



GLOBAL REAL ESTATE SECURITIES: MULTI-FAMILY OFFICE CONFERENCE

MAY 2012

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ABU DHABI
ATLANTA
BEIJING
CHICAGO
HONG KONG
ISTANBUL
LISBON
LONDON
LUXEMBOURG
MADRID
MEXICO CITY
MIAMI
MILAN
MUNICH
NEW YORK
PARIS
PARSIPPANY
RIO DE JANEIRO
SAN FRANCISCO
SAO PAULO
SEOUL
SINGAPORE
SYDNEY
TOKYO



A Global Real Estate Manager

The benefits of an integrated global platform with the local expertise to ensure investment success

NORTH AMERICA

Atlanta
Chicago
Miami
New York
Parsippany
San Francisco

LATIN AMERICA

Mexico City
Rio de Janeiro
Sao Paolo

EUROPE

Istanbul
Lisbon
London
Luxembourg
Madrid
Milan¹
Munich
Paris

MIDDLE EAST

Abu Dhabi

ASIA / AUSTRALIA

Beijing
Hong Kong
Singapore
Seoul
Sydney²
Tokyo

Prudential Real Estate Investors is one of the few truly global investment managers that can provide a consistent client experience across the world.

¹ Representative presence.

² Pending regulatory approval.



Global Real Estate Securities: Industry Recognition



Wall Street Journal- “Meet the Managers Behind the Top Funds”, Jan-2011

Recognized as the “Top Finisher” in real estate as a “...standout that consistently outperforms its peers.”



Smart Money - “America’s Top Mutual Fund Managers”, January 2011

Featured as one of the top four mutual fund managers in America



Morningstar: Class Z: 5 Stars



Morningstar Overall Rating™ out of 133 Global Real Estate funds, as of 30-Dec-2011



2012 Lipper Fund Award

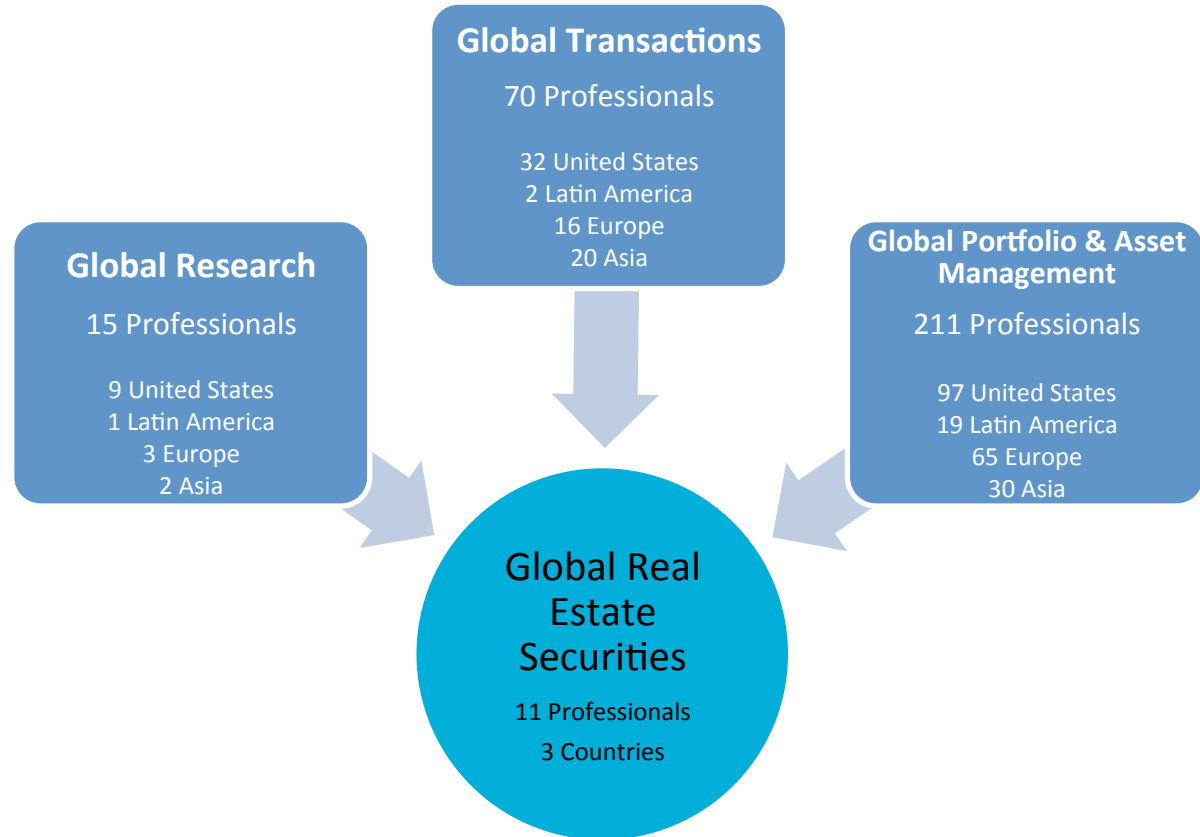
- 1-year: Top 29% (29 out of 100 funds)
- 3-year: Top 18% (7 out of 81 funds)
- 5-year: Top 9% (1 out of 46 funds)
- 10-year: Top 1% (1 out of 15 funds)

Prudential Real Estate Investors global real estate mutual fund inception date: 5/5/98. The Fund’s Class A 3-, 5-, and 10-year ratings are 4 stars out of 133 funds, 4 stars out of 41 funds, and 5 stars out of 16 funds, respectively. The Morningstar Rating may not be customarily calculated based on adjusted historical returns. If so, this investment’s independent Morningstar Rating metric is compared against the retail mutual fund universe breakpoints to determine its hypothetical rating for certain time periods. Other share classes may have different performance characteristics. Past performance is not a guarantee or reliable indicator of future results. For each fund with at least a 3-year history, Morningstar calculates a Morningstar rating (based on a Morningstar risk-adjusted return measure that accounts for variation in a fund’s monthly performance, including the effects of sales charges), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, and the next 35% receive 3 stars (each share class is rated separately, which may cause slight variations in the distribution percentages). The overall Morningstar rating for a fund is derived from a weighted average of the performance figures associated with its 3-, 5-, and 10-year (if applicable) Morningstar rating metrics. The Fund was rated against U.S.-domiciled funds. © 2010 Morningstar, Inc. All rights reserved. The information contained herein (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete, or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. The Lipper Fund Awards are based on risk-adjusted returns for the three-, five-, and 10-year periods ending 11/30/2011. The Prudential Global Real Estate Fund Class Z shares were ranked 7 out of 81 and 1 out of 46 Global Real Estate funds for the three- and five-year periods, respectively. In the Lipper Fund Awards, funds had to be registered for sale in the respective country as of the end of 2010 and had to have at least 36 months of performance history as of the end of the evaluation year. Rankings do not take sales charges into account. Past performance is no guarantee of future results. Performance by share class may vary. Lipper Ranking’s are based on Prudential Real Estate Investors global real estate mutual fund.



Unique Global Real Estate Resources

- Access to real time data
- Proprietary information flow
- Integrated analysis





Publicly Traded REIT Benefits vs. Private Real Estate

- **Liquidity** -- REITs traded on major stock exchanges throughout the world
- **Alignment of Interest** - Management is typically a large shareholder and in many cases management company and development company owned by REIT
- **Transparency/Governance** - Financial reporting and disclosure, analyst coverage and scrutiny. Boards of Directors with independent members.
- **Diversification** -- Access to geographically diversified pool of property types and best in class real estate management teams
- **Portfolio Implementation** -- Liquidity allows for immediate implementation of portfolio view .. can sell New York Office and buy Singapore Malls in same day.
- **Diverse Access to Capital** - REITs have access to public and private equity, public and private debt. Important during credit crisis
- **UPREIT Structure** - REITs have an acquisition advantage allowing them to buy properties and issue tax deferred OP units to low basis property sellers.



Advantages of a Global Real Estate Securities Portfolio



11 TIMES SQUARE, NEW YORK

- Global Portfolio Diversification
 - Diversification by region, country, product type and large pools of assets
 - Markets are driven by local supply and demand.
 - Local markets may be at different points in the economic cycle resulting in relatively low correlations within the asset class.
- Access to higher dividend and or higher growth companies around the world
- Access to liquid institutional quality real estate globally
- Ability to quickly move asset allocation to adjust to constantly changing market dynamics

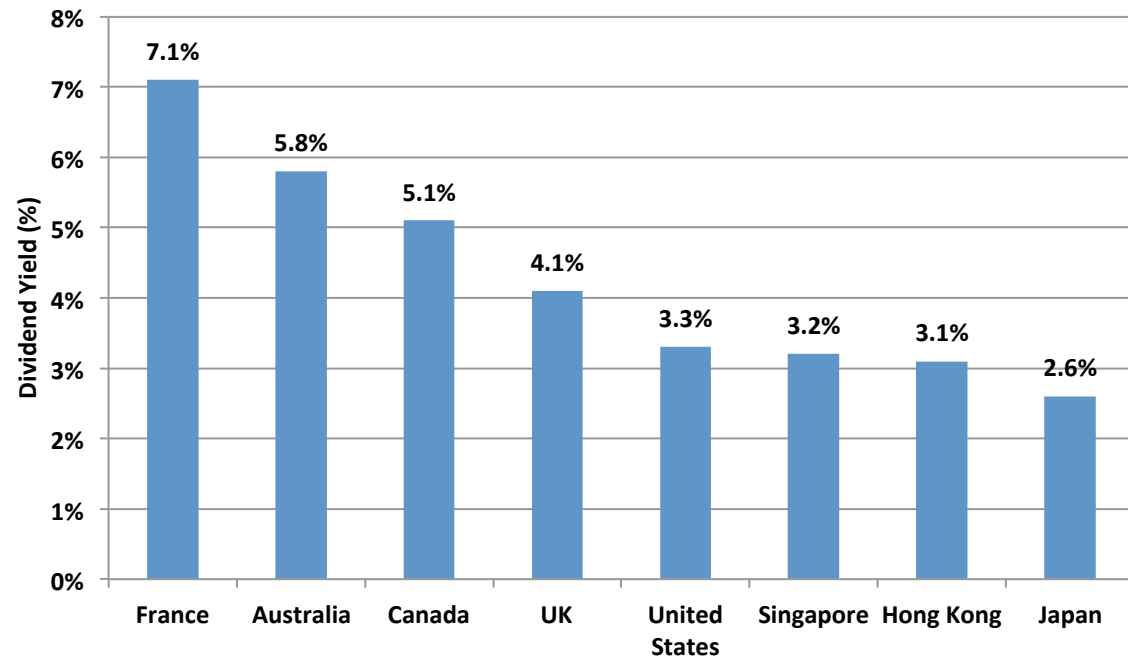
“The lack of correlation between countries enhances diversification benefits within the real estate component of a portfolio, as well as within the total global allocation.”

Mercer



Dividend Yields by Country

Global real estate securities offer attractive income earning opportunities



Source: Prudential Real Estate Investors, FactSet as of 31-March-2012. Data shown is based on the FTSE EPRA/NAREIT Developed Index.



The 2012 Opportunities: “The Five D’s”



GREAT NORTHERN HOTEL, LONDON

- 1. Debt:** The European Sovereign Debt Crisis will continue to weigh on the broad market until a credible solution is in place. REITs with strong balance sheets may be able to make opportunistic acquisitions.
- 2. Demographics:** Aging developed world population creates unique opportunities. Emerging global middle class creates unique real estate opportunities.
- 3. Dividends:** Historically low payout ratios mean room for growth, a sure attraction to income seeking investors in a low growth environment
- 4. Discounts:** NAV discounts throughout the world are important to value investors, but not all discounts are created equal
- 5. Demand and Supply:** Lack of meaningful commercial deliveries for the next couple years could provide opportunities. Fundamentals improving.



Key Investment Themes — Risks and Opportunities

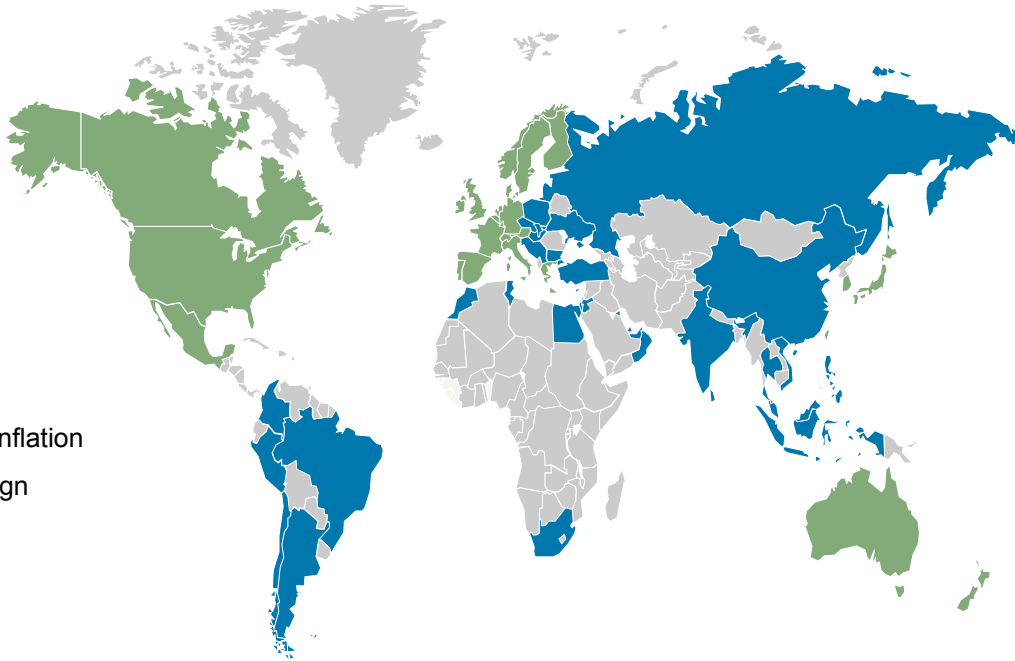
■ DEVELOPED

Key Investment Themes

- Quest for yield / safety
- Recovering demand
- Deleveraging / distress
- Niche strategies

Key Risks

- Stalled recovery
- Monetary policy / asset inflation
- Public finances / sovereign defaults
- Geopolitical uncertainty



■ DEVELOPING

Key Investment Themes

- Rapid economic growth
- Development / urbanization
- Expanding consumer class
- Rising trade

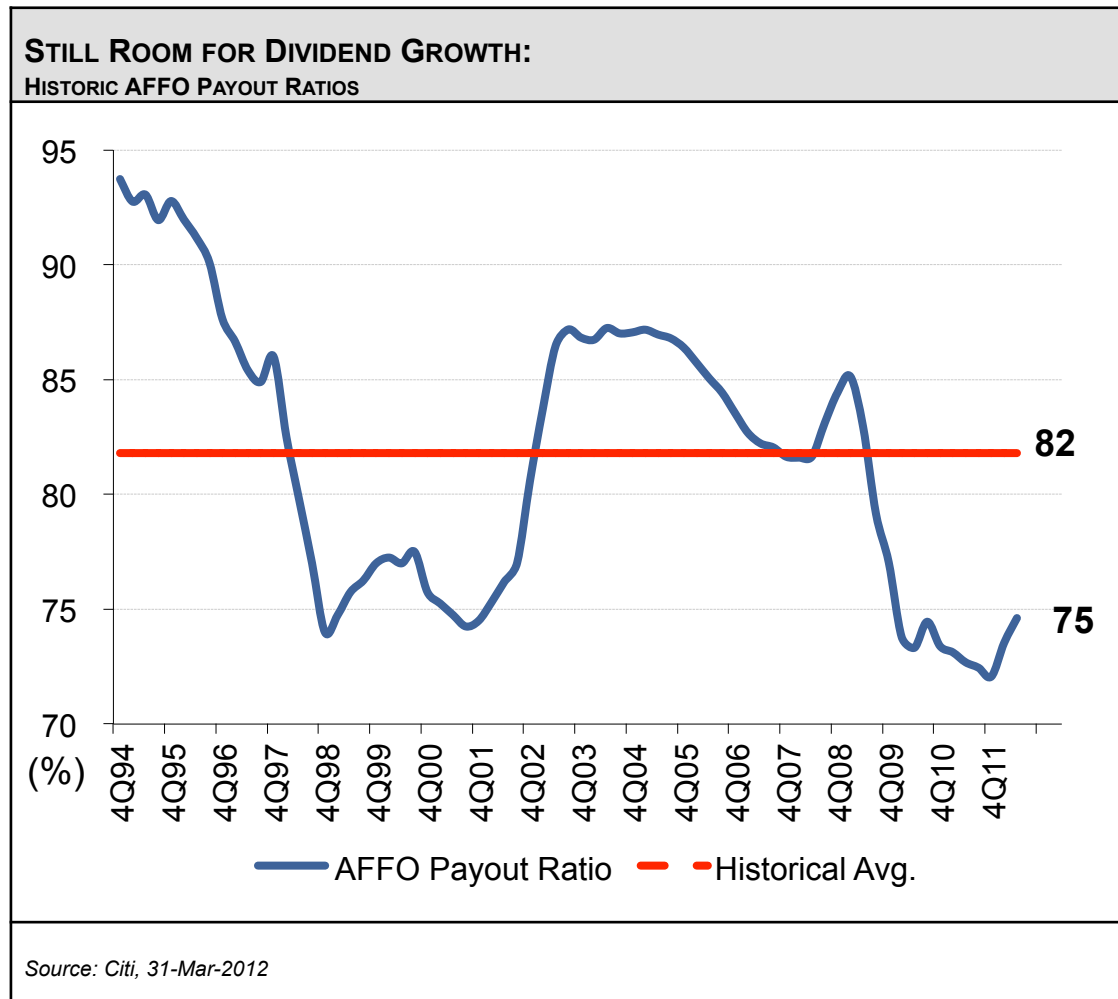
Key Risks

- Markets overheating
- Operational
- Public policy
- Currency / inflation



Dividends

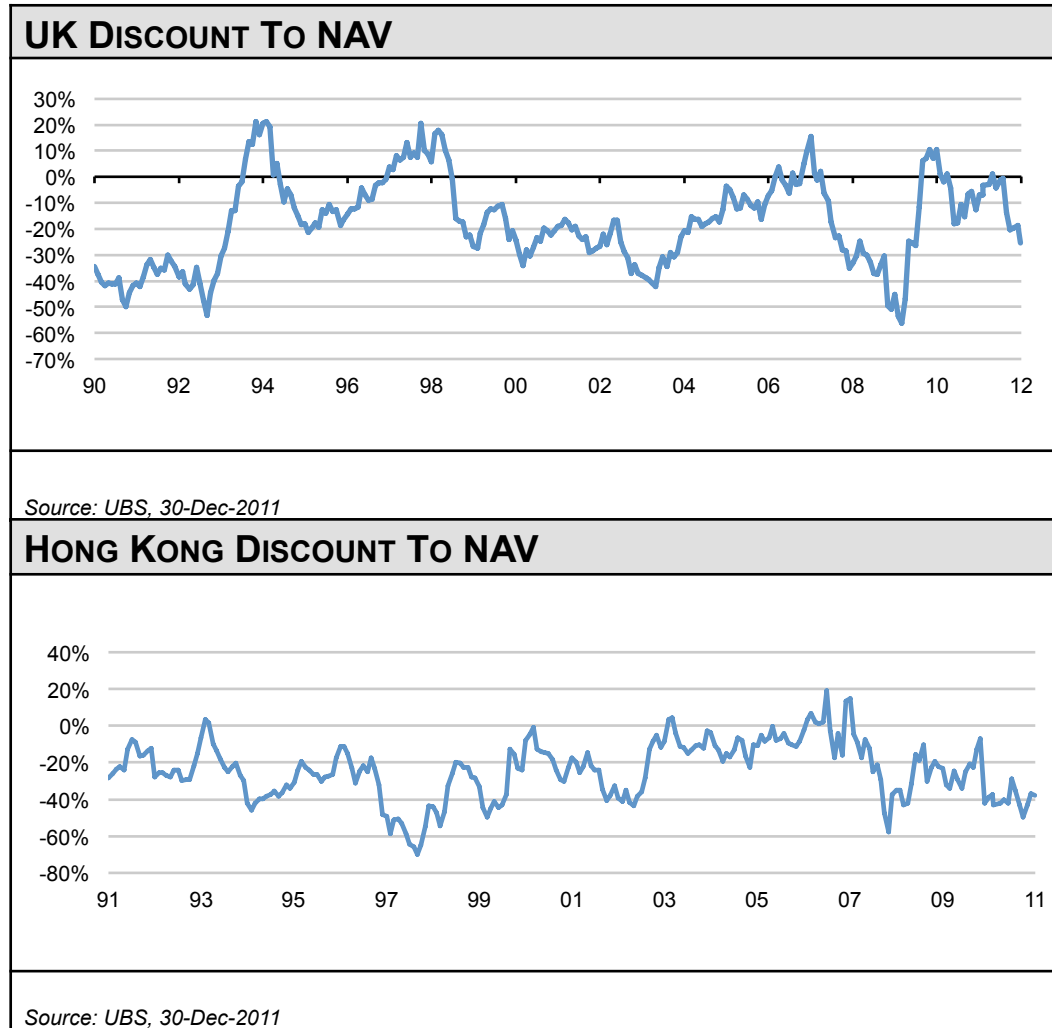
- Expect to see double-digit dividend growth from the REITs due to their regulatory requirements and movement to normalized payout ratios
- Absence of visible growth means income producing stocks should be in favor
- Aging global demographic should provide sustained demand for dividend paying stocks





Discounts

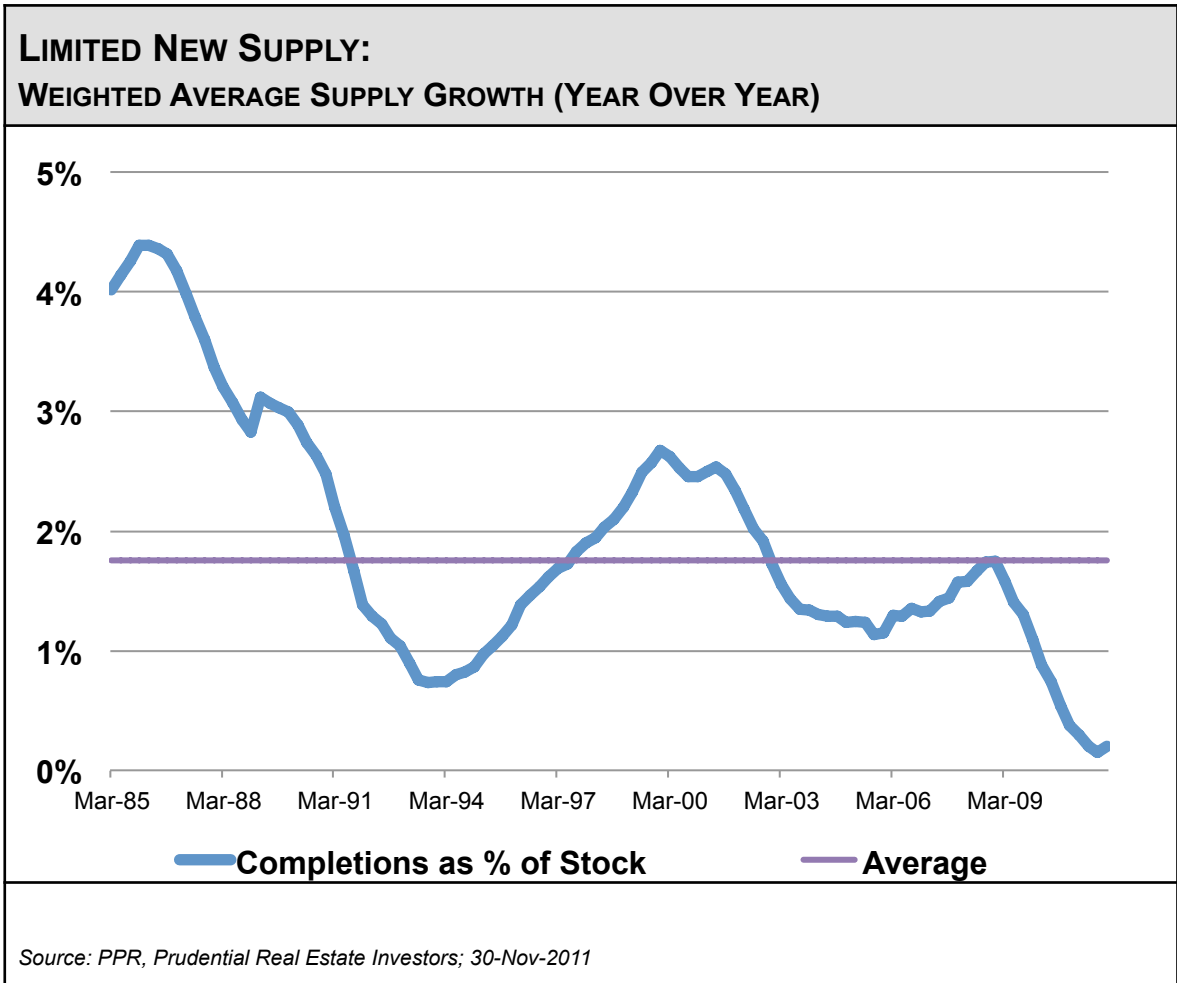
- Global real estate securities trading at discounts to underlying real estate value; however, not all discounts created equal
- US REITs trade approximately at a 0% - 5% discount to private values
- European REITs trade at a justified discount with no apparent catalyst to propel these stocks
- Asian REITs trade at discounts of 25% - 30% to RNAVs





Demand and Supply

- Over the past few years, supply has been at historical lows
- Given that the average duration of a construction cycle is 3-5 years, we do not see meaningful commercial deliveries in core gateway markets for the next several years





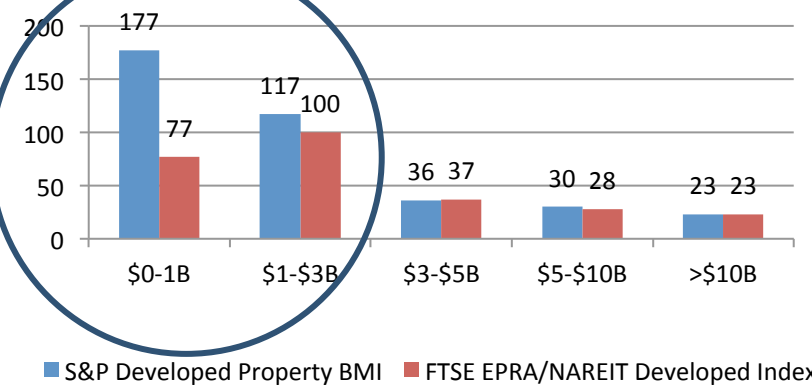
Sources of Alpha: Analysis of Investment Universe

Competitive advantage in accessing, research, and investing in small and mid-cap companies.

Liquidity constraints of many of our peers inhibit investment in the Micro and Small cap segments

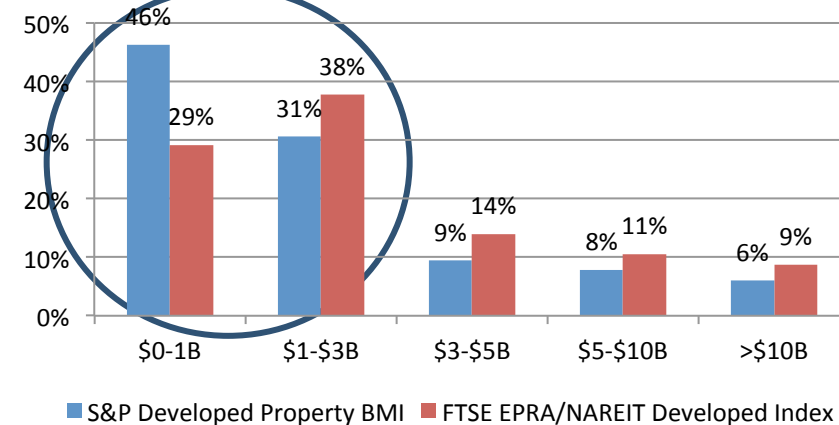
80% -85% of the Companies in the Universe have a Market Cap below \$5 billion.

NUMBER OF COMPANIES BY MARKET CAP



Most investment managers concentrate on the mega and large cap names due to firm wide AUM constraints.

PERCENT OF COMPANIES BY MARKET CAP



Source: FactSet. 31-Mar-2012

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REF: ADEO-8UHV99



Sources of Alpha: Outperformance in Small/Mid Segment

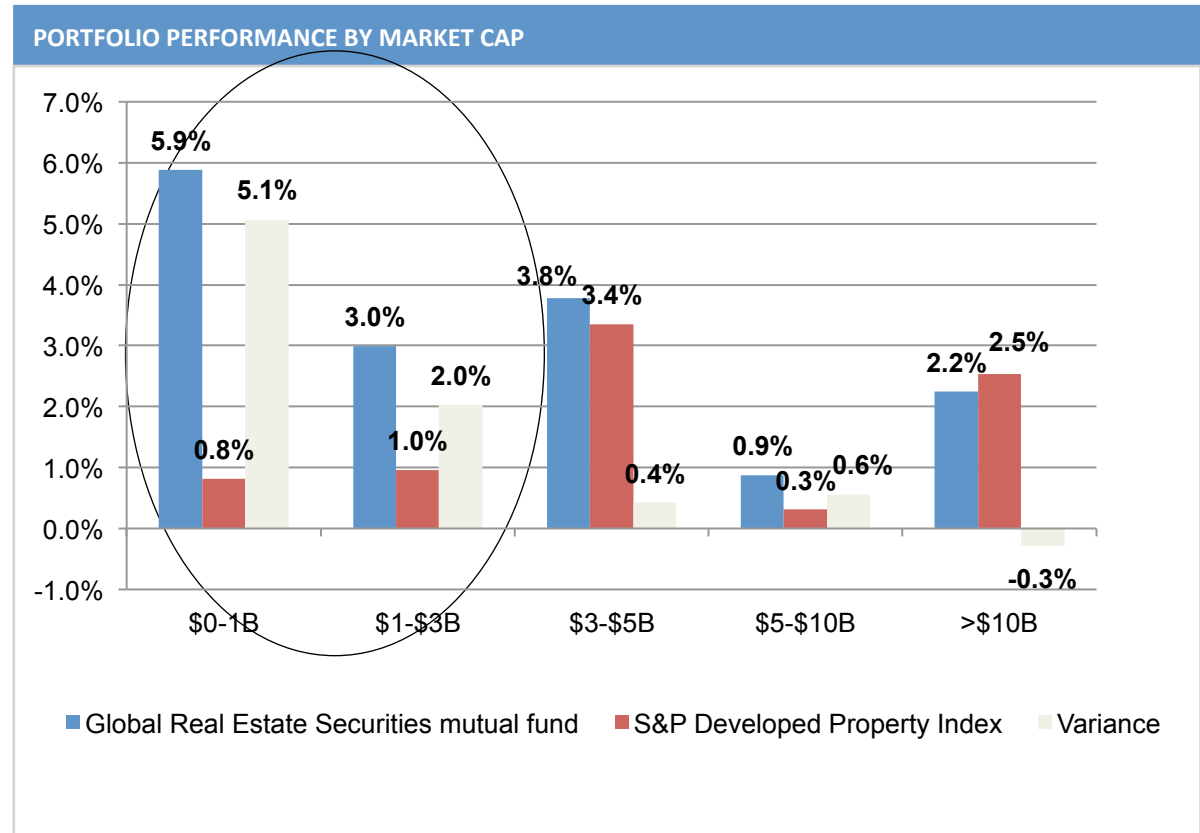
Significant outperformance has been generated by small – mid-cap companies.

Due to AUM, constraints, many of these companies are not feasible investments for our peers.

Our general investment constraints:

- Limit firm ownership to < 5%
- Limit daily trading volume to <20%
- Liquidate portfolio < 2 weeks

Based upon our analysis, firm AUM > \$10B (USD) will inhibit investment performance.



Source: Factset, Prudential Real Estate Investors. Returns are shown gross of management fees from inception (January 23, 2007) through 31-Mar-2012. Returns are presented by for the institutional share class of a global real estate mutual fund, which represents Prudential’s largest securities fund by AUM. Returns are broken out by market cap segment and are not official. An affiliate of Prudential Investment Management has been the manager of the Prudential global real estate mutual fund since its inception in May 1998. From inception through January 23, 2007, the global real estate mutual fund was managed as a U.S.-only real estate securities fund. Prudential began sub-advising the global mutual fund on January 23, 2007 and changed the investment strategy to include global real estate securities. Prior performance can be attributed to the previous investment sub advisors. Current operating expense ratio for the institutional share class of the Fund stands at 1.07%. Return profiles for other products may differ from those shown. Current performance may be lower or higher than past performance data quoted. The return and principal values will fluctuate and shares, when sold, may be worth more or less than their original cost. Products shown in the returns section are not available for non-U.S. investors. Availability of specific products might also be limited for certain U.S. investors. Past performance is not a guarantee or reliable indicator of future results.



PRUDENTIAL REAL ESTATE INVESTORS

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Risk Factors: Real estate strategies may invest in equity securities of issuers that are principally engaged in the real estate industry. Therefore, an investment by a strategy is subject to certain risks associated with the real estate industry and, more generally, the public markets. Risks associated with real estate include, among others: possible declines in the value of real estate; risks related to general and local economic conditions; possible limitations on access to mortgage funds or other sources of capital; overbuilding; risks associated with leverage; market illiquidity; extended vacancies and/or delays in completion of properties under development; increase in operating expenses; changes in governmental regulation; costs resulting from environmental problems and natural disasters; tenant bankruptcies or other credit problems; casualty or condemnation losses; decreases in market rates for rents; and changes in interest rates. To the extent that assets underlying a strategy's investments are concentrated geographically, by property type or in certain other respects, the strategy may be subject to certain of the foregoing risks to a greater extent.

Holdings in a particular strategy can vary significantly from broad market indexes. As a result, performance of an individual strategy can deviate from the performance of such indexes. As a strategy invests in stocks, there is the risk that the price of a particular stock owned within a strategy could go down or pay lower-than-expected or no dividends. In addition, the value of the equity markets or of companies comprising the real estate industry could go down. Other considerations relative to the public markets may include, but not be limited to: borrowing and leverage, currency futures and options, debt securities, derivatives, exchange-traded funds, foreign exchange transactions, foreign investment risks, hedging, illiquid or restricted securities, initial public offerings, investment in emerging markets, investment in other investment companies, mortgage-backed securities, options, repurchase agreements, risk factors involving derivatives, securities lending, short sales, temporary defensive strategy and short-term investments, U.S. Government securities, warrants and rights, and forward commitments.

Investors are advised to review the Investment Prospectus, Statement of Additional Information and other information related to specific strategies for further detail regarding the risks associated with investment in REITs and real estate securities.