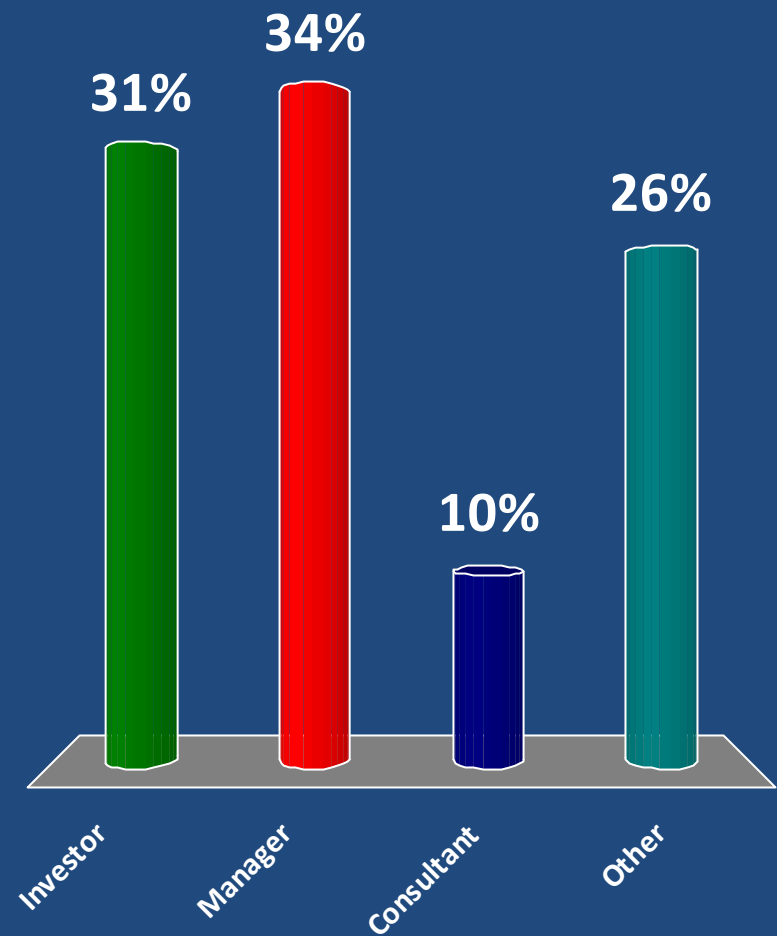


PREA's Town Hall Session

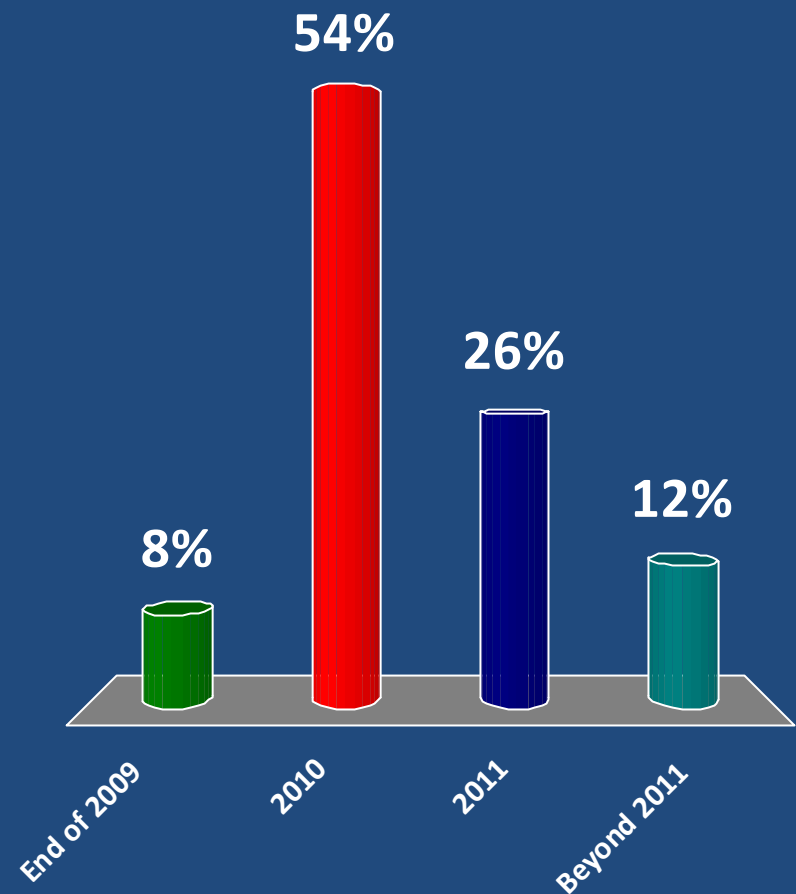
Who are you?

1. Investor
2. Manager
3. Consultant
4. Other



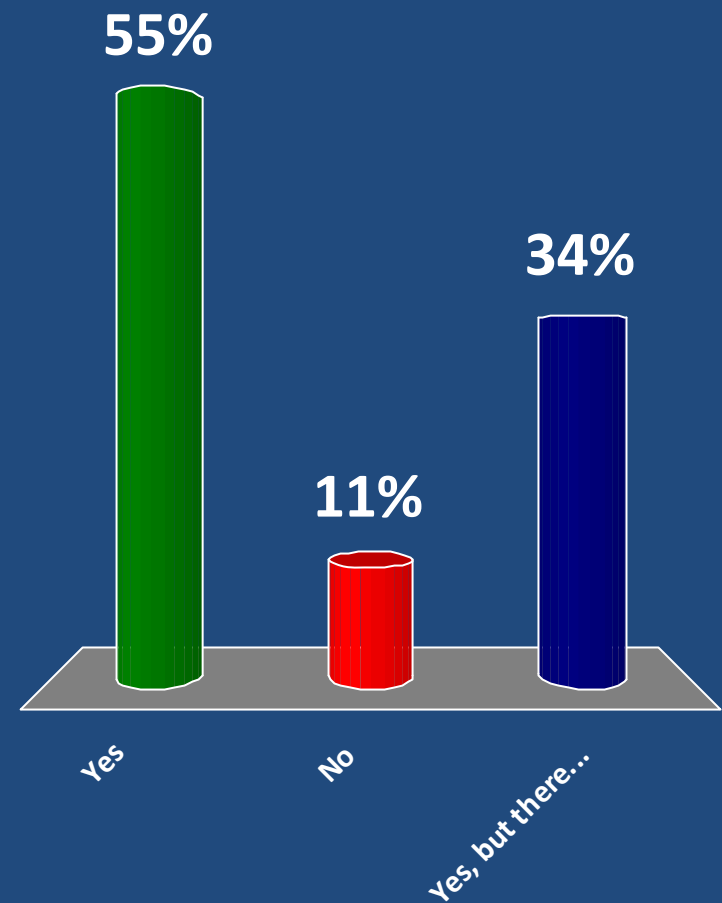
When do you think the US economy will come out of recession?

1. End of 2009
2. 2010
3. 2011
4. Beyond 2011



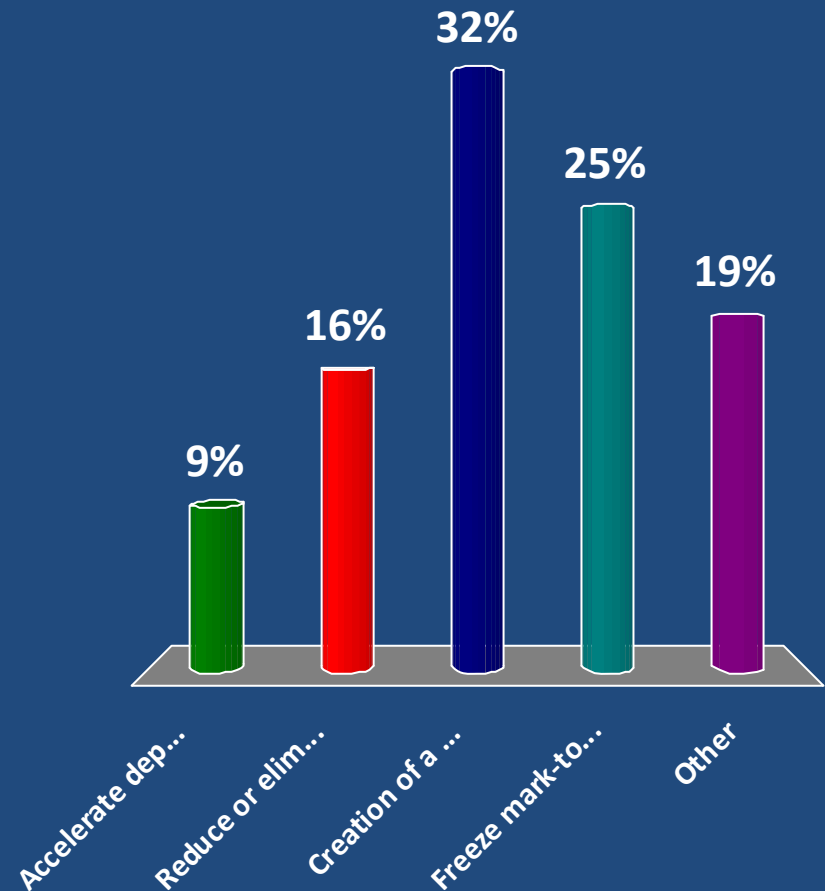
Will President Obama's economic policy accelerate the recovery?

1. Yes
2. No
3. Yes, but there are more effective options



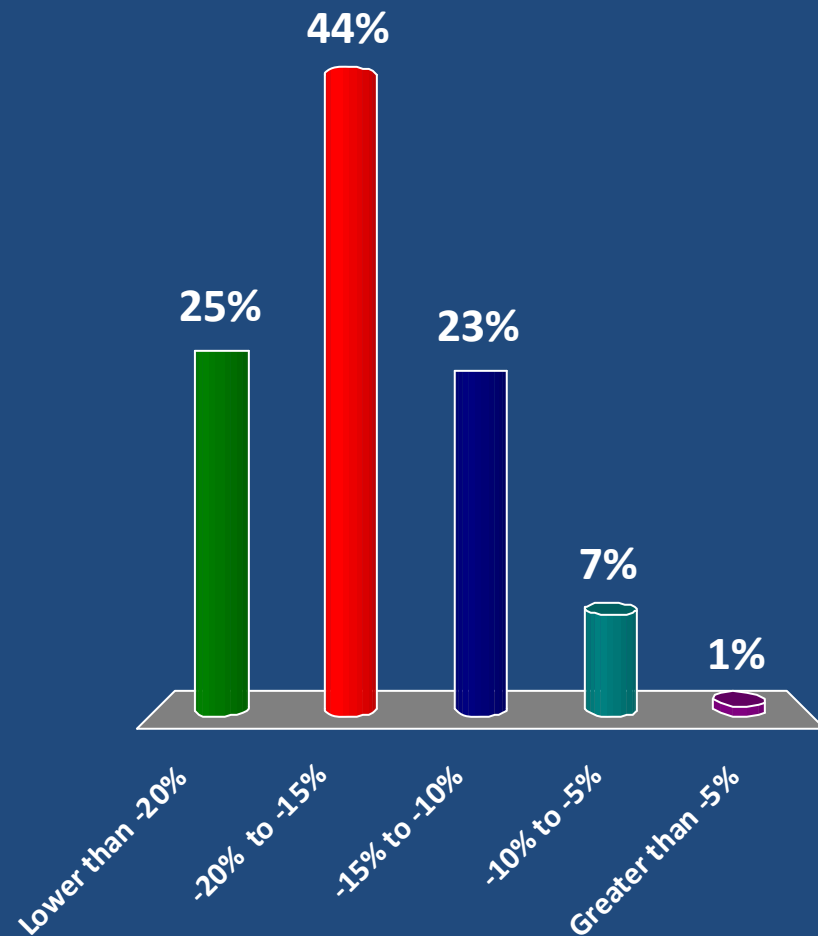
If you could make one “silver” bullet policy to help commercial real estate and support the economy, what would it be?

1. Accelerate depreciation schedules for real estate to increase earnings and raise asset values
2. Reduce or eliminate the FIRPTA tax
3. Creation of a warehouse facility to house new loans to be securitized
4. Freeze mark-to-market for hard-to-value assets.
5. Other

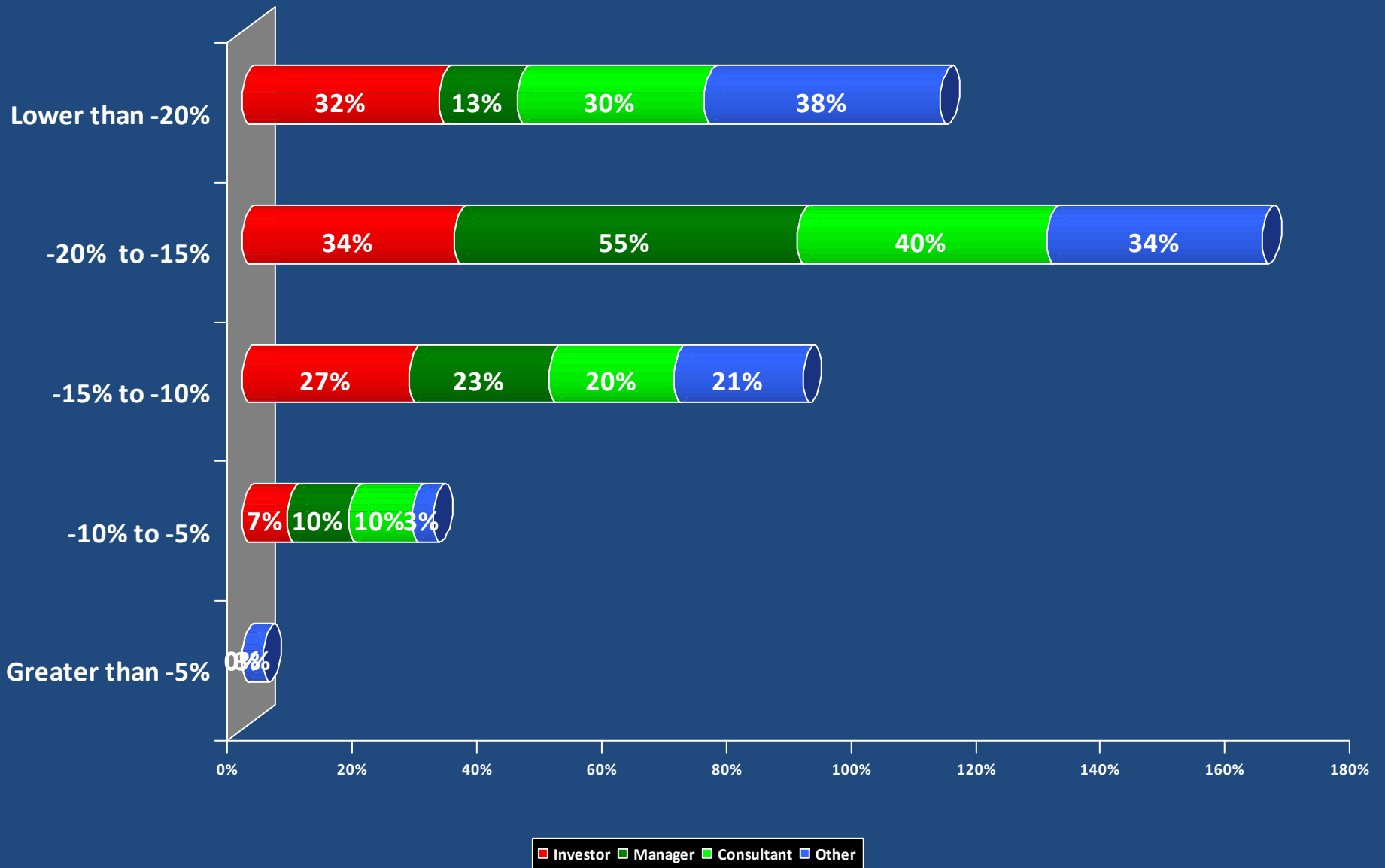


Total Return for the NCREIF Property Index?

1. Lower than -20%
2. -20% to -15%
3. -15% to -10%
4. -10% to -5%
5. Greater than -5%

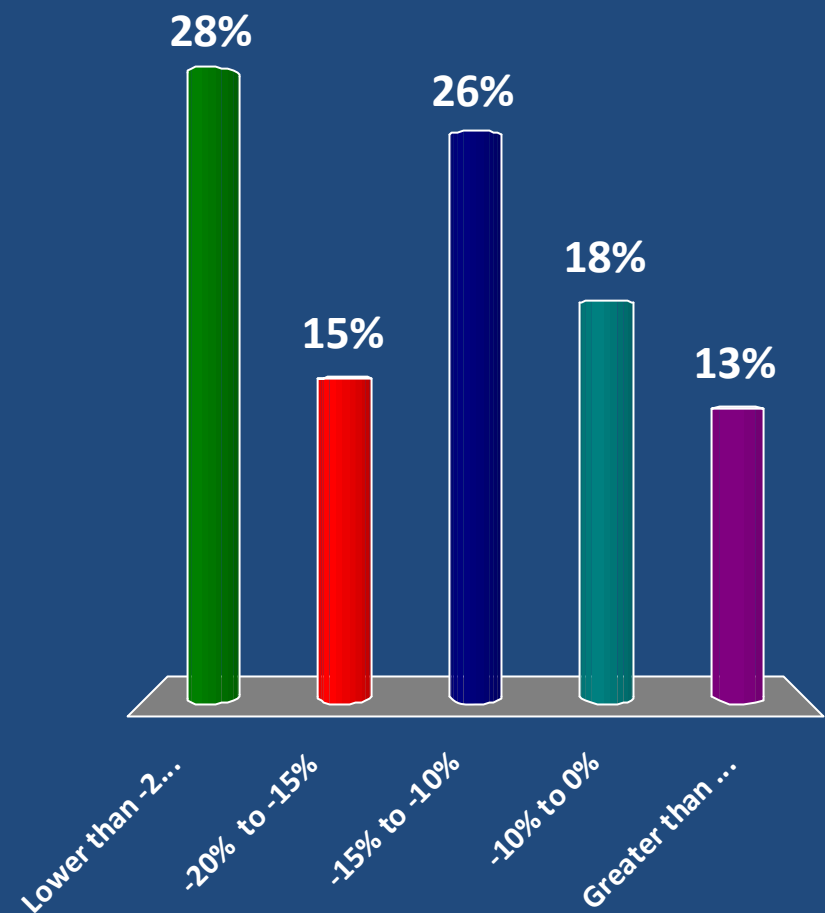


Total Return for the NCREIF Property Index?



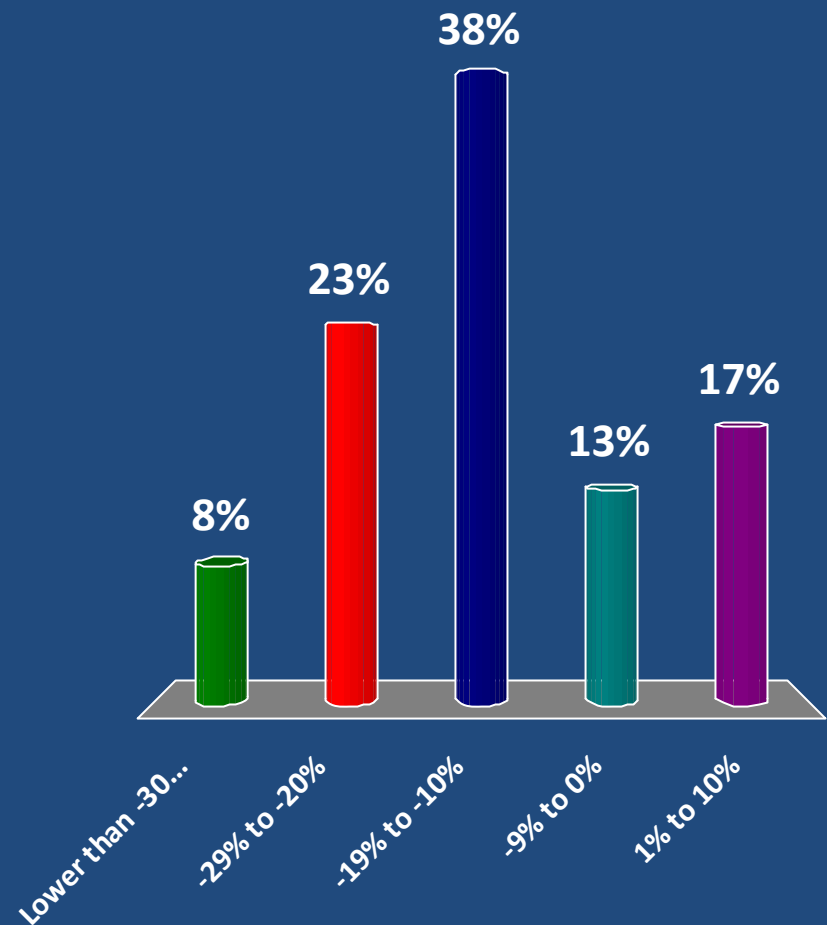
Total Return for Wilshire REIT Index?

1. Lower than -20%
2. -20% to -15%
3. -15% to -10%
4. -10% to 0%
5. Greater than 0%



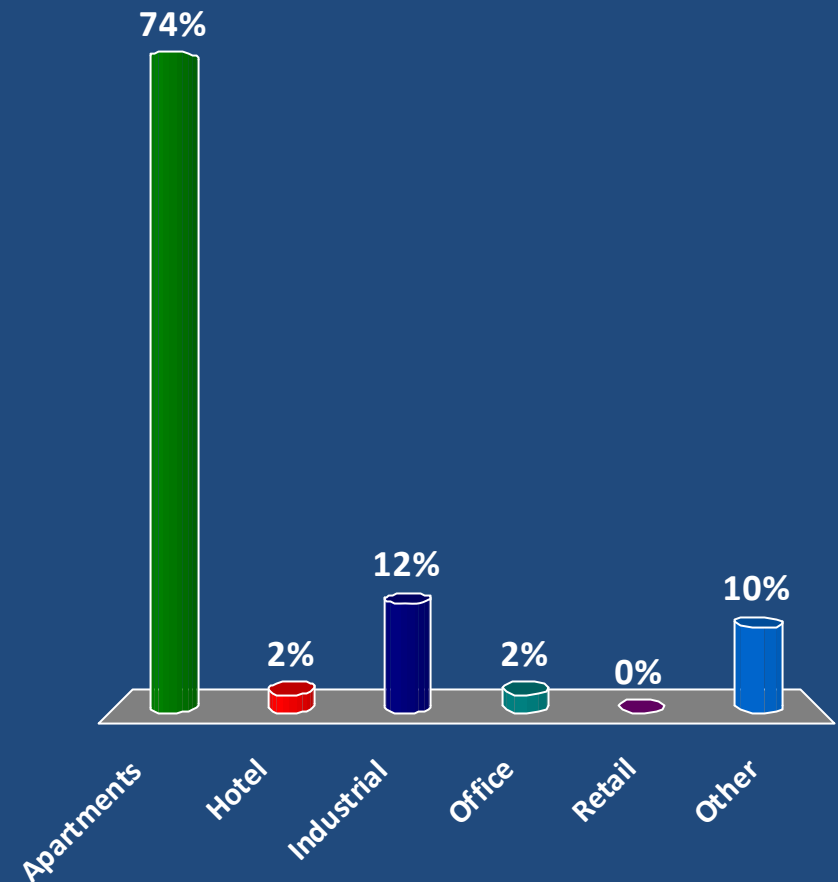
What total return will your US private equity real estate portfolio deliver in 2009?

1. Lower than -30%
2. -29% to -20%
3. -19% to -10%
4. -9% to 0%
5. 1% to 10%



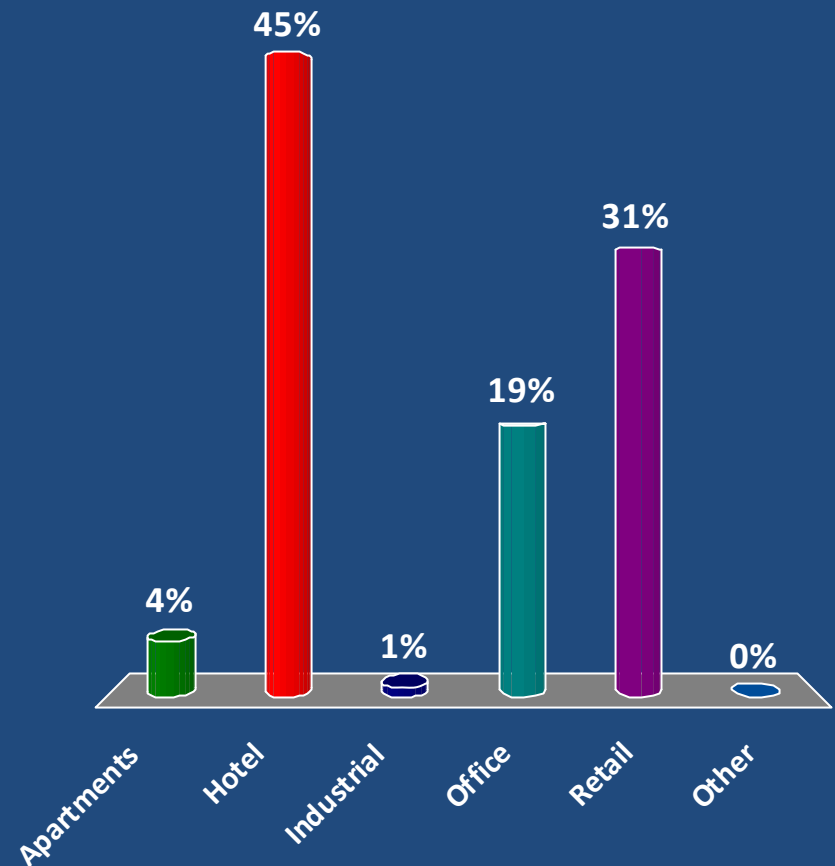
Which property type will perform best in 2009?

1. Apartments
2. Hotel
3. Industrial
4. Office
5. Retail
6. Other



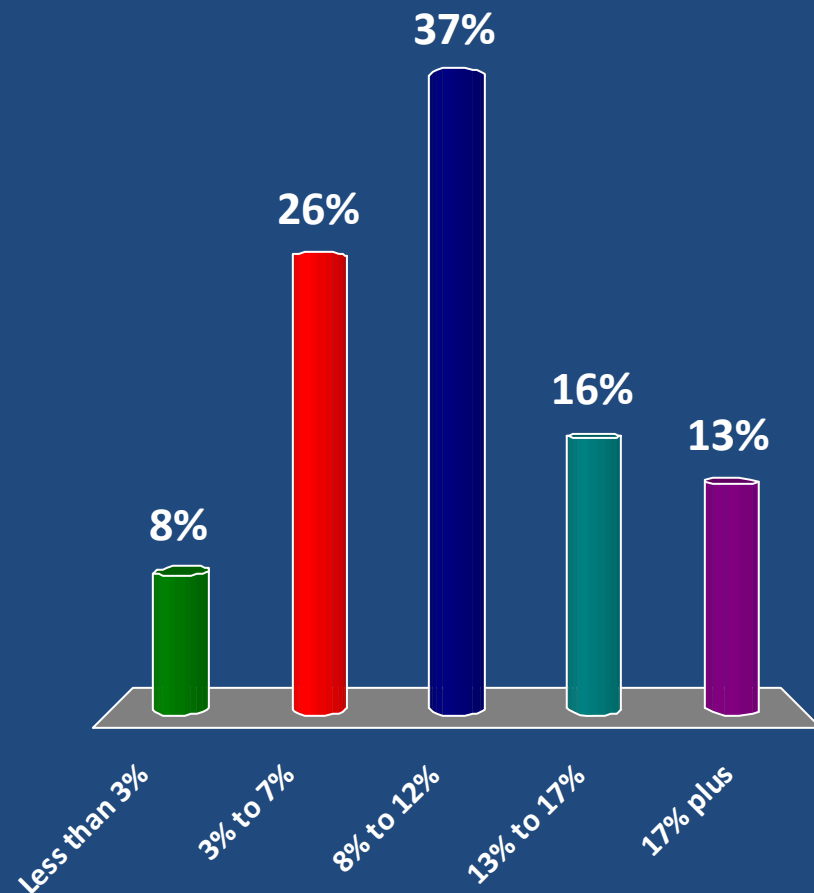
Which property type will perform worst in 2009?

1. Apartments
2. Hotel
3. Industrial
4. Office
5. Retail
6. Other



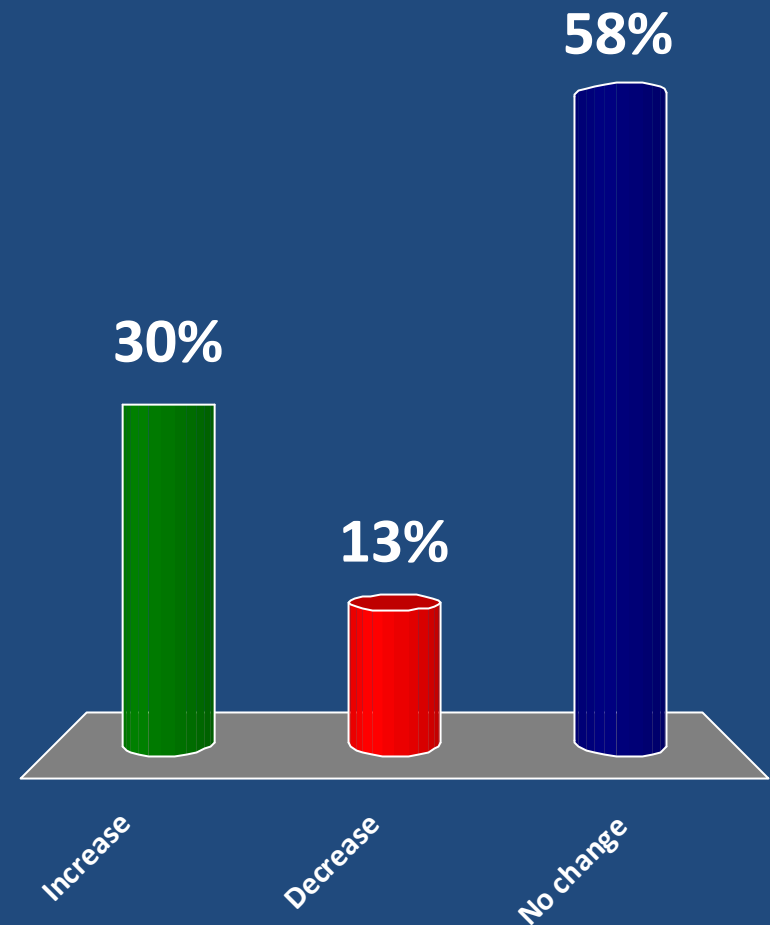
What is your current allocation to real estate?

1. Less than 3%
2. 3% to 7%
3. 8% to 12%
4. 13% to 17%
5. 17% plus



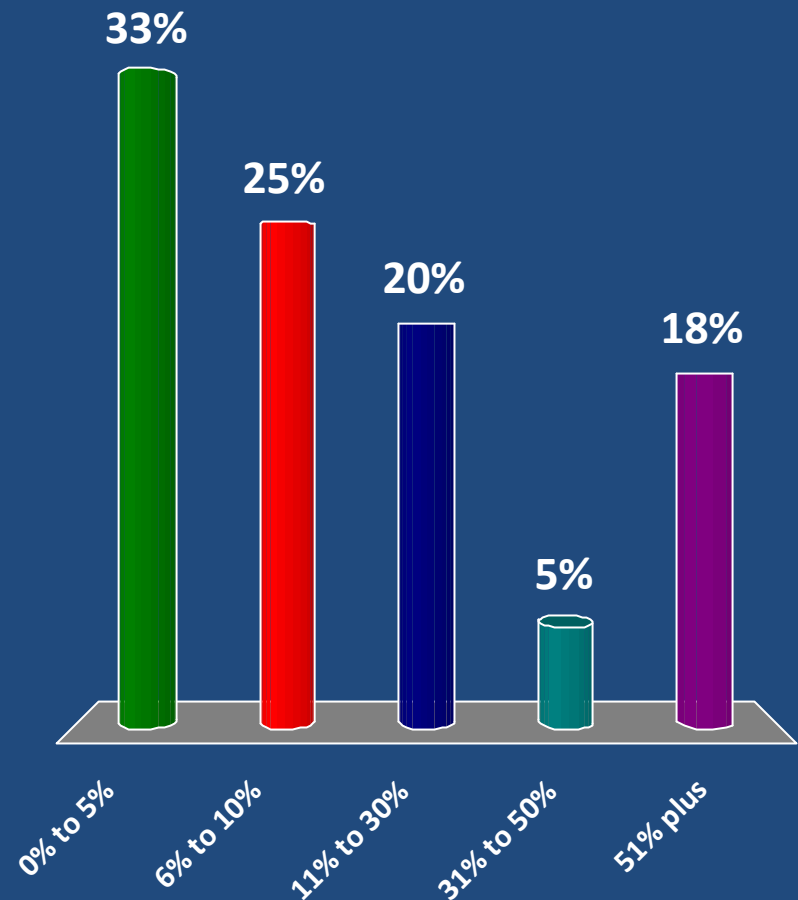
How will your real estate allocation change during 2009?

1. Increase
2. Decrease
3. No change



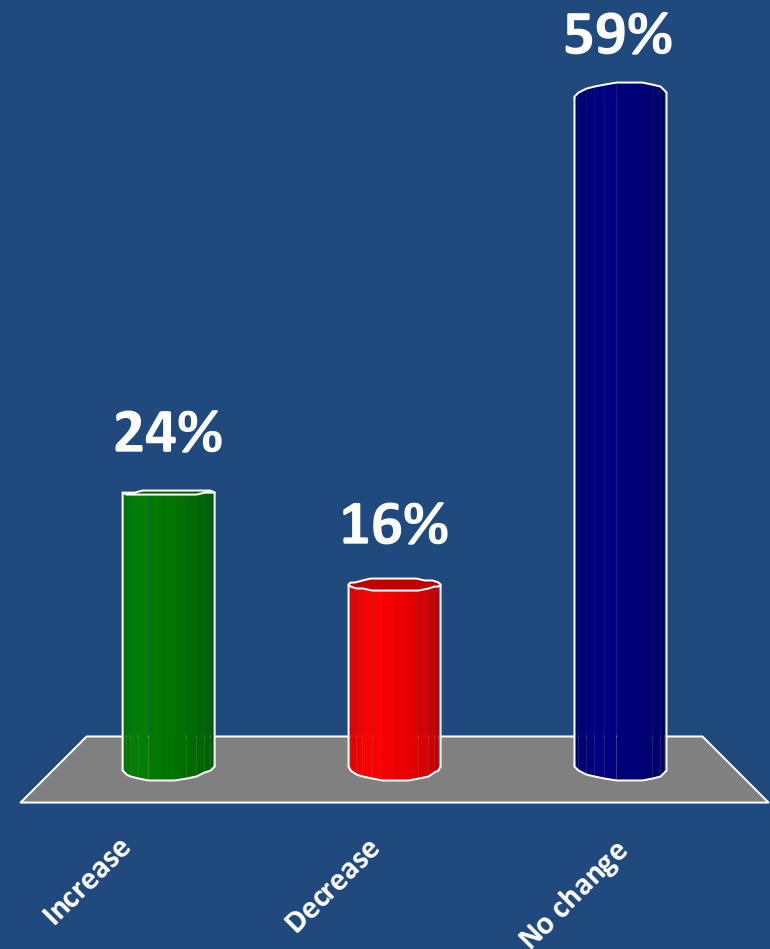
What percent of your real estate portfolio is global (ex-US)

1. 0% to 5%
2. 6% to 10%
3. 11% to 30%
4. 31% to 50%
5. 51% plus



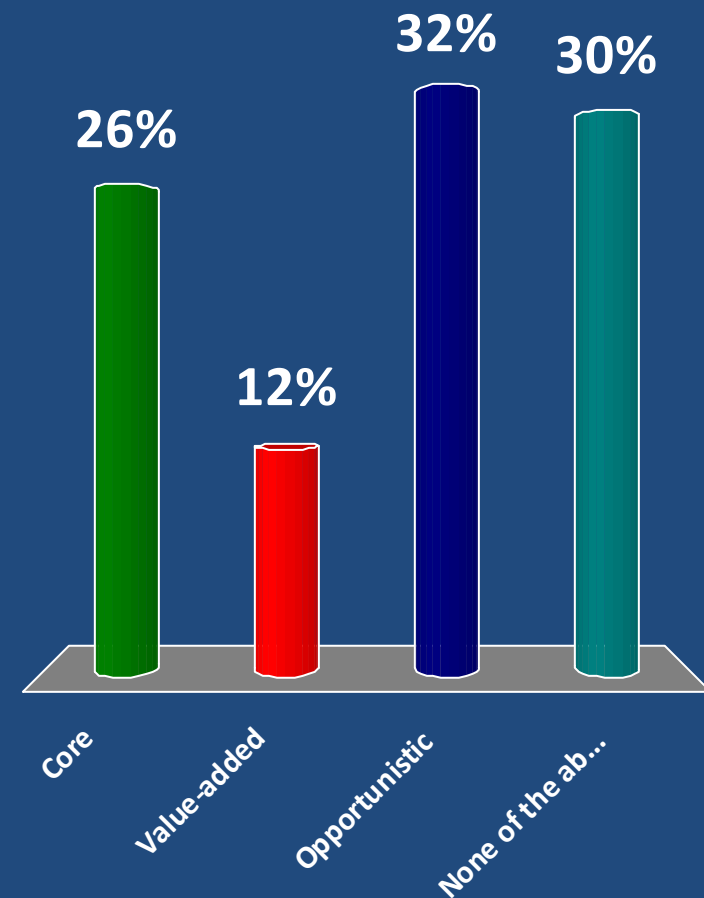
How do you expect your global allocation to change in 2009?

1. Increase
2. Decrease
3. No change



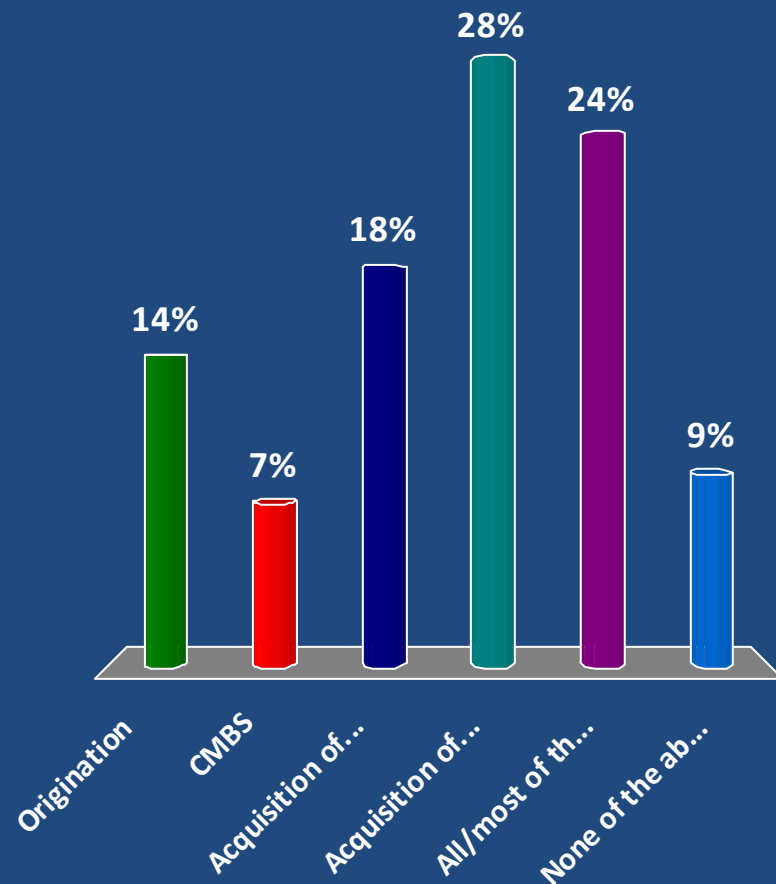
Given current market conditions, which private equity real estate strategy makes most sense in 2009?

1. Core
 2. Value-added
 3. Opportunistic
 4. None of the above.
- We're waiting for the dust to settle



Within the realm of debt, which investment strategy makes most sense today?

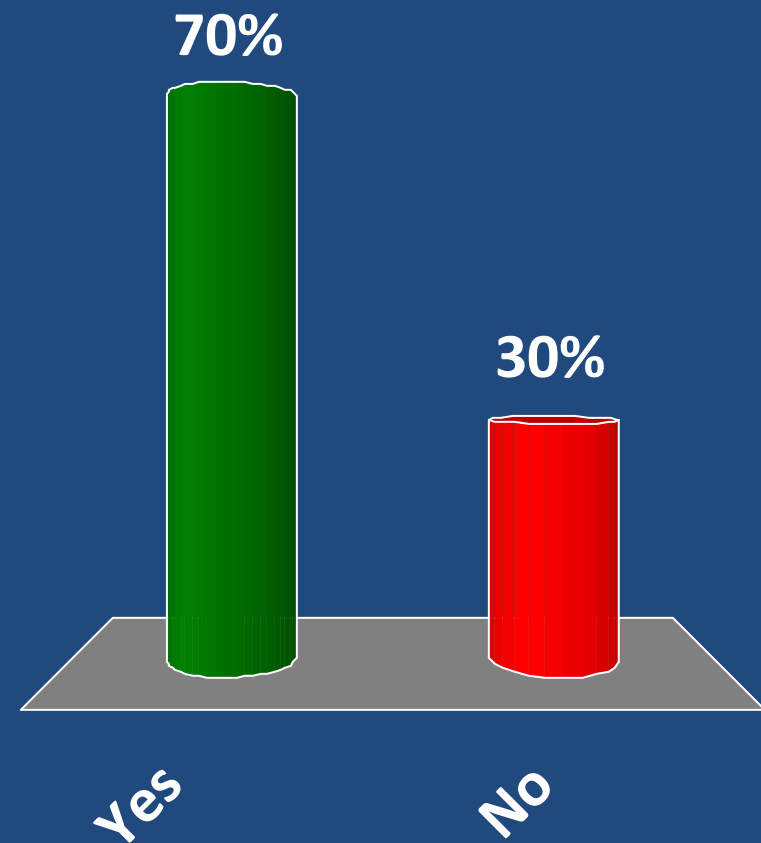
1. Origination
2. CMBS
3. Acquisition of performing loans
4. Acquisition of distressed loans
5. All/most of the above
6. None of the above.
We're waiting for the dust to settle



Is 2009 a good time to create or increase an allocation to REITs?

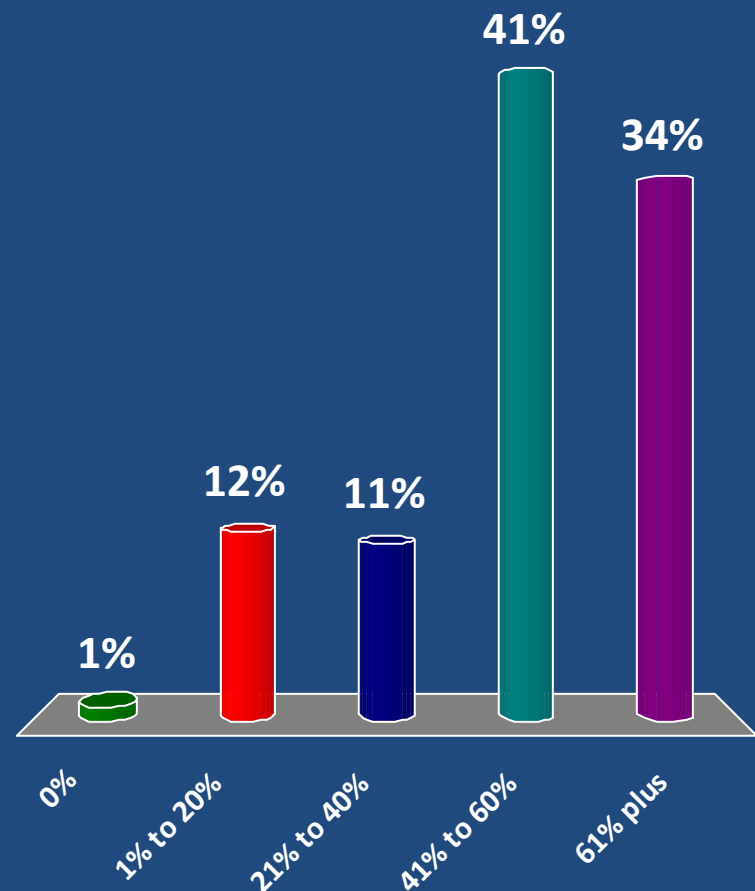
1. Yes

2. No



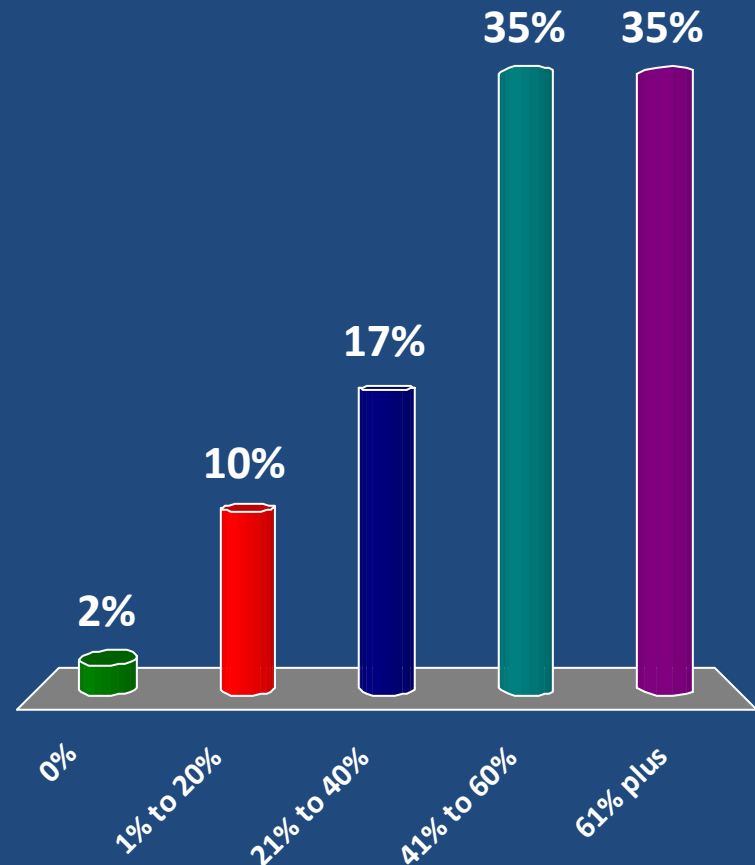
What is the leverage ratio on your private equity real estate portfolio as of the last appraisal?

1. 0%
2. 1% to 20%
3. 21% to 40%
4. 41% to 60%
5. 61% plus



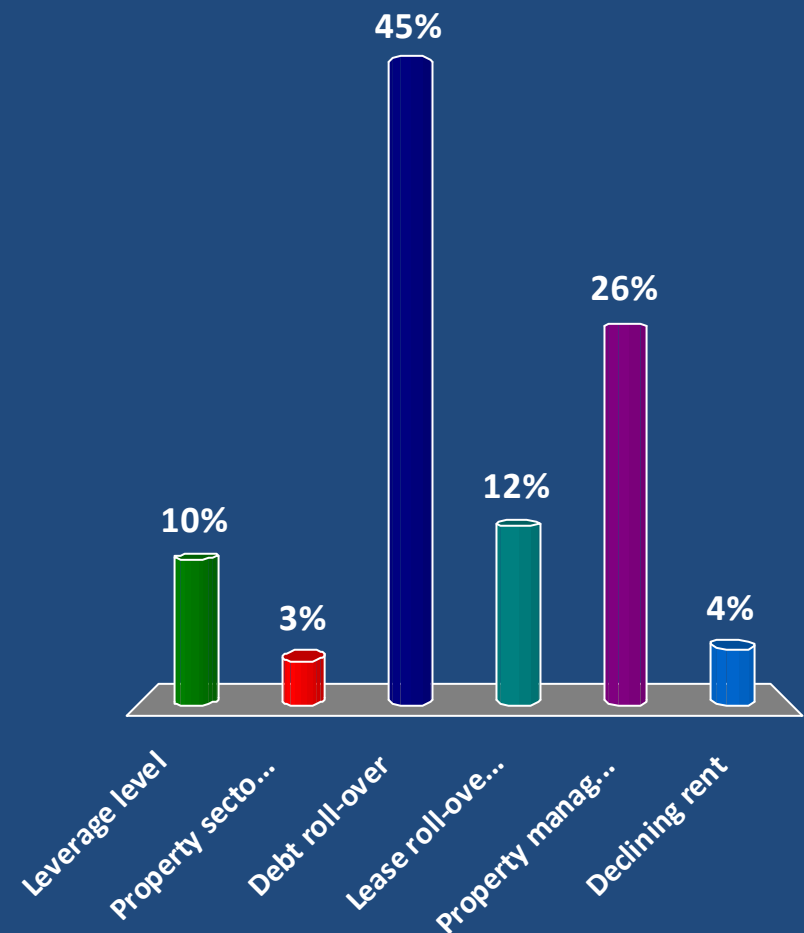
What is your expected forward 12-month leverage ratio?

1. 0%
2. 1% to 20%
3. 21% to 40%
4. 41% to 60%
5. 61% plus



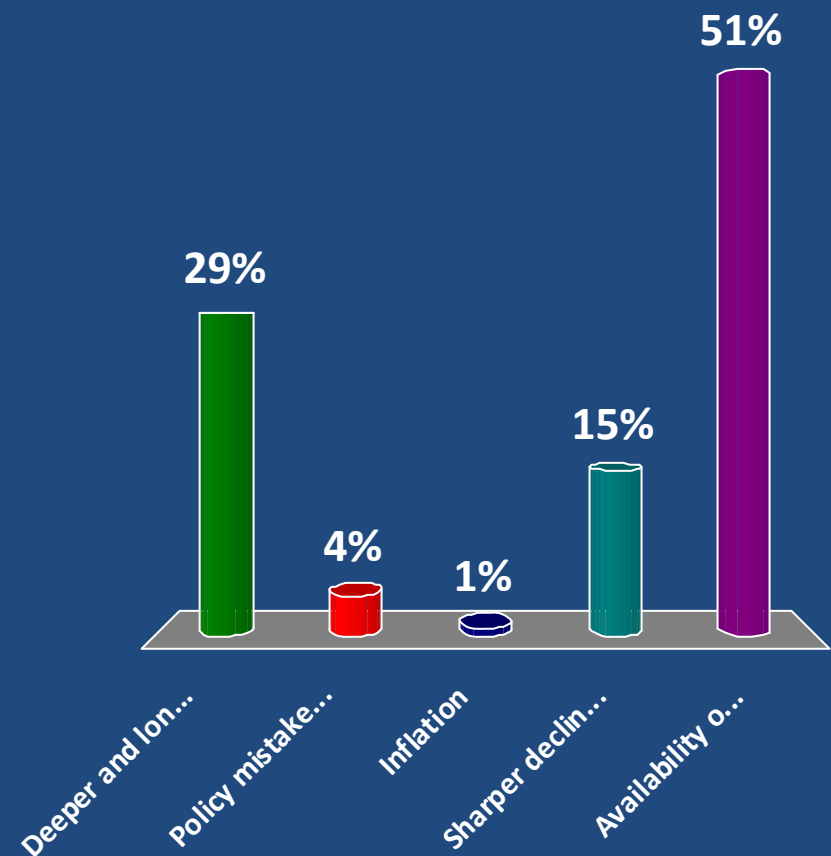
What is the most important risk factor you need to manage in 2009 and beyond?

1. Leverage level
2. Property sector/regional concentration
3. Debt roll-over
4. Lease roll-over
5. Property management and leasing
6. Declining rent



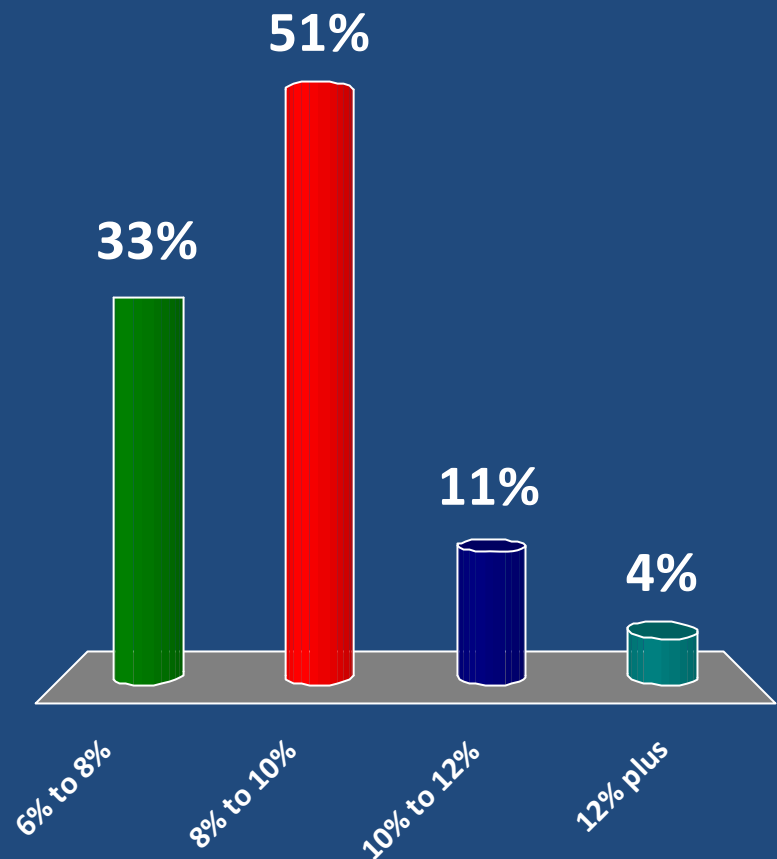
What is the biggest risk factor facing private equity real estate today?

1. Deeper and longer recession
2. Policy mistakes
3. Inflation
4. Sharper declines in real estate prices going forward
5. Availability of debt upon roll-over

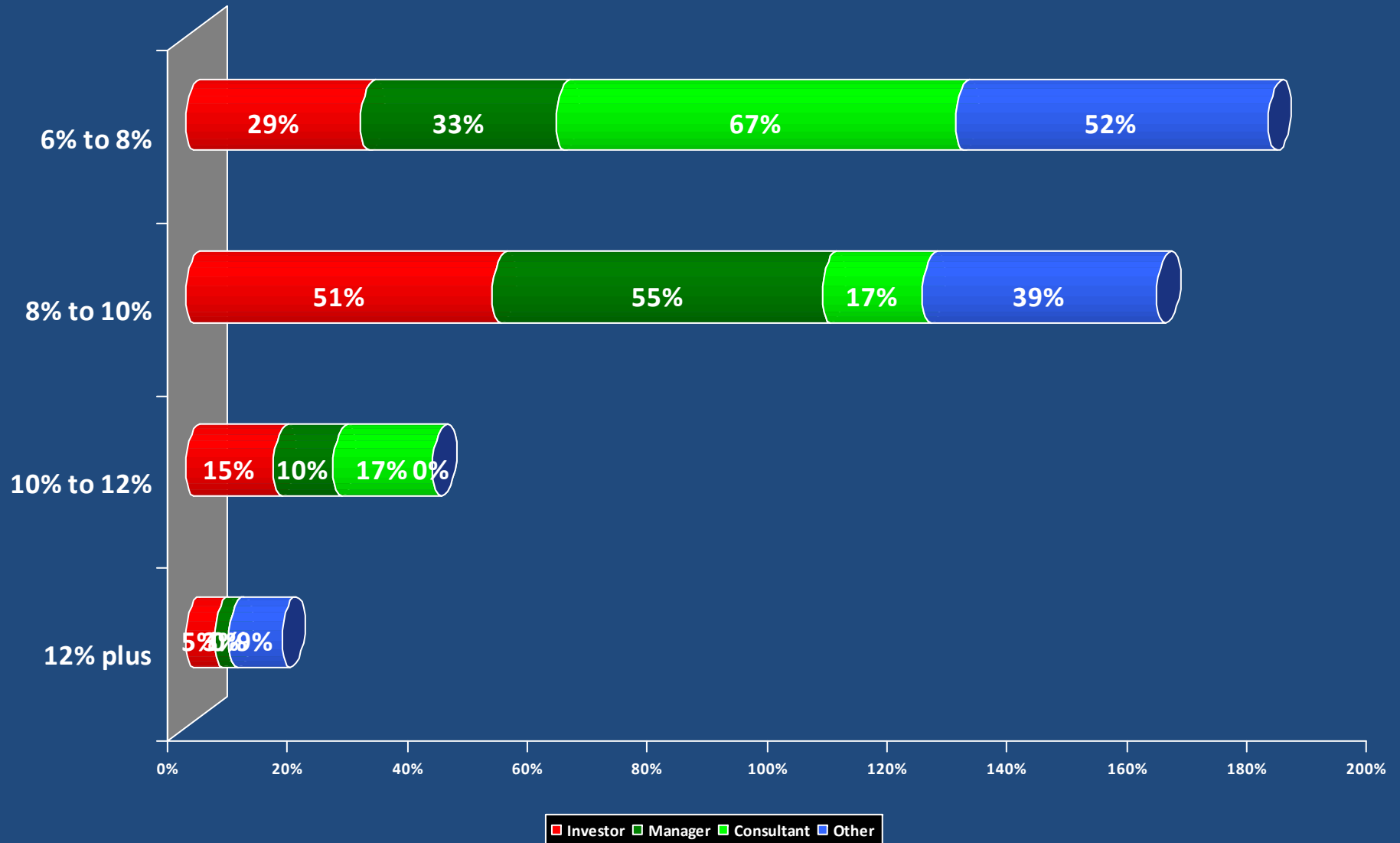


What is the appropriate unlevered return for core real estate today?

1. 6% to 8%
2. 8% to 10%
3. 10% to 12%
4. 12% plus

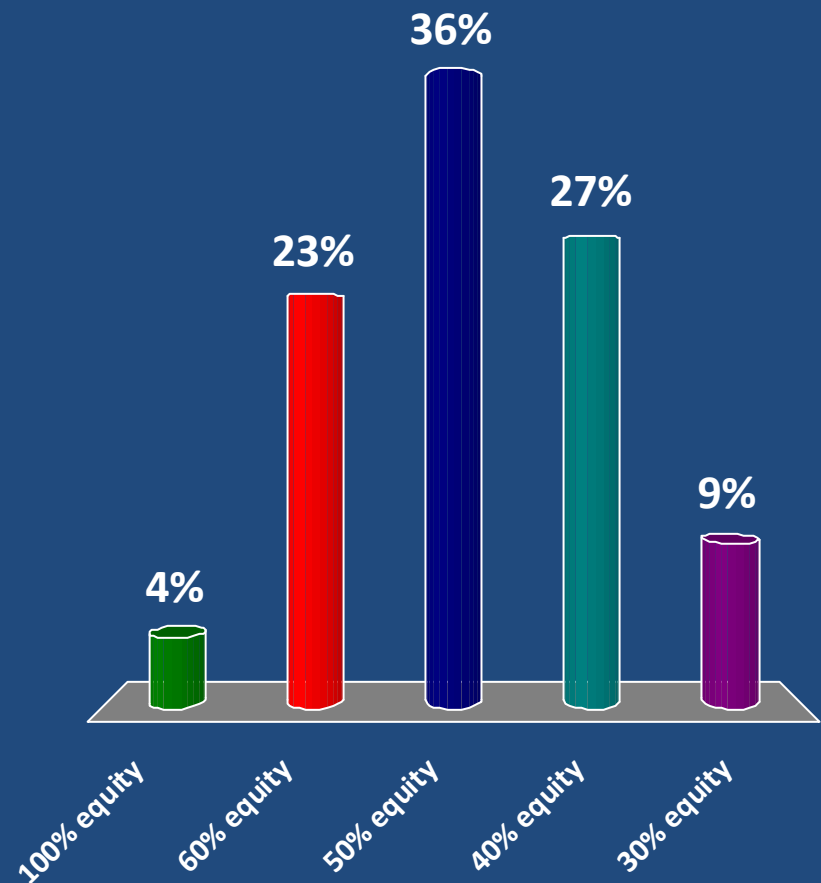


What is the appropriate unlevered return for core real estate today?



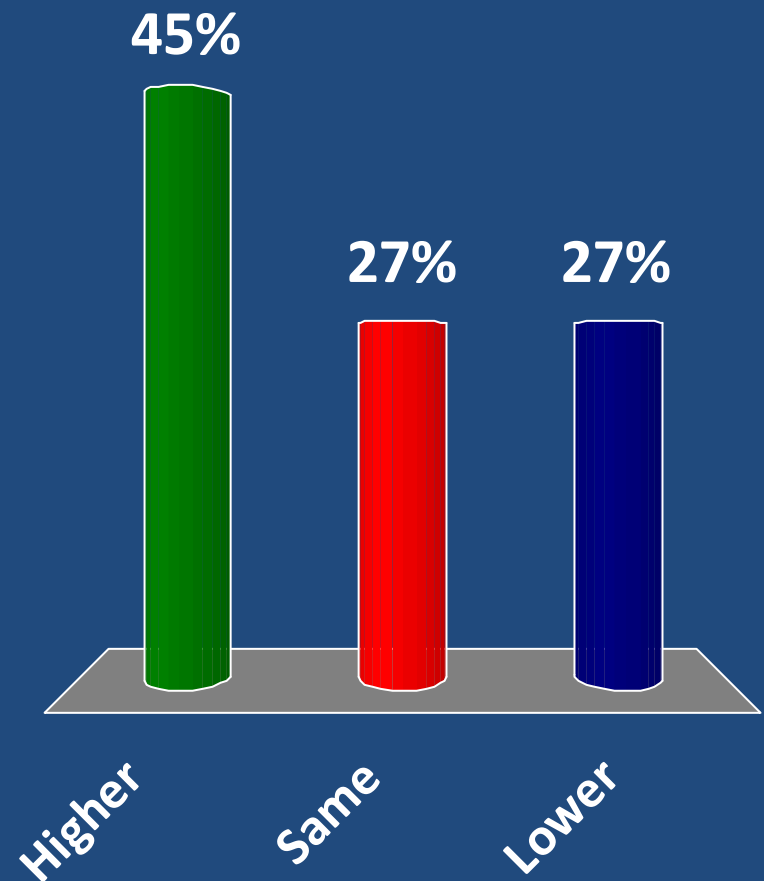
What is the optimal capital structure for real estate?

1. 100% equity
2. 60% equity
3. 50% equity
4. 40% equity
5. 30% equity



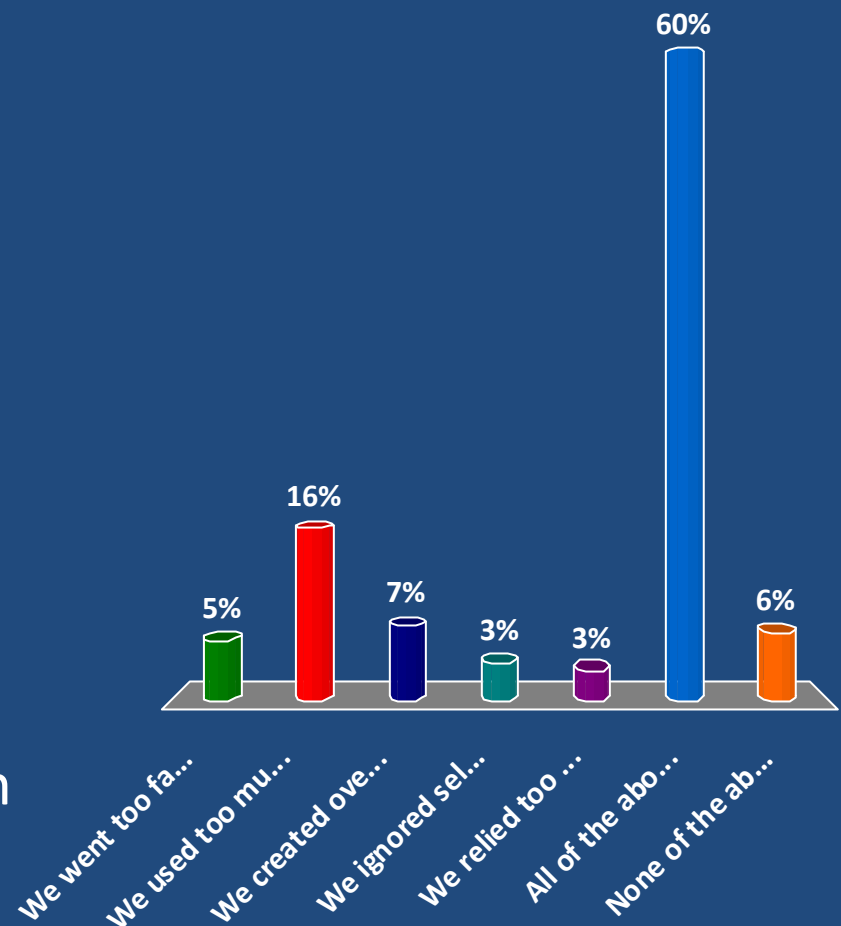
How should exit cap rates compare to today's market cap rates?

1. Higher
2. Same
3. Lower



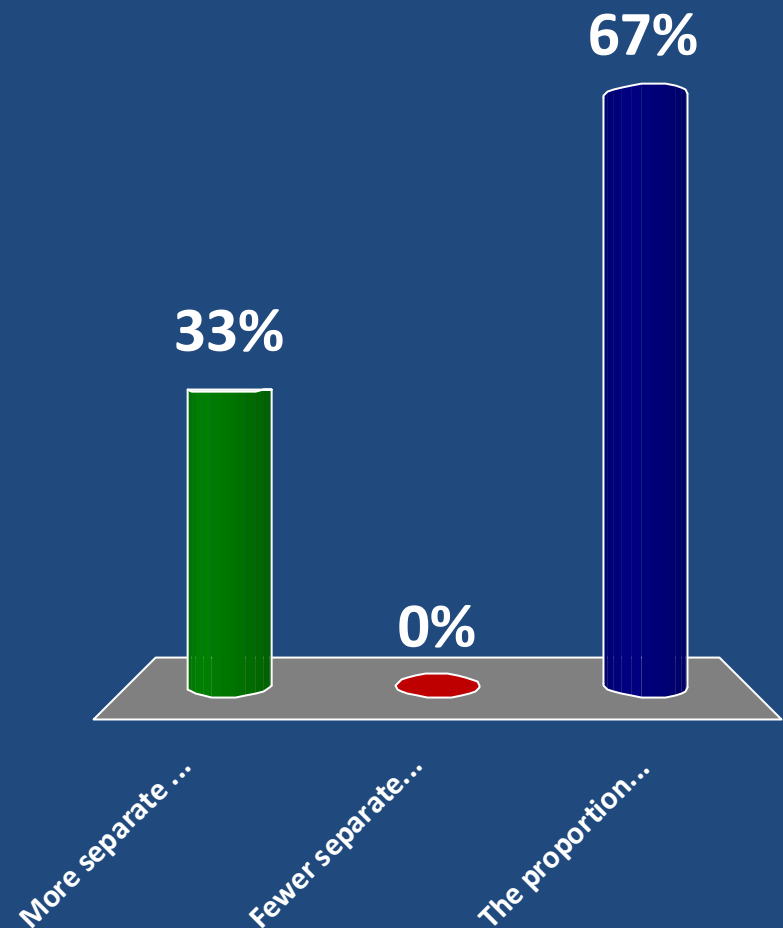
What will we say in hindsight about real estate investment strategy since the 2001 recession?

1. We went too far out on the risk/return spectrum
2. We used too much leverage
3. We created overly complex capital structures
4. We ignored sell signals
5. We relied too much on spread investing
6. All of the above
7. None of the above. The question writer is missing the boat



As we translate the lessons of this downturn into action, what will change about how real estate investment gets done?

1. More separate accounts, fewer commingled funds
2. Fewer separate accounts, more commingled funds
3. The proportion will stay the same

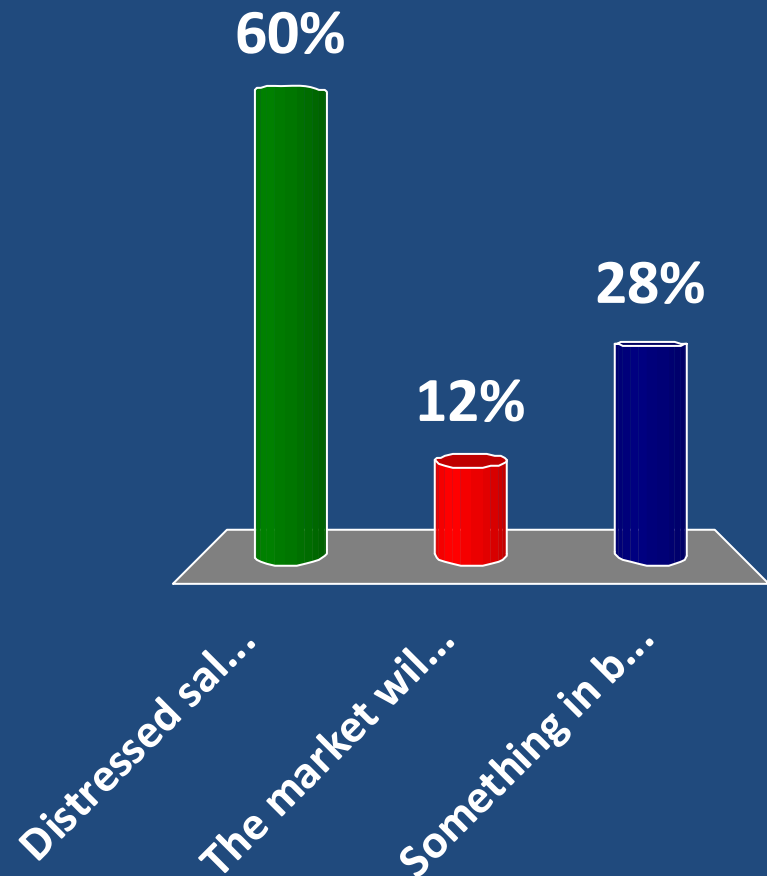


Within the world of commingled funds, which of the following do you expect to occur in response to the downturn?

1. The open-end commingled fund vehicle will maintain its market share relative to closed-end funds
2. The open-end commingled fund will lose market share to closed-end funds
3. The open-end commingled fund will gain market share from closed-end funds
4. The current mix will hold

Given the volume of loan maturities over the next three to five years and the volume of REO that will come to market as a result, will these asset sales set market pricing and real estate values or will there be differentiation?

1. Distressed sales will drag prices down
2. The market will differentiate
3. Something in between



I find Quick Tally:

1. Helpful
2. Confusing
3. Loathsome

