 1, 2013 are based upon PRISA SA only.

Note: Returns for NFI-ODCE are based on the final report published by NCREIF on January 30, 2020. Returns shown are time-weighted rates of return after deduction of Manager Compensation/Fees. Past performance is not a guarantee or a reliable indicator of future results. As of December 31, 2019.

PRISA LP[1] Snapshot

$25.5B
Gross Asset Value

$20.0B
Net Asset Value

253
Number of Investments[3]

329
Number of Clients[3]

Risk Metrics

	Guideline[2]	Actual
Stabilized Properties	≥ 75%	**86%**
Leverage Ratio	≤ 35%	**21%**

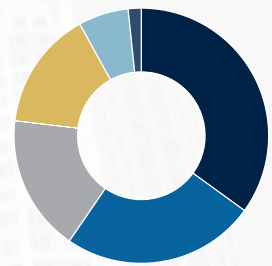
Transactions[3]

	4Q19	Full-Year
Acquisitions	$524M	**$817M**
Dispositions	$420M	**$954M**

Client Activity[3]

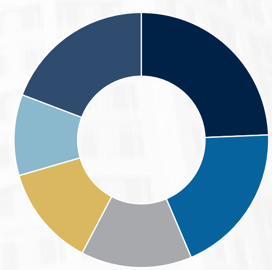
	4Q19	Full-Year
Contributions[4]	$354M	**$1,667M**
Withdrawals	$175M	**$1,161M**
Distributions	$96M	**$395M**
Entry Queue		**$777M**

Property Type Diversification[5]



- **35%** Office
- **25%** Apartment
- **17%** Industrial
- **15%** Retail
- **6%** Storage
- **2%** Other[6]

Strategic Market Diversification[5,7]

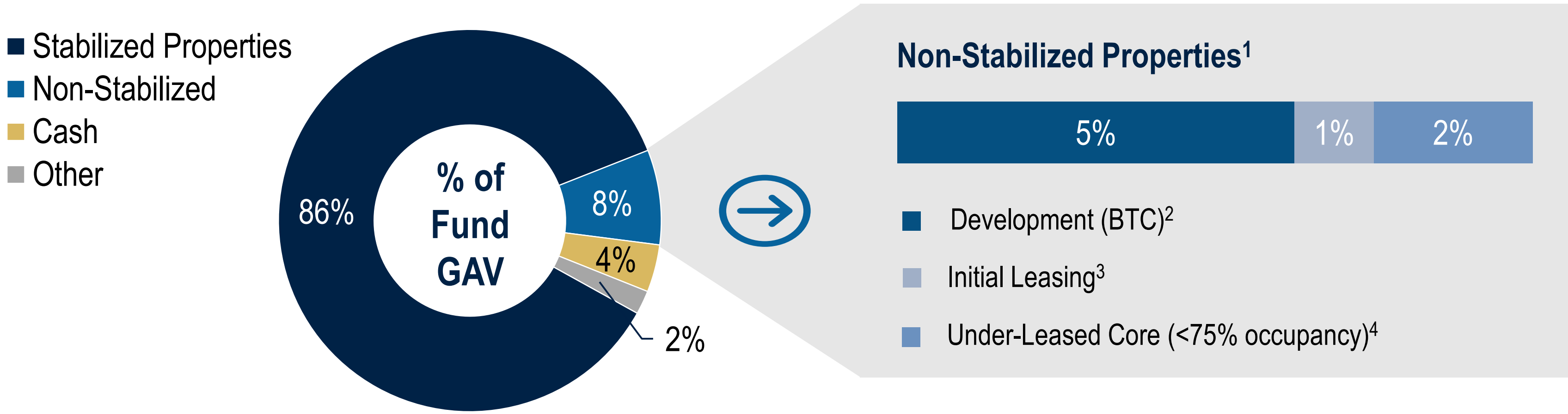


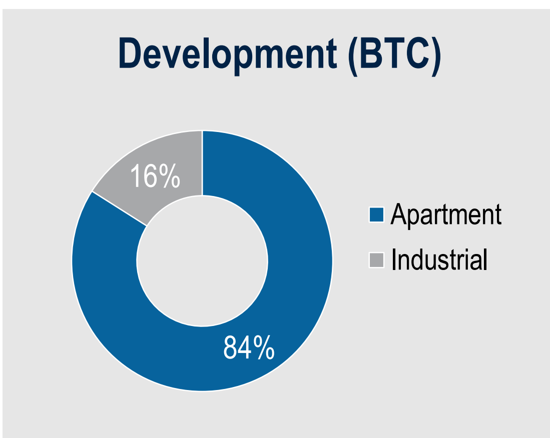
- **19%** New York
- **15%** Los Angeles
- **11%** Washington, D.C.
- **10%** San Francisco
- **8%** Boston

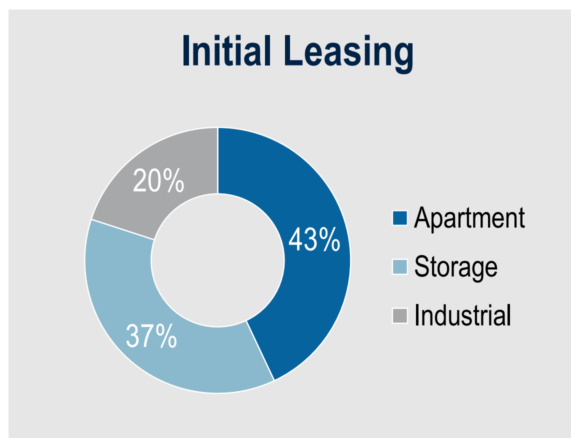
- **15%** Next Tier

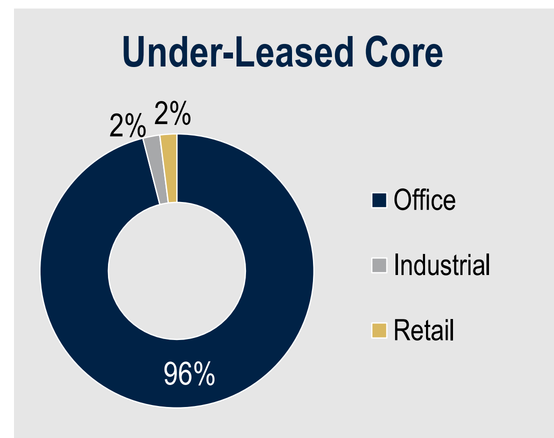
[1] "Gross Asset Value," "Net Asset Value" represents the value of the assets held by PRISA SA and PRISA LP without netting out PRISA SA's respective interest therein. PRISA LP's net asset value is $7,057.8M.
[2] Stabilized properties are a percentage of Fund GAV at PRISA's effective ownership share. Leverage ratio is based on T-1 leverage. [3] Represents combined activity held by PRISA SA and PRISA LP. Transactions based on Composite's share of gross activity. [4] Dividends reinvested as Contributions total $83.0M and $309.3M for the quarter and YTD, respectively. [5] Based on PRISA LP's share of gross market value in properties and debt investments. [6] Other includes Harbor Garage, Land, and tax incentive notes connected to real estate investments. [7] Other markets account for remaining 22% of PRISA LP's market exposure. Data as of December 31, 2019.

PRISA LP's Portfolio Composition







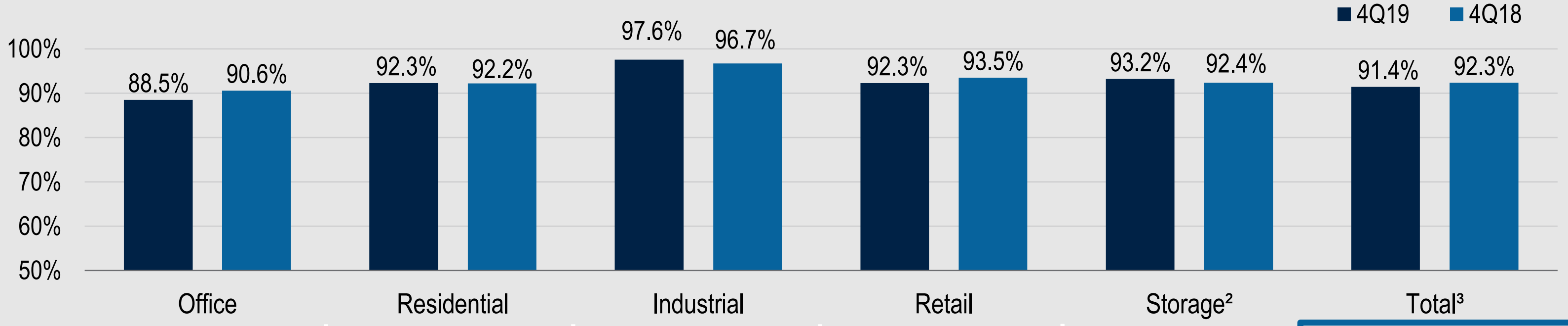


[1] Based on PRISA LP Gross Asset Value (GAV) [2] Includes Land, pre-development and developments underway. [3] Lease-up properties (originally acquired as non-stabilized) and that have Final Certificate of Occupancy.
[4] Stabilized properties that are under 75% occupancy on December 31, 2019.

PRISA Occupancy and Income Growth

High Occupancy with Continued Income Growth

Same Property Leased Status[1]



	Office	Residential	Industrial	Retail	Storage	Total
Same Property NOI Growth[1]	**2.1%**	**5.9%**	**6.4%**	**0.6%[4]**	**1.2%**	**Operating[1] 2.9%** **Total[5] 4.8%**

Commercial rents are **6.8%** below market providing **upside potential** upon rollover[6]

[1]100% Property level unlevered. To provide a more meaningful basis for comparison, includes all operating properties (e.g. with CofO) owned in both comparative time periods. Excludes land and debt investments. [2] Represents average leased status for the quarter. [3] Total portfolio weighted based on 100% of PRISA's gross market value. [4] Excludes lease termination fee of $41.5M at 11 Times Square. Including this fee, Retail same-property NOI growth would have been 20.2%. [5]Total same property consists of all properties owned in both comparative time periods. [6] Based on third party appraisals as of 4Q 2019 and weighted average rent by property. Includes only stabilized properties with leases in place. Note: Results are not guaranteed. Past performance is not a guarantee or reliable indicator of future results. As of December 31, 2019.

PRISA LP Portfolio – Office

Existing Portfolio	
Gross Assets[1]	$8,523M
Total SF	16.6M
PRISA LP Weighting[2]	35.0%
NFI-ODCE Weighting[3]	35.5%
Projected Movement[4]	▼

Office Strategy 2020-2022

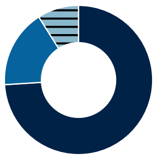
- **Portfolio Overview** — CBD assets in high-barrier markets and creative assets in tech driven markets
- **Priorities** — Actively manage lease rollover as well as evaluating any necessary capital projects
- **Transaction Strategy** — Reduce exposure through the sale of tactical and/or commodity assets

Major Market Exposure

Market (CSA)	% of Total	NFI-ODCE[6]
New York	32%	21%
Boston	19%	16%
San Francisco	17%	15%
Washington, D.C.	9%	7%
Chicago	8%	6%
Subtotal	85%	65%
Other Markets	15%	35%
Total	100%	100%

500 8th Street
Washington, D.C.

PRISA LP[2]



NFI-ODCE[3]

[1] NAV as of December 31, 2019 is $6,464M. [2] Based upon PRISA LP's share of GMV in properties and debt investments. [3] Diversification as 4Q19 is based on NFI-ODCE gross market value in the NCREIF Performance Attribution Report. Data is preliminary and subject to change. [4] Projected movement over the 2020-2022 time period. There is no guarantee that these targets will be achieved. [5] Suburban based on NCREIF classification. Urban designation based on PGIM RE classification. Urban Assets are categorized as Suburban by NCREIF, but are located in close proximity to the CBD with similar demographics. [6] NFI-ODCE does not publish detailed market information. Market information is based on CSA definitions and calculated by extracting NFI-ODCE property data from the NCREIF Research Database. Data as of December 31, 2019.

PRISA Flexible Office Update

Limited Exposure Today

PRISA Flexible Office Highlights

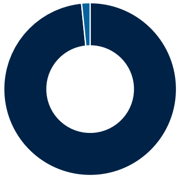
0.5% WeWork Exposure[1]

<1% Commercial Revenues

- Limited exposure to flexible working
- Flexible working, however, has disrupted office leasing
  - Tenants demand flexibility, shorter lease terms, and amenities
- PRISA is evaluating different operators and lease structures
  - Focus on enterprise business locations
  - Deliberate decision to avoid most WeWork leases
    - One lease was assumed in the acquisition of a core, trophy asset
    - Risks have been mitigated

Flexible Office Exposure Today

264,473 SF Leased to Flexible Office



% of Office SF

1.6% Of PRISA's Office SF

0.8% Regus

0.5% WeWork

0.3% Other[2]

% of Office SF

Central Place
Washington, D.C.

[1] Based on PRISA's office square footage as of December 31, 2019. [2] Other includes ServCorp, Co-Work, and Quest.

PRISA LP Portfolio – Apartment

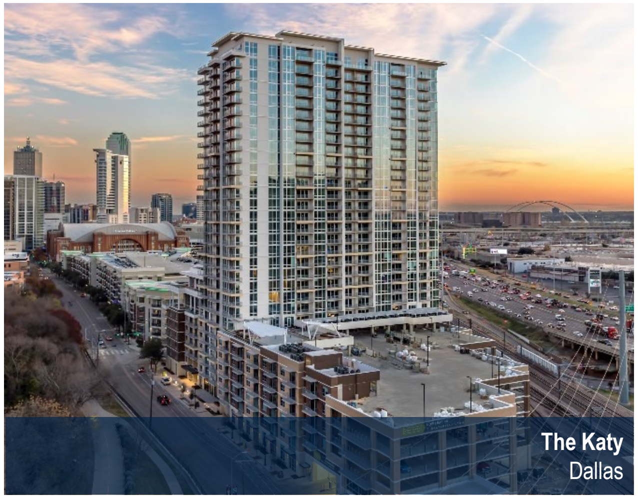
Existing Portfolio	
Gross Assets[1]	$5,996M
Total Units	15,862
PRISA LP Weighting[2]	24.6%
NFI-ODCE Weighting[3]	26.8%
Projected Movement[4]	▲

Major Market Exposure

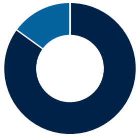
Market (CSA)	% of Total	NFI-ODCE[6]
Los Angeles	20%	11%
New York	17%	12%
Miami	12%	6%
Washington, D.C.	8%	8%
San Francisco	8%	9%
Subtotal	65%	46%
Other Markets	35%	54%
Total	100%	100%

Apartment Strategy 2020-2022

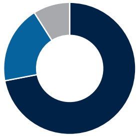
- **Portfolio Overview** — Primarily highly-amenitized, high-rise, Class A, transit-oriented product in urban and infill suburban locations
- **Priorities** — Focus on leasing and rental rate growth as well as explore opportunities to reinvest through modest renovations in existing well-located assets
- **Transaction Strategy** — Invest in build-to-core opportunities as well as select core assets with attractive income and growth. Exit capital intensive assets in favor of trade-up opportunities.


The Katy
Dallas

PRISA LP[2]



NFI-ODCE[3]



[1] NAV as of December 31, 2019 is $4,361M. [2] Based upon PRISA LP's share of GMV in properties and debt investments. [3] Diversification as of 4Q19 is based on NFI-ODCE gross market value in the NCREIF Performance Attribution Report. Data is preliminary and subject to change. [4] Projected movement over the 2020-2022 time period. There is no guarantee that these targets will be achieved. [5] Suburban based on NCREIF classification. Urban designation based on PGIM RE classification. Urban Assets are categorized as Suburban by NCREIF, but are located in close proximity to the CBD with similar demographics. [6] NFI-ODCE does not publish detailed market information. Market information is based on CSA definitions and calculated by extracting NFI-ODCE property data from the NCREIF Research Database. Data as of December 31, 2019.

PRISA LP Portfolio – Industrial

Existing Portfolio	
Gross Assets[1]	$4,223M
Total SF	28.8M
PRISA LP Weighting[2]	17.3%
NFI-ODCE Weighting[3]	18.6%
Projected Movement[4]	▲

Industrial Strategy 2020-2022

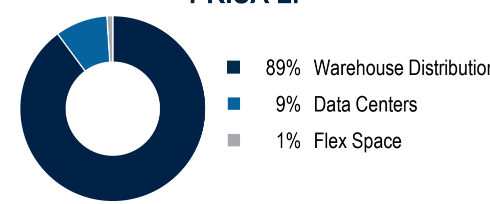
- **Portfolio Overview** — Well occupied warehouses in locations with convenient access to major markets
- **Priorities** — Leasing and pushing rental rates
- **Transaction Strategy** — Acquire and develop assets close to transportation and major metropolitan areas with a preference towards port and intermodal locations. Sell assets with low barriers to entry.

Major Market Exposure

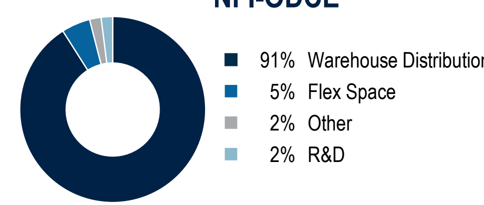
Market (CSA)	% of Total	NFI-ODCE[5]
Los Angeles	35%	23%
Washington, D.C.	22%	5%
Seattle	10%	6%
New York	6%	10%
Miami	4%	6%
Subtotal	77%	50%
Other Markets	23%	50%
Total	100%	100%


Baltimore Crossroads
Baltimore/Washington Corridor

PRISA LP[2]



NFI-ODCE[3]



[1] NAV as of September 30, 2019 is $3,935M. [2] Based upon PRISA LP's share of GMV in properties and debt investments. [3] Diversification as of 4Q19 is based on NFI-ODCE gross market value in the NCREIF Performance Attribution Report. Data is preliminary and subject to change. [4] Projected movement over the 2020-2022 time period. There is no guarantee that these targets will be achieved. [5] NFI-ODCE does not publish detailed market information. Market information is based on CSA definitions and calculated by extracting NFI-ODCE property data from the NCREIF Research Database. Data as of December 31, 2019.

PRISA LP Portfolio – Retail

PRISA Retail Portfolio Highlights

78%
Grocer Present

0%
Malls and Traditional Department Stores

Existing Portfolio

Gross Assets[1]	$3,680M
Total SF	11.7M
PRISA Weighting[2]	15.1%
NFI-ODCE Weighting[3]	15.3%
Strategic Direction[4]	▼

Valuation Metrics

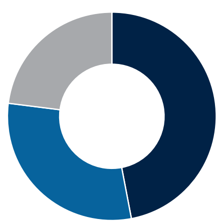
Direct Cap Rate	5.6%
Discount Rate	7.1%

Avalon
Alpharetta, GA

PRISA Retail Portfolio Positioning

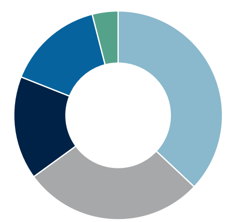
- Retail underweight benefits performance
- Income return outperformance – stable occupancy and NOI
- Diversified product types with diversified tenant mix with a focus on necessity-based and experiential centers
- Recent valuation declines as volatility in retail sector increases

PRISA LP[2]



- 47% Lifestyle/Mixed Use
- 30% Power
- 23% Neighborhood/Community
- 0% Regional Malls

NFI-ODCE[3]



- 35% Regional Malls
- 30% Neighborhood/Community
- 15% Lifestyle/Mixed Use
- 15% Power
- 5% Other

[1] NAV as of December, 2019 is $3,422M. [2] Based upon PRISA's share of GMV in properties and debt investments. [3] Diversification as of 4Q19 is based on NFI-ODCE gross market value in the NCREIF Performance Attribution Report. Data is preliminary and subject to change. [4] Projected movement over the 2020-2022 time period. There is no guarantee that these targets will be achieved. [5] NFI-ODCE does not publish detailed market information. Market information is based on CSA definitions and calculated by extracting NFI-ODCE property data from the NCREIF Research Database. Data as of December 31, 2019.

PRISA LP Portfolio – Storage

Existing Portfolio	
Gross Assets[1]	$1,549M
Total SF	7.0M
PRISA LP Weighting[2]	6.4%
NFI-ODCE Weighting[3]	1.8%
Projected Movement[4]	◀ ▶

Storage Strategy 2020-2022

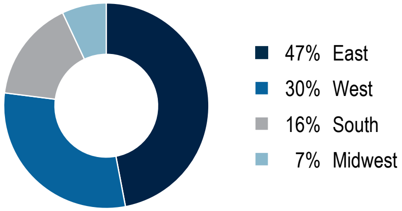
- **Property Overview** — National portfolio of assets in partnership with strong operators located in areas with attractive population drivers
- **Priorities** — Continue to focus on optimizing cash flow and occupancy
- **Transaction Strategy** — Target new investment acquisitions with best-in-class operators. Take advantage of opportunities for strategic dispositions .

Major Market Exposure

Market (CSA)	% of Total	NFI-ODCE[5]
New York	30%	15%
Los Angeles	11%	5%
Washington, D.C.	9%	0%
Miami	6%	4%
San Francisco	5%	4%
Subtotal	61%	28%
Other Markets	39%	72%
Total	100%	100%

Extra Space Storage
Various

PRISA LP[2]



[1] NAV as of December 31, 2019 is $1,553M. [2] Based upon PRISA LP's share of GMV in properties and debt investments. [3] Diversification as of 4Q19 is based on NFI-ODCE gross market value in the NCREIF Performance Attribution Report. Data is preliminary and subject to change. [4] Projected movement over the 2020-2022 time period. There is no guarantee that these targets will be achieved. [5] NFI-ODCE does not publish detailed market information. Market information is based on CSA definitions and calculated by extracting NFI-ODCE property data from the NCREIF Research Database. Data as of December 31, 2019.

PRISA LP Top 10 Assets By GMV[1]

Strong Concentration of Irreplaceable Assets

Property Name	Property Type	Market	Size SF / Units	PRISA LP's Share GMV ($M)	100% GMV Per SF / Unit	% of Fund's GMV	Occupancy
International Place[2]	Office	Boston	1,839,644	$1,601	$970	6.6%	93.5%
ESS Storage Portfolio[3]	Storage	Various	6,536,649	1,340	$214	5.3%	93.3%
11 Madison	Office	New York	2,361,162	1,116	$1,182	4.6%	95.7%
Eleven Times Square	Office	New York	1,108,869	777	$1,300	3.2%	94.5%
Avalon Portfolio	Mixed use	Atlanta	581,802 / 526 Units	576	669 PSF / 354,373 Unit	2.4%	96.0%
Wareham Portfolio	Office/Life Science	San Francisco	1,193,810	490	$929	2.0%	95.3%
100 Park Avenue	Office	New York	894,541	404	$905	1.7%	83.7%
Post Montgomery Tower	Office	San Francisco	726,352	385	$1,085	1.6%	97.3%
55 East Monroe	Office	Chicago	1,251,529	368	$294	1.5%	79.5%
The Fillmore Center	Residential	San Francisco	1,114	341	$612,208	1.4%	93.5%
Total				$7,404		30.4%	

The Fillmore Center
San Francisco


Avalon
Atlanta


11 Times Square
New York

[1] Based on PRISA's share of gross market value in properties and debt investments. [2] Exceeds single asset exposure limit of 5%. [3] PSF and $/unit values are based on the allocated GMV of each component. [4] 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 51.1% of Post Montgomery Tower, 50.0% of The Fillmore Center and 0.2% of 100 Park Avenue.

PRISA Valuation Metrics

Total Portfolio

Capitalization Rate			
Property Type	**4Q19**	**4Q18**	**Change**
Office	4.53%	4.56%	-3 bps
Apartment	4.27%	4.39%	-12 bps
Industrial	4.65%	4.83%	-18 bps
Retail	5.65%	5.58%	7 bps
Storage	4.88%	5.05%	-17 bps
Total Fund	4.66%	4.74%	-8 bps

Discount Rate			
Property Type	**4Q19**	**4Q18**	**Change**
Office	6.03%	6.07%	-4 bps
Apartment	6.31%	6.39%	-8 bps
Industrial	6.11%	6.25%	-14 bps
Retail	7.08%	6.94%	14 bps
Storage	8.13%	8.30%	-17 bps
Total Fund	6.36%	6.41%	-5 bps

Terminal Cap Rate			
Property Type	**4Q19**	**4Q18**	**Change**
Office	5.16%	5.21%	-5 bps
Apartment	4.93%	5.05%	-12 bps
Industrial	5.26%	5.46%	-20 bps
Retail	6.15%	6.09%	6 bps
Storage	5.13%	5.30%	-17 bps
Total Fund	5.26%	5.35%	-9 bps

Same Property

Capitalization Rate			
Property Type	**4Q19**	**4Q18**	**Change**
Office	4.53%	4.55%	-2 bps
Apartment	4.28%	4.32%	-4 bps
Industrial	4.66%	4.83%	-17 bps
Retail	5.65%	5.54%	11 bps
Storage	4.96%	5.05%	-9 bps
Total Fund	4.68%	4.72%	-4 bps

Discount Rate			
Property Type	**4Q19**	**4Q18**	**Change**
Office	6.03%	6.04%	-1 bps
Apartment	6.30%	6.34%	-4 bps
Industrial	6.13%	6.25%	-12 bps
Retail	7.08%	6.92%	16 bps
Storage	8.21%	8.30%	-9 bps
Total Fund	6.37%	6.39%	-2 bps

Terminal Cap Rate			
Property Type	**4Q19**	**4Q18**	**Change**
Office	5.16%	5.19%	-3 bps
Apartment	4.96%	4.98%	-2 bps
Industrial	5.28%	5.46%	-18 bps
Retail	6.15%	6.05%	10 bps
Storage	5.21%	5.30%	-9 bps
Total Fund	5.28%	5.32%	-4 bps

As of December 31, 2019. Note: Rates weighted based on gross market value.

PRISA Top 10 Tenants

Well Diversified Credit Tenant Exposure

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

Tenant	Property	Industry	Credit Rating (S&P)[1]	% of Fund's Revenue	Square Feet
Credit Suisse Securities	11 Madison Ave	Finance	A+	2.5%	1,265,841
Proskauer Rose	Eleven Times Square / International Place	Legal	NR	1.7%	503,356
Amazon & Subsidiaries		E-commerce / Retail	AA-	1.4%	2,066,294
Warehouse	Park 70 Amazon / SBP Rainer / SBP Adams			0.6%	1,500,427
Retail	Annapolis / Avalon / Bella Terra / Mercato / Arbor Lakes			0.4%	265,566
Data Center	Digital Realty			0.3%	261,788
Office	Emery Station II / Post Montgomery			0.1%	38,513
Eaton Vance Management	International Place / 100 Park Ave	Finance	A-	1.1%	347,881
Sony Corporation of America	11 Madison Ave	Consumer Electronics	A-	1.1%	578,791
DLA Piper US LLP	100 North Tampa / 500 8th Street	Legal	NR	0.8%	239,503
CEB Inc	Central Place	Technology	NR	0.8%	348,847
Stitch Fix, Inc	One Montgomery Tower	Retail	NR	0.7%	133,979
Cyxtera Communications, LLC	Digital Realty	Technology	NR	0.7%	478,222
Apple Inc.	Cupertino Gateway / Avalon Retail II	Technology	AA+	0.6%	228,446
Total				**11.5%**	**6,191,160**

[1] Standard & Poor's. December 2019. Note: Based on annual PRISA's share of revenue contribution.

NFI-ODCE Fund Inclusion Criteria – Key Changes

Current NFI-ODCE Index Policies	Effective 1Q2020 Updated NFI-ODCE Index Policies / PRISA Investment Guidelines	Current PRISA LP Exposure[1]
≥80% of Real Estate Net Assets in "operating" properties (60% leased)	**≥75%** of the Fund Gross Asset Value in "stabilized" properties (75% leased)	**86%**
≥80% of the Fund Net Asset Value in private equity direct real estate	**≥80%** of the Fund Gross Asset Value in private equity direct real estate	**94%**
≥80% of Real Estate Net Assets invested in office, industrial, apartment and retail	**≥75%** of Real Estate Gross Market Value invested in office, industrial, apartment and retail property types	**92%**
≤65% of Real Estate Net Assets in one property type	**≤60%** of Real Estate Gross Market Value in one property type; must be invested in at least 3 of the above property types with a minimum exposure of 5%	**Office 35%** **Apartment 25%** **Industrial 17%** **Retail 15%**
≤65% of the Real Estate Net Assets in one region	**≤65%** of the Real Estate Gross Market Value in one region	**East 41%** **West 32%** **South 19%** **Midwest 8%**
≤5% of Real Estate Net Assets outside of the US	**≤5%** of Real Estate Gross Market Value outside of the US	**0%**
≤40% Leverage Ratio	**≤35%** Leverage Ratio (Tier 1 Leverage Calculation)	**21%**

[1] As of December 31, 2019.

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 existing portfolio of PRISA SA assets (as of December 31, 2012) as well as all assets that PICA, on behalf of PRISA SA, 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 portfolio and asset management teams. PRISA Composite information is provided for illustrative purposes and should not be relied upon by investors for any reason.
- **PRISA REIT** is the entity through which PRISA LP will make all of its investments. As of December 31, 2019, PRISA LP and PRISA SA own approximately 35% and 65% 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 and the same.

Valuation Policy

Properties held by the Fund are accounted for at fair value in accordance with applicable contractual requirements and in compliance with authoritative accounting guidance ("U.S. 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 PGIM, Inc. (the "Chief Appraiser") is responsible for the valuation process of the Fund's investments and approves final gross real estate values. The Chief Appraiser position is independent of PGIM Real Estate and reports directly to the Chief Financial Officer of PGIM, Inc. The Chief Appraiser retains an independent Appraisal Management Firm ("AMF") to run the day-to-day operation of the appraisal process. The AMF is responsible to assist with the selection, hiring, oversight, rotation and/or termination of third-party appraisal firms. Third-party appraisers are typically rotated on a three-year cycle and are selected from the Chief Appraiser's Approved Vendor's List through a competitive bid process. To be included in the list, individual experts are interviewed, referenced and a sampling of their work is reviewed to understand capabilities and competencies of the appraiser. In addition to the administrative services, the AMF collects asset manager comments and provides independent reviews of the appraisal reports and opines on the reasonableness of the value conclusions in order to maintain documentation and monitoring of the independence and accuracy of the valuations. The reported fair values are based on the external appraisal conclusions following the completion of the formal internal and external reviews and sign-offs. However, in the rare instance a material fact or error be identified and considered unresolved during the AMF review process, the AMF is responsible to provide the substantiation and compelling evidence to make an adjustment to the appraised value and it would be reported to the Fund investors.

Real estate properties (including properties under development) and other investments are appraised every quarter with the exception of properties recently acquired or under a letter of intent 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. Income producing real estate property appraisals primarily rely on the income approach to value (DCF) with consideration of the cost and market approaches, as applicable. Real estate property appraisals and the AMF appraisal reviews are performed in accordance with the Uniform Standards of Professional Appraisal Practice ("USPAP"), which is the standard for real estate appraisals in the United States. USPAP is consistent in principle with the Red Book Real Estate Valuation Standards set by The Royal Institution of Chartered Surveyors (RICS) and the International Valuation Standards as set forth by the International Valuation Standards Council.

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.

Benchmark Definitions

NCREIF Fund Index-Open End Diversified Core Equity (NFI-ODCE): The NFI-ODCE, short for NCREIF Fund Index — Open End Diversified Core Equity, is a capitalization-weighted, gross of fee, timeweighted return index with an inception date of December 31, 1977. Other supplemental data such as equal-weight and net of fee returns are also provided by NCREIF for informational proposes and additional analysis. To be eligible for NFI-ODCE membership, each member fund must be marketed as an open-end fund with a diversified core investment strategy primarily investing in private equity real estate. All members funds must adhere to the following index inclusion criteria:

At least 80% of the fund gross asset value must be invested in private direct real estate equity; (2) At least 95% of real estate gross market value assets must be located in U.S. markets; (3) At least 75% of fund gross market value must be invested in office, industrial, apartment and retail property types; (4) At least 75% of the fund gross asset value must be invest in "stabilized" properties (75% leased); (5) Fund loan-to-value ratio (LTV) must be less than 35%; (6) No more than 60% of real estate gross market value in one property type with greater than 5% of gross market value in 3 of the 4 major property types; and (7) No more than 65% of real estate gross market value in one NCREIF defined region.

Each member fund must also comply with the NCREIF PREA Reporting standards. Note: A benchmark Index is not professionally managed. Investors cannot invest directly in an index.

Disclosures

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All performance and targets contained herein are subject to revision by PGIM Real Estate and are provided solely as a guide to current expectations. There can be no assurance that any product or strategy described herein will achieve any targets or that there will be any return of capital. Past performance is not a guarantee or a reliable indicator of future results. No representations are made by PGIM Real Estate as to the actual composition or performance of any account.

PRISA: The basis for 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. PGIM Real Estate 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 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 Fund performance are subject to healthy economic conditions in the U.S. 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 U.S. 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. PGIM Real Estate 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 U.S. 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 U.S. 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. PGIM Real Estate 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

Disclosures (continued)

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 U.S. 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 U.S. 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 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 PGIM Real Estate.

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Net returns shown herein are time-weighted rates of return after deduction of manager compensation. Actual manager compensation schedules and other expenses are described in the individual PRISA SA contracts and the governing documents of PRISA LP and its subsidiaries. Please see Part 2 of the PGIM Inc. Form ADV, for more information concerning manager compensation.

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In addition to this document, PGIM Real Estate or its agent may distribute to you an offering memorandum (the "PPM") and the constitutional documents of the Fund (including a limited partnership agreement and/or other governing fund document and a subscription agreement or the Investment Brief for PRISA LP and constitutional documents of PRISA LP together with the PPM, the "Memorandum"). You should review and carefully consider these documents, especially the risk factors explained within them, and should seek advice from your legal, tax, and other relevant advisers before making any decision to subscribe for interests in the Fund. If there is any conflict between this document and the Memorandum and constitutional documents of the Fund, the Memorandum and constitutional documents shall prevail. You must rely solely on the information contained in the Fund's Memorandum and constitutional documents in making any decision to invest.

There can be no assurance that the Fund will meet any performance targets referenced herein. An investor could lose some or all of its investment in the Fund. Investments are not guaranteed by the Fund, PGIM Real Estate, their respective affiliates, or any governmental agency.

Certain securities products and services are distributed by Prudential Investment Management Services LLC, a Prudential Financial company and member of SIPC.

Risk Factors: Investments in commercial real estate and real estate-related entities are subject to various risks, including adverse changes in domestic or international economic conditions, local market conditions and the financial conditions of tenants; changes in the number of buyers and sellers of properties; increases in the availability of supply of property relative to demand; changes in availability of debt financing; increases in interest rates, exchange rate fluctuations, the incidence of taxation on real estate, energy prices and other operating expenses; changes in environmental laws and regulations, planning laws and other governmental rules and fiscal policies; changes in the relative popularity of properties risks due to the dependence on cash flow; risks and operating problems arising out of the presence of certain construction materials; and acts of God, uninsurable losses and other factors which are beyond the control of the Manager and the Fund. As compared with other asset classes, real estate is a relatively illiquid investment. Therefore, investors' withdrawal requests may not be satisfied for significant periods of time. Other than its general fiduciary duties with respect to investors, PGIM Real Estate has no specific obligation to take any particular action (such as liquidation of investments) to satisfy withdrawal requests. In addition, as recent experience has demonstrated, real estate is subject to long-term cyclical trends that give rise to significant volatility in real estate values.

The Interests have not been and will not be registered under the U.S. Securities Act and are being offered and sold in compliance with Regulation D under the U.S. Securities Act. The Interests are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under Regulation D under the U.S. Securities Act and the applicable state, foreign and other securities laws, pursuant to registration or exemption therefrom. The transferability of Interests will be further restricted by the terms of the Partnership Agreement of the applicable Fund. Prospective Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time.

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PRISA – GIPS Composite Report

As of December 2018

Period	Total Firm Net Assets ($000's)	Year-End Composite Net Assets ($000's)	Leverage as a % of Composite Net Assets	External Valuation	Gross Returns Before Fees (In USD) Investment Income	Appreciation (Depreciation)	Total Return	Benchmark Return
2018	50,823,862	20,224,148	20%	99%	4.40%	4.14%	8.67%	8.35%
2017	49,945,939	19,694,927	20%	97%	4.62%	2.76%	7.47%	7.62%
2016	47,238,722	18,574,814	22%	97%	4.59%	4.08%	8.82%	8.77%
2015	46,629,386	17,184,223	20%	98%	5.00%	9.97%	15.32%	15.02%
2014	44,406,558	14,579,335	22%	98%	5.03%	8.00%	13.33%	12.50%
2013	40,474,610	12,891,834	21%	99%	5.44%	8.92%	14.71%	13.94%
2012	35,205,393	11,461,938	21%	97%	5.36%	4.14%	9.67%	10.94%
2011	29,408,989	10,011,841	26%	96%	5.56%	13.00%	19.08%	15.99%
2010	26,528,379	8,170,163	33%	100%	7.26%	11.16%	18.42%	16.36%
2009	22,524,933	6,637,931	42%	100%	7.16%	-41.40%	-34.24%	-29.76%

PGIM Real Estate claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. PGIM Real Estate has been independently verified for the periods 1993-2017. Verification assesses whether (1) the firm has complied with the composite construction requirements of the GIPS standards on a firm-wide basis, and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The PRISA composite has been examined for the periods 1993-2017. The verification and performance examination reports are available upon request.

For the purpose of GIPS® compliance, the Firm is defined as PGIM Real Estate, a unit of PGIM Inc., a subsidiary of Prudential Financial, Inc. ("Prudential"), which includes the domestic and international real estate advisory business of Prudential. PGIM is a trading name of PGIM, Inc., the principal asset management business of Prudential Financial, Inc. Prudential Financial, Inc. of the United States is not affiliated in any manner with Prudential plc, incorporated in the United Kingdom or with Prudential Assurance Company, a subsidiary of M&G plc, incorporated in the United Kingdom.

This composite, formerly known as Prudential Property Investment Separate Account Composite was created December 1997. Effective January 1, 2013, PRISA restructured into two accounts and this composite is comprised of PRISA SA and PRISA LP, two commingled open-end accounts investing, in management's opinion, in core real estate holdings for the entire period presented. No measure of internal dispersion is presented since statistical measures of internal dispersion for composites with five or fewer accounts are not considered meaningful. Additional policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. A complete list and description of all composites is available upon request.

Real Estate portfolios are considered discretionary if the Firm has sole or primary responsibility for major investment decisions. These decisions may include: portfolio strategy, investment search and selection, purchases, sales, structure of investment, financing, capital improvements and operating budgets. Discretion is defined as follows: The ability to initiate, execute and/or advise an acquisition or sale of investment within a given portfolio and manage such portfolio given its investment strategy. Clients may not delegate complete investment discretion to firms for real estate investments, but in many cases, the consent requirements and investment constraints imposed do not inhibit the firm's investment policy of decision making to any significant extent.

PRISA – GIPS Composite Report (continued)

As of December 2018

The benchmark for this composite was originally defined as the NCREIF Property Index, a market capitalization-weighted index of unleveraged property level returns on existing investment-grade, non-agricultural, income producing properties held by tax-exempt fiduciaries. Effective January 1, 2007, the benchmark for this composite was changed to the NCREIF Fund Index Open-End Diversified Core Equity ("ODCE"), which is an index of investment returns reporting on private open-end commingled funds pursuing a core investment strategy. Fund inclusion criteria in the index requires the following: (1) At least 80% of market value of net assets invested in real estate ; (2) at least 80% of market value of real estate net assets in private equity real estate properties (3) Not more than 40% leverage; (4) At least 80% of market value of real estate net assets invested in office, industrial, apartment, and retail property types; (5) At least 95% of market value of real estate net assets in US markets; (6) Not more than 65% of market value of real estate net assets in one property type or one region; and (7) at least 80% of market value of real estate net assets invested in operating properties. Reinvestment of dividends is not applicable to this asset class. Benchmark returns were not examined and are not covered by the report of independent accountants.

All U.S. asset valuations comply with the Uniform Standards of Professional Appraisal Practice (USPAP) and performed by independent appraisers with professional qualifications (Member of the Appraisal Institute or equivalent). The three conventional methods of analysis are employed (cost, sales comparison and income). Income properties primarily rely on the discounted cash flow (DCF)/direct cap approach (a method of the income approach), supported by value indicated by recent sales of comparable real estate in the market. Investment level debt value estimates are based on the amount at which the account would pay to transfer the liability at the reporting date. Assets are generally appraised quarterly by an independent Member of the Appraisal Institute or equivalent and are also reviewed quarterly by the Firm. Different assumptions or changes in future market conditions could significantly affect estimated fair value. All assets are valued using subjective unobservable inputs, which reflect the Firm's own assumptions about the assumptions that market participants would use in pricing the investment, and are developed based on the best information available under the circumstances. Key inputs and assumptions include rental income and expense amounts, related rental income and expense growth rates, discount rates and capitalization rates. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

Returns are based on operating results presented in audited financial statements and include interest income from short-term cash investments. Income is based on accrual accounting and recognized at the investment level. Capital expenditures, tenant improvements and leasing commissions are capitalized and included in the cost of the property, are not depreciated or amortized, and are reflected in the appreciation (depreciation) component of the return.

Leverage is used to finance the acquisition of certain assets in the portfolio and is comprised of fixed and variable rate debt. Additionally, interest rate swaps are used to reduce the risk of market changes in interest rates on variable rate debt. The accounts within this composite are not subject to withholding taxes.

Prior to January 1, 2016, the leverage ratio was calculated as the total debt outstanding divided by total gross assets as noted on the account's consolidated financial statements. Beginning January 1, 2016, the calculation was changed to Tier 1 leverage methodology (as defined under the NCREIF PREA Reporting Standards) whereby the account's economic share of total debt outstanding is divided by the account's economic share of total gross assets. The account's economic share of debt consists of leverage in wholly owned entities, consolidated and equity joint ventures as well as any portfolio-level debt. Beginning January 1, 2019, this methodology was changed historically for all periods. Cash available from operations is reinvested or distributed quarterly based on each investor's election.

Beginning January 1, 2011, annual total, investment income, and appreciation (depreciation) returns are calculated by geometrically linking quarterly returns. For periods prior to January 1, 2011, component returns were adjusted such that the sum of the income return and the appreciation (depreciation) return equals the total return. As is typical in real estate investment funds, all fund administrative costs (audit, valuation and legal fees) have been deducted from gross-of-fees returns.

The Standard Fee Schedule is as follows: 1.0000% on the first $25M; 0.9500% on the next $25M; 0.8500% on the next $50M; 0.7500% on the next $100M; 0.7000% on the next $100M; and 0.6500% thereafter.

Regional Transit

STAFF REPORT

DATE: February 26, 2020

TO: Sacramento Regional Transit Retirement Boards (ALL)

FROM: Jamie Adelman, AVP Finance and Treasury

SUBJ: AUTHORIZING THE SACRAMENTO REGIONAL TRANSIT DISTRICT'S GENERAL MANAGER/CEO TO EXECUTE A CONTRACT AMENDMENT WITH STATE STREET GLOBAL ADVISORS TRUST COMPANY TO REDUCE FEES FOR INDEX FUNDS

RECOMMENDATION

Adopt the Attached Resolutions.

RESULT OF RECOMMENDED ACTION

The State Street Global Advisors (SSgA) Trust Company Contract for Index Funds will be amended to reflect reduced fees negotiated by Callan LLC.

FISCAL IMPACT

Fees paid by the Retirement Boards for the MSCI EAFE index fund will be reduced from a variable rate of 10 to 5 basis points (“bps”) depending on fund balance to a flat fee of 4 bps.

Fees paid by the Retirement Boards for the S&P 500 index fund will be reduced from a variable rate of 5 to 2 bps depending on fund balance to a flat fee of 2 bps.

DISCUSSION

SSgA is the current provider for the S&P 500 index fund and MSCI EAFE index fund included in the Retirement Plans’ investment portfolio. Callan LLC (Callan), the Retirement Boards' investment advisor, reviewed fees and tracking error performance by the SSgA funds as well as index funds provided by Northern Trust (NT), the Plans’ new custodian, in late 2019. Through this process, Callan also engaged in fee negotiations with numerous index fund providers.

When evaluating index funds, the two main decision factors are fees and tracking error (or how closely the index fund tracks its underlying index). Based on Callan’s analysis of NT’s recent tracking error performance and the fact that SSgA also proposed lower pricing as part of the Callan fee negotiation process, it would be advantageous to retain SSgA and amend the contract to reduce the investment fees. The fees for the SSgA index funds will be revised as follows:

- The Retirement Plans’ current fee schedule for the SSgA S&P 500 Index is 5 bps on the first $50M and 4 bps on the next $50M. Given the Plans’ total investment of approximately $51M, the blended fee is 5 bps. The new reduced fee will be a flat 2 bps.

- The Retirement Plans’ current fee schedule for the SSgA MSCI EAFE Index is 10 bps on the first $50M and 8 bps on the next $50M. Given the Plans’ total investment of approximately $11.3M, the blended fee is 10 bps. The new reduced fee will be a flat 4 bps.

Staff recommends that the Retirement Plans retain SSgA as the manager for their S&P 500 and MSCI EAFE index funds, and approve an amendment to the Retirement Boards' existing contract with SSgA to reflect the reduced fees.

RESOLUTION NO. _____

Adopted by the Board of Directors for the Retirement Plan for Sacramento Regional Transit District Employees Who Are Members of the ATU Local Union 256 on this date:

February 26, 2020

AUTHORIZING THE SACRAMENTO REGIONAL TRANSIT DISTRICT'S GENERAL MANAGER/CEO TO EXECUTE A CONTRACT AMENDMENT WITH STATE STREET GLOBAL ADVISORS TRUST COMPANY TO REDUCE FEES FOR INDEX FUNDS

BE IT HEREBY RESOLVED BY THE RETIREMENT BOARD OF DIRECTORS FOR THE RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES WHO ARE MEMBERS OF THE ATU LOCAL UNION 256 AS FOLLOWS:

THAT, the Retirement Board hereby authorizes the Sacramento Regional Transit District's General Manager/CEO to execute an amendment to the Retirement Board's contract with State Street Global Advisors Trust Company to Reduce Index Fund Fees to 2 basis points for the SSgA S&P 500 Index and 4 basis points for the SSgA MSCI EAFE Index.

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RALPH NIZ, Chair

A T T E S T:

Crystal McGee, Secretary

By: ______________________________
Valerie Weekly, Assistant Secretary

RESOLUTION NO. _____

Adopted by the Board of Directors for the Retirement Plan for Sacramento Regional Transit District Employees Who Are Members of the IBEW Local Union 1245 on this date:

February 26, 2020

AUTHORIZING THE SACRAMENTO REGIONAL TRANSIT DISTRICT'S GENERAL MANAGER/CEO TO EXECUTE A CONTRACT AMENDMENT WITH STATE STREET GLOBAL ADVISORS TRUST COMPANY TO REDUCE FEES FOR INDEX FUNDS

BE IT HEREBY RESOLVED BY THE RETIREMENT BOARD OF DIRECTORS FOR THE RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES WHO ARE MEMBERS OF THE IBEW LOCAL UNION 1245 AS FOLLOWS:

THAT, the Retirement Board hereby authorizes the Sacramento Regional Transit District's General Manager/CEO to execute an amendment to the Retirement Board's contract with State Street Global Advisors Trust Company to Reduce Index Fund Fees to 2 basis points for the SSgA S&P 500 Index and 4 basis points for the SSgA MSCI EAFE Index.

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ERIC OHLSON, Chair

A T T E S T:

Constance Bibbs, Secretary

By: __________________________________

Valerie Weekly, Assistant Secretary

RESOLUTION NO. _____

Adopted by the Board of Directors for the Retirement Plan for Sacramento Regional Transit District Employees Who Are Members of the AEA on this date:

February 26, 2020

AUTHORIZING THE SACRAMENTO REGIONAL TRANSIT DISTRICT'S GENERAL MANAGER/CEO TO EXECUTE A CONTRACT AMENDMENT WITH STATE STREET GLOBAL ADVISORS TRUST COMPANY TO REDUCE FEES FOR INDEX FUNDS

BE IT HEREBY RESOLVED BY THE RETIREMENT BOARD OF DIRECTORS FOR THE RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES WHO ARE MEMBERS OF THE AEA AS FOLLOWS:

THAT, the Retirement Board hereby authorizes the Sacramento Regional Transit District's General Manager/CEO to execute an amendment to the Retirement Board's contract with State Street Global Advisors Trust Company to Reduce Index Fund Fees to 2 basis points for the SSgA S&P 500 Index and 4 basis points for the SSgA MSCI EAFE Index.

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RUSSEL DEVORAK, Chair

A T T E S T:

Tim McGoldrick, Secretary

By: ______________________________
Valerie Weekly, Assistant Secretary

RESOLUTION NO. _____

Adopted by the Board of Directors for the Retirement Plan for Sacramento Regional Transit District Employees Who Are Members of the AFSCME on this date:

February 26, 2020

AUTHORIZING THE SACRAMENTO REGIONAL TRANSIT DISTRICT'S GENERAL MANAGER/CEO TO EXECUTE A CONTRACT AMENDMENT WITH STATE STREET GLOBAL ADVISORS TRUST COMPANY TO REDUCE FEES FOR INDEX FUNDS

BE IT HEREBY RESOLVED BY THE RETIREMENT BOARD OF DIRECTORS FOR THE RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES WHO ARE MEMBERS OF THE AFSCME AS FOLLOWS:

THAT, the Retirement Board hereby authorizes the Sacramento Regional Transit District's General Manager/CEO to execute an amendment to the Retirement Board's contract with State Street Global Advisors Trust Company to Reduce Index Fund Fees to 2 basis points for the SSgA S&P 500 Index and 4 basis points for the SSgA MSCI EAFE Index.

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PETER GUIMOND, Chair

A T T E S T:

Lisa Thompson, Secretary

By: ______________________________
Valerie Weekly, Assistant Secretary

RESOLUTION NO. _____

Adopted by the Board of Directors for the Retirement Plan for Sacramento Regional Transit District Employees Who Are Members of the MCEG on this date:

February 26, 2020

AUTHORIZING THE SACRAMENTO REGIONAL TRANSIT DISTRICT'S GENERAL MANAGER/CEO TO EXECUTE A CONTRACT AMENDMENT WITH STATE STREET GLOBAL ADVISORS TRUST COMPANY TO REDUCE FEES FOR INDEX FUNDS

BE IT HEREBY RESOLVED BY THE RETIREMENT BOARD OF DIRECTORS FOR THE RETIREMENT PLAN FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES WHO ARE MEMBERS OF THE MCEG AS FOLLOWS:

THAT, the Retirement Board hereby authorizes the Sacramento Regional Transit District's General Manager/CEO to execute an amendment to the Retirement Board's contract with State Street Global Advisors Trust Company to Reduce Index Fund Fees to 2 basis points for the SSgA S&P 500 Index and 4 basis points for the SSgA MSCI EAFE Index.

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LAURA HAM, Chair

A T T E S T:

Craig Norman, Secretary

By: ______________________________
Valerie Weekly, Assistant Secretary