HFF, Inc.

Second Quarter 2011

Earnings Call & Capital Markets Presentation Materials

August 3, 2011

HFF, Inc.

DISCLAIMER

Forward Looking Statements

Certain statements in this presentation are "forward-looking statements" within the meaning of the federal securities laws. Statements about our beliefs and expectations and statements containing the words "may," "could," "would," "should," "believe," "expect," "anticipate," "plan," "estimate," "target," "project," "intend" and similar expressions constitute forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results and performance in future periods to be materially different from any future results or performance suggested in forward-looking statements in this earnings press release. Investors, potential investors and other readers are urged to consider these factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on such forward-looking statements. Any forward-looking statements speak only as of the date of this earnings press release and, except to the extent required by applicable securities laws, the Company expressly disclaims any obligation to update or revise any of them to reflect actual results, any changes in expectations or any change in events. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements. Factors that could cause results to differ materially include, but are not limited to: (1) general economic conditions and commercial real estate market conditions; (2) the Company's ability to retain and attract transaction professionals; (3) the Company's ability to retain its business philosophy and partnership culture; (4) competitive pressures; and (5) other factors discussed in our public filings, including the risk factors included in the Company's Annual Report on Form 10-K for the year ended December 31, 2010.

Additional information concerning factors that may influence HFF, Inc.'s financial information is discussed under "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Quantitative and Qualitative Disclosures About Market Risk" and "Forward-Looking Statements" in our Annual Report on Form 10-K for the year ended December 31, 2010, as well as in the Company's press releases and other periodic filings with the Securities and Exchange Commission. Such information and filings are available publicly and may be obtained from the Company's web site at www.hfflp.com or upon request from the HFF, Inc. Investor Relations Department at investorrelations@hfflp.com.

Industry and Market Data

In this presentation, we rely on and refer to information and statistics regarding economic conditions and trends, our market and our market share in the sectors of that market in which we compete. In particular, we have obtained general industry information and statistics from Real Capital Analytics, Mortgage Bankers Association, Commercial Mortgage Alert, Federal Reserve, CIRA & TREPP, NCREIF, PPR, The Real Estate Roundtable, Morgan Stanley, Bloomberg, U.S. Treasury Department, Real Estate Alert, ACLI, Fannie Mae, Freddie Mac, Federal Reserve Flow of Funds Account, Moody's Economy.com, S&P/Case Shiller, FDIC, Commercial Real Estate Direct, CoStar, Citigroup Global Markets, PricewaterhouseCoopers, ULI, Deutsche Bank, Congressional Budget Office, Dow Jones, Goldman Sachs, Dealogic, Commerce Department, REIS, Federal Reserve Bank of St. Louis, Office of Federal Housing Enterprise Oversight, Investment Company Institution, Bureau of Labor Statistics, Bureau of Economic Analysis, the U.S. Census Bureau and the National Federation of Independent Business. We believe that these sources of information and estimates are reliable and accurate, but we have not independently verified them.

Although some of the companies that compete in our markets are publicly held as of the date of this presentation, many are not. Accordingly, no current publicly available information is available with respect to our relative market strength or competitive position. Our statements about our relative market strength and competitive position in this presentation are based on our management's belief, internal studies and our management's knowledge of industry trends.

Non-GAAP Financial Measure

EBITDA as calculated by the Company is not necessarily comparable to similarly titled measures reported by other companies. Additionally, these Non-GAAP measures are not measurements of financial performance or liquidity under GAAP and should not be considered as alternatives to the Company's other financial information determined under GAAP.

WHO WE ARE

WHAT WE DO & OUR CLIENTS

OUR MARKET & WHAT WE HAVE ACCOMPLISHED

WHAT DIFFERENTIATES US

PAY FOR PERFORMANCE – ALIGNMENT OF INTERESTS

HFF, Inc.

OUR MISSION AND VISION STATEMENT

Our goal is to always put the client's interest ahead of the Firm and every individual within the Firm.

We will endeavor to strategically grow to achieve our objective of becoming the best and most dominant "one-stop" commercial real estate and capital markets intermediary offering the following:

- *Investment Banking and Advisory Services*
- *Investment Sales Services*
- *Loan Sales and Distressed Asset Sales*
- *Entity and Project Level Equity Services and Placements as well as all forms of Structured Finance Solutions*
- *All forms of Debt Solutions and Services, and*
- *Commercial Loan Servicing (Primary and Sub-servicing)*

Our goal is to hire and retain associates who have the highest ethical standards and the best reputations in the industry to preserve our culture of integrity, trust and respect and to promote and encourage teamwork to ensure our clients have the "best team on the field" for each transaction. Simply stated, without the best people, we cannot be the best Firm.

To ensure we achieve our goals and aspirations and provide outstanding results for our shareholders, we must maintain a flexible compensation and ownership package to appropriately recognize and reward our existing and future associates who profoundly contribute to our success through their value-added performance. The ability to reward extraordinary performance is essential in providing superior results for our clients while appropriately aligning our interests with our shareholders.

– HFF Executive Committee

- Integrity
- Commitment
- Trust
- Teamwork
- Responsibility
- Accountability
- Humility
- *Passion in all we do!*

COMPANY HISTORY

Current	• National leader in Commercial Real Estate services 19 offices - 461 employees as of June 30, 2011 (includes177 Transaction Professionals with17 years industry experience) *During 2011, HFF has opened two new offices - Austin, TX and Tampa, FL.*
2007	• HFF goes public in 1Q 2007
2004	• HFF Securities is established
2003	• Lend Lease exits U.S. market and HFF management executes buyout
2000	• Lend Lease purchases majority of AMRESCO, including HFF
1998	• HFDG acquires Fowler Goedecke Ellis & O'Connor, PNS Realty Partners LP, and Vanguard Mortgage to become Holliday Fenoglio Fowler (HFF)
1994	• Holliday Fenoglio Dockerty & Gibson ("HFDG") purchased by AMRESCO
1970's – 1990's	• Predecessor companies: Fowler, Goedecke & Co., PNS Realty Partners LP, Vanguard Mortgage

“ONE-STOP-SHOP” FOR USERS AND PROVIDERS OF CAPITAL

Integrated Capital Markets Services Platform

Debt Placement	Investment Sales	Structured Finance	Private Equity	Loan Sales	Commercial Loan Servicing

Capital Users

- Developers
- Property Owners
- Private Equity Funds
- Institutional Investors

Capital Providers

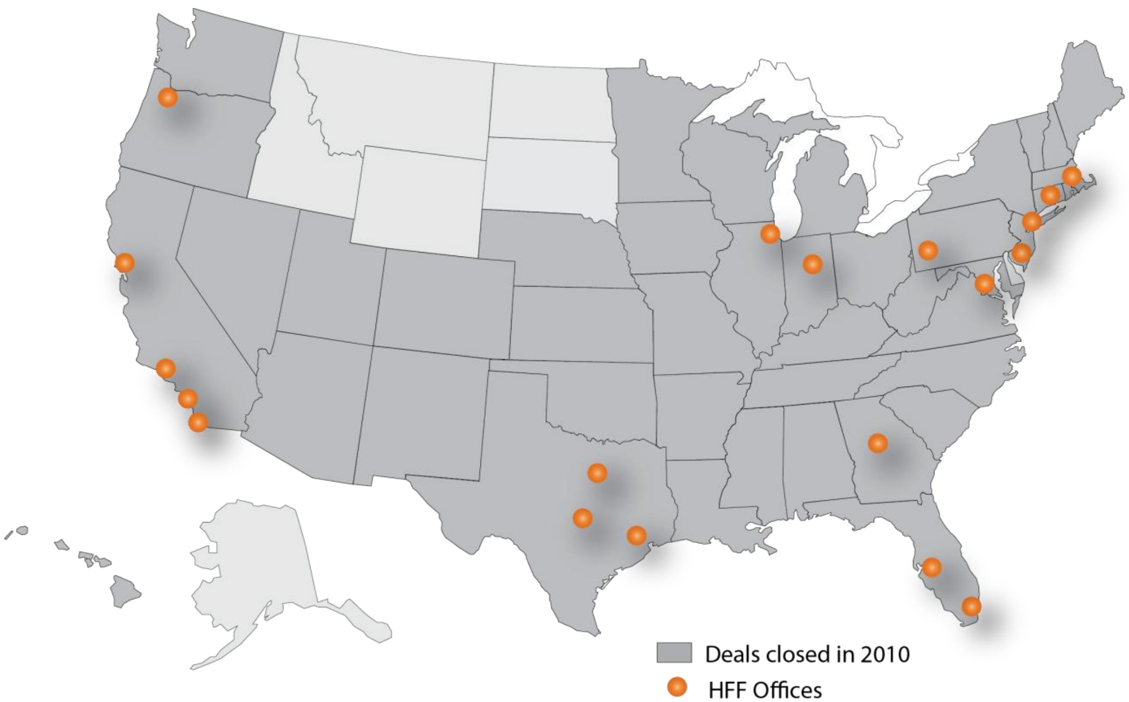
- Commercial Banks
- Investment Banks
- CMBS Conduits
- Institutional Investors
- Life Insurance Companies

Proprietary Transaction Database

GEOGRAPHIC FOOTPRINT NATIONAL PRESENCE
SIGNIFICANT EXPANSION OPPORTUNITIES IN EXISTING MARKETS
PLATFORM LINES OF BUSINESS AND PRACTICE SPECIALTIES

Description

- 19 production offices across 13 states with 461 associates[1]
- 2010 Transaction Activity – 43 states and Washington, D.C.



Notes:

1. As of 6/30/2011

Transactions represented on map are estimated based on the Company's internal database and are unaudited.

Office Statistics

Location	Total Transaction Professionals(1)	Platform Service Offerings (out of 6 total)
Tampa	2	✓
Austin	2	✓ ✓
Hartford	1	✓ ✓
Portland	3	✓ ✓
Atlanta	7	✓ ✓ ✓
Indianapolis	4	✓ ✓ ✓
Miami	11	✓ ✓ ✓
New Jersey	7	✓ ✓ ✓
Orange County	8	✓ ✓ ✓
San Diego	4	✓ ✓ ✓
San Francisco	10	✓ ✓ ✓
Washington DC	12	✓ ✓ ✓
Boston	8	✓ ✓ ✓ ✓
Houston	24	✓ ✓ ✓ ✓
Los Angeles	11	✓ ✓ ✓ ✓
Pittsburgh	6	✓ ✓ ✓ ✓
New York	10	✓ ✓ ✓ ✓
Chicago	14	✓ ✓ ✓ ✓ ✓
Dallas	33	✓ ✓ ✓ ✓ ✓
Total	**177**	

HFF, Inc.

HFF GEOGRAPHIC FOOTPRINT/PRESENCE IN TOP 40 MSAs SIGNIFICANT EXPANSION OPPORTUNITIES

MSA	Population[1] (in millions)	Commercial Real Estate Sales[2] ($Bn)	HFF Debt & Investment Sales Presence
New York	19.3	$14.4	✓
Washington, D.C.	13	11.3	✓
Los Angeles	12.1	10.4	✓
San Francisco	4.3	10.4	✓
South Florida	5.5	5.4	✓
Chicago	9.6	5.4	✓
Boston	4.6	4.9	✓
Dallas-Fort Worth	6.4	4.3	✓
Houston	5.9	3.5	✓
San Diego	3.1	3.1	✓
Atlanta	5.5	2.8	✓
Seattle	3.4	2.6	
Phoenix	4.4	2.3	
Austin	1.7	1.7	✓
Orlando	2.1	1.6	✓
Denver	2.6	1.5	
Minneapolis	3.3	1.4	
Philadelphia	6	1.3	
Tampa	2.7	1.2	✓
St. Louis	2.8	1.1	

MSA	Population[1] (in millions)	Commercial Real Estate Sales[2] ($Bn)	HFF Debt & Investment Sales Presence
Portland	2.2	1.1	✓
Raleigh	1.1	1.0	
Sacramento	2.1	0.9	
Nashville	1.6	0.9	
Hawaii	1.2	0.9	
Charlotte	1.7	0.8	
Riverside	4.1	0.8	
San Antonio	2.1	0.6	
San Jose	1.8	0.6	
Detroit	4.4	0.6	
Indianapolis	1.7	0.5	✓
Las Vegas	1.9	0.4	
Cleveland	2.1	0.4	
Kansas City	2.1	0.4	
Pittsburgh	2.3	0.4	✓
Cincinnati	2.2	0.4	
Jacksonville	0.8	0.4	
Columbus	1.8	0.4	
Memphis	1.3	0.3	
Tucson	0.5	0.3	

Domestic expansion opportunities

Notes:

Blue bars indicate markets where HFF either has an office or the market is covered from a large regional office in the state.

1. US Census Bureau, Jul. 2009
2. Real Capital Analytics, 2010 sales volume including deals over $5MM for office, industrial, hotel, retail and multifamily product types.

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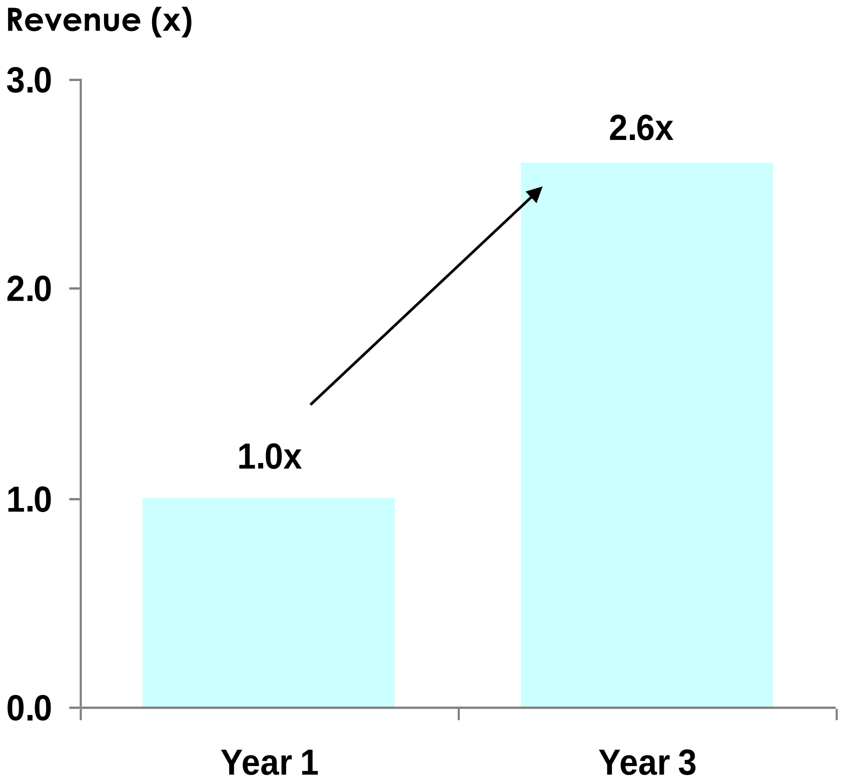
GEOGRAPHIC FOOTPRINT EXPANSION & SERVICES EXPANSION IN EXISTING OFFICES (1999 to 2007 TIME PERIODS)

Establish New Offices



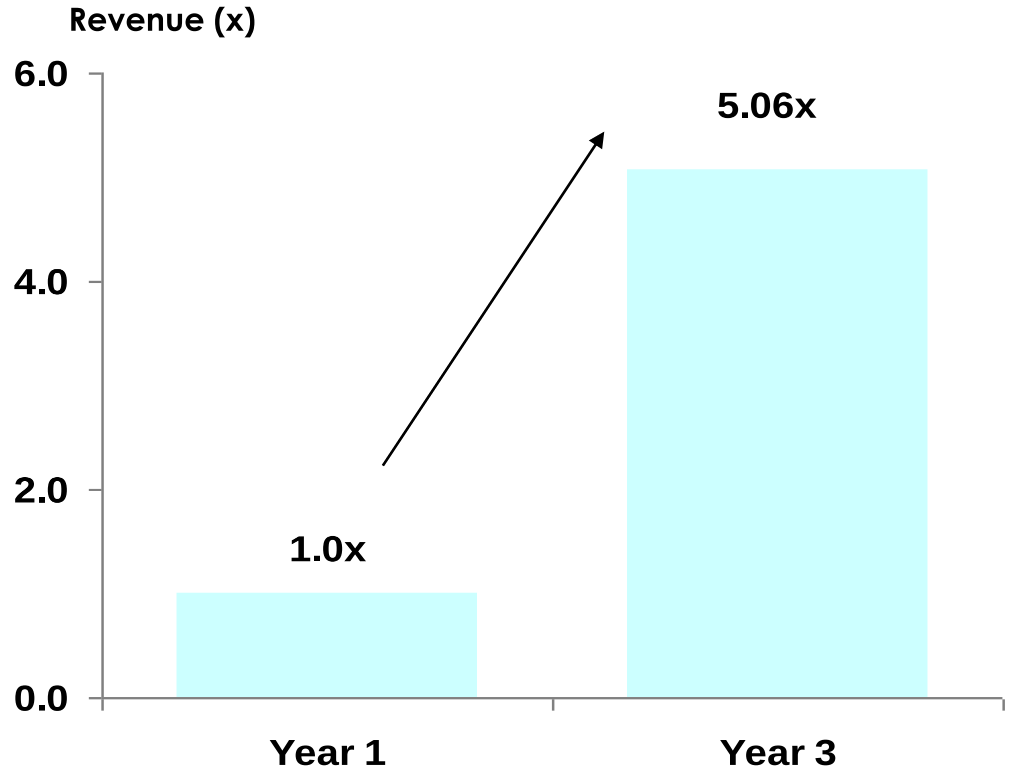
Above Chart Includes:

- Los Angeles - 1999
- Washington D.C.- 1999
- Chicago - 2001

Other Recent Office Openings:

- San Francisco – 2006
- Austin – 2011
- Tampa - 2011

Add Services to Existing Offices



The Above Chart Includes the Below Service Expansions:

- D.C. Debt Placement - 2001
- NYC Invest. Sales - 2001
- Miami Invest. Sales - 2002
- Chicago Debt Placement - 2002
- HFF Securities (LA) – 2004
- New Jersey Invest. Sales – 2005
- Atlanta Debt Placement – 2007

Recent Expansions not Included:

- San Francisco Invest. Sales – 2009
- Orange Co. Invest. Sales – 2009
- Dallas Loan Sales – 2011
- Austin Debt - 2011
- Portland Invest. Sales - 2011

HISTORICAL HIGHLIGHTS - DIVERSIFIED REVENUES

WHAT WE DO & OUR CLIENTS

OUR MARKET & WHAT WE HAVE ACCOMPLISHED

WHAT DIFFERENTIATES US

PAY FOR PERFORMANCE – ALIGNMENT OF INTERESTS

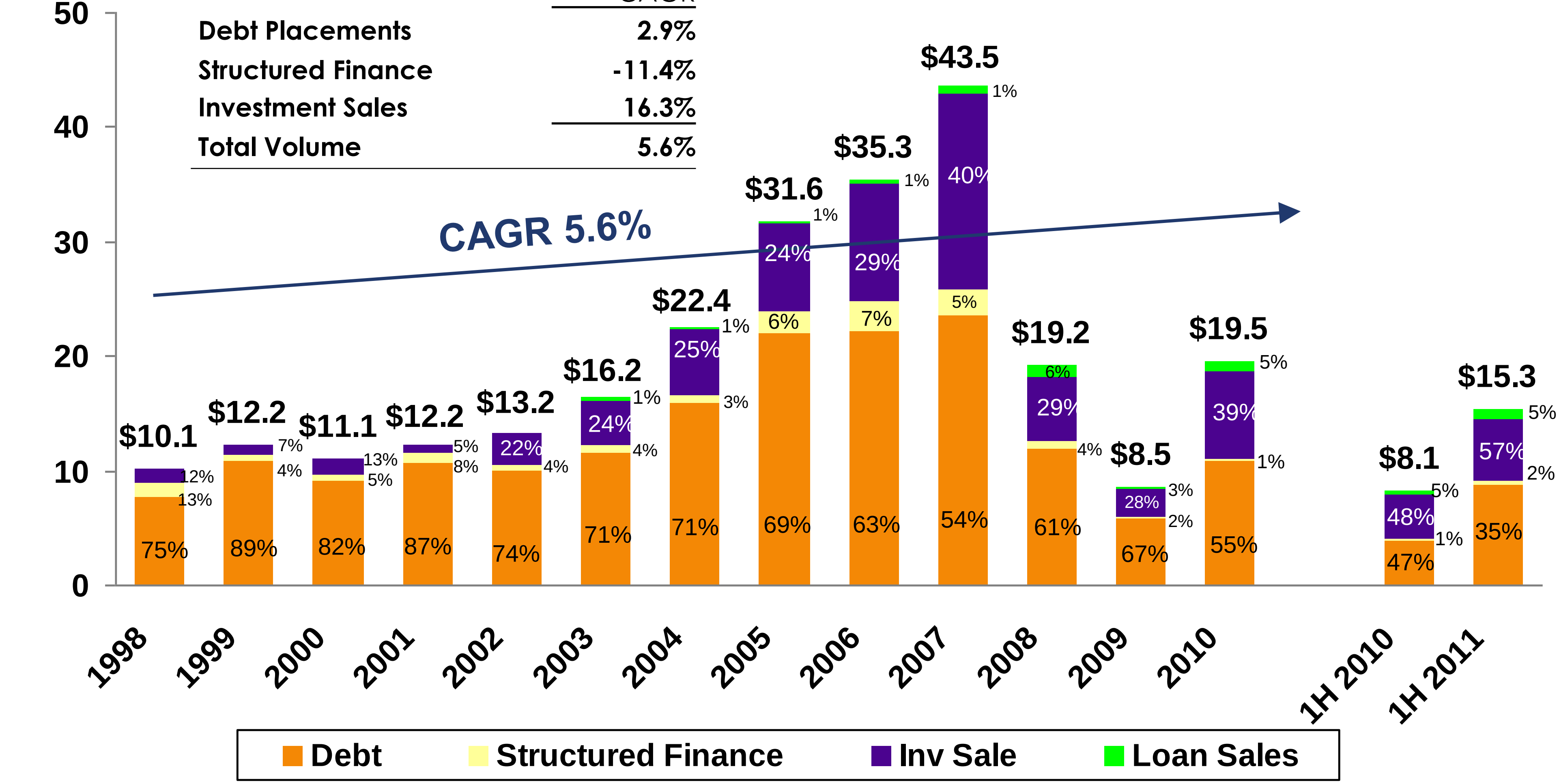
HFF, Inc.

VOLUME AND PLATFORM SERVICE MIX - INTEGRATED CAPITAL MARKETS PLATFORM AND SERVICES CREATE DIVERSIFIED REVENUE STREAMS

Transaction Volume[1] Growth

Growth By Platform Service

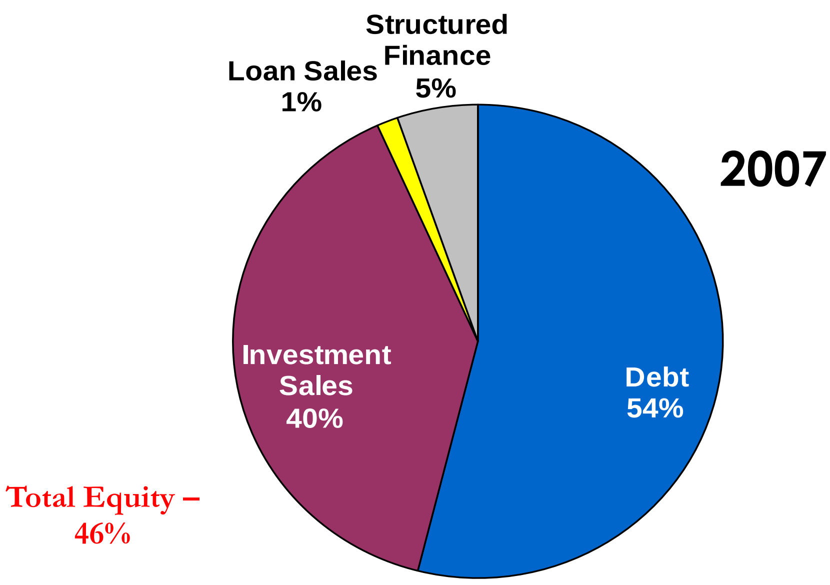
	1998-2010 CAGR
Debt Placements	2.9%
Structured Finance	-11.4%
Investment Sales	16.3%
Total Volume	5.6%

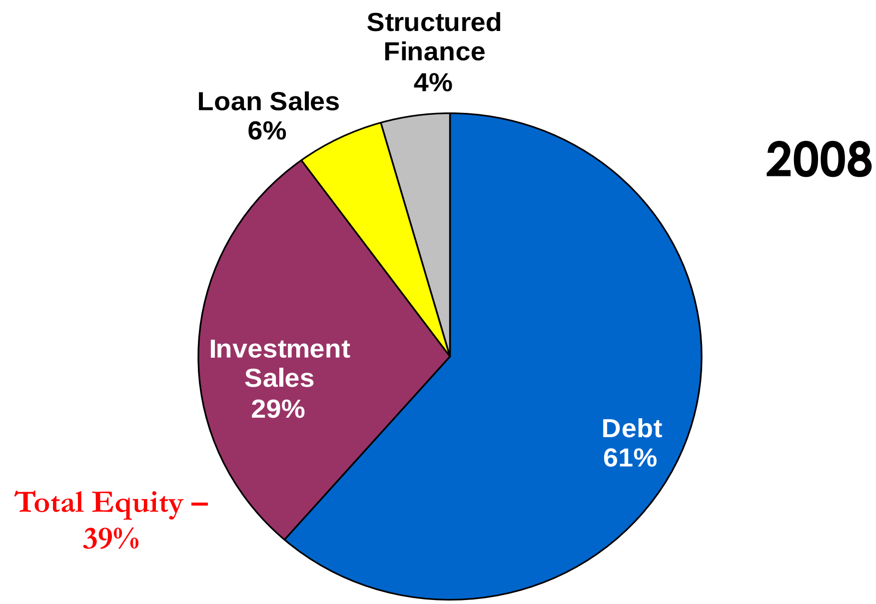


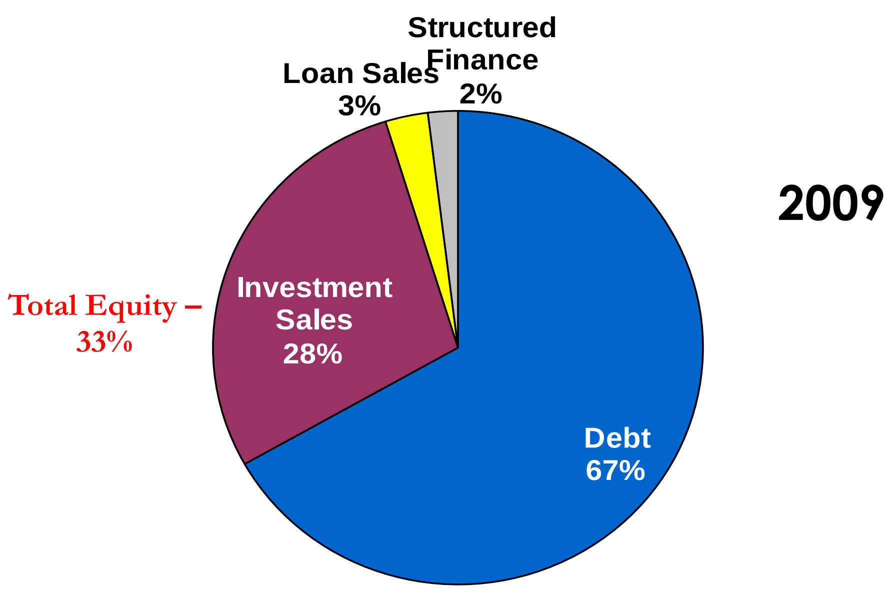
[1] Transaction volume is estimated based on the Company's internal database and is unaudited.

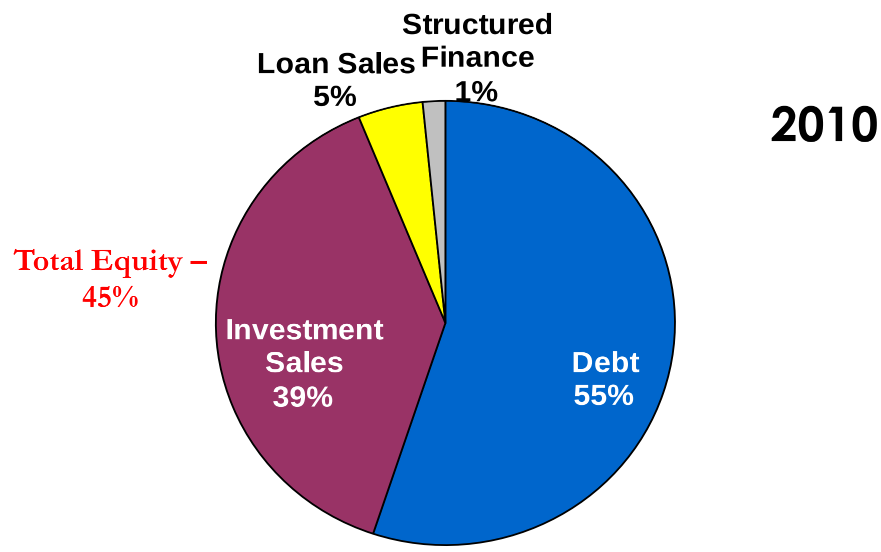
HFF, Inc.

VOLUME AND PLATFORM SERVICE MIX - INTEGRATED CAPITAL MARKETS PLATFORM AND SERVICES CREATE DIVERSIFIED REVENUE STREAMS









Transaction volume is estimated based on the Company's internal database and is unaudited.

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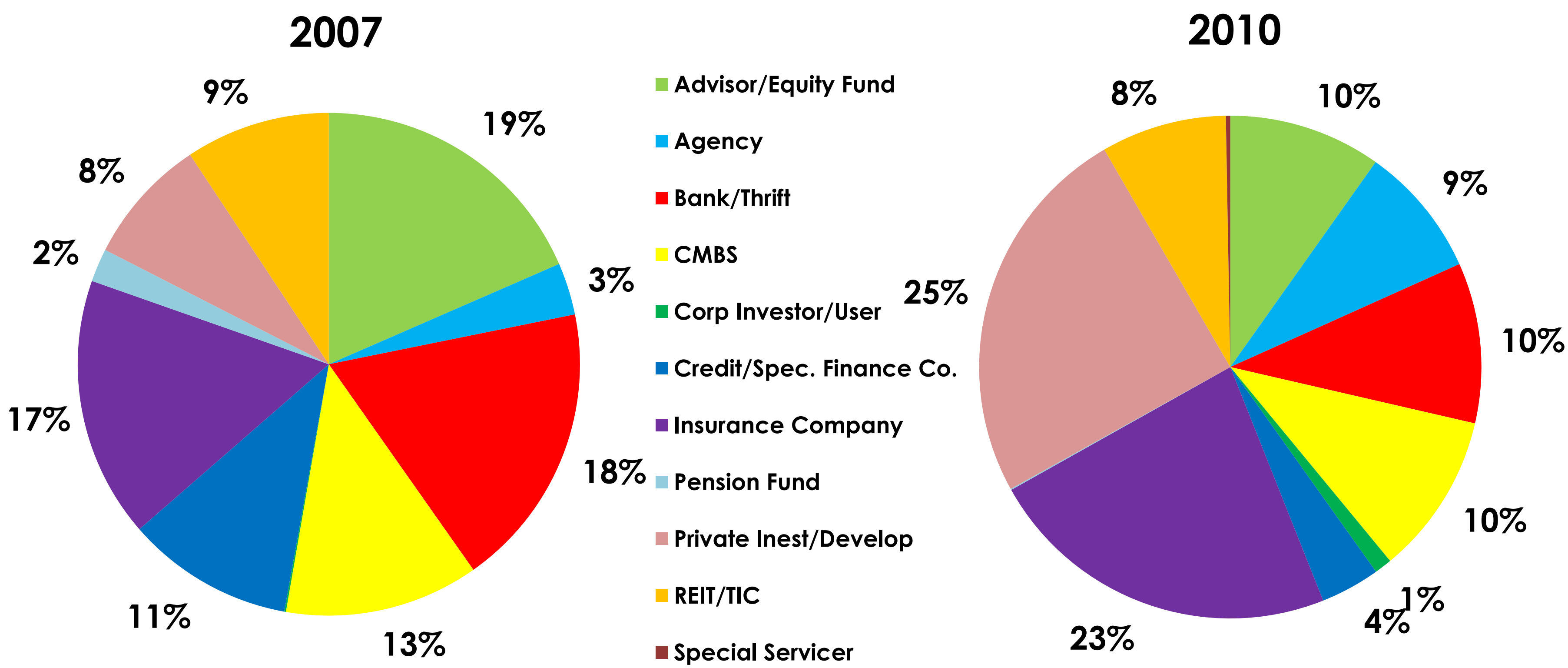
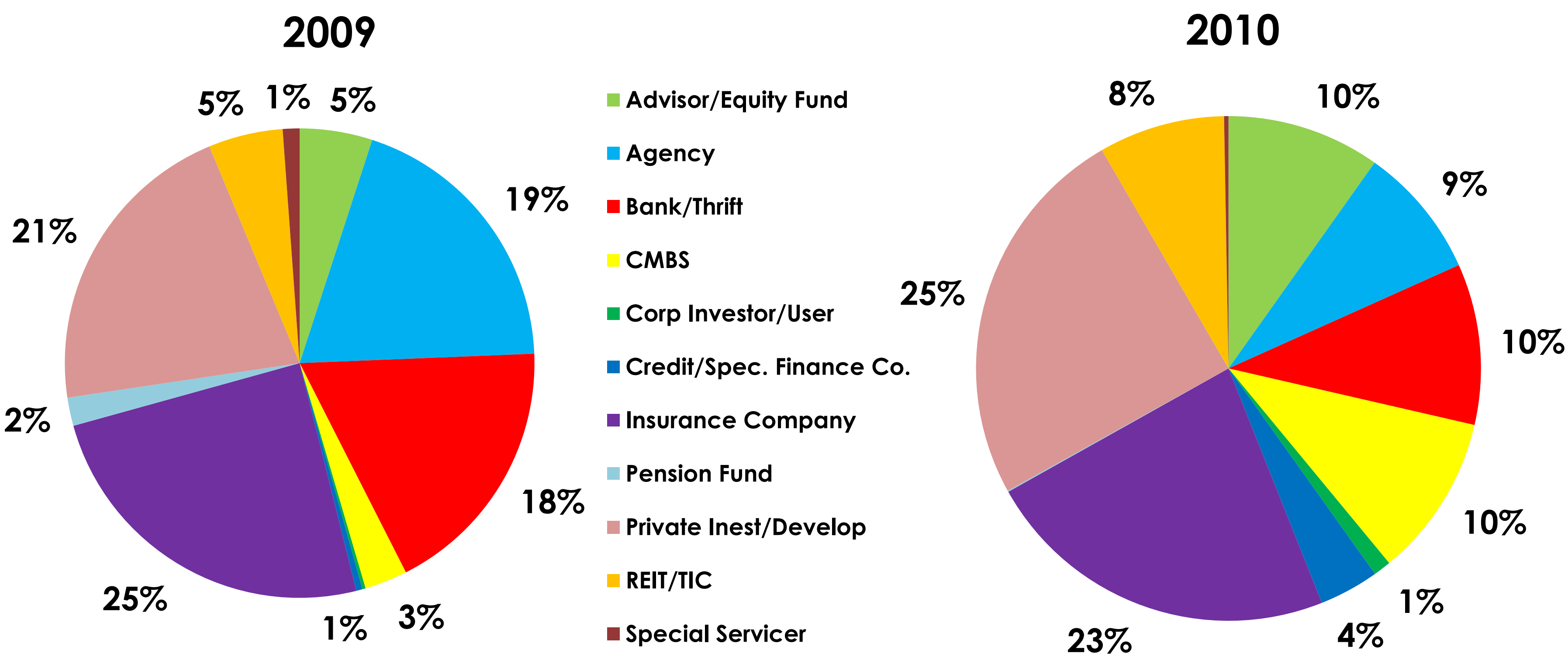
INTEGRATED CAPITAL MARKETS PLATFORM OF SERVICES - DIVERSE BUSINESS LINES AND CAPITAL SOURCES CREATE DIVERSIFIED REVENUE STREAMS



Transaction volume is estimated based on the Company’s internal database and is unaudited.

INTEGRATED CAPITAL MARKETS PLATFORM OF SERVICES - DIVERSE BUSINESS LINES AND CAPITAL SOURCES CREATE DIVERSIFIED REVENUE STREAMS



Transaction volume is estimated based on the Company's internal database and is unaudited.

BROAD AND DEEP RELATIONSHIPS
DIVERSITY OF BUSINESS LINES AND CAPITAL SOURCES
CREATE DIVERSIFIED REVENUE STREAMS

- **During first half 2011, no one borrower or no one seller client represented more than 3% of our total capital markets services revenue. The combined fees from our top 10 seller and borrower clients during the first half of 2011 were 17% and 8%, respectively, of our total capital markets services revenue. Eighteen of the top 25 clients during the first half of 2011 used multiple HFF platforms in executing transactions.**

- **During 2010, no one borrower or seller client represented more than 4% of our total capital markets services revenues. The combined fees from our top 10 seller and borrower clients during 2010 were 14% and 9%, respectively of our total capital markets services revenue. Seventeen of the top 25 clients during 2010 used multiple HFF platforms in executing transactions.**

- **During 2009, no one borrower or seller client represented more than 3.5% of our total capital markets services revenues. The combined fees from our top 10 seller and borrower clients during 2009 were 12.5% and 12.6%, respectively, of our total capital markets services revenue. Sixteen of the top 25 clients during 2009 used multiple HFF platforms in executing transactions.**

- **During 2008, no one borrower or seller client, respectively, represented more than 2.5% of our total capital markets services revenues. The combined fees from our top 25 seller and borrower clients during 2008 were 18%, and 16%, respectively of our total capital markets services revenue. Eighteen of the top 25 clients during 2008 used multiple HFF platforms in executing transactions.**

- **In 2006 and 2007, no one borrower or seller client represented more than 5% of our total capital markets services revenues. The combined fees from our top 25 seller and borrower clients for the years 2006 and 2007, respectively, were less than 20%, respectively, of our capital markets services revenues for each year. Executed transactions across multiple platform services with twenty-three of the top 25 clients in 2006, and 17 of the top 25 during 2007.**

From our Mission and Vision Statement:

"Our goal is to always put the client's interest ahead of the Firm and any individual within the Firm."

1H 2011 VS 1H 2010 TRANSACTION ACTIVITY
INTEGRATED CAPITAL MARKETS PLATFORM OF SERVICES

$15.26 Billion

1H 2011

177 producers

Debt Placement [1]

1H 2011 = $8.77 Bn

1H 2010 = $3.16 Bn

+177.4%

Investment Sales [1]

1H 2011 = $5.38 Bn

1H 2010 = $2.43 Bn

+120.9%

Loan Sales

1H 2011 = $.80 Bn

1H 2010 = $.36 Bn

+119.9%

Structured Finance

1H 2011 = $.32 Bn

1H 2010 = $.08 Bn

+311.9%

Private Equity [2] (HFF Securities)

1H 2011 = $2.08 Bn

1H 2010 = $1.68 Bn

+23.8%

Commercial Loan Servicing

1H 2011 = $25.75 Bn

1H 2010 = $24.87 Bn

+3.6%

None of our services compete with the principal activities of our clients

[1] 1H 2010 volume reflects the exclusion of one large portfolio transaction for which HFF handled the sale and provided debt placement. Note that when the volume for this one large transaction is included in the 1H 2010 volume for both Debt and IS, the percentage change would reflect a 124% increase in debt volume and a 42% increase in IS volume for the period.

[2] Active volume of discretionary funds. All transaction volume is estimated based on the Company's internal database and is unaudited.

HFF, Inc.

2010 VS 2009 TRANSACTION ACTIVITY
INTEGRATED CAPITAL MARKETS PLATFORM OF SERVICES

$19.48 Billion

2010

171 producers

Debt Placement

2010 = $10.74 Bn

2009 = $5.70 Bn

+89%

Investment Sales

2010 = $7.55 Bn

2009 = $2.42 Bn

+212%

Loan Sales

2010 = $.887 Bn

2009 = $.241 Bn

+268%

Structured Finance

2010 = $.309 Bn

2009 = $.168 Bn

+84%

Private Equity*
(HFF Securities)

2010 = $1.81 Bn

2009 = $1.59 Bn

+13%

Commercial Loan Servicing

2010 = $25.11 Bn

2009 = $25.28 Bn

-1%

None of our services compete with the principal activities of our clients

***Active volume of discretionary funds. All transaction volume is estimated based on the Company's internal database and is unaudited.**

2009 VS 2008 TRANSACTION ACTIVITY
INTEGRATED CAPITAL MARKETS PLATFORM OF SERVICES

$8.53 Billion
2009

159 producers

Debt Placement
2009 = $5.70 Bn
2008 = $11.78 Bn
-52%

Investment Sales
2009 = $2.42 Bn
2008 = $5.47 Bn
-55%

Loan Sales
2009 = $.241 Bn
2008 = $1.08 Bn
-78%

Structured Finance
2009 = $.168 Bn
2008 = $.850 Bn
-80%

Private Equity*
(HFF Securities)
2009 = $1.59 Bn
2008 = $1.46 Bn
+9%

Commercial Loan Servicing
2009 = $25.28 Bn
2008 = $24.53 Bn
+3%

None of our services compete with the principal activities of our clients

***Active volume of discretionary funds. All transaction volume is estimated based on the Company's internal database and is unaudited.**

2008 VS 2007 TRANSACTION ACTIVITY
INTEGRATED CAPITAL MARKETS PLATFORM OF SERVICES

$19.17 Billion

2008

163 producers

Debt Placement

2008 = $11.78 Bn

2007 = $23.48 Bn

-49.8%

Investment Sales

2008 = $5.47 Bn

2007 = $17.12 Bn

-68.1%

Loan Sales

2008 = $1.08 Bn

2007 = $.608 Bn

+77.2%

Structured Finance

2008 = $.850 Bn

2007 = $2.32 Bn

-63.4%

Private Equity* (HFF Securities)

2008 = $1.46 Bn

2007 = $2.02 Bn

-27.8%

Commercial Loan Servicing

2008 = $24.53 Bn

2007 = $23.23 Bn

+5.6%

None of our services compete with the principal activities of our clients

***Active volume of discretionary funds. All transaction volume is estimated based on the Company's internal database and is unaudited.**

2007 VS 2006 TRANSACTION ACTIVITY
INTEGRATED CAPITAL MARKETS PLATFORM OF SERVICES

$43.5 Billion

2007

150 producers

Debt Placement

2007 = $23.48 Bn

2006 = $22.07 Bn

+6.4%

Investment Sales

2007 = $17.12 Bn

2006 = $10.14 Bn

+68.8%

Loan Sales

2007 = $.608 Bn

2006 = $.414 Bn

+47.0%

Structured Finance

2007 = $2.32 Bn

2006 = $2.71 Bn

-14.5%

Private Equity*
(HFF Securities)

2007 = $2.02 Bn

2006 = $1.31 Bn

+53.6%

Commercial Loan Servicing

2007 = $23.23 Bn

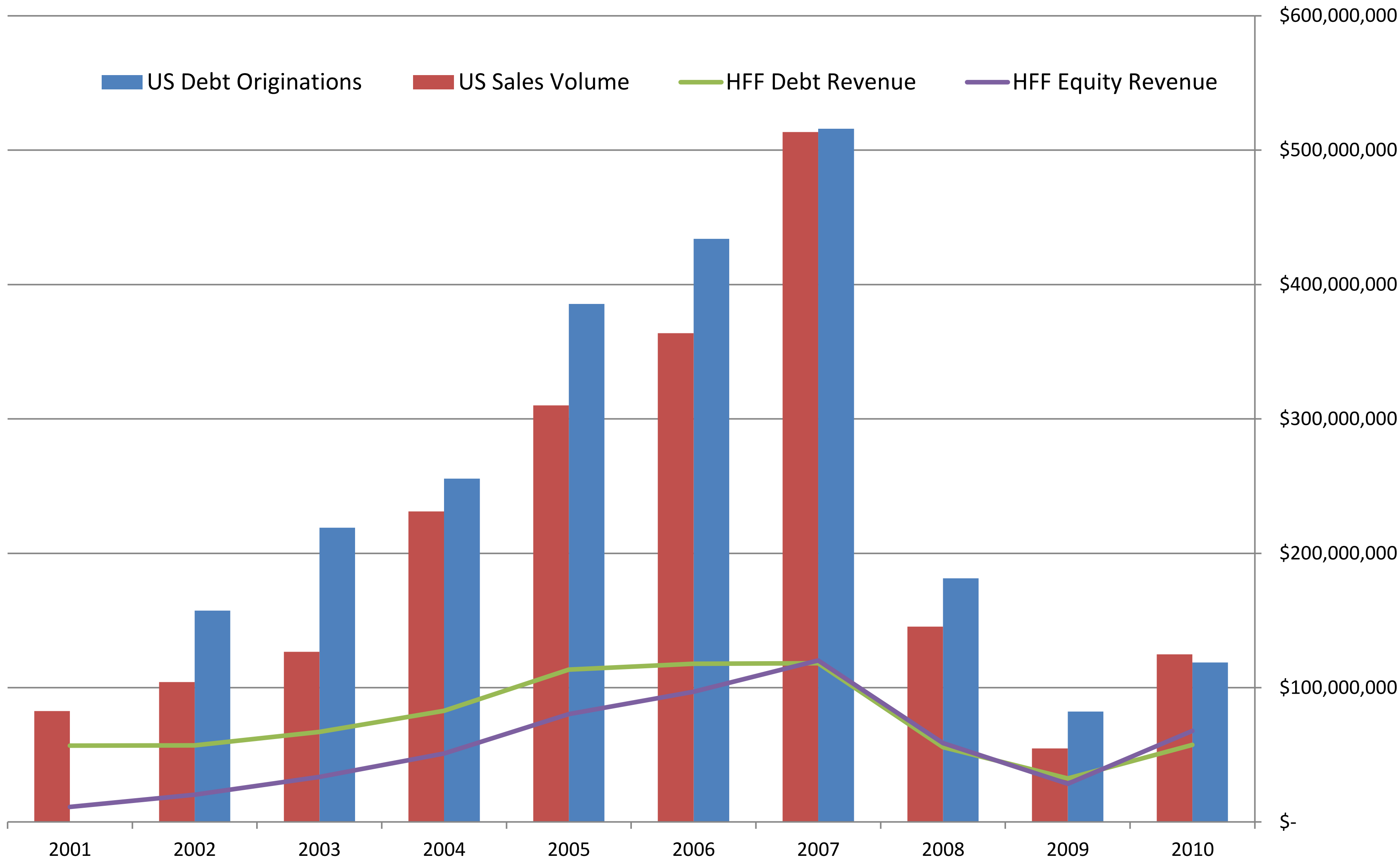
2006 = $18.02 Bn

+28.9%

None of our services compete with the principal activities of our clients

***Active volume of discretionary funds.** **All transaction volume is estimated based on the Company's internal database and is unaudited.**

HFF PERFORMANCE RELATIVE TO INDUSTRY PERFORMANCE
HFF'S PLATFORM AND SERVICE MIX CREATE DIVERSIFIED REVENUE STREAMS



Sources: MBA, RCA, HFF; Debt Originations and Sales Volume in thousands

HFF, Inc.

PAY FOR PERFORMANCE

WHAT WE DO & OUR CLIENTS

OUR MARKET & WHAT WE HAVE ACCOMPLISHED

WHAT DIFFERENTIATES US

PAY FOR PERFORMANCE – ALIGNMENT OF INTERESTS

HFF, Inc.

PARTIALLY OWNED AND MANAGED BY TRANSACTION PROFESSIONALS
PAY FOR PERFORMANCE - ALIGNMENT OF INTERESTS WITH SHAREHOLDERS

From our Mission and Vision Statement:

"Our goal is to hire and retain associates throughout the Firm who have the highest ethical standards with the best reputation in the industry to preserve our culture of integrity, trust and respect to promote and encourage teamwork to ensure our clients have the "best team on the field" for each transaction. Simply stated, without the best people, we cannot be the best firm and achieve superior results for our clients. The ability to reward extraordinary performance is essential in providing superior results for our clients while appropriately aligning our interests with our shareholders."

POWERFUL BLEND OF PEOPLE, EXPERIENCE AND CULTURE
PAY FOR PERFORMANCE COMPENSATION MODEL
ALIGNMENT OF INTERESTS WITH SHAREHOLDERS

Partnership Culture

- **Key aspects of current partnership operating structure remain intact**
- **Continue to evaluate performance against national partner criteria (Omnibus and Future Leadership Awards)**

Experience and Low Turnover

- **Top 25 transaction professionals by initial leads[1] have average tenure with HFF (and its predecessors) of 13 years**
- **Strong technical, analytical and closing support allows transaction professionals to focus on clients**

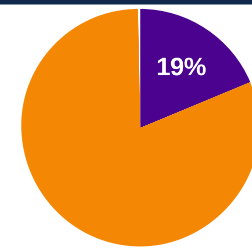
Pay For Performance

- **Transaction professionals and management incentivized through a competitive commission structure**
- **Management (largely transaction professionals) incentivized through Office and Firm profit participation**

Significant Ongoing Ownership by Transaction Professionals

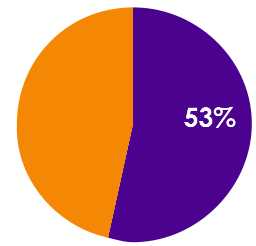
- **Post-IPO (as of 6/30/11), after giving effect to the exchange on 6/30/10, the Company estimates owner transaction professionals own about 42%[3] of the equity of the Company, which includes actual stock ownership and LLC units.**

19% of Transaction Professionals are Owners



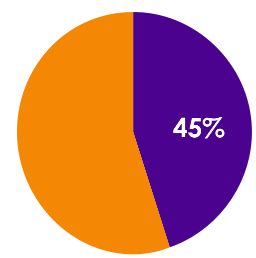
177 Transaction Professionals

53% of Managers are Owners



43 Office Heads & Business Line Managers

45% of Revenue Generated by Owner Transaction Professionals [2]



2011[1] Capital Markets Revenue $112.5M

Notes:

1. Through 6/30/11.
2. Transaction Professional Owners - Revenue generation credit given by initial lead – unaudited
3. If the proposed public offering of 4,047,472 shares of Class A common stock occurs, owner transaction professionals will own approximately 31% of the equity of the Company.

HFF, Inc.

HIGH QUALITY BOARD - EXPERIENCED EXECUTIVE COMMITTEE

Name	Position	Years of Experience	Years with HFF[1]	Board of Directors	Executive Committee
Independent Board					
George L. Miles, Jr.	Director, Audit Committee Chair	NA		✓	
Deborah H. McAneny	Lead Director, Nominating and Corporate Governance Committee Chair	NA		✓	
Lenore M. Sullivan	Director, Compensation Committee Chair	NA		✓	
Susan McGalla	Director	NA		✓	
Steven E. Wheeler	Director	NA		✓	
Upper Management and Executive Committee					
John H. Pelusi, Jr.	Director & CEO of HFF, Inc. and EMD and Managing Member of HFF, LP	30	29	✓	✓
John P. Fowler	Director of HFF, Inc. and EMD of HFF, LP	43	37	✓	✓
Mark D. Gibson	Director of HFF, Inc. and EMD of HFF, LP	27	27	✓	✓
Joe B. Thornton, Jr.	Director of HFF, Inc. and EMD of HFF, LP	25	19	✓	✓
Gregory R. Conley	CFO of HFF, Inc., and EMD of HFF, LP	26	5		
Nancy O. Goodson	COO of HFF, Inc. and EMD of HFF, LP	29	17		

Note:

1. Includes time spent at predecessor companies.

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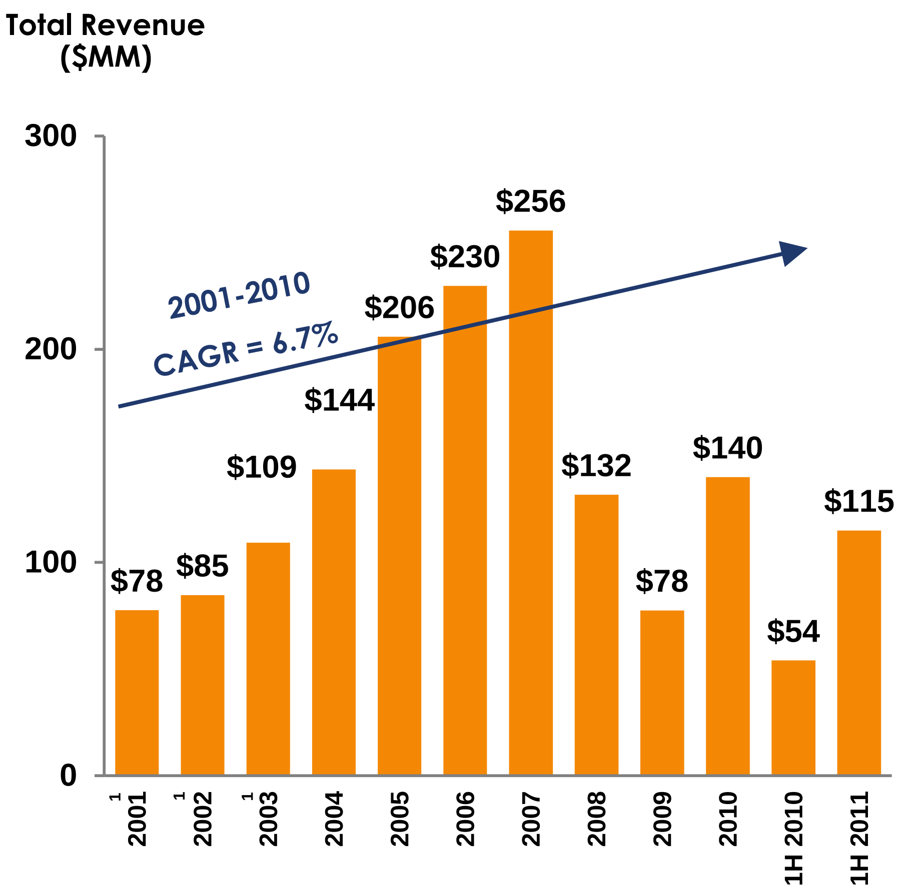
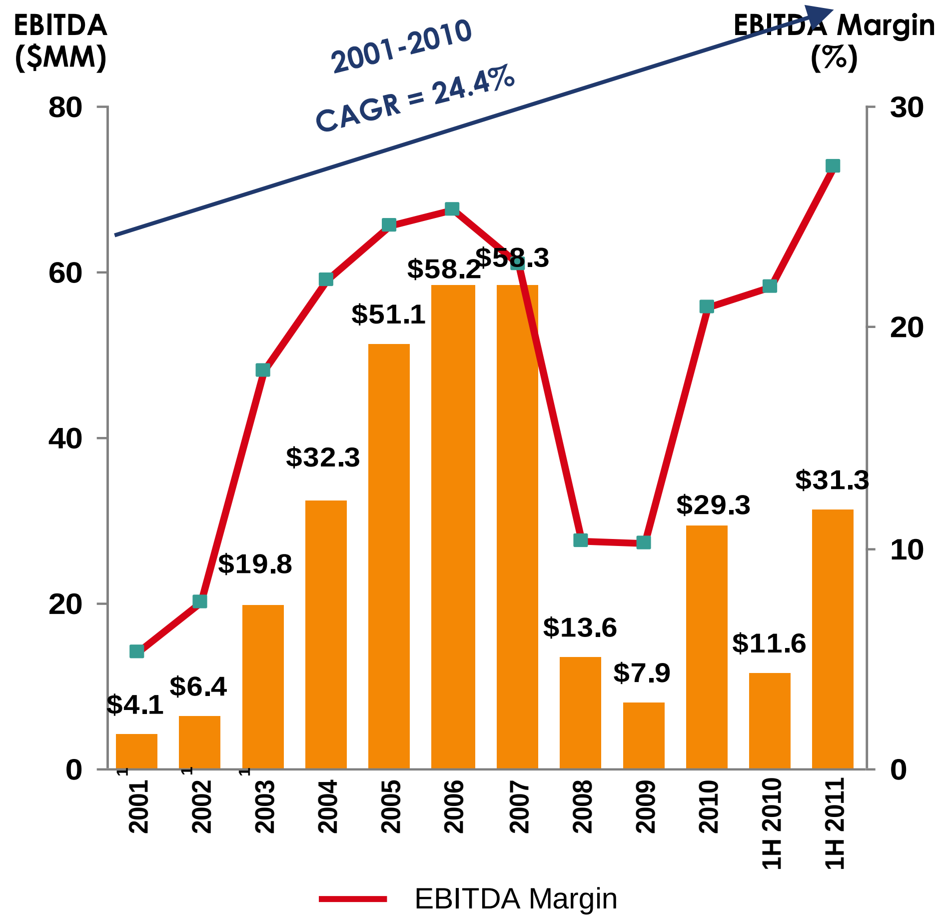
HFF OPERATING PERFORMANCE
PAY FOR PERFORMANCE – ALIGNMENT OF INTERESTS WITH SHAREHOLDERS

Revenue



EBITDA[2]



- No post-IPO debt

1 The financial information for the period from January 1, 2001 through June 15, 2003 is derived from unaudited financial information and general ledger reports provided by HFF LP's parent company at that time. Prior to June 15, 2003, HFF LP was an indirect wholly-owned subsidiary of Lend Lease, an Australian company with a June 30 fiscal year. The acquisition of HFF LP on June 16, 2003 by HFF Holdings created a new basis of accounting and, accordingly, the financial information for the periods through December 31, 2003 are not comparable to recent periods and comparisons of those periods to recent periods may not be accurate indicators of our relative financial performance.

2 See EBITDA Appendix for a reconciliation of EBITDA.

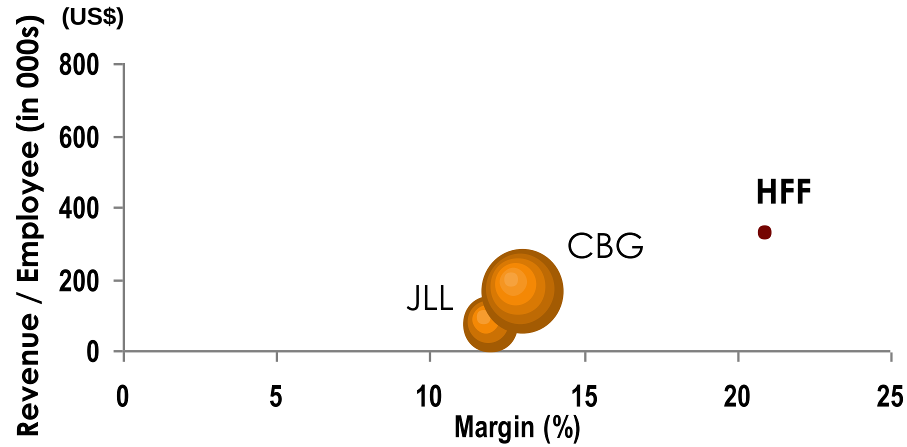
STRONG FINANCIAL PERFORMANCE
PAY FOR PERFORMANCE – ALIGNMENT OF INTERESTS WITH SHAREHOLDERS

National Coverage & Low Overhead

Name	LTM [1] Total Revenue ($MM)	Offices	Employees
HFF	**140**	**18**	**427**
CBG	5,155	300	31,000
JLL	2,926	185	40,000

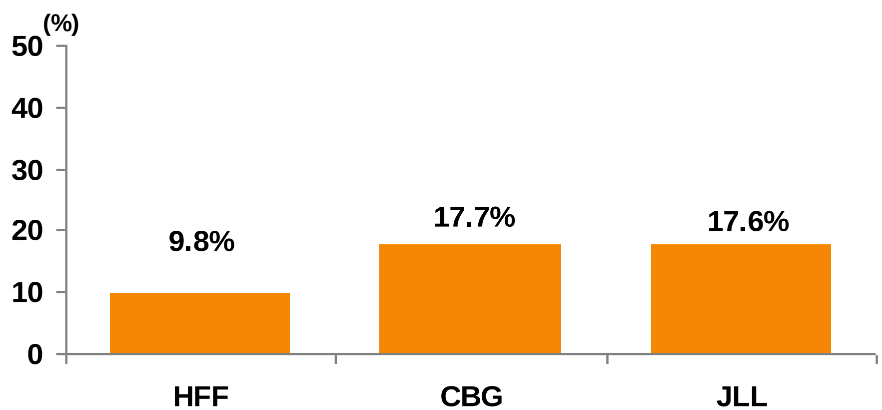
Source: *Data per SEC filings*

High Margins & Productivity Per Employee [2]



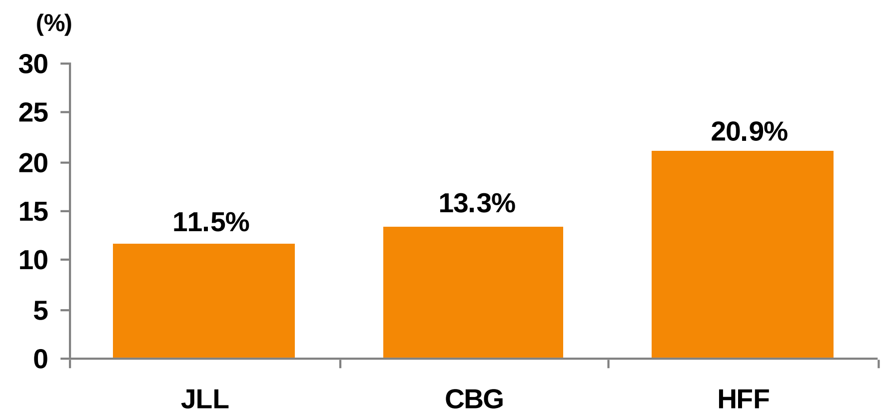
Source: *Data per SEC filings*

Revenue Growth[3]



Source: *Data per SEC filings*

Attractive EBITDA Margin[4]



Source: *Data per SEC filings*

Notes:

1. As of 12/31/10
2. LTM EBITDA margin and revenue through 12/31/10; Size of circle denotes relative enterprise value based on closing price for the shares on 12/31/10
3. 12/31/2003-12/31/2009 LTM Revenue CAGR
4. LTM EBITDA as of 12/31/10

HFF, Inc.

EBITDA APPENDIX

The Company defines EBITDA as net income (loss) before interest expense, income taxes, depreciation and amortization and income reported to the minority interest. The Company uses EBITDA in its business operations to, among other things, evaluate the performance of its business, develop budgets and measure its performance against those budgets. The Company also believes that analysts and investors use EBITDA as a supplemental measure to evaluate its overall operating performance. However, EBITDA has material limitations as an analytical tool and you should not consider this in isolation, or as a substitute for analysis of our results as reported under GAAP. The Company finds it as a useful tool to assist in evaluating performance because it eliminates items related to capital structure and taxes. The items that the Company has eliminated from net income in determining EBITDA are interest expense, income taxes, depreciation of fixed assets and amortization of intangible assets, and minority interest. Note that the Company classifies the interest on the warehouse line of credit as an operating expense and, accordingly, it is not eliminated from net income in determining EBITDA. In addition, note that the Company includes in net income the income upon the initial recognition of mortgage servicing rights and, accordingly, it is included in net income in determining EBITDA. However, some of these eliminated items are significant to the Company's business. For example, (i) interest expense is a necessary element of the Company's costs and ability to generate revenue because it incurs interest expense related to any outstanding indebtedness, (ii) payment of income taxes is a necessary element of the Company's costs and (iii) depreciation and amortization are necessary elements of the Company's costs. Any measure that eliminates components of the Company's capital structure and costs associated with carrying significant amounts of fixed assets on its balance sheet has material limitations as a performance measure. In light of the foregoing limitations, the Company does not rely solely on EBITDA as a performance measure and also considers its GAAP results. EBITDA is not a measurement of the Company's financial performance under GAAP and should not be considered as an alternative to net income, operating income or any other measures derived in accordance with GAAP. Because EBITDA is not calculated in the same manner by all companies, it may not be comparable to other similarly titled measures used by other companies.

Set forth below is an unaudited reconciliation of net income (loss) to EBITDA for the periods presented.

	For the Year Ended December 31,						Six Months Ended June 30	
	2005	2006	2007	2008	2009	2010	2011	2010
Net income (loss)	$ 48,135	$ 51,553	$ 14,420	$ 229	$ (752)	$ 10,891	$ 16,906	$ 2,622
Income tax expense/(benefit)	288	332	9,874	5,043	2,208	8,612	11,437	2,018
Interest expense	80	3,541	407	20	419	64	17	39
Depreciation & amortization	2,595	2,806	3,861	3,475	3,523	3,655	1,987	1,834
Noncontrolling interest[1]	--	--	29,748	4,784	2,531	6,098	929	5,153
EBITDA	$ 51,098	$ 58,232	$ 58,310	$ 13,551	$ 7,929	$ 29,320	$ 31,276	$ 11,666

HFF, Inc.

First Half 2011 Achievements

HFF, Inc.

2Q AND 1H 2011 HIGHLIGHTS AND COMPARISON TO 2010

- Seventh Consecutive Quarter of Y-O-Y Increased Revenues, Operating Income, EBITDA and Per Share Earnings Growth.

- REVENUES INCREASED 114% to $72.9 MM for the 2nd of Qtr. 2011 compared to $34.1 MM in the 2nd Qtr. of 2010. Revenues for the first half of 2011 increased 115% to $114.8 MM compared to revenues of $53.5 MM for the first half of 2010.

- EBITDA INCREASED 131% to $23.1 MM for the 2nd Qtr. of 2011 compared to $10.0 MM in the 2nd Qtr. of 2010. EBITDA for the first half of 2011 increased 168.1% to $31.3 MM compared to EBITDA of $11.7 for the first half of 2010.

- EBITDA Margin for the 2nd Qtr. of 2011 was a strong 31.7% compared to 29.4% in the 2nd Qtr. of 2010, especially in light of the strategic head count growth (68) since the 1st of Qtr. 2010. EBITDA Margin for the first half of 2011 was 27.2% compared to an EBITDA Margin of 21.8% for the first half of 2010.

- CASH AND CASH EQUIVALENTS INCREASED to $102.6 MM at 6/30/2011 compared to only $53.1 MM at 6/30/2010 (No Company Debt and Very Strong Balance Sheet), which is an increase of over 93%.

- TOTAL TRANSACTION VOLUME INCREASED 85% to $9.9 BN for 2nd Qtr. of 2011 compared to $5.3 BN in the 2nd Qtr. of 2010. During the first half of 2011, total volume rose 88% to $15.3 BN compared to $8.1 BN in first half of 2010.

- # OF TRANSACTIONS INCREASED 131% for the 2nd Qtr. compared to a year ago, and during the first six months they increased 100% compared to the same period in 2010.

- DEBT PLACEMENT ACTIVITY INCREASED NEARLY 192% to $6.5 BN in the 2nd Qtr. 2011 compared to $2.2 BN in the 2nd Qtr. of 2010. During first half 2011, debt placement rose 124% to $8.8 billion compared to first half 2010. It should be noted that the firm's debt placement volume includes one large portfolio transaction that occurred in the second quarter 2010. If this transaction was excluded from the firm's second quarter of 2010 debt results, our debt production volume for 2nd Qtr. 2011 and the first six months of 2011 would have increased by 343% and 177%, respectively, compared to the same periods in 2010.

- INVESTMENT SALES ACTIVITY DECLINED A SLIGHT 7% to $2.6 BN in the 2nd Qtr. 2011 compared to $2.7 BN in the 2nd Qtr. of 2010. During the first half of 2011, investment sales activity rose to $5.4 BN posting a 42% gain over first half 2010. It should be noted that the firm's investment sales transaction volume includes one large investment sales portfolio transaction that occurred in the second quarter 2010. If this transaction was excluded from the firm's second quarter of 2010 investment sales results, our investment sales production volume for 2nd Qtr. 2011 and the first six months of 2011 would have increased by 83% and 121%, respectively, compared to the same periods in 2010.

- COMMERCIAL LOAN SERVICING PORTFOLIO totaled $25.8 Billion, over a 3% increase from the $24.9 Billion at the end of the 2nd Qtr. 2010.

- HFF STRATEGICALLY OPENED A NEW OFFICE IN TAMPA, FL AND ADDED NUMEROUS NEW TRANSACTION PROFESSIONALS IN MANY EXISTING OFFICE LOCATIONS. HFF HAS 177 TRANSACTION PROFESSIONALS (avg. tenure of 17.4 years in the industry), WHICH IS AN INCREASE OF MORE THAN 5% FROM THE SAME PERIOD IN 2010.

FINANCIAL HIGHLIGHTS – STRONG OPERATING LEVERAGE & MARGINS PAY FOR PERFORMANCE – ALIGNMENT OF INTERESTS WITH SHAREHOLDERS

	3 Months Ended June 30,				6 Months Ended June 30,			
	2011	**% of Rev.**	**2010**	**% of Rev.**	**2011**	**% of Rev.**	**2010**	**% of Rev.**
Revenue	$ 72,897		$ 34,133		$ 114,833		$ 53,546	
Cost of services	40,111	55.0%	18,908	55.4%	65,521	57.1%	30,958	57.8%
Operating, administrative and other	15,004	20.6%	9,159	26.8%	26,264	22.9%	16,610	31.0%
Depreciation and amortization	1,032	1.4%	911	2.7%	1,987	1.7%	1,834	3.4%
Total expenses	56,147	77.0%	28,978	84.9%	93,772	81.7%	49,402	92.3%
Operating (loss)/income	$ 16,750	23.0%	$ 5,155	15.1%	$ 21,061	18.3%	$ 4,144	7.7%
EBITDA[1]	23,143	31.7%	10,023	29.4%	31,276	27.2%	11,666	21.8%
EPS (diluted)	$ 0.35		$ 0.14		$ 0.47		$ 0.14	

[1] See EBITDA Appendix for a reconciliation of EBITDA.

STRONG BALANCE SHEET
NO COMPANY-LEVEL DEBT AND STRONG CASH POSITION
PAY FOR PERFORMANCE – ALIGNMENT OF INTERESTS WITH SHAREHOLDERS

	Jun. 30		Dec. 31	
	2011	2010	2010	2009
Assets				
Cash, cash equivalents & restricted cash	$ 102,623	$ 53,091	$ 73,419	$ 41,074
Accts receivable, other receivables & prepaids	5,669	3,811	2,397	2,069
Mortgage notes receivable	94,045	36,260	74,594	38,800
Property and equipment, net	4,598	3,813	3,558	4,171
Deferred tax asset, net	160,033	170,909	164,253	124,079
Intangible assets, net	15,133	13,004	14,225	13,039
Other noncurrent assets	1,447	421	704	412
Total assets	$ 383,548	$ 281,309	$ 333,150	$ 223,644
Liabilities and Stockholders Equity				
Warehouse line of credit	$ 94,045	$ 36,260	$ 74,594	$ 38,800
Accrued current liabilities	26,724	13,398	18,605	8,751
Total debt (current and long term)	357	318	304	275
Deferred rent credit and other liabilities	4,003	3,028	2,897	3,292
Payable under tax receivable agreement	152,507	148,192	147,067	105,521
Total liabilities	277,636	201,196	243,467	156,639
Class A common stock	360	348	348	172
Additional paid in capital	63,697	62,029	62,485	28,498
Treasury stock	(490)	(296)	(396)	(173)
Retained earnings	39,801	14,626	22,895	12,004
Total stockholders equity	103,368	76,707	85,332	40,501
Noncontrolling interest	2,544	3,406	4,351	26,504
Total equity	105,912	80,113	89,683	67,005
Total liabilities and stocholders equity	$ 383,548	$ 281,309	$ 333,150	$ 223,644

PRODUCTION & PRODUCTIVITY
PAY FOR PERFORMANCE – ALIGNMENT OF INTERESTS WITH SHAREHOLDERS

	3 Months Ended June 30,		6 Months Ended June 30,		YTD Period Ended
	2011	2010	2011	2010	12/31/10
Total Volume (in billions)[1]	9.8	5.3	15.3	8.1	19.5
No. of Transactions[1]	324	140	507	253	689
Avg Deal Size (in millions)	30.5	38.1	30.1	32.2	28.3
Revenue	$ 72,897	$ 34,133	$ 114,833	$ 53,546	$ 139,972
Headcount	461	400	461	400	427
Revenue per employee (thousands)	158.1	85.3	249.1	133.9	327.8
Total Producers	177	168	177	168	171
Revenue per producer (thousands)	411.8	203.2	648.8	318.7	818.5

[1] Transaction volume is estimated based on the Company's internal database and is unaudited.

2Q 2011 VS 2Q 2010 TRANSACTION ACTIVITY
INTEGRATED CAPITAL MARKETS PLATFORM OF SERVICES

$9.89 Billion

2Q 2011

177 producers

Debt Placement [1]

2Q 2011 = $6.45 Bn

2Q 2010 = $1.46 Bn

+342.7%

Investment Sales [1]

2Q 2011 = $2.55 Bn

2Q 2010 = $1.40 Bn

82.6%

Loan Sales

2Q 2011 = $.61 Bn

2Q 2010 = $.33 Bn

+81.4%

Structured Finance

2Q 2011 = $.27 Bn

2Q 2010 = $.04 Bn

+512.0%

Private Equity [2] (HFF Securities)

2Q 2011 = $2.08 Bn

2Q 2010 = $1.68Bn

+23.8%

Commercial Loan Servicing

2Q 2011 = $25.75 Bn

2Q 2010 = $24.87 Bn

+3.6%

None of our services compete with the principal activities of our clients

[1] 2Q 2010 volume reflects the exclusion of one large portfolio transaction for which HFF handled the sale and provided debt placement. Note that when the volume for this one large transaction is included in the 2Q 2010 volume for both Debt and IS, the percentage change would reflect a 192% increase in debt volume and a 7% decrease in IS volume for the period.

[2] Active volume of discretionary funds. All transaction volume is estimated based on the Company's internal database and is unaudited.

HFF, Inc.

1H 2011 VS 1H 2010 TRANSACTION ACTIVITY
INTEGRATED CAPITAL MARKETS PLATFORM OF SERVICES

$15.26 Billion

1H 2011

177 producers

Debt Placement [1]

1H 2011 = $8.77 Bn

1H 2010 = $3.16 Bn

+177.4%

Investment Sales [1]

1H 2011 = $5.38 Bn

1H 2010 = $2.43 Bn

+120.9%

Loan Sales

1H 2011 = $.80 Bn

1H 2010 = $.36 Bn

+119.9%

Structured Finance

1H 2011 = $.32 Bn

1H 2010 = $.08 Bn

+311.9%

Private Equity [2] (HFF Securities)

1H 2011 = $2.08 Bn

1H 2010 = $1.68 Bn

+23.8%

Commercial Loan Servicing

1H 2011 = $25.75 Bn

1H 2010 = $24.87 Bn

+3.6%

None of our services compete with the principal activities of our clients

[1] 1H 2010 volume reflects the exclusion of one large portfolio transaction for which HFF handled the sale and provided debt placement. Note that when the volume for this one large transaction is included in the 1H 2010 volume for both Debt and IS, the percentage change would reflect a 124% increase in debt volume and a 42% increase in IS volume for the period.

[2] Active volume of discretionary funds. All transaction volume is estimated based on the Company's internal database and is unaudited.

BROKERAGE AND INTERMEDIARY RANKINGS – 2010 & 2011

➢ **According to mid-year 2011 broker rankings compiled by Real Estate Alert, HFF RANKED as follows:**

- **#1 TOP BROKER OF MALLS FOR FIRST HALF 2011**
- **#2 BROKER OF MULTI-HOUSING FOR FIRST HALF 2011**
- **#3 TOP BROKER OF SHOPPING CENTERS FOR FIRST HALF 2011**
- **#4 OFFICE BROKER DURING FIRST HALF 2011**
- **#6 INDUSTRIAL BROKER DURING FIRST HALF 2011**

Rankings for hotel and overall brokers have not yet been released by Real Estate Alert.

➢ **According to year-end 2010 brokerage rankings compiled by Real Estate Alert, HFF RANKED as follows:**

- **#3 OFFICE BROKER DURING 2010.**
- **#3 INDUSTRIAL BROKER FOR 2010.**
- **#3 MULTIFAMILY BROKER FOR 2010.**
- **#2 TOP BROKER OF MALLS FOR 2010.**
- **#3 TOP BROKER OF SHOPPING CENTERS FOR 2010.**
- **#3 BROKER OVERALL NATIONWIDE DURING 2010.**

➢ **According to the year-end 2010 commercial real estate/multi-housing finance intermediary rankings compiled by the Mortgage Bankers Association, HFF RANKED as follows:**

- **#1 for OVERALL TOTAL FINANCING ORIGINATION VOLUME DURING 2010**
- **#1 for LIFE COMPANY ORIGINATIONS**
- **#1 for CONDUIT ORIGINATIONS**
- **#1 for CREDIT COMPANY ORIGINATIONS**
- **#2 for FANNIE MAE ORIGINATIONS**
- **#3 for COMMERCIAL BANKS/SAVINGS INSTITUTION ORIGINATIONS**
- **#1 for HOTEL ASSET FINANCINGS**
- **#2 for OFFICE ASSET FINANCINGS**
- **#2 for RETAIL ASSET FINANCINGS**
- **#2 for MULTI-HOUSING ASSET FINANCINGS**
- **#2 FOR INDUSTRIAL ASSET FINANCINGS**

RECENT HFF HIGHLIGHTS

- **OPENED TAMPA, FLORIDA OFFICE in May 2011 with an immediate focus on investment sales.**

- **New AUSTIN OFFICE ADDED DEBT PLACEMENT LEADER AND CO-OFFICE HEAD in June 2011.**

- **In June, HFF WASHINGTON, D.C. ADDED SEASONED TRANSACTION PROFESSIONAL TO LEAD DEBT PLACEMENT TEAM IN D.C. AND CO-HEAD THE OFFICE.**

- **Team of SEASONED DEBT PRODUCERS joined WASHINGTON, D.C. OFFICE in mid-July.**

- **SEASONED DEBT PRODUCER RELOCATED FROM DALLAS TO ORANGE COUNTY, CALIFORNIA to Co-Head the Orange County office and lead the local debt team.**

- **In July, HFF HIRED AN INVESTMENT SALES BROKER IN PORTLAND ADDING A NEW LINE OF BUSINESS IN PORTLAND OFFICE.**

- **CREATED A NEW LEADERSHIP TEAM for its operating partnerships to replace their former Operating Committees. The Leadership Team includes approximately 40 of the firm's top professionals who have the overall leadership and management responsibilities of the firm's business for 2011. The Leadership Team consists of professionals spanning across each of HFF's lines of business, property and product specialties and all of its offices, and it also includes a new four-person Executive Committee, which has overall responsibility for implementing the strategic direction of the firm and the Leadership Team. The new structure of HFF's top line leadership is intended to enable better coordination and communication within the various platforms, specialties and offices to better serve our clients, and provide HFF with improved management capacity to further strategically grow its business as well as better identify future leaders of the business.**

Team Hires 2010

- Five-member multi-housing investment sales team, led by Sean Deasy, joined HFF Orange County.
- Two-member multi-housing investment sales team of **Jose Cruz** and **Kevin O'Hearn** joined HFF's New Jersey office adding investment sales as a platform specifically offered at our NJ office.

2010 Individual Hires

- Holden Lim: Hotel Transactions, San Francisco – November
- Mark Fallon: Loan Sales, Denver/Chicago – October
- Michael Nachamkin: Industrial IS, New Jersey – October
- Daniel O'Donnell: Loan Sales, Dallas - September
- Randy Baird: Industrial IS, Dallas – August
- Mark Petersen: Multi-housing IS, Orange Co. - August
- Stephen Skok: Debt Placement, Chicago – August
- Christopher Simon: Debt Placement, Los Angeles – August
- Paul Hsu: Hotel IS, Miami - June
- Blair Lang: IS, Dallas - April
- Gary Newman: Debt Placement, New York City - March
- Coler Yoakum: Single-tenant/Net lease, Dallas - February
- John Sebree: Multi-housing IS, Indianapolis - February
- Sam Brownell: Retail IS, San Francisco - January

Team Hires 2009

- Retail investment sales team led by **Ryan Gallagher** joined HFF Orange County marking the launch of investment sales platform in the Orange County office.
- Nine-member, multi-housing investment sales team led by **Craig LaFollette** joined HFF Houston.
- Investment sales team led by **Michael Leggett** and **Gerry Rohm** joined HFF San Francisco marking the beginning of several key expansion efforts for HFF on the west coast.

Recent Transaction Highlights

HFF, Inc.

919 Third Avenue
Office – Debt Placement

Borrower: SL Green Realty Corp. | Institutional Investors advised by JP Morgan Investment Management, Inc.

Lender: Metropolitan Life Insurance Company | Pacific Life Insurance Company

Notes: The property is a 47-story trophy office tower with ground floor retail located in Midtown Manhattan. As the tallest tower on Third Avenue, the property offers panoramic views of Manhattan and Central Park. The property is recognized as a leading law firm address and home to the iconic restaurant/pub, PJ Clarke's. The property's prominent office tenants include Debevoise & Plimpton LLP, Shulte Roth & Zabel LLP, BNP Paribas (S&P: A-) and Drafftcb (a division of Interpublic Group, S&P: BB).

Property Overview	
Location:	New York, New York
Asset Type:	Class A
Size:	1,338,901 SF – Office 30,418 SF – Retail 9,697 SF – Storage & Telecom 77,909 SF – Parking Garage **1,456,925 SF – Total** 1,561,427 SF – Re-measured
Occupancy:	100%
Year Built:	1971
Date Closed:	June 1, 2011

Financing Terms	
Total Financed:	$500,000,000
Type:	Fixed-Rate

HFF, Inc.

1285 Avenue of the Americas
Office – Debt Placement

Borrower: Institutional Investors advised by JP Morgan Investment Management Inc.
AXA Financial Equitable

Lender: MetLife Real Estate Investments

Property Overview	
Location:	New York, New York CBD (Core)
Asset Type:	Class A Trophy Office
Mixed-Use:	Ground Floor Retail
Size:	1,643,940 Square Feet
Occupancy:	100%
Year Built:	1961
Date Closed:	June 10, 2011

Financing Terms	
Total Financed:	$372,000,000
Type:	Fixed-Rate

Vertex Pharmaceuticals
Mixed-Use – Debt Placement

Borrower: Fifty Northern Avenue LLC/ Eleven Fan Pier Boulevard LLC

Lender: Confidential

Notes: Construction loan for a $767 million build-to-suit for Vertex Pharmaceuticals. The property will be two buildings comprising 1,132,000 SF of combination Corporate HQ/Laboratory buildings located on the Fan Pier waterfront site in Downtown Boston.

Property Overview	
Location:	50 Northern Avenue Boston, MA 02110
Property Types/Occupancy	
Office/Lab Retail	1,042,000 SF/ 94% 40,000 SF/ 5%
Tenants:	Vertex Pharmaceuticals Inc
Total Size (SF):	1,080,000
Year Built:	N/A
Date Closed:	June 2011

Financing Terms	
Total Financed:	$355,000,000
Type:	Construction Loan
LTC:	Approximately 50%

America's Square
Office – Debt Placement

Client: Dweck Properties

Lender: **MetLife Real Estate Investments ($220,000,000)**

Mezzanine: **First Potomac Realty Trust ($30,000,000)**

Notes: A 93% leased Trophy office complex in the Capitol Hill area of Washington, D.C. Main tenants include Jones Day, Siemens and Comcast. Lenders structured around large rent abatements with interest reserve.

Property Overview	
Location:	**51 Louisiana Avenue & 300 New Jersey Avenue Washington, DC**
Asset Type:	Class A Office
Mixed-Use:	No
Size:	461,271 SF
Occupancy:	93%
Year Built:	1935/ 2009
Date Closed:	April 15, 2011

Financing Terms	
Total Financed:	$250,000,000
Type:	First Trust/ Mezzanine
LTV:	65%
Term:	5 Years
Debt Yield:	7.8% stabilized

The Breakers Resort
Multi-Housing – Debt Placement

Borrower: The Bascom Group and Koelbel & Company

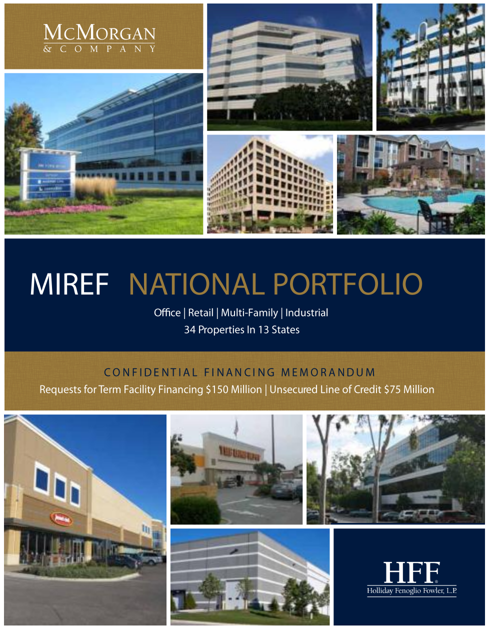
Lender: ING Americas Corporate Real Estate Group (first trust deed)
Blackstone (mezzanine loan)

Total Project Capitalization: $167,000,000

Property Overview	
Location:	Denver, Colorado
Asset Type:	6 Village Class "A" Apartment Community
Mixed-Use:	No
Size:	1,523 Units
Occupancy:	96%
Year Built:	1990 - 1996
Date Closed:	June 2011

Financing Terms	
Total Financed:	$167,000,000 $132,000,000 First Trust Deed $35,000,000 Mezzanine Loan
Type:	Fixed-rate, Non-Recourse
LTV:	80%
Interest Rate:	4.6% combined rate
First Trust Deed Pricing:	30 Day LIBOR + 300 (no floor)
Mezzanine Pricing:	30 Day LIBOR + 975
Term:	Four-Year with one-year extension option
Debt Yield:	6.8% combined

MIREF National Portfolio
Office, Retail, Multi-housing and Industrial – Debt Placement



Borrower: McMorgan & Co.

Lender: Confidential

Notes: Thirteen (13) cross-collateralized loans with a loan amount of $134,760,000. Loan tranched into 3, 5, 7 and 10 year maturities.

Property Overview	
Location:	13 Assets in 8 States
Asset Types:	Office | Retail | Multi-Family | Industrial
Mixed-Use:	Yes
Size:	2,849,902 Square Feet
Occupancy:	90%
Year Built:	Various
Date Closed:	May 2011

Financing Terms	
Total Financed:	$134,760,000
Type:	Fixed Rate
Term:	3, 5, 7 & 10-Year Fixed

Allegro Residences
Multi-Housing – Debt Placement

Borrower: **Federal Capital Partners**

Lender: **Aareal Bank**

Notes:

•297-unit, mid-rise luxury apartment building blocks away from the Columbia Heights metro station.

•Property delivered in 2009 and was selected by Delta Associates as the Most Innovative Design in 2009 and the 2010 Best Lease-Up Pace for a Washington, DC Apartment Community, with a monthly lease up rate of 17 units.

•Property provides easy access to job centers across the DC metro area.

•Tenants have convenient access to abundant neighborhood retail amenities , including a Super Giant grocery store, Target, Bed Bath & Beyond, CVS, Best Buy and a wealth of dining and night life options.

Property Overview	
Location:	3460 14th Street, NW Washington, DC 20010
Asset Type:	Class A Apartment Building
Size:	297 units/ Ground floor retail
Occupancy:	94%
Year Built:	2009
Date Closed:	June 2011

Financing Terms	
Total Financed:	$80,500,000.00
Type:	Adjustable-rate
LTV:	59.6%
Interest Rate:	L+275 bps, reducing to L+250 upon 9% Debt Yield
Index:	90-Day Libor
Spread:	275 bps, reducing to 250 bps
Term:	5 Years
Debt Yield:	8.16%

The Shoppes at Chino Hills
Retail – Debt Placement

Borrower: Confidential

Lender: Citigroup Global Markets, Inc. (CMBS)

Date Closed: June 2011

Property Overview	
Location:	Chino Hills, CA
Asset Type:	Lifestyle Center
Mixed-Use:	Yes (retail/office)
Tenants:	Victoria's Secret, Coldwater Creek, Banana Republic, Chino's, H&M, Trader Joe's, Barnes and Noble, Yardhouse, PF Chang's
Size:	379,392 SF
Occupancy:	87%
Year Built:	2008

Financing Terms	
Total Financed:	$61,000,000
Type:	Fixed Rate
LTV:	65%
Interest Rate:	5.2%
Index:	10 Year Treasury
Spread:	190
Term:	10 Years
Debt Yield:	10.4%

Seminole Towne Center Mall
Retail – Debt Placement

Borrower: Simon Property Group & an institutional investor advised by Heitman

Lender: Citigroup

Date Closed: May 5, 2011

Notes:

- Refinance of a regional mall anchored by a Macy's, Dillard's, JCPenney, Sears and H&M.
- High Volume Retail Venue with over nine million visitors annually.
- Challenges during our debt placement efforts included a vacant department store (Belks) and inline sales below $300/SF

Property Overview	
Location:	Sanford (Orlando), Florida
Asset Type:	Regional Mall
Mixed-Use:	No
Tenants:	Macy's, Dillards, Sears, JC Penney, H&M
Occupancy:	98%
Year Built:	1995

Financing Terms	
Total Financed:	$60,000,000
Type:	Fixed
LTV:	60%
Index:	10 year swap
Spread:	240
Term:	10 years
Debt Yield:	13%

Station Landing: Residential Portfolio + Boston Sports Club
Mixed-Use – Debt Placement

Borrower: A joint venture between ASB Realty and National Development

Lender: Cornerstone Real Estate Advisers

Notes: The first mortgage collateral consists of Arborpoint @ Station Landing (292 luxury apartments, 67,017 square feet of retail and a 4,683 square foot retail outparcel), 75 Station Landing (168 luxury apartments and 8,594 square feet of retail) and the 50,000 sf Boston Sports Club which together represent 100% of the MF and retail at Station Landing in Medford, Massachusetts. Station Landing lies along the Mystic River adjacent the MBTA Wellington Station and is approximately 10 minutes from Boston's Financial District.

Property Overview	
Location:	Station Landing Medford, MA
Property Types/Occupancy	
Retail Multi housing Sports Club	80,294 SF/ 100% 460 Units/ 97% 50,000 SF / 100%
Tenants:	BSC, Walgreen's, Starbucks
Total Size (SF):	139,180 SF
Year Built:	2009
Date Closed:	May 2011

Financing Terms	
Total Financed:	Confidential
Type:	Fixed
LTV:	70%
Interest Rate:	4.79%
Index:	Swaps
Spread:	175 bps
Term:	7 years
Debt Yield:	9.0%

Roosevelt Collection
Mixed-Use – Investment Sale

Property Overview	
Location:	Chicago, IL
Property Types/Occupancy	
Retail Multi housing Parking Stalls Development Parcels Parcel A Parcel B	398,384 SF / 22.6% 342 Homes, 312,668 SF / 92.7% 1,482 11,251 SF of land area 79,971 SF of land area
Purchase Price: **Price PSF:**	$159,850,000 $224.81 PSF
Total Size (SF):	711,052 SF
Year Built:	2009
Date Closed:	June 2011

Seller: Centrum Properties Inc. & Bank of America

Buyer: McCaffery Interests, Inc.

Market Reception: HFF received interest from operators and capital partners as well as capital providers on a direct basis. In aggregate HFF distributed 768 executive summaries and received 120 CA's.

Competitive Bid Profile: Operators partnered with equity capital providers. All equity purchase offers.

Notes:

HFF was engaged to sell the property by its original developer, Centrum Properties in partnership with Angelo Gordon. The asset was delivered into the worst part of the 2008/2009 recession and the retail space did not lease. However, the apartment component leased very quickly and provided a stable source of cash flow for the buyer groups. HFF was able to maximize investor pricing by pushing underwriting on the retail component and the future value of development rights.

Bressi Ranch Village Center
Retail – Investment Sale

Seller: LNR CPI Bressi Retail, LLC

Buyer: Cornerstone Real Estate Advisers, LLC

Market Reception: 194 Executed CA's, 31 Tours, 18 Offers

Competitive Bid Profile: Institutional & Private REITs

Date Closed: May 24, 2011

Notes:

- Core dual grocery anchored center (Stater Bros. and Trader Joe's) located in the master planned community of Bressi Ranch in Carlsbad, CA
- 95% leased with limited rollover exposure through 2015. The center's major tenants Stater Bros., Trader Joe's, Unleashed by PetCo, and JP Morgan Chase all have lease terms of at least 10 years
- Built in 2009

Property Overview	
Location:	2623-2687 Gateway Road Carlsbad, CA 92009
Asset Type:	Dual Anchored Retail Center
Mixed-Use:	
Tenants:	Stater Bros. Markets, Trader Joe's, Unleashed by PETCO, Tommy V's Urban Kitchen & Bar, JP Morgan Chase, Rubio's, Souplantation Express, Peet's Coffee
Size:	111,403 SF
Occupancy:	95%
Year Built:	2009

Financial Overview	
Purchase Price:	Confidential
Est. IRR (Unlev/Lev):	7.52% Unlev / 9.80% Lev

HEADWINDS OR OPPORTUNITIES? – HFF IS WELL POSITIONED!

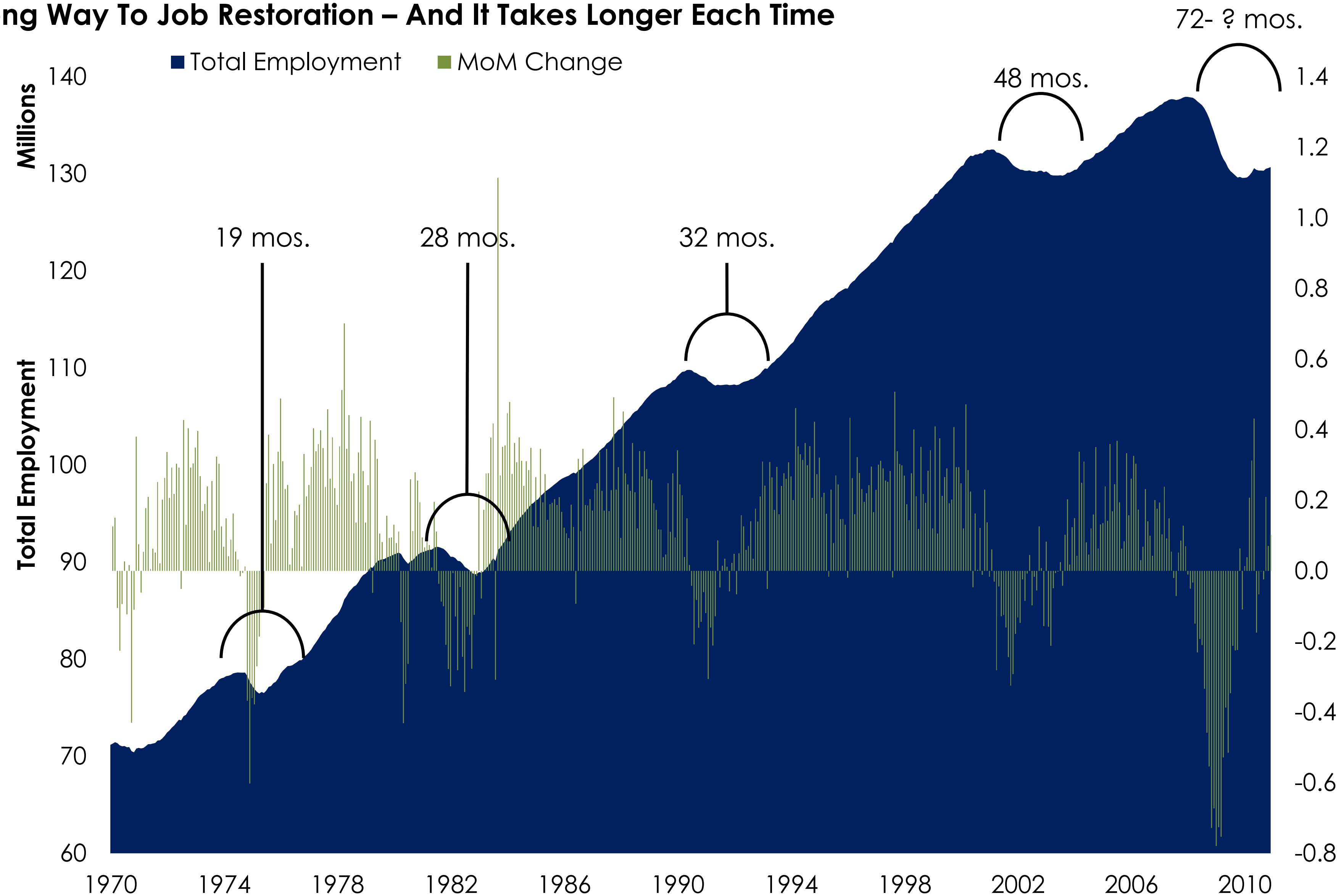
REGARDLESS…

THESE ARE ALL OPPORTUNITIES FOR HFF!

HFF, Inc.

IT IS ALL ABOUT JOBS!
CURRENT JOB GROWTH IS NOT SUFFICIENT TO MATERIALLY CHANGE UNEMPLOYMENT
JOB CUTS IN GOVERNMENT (FEDERAL, STATES & CITIES) LIKELY TO OFFSET PRIVATE SECTOR GROWTH

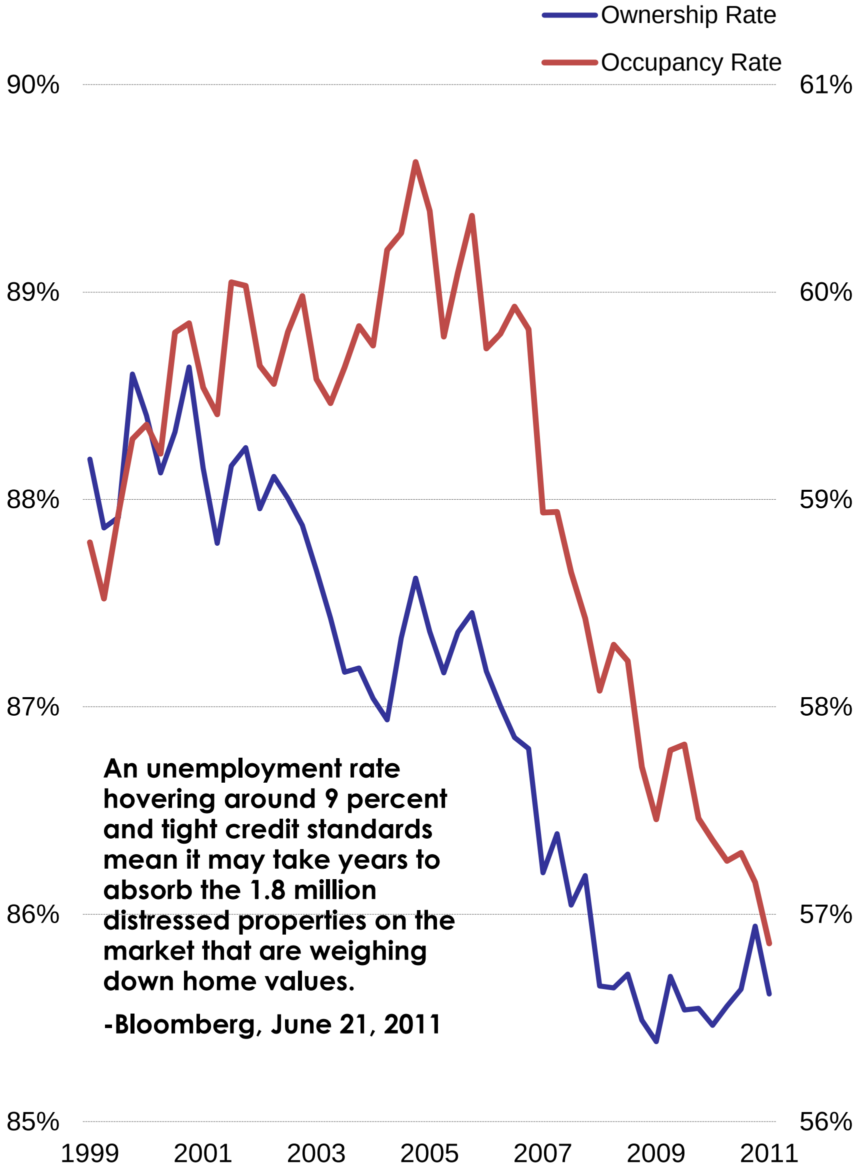
Long Way To Job Restoration – And It Takes Longer Each Time



Source: Bloomberg

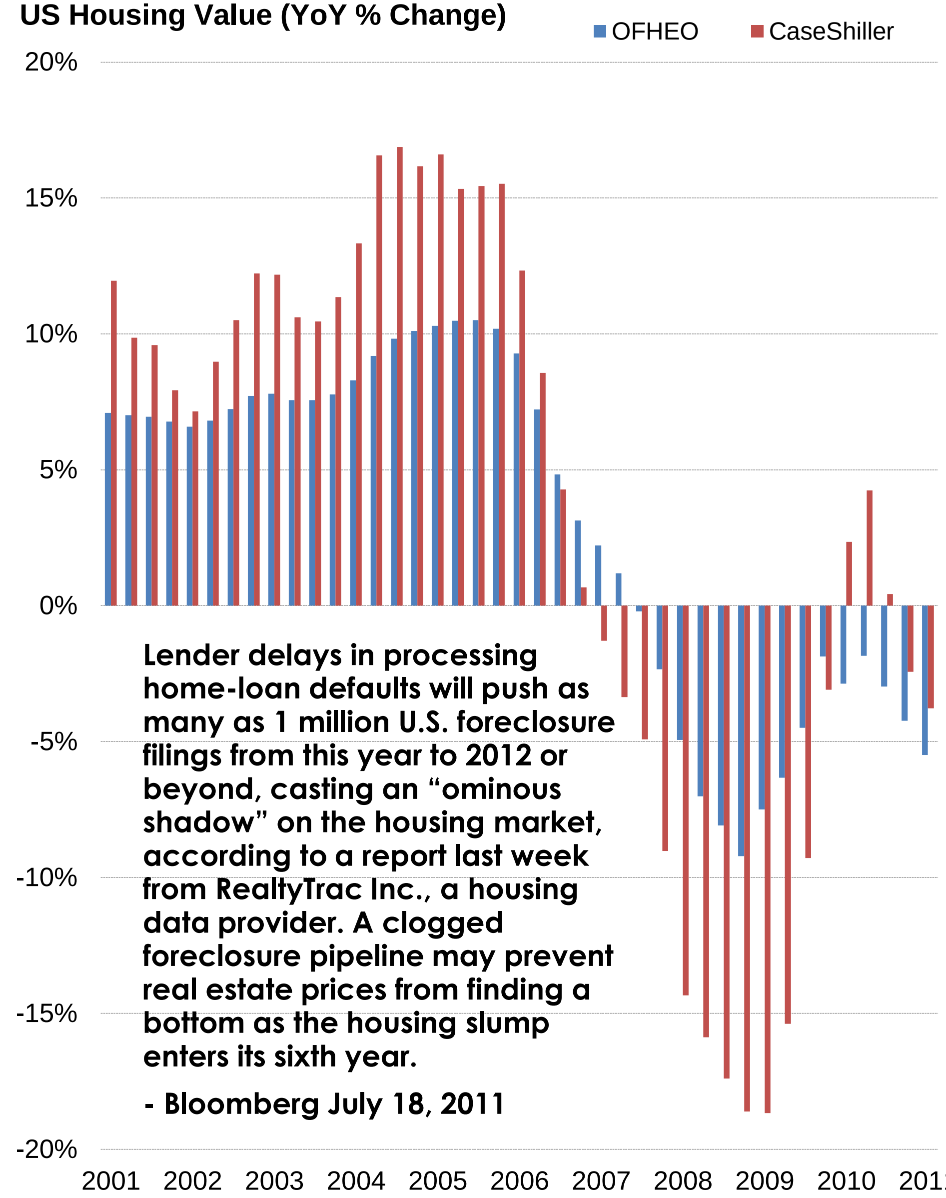
IF IT IS NOT ABOUT JOBS – IT IS ABOUT HOUSING!
CURRENTLY A NEGATIVE FOR THE ECONOMY AND THE CONSUMER
IMPACT ON PROPERTY LEVEL FUNDAMENTALS

US Homeownership & Occupancy Rates



Source: US Census Bureau

US Housing Value (YoY % Change)



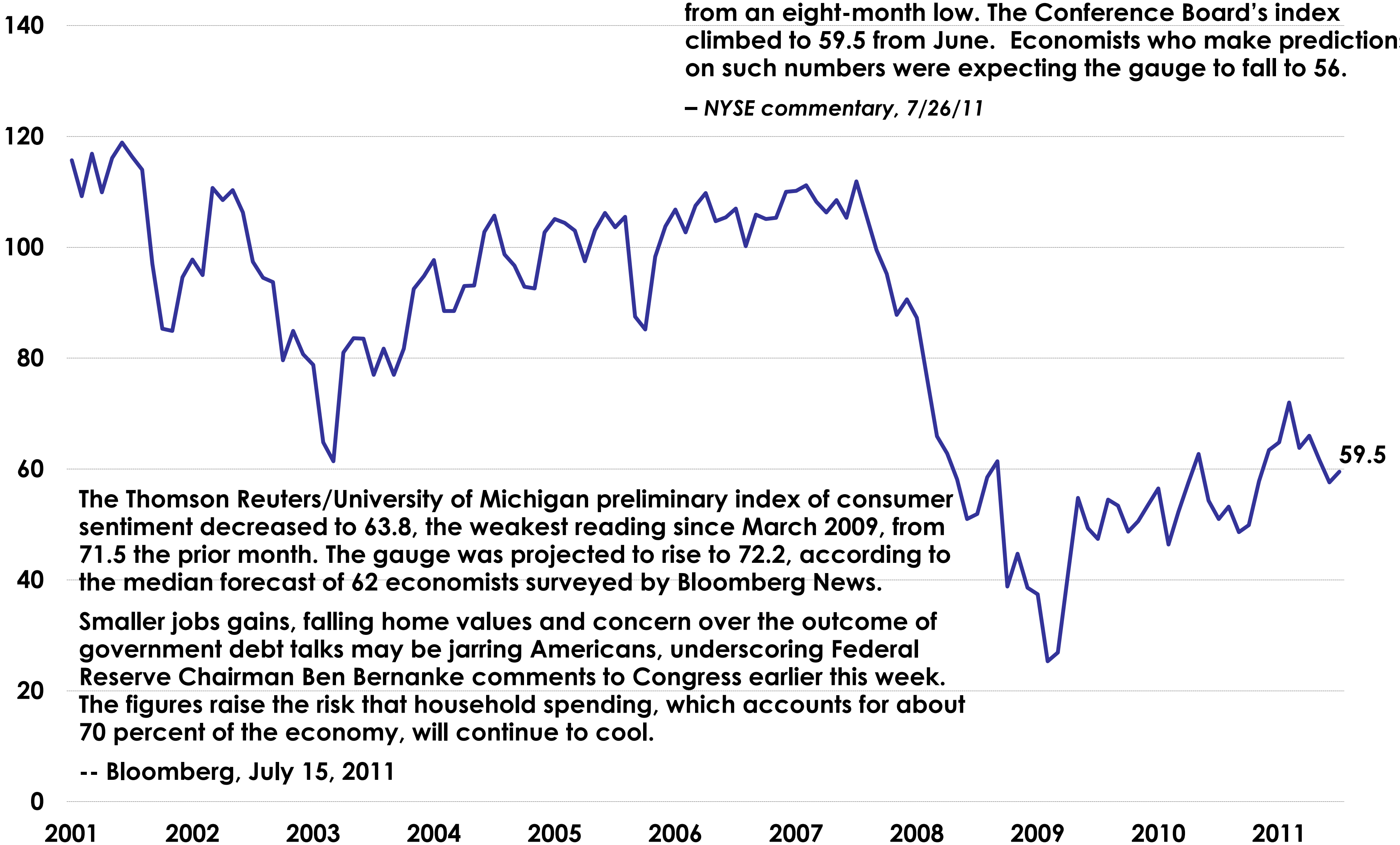
HFF, Inc.

IT IS ABOUT JOBS, IT IS ABOUT HOUSING AND THE CONSUMER!
CONSUMER CONFIDENCE IMPROVEMENT HAS STALLED - BUT CONSUMPTION IS 65%+/- OF GDP WITHOUT SUSTAINED JOB GROWTH CONSUMERS WILL BE RELUCTANT TO SPEND

Consumer Confidence

Confidence among U.S. consumers unexpectedly rose in July from an eight-month low. The Conference Board's index climbed to 59.5 from June. Economists who make predictions on such numbers were expecting the gauge to fall to 56.

– NYSE commentary, 7/26/11



The Thomson Reuters/University of Michigan preliminary index of consumer sentiment decreased to 63.8, the weakest reading since March 2009, from 71.5 the prior month. The gauge was projected to rise to 72.2, according to the median forecast of 62 economists surveyed by Bloomberg News.

Smaller jobs gains, falling home values and concern over the outcome of government debt talks may be jarring Americans, underscoring Federal Reserve Chairman Ben Bernanke comments to Congress earlier this week. The figures raise the risk that household spending, which accounts for about 70 percent of the economy, will continue to cool.

-- Bloomberg, July 15, 2011

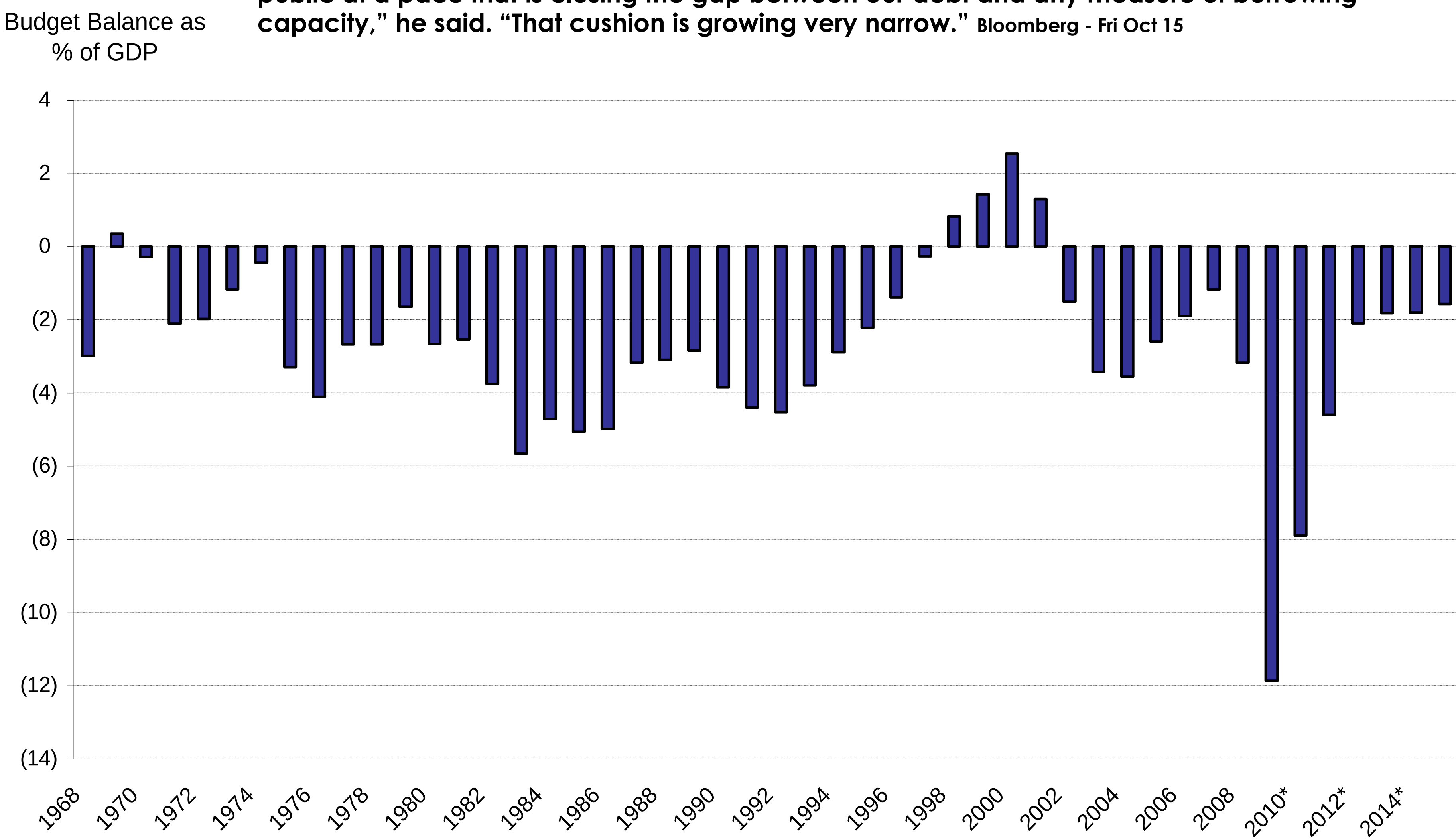
Source: Bloomberg

Last data point = July 2011

U.S. DEFICIT – THE TREND IS DEFINITELY NOT OUR FRIEND
"OFF BALANCE SHEET" UNFUNDED ENTITLEMENT PROGRAMS NOT ADDRESSED
BUILDING PRESSURE ON TAXES, THE DOLLAR AND INTEREST RATES

What about Healthcare, Social Security and Medicare?

"We're involved in a dangerous game," Greenspan said. "We're increasing the debt held by the public at a pace that is closing the gap between our debt and any measure of borrowing capacity," he said. "That cushion is growing very narrow." **Bloomberg - Fri Oct 15**

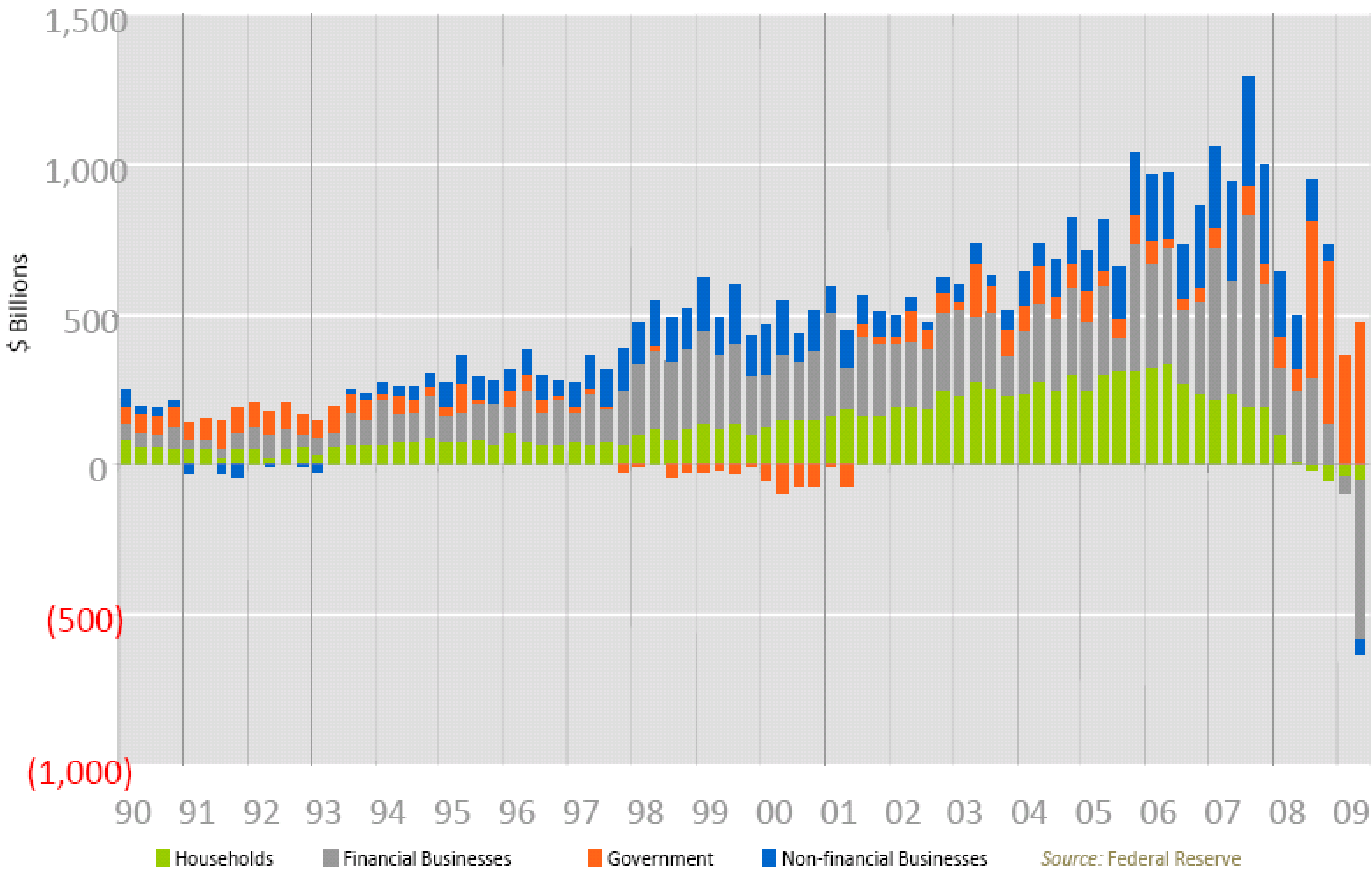


Source: Congressional Budget Office; *2009 – 2015 projections

HFF, Inc.

EXCEPT FOR U.S. GOVERNMENT (QE 1 & QE 2) THERE IS MASSIVE DELEVERAGING ON ALL FRONTS AND BANKS ARE FLUSH WITH CASH – IS QE 3 AROUND THE CORNER? HAS THE FED CREATED A FINANCIAL ASSET BUBBLE???

WHAT HAPPENS WHEN $2.1 TRILLION IS WITHDRAWN BY THE FED?



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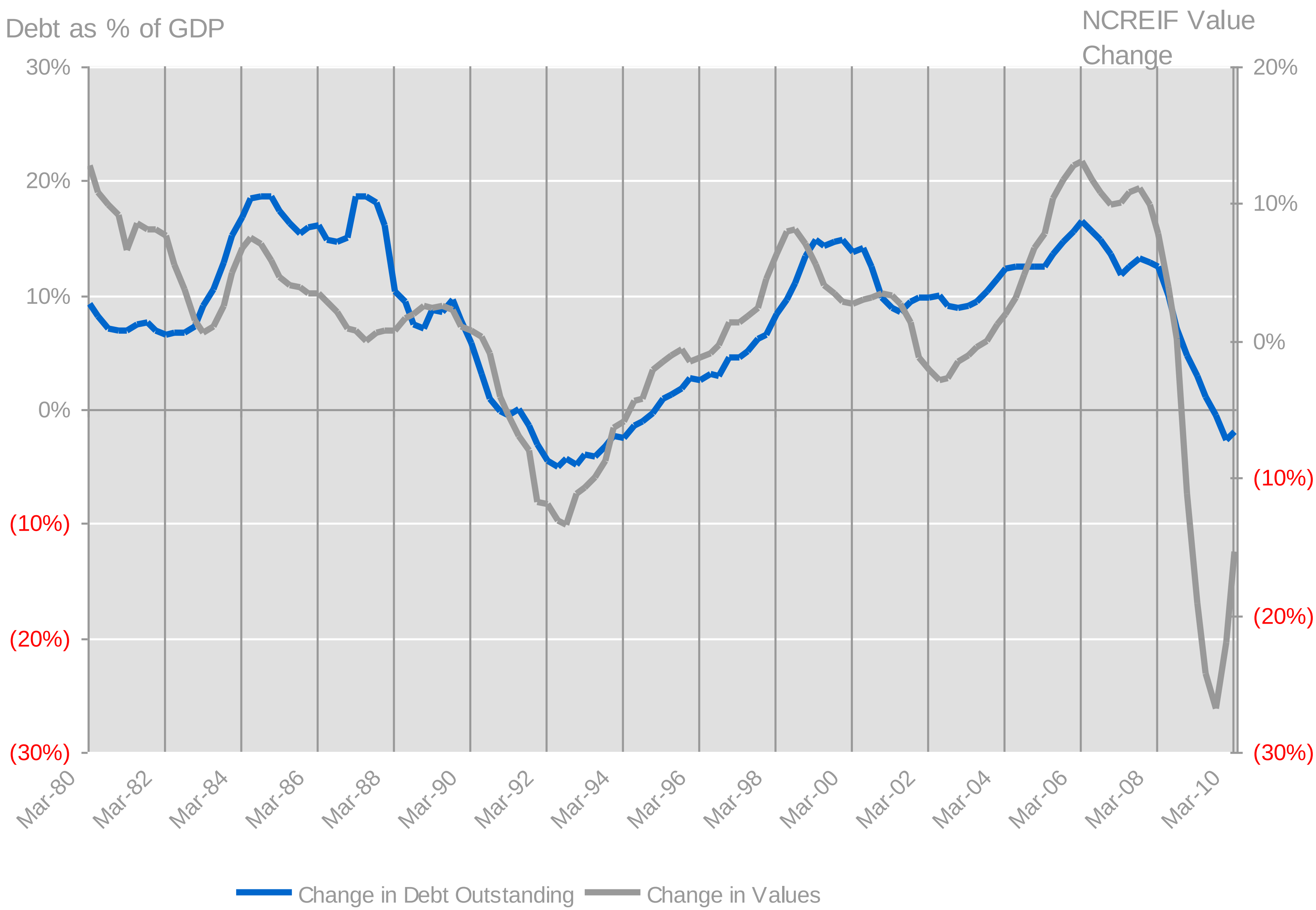
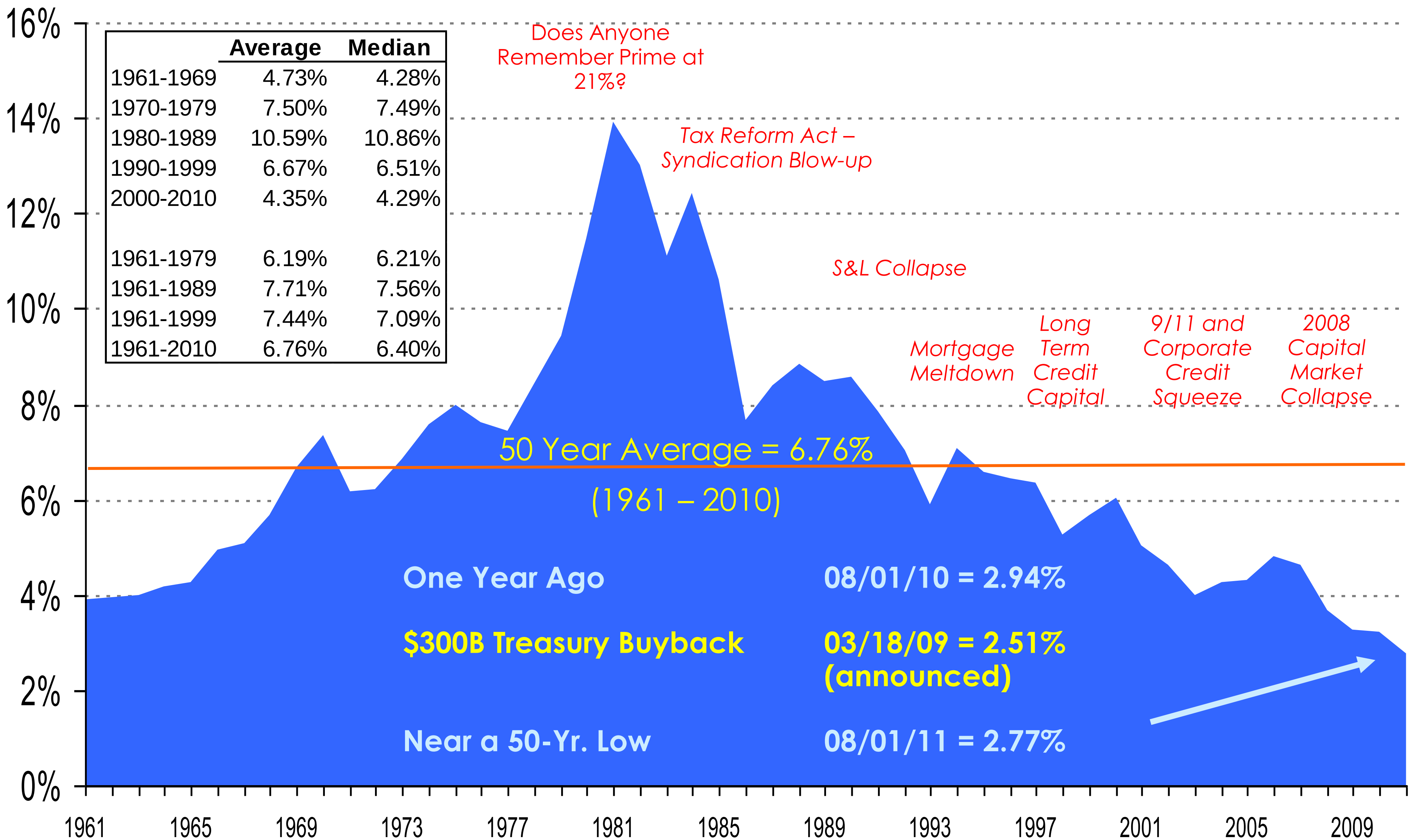
PROPERTY VALUES ARE STRONGLY RELATED TO DEBT



Source: Federal Reserve, Moody's Economy.com, NCREIF

50 YEAR HISTORY OF THE 10-YEAR TREASURY
THE AVERAGE IS NOT A FRIEND TO THE RECENT TREND

	Average	Median
1961-1969	4.73%	4.28%
1970-1979	7.50%	7.49%
1980-1989	10.59%	10.86%
1990-1999	6.67%	6.51%
2000-2010	4.35%	4.29%
1961-1979	6.19%	6.21%
1961-1989	7.71%	7.56%
1961-1999	7.44%	7.09%
1961-2010	6.76%	6.40%



Source: The Department of the Treasury

HFF, Inc.

WHERE DID THE 10-YEAR 80% LTV - 5% TO 6% INTEREST ONLY LOANS GO?
CURRENT "ALL IN COUPONS" & WHAT HAPPENS IF WE REVERT TO AVERAGE?
CAP RATE IMPLICATIONS

Current "All In Coupons" – "Floors" - Range From 4.00% to 5.50%

Life Co's & Banks LTV's Range from 50% to 75% - Agencies 70% to 80%

Amortizations Range From 25 to 30 Years (some I/O for low leverage)

Results In Loan Constants Ranging From 5.73% to 7.37%

What if We Revert To The Average Index and Spread – Sound Familiar?

Impact For Cap Rates - Who Will Buy On Negative Leverage?

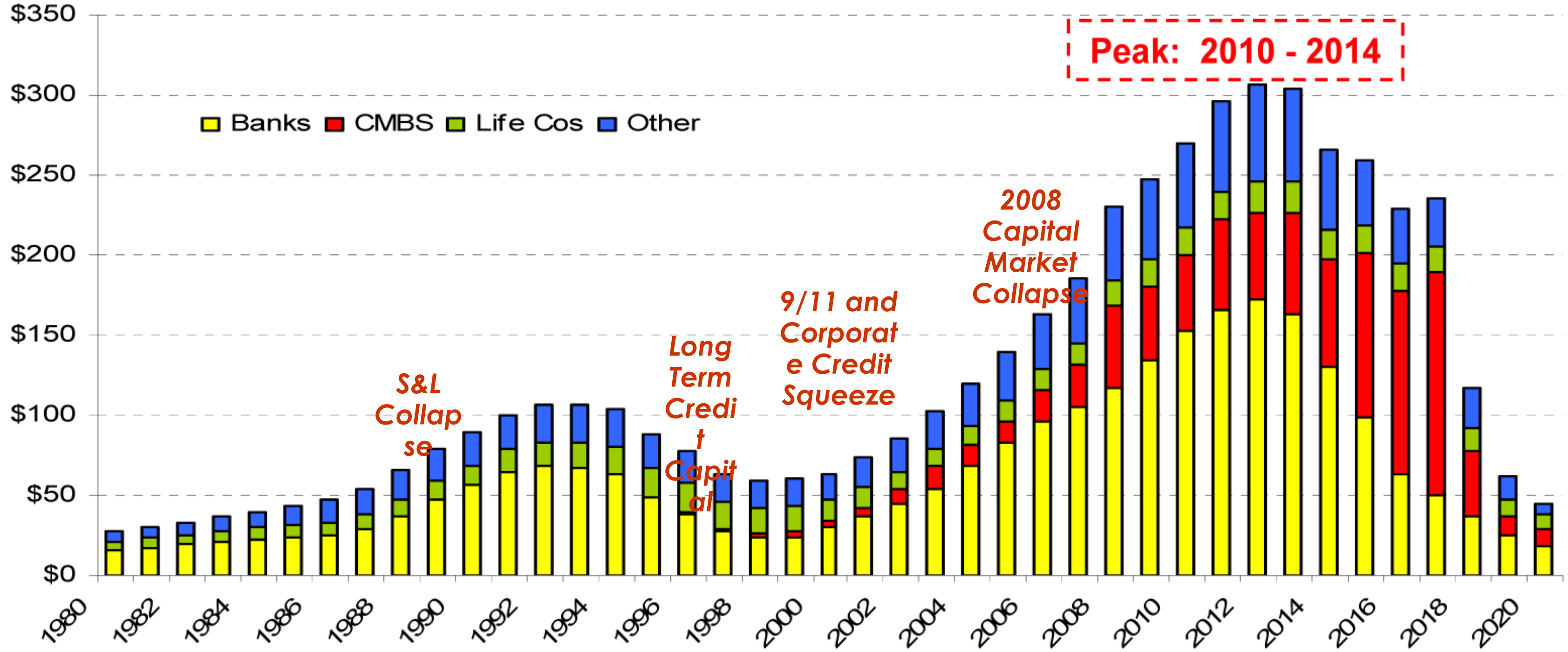
50 Yr. Avg. (1961-2010)	6.76%		50 Yr. Avg. (1961-2010)	6.76%
Avg Spread			Avg Spread	
(1988 to 2008)	1.75%		(1990 to 2000)	1.85%
All In Coupon	8.51%		All In Coupon	8.61%
30 Yr. Amort.Constant	9.30%		30 Yr. Amort.Constant	9.38%
25 Yr. Amort.Constant	9.73%		25 Yr. Amort.Constant	9.81%

WHAT MAKES IT EVEN WORSE FOR BORROWERS IS THE DROP IN LTV'S BASED ON DRAMATICALLY DIFFERENT UNDERWRITING BY THE LENDERS THAN IN 2005 TO 2007 COUPLED WITH LOWER NOI'S AND CASH FLOWS COMPARED TO THE SAME PERIOD

MUCH ADO ABOUT NOTHING OR WHAT HAPPENS TO ALL THIS MATURING DEBT? TRANSITIONAL ASSETS AND SECONDARY MARKET

Of the approximate $3+ trillion of debt outstanding:

Banks have approximately $2 trillion of core commercial real estate loans on their books; CMBS accounts for $1 trillion and life companies are approximately $300 billion of direct loans maturing throughout the coming decade.



Servicers are liquidating soured commercial property loans bundled into bonds at an "anemic" pace as large mortgages delay the process, creating uncertainty as to the size of losses, according to Credit Suisse Group AG Of nearly 4,900 troubled loans, 86 totaling $494 million were liquidated last month, Credit Suisse analysts Serif Ustun and Sylvain Jousseaume in New York wrote in a July 23 report. More than 80 percent of those loans were less than $10 million and the largest had only $27 million in balance, the analysts said.

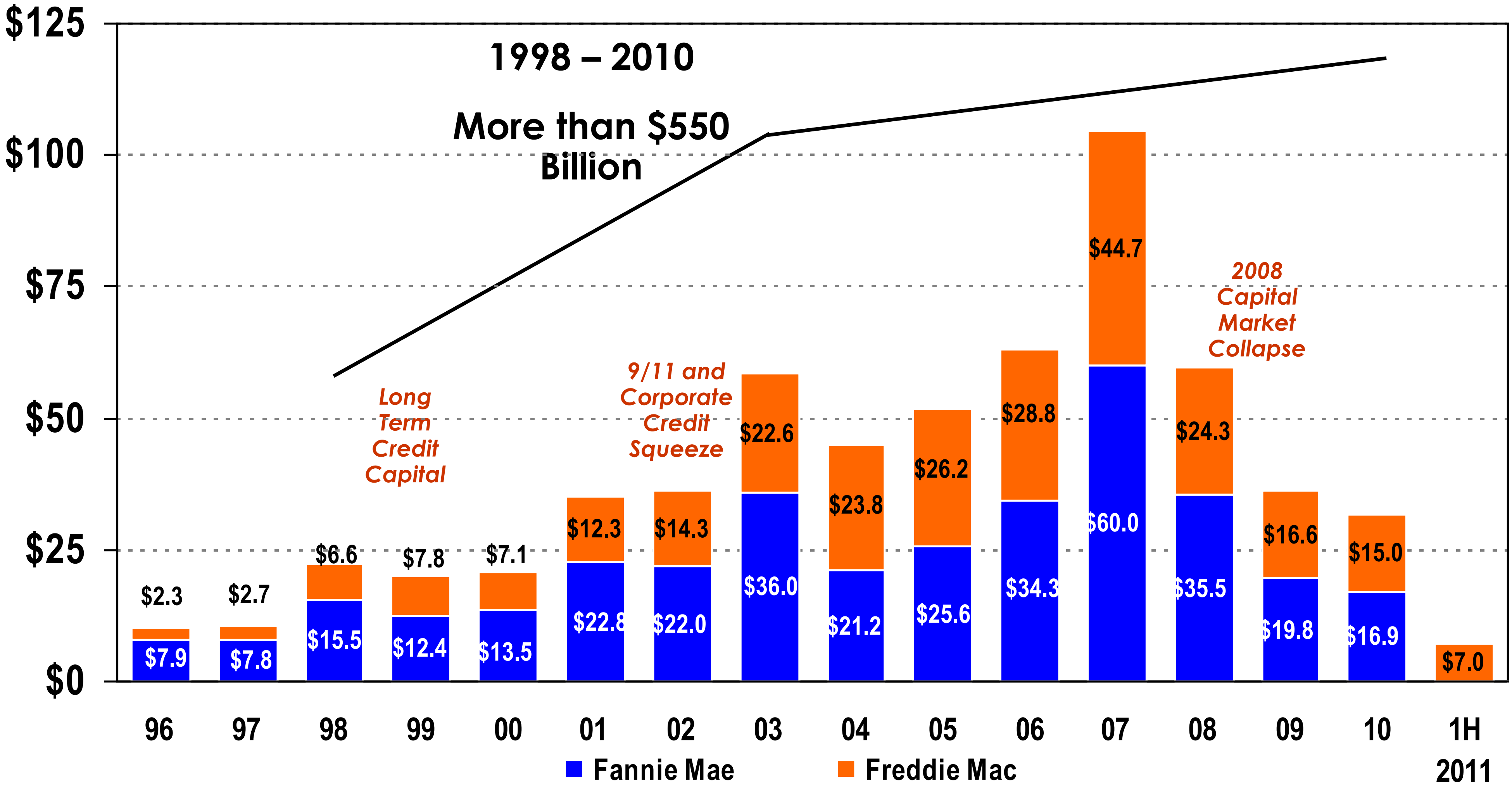
Bloomberg July 26, 2010 Sarah Mulholland.

* Maturity timing is estimated -Source: Deutsche Bank – January 2010

HISTORICAL FANNIE MAE AND FREDDIE MAC PRODUCTION – WHAT HAPPENS IF THEY GO AWAY? ONLY SOURCE OF "ONE STOP" 70% TO 80% LTV LENDING FOR MULTIHOUSING…BUT THE AGENCIES ARE OWNED BY THE U.S. GOV'T AND IN CONSERVATORSHIP!

HFF IS THE LEADING DEBT INTERMEDIARY IN THE U.S. AND DOES BUSINESS WITH LIFE COMPANIES, BANKS, CMBS, MORTGAGE REITS, DEBT FUNDS AS WELL AS THE AGENCIES

(in billions)



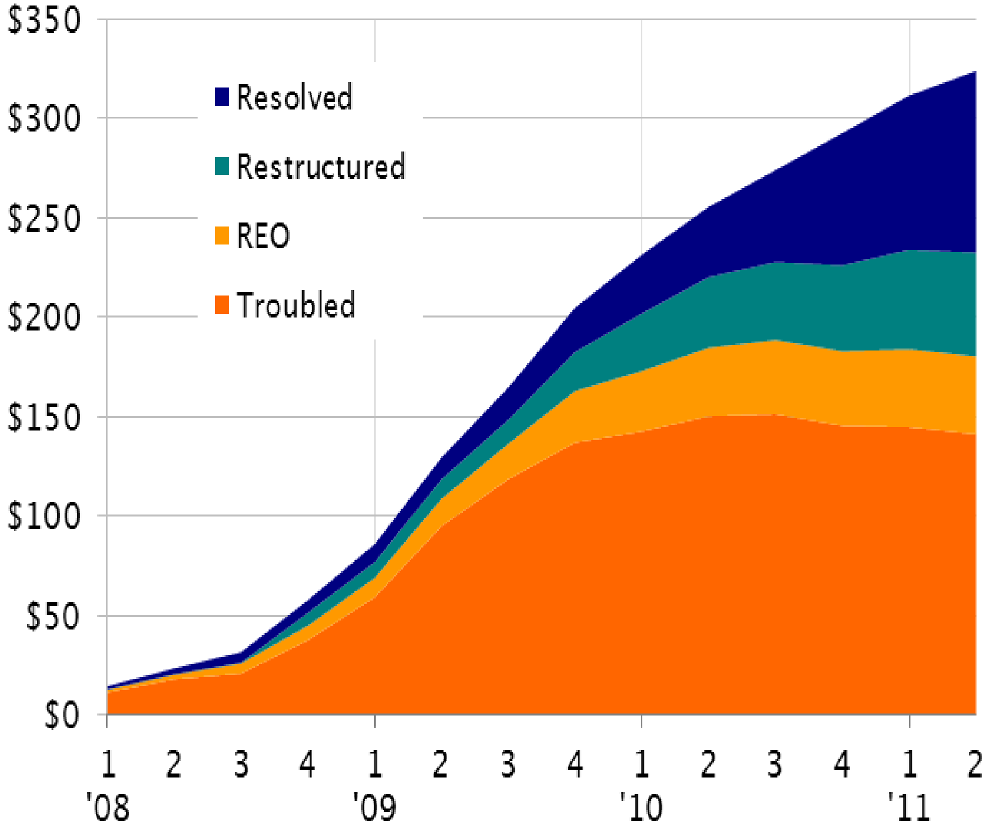
HFF Commentary: Freddie has closed $7b through June 2011; mid-year data for Fannie is not available however they are believed to be on track to exceed their 2010 annual total.

Sources: Fannie Mae, Freddie Mac. Historical data includes all agency business including the purchase of CMBS loans which is not occurring in today's environment. 2008 and current data is a more realistic depiction of agency "normal one-off flow" business.

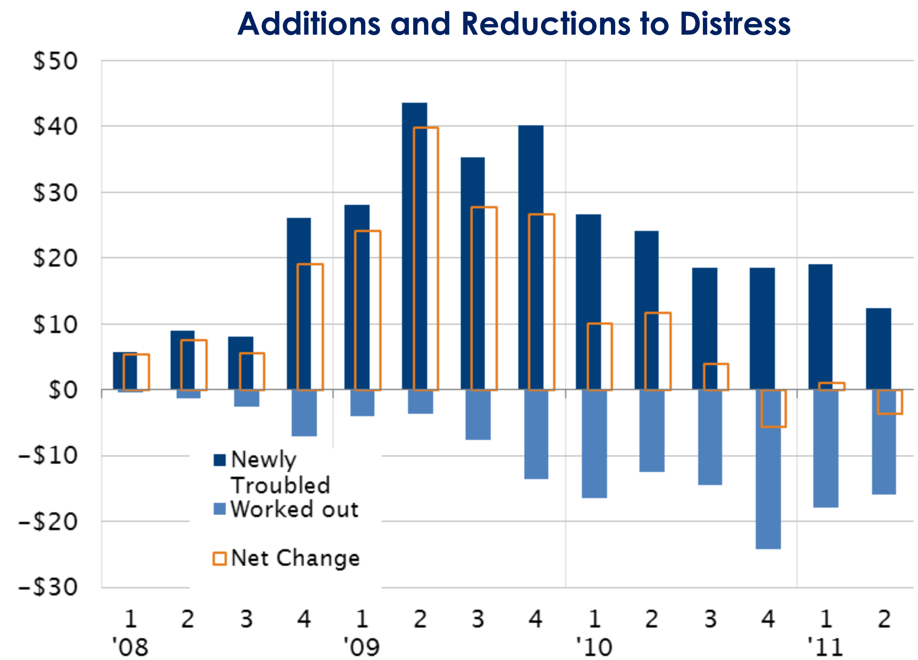
HFF, Inc.

DISTRESSED UNRESOLVED ASSETS BUILDING COUPLED WITH DETERIORATING PROPERTY FUNDAMENTALS (ALBEIT MORE SLOWLY) AND MATURITY DEFAULTS WHAT ABOUT THE BANKS BALANCE SHEET LOANS? – MUCH LARGER THAN CMBS

CUMULATIVE OUTSTANDING DISTRESS VOLUME ($b)



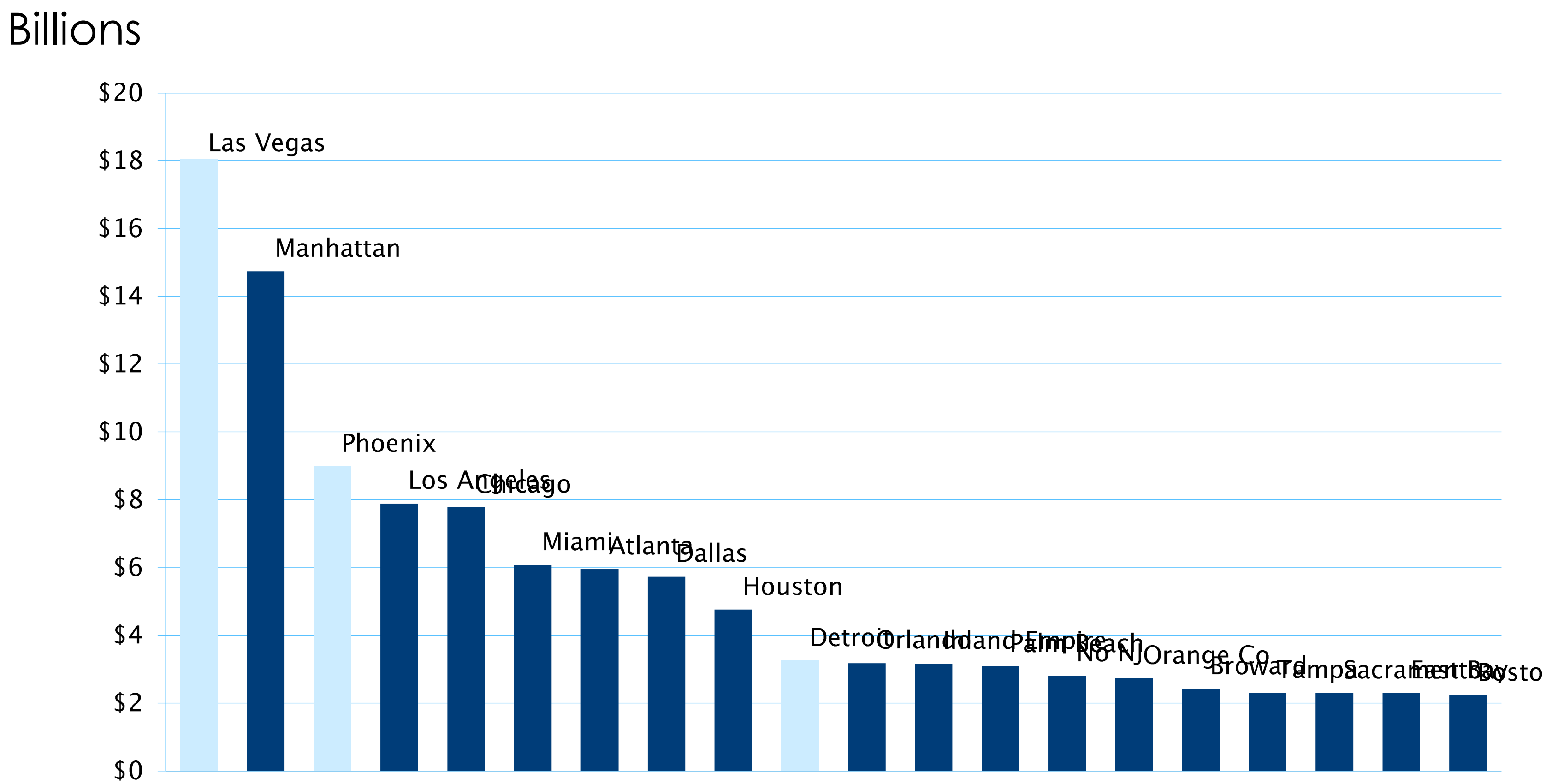
CUMULATIVE DISTRESS ($b)	
Resolved	$91.2
Restructured	$52.2
REO	$39.1
Troubled	$141.4
TOTAL	**$323.9**



Source: Real Capital Analytics

HFF OFFICES (WELLHEADS) ARE STRATEGICALLY LOCATED - EXPERIENCED PRODUCERS WITH ALL THE TOOLS - SPECIAL ASSETS GROUP, INVESTMENT & LOAN SALES GROUP, DEBT & STRUCTURED FINANCE GROUP, INVESTMENT BANKING & ADVISORY SERVICES & SERVICING

DISTRESSED VOLUME BY MARKET



Dark blue bars indicate markets where HFF either has an office or the market is covered from a large regional office in the state.

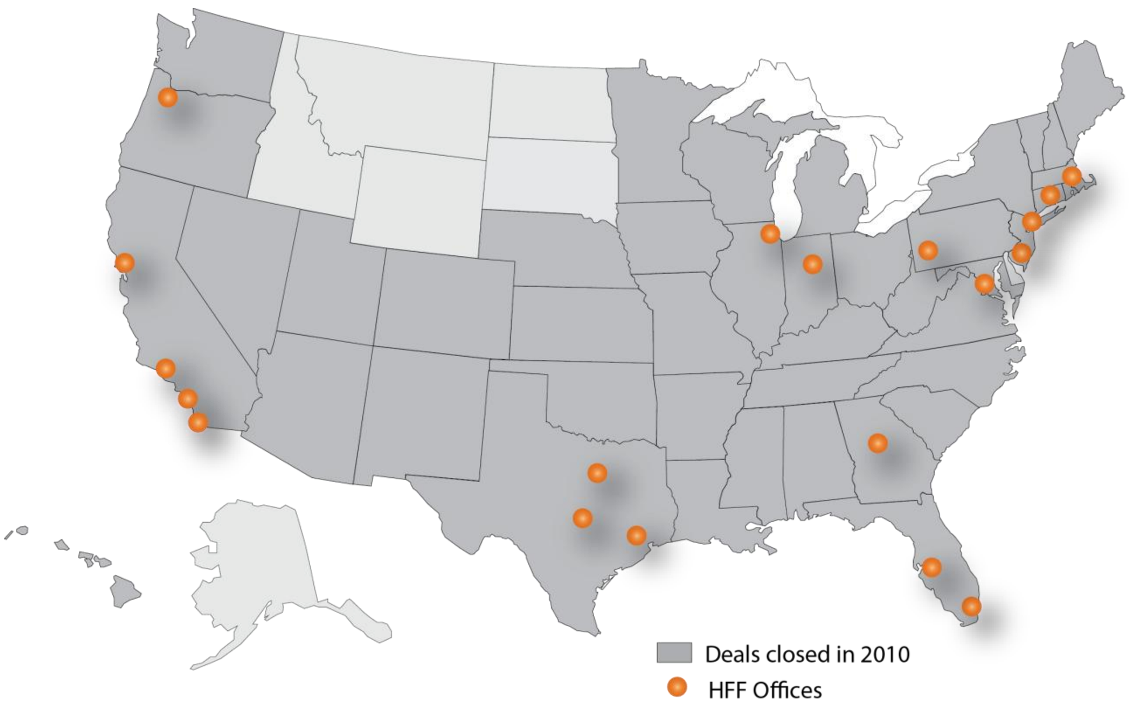
Source: Real Capital Analytics, Mid-Year 2011

HFF, Inc.

HFF OFFICES (WELLHEADS) ARE STRATEGICALLY LOCATED - EXPERIENCED PRODUCERS SPECIAL ASSETS GROUP, INVESTMENT & LOAN SALES GROUP, DEBT & STRUCTURED FINANCE GROUP, INVESTMENT BANKING & ADVISORY SERVICES & SERVICING – HFF HAS ALL THE TOOLS!

Description

- 19 production offices across 13 states with 461 associates[1]
- 2010 Transaction Activity – 43 states and Washington, D.C.



Notes:

1. As of 6/30/2011

Transactions represented on map are estimated based on the Company's internal database and are unaudited.

Office Statistics

Location	Total Transaction Professionals(1)	Platform Service Offerings (out of 6 total)
Tampa	2	✓
Austin	2	✓✓
Hartford	1	✓✓
Portland	3	✓✓
Atlanta	7	✓✓✓
Indianapolis	4	✓✓✓
Miami	11	✓✓✓
New Jersey	7	✓✓✓
Orange County	8	✓✓✓
San Diego	4	✓✓✓
San Francisco	10	✓✓✓
Washington DC	12	✓✓✓
Boston	8	✓✓✓✓
Houston	24	✓✓✓✓
Los Angeles	11	✓✓✓✓
Pittsburgh	6	✓✓✓✓
New York	10	✓✓✓✓
Chicago	14	✓✓✓✓✓
Dallas	33	✓✓✓✓✓
Total	**177**	

HFF, Inc.

PLACES LEFT TO DRILL MORE WELLS (OFFICES) – SIGNIFICANT EXPANSION OPPORTUNITIES HFF HAS ALL THE TOOLS - SPECIAL ASSETS GROUP, INVESTMENT & LOAN SALES GROUP, DEBT & STRUCTURED FINANCE GROUP, INVESTMENT BANKING & ADVISORY SERVICES & SERVICING

MSA	Population[1] (in millions)	Commercial Real Estate Sales[2] ($Bn)	HFF Debt & Investment Sales Presence	MSA	Population[1] (in millions)	Commercial Real Estate Sales[2] ($Bn)	HFF Debt & Investment Sales Presence
New York	19.3	$14.4	✓	Portland	2.2	1.1	✓
Washington, D.C.	13	11.3	✓	Raleigh	1.1	1.0	
Los Angeles	12.1	10.4	✓	Sacramento	2.1	0.9	
San Francisco	4.3	10.4	✓	Nashville	1.6	0.9	
South Florida	5.5	5.4	✓	Hawaii	1.2	0.9	
Chicago	9.6	5.4	✓	Charlotte	1.7	0.8	
Boston	4.6	4.9	✓	Riverside	4.1	0.8	
Dallas-Fort Worth	6.4	4.3	✓	San Antonio	2.1	0.6	
Houston	5.9	3.5	✓	San Jose	1.8	0.6	
San Diego	3.1	3.1	✓	Detroit	4.4	0.6	
Atlanta	5.5	2.8	✓	Indianapolis	1.7	0.5	✓
Seattle	3.4	2.6		Las Vegas	1.9	0.4	
Phoenix	4.4	2.3		Cleveland	2.1	0.4	
Austin	1.7	1.7	✓	Kansas City	2.1	0.4	
Orlando	2.1	1.6	✓	Pittsburgh	2.3	0.4	✓
Denver	2.6	1.5		Cincinnati	2.2	0.4	
Minneapolis	3.3	1.4		Jacksonville	0.8	0.4	
Philadelphia	6	1.3		Columbus	1.8	0.4	
Tampa	2.7	1.2	✓	Memphis	1.3	0.3	
St. Louis	2.8	1.1		Tucson	0.5	0.3	

Domestic expansion opportunities

Notes:

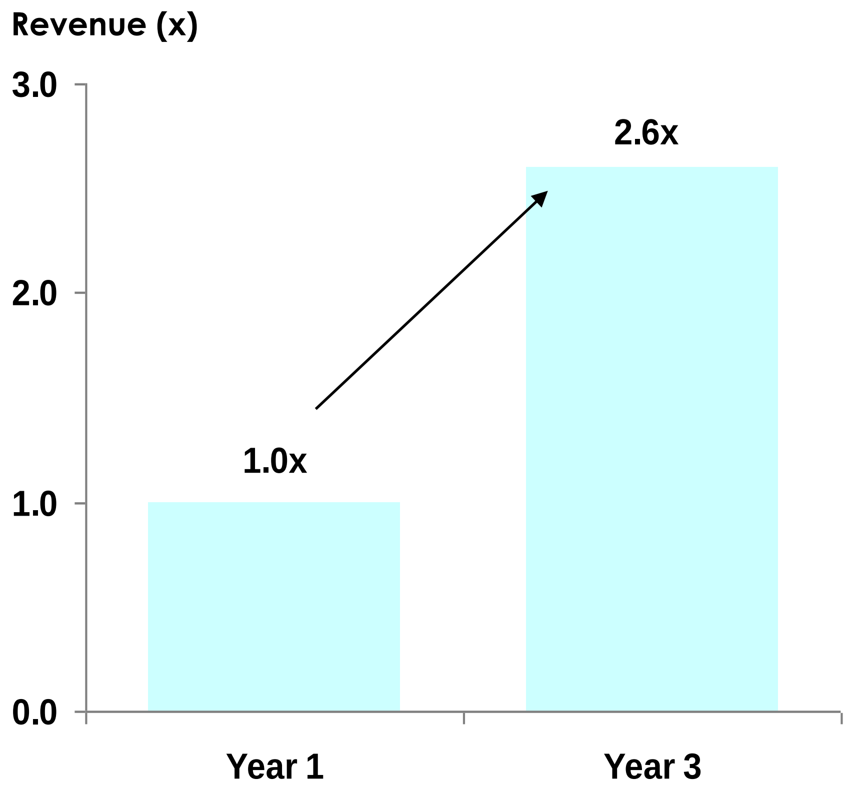
Blue bars indicate markets where HFF either has an office or the market is covered from a large regional office in the state.

1. US Census Bureau, Jul. 2009
2. Real Capital Analytics, 2010 sales volume including deals over $5MM for office, industrial, hotel, retail and multifamily product types.

HFF, Inc.

AND STILL PLENTY OF PLACES LEFT TO DRILL MORE WELLS IN EXISTING OFFICES
HFF HAS ALL THE TOOLS - SPECIAL ASSETS GROUP, INVESTMENT & LOAN SALES GROUP, DEBT & STRUCTURED FINANCE GROUP, INVESTMENT BANKING & ADVISORY SERVICES & SERVICING

Establish New Offices



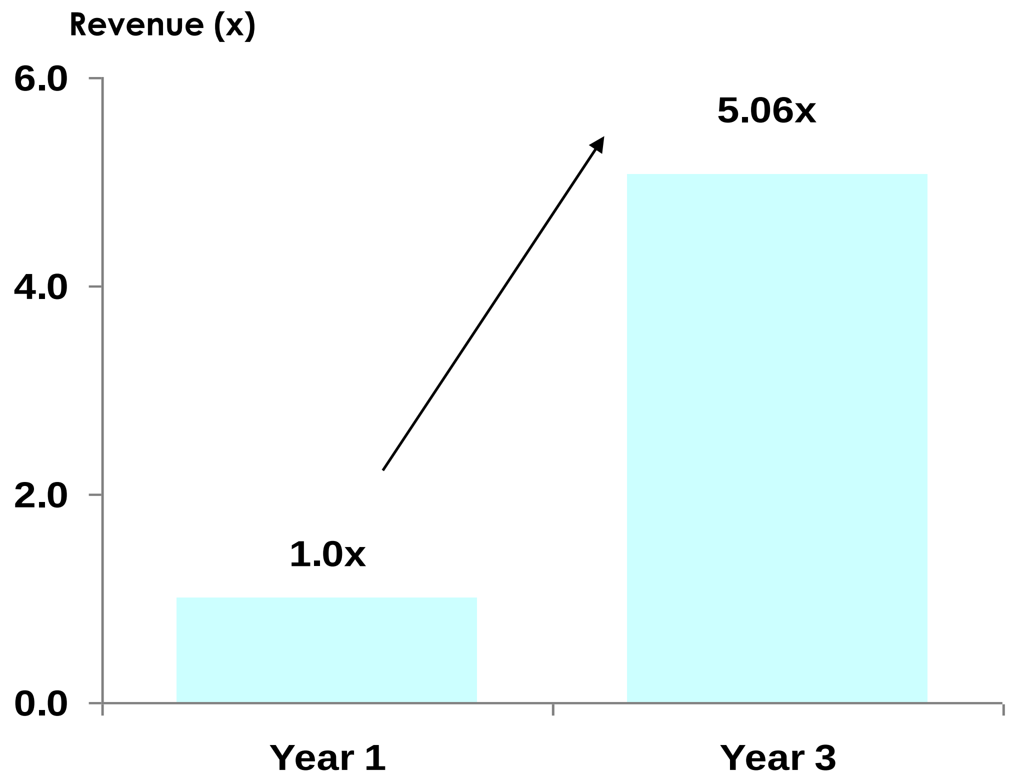
Above Chart Includes:

- Los Angeles - 1999
- Washington D.C.- 1999
- Chicago - 2001

Other Recent Office Openings:

- San Francisco – 2006
- Austin – 2011
- Tampa - 2011

Add Services to Existing Offices



The Above Chart Includes the Below Service Expansions:

- D.C. Debt Placement - 2001
- NYC Invest. Sales - 2001
- Miami Invest. Sales - 2002
- Chicago Debt Placement - 2002
- HFF Securities (LA) – 2004
- New Jersey Invest. Sales – 2005
- Atlanta Debt Placement – 2007

Recent Expansions not Included:

- San Francisco Invest. Sales – 2009
- Orange Co. Invest. Sales – 2009
- Dallas Loan Sales – 2011
- Austin Debt - 2011
- Portland Invest. Sales - 2011

GEOGRAPHIC FOOTPRINT EXPANSION & SERVICES EXPANSION IN EXISTING OFFICES (1999 to 2007 TIME PERIODS)

EXPANSION IN PLATFORM SERVICES OR NEW OFFICES
HFF HAS 177 PRODUCERS WITH ALL THE TOOLS AND AN INTEGRATED SUITE OF PLATFORM SERVICES AND THERE REMAINS SIGNIFICANT GROWTH OPPORTUNITIES

1H 2011 - 1H 2010 ACTIVITY

Debt Placement [1]

1H 2011 = $8.77 Bn

1H 2010 = $3.16 Bn

+177.4%

Investment Sales [1]

1H 2011 = $5.38 Bn

1H 2010 = $2.43 Bn

+120.9%

Loan Sales

1H 2011 = $.80 Bn

1H 2010 = $.36 Bn

+119.9%

$15.26 Billion

1H 2011

Structured Finance

1H 2011 = $.32 Bn

1H 2010 = $.08 Bn

+311.9%

177 producers

Private Equity [2] (HFF Securities)

1H 2011 = $2.08 Bn

1H 2010 = $1.68 Bn

+23.8%

Commercial Loan Servicing

1H 2011 = $25.75 Bn

1H 2010 = $24.87 Bn

+3.6%

None of our services compete with the principal activities of our clients

[1] 1H 2010 volume reflects the exclusion of one large portfolio transaction for which HFF handled the sale and provided debt placement. Note that when the volume for this one large transaction is included in the 1H 2010 volume for both Debt and IS, the percentage change would reflect a 124% increase in debt volume and a 42% increase in IS volume for the period.

[2] Active volume of discretionary funds. All transaction volume is estimated based on the Company's internal database and is unaudited.

EVEN WITH NO EXPANSION IN PLATFORM SERVICES OR NEW OFFICES HFF HAS 177 PRODUCERS WITH ALL THE TOOLS AND AN INTEGRATED SUITE OF PLATFORM SERVICES AND THERE REMAINS SIGNIFICANT GROWTH OPPORTUNITIES

2007 VS 2006 ACTIVITY

$43.5 Billion

2007

150 producers

Debt Placement

2007 = $23.48 Bn

2006 = $22.07 Bn

+6.4%

Investment Sales

2007 = $17.12 Bn

2006 = $10.14 Bn

+68.8%

Loan Sales

2007 = $.608 Bn

2006 = $.414 Bn

+47.0%

Structured Finance

2007 = $2.32 Bn

2006 = $2.71 Bn

-14.5%

Private Equity* (HFF Securities)

2007 = $2.02 Bn

2006 = $1.31 Bn

+53.6%

Commercial Loan Servicing

2007 = $23.23 Bn

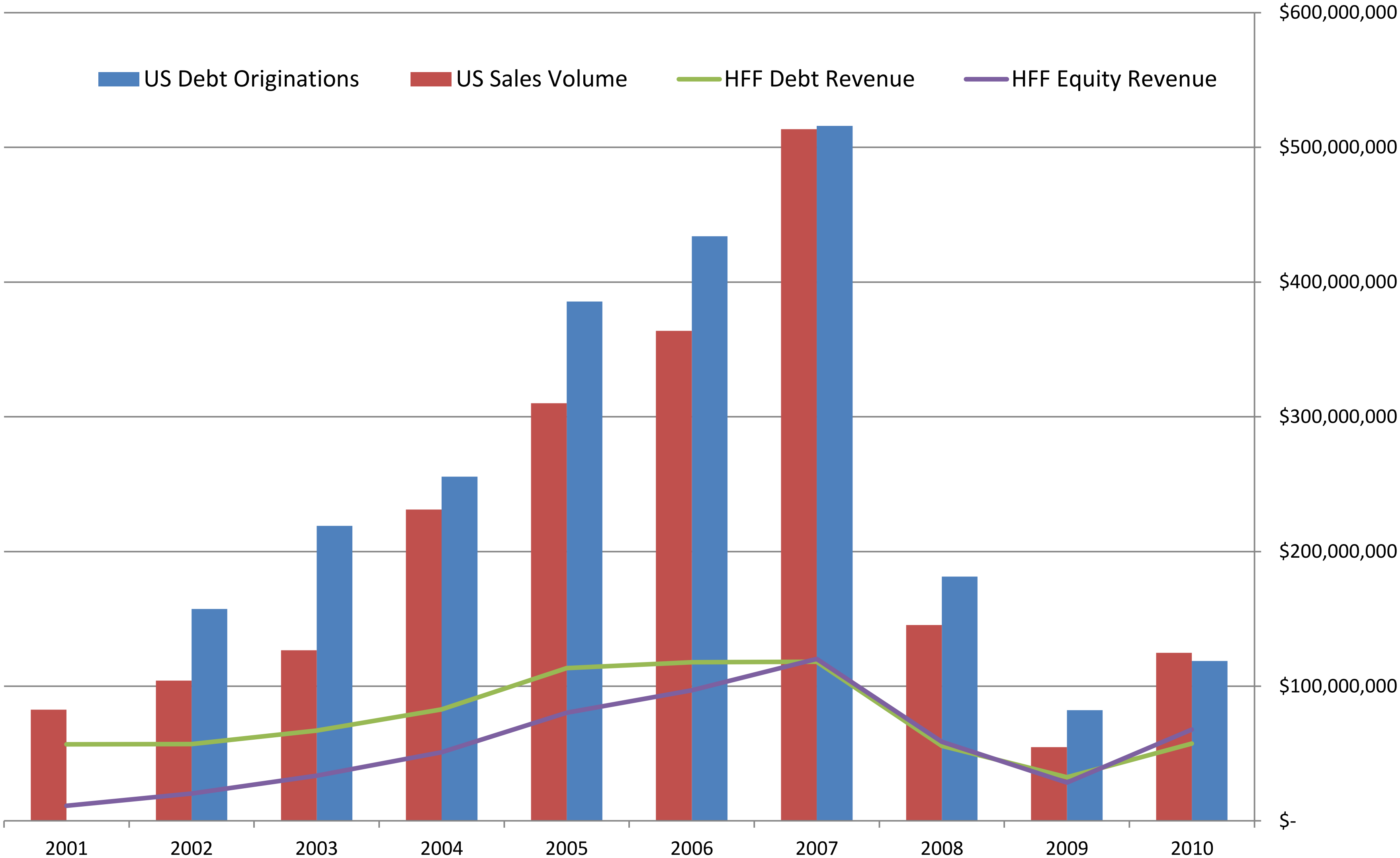
2006 = $18.02 Bn

+28.9%

None of our services compete with the principal activities of our clients

***Active volume of discretionary funds. All transaction volume is estimated based on the Company's internal database and is unaudited.**

ESPECIALLY IF NATIONAL TRANSACTION VOLUMES INCREASE
HFF PERFORMANCE RELATIVE TO INDUSTRY PERFORMANCE
HFF'S PLATFORM AND SERVICE MIX CREATE DIVERSIFIED REVENUE STREAMS



Sources: MBA, RCA, HFF; Debt Originations and Sales Volume in thousands

HFF, Inc.

STRONG BALANCE SHEET
NO COMPANY-LEVEL DEBT AND STRONG CASH POSITION
PAY FOR PERFORMANCE – ALIGNMENT OF INTERESTS WITH SHAREHOLDERS

	Jun. 30		Dec. 31	
	2011	2010	2010	2009
Assets				
Cash, cash equivalents & restricted cash	$ 102,623	$ 53,091	$ 73,419	$ 41,074
Accts receivable, other receivables & prepaids	5,669	3,811	2,397	2,069
Mortgage notes receivable	94,045	36,260	74,594	38,800
Property and equipment, net	4,598	3,813	3,558	4,171
Deferred tax asset, net	160,033	170,909	164,253	124,079
Intangible assets, net	15,133	13,004	14,225	13,039
Other noncurrent assets	1,447	421	704	412
Total assets	$ 383,548	$ 281,309	$ 333,150	$ 223,644
Liabilities and Stockholders Equity				
Warehouse line of credit	$ 94,045	$ 36,260	$ 74,594	$ 38,800
Accrued current liabilities	26,724	13,398	18,605	8,751
Total debt (current and long term)	357	318	304	275
Deferred rent credit and other liabilities	4,003	3,028	2,897	3,292
Payable under tax receivable agreement	152,507	148,192	147,067	105,521
Total liabilities	277,636	201,196	243,467	156,639
Class A common stock	360	348	348	172
Additional paid in capital	63,697	62,029	62,485	28,498
Treasury stock	(490)	(296)	(396)	(173)
Retained earnings	39,801	14,626	22,895	12,004
Total stockholders equity	103,368	76,707	85,332	40,501
Noncontrolling interest	2,544	3,406	4,351	26,504
Total equity	105,912	80,113	89,683	67,005
Total liabilities and stocholders equity	$ 383,548	$ 281,309	$ 333,150	$ 223,644

POWERFUL BLEND OF PEOPLE, EXPERIENCE AND CULTURE
PAY FOR PERFORMANCE COMPENSATION MODEL
ALIGNMENT OF INTERESTS WITH SHAREHOLDERS

Partnership Culture

- Key aspects of current partnership operating structure remain intact
- Continue to evaluate performance against national partner criteria (Omnibus and Future Leadership Awards)

Experience and Low Turnover

- Top 25 transaction professionals by initial leads[1] have average tenure with HFF (and its predecessors) of 13 years
- Strong technical, analytical and closing support allows transaction professionals to focus on clients

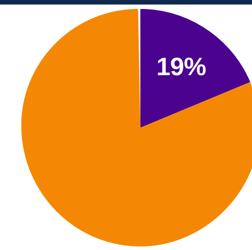
Pay For Performance

- Transaction professionals and management incentivized through a competitive commission structure
- Management (largely transaction professionals) incentivized through Office and Firm profit participation

Significant Ongoing Ownership by Transaction Professionals

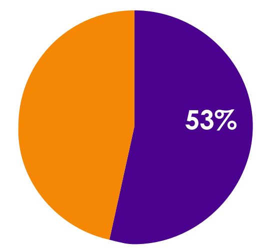
- Post-IPO (as of 6/30/11), after giving effect to the exchange on 6/30/10, the Company estimates owner transaction professionals own about 42%[3] of the equity of the Company, which includes actual stock ownership and LLC units.

19% of Transaction Professionals are Owners



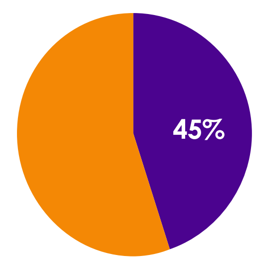
177 Transaction Professionals

53% of Managers are Owners



43 Office Heads & Business Line Managers

45% of Revenue Generated by Owner Transaction Professionals [2]



2011[1] Capital Markets Revenue $112.5M

Notes:

1. Through 6/30/11.
2. Transaction Professional Owners - Revenue generation credit given by initial lead – unaudited
3. If the proposed public offering of 4,047,472 shares of Class A common stock occurs, owner transaction professionals will own approximately 31% of the equity of the Company.

2010 - 2011 DEBT ORIGINATIONS AND INVESTMENT SALES ACTIVITY

2010 WAS A GOOD YEAR ESPECIALLY COMPARED TO 2009

PUBLIC MARKETS REMAIN WIDE OPEN FOR QUALITY TRANSACTIONS – 2011 LOOKING BETTER THAN 2010

PRIVATE MARKETS CONTINUE TO IMPROVE

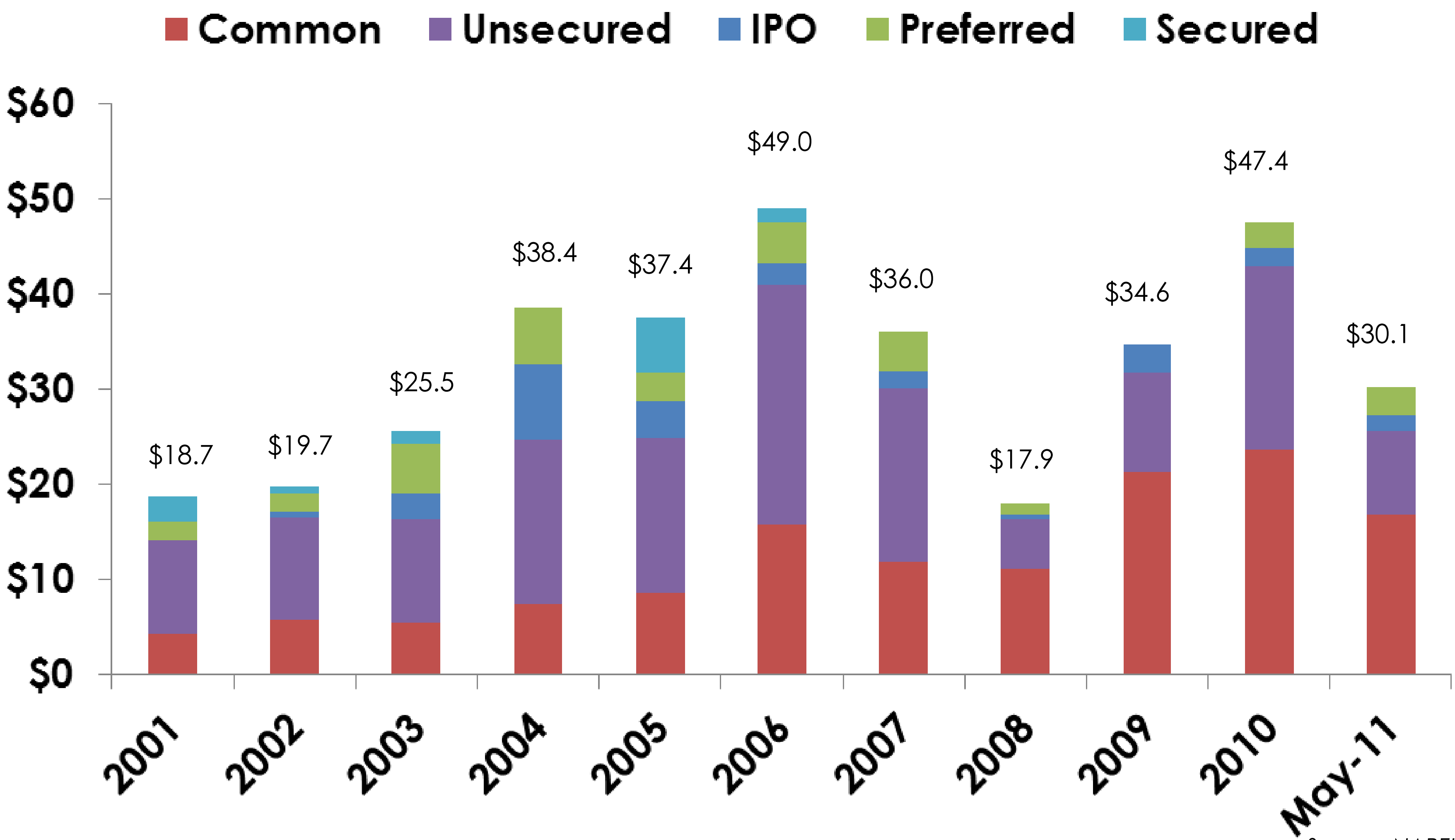
CORE & "TRAIN WRECK PROPERTIES" - DEAL ACTIVITY PICKS UP

BUT…

HFF, Inc.

PUBLIC MARKETS OFF TO A STRONG START IN 2011
2009 AND 2010 RAISES USED PRIMARILY TO DELEVERAGE BALANCE SHEETS

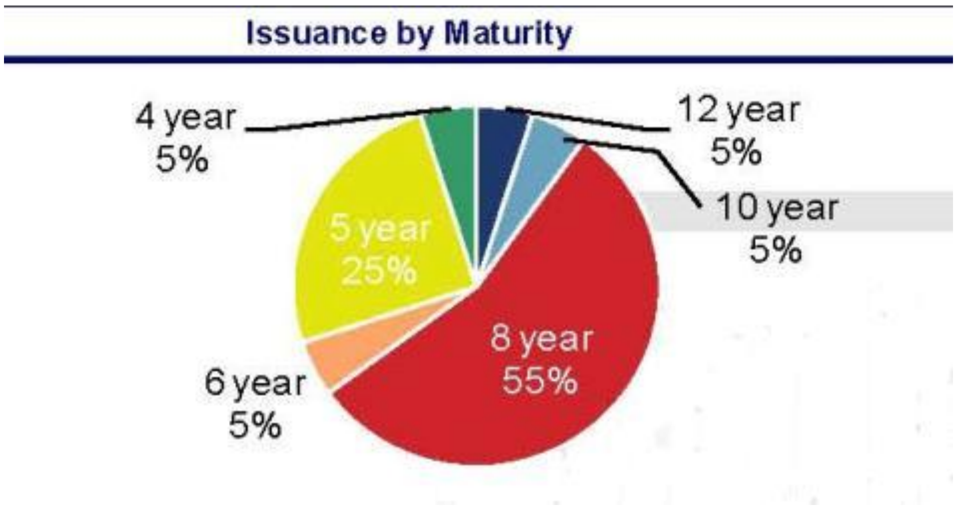
EQUITY ISSUANCE $24.234 Bn In 2009 & $28.221 Bn In 2010
$21.4Bn In 2011 YTD

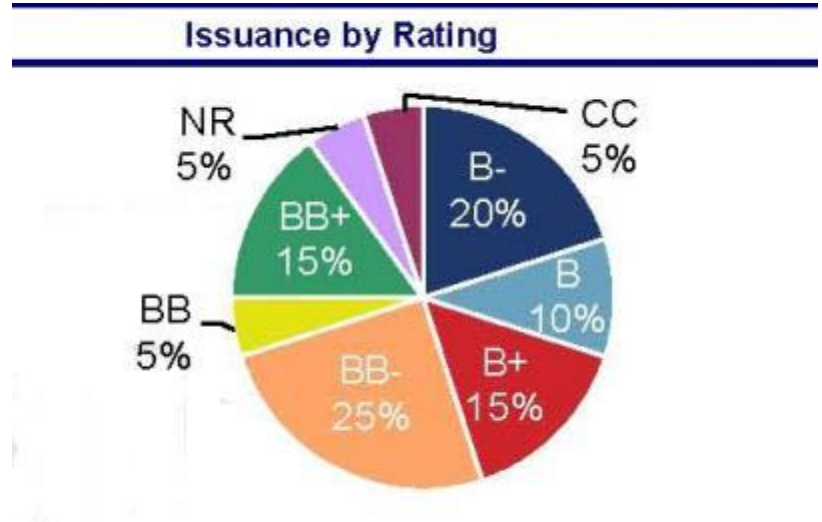


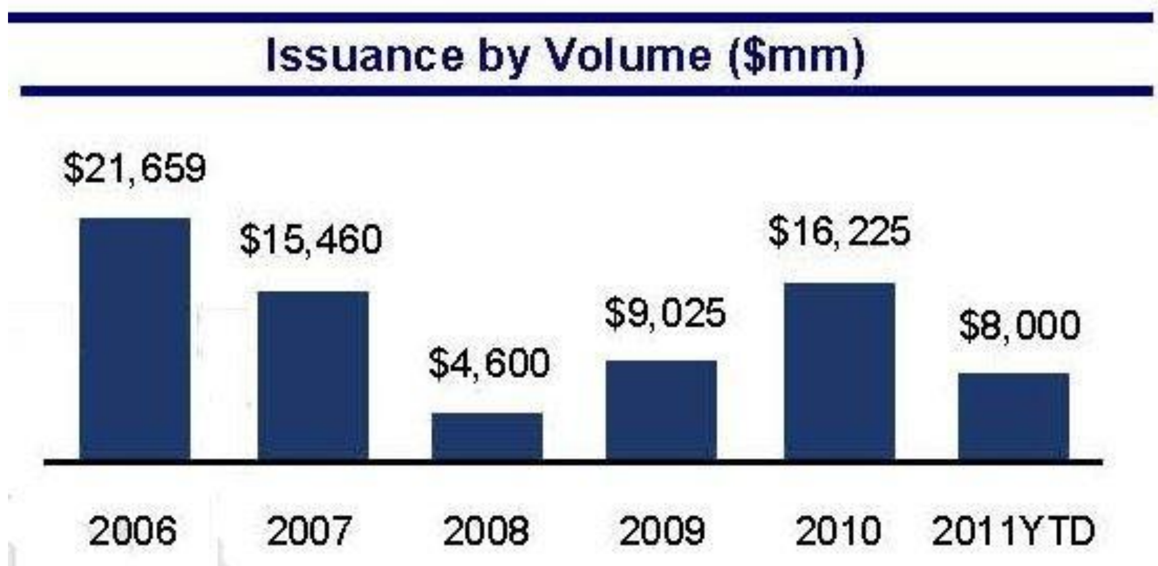
Source: NAREIT

HFF, Inc.

PUBLIC MARKETS WIDE OPEN IN 2010 & OFF TO A STRONG START IN 2011
REIT INVESTMENT GRADE DEBT - $9 Bn - 2009 vs $16.2 Bn – 2010
$8.0 Bn ALREADY IN 2011







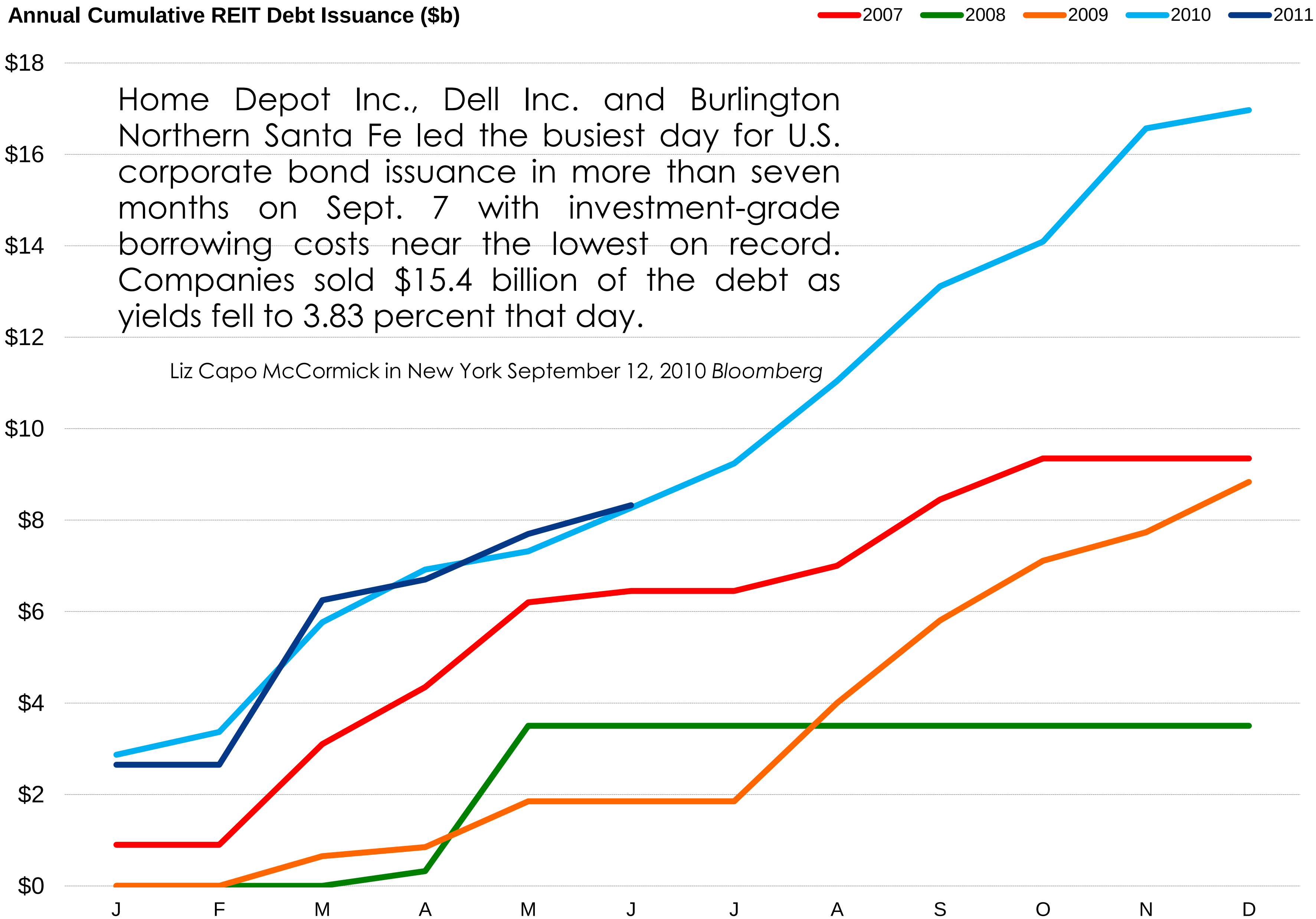
Source: Goldman Sachs

WE HAVE COME A LONG WAY IN A SHORT PERIOD OF TIME
SPREADS COMPRESSED IN 2009 AND CONTINUE TO COMPRESS
HAS THE FED CREATED A FINANCIAL ASSET BUBBLE IN THE CREDIT MARKETS???

			Ratings					
Priced	Maturity	Issuer	Moody's	S&P	Amt	Security Desc.	Coupon	Spread to UST
25-Mar-09	2019	Simon Property Group	A3	A-	650	Sr Unsecured	10.35%	813
7-Apr-09	2016	Ventas Realty	Ba1	BBB-	200	Sr Reopening	6.500%	717
11-May-09	2014	Simon Property Group	A3	A-	600	Sr Unsecured	6.750%	498
26-May-09	2014	WT Finance	A2	A-	700	Sr Unsecured	7.500%	549
27-May-09	2017	Harrah's Operating Company	Caa2	B	1,375	Sr Secured	11.250%	857
15-Jun-09	2017	CB Richard Ellis	Ba3	B+	450	Sr Subordinated	11.625%	876
5-Aug-09	2019	Mack-Cali Realty	Baa2	BBB	250	Sr Unsecured	7.750%	412
6-Aug-09	2014	Simon Property Group	A3	A-	500	Sr Reopening	6.750%	275
6-Aug-09	2015	Duke Realty	Baa2	BBB	250	Sr Unsecured	7.375%	479
6-Aug-09	2019	Duke Realty	Baa2	BBB	250	Sr Unsecured	8.250%	463
7-Aug-09	2014	Hospitality Property Trust	Baa2	BBB	300	Sr Unsecured	7.875%	530
10-Aug-09	2014	Federal Realty Investment Trust	Baa1	BBB+	150	Sr Unsecured	5.950%	338
11-Aug-09	2014	Prologis	Baa2	BBB-	350	Sr Unsecured	7.625%	507
12-Aug-09	2014	Weingarten Realty Investors	Baa2	BBB	100	Sr Unsecured	8.100%	NA
8-Sep-09	2017	AvalonBay Communities	Baa1	BBB+	250	Sr Unsecured	5.700%	270
8-Sep-09	2020	AvalonBay Communities	Baa1	BBB+	250	Sr Unsecured	6.100%	270
17-Sep-09	2014	FelCor Lodging	B2	B+	636	Sr Secured	10.000%	1050
17-Sep-09	2019	Kimco Realty	Baa1	BBB+	300	Sr Unsecured	6.875%	350
21-Sep-09	2019	Brandywide Operating Partnership	Baa3	BBB-	250	Sr Unsecured	7.500%	516
23-Sep-09	2039	Vornado Realty	Baa2	BBB	400	PINES	9.625%	NA
25-Sep-09	2016	Developers Diversified Realty Corp	Baa3	BB	300	Sr Unsecured	9.625%	741
6-Oct-09	2019	Boston Properties LP	Baa2	A-	700	Sr Unsecured	5.875%	263
27-Oct-09	2019	Prologis	Baa2	BBB-	600	Sr Unsecured	7.375%	395
17-Nov-09	2016	AMB Property	Baa1	BBB	250	Sr Unsecured	6.125%	338
17-Nov-09	2019	AMB Property	Baa1	BBB	250	Sr Unsecured	6.625%	338
18-Nov-09	2019	HRPT Properties Trust	Baa2	BBB	125	Sr Unsecured	7.500%	NA
1-Dec-09	2017	Healthcare Realty Trust	Baa3	BBB-	300	Sr Unsecured	6.500%	388
2-Dec-09	2014	Equity One	Baa3	BBB-	250	Sr Unsecured	6.250%	438

Source: Goldman Sachs

CUMULATIVE REIT DEBT ISSUANCE IS UP
PUBLIC MARKETS ARE OPEN TO FINANCE GOOD CREDIT
HAS THE FED CREATED A FINANCIAL ASSET BUBBLE IN THE CREDIT MARKETS???



Home Depot Inc., Dell Inc. and Burlington Northern Santa Fe led the busiest day for U.S. corporate bond issuance in more than seven months on Sept. 7 with investment-grade borrowing costs near the lowest on record. Companies sold $15.4 billion of the debt as yields fell to 3.83 percent that day.

Liz Capo McCormick in New York September 12, 2010 *Bloomberg*

Source: Commercial Real Estate Direct

HFF, Inc.

PUBLIC MARKETS OPEN REIT DEBT ISSUANCE REMAINS ACTIVE
SPREADS HAVE COMPRESSED, BUT HAVE BACKED UP RECENTLY – BUT ALL COUPONS ARE LOW
HAS THE FED CREATED A FINANCIAL ASSET BUBBLE - QE-1 & QE-2 – IS QE-3 AROUND THE BEND?

Issue	Maturity	Maturity Issuer	Rating	Size	Structure	Coupon	Spread (UST)
6/28/2011	7/15/2021	National Retail Properties	BBB	300	10yr Notes	5.50%	T+265
6/27/2011	7/15/2018	Kilroy Realty	BBB-	325	7yr Notes	4.80%	T+265
6/14/2011	5/15/2035	Realty Income	BBB	150	30yr Re-opening	5.88%	T+205
5/31/2011	6/15/2023	Camden Property Trust	BBB	250	12yr Notes	4.88%	T+195
5/31/2011	6/15/2021	Camden Property Trust	BBB	250	10yr Notes	4.63%	T+165
5/18/2011	6/1/2018	UDR Inc.	BBB	300	7yr Notes	4.25%	T+190
5/9/2011	6/1/2021	Ventas Realty	BBB-	700	10yr Notes	4.75%	T+165
3/30/2011	4/15/2018	Brandywine	BBB-	325	7yr Notes	4.95%	T+230
3/23/2011	4/15/2016	BioMed Realty	BBB-	400	5yr Notes	3.85%	T+195
3/9/2011	3/15/2015	Health Care REIT	BBB-	400	5yr Notes	3.63%	T+155
3/9/2011	1/15/2022	Health Care REIT	BBB-	600	10yr Notes	5.25%	T+185
3/9/2011	3/15/2041	Health Care REIT	BBB-	400	30yr Notes	6.50%	T+195
3/2/2011	4/15/2018	Developers Diversified Realty	BB+	300	7yr Notes	4.75%	T+205
3/1/2011	3/15/2021	Digital Realty Trust	BBB	400	10yr Notes	5.25%	T+185
1/18/2011	2/1/2014	HCP Inc	BBB	400	3yr Notes	2.70%	T+175
1/18/2011	2/1/2016	HCP Inc	BBB	500	5yr Notes	3.75%	T+190
1/18/2011	2/1/1941	HCP Inc	BBB	1,200	10yr Notes	5.38%	T+210
1/18/2011	2/1/1941	HCP Inc	BBB	300	30yr Notes	6.75%	T+230
1/10/2011	1/15/2016	Senior Housing Properties Trust	Baa3/BBB-	250	5yr Notes	4.30%	T+262.5
12/8/2010	1/15/2021	Healthcare Realty Trust	Baa3/BBB-	400	10yr Notes	5.75%	T+262.5
11/10/2010	1/15/2021	HealthCare REIT	Baa2/BBB	450	10yr Notes	4.95%	T+237.5
11/9/2010	1/15/2018	AMB Property	Baa1/BBB	175	7yr Notes	4.00%	T+225
11/9/2010	1/15/2021	AvalonBay Communities	Baa1/BBB+	250	10yr Notes	3.95%	T+137.5
11/8/2010	11/30/2015	Ventas Realty	Baa3/BBB-	400	5yr Notes	3.13%	T+210
11/8/2010	5/15/2021	Boston Properties	Baa2/A-	850	10.5yr Notes	4.13%	T+165
12/27/2010	11/3/2015	Kilroy Realty	Baa3/BBB-	325	5yr Notes	5.00%	T+370
10/13/2010	10/15/2017	Post Apartment Homes	Baa3/BBB-	150	7yr Notes	4.75%	T+300
9/30/2010	4/15/2021	Regency Centers	Baa2/BBB	250	10.5yr Notes	4.80%	T+230
9/23/2010	10/1/2020	Washington REIT	Baa1/BBB+	250	10yr Notes	4.95%	T+250
9/22/2010	10/1/2020	Liberty Property LP	Baa2/BBB	350	10yr Notes	4.75%	T+225
9/15/2010	2/1/2018	Wyndham Worldwide	Ba1/BBB-	250	7.5yr Notes	5.75%	T+365
9/15/2010	3/15/2021	BRE Properties	Baa2/BBB	300	10.5yr Notes	5.20%	T+250
9/14/2010	9/15/2020	Commonwealth REIT	Baa2/BBB	250	10yr Notes	5.88%	T+350
9/7/2010	9/15/2017	Health Care REIT	Baa2/BBB-	450	7yr Notes	4.70%	T+270
8/25/2010	2/1/2010	Kimco Realty	Baa1/BBB+	300	7.5yr Notes	4.30%	T+240

$1.4 billion BBB- @ 179 bps

$2.4 billion BBB @ 200 bps

2011

2010

Health Care REIT's spreads compressed from 200 bps to 179 bps in a six month period.

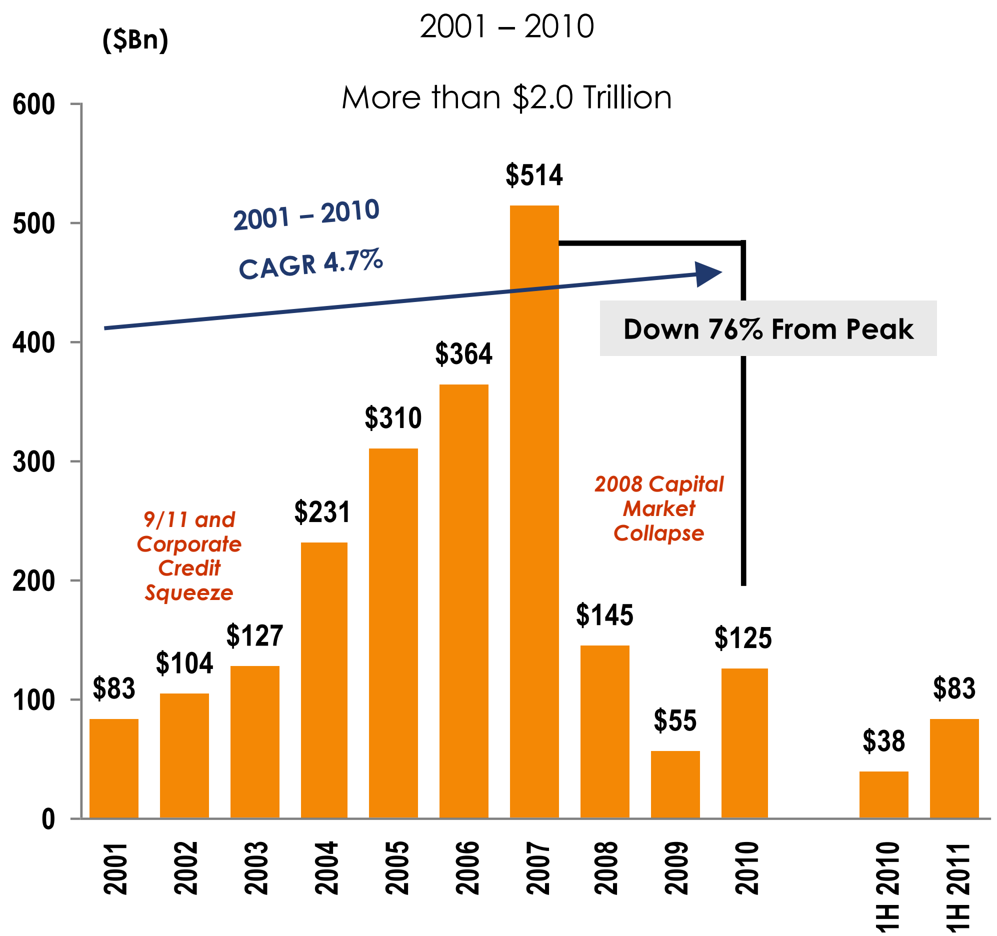
HFF, Inc.

Source: Goldman Sachs

2010 SALE AND CMBS TRANSACTION VOLUMES WERE UP FROM 2009
YTD – 2011 IS OFF TO A STRONG START RELATIVE TO 2010
A WELCOME IMPROVEMENT BUT KEEP IT IN PERSPECTIVE

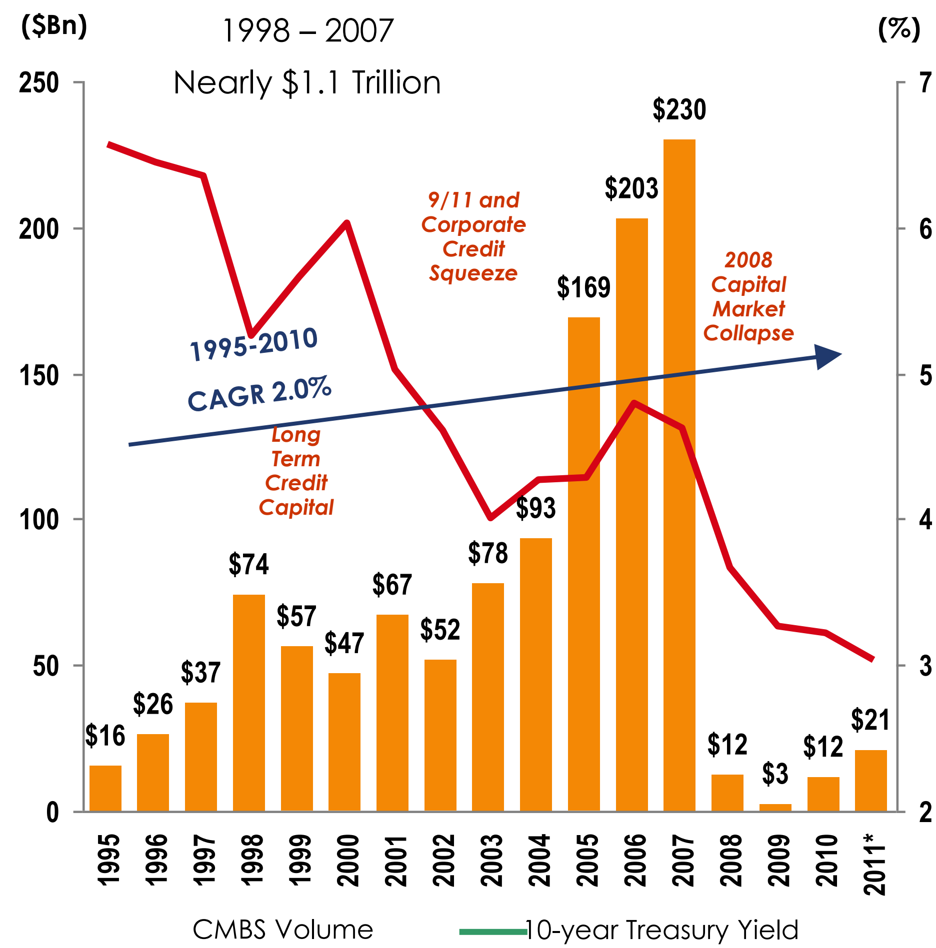
Note: 58% of Sales and 51% of CMBS Volumes Occurred in 2005 though 2007 – Peak Valuations

U.S. Investment Sales Volume



Source: *Real Capital Analytics – includes deals greater than $5MM for office, industrial, retail, multifamily and hotel properties.*

U.S. CMBS Volume



Source: *Commercial Mortgage Alert and U.S. Treasury*

**2011 CMBS and Treasury as of July 29*

HFF, Inc.

1H 2011 INDUSTRY SALE AND CMBS TRANSACTION VOLUMES ARE UP FROM 2010
2010 WAS UP FROM 2009 – THE TREND IS OUR FRIEND
KEEP IT IN PERSPECTIVE 2009 WAS ABOUT AS BAD AS IT COULD GET!

- Data from RCA for 1H 2011 reveals a 116% increase in sales activity nationwide compared to the same period in 2010 for transactions valued at $5M and greater. In comparison, HFF's investment sales activity for transactions valued at $5M and greater increased 52% during 1H 2011 compared to 2010.

- It should be noted that HFF's investment sales transaction volume includes one large investment sales portfolio transaction that occurred in the second quarter 2010. If this one large investment sales portfolio transaction is excluded from RCA's and HFF's first half 2010 volume of deals valued $5M and greater, the industry shows a 124% increase in volume during first half 2011 compared to first half 2010 while HFF shows a comparable increase of 122% increase for the same period.

- Industry change in total sales volume by property type for 1H 2011 compared to 1H 2010 per RCA:
  - Retail Sales – UP 221%
  - Hotel Sales – UP 169%
  - Multi-Housing Sales – UP 112%
  - Office Sales – UP 81%
  - Industrial Sales – UP 63%

- 2011 new issue US CMBS through July 29 totaled $20.8 billion; this compares to only $2.4 billion during the same period in 2010.

Sources: Commercial Mortgage Alert, Real Capital Analytics

2010 INDUSTRY SALE AND CMBS TRANSACTION VOLUMES ARE UP FROM 2009 A WELCOME IMPROVEMENT BUT KEEP IT IN PERSPECTIVE 2009 WAS ABOUT AS BAD AS IT COULD GET!

- Data from RCA for full year 2010 reveals a 128% increase in sales activity nationwide compared to the same period in 2009. **In comparison, HFF's investment sales activity increased 212% during 2010 compared to 2009!** Total industry sales volume for January through December 2010 was $125 billion compared to $55 billion for the same period in 2009, slightly below the activity level in 2003.

- ***Keep it in perspective: each of the four quarters of 2009, and the full year represent the lowest sales volume levels reported by RCA since they began surveying the market in 2001.***

- All property types reported an increase in total sales volume when comparing full year 2010 to 2009.
  - Hotel Sales – UP 422%
  - Office Sales – UP 167%
  - Multi-Housing Sales – UP 116%
  - Industrial Sales – UP 104%
  - Retail Sales – UP 52%

- 2010 new issue US CMBS totaled $11.6 billion for a more than 300% gain over 2009, **but *keep it in perspective: CMBS in – 1995 was $16 billion, 1996 was $26 billion and 1997 was $37 billion and averaged $60 billion from 1998 to 2003.***

Sources: Commercial Mortgage Alert, Real Capital Analytics

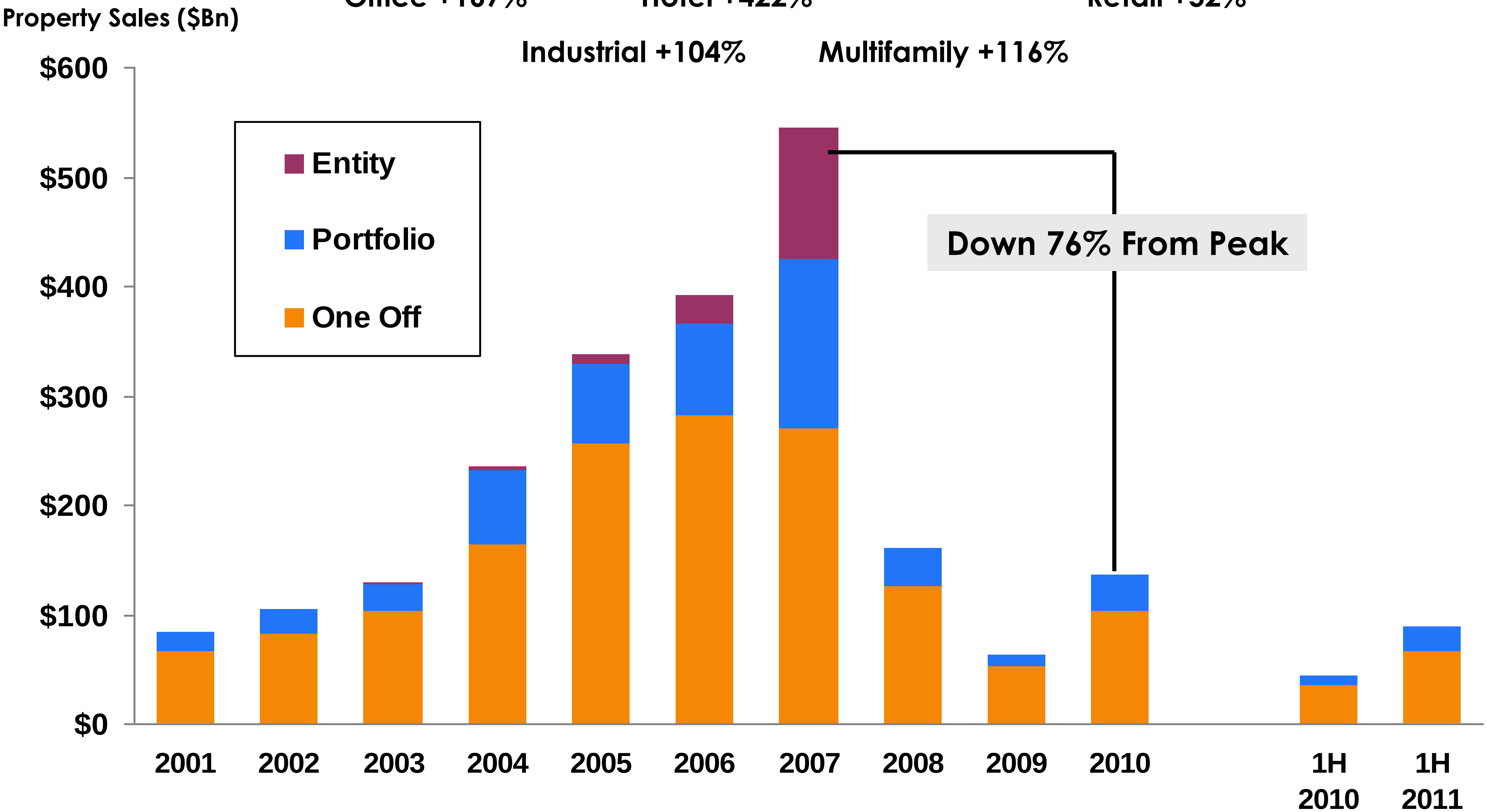
2010 SALE TRANSACTION VOLUMES WERE UP FROM 2009 & YTD 2011 IS OFF TO A STRONG START
A WELCOME IMPROVEMENT BUT KEEP IT IN PERSPECTIVE
TRANSACTION DEAL VOLUME DOWN DRAMATICALLY IN 2008 AND 2009

2009 vs. 2008 Overall Volume of Sale Transactions Down 62%

2010 vs. 2009 Overall Volume of Sale Transactions Up 128%, and by Product Type:

Office +167% **Hotel +422%** **Retail +52%**

Industrial +104% **Multifamily +116%**



Source: Real Capital Analytics; transactions $2.5M and greater

HFF, Inc.

DEAL VOLUME DOWN DRAMATICALLY IN 2008 AND 2009 DETERIORATING PROPERTY FUNDAMENTALS AND MONETARY DEFAULTS WILL LIKELY CREATE INCREASED TRANSACTION VOLUMES IN 2010 & 2011

- 2009 continued significant unprecedented and challenging times in the global capital markets, the U.S. economy and declining property level fundamentals in the U.S. commercial real estate markets that began in 2008. These "uncharted waters" played havoc with transaction activity in the U.S. commercial real estate markets which resulted in the **second significant decline** in year-over-year transactional activity since 2007, as reported by Real Capital Analytics (RCA) and the Mortgage Bankers Association (MBA).

- RCA reported a 62% decline in sales activity in 2009 when compared to 2008 after experiencing a 72% decline in the prior year when comparing 2008 to 2007. Change in sales by asset type during 2009 compared to 2008:

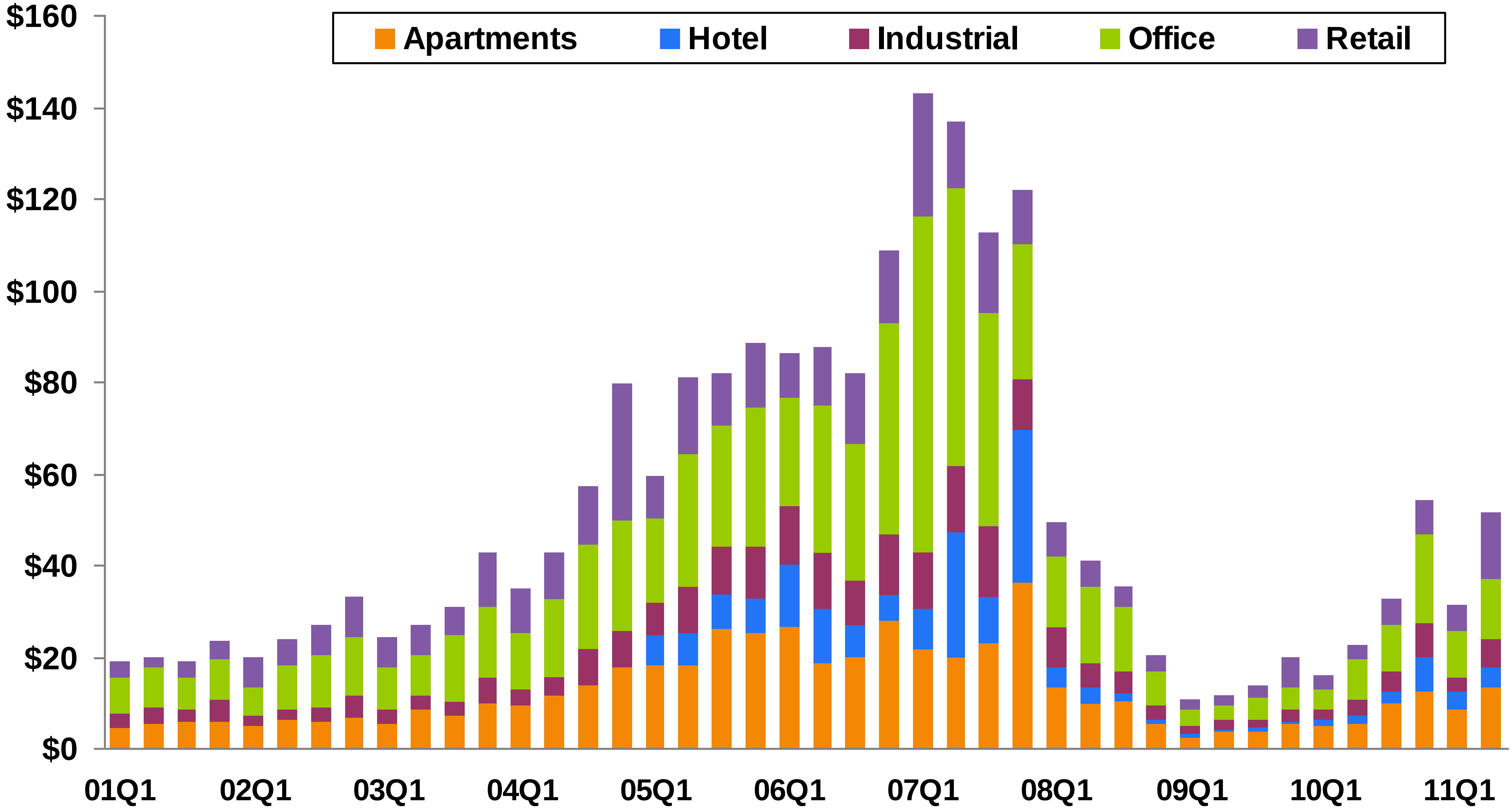
  - Office Sales down 70%
  - Industrial Sales down 62%
  - Retail Sales down 36%
  - Hotel Sales down 76%
  - Multifamily Sales down 61%

- MBA reports total originations during 2009 were down 55% from 2008 after experiencing a 65% decline the prior year when comparing 2008 to 2007.

- 2009 U.S. CMBS new-issue supply totaled approximately $3 billion, down 76% from only $12.1 billion reported in 2008 which was down 95% from the record $230 billion recorded in 2007.

1H 2011 INDUSTRY SALE AND CMBS TRANSACTION VOLUMES ARE UP FROM 2010
2010 WAS UP FROM 2009 – THE TREND IS OUR FRIEND
KEEP IT IN PERSPECTIVE 2009 WAS ABOUT AS BAD AS IT COULD GET!

Property Sales ($Bn)

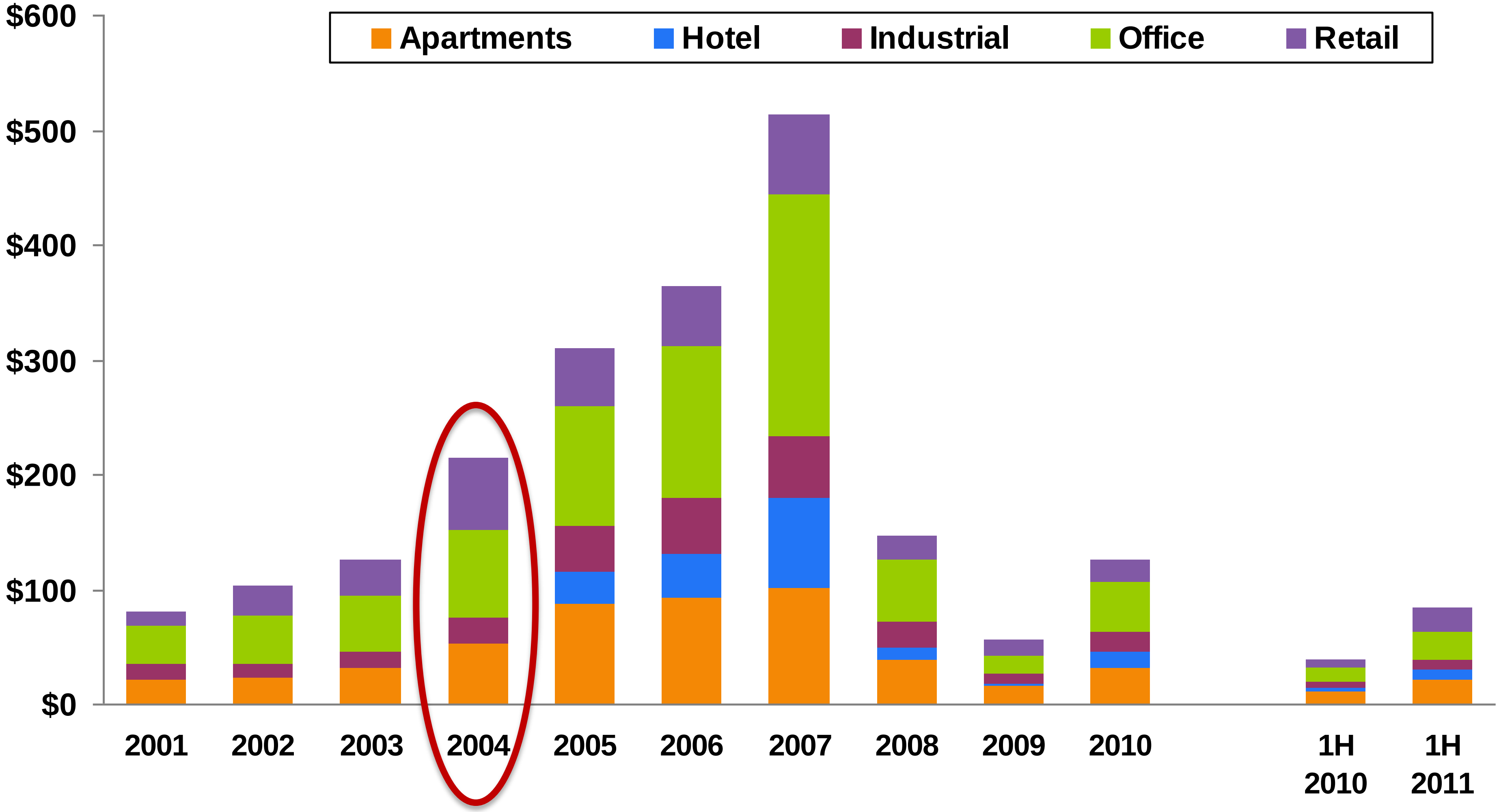


Source: Real Capital Analytics; transactions $5M and greater

HFF, Inc.

1H 2011 INDUSTRY SALE AND CMBS TRANSACTION VOLUMES ARE UP FROM 2010 2010 WAS UP FROM 2009 – THE TREND IS OUR FRIEND WILL 2011 MATCH 2004 VOLUMES?

Property Sales ($Bn)



Source: Real Capital Analytics; transactions $5M and greater

2010 DEBT TRANSACTION VOLUMES ARE UP FROM 2009 – YTD 2011 ABOVE 2010! COMMERCIAL MORTGAGE FLOWS RANGED FROM $125 to $205 BN in 1998 to 2003

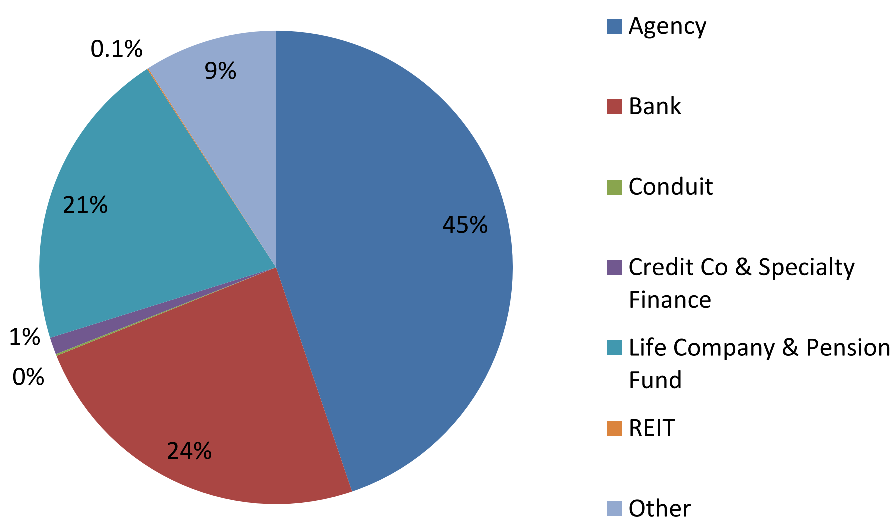
Data for the full year 2010 reflect a total of $118.8 billion in originations industry-wide for a 44% gain compared to the full year 2009. *HFF's full year 2010 origination volume was up 89% over full year 2009.*

The MBA's 1Q 2011 origination volume index showed an 89% increase compared to 1Q 2010. *HFF's 1Q 2011 origination volume showed a 36% gain during the same period.*

During the first half of 2011, HFF's debt origination activity grew by 192% compared to 1H 2010. (MBA statistics for first half 2011 are not yet available.)

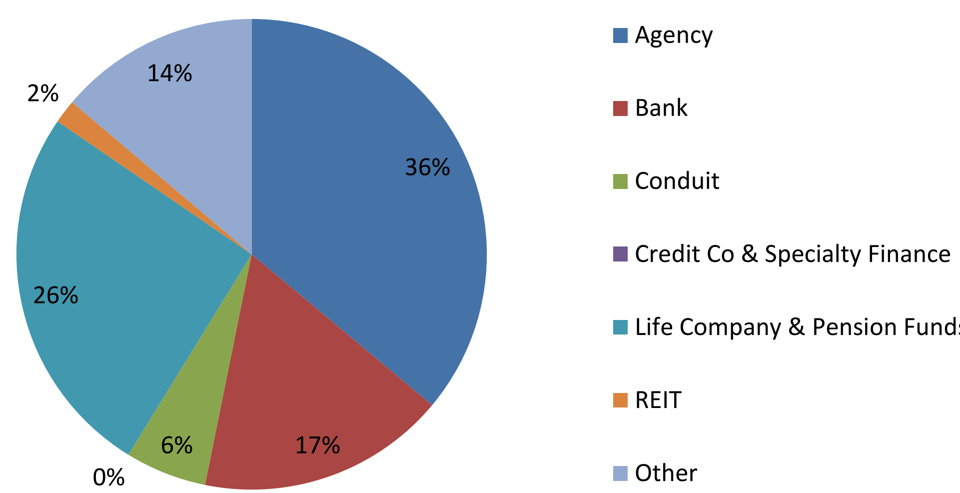
$82 Billion

Originations - Calendar 2009



$119 Billion

Originations - Calendar 2010



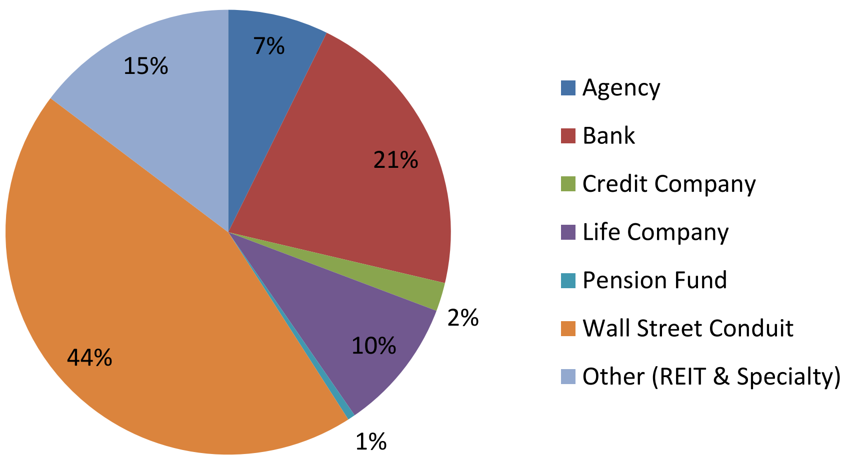
Source: Mortgage Bankers Association

DEBT ORIGINATIONS DECLINED DRAMATICALLY IN 2008 VS. 2007

According to the Mortgage Bankers Association (MBA), total originations during 2008 were down 63% from 2007. Total originations during 2009 were down 50% from 2008.

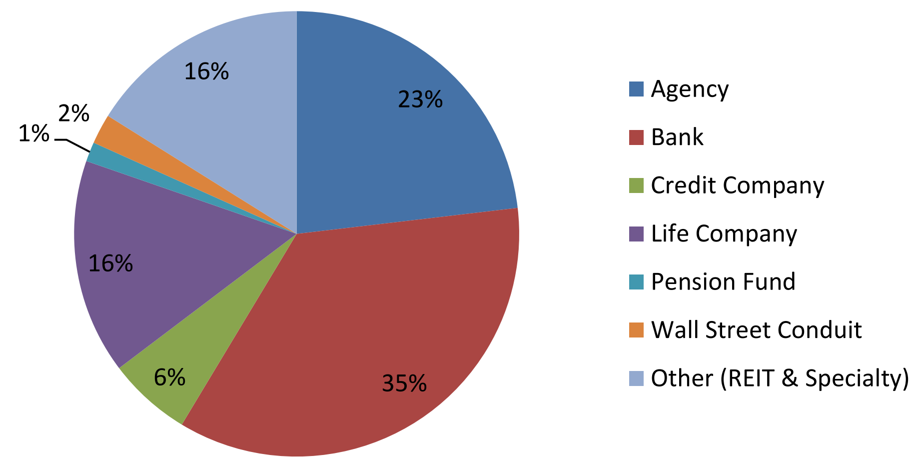
$516 Billion

Originations - Calendar 2007



$181 Billion

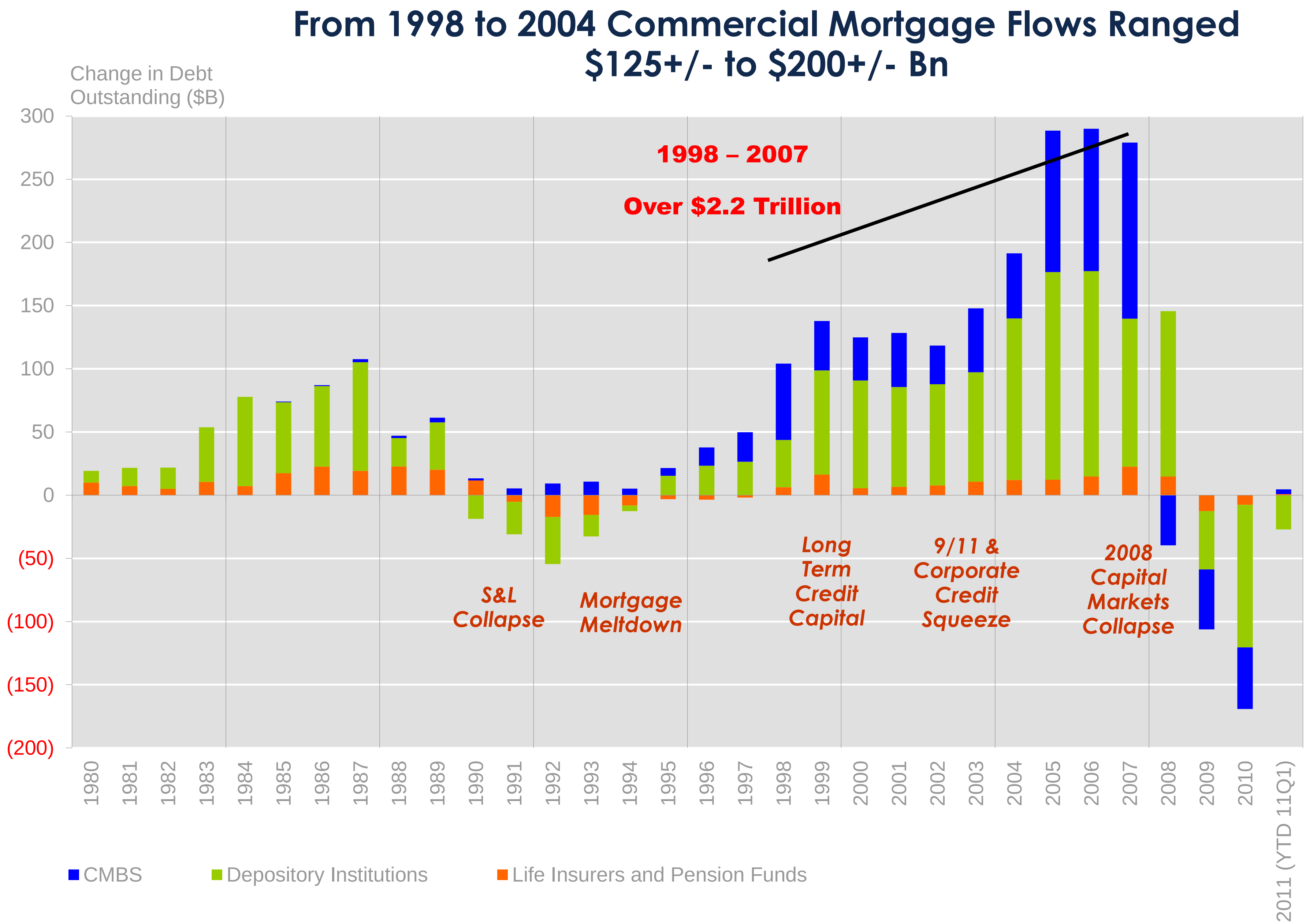
Originations - Calendar 2008



Source: Mortgage Bankers Association

HFF, Inc.

OVER $1 TRILLION OF NET NEW DEBT FROM 2004-2007
CHANGE IN CRE DEBT OUTSTANDING BY HOLDER



Source: Federal Reserve

HFF, Inc.

PRIVATE MARKETS CONTINUE TO IMPROVE FOR BEST SPONSOR – MARKET – PRODUCT – TENANCY – CASH FLOW INTEGRITY HAS THE FED (QE 1 & QE 2) CREATED A FINANCIAL ASSET BUBBLE?

- **Sponsorship, Markets, Quality of Product, Cash Flow Integrity and “Basis Level” relative to Market Rental Rates, Maturing Loan Balance and Reproduction Costs all matter. Major Markets preferred over Secondary Markets and Secondary Markets greatly preferred over Tertiary Markets.**

- **Tale of Three Cities - Core (Debt and Equity) & “Train Wreck Distress Properties” (Equity Only) Are In Demand, While “Non-Core Secondary” & Tertiary Markets Are Not.**

- **“All In Debt Coupons” (albeit at lower LTVs) & Cap Rates Have Moved back to 2005 to 2007 Period Lows (or even lower) for Core Assets in Major Markets. Equity Pricing Remains Attractive on a Historical Basis and Very Attractive Compared to 2009 and 2008, or for that matter any period.**

- **<u>THE BOX CONTINUES TO GET BIGGER - BUT IF IT CAN’T FIT IN THE BOX ???</u>**

- **If It Does Not Fit In the Box, Transactions Remain Difficult to Execute on a Debt or Equity Basis, Especially in Secondary and Tertiary Markets.**

WHAT A DIFFERENCE A YEAR MAKES!
BEST SPONSOR – MARKET – PRODUCT – CASH FLOW INTEGRITY – TENANCY ARE IN HIGH DEMAND, ESPECIALLY IN THE MAJOR MARKETS

Estimates only - actual terms, conditions and rates are specific and will vary day to day, market to market, borrower to borrower and deal to deal. Debt is no longer a commodity or taken for granted.

Life Companies

50% to 70% LTV (more going to 75% for multi-housing and higher quality deals)

Up to 10 Years (5 to 7 year terms are not in favor and some are now quoting 20 yr. terms and longer)

25 to 30 Yr. Amort. (low leverage loans – some will quote full term I/O)

Par Pricing of sub 4.0% (some lenders are quoting floors of 4%)to 5.50% (<50% – spreads as low as 130 to 140 bps over. 5 yr. - sub 4% - low leverage and 10 yr. - sub 5%).

DSCR – 1.25x to 1.35x

CMBS Aggregators

Up to 75% - May go higher as the focus is really on debt yields of <9% to 10% plus they now can offer mezz to get them up to 85% LTV.

Up to 10 Years (5 to 10 years are typical - some are now offering 7 yrs but at higher spreads)

30 Yr. Amort. (will offer 1 to 5 yrs. of interest only with LTVs of 65% or lower to win business)

Swaps plus 200 bps to 350 bps (4.25 to 5% on 5 yr. and 5.15% to 6.00% on 10 yr.) – recent spread expansion over the past three weeks

Up-front fees of 0% to .50% (competition is compressing up-front fees – straight CMBS loans have are usually w/o up-front fees)

DSCR – 1.25x to 1.35x

Mortgage REITs and Debt Funds

75% to 80%

Up to 10 Years

30 Year Amort (will consider some 1 to 3 years of I/O)

Pricing 6.0% to 10% - want fees of 50 bps to 1% up-front as well as exit fees of 50 bps to 1%

DSCR – 1.00x to 1.25x

Commercial Banks – Bridge Lenders

60% to 75% non-recourse in the 4% to 5% floating/fixed for 2 to 5 years for either stabilized and/or transitional assets

Source: HFF

AGENCIES – HAVE GENERALLY BEEN THE BEST EXECUTION
BUT LIFE CO'S ARE COMPETING AND WINNING ON THE BEST OF THE BEST

Estimates only - actual terms, conditions and rates are specific and will vary day to day, market to market, borrower to borrower and deal to deal. Debt is no longer a commodity or taken for granted.

Agencies

70% to 80% LTV (lower LTVs & high quality assets with strong sponsors will break rates below)

Requires 1.25x-1.30x DSCR (1.30x required for cash out)

5 Year
FNMA - approx 4.05%
Freddie Portfolio – 4.35%
Freddie CME – 3.85%

7 Year
FNMA – approx 4.70%
Freddie Portfolio – 5.10%
Freddie CME – 4.60%
Capped ARM - 3.75% for portfolio capped ARM (7 year ARM / 7% Max Note Rate / 3%, 2%, 1% thereafter prepayment). Freddie now offers a CME capped ARM which is priced at 3.50%

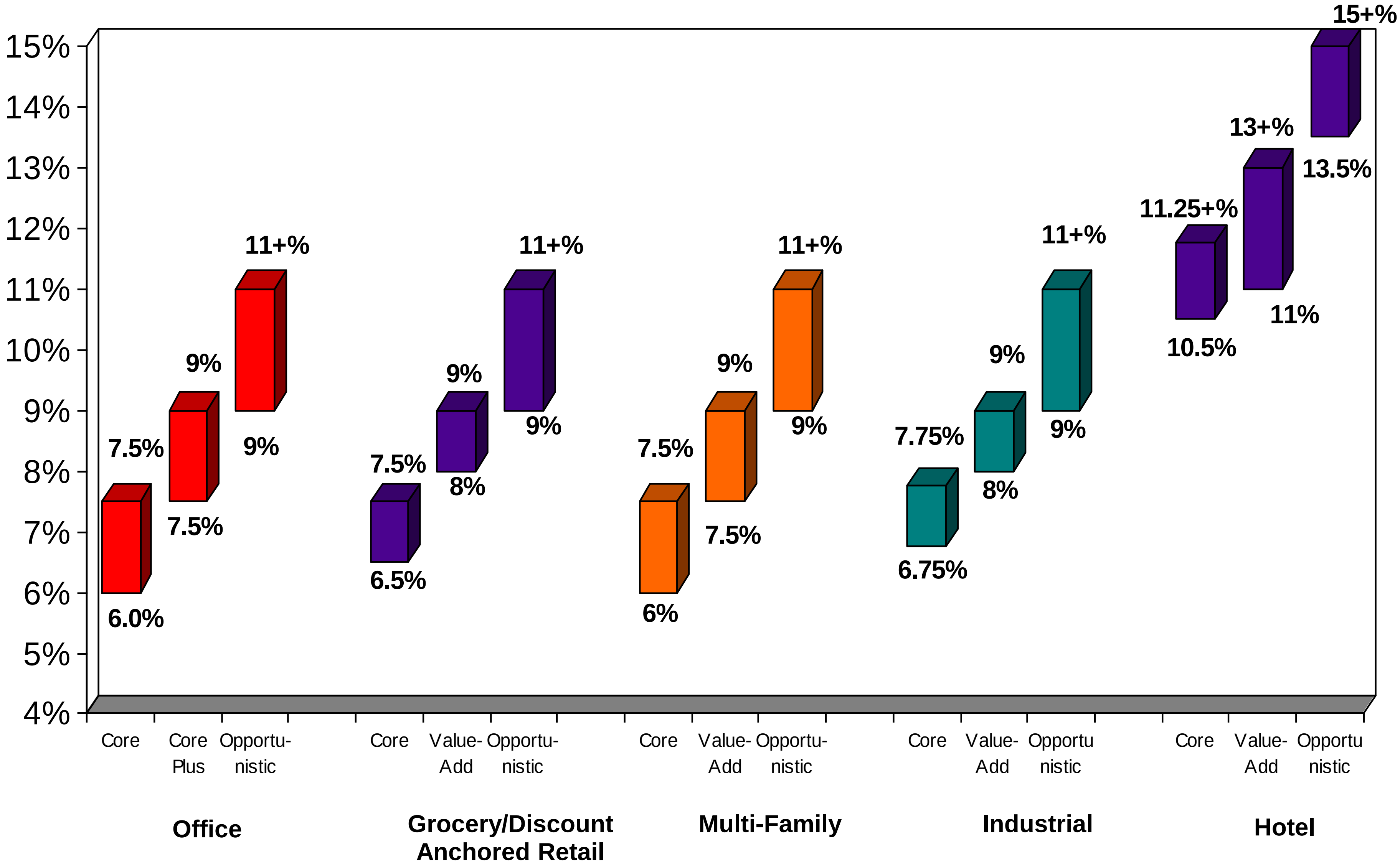
10 Year

FNMA - approx 5.25%
Freddie Portfolio - approx 5.55%
Freddie CME - approx 5.05%

Source: HFF

WHAT A DIFFERENCE A YEAR MAKES!
RELATIVE VALUE YIELDS MAKE COMMERCIAL R.E. A REAL BARGAIN COMPARED TO OTHER FINANCIAL ASSETS

"ALL CASH" IRR YIELD TARGETS BY ASSET CLASS



Source: HFF, July 2011

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BUT…

DELEVERAGING CONTINUES EXCEPT THE U.S. GOVERNMENT

MONETARY EASING–WHAT HAPPENS WHEN IT STOPS…BUT IT HAS NOT STOPPED?

HAS THE FED CREATED A FINANCIAL ASSET CREDIT BUBBLE?

UNDERWRITING CONTINUES TO EASE BUT REMAINS TIGHT FOR THE THIRD CITY

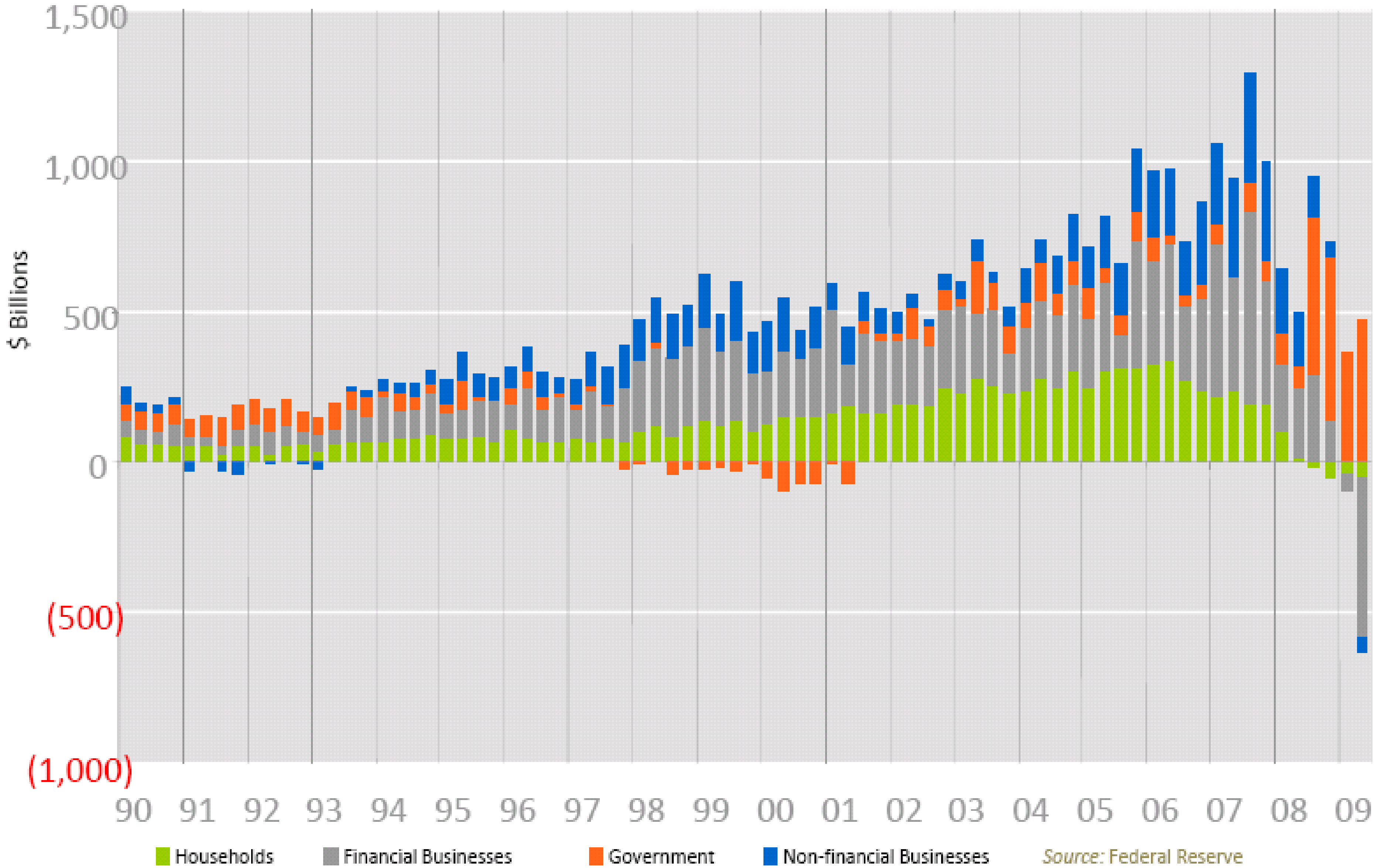
FDIC BANK CLOSURES – APPEARS TO BE SLOWING BUT WHEN WILL IT END?

DISTRESS CONTINUES TO BUILD & DOES NOT SEEM TO BE SLOWING

IS THE ECONOMY GROWING OR SLOWING?

EXCEPT FOR U.S. GOVERNMENT (QE 1 & QE 2) THERE IS MASSIVE DELEVERAGING ON ALL FRONTS AND BANKS ARE FLUSH WITH CASH – IS QE 3 AROUND THE CORNER? HAS THE FED CREATED A FINANCIAL ASSET BUBBLE???

WHAT HAPPENS WHEN $2.1 TRILLION IS WITHDRAWN BY THE FED?



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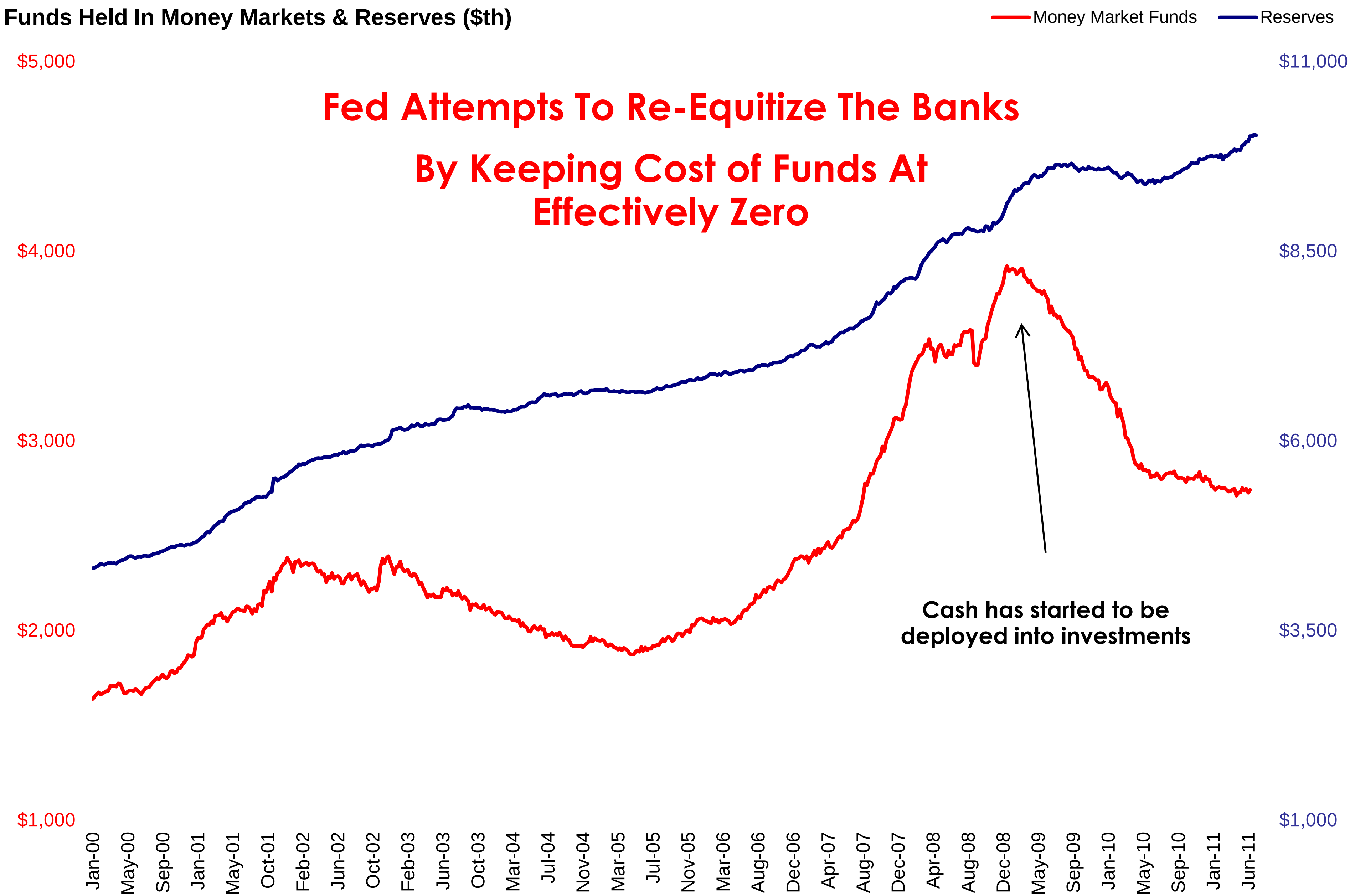
MONEY MARKETS HAVE DESCENDED FROM PEAK
FED CONTINUES TO AUGMENT RESERVES – QE 1 & QE 2 – IS QE 3 AROUND THE CORNER?
LENDING HAS IMPROVED SOME BUT NOT ACROSS THE BOARD



Source: Investment Company Institution, Federal Reserve

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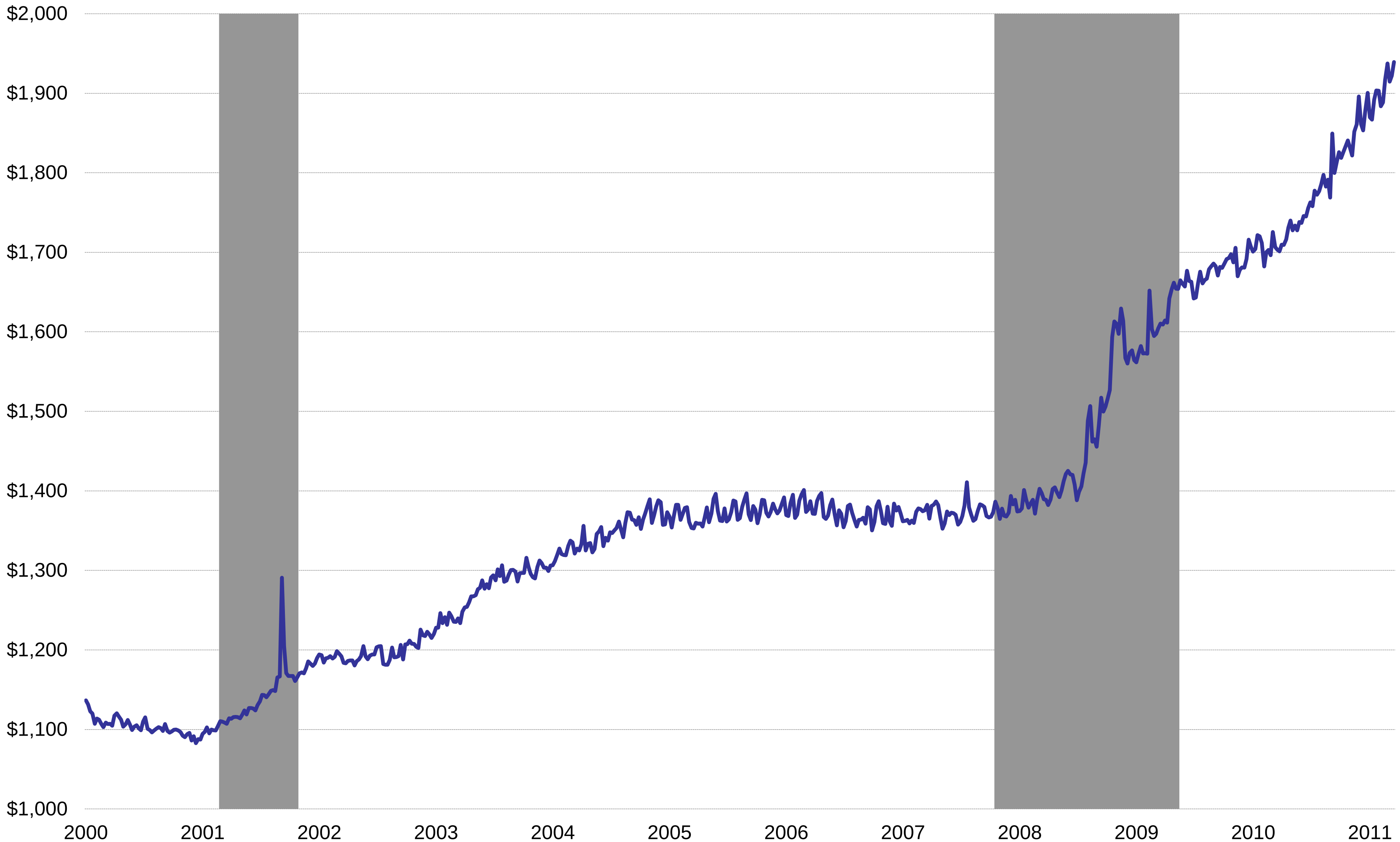
M1 MONEY SUPPLY INCREASES ACCORDINGLY
BANKS HAVE PLENTY TO LEND

M1 Money Stock ($Bil)



Source: Federal Reserve Bank of St. Louis
shaded areas indicate U.S. recessions

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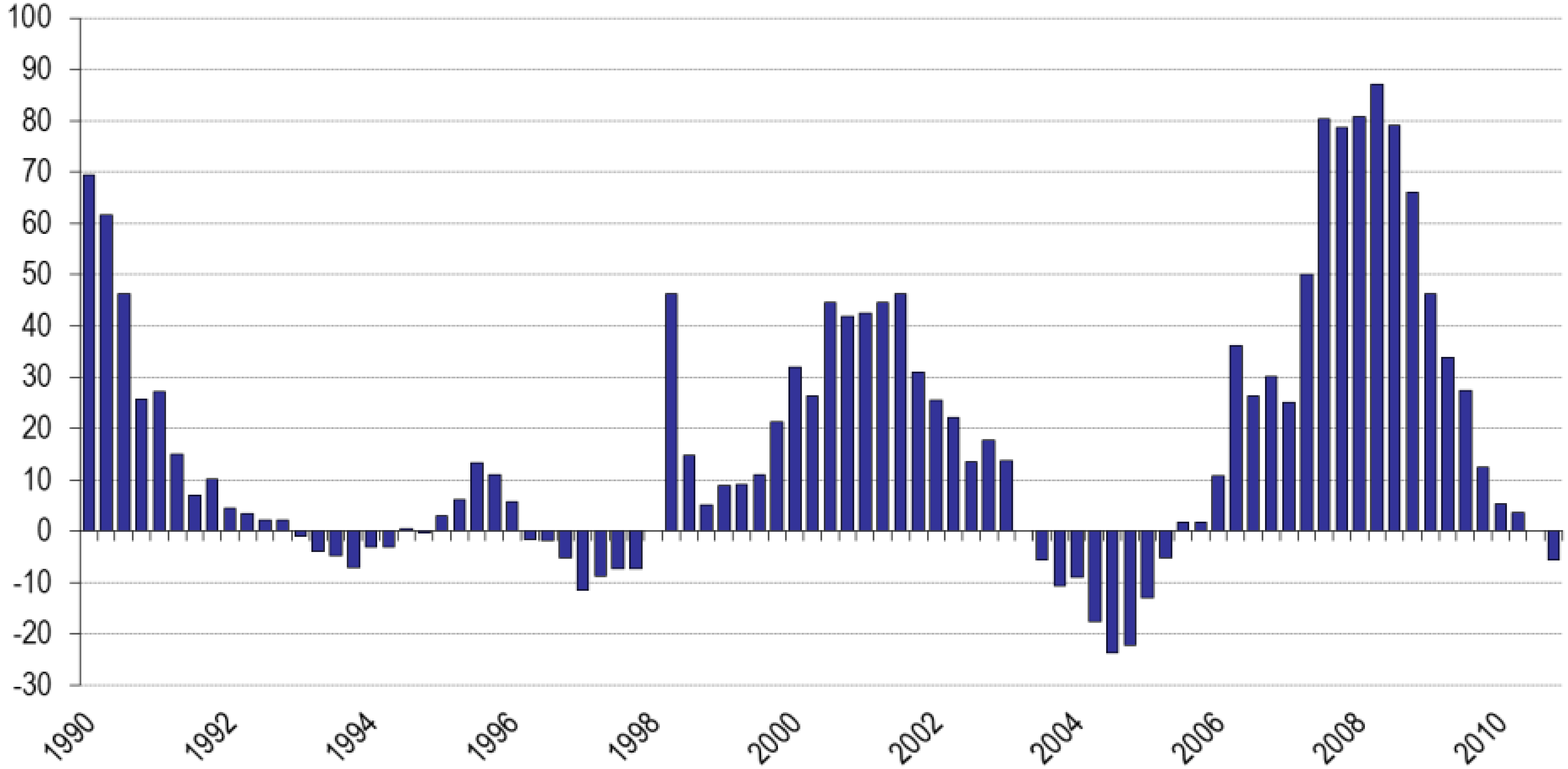
LENDING HAS IMPROVED SOME BUT NOT ACROSS THE BOARD LENDERS REMAIN CAUTIOUS BY HISTORICAL STANDARDS

Net % of Respondents Tightening Standards for CRE Loans
Lenders Are Still Wary of Anything That Does Not Fit the Box!

Percent

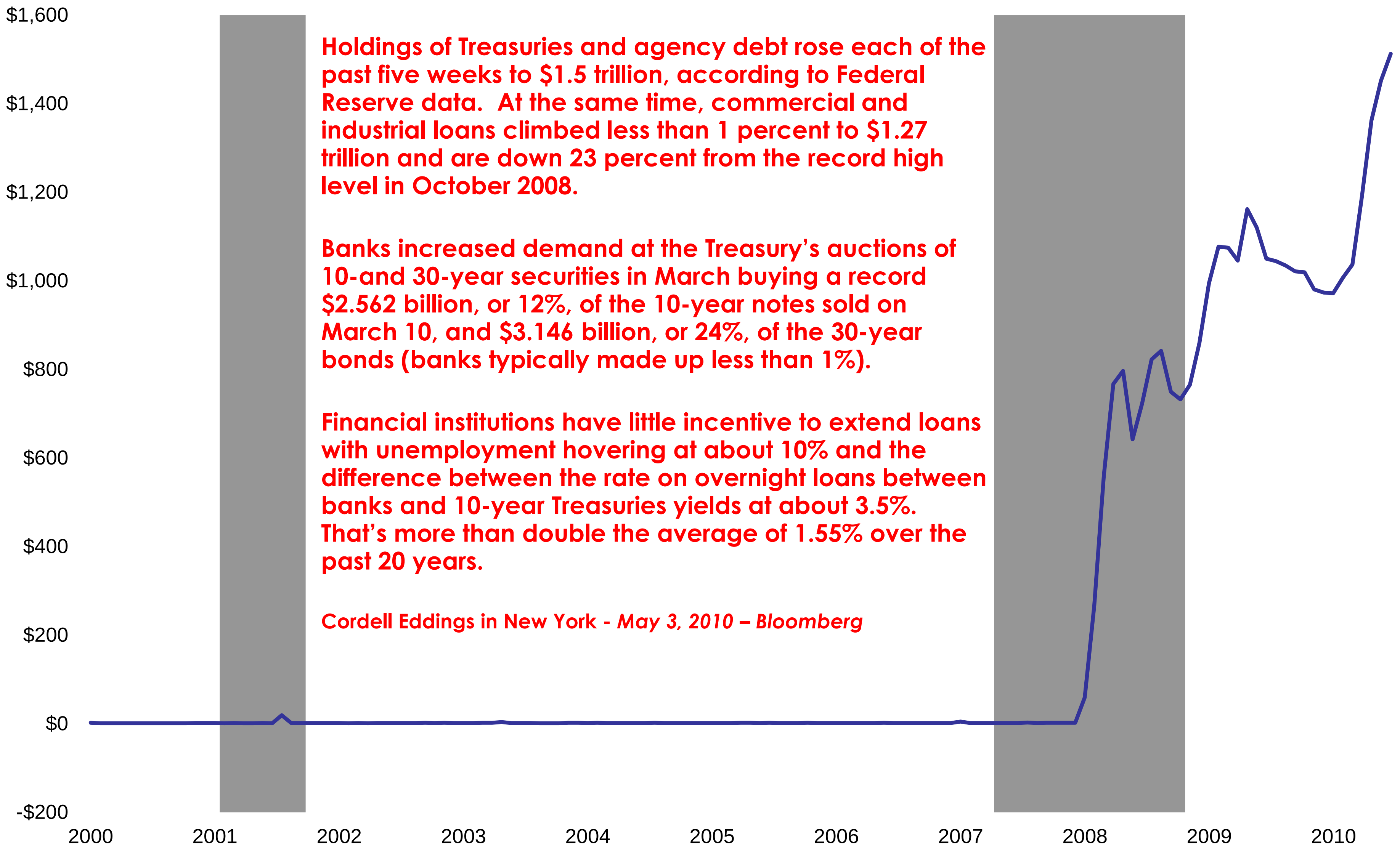
Financial institutions have little incentive to extend loans beyond high quality credit borrowers with unemployment hovering at 9%+ and the difference between the rate on overnight loans between banks and 10 yr. Treasury yields of 3.0% +/-



Source: Federal Reserve; Last data point April 2011 = -5.5

BUT WHAT HAPPENS IF BANKS DO NOT LEND?
"YOU CAN LEAD A HORSE TO WATER, BUT YOU CANNOT MAKE IT DRINK!"
HAS THE FED CREATED A FINANCIAL ASSET CREDIT BUBBLE???

Excess Reserves of Depository Institutions ($Bil)



Holdings of Treasuries and agency debt rose each of the past five weeks to $1.5 trillion, according to Federal Reserve data. At the same time, commercial and industrial loans climbed less than 1 percent to $1.27 trillion and are down 23 percent from the record high level in October 2008.

Banks increased demand at the Treasury's auctions of 10-and 30-year securities in March buying a record $2.562 billion, or 12%, of the 10-year notes sold on March 10, and $3.146 billion, or 24%, of the 30-year bonds (banks typically made up less than 1%).

Financial institutions have little incentive to extend loans with unemployment hovering at about 10% and the difference between the rate on overnight loans between banks and 10-year Treasuries yields at about 3.5%. That's more than double the average of 1.55% over the past 20 years.

Cordell Eddings in New York - *May 3, 2010 – Bloomberg*

Source: Federal Reserve Bank of St. Louis
shaded areas indicate U.S. recessions

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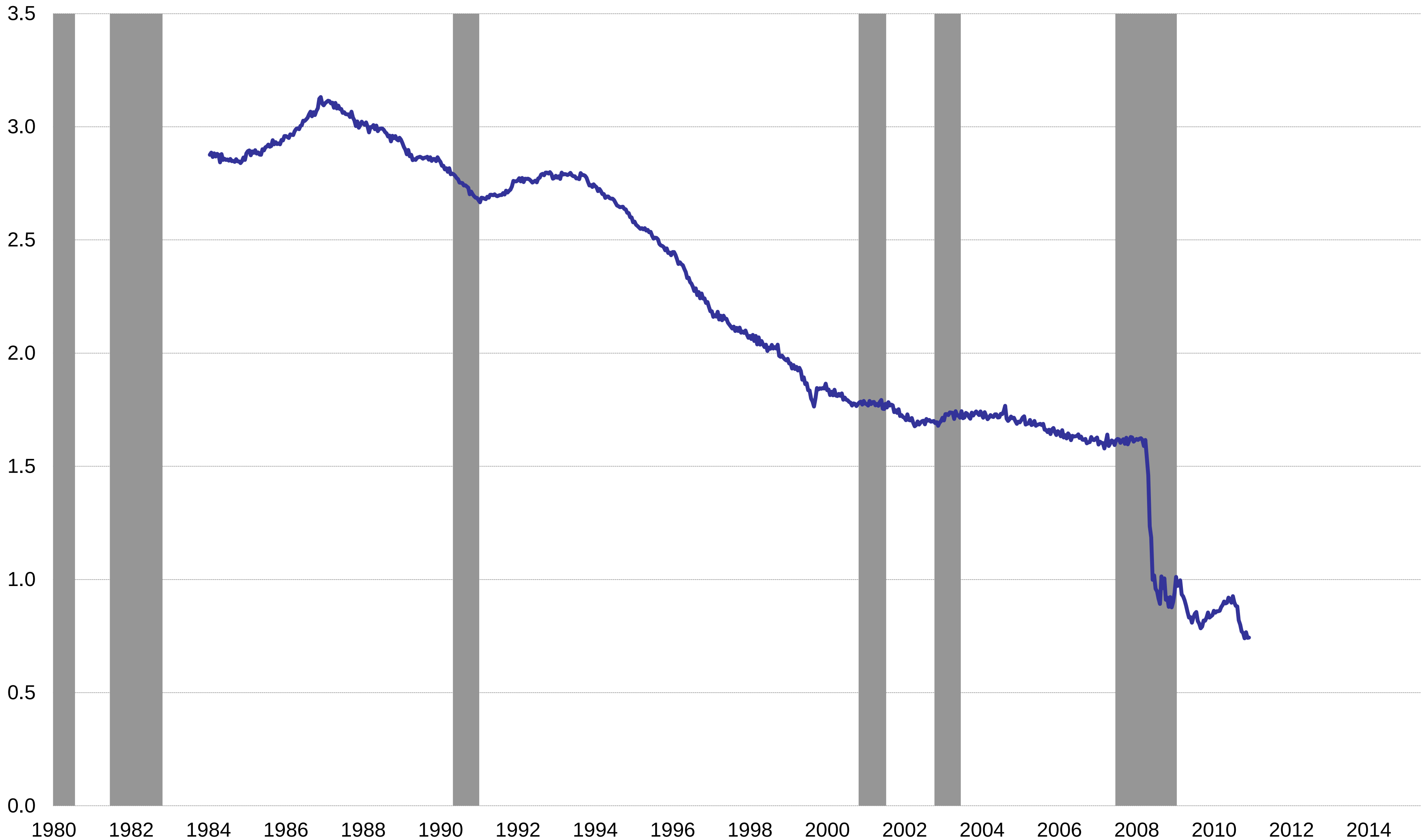
THE MONEY MULTIPLIER REMAINS NEAR ITS ALL TIME LOW

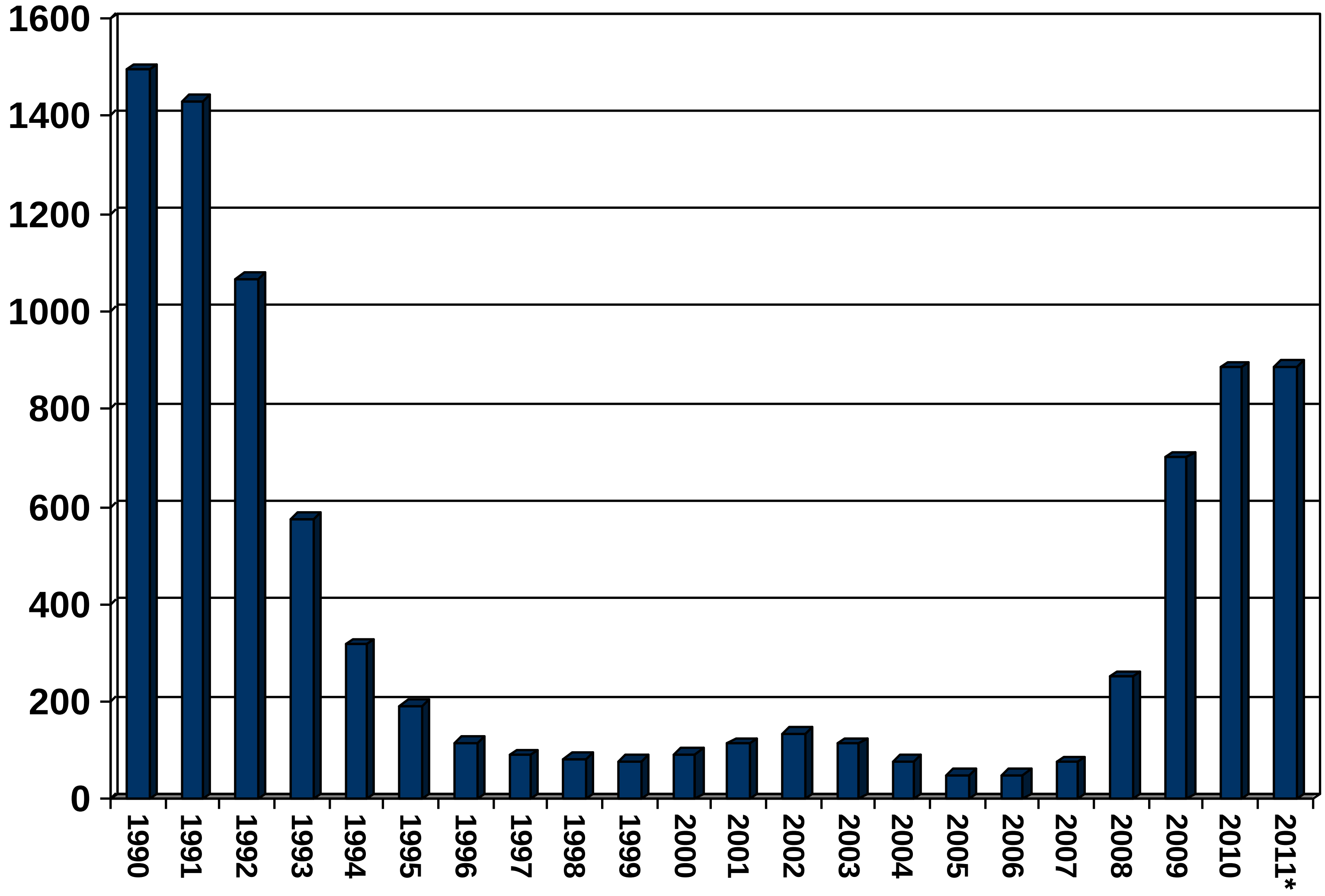
M1 Money Multiplier ($Bil)



Source: Federal Reserve, of St. Louis
shaded areas indicate U.S. recessions

FDIC PROBLEM INSTITUTIONS TODAY WITH NO END IN SIGHT
FDIC WILL REQUIRE SIGNIFICANT ADDITIONAL RESERVES

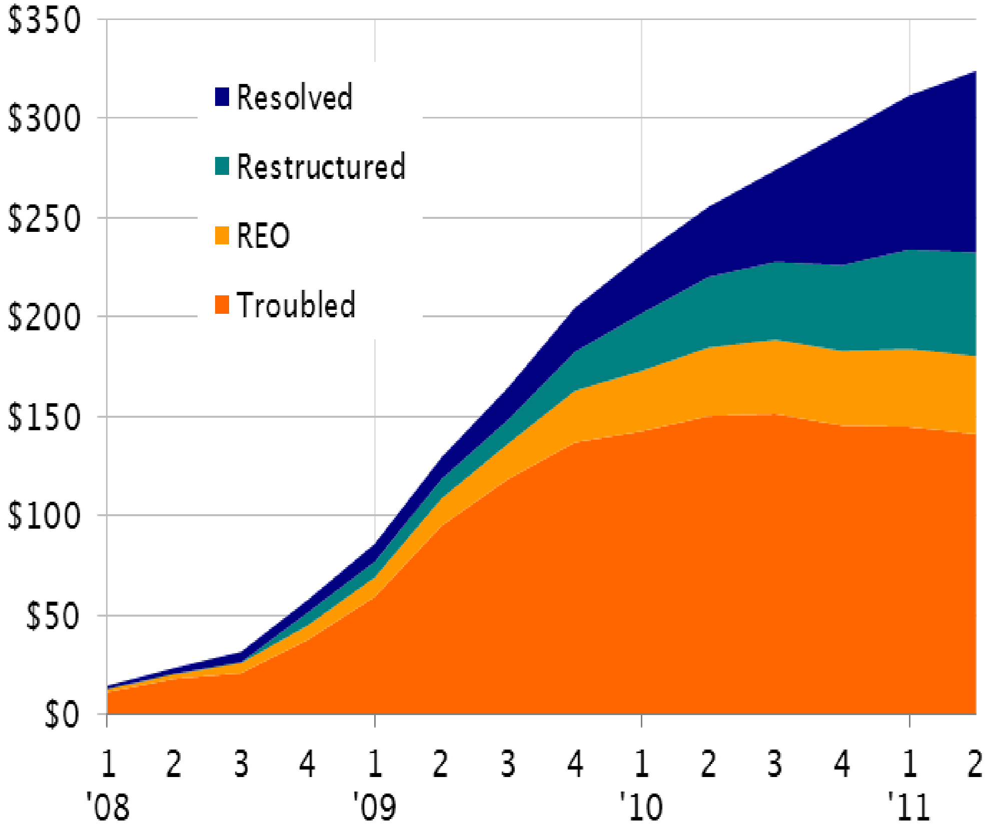
FDIC raised its estimate for the cost of bank failures to $100 billion through 2013, up from $70 billion.



Source: FDIC – *March 31, 2011; number of problem institutions

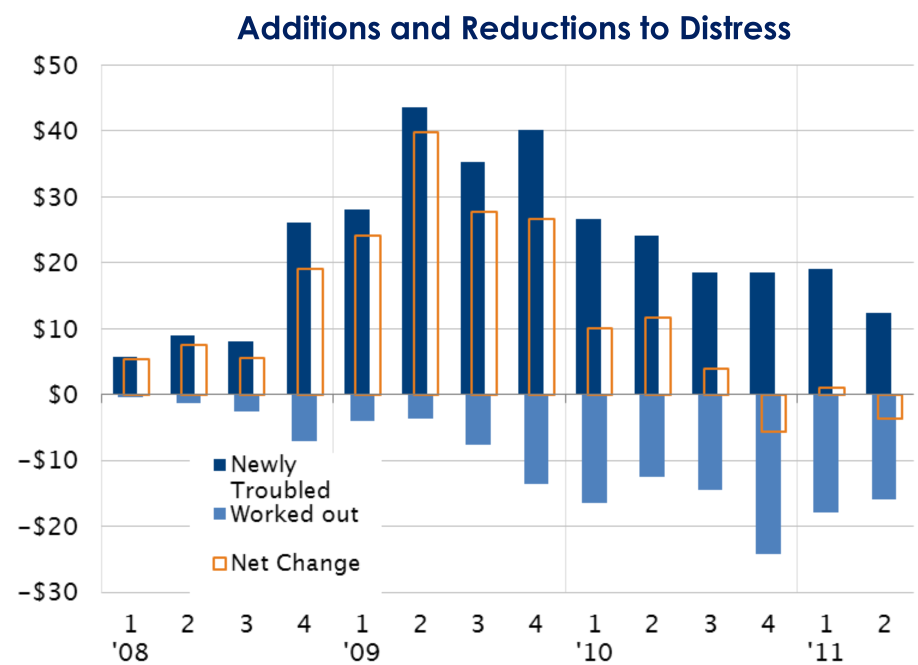
DISTRESSED UNRESOLVED ASSETS BUILDING COUPLED WITH DETERIORATING PROPERTY FUNDAMENTALS (ALBEIT MORE SLOWLY) AND MATURITY DEFAULTS WHAT ABOUT THE BANKS BALANCE SHEET LOANS? – MUCH LARGER THAN CMBS

CUMULATIVE OUTSTANDING DISTRESS VOLUME ($b)



Source: Real Capital Analytics

CUMULATIVE DISTRESS ($b)	
Resolved	$91.2
Restructured	$52.2
REO	$39.1
Troubled	$141.4
TOTAL	**$323.9**



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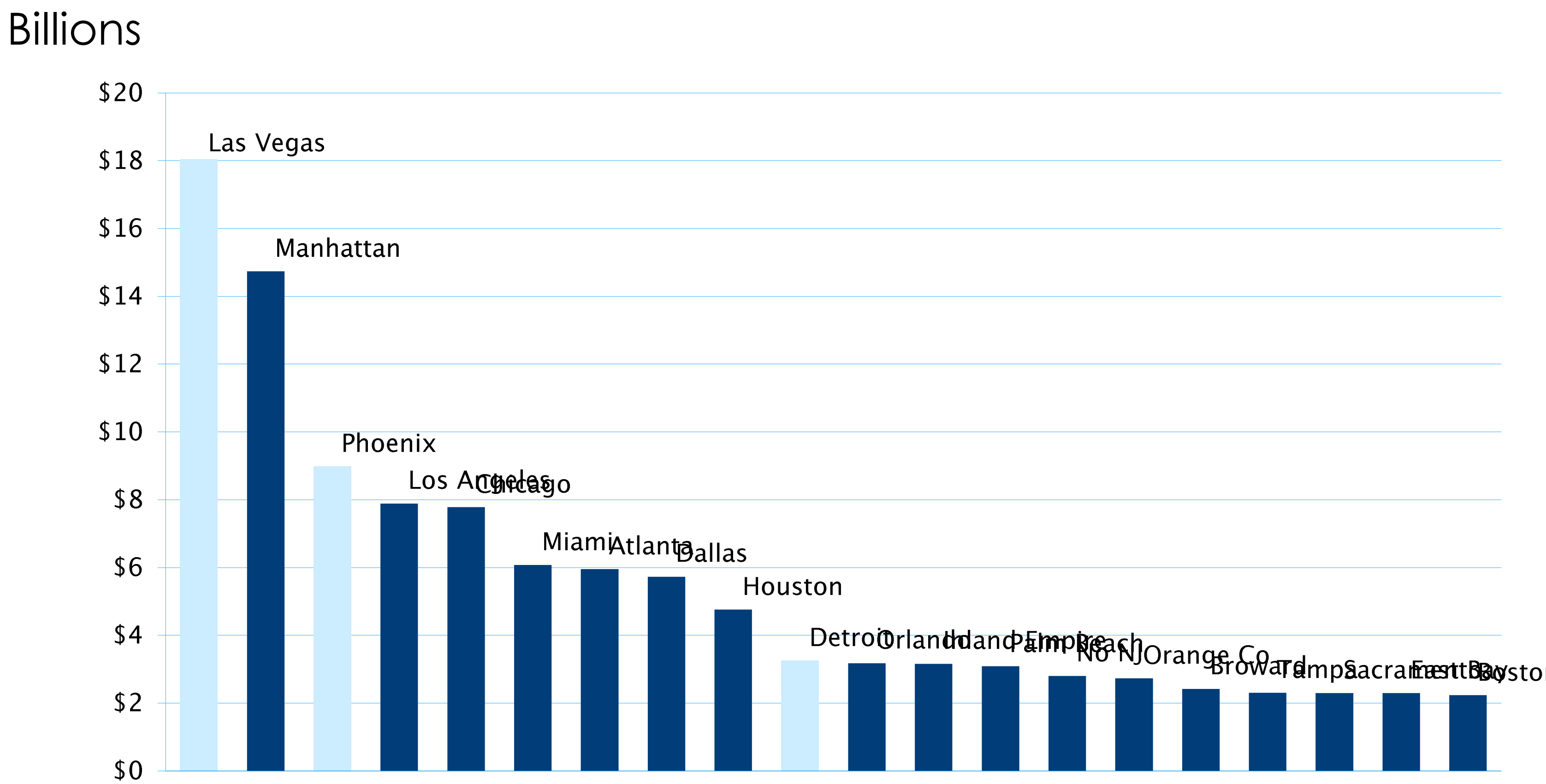
DISTRESSED VOLUME BY MARKET



Dark blue bars indicate markets where HFF either has an office or the market is covered from a large regional office in the state.

HFF IS VERY WELL POSITIONED WITH SPECIAL ASSETS GROUP, INVESTMENT SALES & LOAN SALES GROUP, DEBT & STRUCTURED FINANCE, INVESTMENT BANKING & ADVISORY SERVICES & SERVICING .

Source: Real Capital Analytics, Mid-Year 2011

U.S. COMMERCIAL REAL ESTATE HOUSES THE U.S. ECONOMY

AS THE U.S. ECONOMY GOES, SO GOES THE U.S. COMMERCIAL REAL ESTATE SECTOR

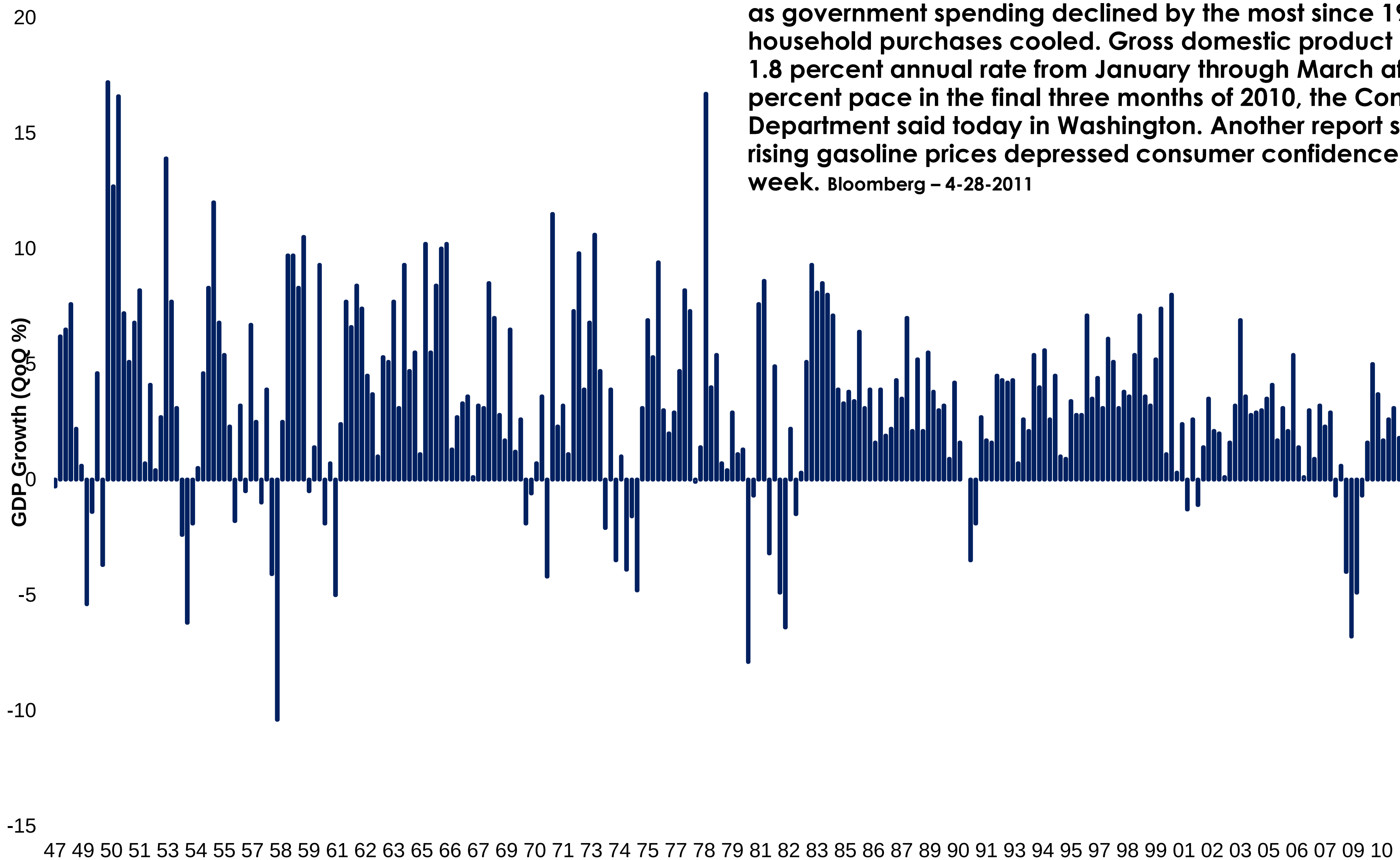
RECESSION HAS ENDED (BUT FOR SOME IT SURE DOESN'T FEEL LIKE IT HAS)

THE "LAG EFFECT"

U.S. GDP – HAVE WE TURNED THE CORNER?
IT'S ALL ABOUT JOBS, HOUSING AND THE CONSUMER
NOT CASH FOR CLUNKERS, FIRST TIME TAX CREDITS FOR HOME BUYERS & STIMULUS

Gross Domestic Product (%)

The U.S. economy slowed more than forecast in the first quarter as government spending declined by the most since 1983 and household purchases cooled. Gross domestic product rose at a 1.8 percent annual rate from January through March after a 3.1 percent pace in the final three months of 2010, the Commerce Department said today in Washington. Another report showed rising gasoline prices depressed consumer confidence last week. Bloomberg – 4-28-2011



Source: Bureau of Economic Analysis

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INDUSTRIAL SECTOR REBOUNDED ON RISE IN ORDERS TO REBUILD INVENTORIES
CASH FOR CLUNKERS – FIRST TIME HOME BUYER CREDIT - STIMULUS
CAN IT BE SUSTAINED ESPECIALLY IN THE FACE OF POTENTIALLY HIGHER INFLATION?

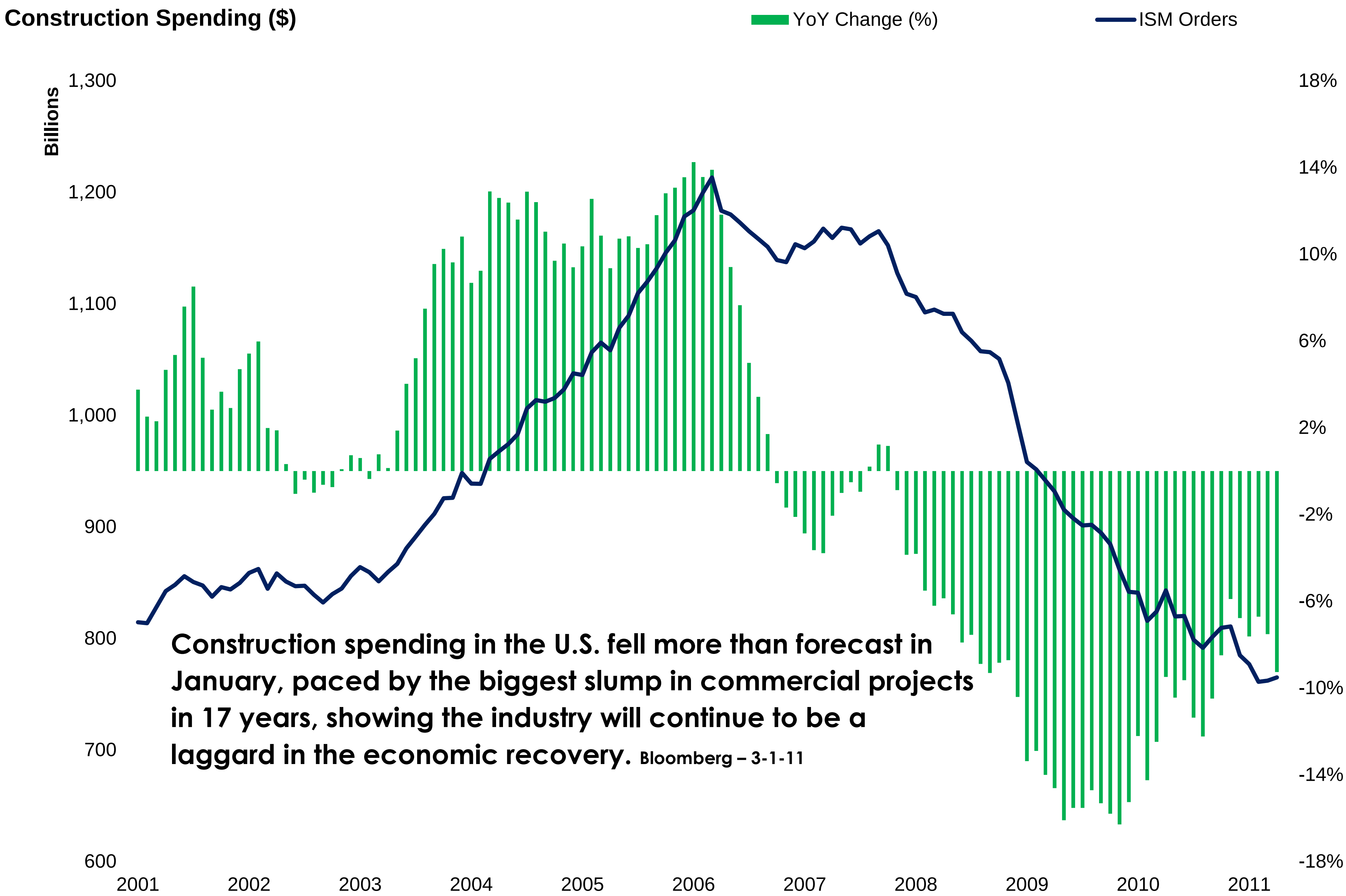
Manufacturing Sector (Expansion>50)

The Institute for Supply Management's factory index rose to 55.3, the first gain in four months, from 53.5 in May, the Tempe, Arizona-based group said today. Economists projected a decrease to 52, according to the median forecast in a Bloomberg News survey. Figures greater than 50 signal expansion.

- Bloomberg, July 1, 2011

Source: Institute for Supply Management

MEANWHILE, CONSTRUCTION HAS NOT YET TURNED THE CORNER AND CONTINUES ITS DOWNWARD TREND



Source: Bloomberg

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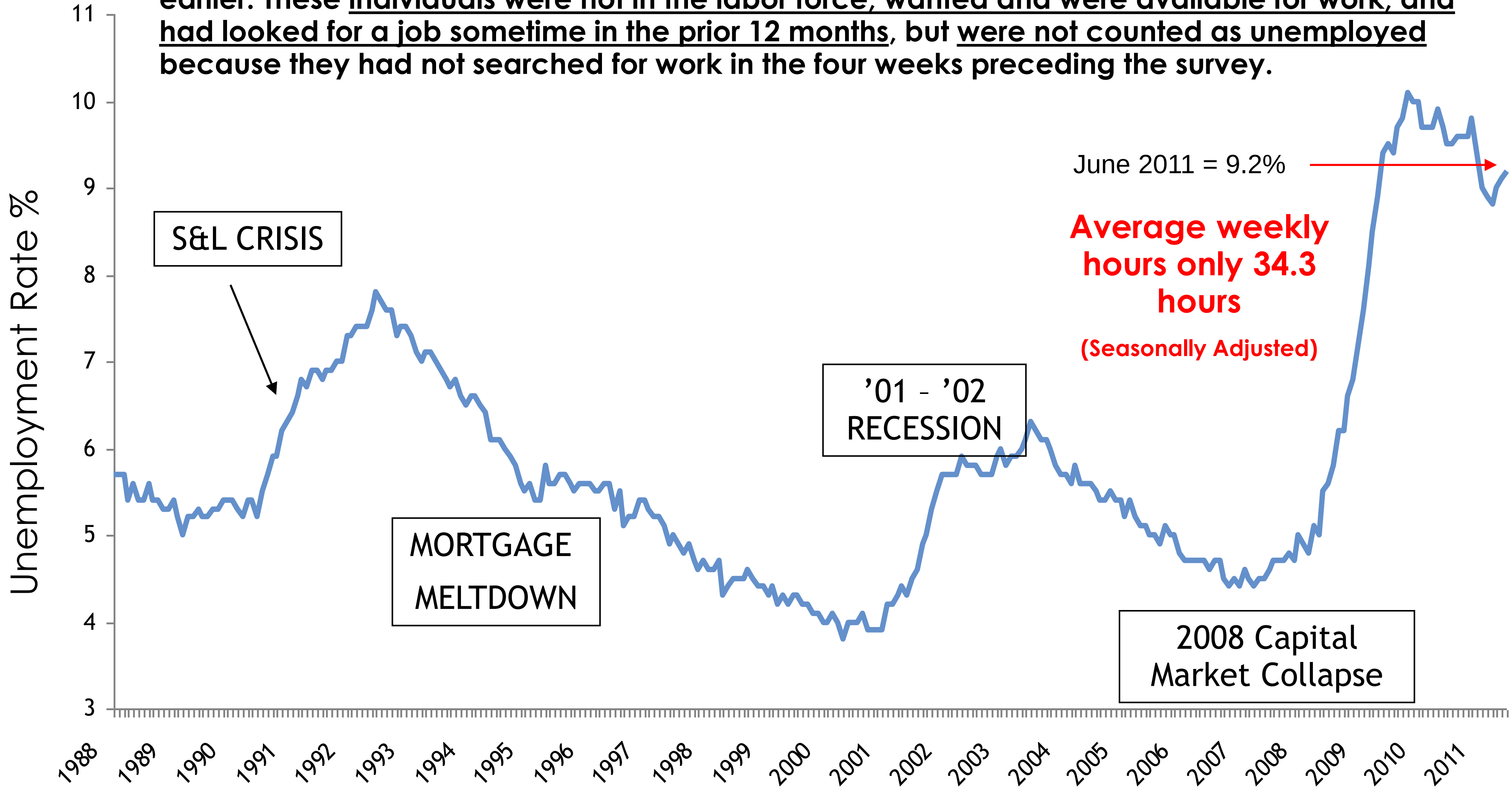
IT IS ALL ABOUT JOBS!
MAJOR NEGATIVE FOR THE ECONOMY AND CONSUMER SPENDING
NEGATIVE IMPACT ON PROPERTY LEVEL FUNDAMENTALS

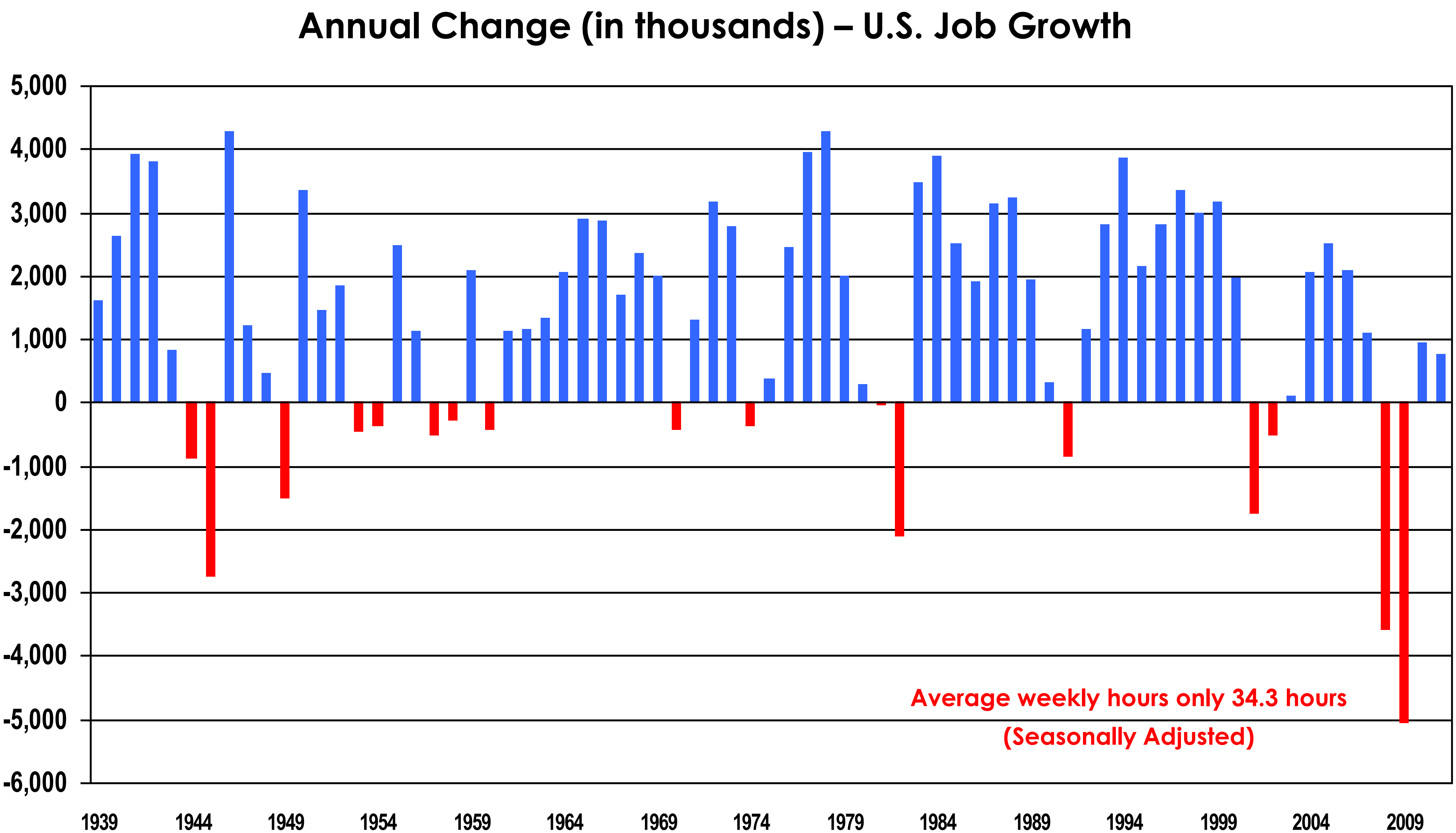
The number of unemployed workers as of June 2011 totaled 14.1 million, an increase of more than 6.4 million since the start of the recession (December 2007). Approximately 2.7 million persons were marginally attached to the labor force in June 2011, about the same as a year earlier. These individuals were not in the labor force, wanted and were available for work, and had looked for a job sometime in the prior 12 months, but were not counted as unemployed because they had not searched for work in the four weeks preceding the survey.



Source: Bureau of Labor Statistics; data is seasonally adjusted.

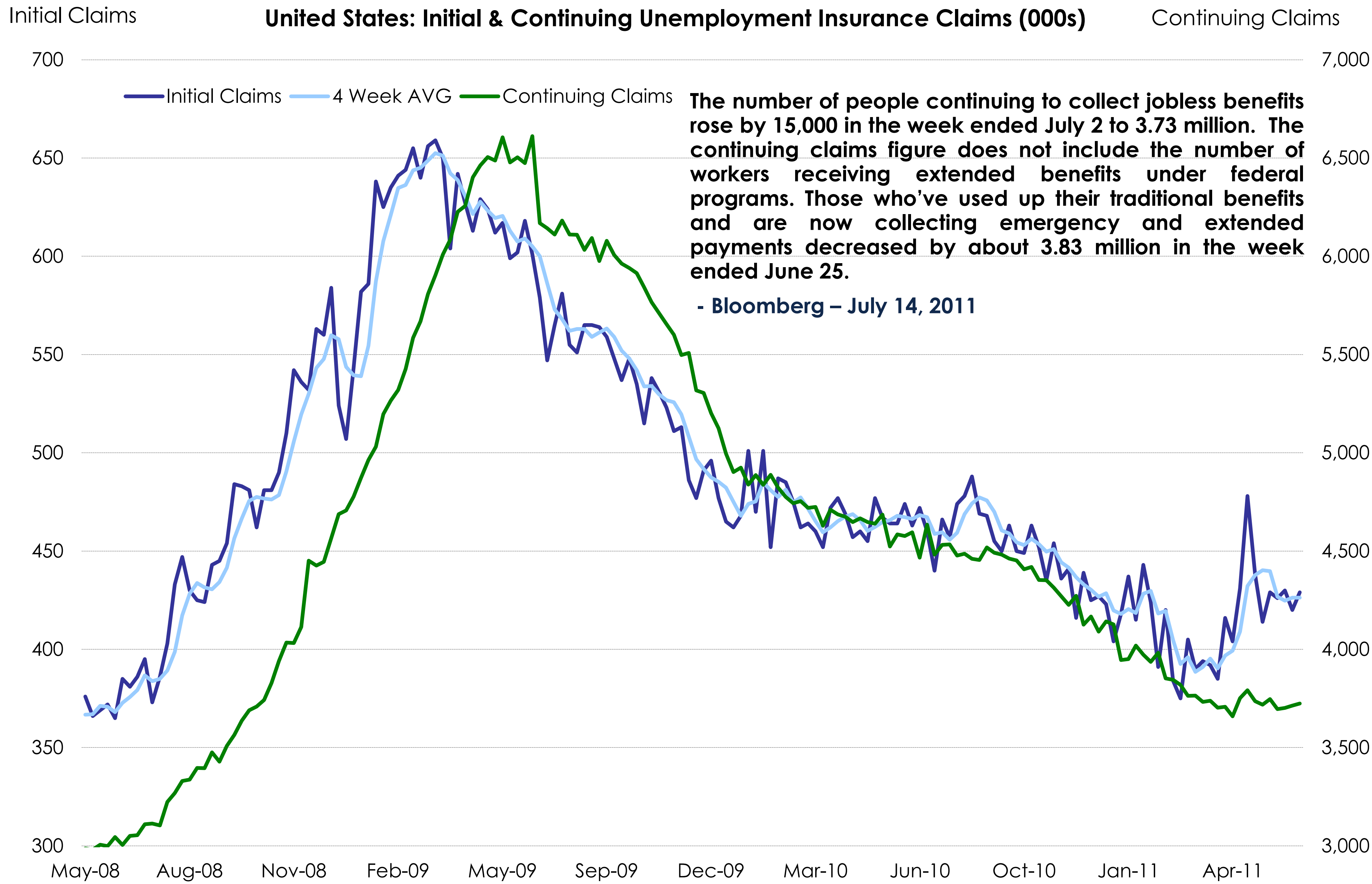
Average weekly hours and overtime of all employees on private nonfarm payrolls by industry sector, seasonally adjusted

IT IS ALL ABOUT JOBS!
MAJOR NEGATIVE FOR THE ECONOMY AND CONSUMER SPENDING
NEGATIVE IMPACT ON PROPERTY LEVEL FUNDAMENTALS



Source: Bureau of Labor Statistics; total non-farm employment, seasonally adjusted; *2011 data preliminary through June 2011

IT IS ALL ABOUT JOBS!
MAJOR NEGATIVE FOR THE ECONOMY AND CONSUMER SPENDING
NEGATIVE IMPACT ON PROPERTY LEVEL FUNDAMENTALS



Source: Department of Labor, data seasonally adjusted

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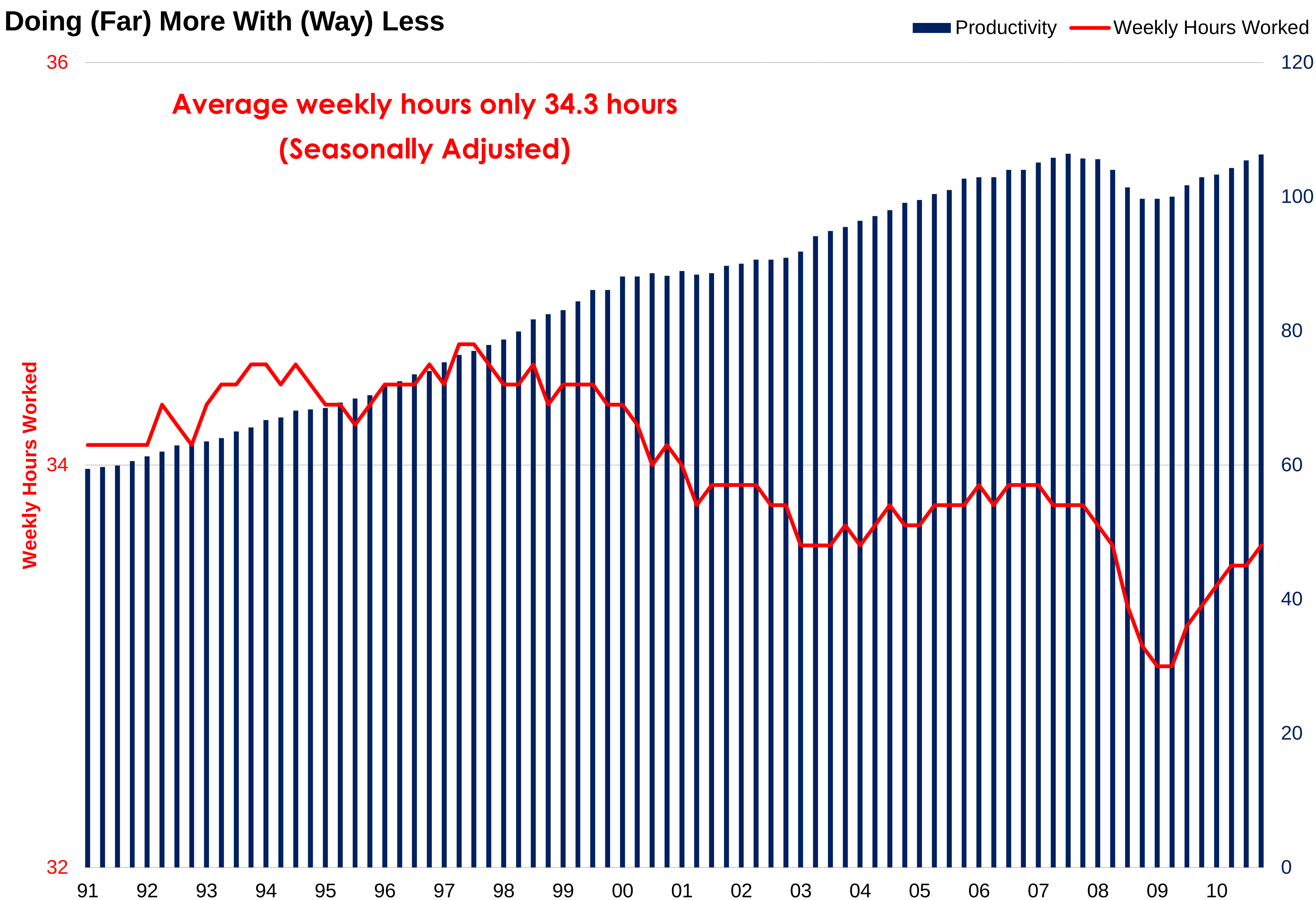
IT IS ALL ABOUT JOBS!
A STAGNANT WORK WEEK PAIRED WITH RISE IN PRODUCTIVITY COULD THREATEN ANY EMPLOYMENT RECOVERY



Source: Department of Labor, data seasonally adjusted

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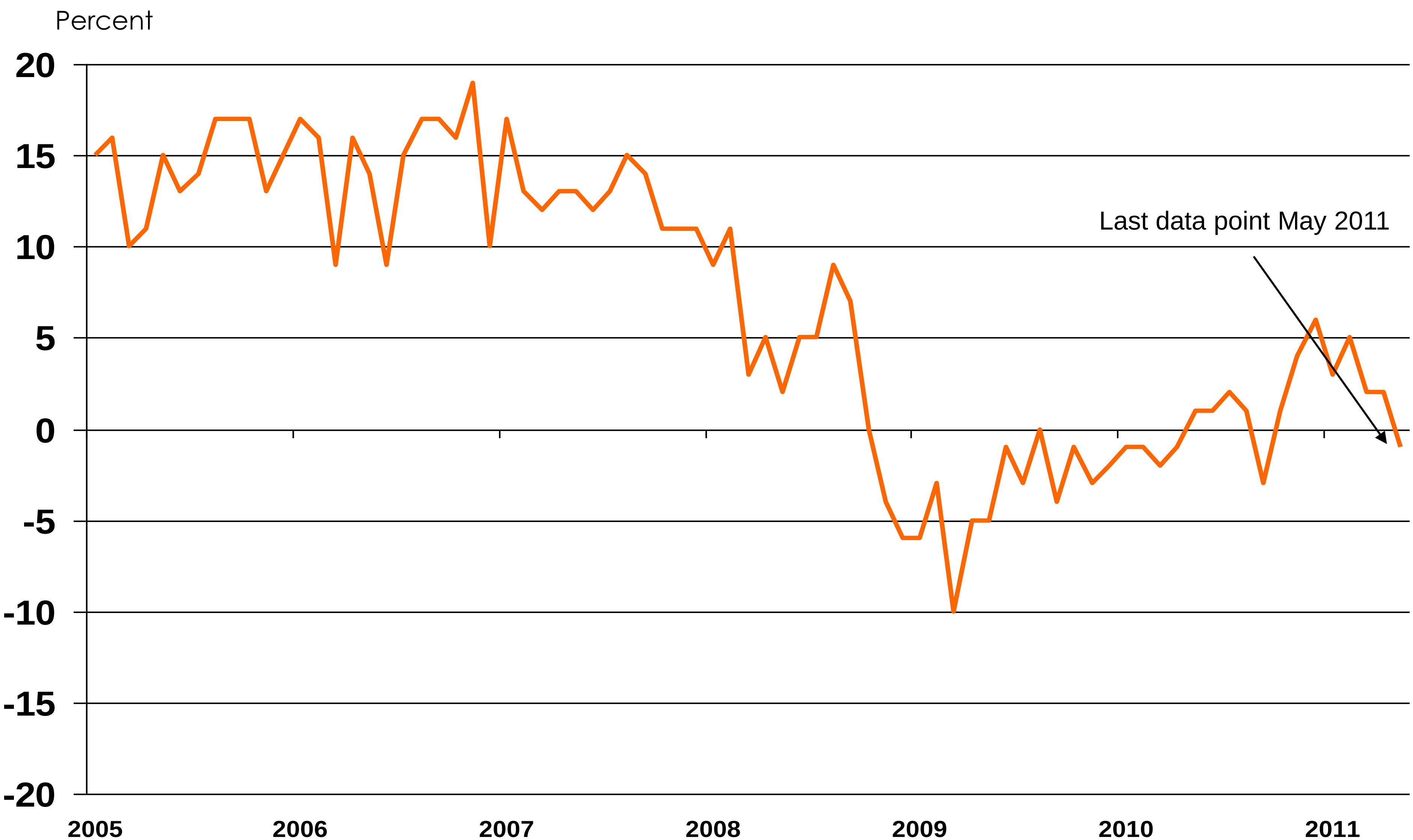
IT IS ALL ABOUT JOBS!
SMALL BUSINESS OUTLOOK – HIRING PLANS
SIGNIFICANT PART OF COMMERCIAL R.E. OCCUPANCY



Source: National Federation of Independent Business – Hiring Plans Survey

Net percent ("increase" minus "decrease") in the next three months, seasonally adjusted

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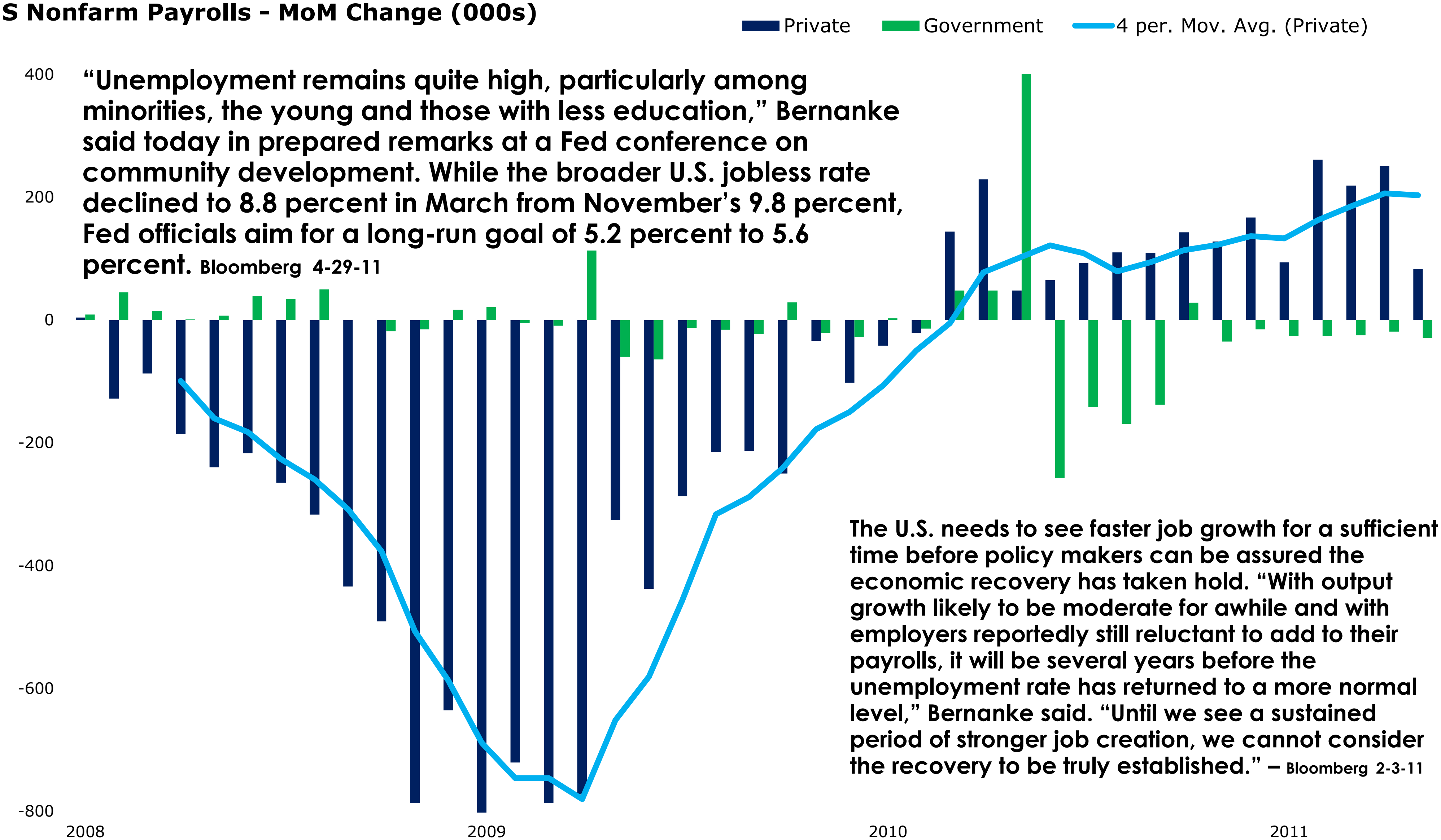
IT IS ALL ABOUT JOBS!
CURRENT JOB GROWTH IS NOT SUFFICIENT TO MATERIALLY CHANGE UNEMPLOYMENT
JOB CUTS IN GOVERNMENT (FEDERAL, STATES & CITIES) LIKELY TO OFFSET PRIVATE SECTOR GROWTH

THE U.S. EXPERIENCED A V-SHAPED RECOVERY IN PRIVATE PAYROLLS BUT IT IS FLATTENING

US Nonfarm Payrolls - MoM Change (000s)



"Unemployment remains quite high, particularly among minorities, the young and those with less education," Bernanke said today in prepared remarks at a Fed conference on community development. While the broader U.S. jobless rate declined to 8.8 percent in March from November's 9.8 percent, Fed officials aim for a long-run goal of 5.2 percent to 5.6 percent. Bloomberg 4-29-11

The U.S. needs to see faster job growth for a sufficient time before policy makers can be assured the economic recovery has taken hold. "With output growth likely to be moderate for awhile and with employers reportedly still reluctant to add to their payrolls, it will be several years before the unemployment rate has returned to a more normal level," Bernanke said. "Until we see a sustained period of stronger job creation, we cannot consider the recovery to be truly established." – Bloomberg 2-3-11

Source: Bloomberg

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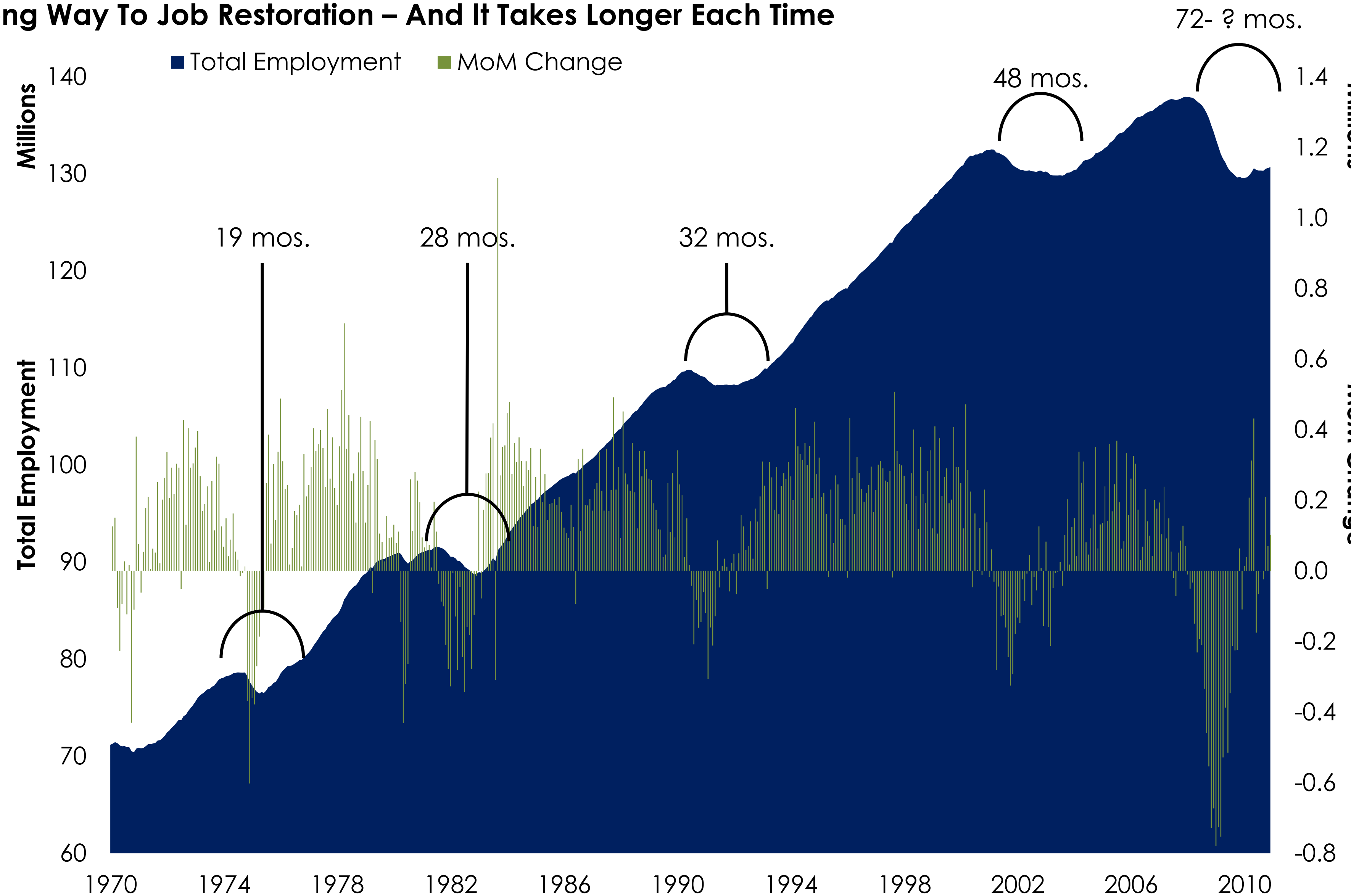
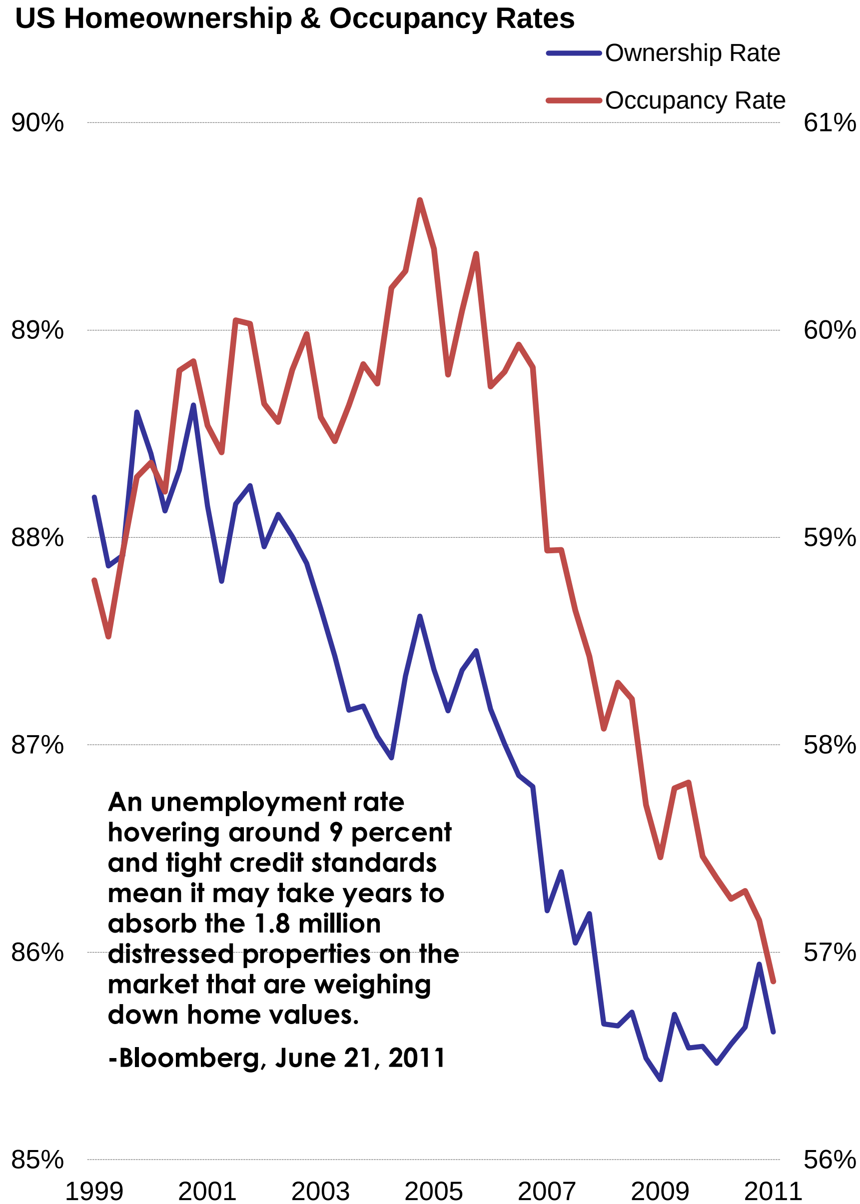
IT IS ALL ABOUT JOBS!
CURRENT JOB GROWTH IS NOT SUFFICIENT TO MATERIALLY CHANGE UNEMPLOYMENT
JOB CUTS IN GOVERNMENT (FEDERAL, STATES & CITIES) LIKELY TO OFFSET PRIVATE SECTOR GROWTH

Long Way To Job Restoration – And It Takes Longer Each Time

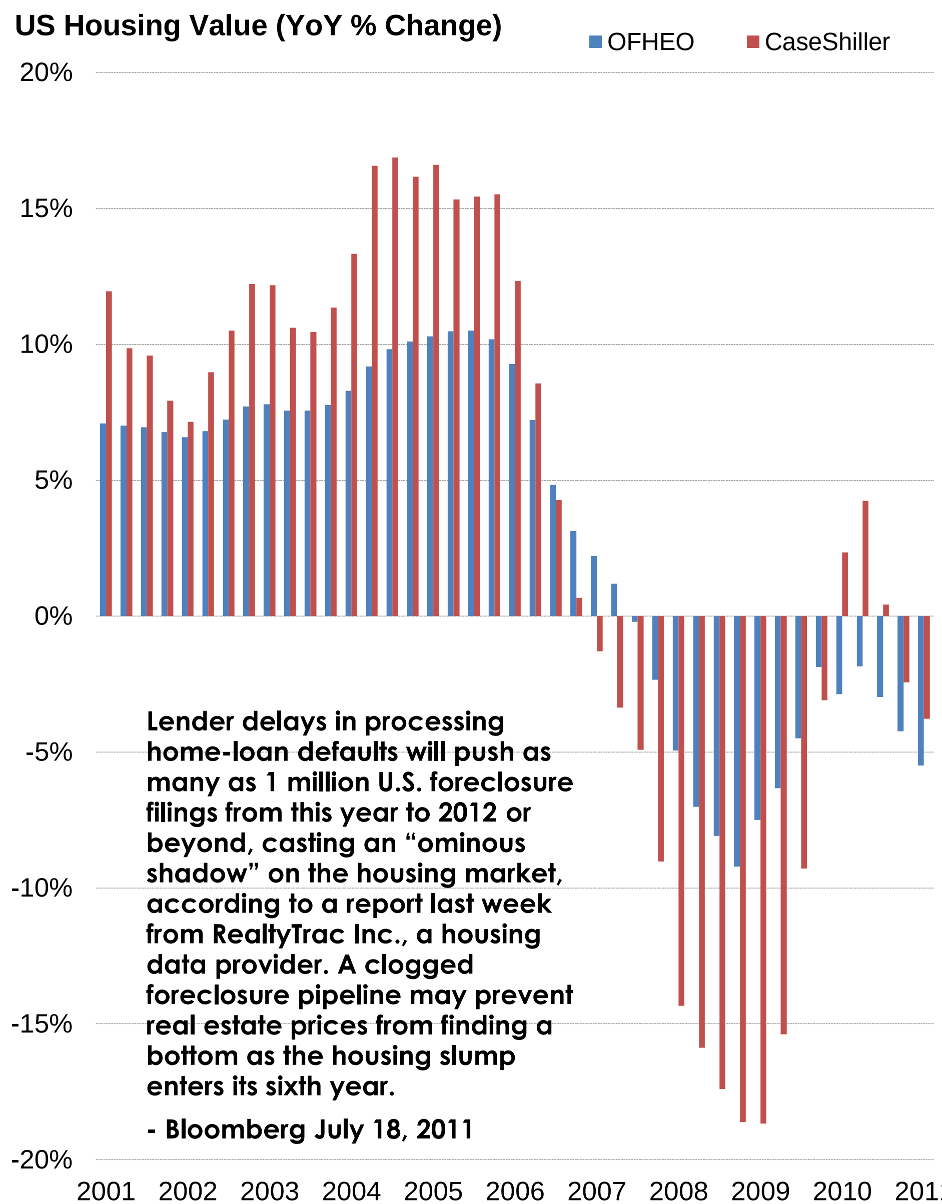


Source: Bloomberg

IF IT IS NOT ABOUT JOBS – IT IS ABOUT HOUSING!
CURRENTLY A NEGATIVE FOR THE ECONOMY AND THE CONSUMER
IMPACT ON PROPERTY LEVEL FUNDAMENTALS



Source: US Census Bureau



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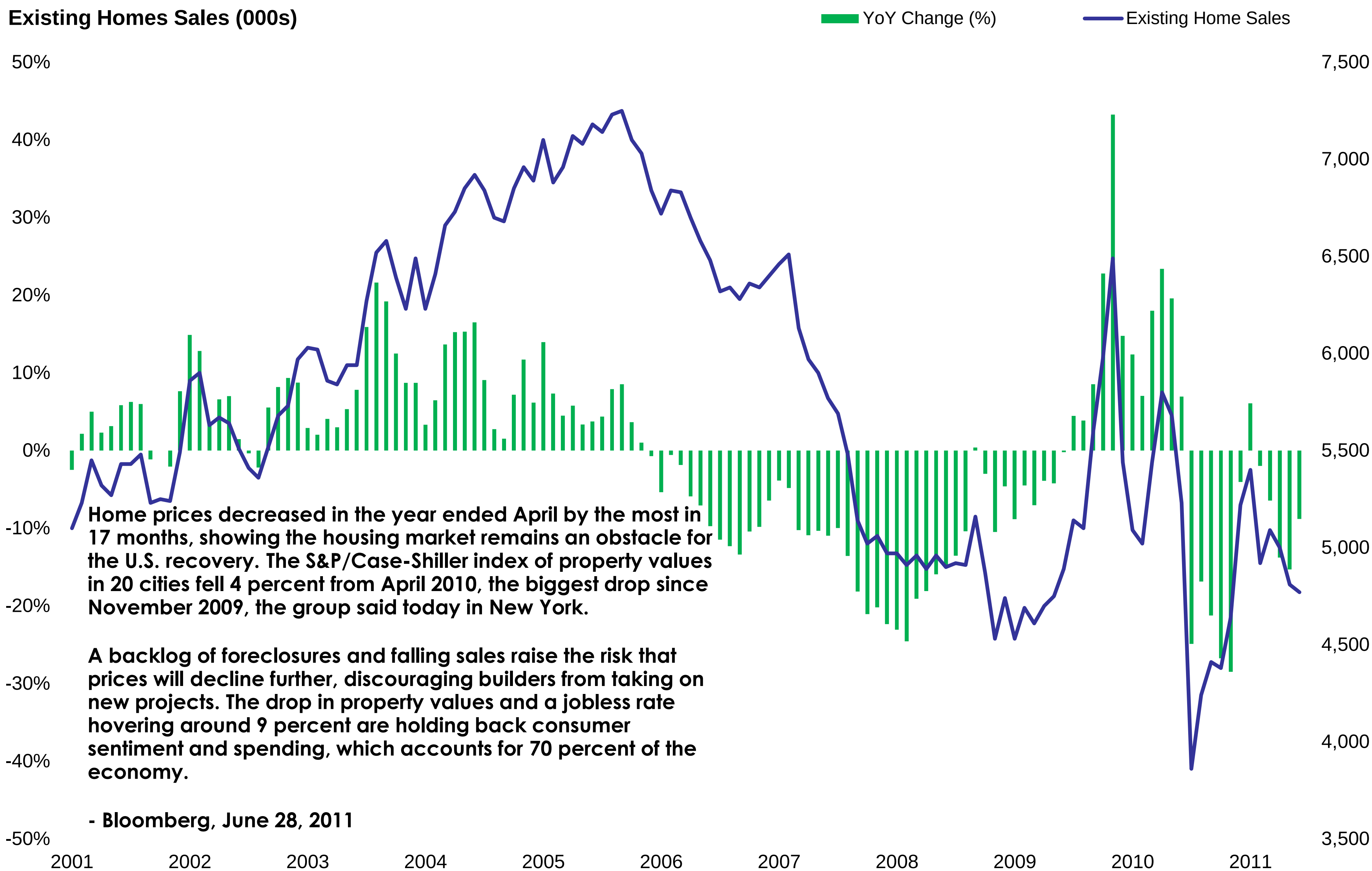
IF IT IS NOT ABOUT JOBS - IT IS ABOUT HOUSING!
EXISTING HOME SALES DRIVEN BY THE HOUSING TAX CREDIT – IT IS OVER
FORECLOSURE ACTIVITY IS INCREASING AS WELL – NOW WHAT?



Home prices decreased in the year ended April by the most in 17 months, showing the housing market remains an obstacle for the U.S. recovery. The S&P/Case-Shiller index of property values in 20 cities fell 4 percent from April 2010, the biggest drop since November 2009, the group said today in New York.

A backlog of foreclosures and falling sales raise the risk that prices will decline further, discouraging builders from taking on new projects. The drop in property values and a jobless rate hovering around 9 percent are holding back consumer sentiment and spending, which accounts for 70 percent of the economy.

- Bloomberg, June 28, 2011

Source: Bloomberg

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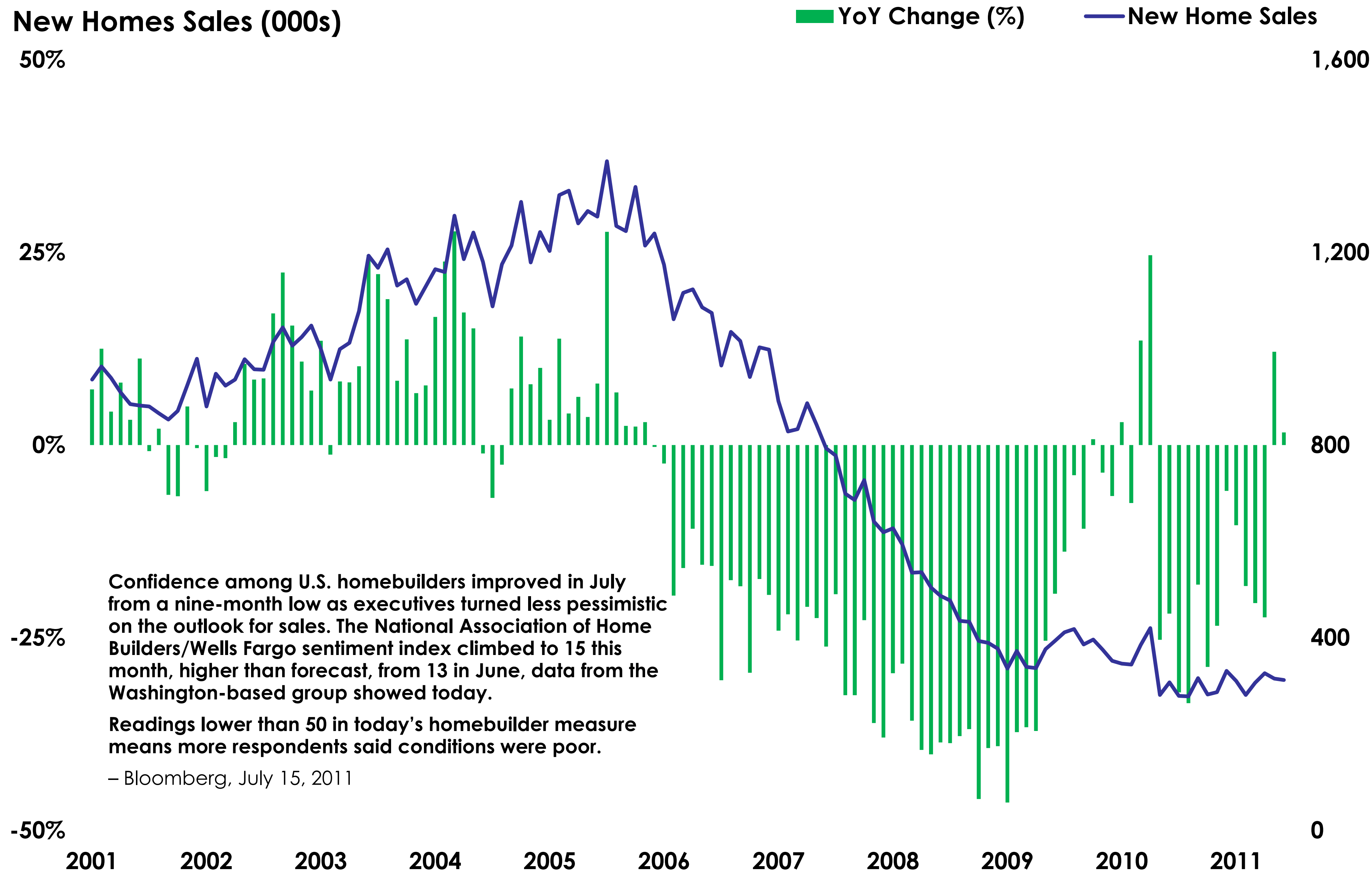
IF IT IS NOT ABOUT JOBS - IT IS ABOUT HOUSING!
NEW HOME SALES WERE DRIVEN BY THE HOUSING TAX CREDIT – IT IS OVER – NOW WHAT?
FORECLOSURE ACTIVITY IS INCREASING AS WELL



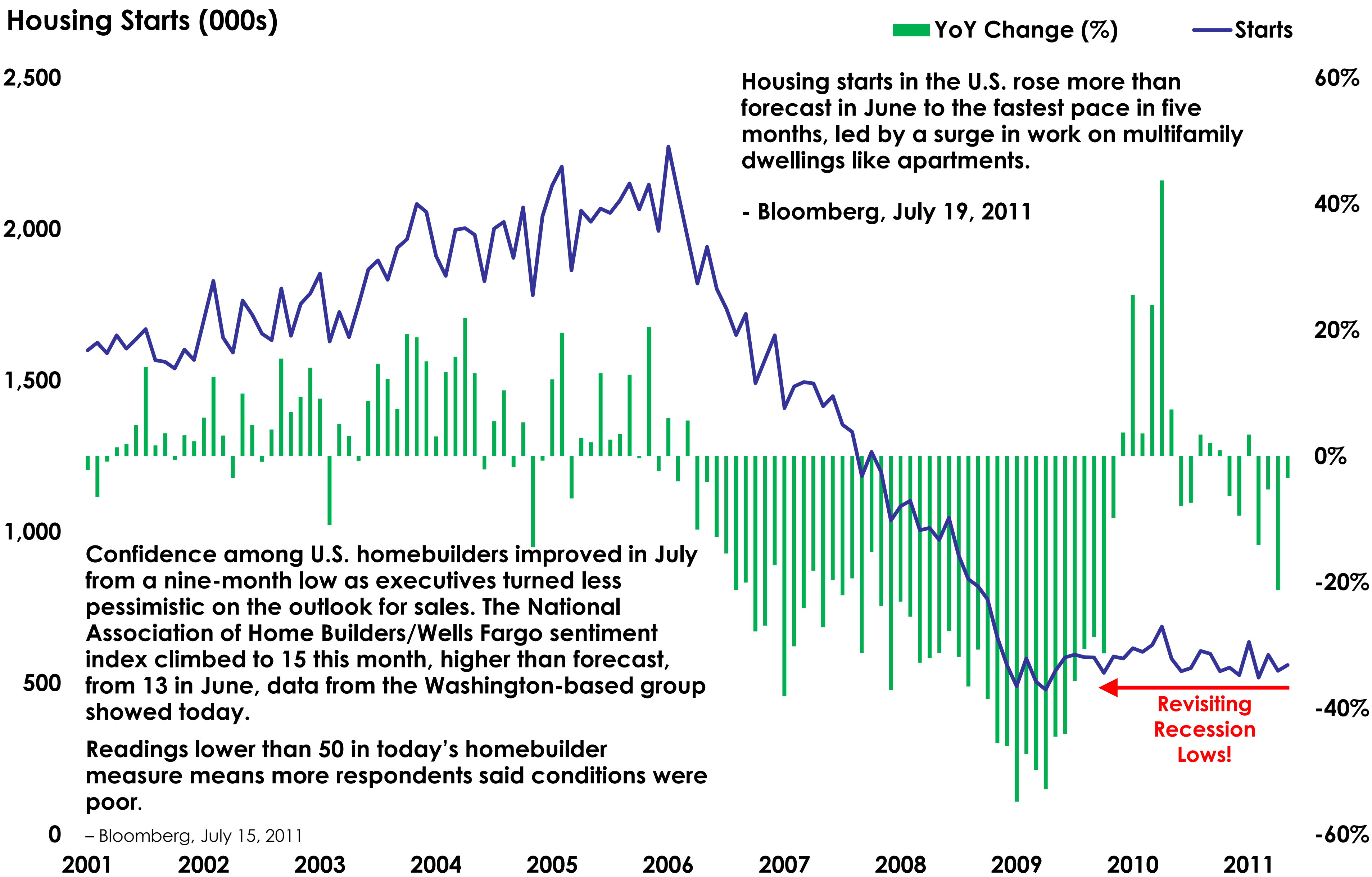
Confidence among U.S. homebuilders improved in July from a nine-month low as executives turned less pessimistic on the outlook for sales. The National Association of Home Builders/Wells Fargo sentiment index climbed to 15 this month, higher than forecast, from 13 in June, data from the Washington-based group showed today.

Readings lower than 50 in today's homebuilder measure means more respondents said conditions were poor.

– Bloomberg, July 15, 2011

Source: Bloomberg

IF IT IS NOT ABOUT JOBS - IT IS ABOUT HOUSING!
YEAR OVER YEAR HOUSING STARTS
HOME TAX CREDIT EXPIRED, FORECLOSURE ACTIVITY UP – NOW WHAT?



Source: Bloomberg

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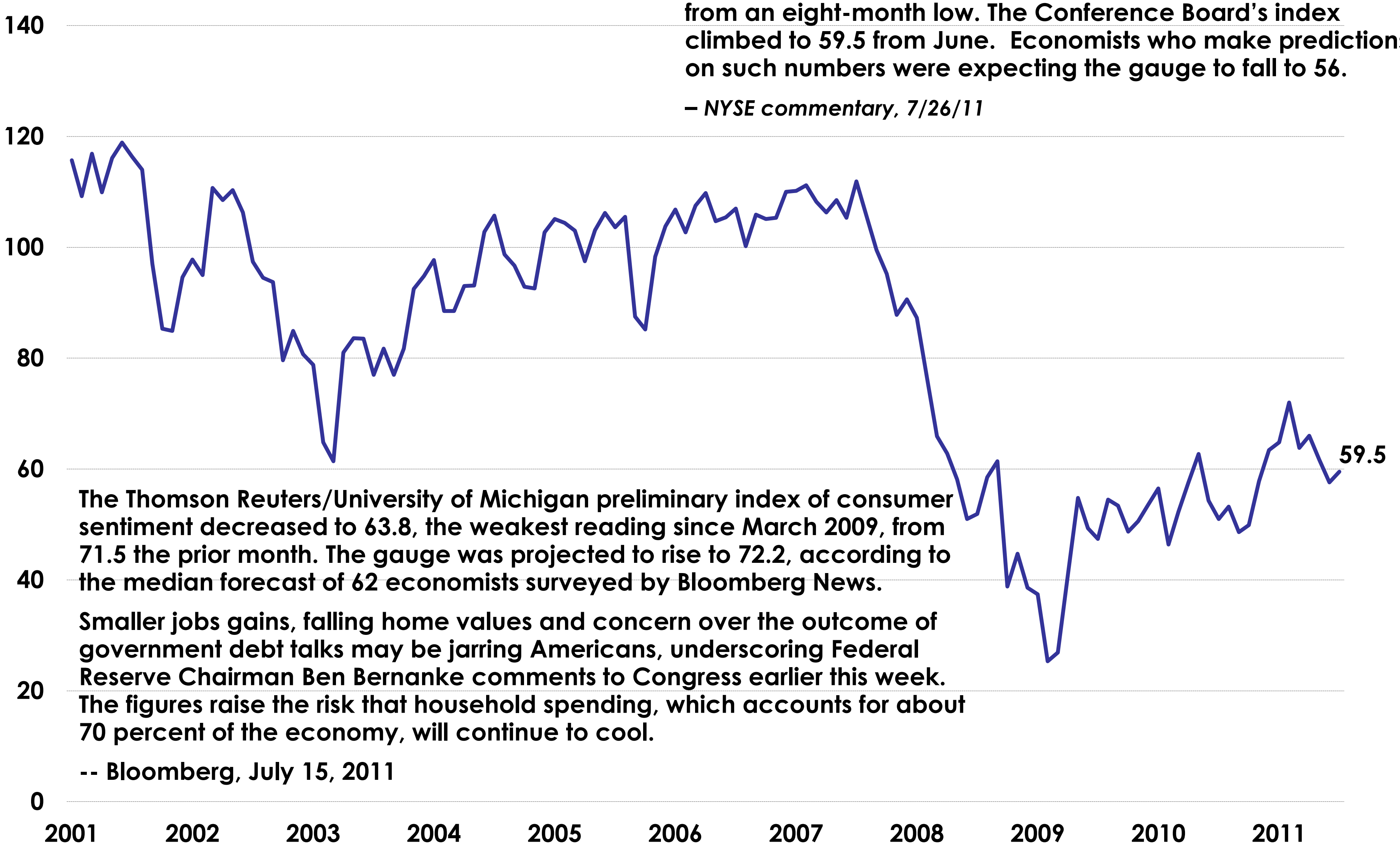
IT IS ABOUT JOBS, IT IS ABOUT HOUSING AND THE CONSUMER!
CONSUMER CONFIDENCE IMPROVEMENT HAS STALLED - BUT CONSUMPTION IS 65%+/- OF GDP WITHOUT SUSTAINED JOB GROWTH CONSUMERS WILL BE RELUCTANT TO SPEND

Consumer Confidence



Confidence among U.S. consumers unexpectedly rose in July from an eight-month low. The Conference Board's index climbed to 59.5 from June. Economists who make predictions on such numbers were expecting the gauge to fall to 56.

– NYSE commentary, 7/26/11

The Thomson Reuters/University of Michigan preliminary index of consumer sentiment decreased to 63.8, the weakest reading since March 2009, from 71.5 the prior month. The gauge was projected to rise to 72.2, according to the median forecast of 62 economists surveyed by Bloomberg News.

Smaller jobs gains, falling home values and concern over the outcome of government debt talks may be jarring Americans, underscoring Federal Reserve Chairman Ben Bernanke comments to Congress earlier this week. The figures raise the risk that household spending, which accounts for about 70 percent of the economy, will continue to cool.

-- Bloomberg, July 15, 2011

Source: Bloomberg

Last data point = July 2011

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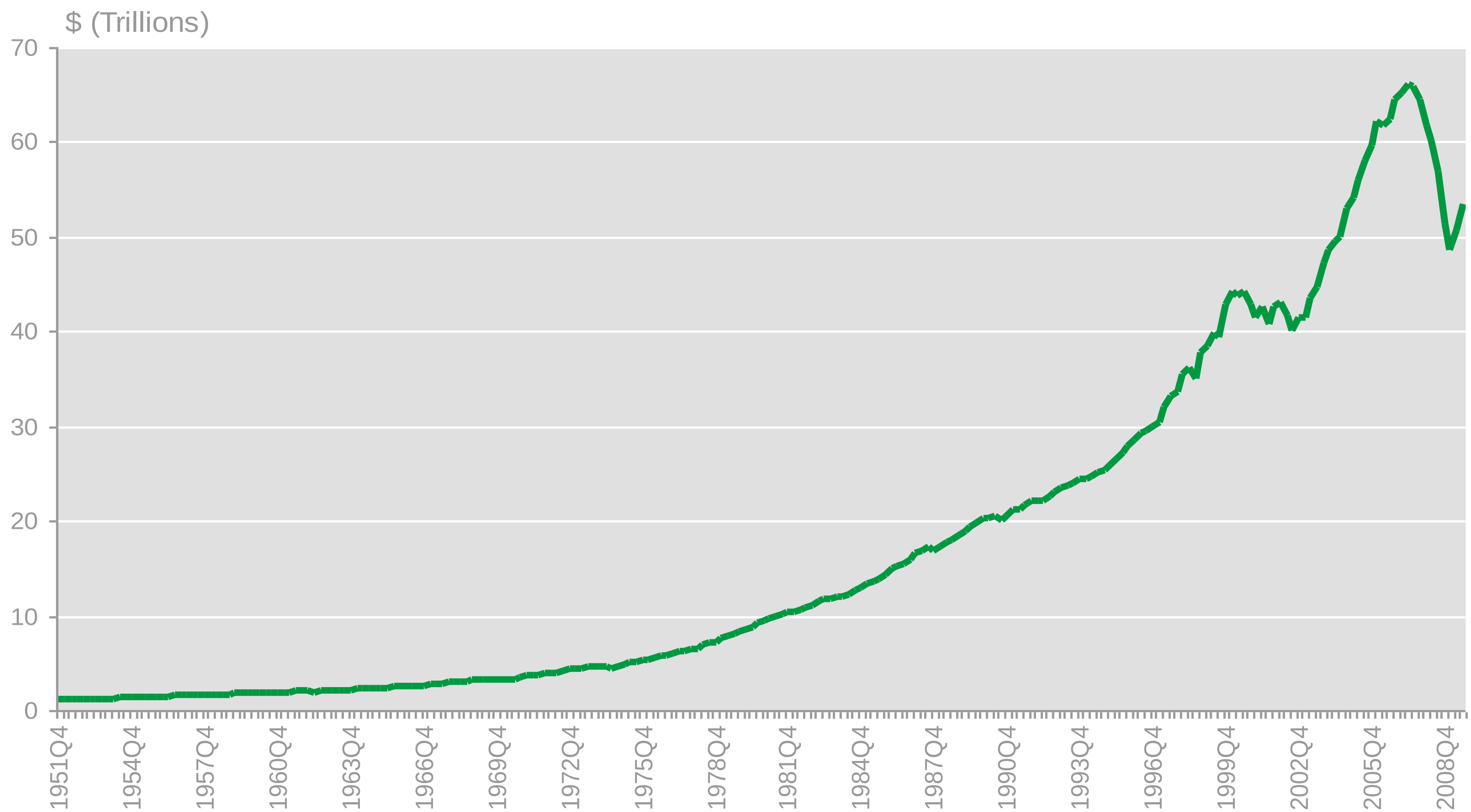
$12 TRILLION EVAPORATED IN U.S. HOUSEHOLD WEALTH
ANOTHER REASON WHY CONSUMER CONFIDENCE REMAINS WEAK



Source: Federal Reserve

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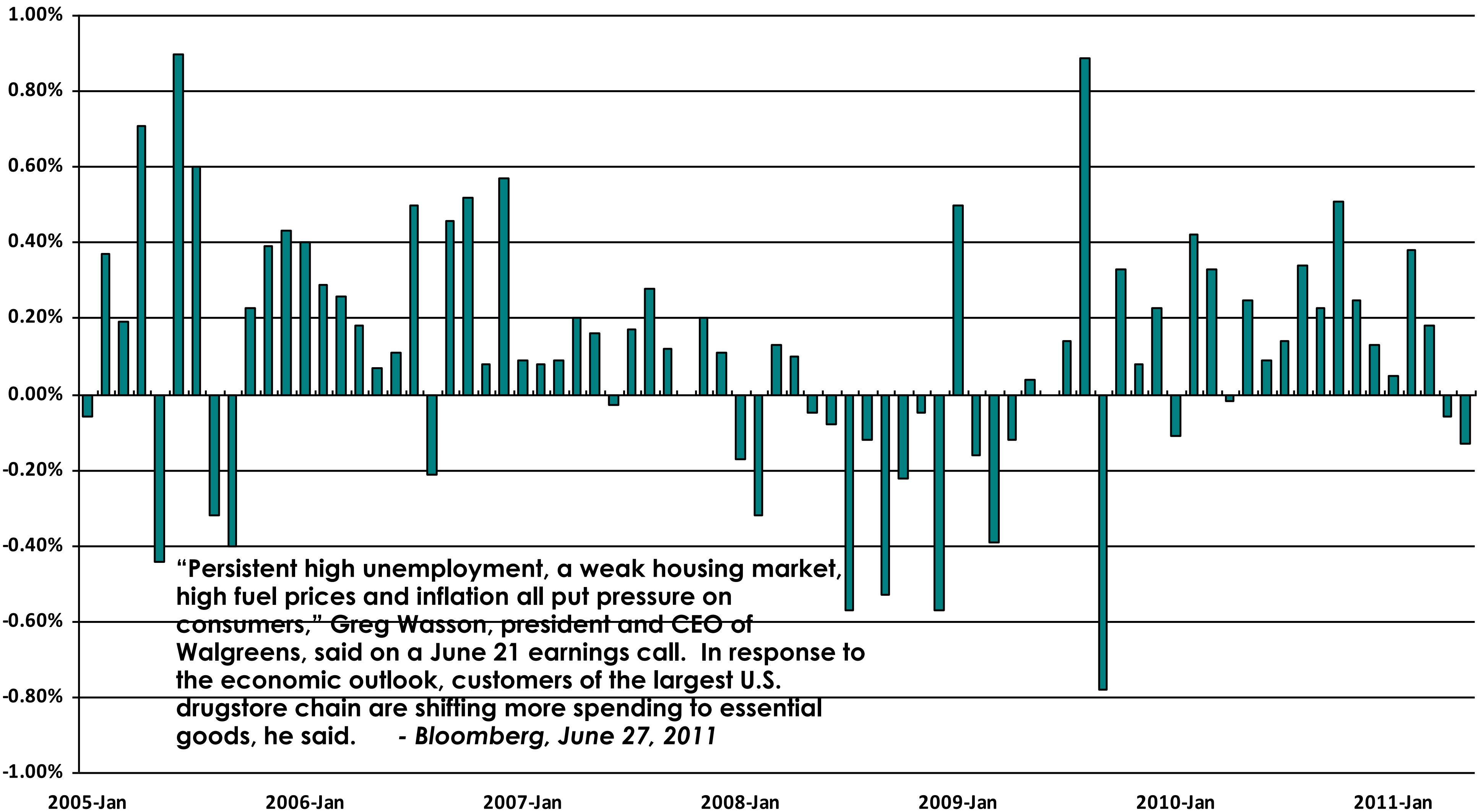
CONSUMER SPENDING – SOME IMPROVEMENT
IS IT CASH FOR CLUNKERS, STIMULUS AND NEW HOME BUYER TAX CREDIT?
WITHOUT SUSTAINED JOB GROWTH CONSUMERS WILL BE RELUCTANT TO SPEND

Real Personal Consumption Expenditures (% change from prior month)



Source: Bureau of Economic Analysis; most recent data is May 2011

August 2009 uptick mainly a function of motor vehicle sales during "Cash for Clunkers" in August.

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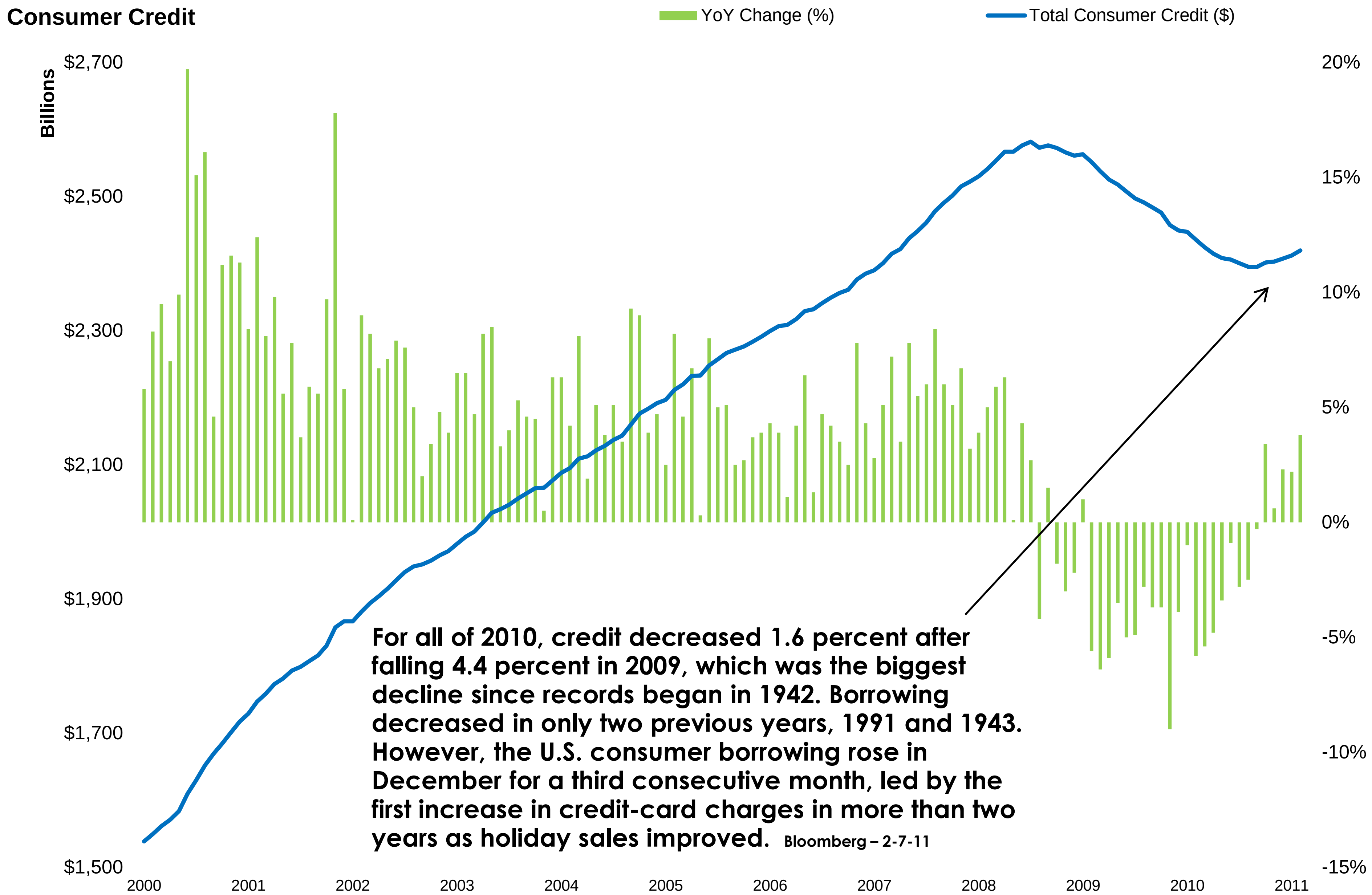
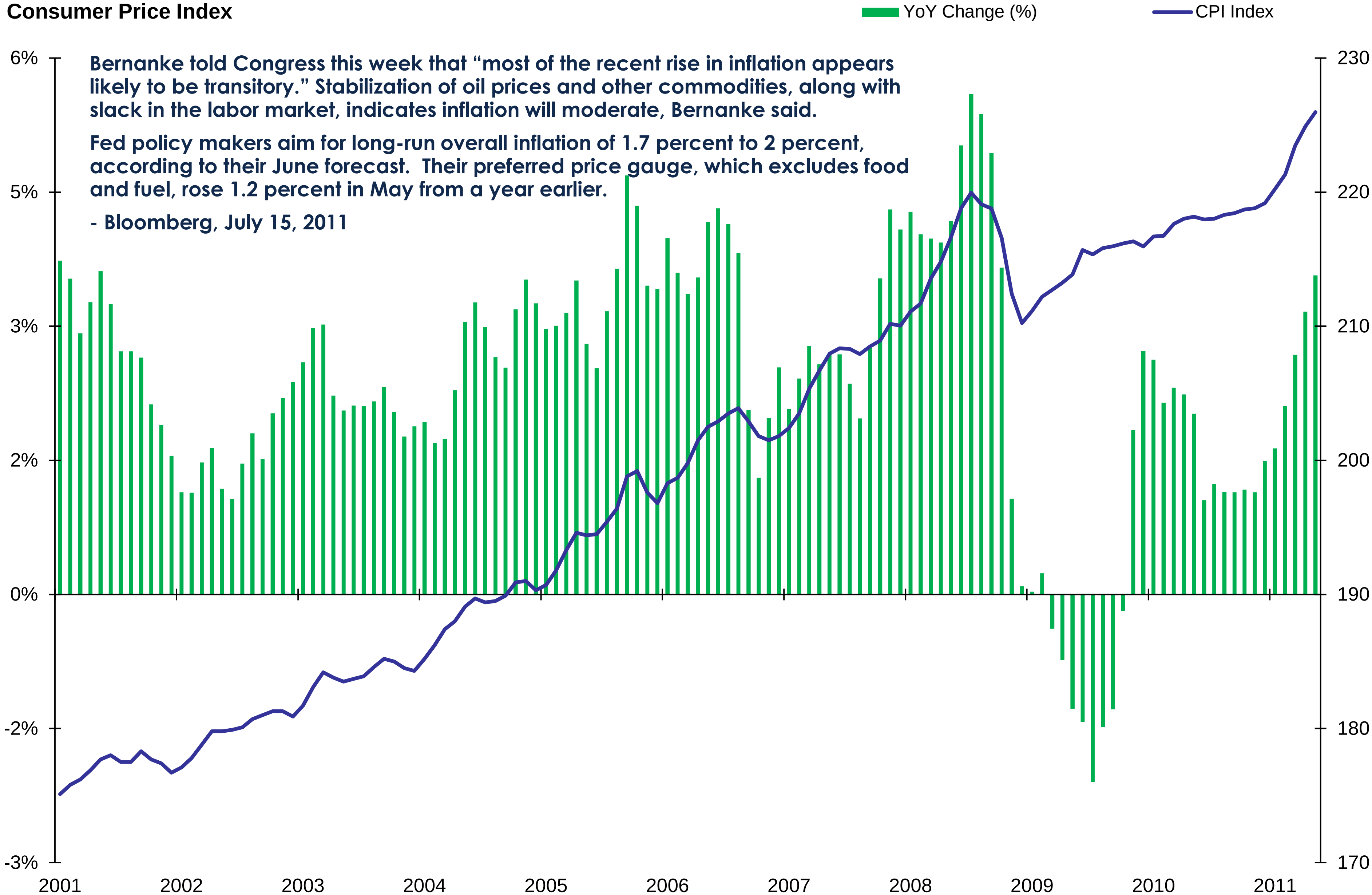
CONSUMER CREDIT HAS FALLEN OFF A CLIFF, BUT IS TURNING A CORNER WITHOUT SUSTAINED JOB GROWTH CONSUMERS WILL BE RELUCTANT TO SPEND AND BANKS WILL BE RELUCTANT TO LEND



Source: Federal Reserve

CURRENTLY, INFLATION IS NOT A CONCERN – OR IS IT?
HAVE YOU NOTICED ENERGY AND FOOD PRICES LATELY?
FED'S CONCERN ABOUT DEFLATION - Q -2

Consumer Price Index



Bernanke told Congress this week that "most of the recent rise in inflation appears likely to be transitory." Stabilization of oil prices and other commodities, along with slack in the labor market, indicates inflation will moderate, Bernanke said.

Fed policy makers aim for long-run overall inflation of 1.7 percent to 2 percent, according to their June forecast. Their preferred price gauge, which excludes food and fuel, rose 1.2 percent in May from a year earlier.

- Bloomberg, July 15, 2011

Source: Bureau of Labor Statistics

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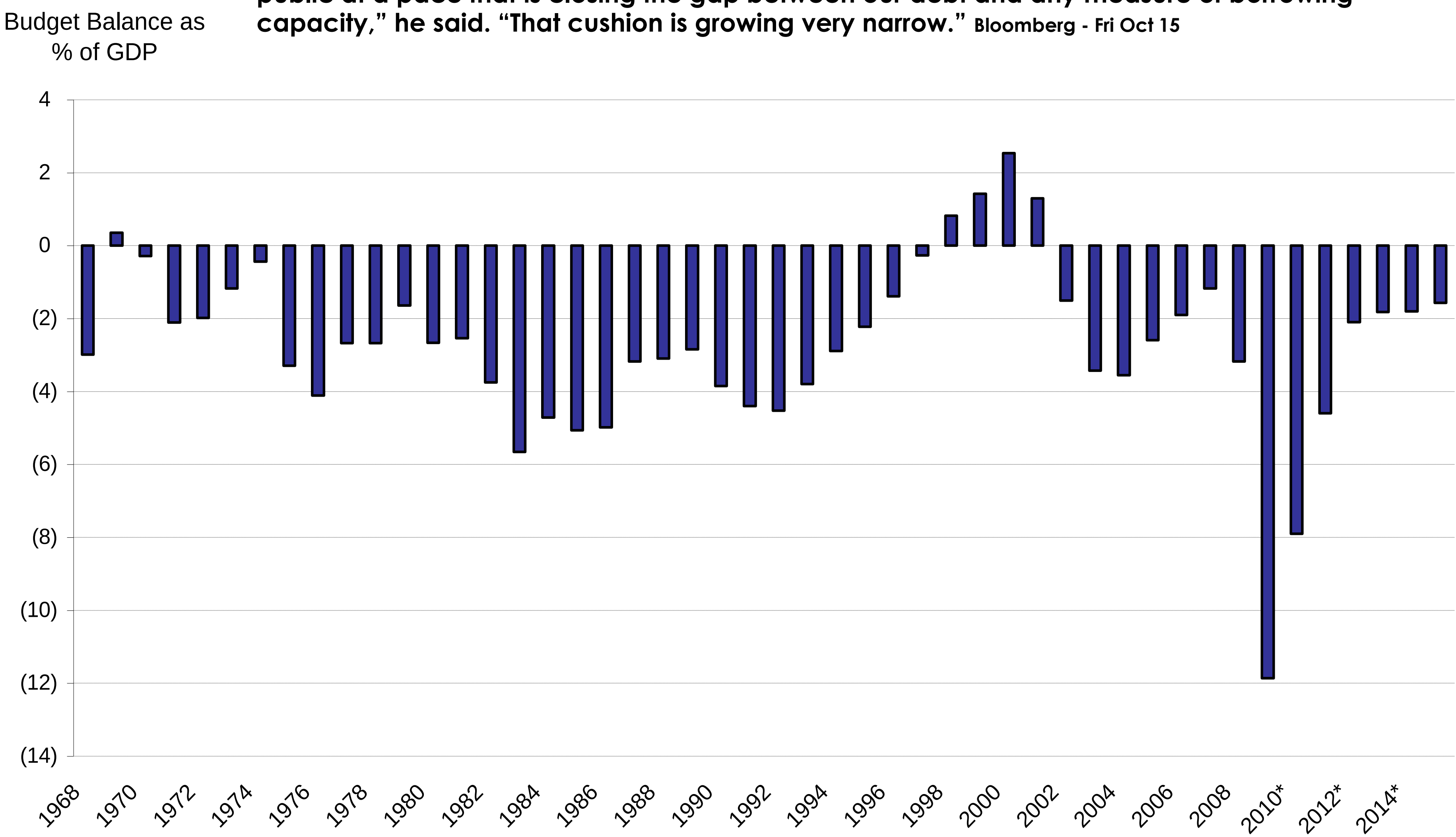
U.S. DEFICIT – THE TREND IS DEFINITELY NOT OUR FRIEND
"OFF BALANCE SHEET" UNFUNDED ENTITLEMENT PROGRAMS NOT ADDRESSED
BUILDING PRESSURE ON TAXES, THE DOLLAR AND INTEREST RATES

What about Healthcare, Social Security and Medicare?

"We're involved in a dangerous game," Greenspan said. "We're increasing the debt held by the public at a pace that is closing the gap between our debt and any measure of borrowing capacity," he said. "That cushion is growing very narrow." Bloomberg - Fri Oct 15



Source: Congressional Budget Office; *2009 – 2015 projections

RATE CUTS COUPLED WITH MASSIVE FED & TREASURY LIQUIDITY INTERVENTIONS HAVE DRIVEN BASE INTEREST INDEXES DOWN TO HISTORICALLY LOW LEVELS! FED INTERVENTION QE-1 & QE–2 ARE OVER – IS QE-3 AROUND THE CORNER?

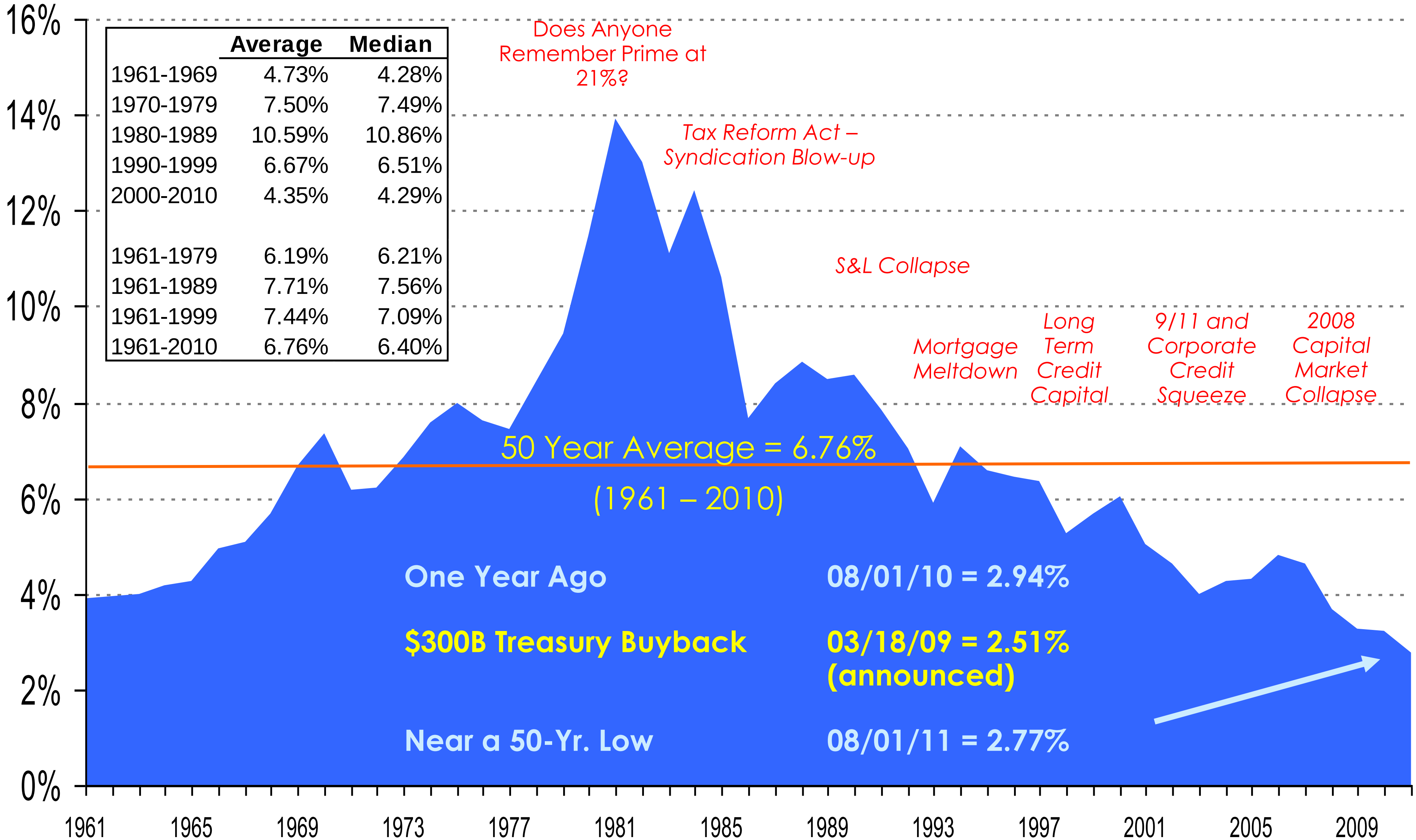
Many Indexes are at or Near Historic Lows but the Long End is Moving Up

	8/1/2011	One Year Ago	Net Difference
Fed Funds Rate	0.17%	0.18%	-0.01%
Prime	3.25%	3.25%	0.00%
1-Month LIBOR	0.19%	0.31%	-0.11%
3-Month LIBOR	0.26%	0.45%	-0.20%
2-Year Treasury Note	0.38%	0.55%	-0.17%
5-Year Treasury Note	1.32%	1.60%	-0.28%
10-Year Treasury Note	2.77%	2.94%	-0.17%
30-Year Treasury Note	4.07%	3.98%	0.09%

Source: Bloomberg

Note: The 10-Year Treasury has risen 26 bps since the $300 Bn Treasury Buyback was announced on 3/18/09 when it closed at 2.51%, and it was over 4% until the Sovereign Debt Crisis in Europe.

50 YEAR HISTORY OF THE 10-YEAR TREASURY THE AVERAGE IS NOT A FRIEND TO THE RECENT TREND



	Average	Median
1961-1969	4.73%	4.28%
1970-1979	7.50%	7.49%
1980-1989	10.59%	10.86%
1990-1999	6.67%	6.51%
2000-2010	4.35%	4.29%
1961-1979	6.19%	6.21%
1961-1989	7.71%	7.56%
1961-1999	7.44%	7.09%
1961-2010	6.76%	6.40%

Source: The Department of the Treasury

AS THE U.S. ECONOMY GOES, SO GOES THE U.S. COMMERCIAL REAL ESTATE SECTOR

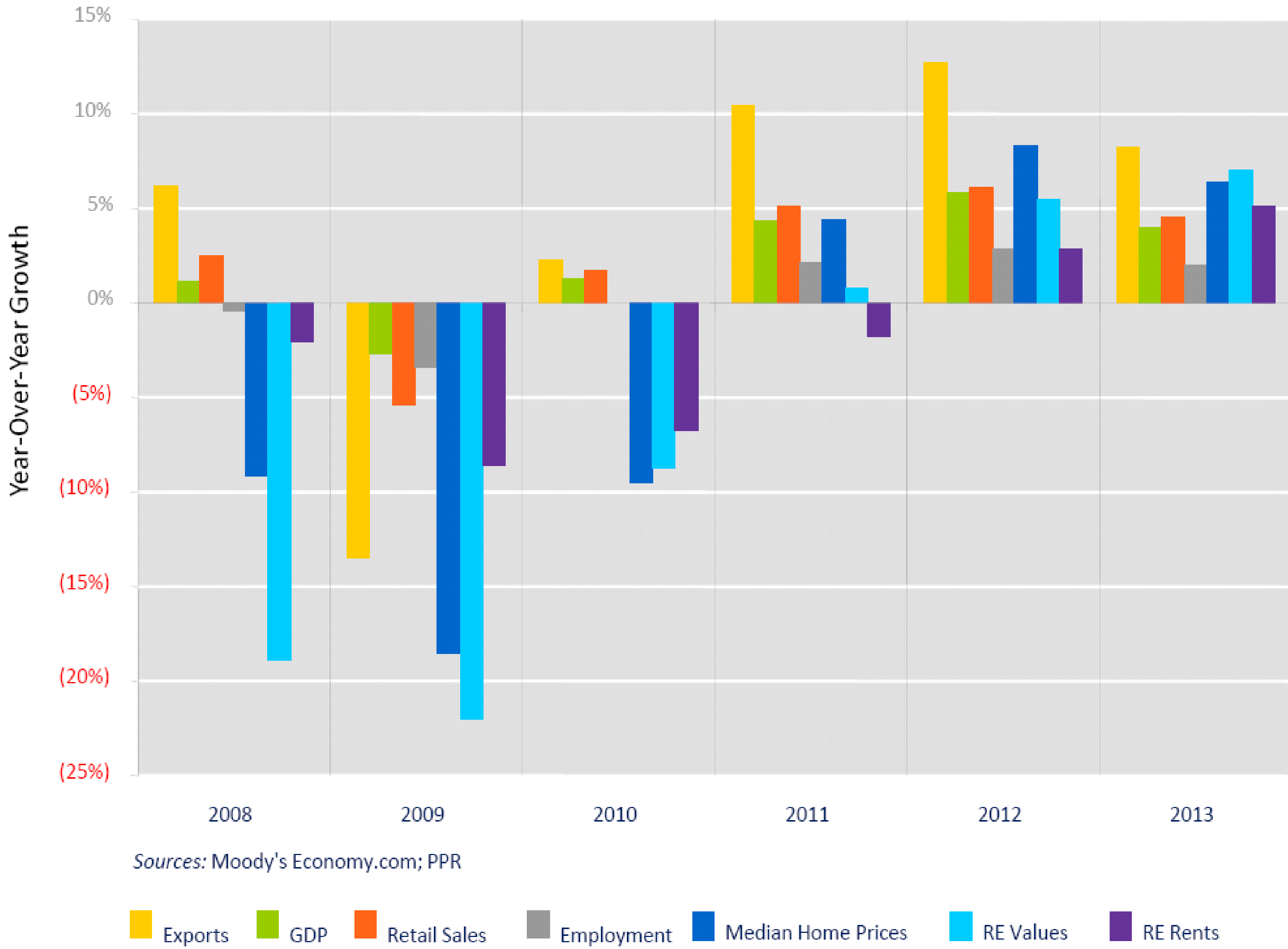
ECONOMY & RECESSION – RECESSION IS OVER
(FOR SOME IT DOES NOT FEEL LIKE IT)

THE "LAG EFFECT"

PROPERTY LEVEL FUNDAMENTALS

IMPLICATIONS FOR COMMERCIAL R.E.

U.S. COMMERCIAL REAL ESTATE
LAGS GOOD ECONOMIC TIMES, RECESSIONS & RECOVERIES
PROPERTY LEVEL FUNDAMENTALS HAVE BEEN HARD HIT



Sources: Moody's Economy.com; PPR

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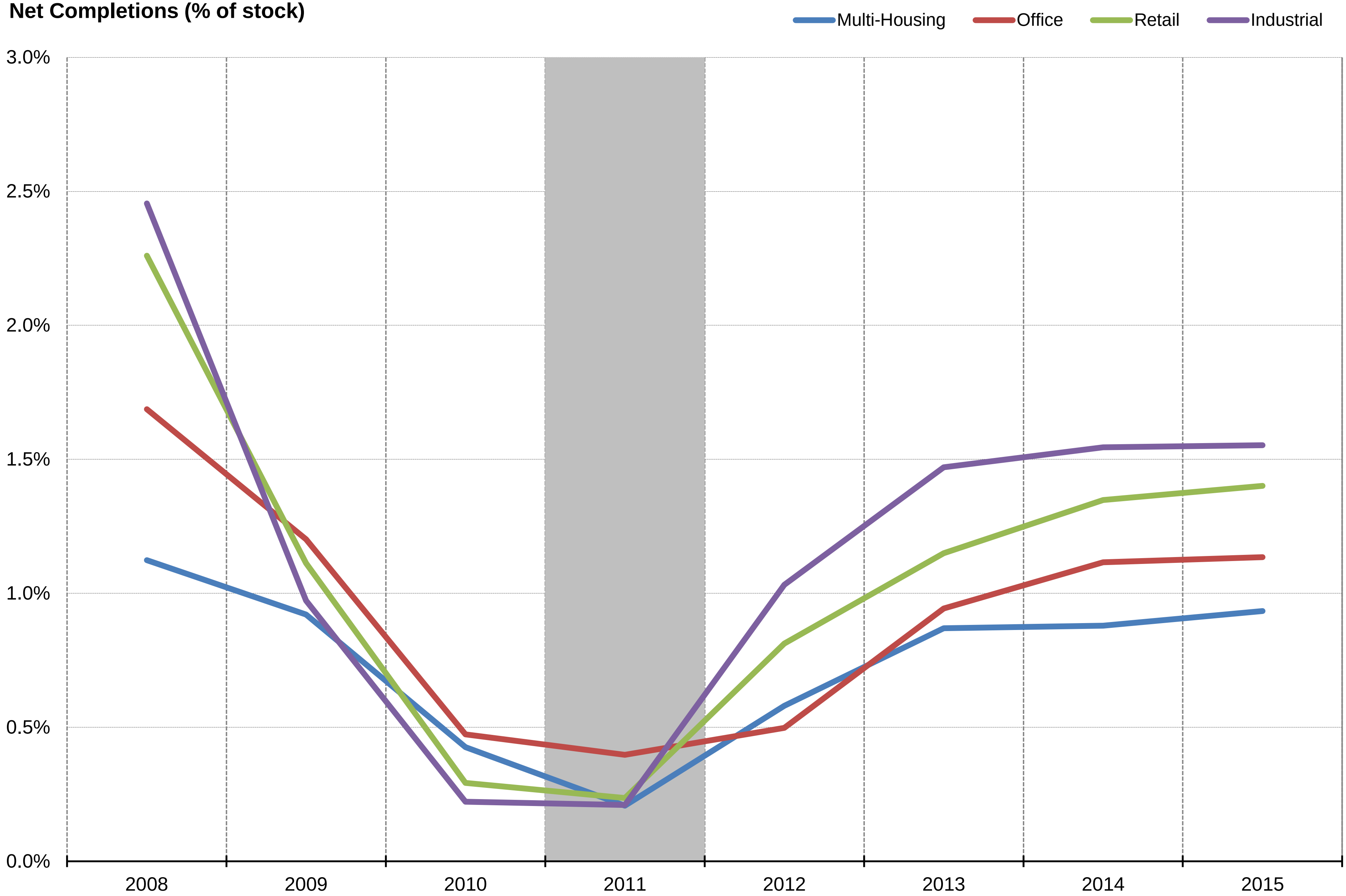
FEWER COMPLETIONS BUT VACANCIES CREATE ADDITIONAL SUPPLY PUTTING PRESSURE ON PROPERTY LEVEL FUNDAMENTALS

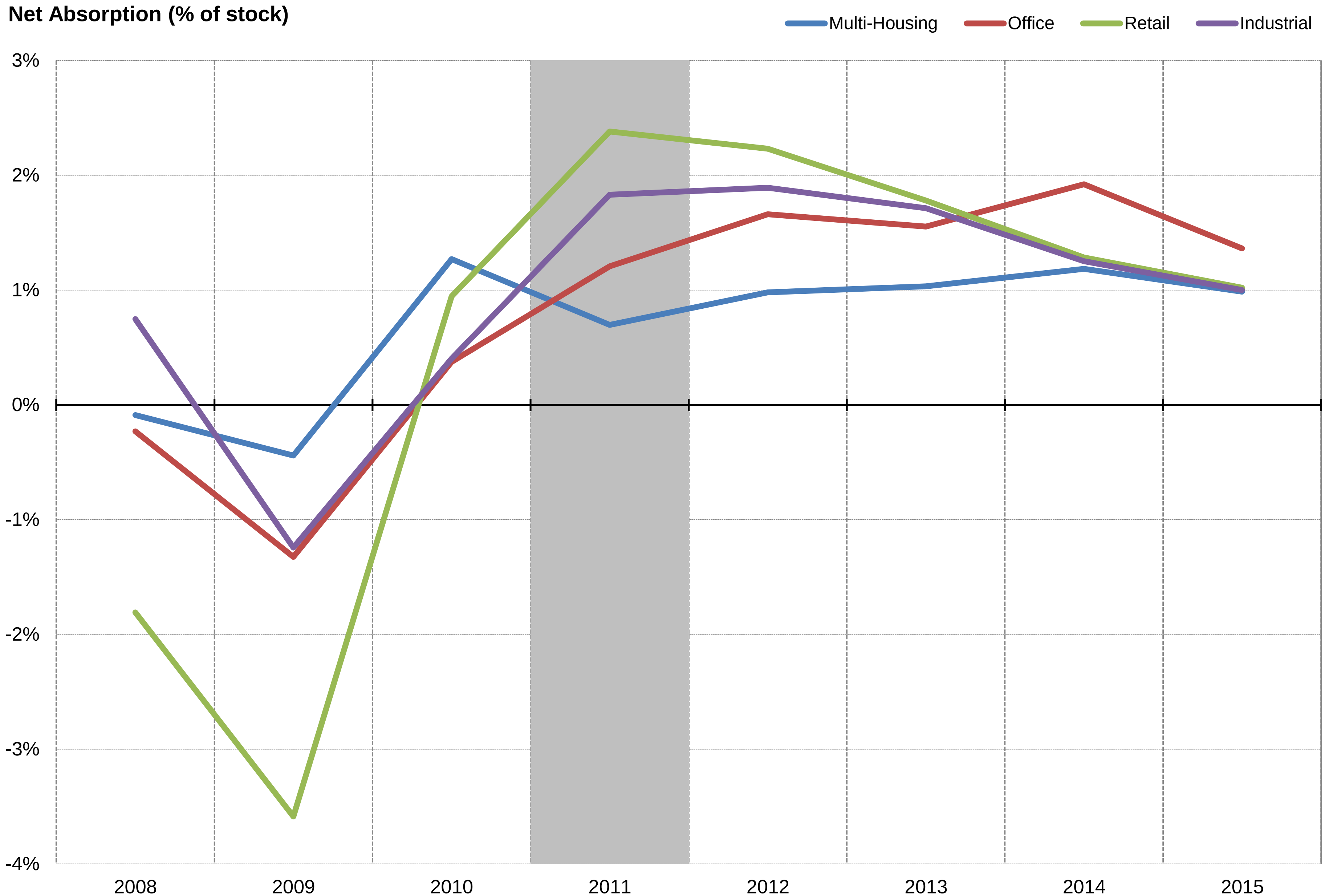
Net Completions (% of stock)



Source: PPR

HFF, Inc.

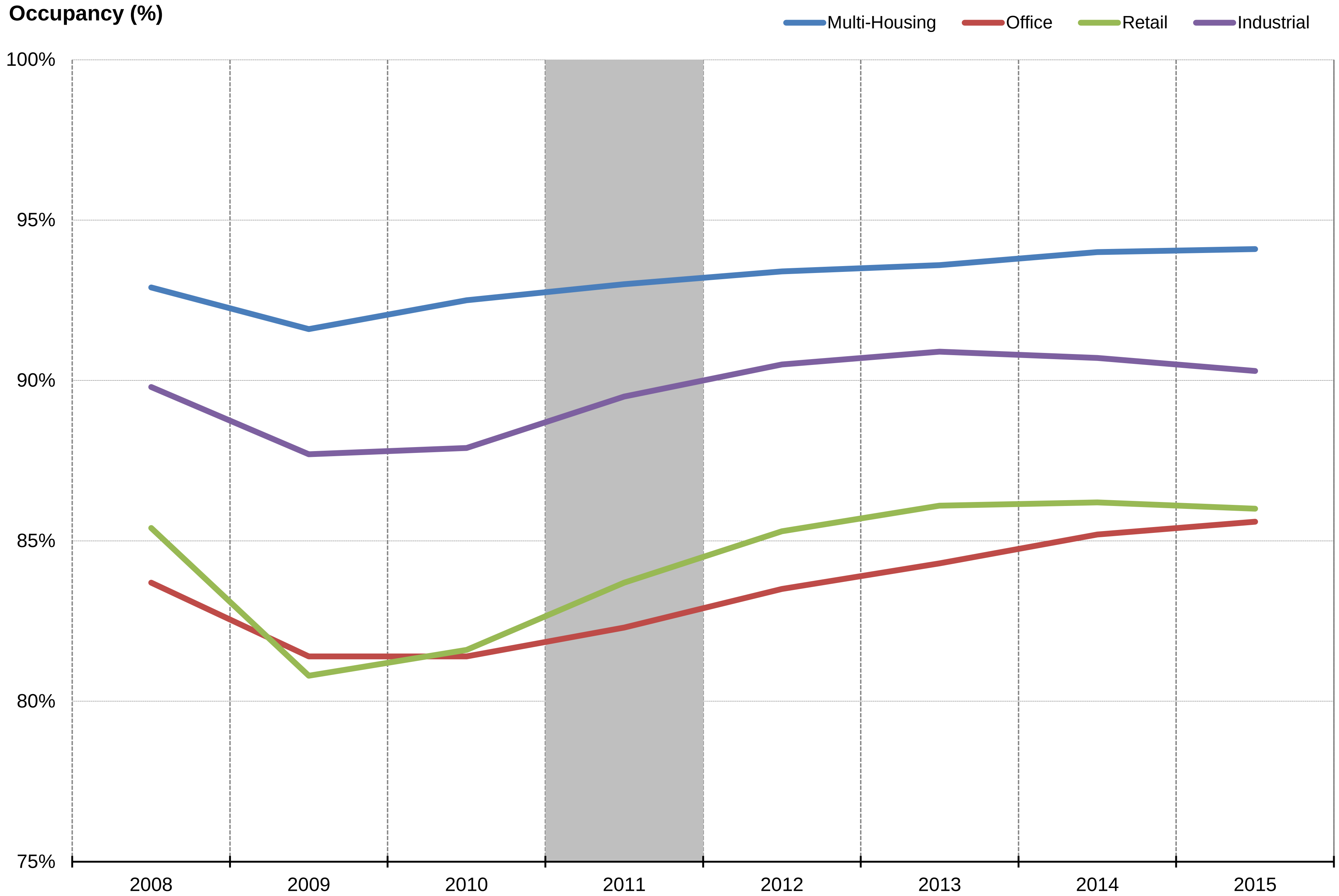
ABSORPTION LAGS THE ECONOMY
PUTTING PRESSURE ON PROPERTY LEVEL FUNDAMENTALS
A SLOWING ECONOMY WILL DELAY IMPROVEMENT



Source: PPR

HFF, Inc.

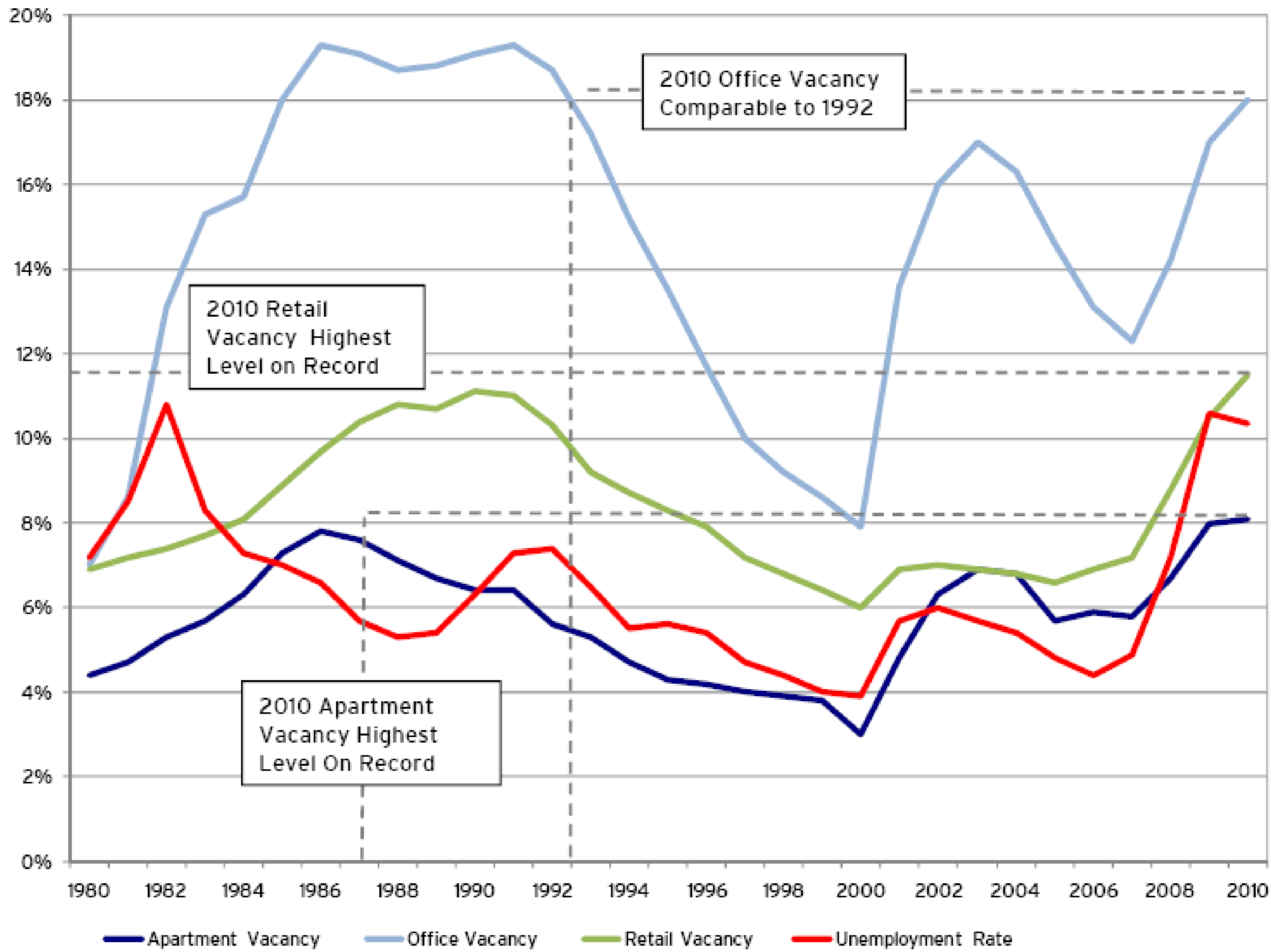
OCCUPANCY LAGS THE U.S. ECONOMY
PUTTING PRESSURE ON PROPERTY LEVEL FUNDAMENTALS
A SLOWING ECONOMY WILL DELAY IMPROVEMENT



Source: PPR

HFF, Inc.

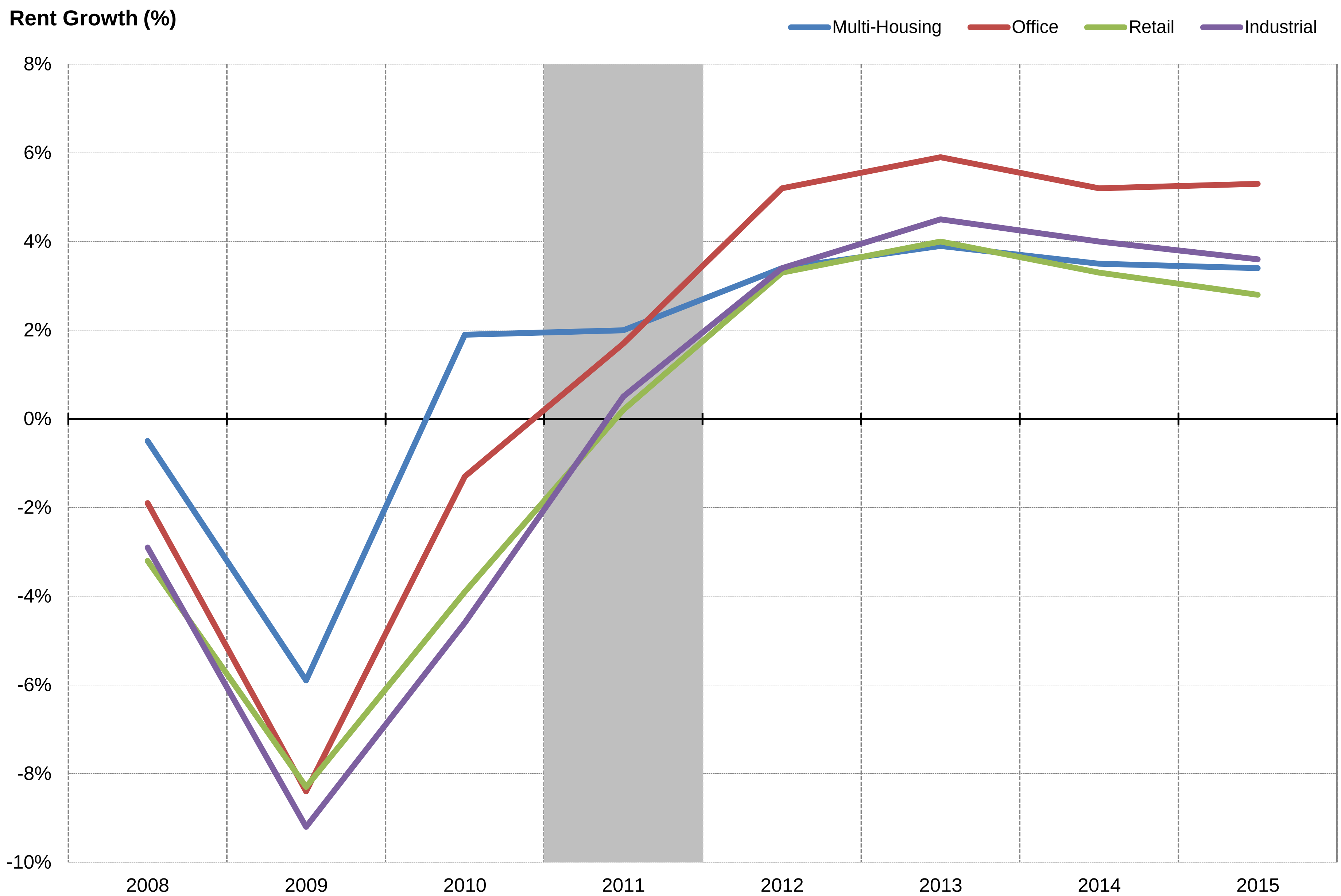
PROPERTY LEVEL FUNDAMENTALS
VACANCY & UNEMPLOYMENT PATTERNS (1980 – 2010)
A SLOWING ECONOMY WILL DELAY IMPROVEMENT



Source: REIS

HFF, Inc.

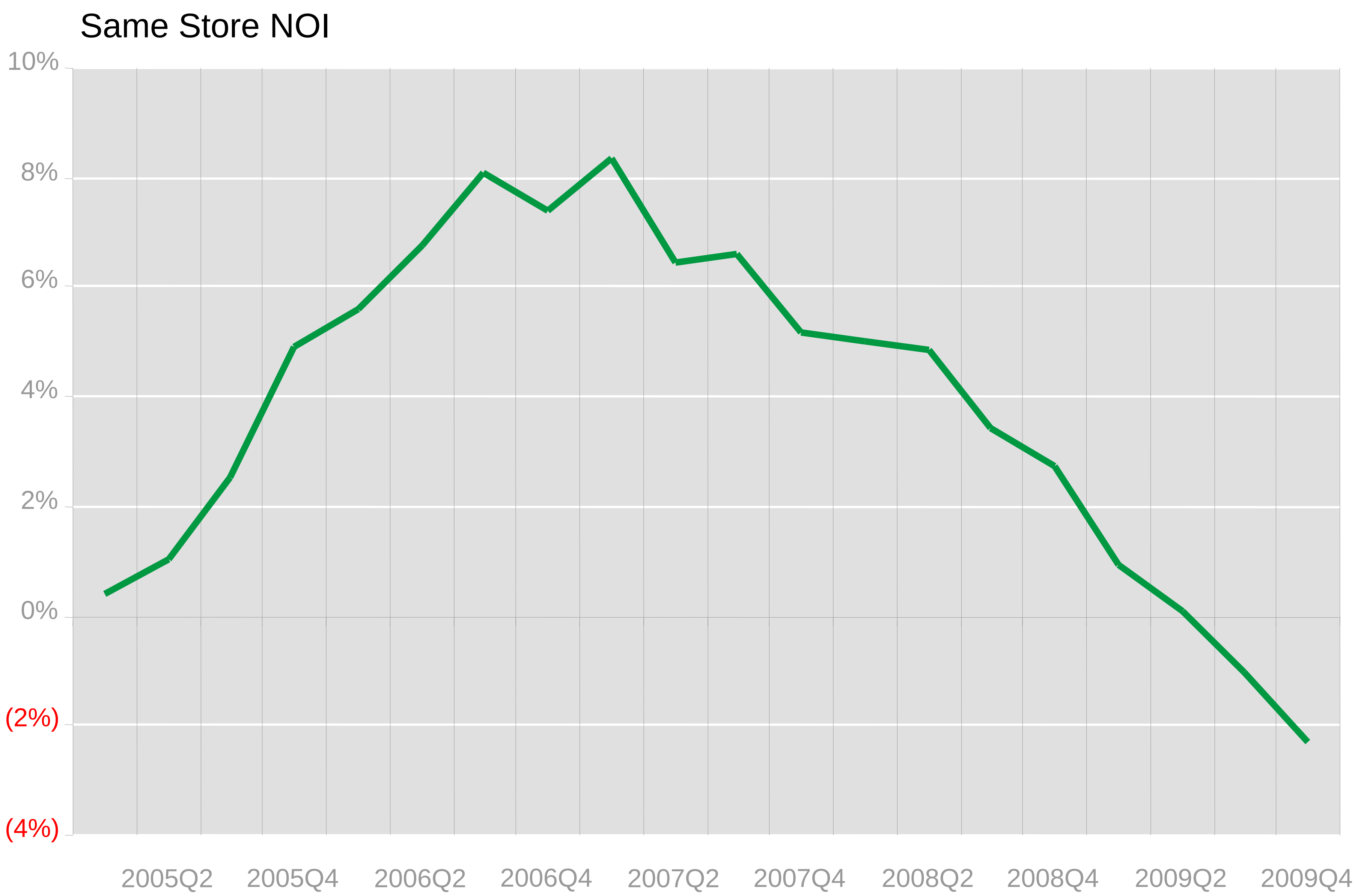
PROJECTED RENT GROWTH OR LACK THEREOF (IMPROVEMENT IN MULTI-HOUSING) PUTTING PRESSURE ON PROPERTY LEVEL FUNDAMENTALS IF THE ECONOMY SLOWS IT MAY DELAY ANY PROJECTED IMPROVEMENT



Source: PPR

HFF, Inc.

IMPACT OF DETERIORATING PROPERTY FUNDAMENTALS ON REIT EARNINGS WHAT ELSE COULD IT BE?



Source: PPR - SNL

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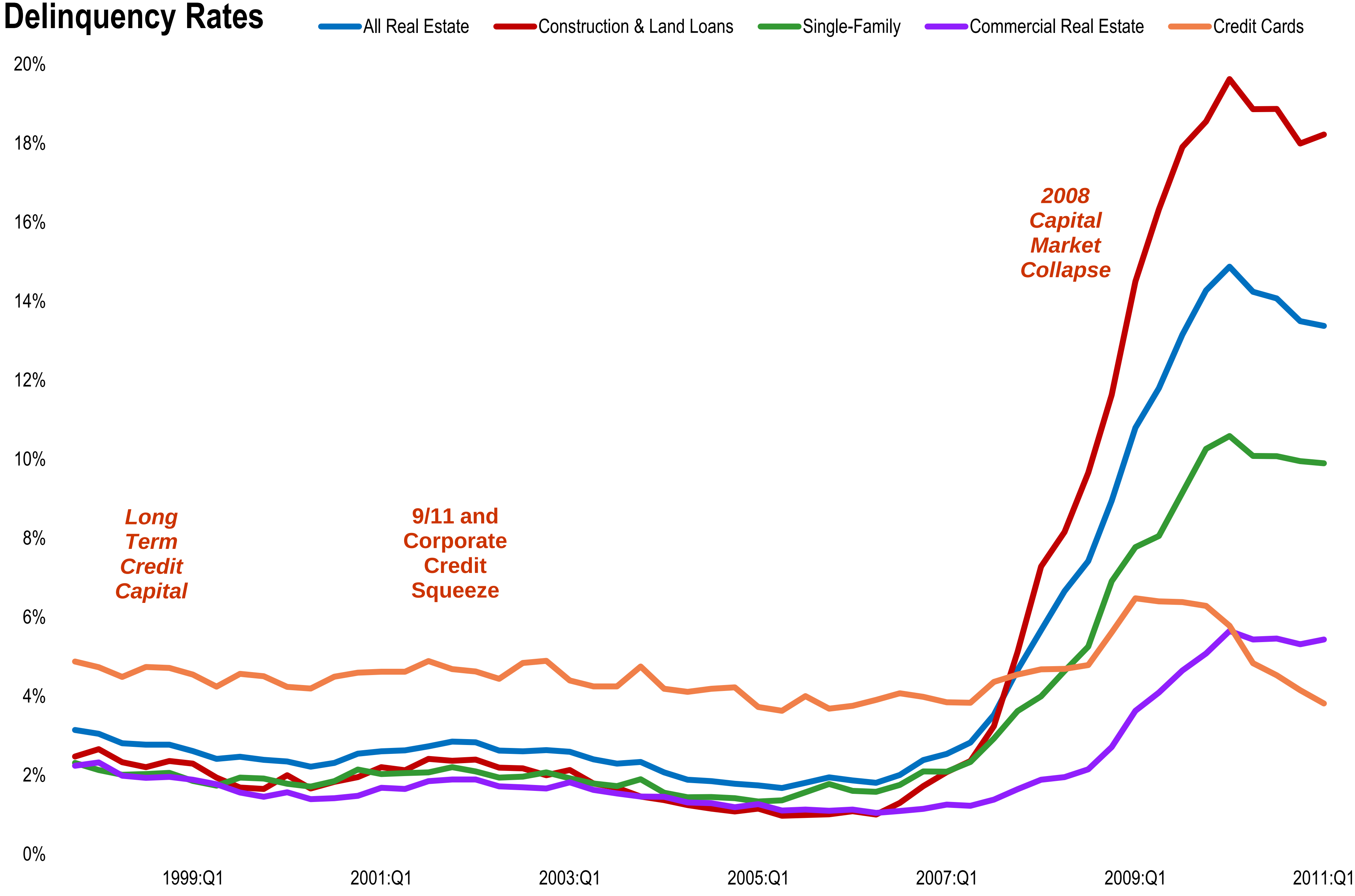
LENDING DELINQUENCY COMPARISON
UNEMPLOYMENT, HOUSING & WEAK CONSUMER
THE "LAG EFFECT"

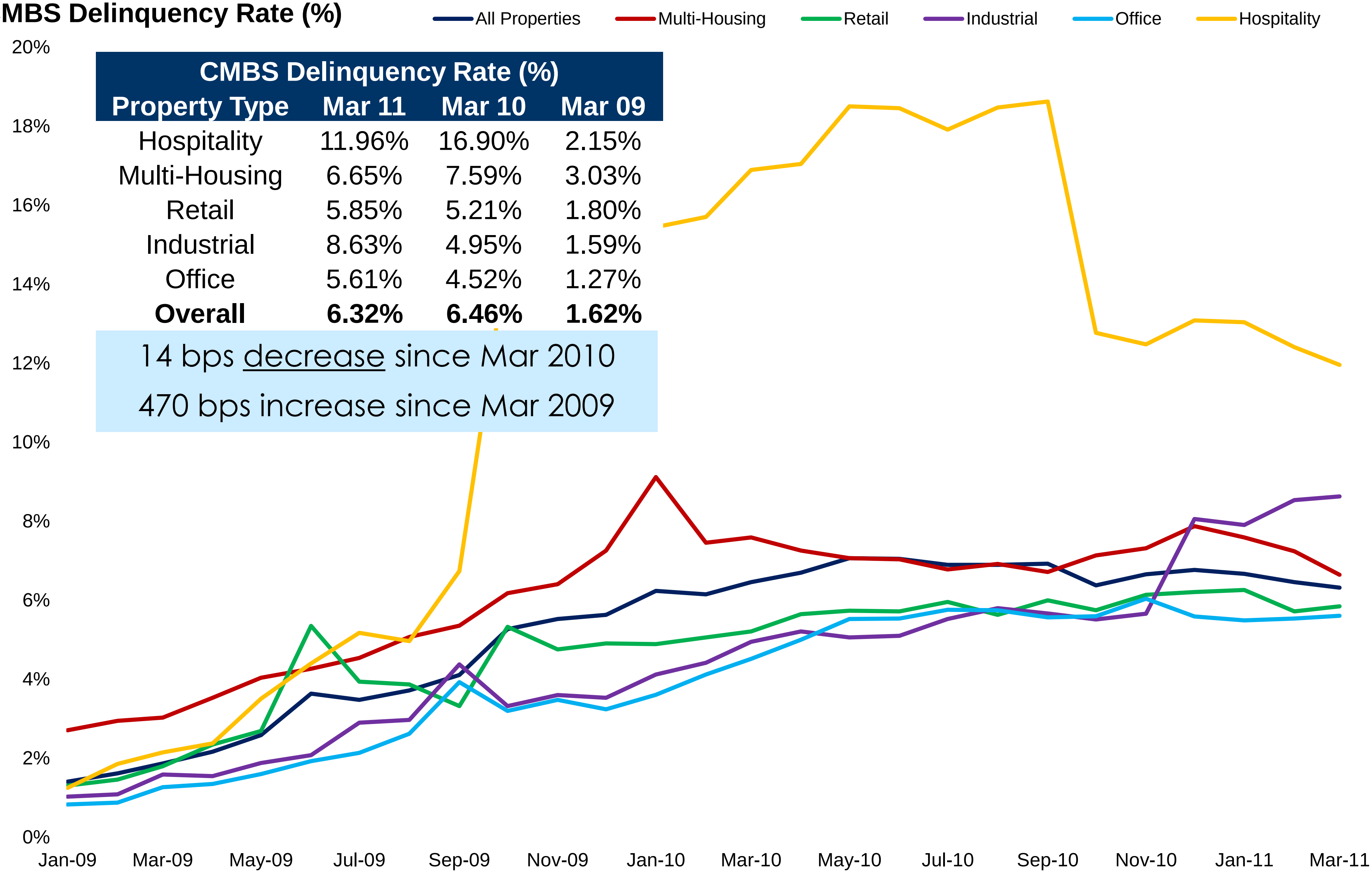
Delinquency Rates



Source: FDIC, 1Q 2011

CMBS DELINQUENCY RATES – MAY BE MODERATING SOME BUT REMAIN VERY HIGH
WHAT HAPPENS IF THE ECONOMY SLOWS
CONTINUED MATURITY DEFAULTS AND NOW LOOMING MONETARY DEFAULTS

CMBS Delinquency Rate (%)



CMBS Delinquency Rate (%)			
Property Type	Mar 11	Mar 10	Mar 09
Hospitality	11.96%	16.90%	2.15%
Multi-Housing	6.65%	7.59%	3.03%
Retail	5.85%	5.21%	1.80%
Industrial	8.63%	4.95%	1.59%
Office	5.61%	4.52%	1.27%
Overall	**6.32%**	**6.46%**	**1.62%**

14 bps decrease since Mar 2010

470 bps increase since Mar 2009

Source: Bloomberg

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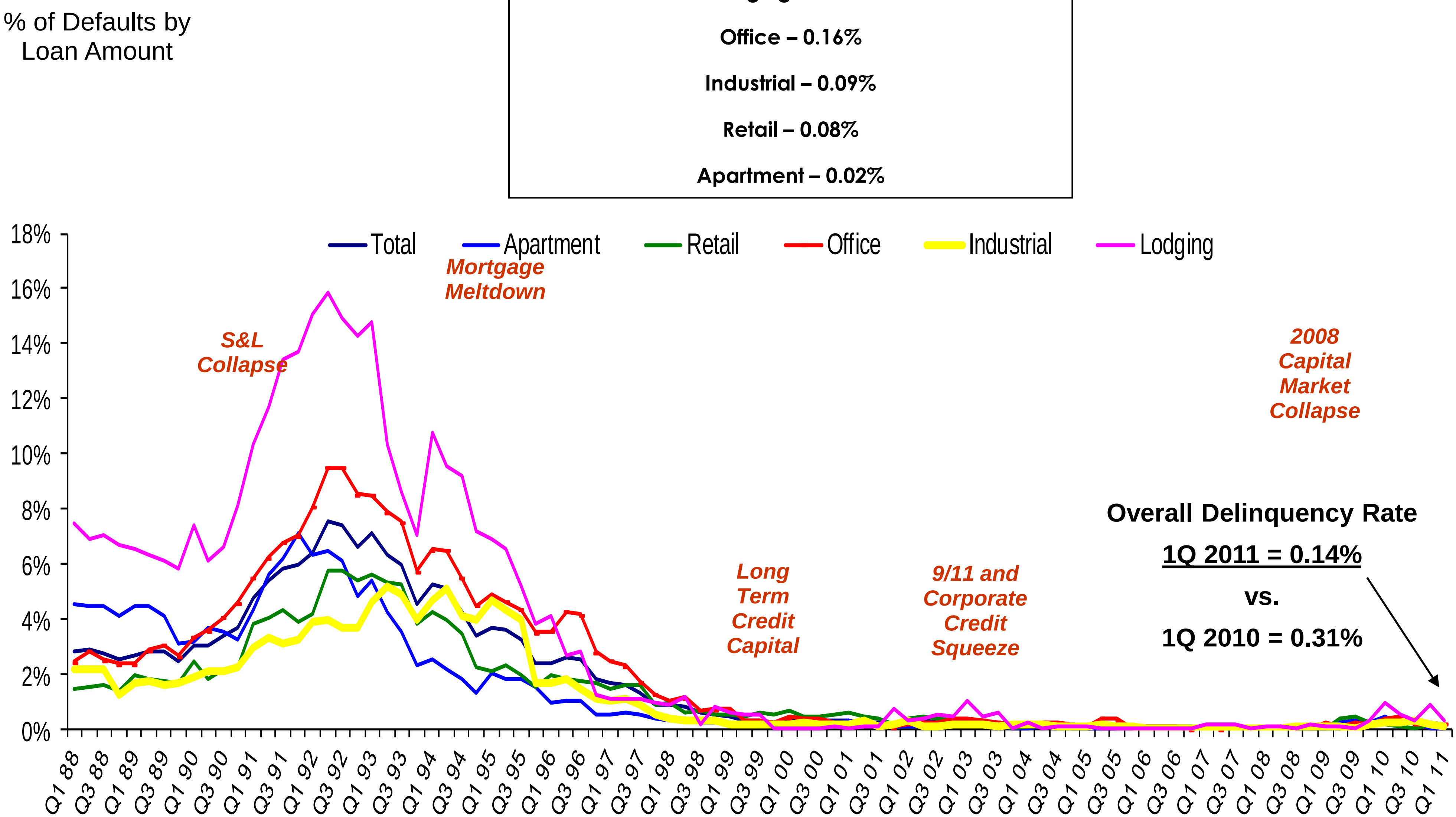
ACLI COMMERCIAL MORTGAGE DELINQUENCIES (LACK THEREOF)
LIKE THE PGA - THESE GUYS ARE GOOD
WILL IT CONTINUE?

1Q 2011 Delinquency Rates by Property Type
Lodging – 0.30%
Office – 0.16%
Industrial – 0.09%
Retail – 0.08%
Apartment – 0.02%



Source: ACLI

U.S. COMMERCIAL REAL ESTATE CAPITAL MARKETS

DELEVERAGING & LIQUIDITY CONSTRAINTS

CONTINUED U.S. COMMERCIAL BANK FAILURES

CMBS & BANK MATURITY AND MONETARY DEFAULTS

NEW MATURING LOANS UNDERWRITTEN 2004 TO 2007

FORMULA FOR MORE TRANSACTIONS

U.S. INSTITUTIONAL COMMERCIAL REAL ESTATE MARKET
IMPACT OF CREDIT & LIQUIDITY CONSTRAINTS - COUPLED WITH A RECESSION
DECLINING PROPERTY LEVEL FUNDAMENTALS - COUPLED WITH LESS DEBT

Large Market With Underwriting and Due Diligence

- Total U.S. Institutional Commercial Real Estate Universe - $4.1 Trillion
- On Book Lenders With Underwriting Standards & Diligence, Income, Tenants and Loan Documentation – **It Is Not Residential, But Deleveraging and the Recession Will Make It Feel Like It Is**!

Current Fundamentals – Recession Over but Recovery Remains Muted – "Negative Implications"

- Fundamentals – Still Trending Down (has slowed & recovery in multi-housing) – Lower or Flat NOIs – **A Major Negative**
- Projected Supply "In Check" but new construction is starting in multi-housing – Credit & Liquidity Constraints Will Ensure It Remains In Check, but **Job Losses Create Vacancy & Supply** – **A Major Negative**
- High Replacement Costs – **A Positive** But Cannot Offset Performance & Vacancy Issues

Fund Flows into Commercial R.E. Sector Have Declined

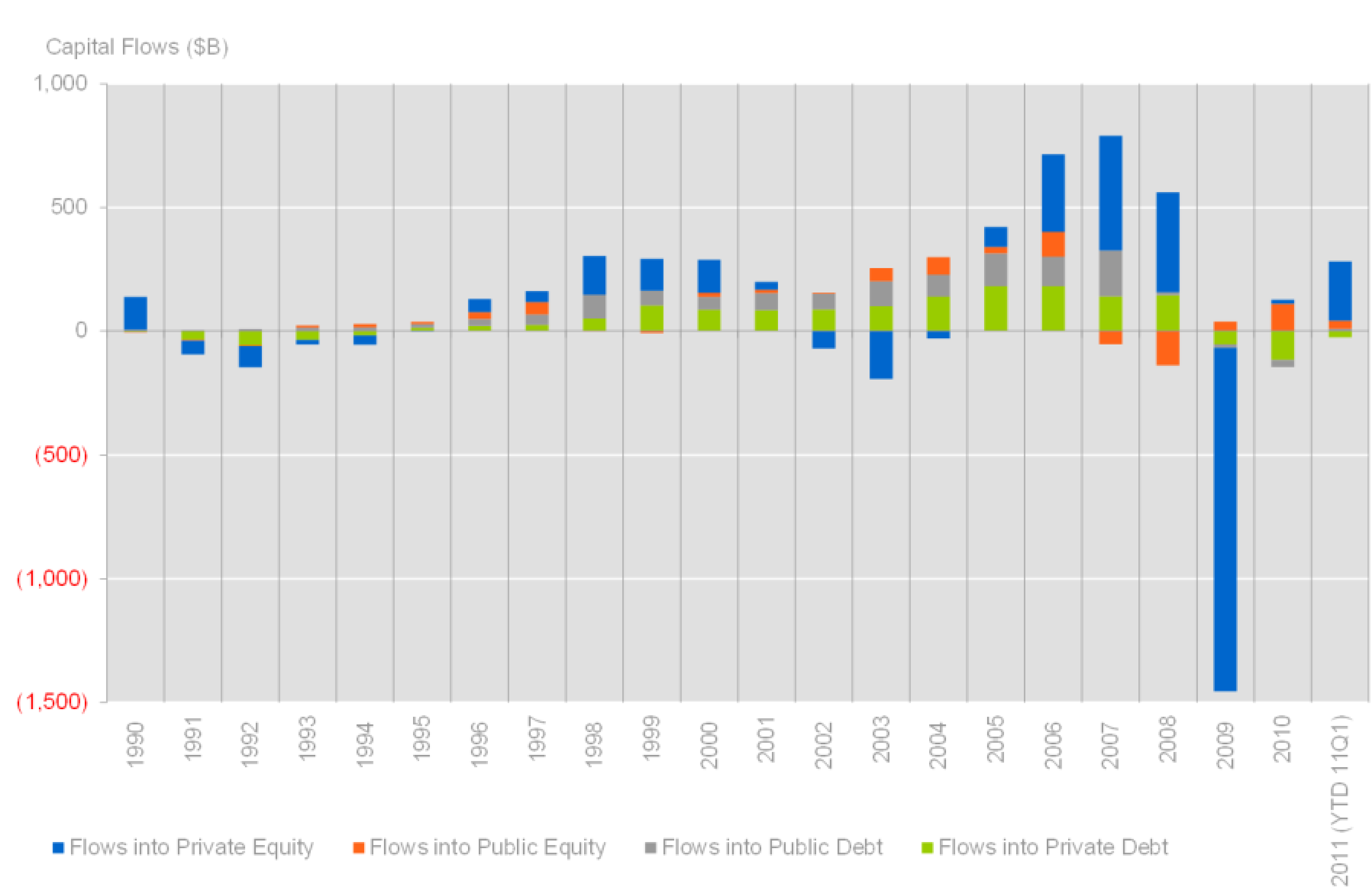
- Deleveraging by Financial Institutions and Denominator Effect on Equity – Has Slowed and Reversed – **A Major Positive, but the Fed has Leveraged its Balance Sheet to Offset This with QE1 and QE2?**
- Maturity Defaults Continue to Increase & Monetary Defaults Are On The Rise (has slowed) – **A Major Negative**
- Bank Failures & Increases in CMBS Special Serviced Loans (appear to be slowing) – **A Major Negative**

Debt and Equity Markets – Core and "Train Wreck Properties" Are In Demand

- 2004 to Third Quarter 2007 – **The Perfect Storm Drove Values Higher**
- Post Third Quarter 2007 to ? – **The Perfect Storm Drove Values Lower** - Credit and Liquidity Issues, Massive Deleveraging, Recession & Declining Property Fundamentals **(Note: Major Market Core Pricing Has Improved Dramatically)**
- "All In Debt Coupons" (albeit at much lower LTV's) & Cap Rates Moved Lower for Best Assets and Markets and Are Very Attractive on a Historical Basis – Secondary and Tertiary Markets Are More Difficult than Major Markets
- "All In Debt Coupons" (lower leverage) & Cap Rates Are at Historic Lows For Core Assets in Major Markets, But May Be Moving Higher – Regardless, Capping Lower NOIs – Double Whammy For Values Relative to 2007!

Keep it in Perspective – We Will Recover – But When and What Does "Recover" Mean? The New Normal

ANNUAL FLOWS TO REAL ESTATE
A MAJOR CHANGE IN 2009 FROM 2004 THROUGH 2007



Source: Federal Reserve, NCREIF, NAREIT, PPR

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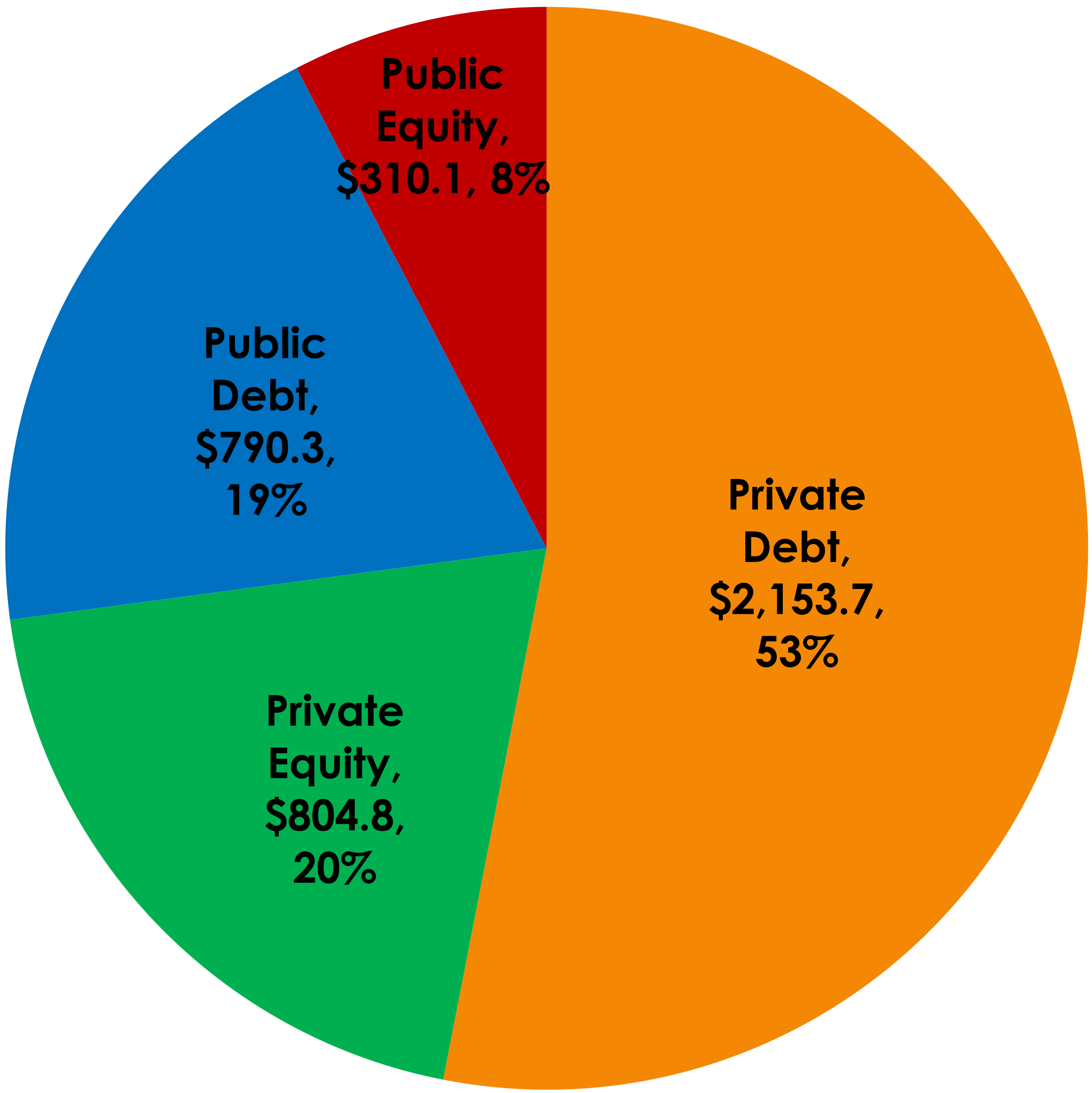
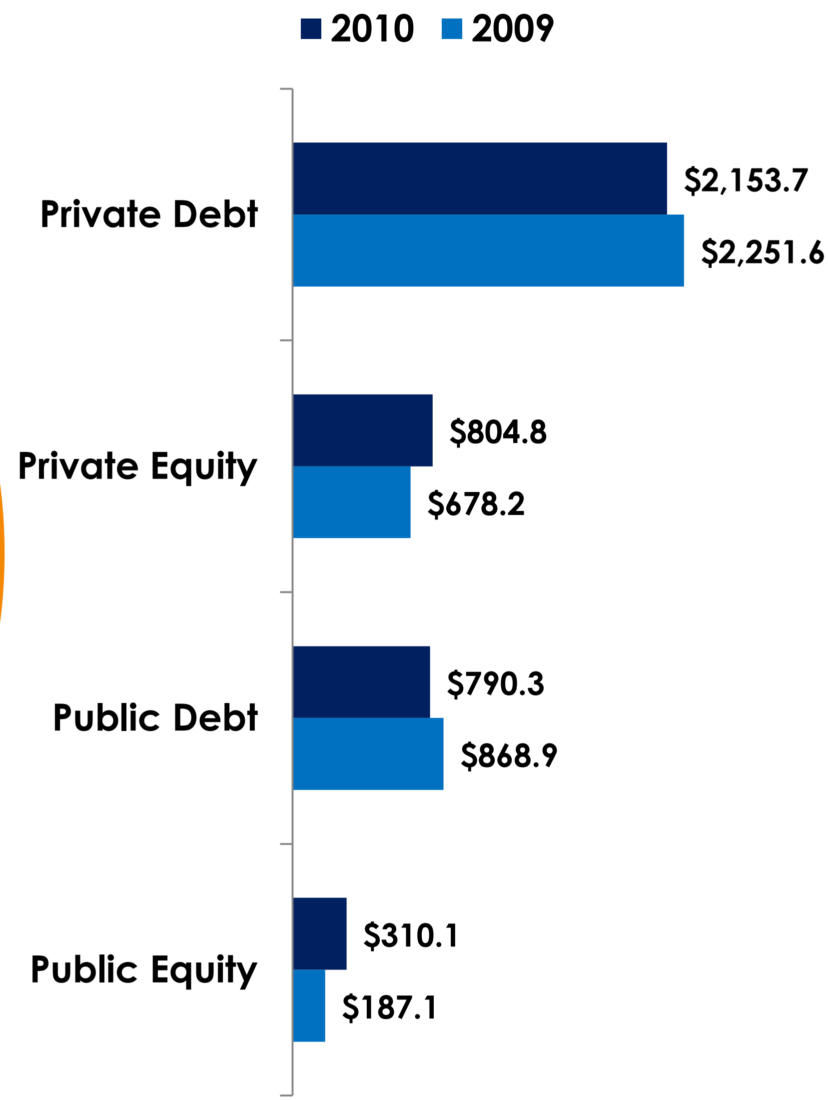
TOTAL U.S. INSTITUTIONAL COMMERCIAL REAL ESTATE UNIVERSE $4.058 TRILLION

CRE CAPITAL STACK $4.058 TRILLION TOTAL





Source: Urban Land Institute, pwc

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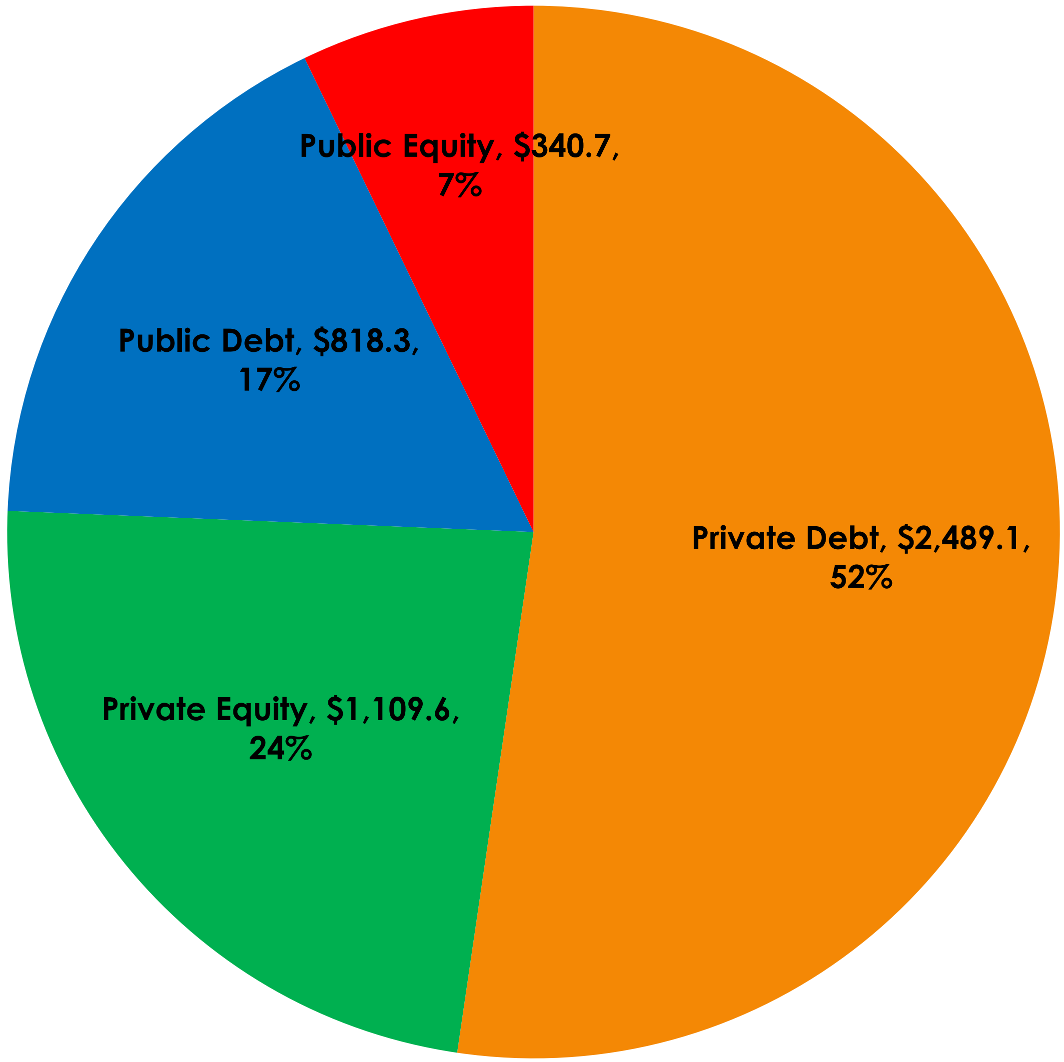
2008 PEAK U.S. INSTITUTIONAL COMMERCIAL REAL ESTATE UNIVERSE $4.7577 TRILLION

CRE CAPITAL STACK (figures in $b)

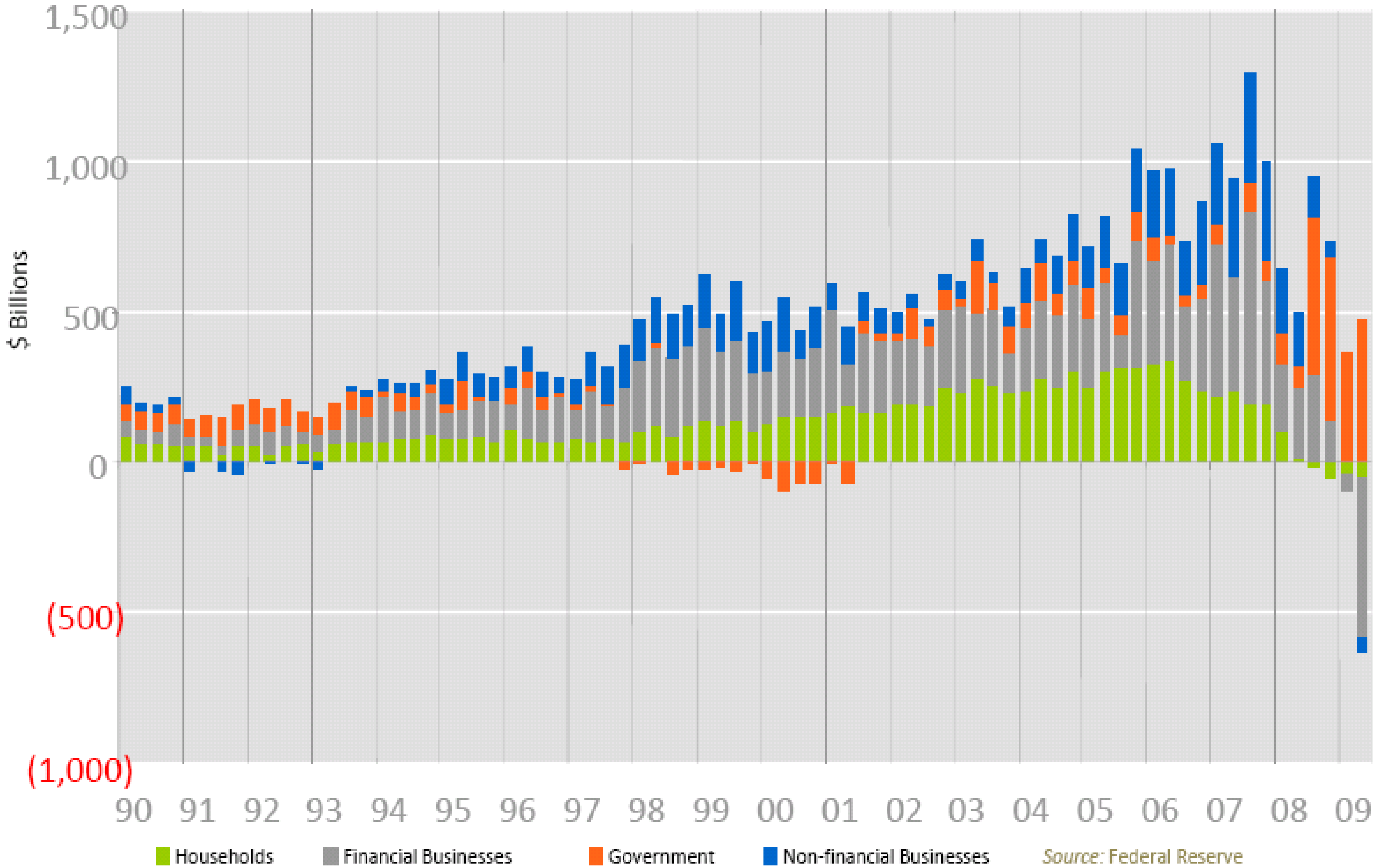
$4.7577 TRILLION TOTAL



Source: JPMorgan, Federal Reserve, Commercial Mortgage Alert

EXCEPT FOR U.S. GOVERNMENT (QE 1 & QE 2) THERE IS MASSIVE DELEVERAGING ON ALL FRONTS AND BANKS ARE FLUSH WITH CASH – IS QE 3 AROUND THE CORNER? HAS THE FED CREATED A FINANCIAL ASSET BUBBLE???

WHAT HAPPENS WHEN $2.1 TRILLION IS WITHDRAWN BY THE FED?



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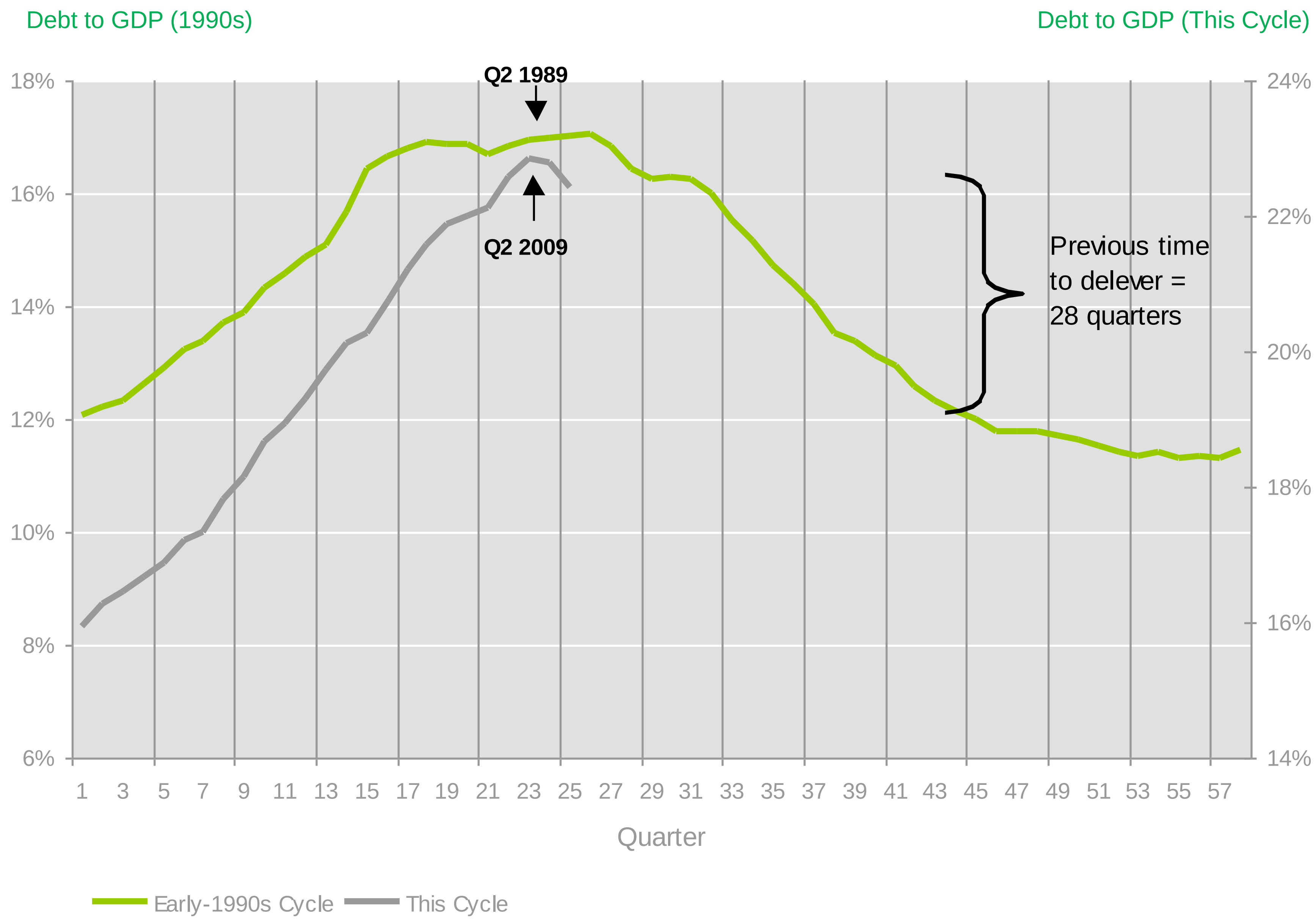
WE'VE BEEN HERE BEFORE
U.S. DELEVERAGING PATH IN THE 1990s



Source: Federal Reserve Flow of Funds, Moody's Economy.com

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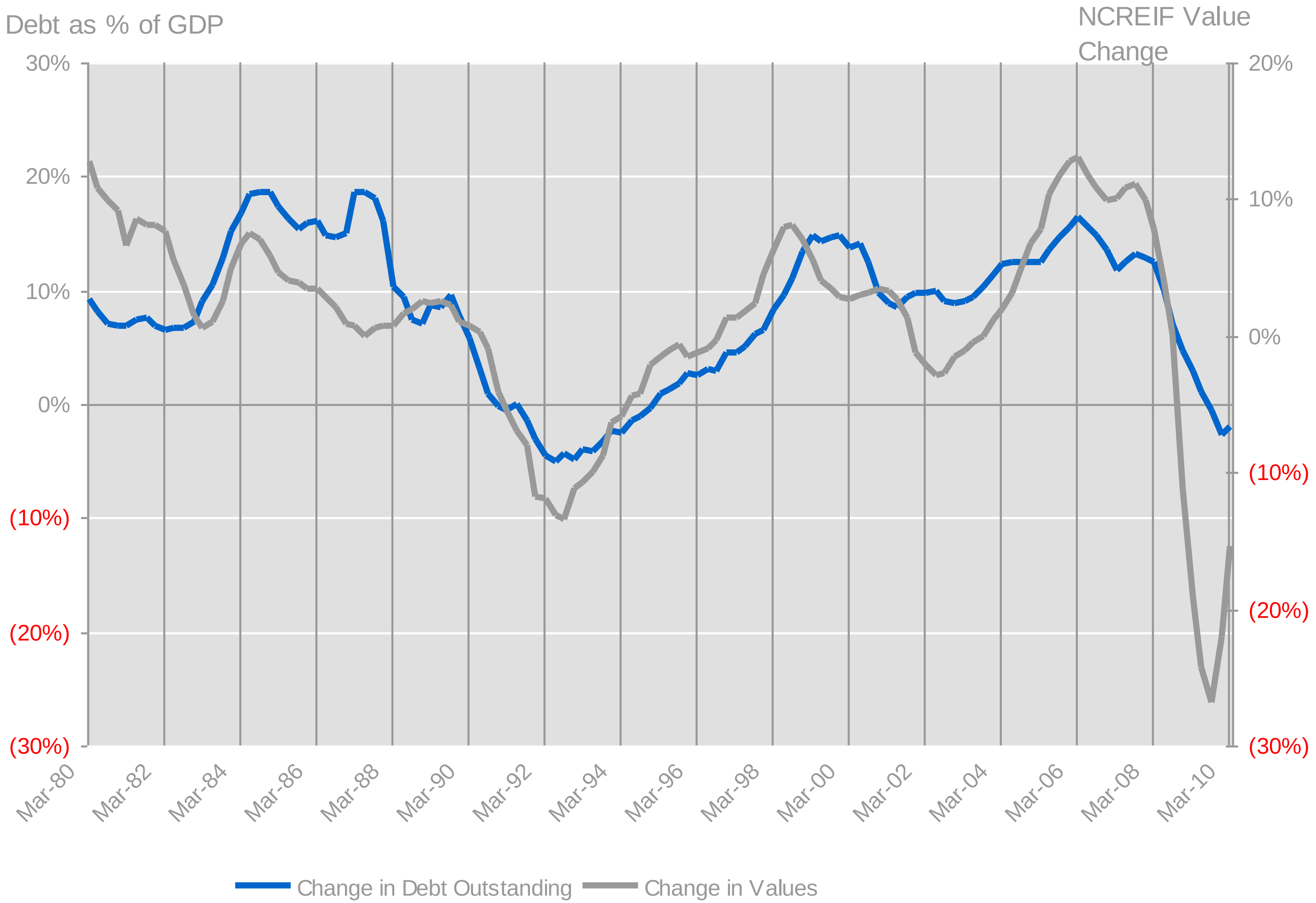
PROPERTY VALUES ARE STRONGLY RELATED TO DEBT



Source: Federal Reserve, Moody's Economy.com, NCREIF

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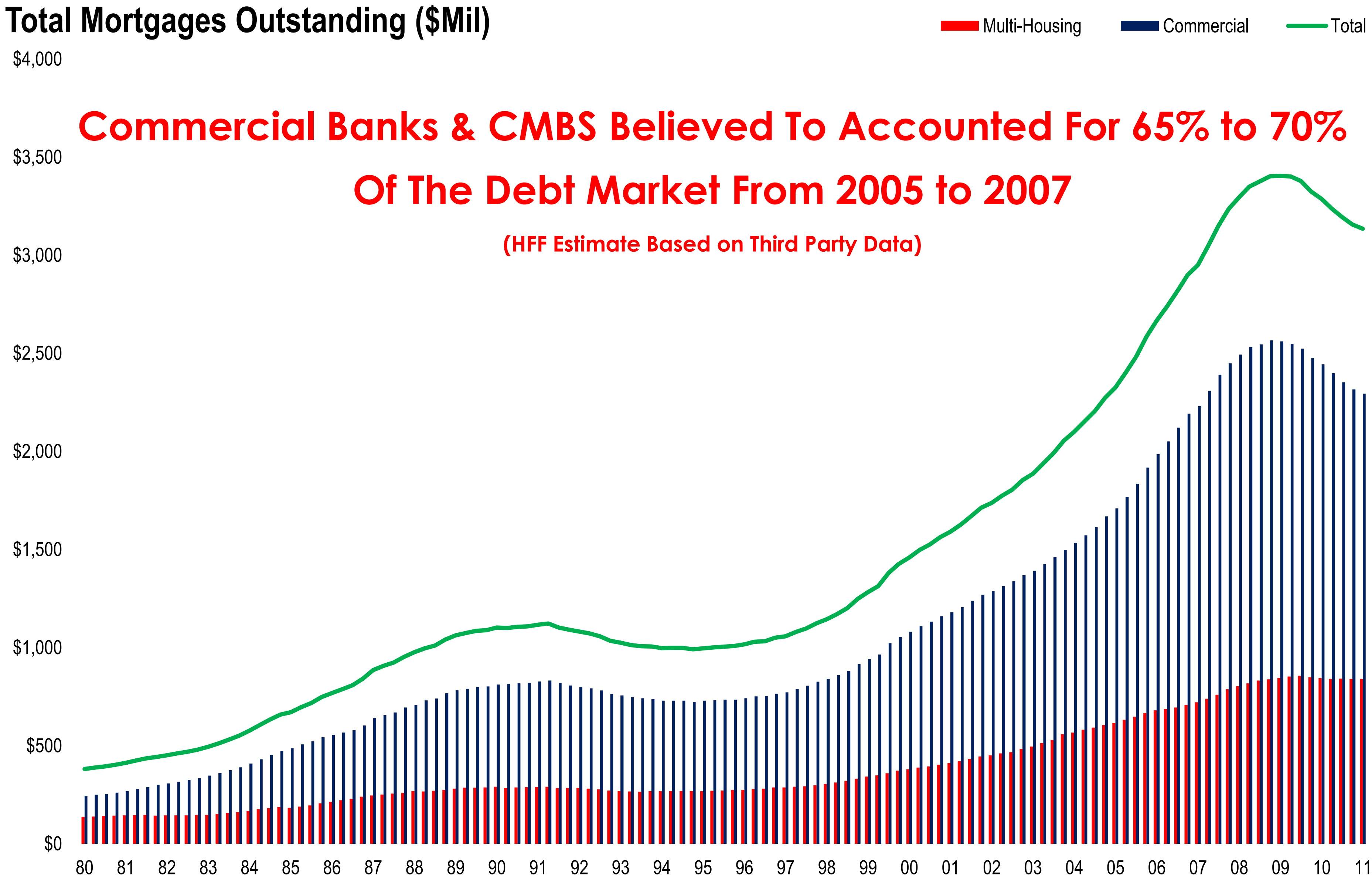
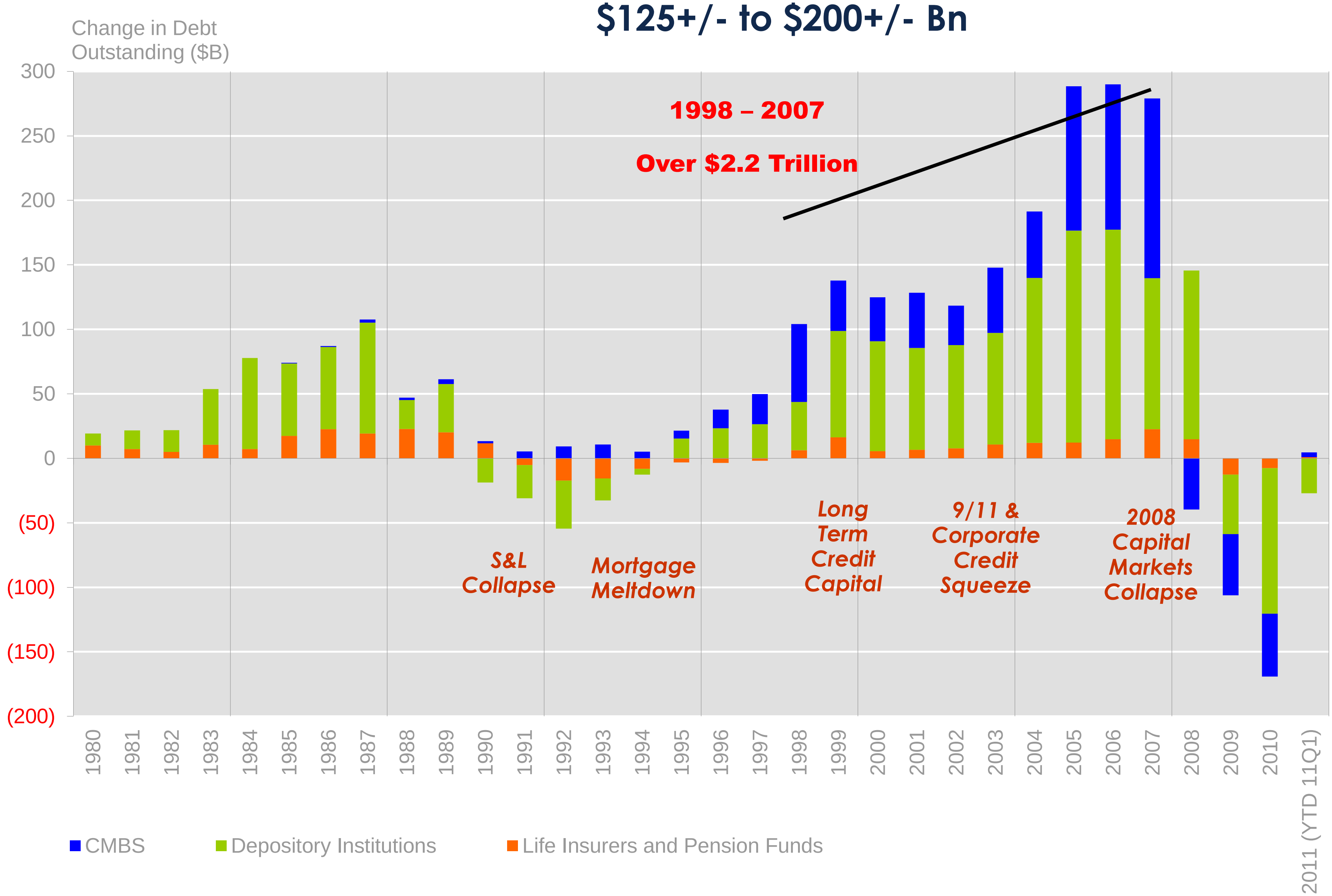
U.S. MULTIFAMILY AND COMMERCIAL MORTGAGES OUTSTANDING
WITH LOW CMBS ISSUANCE AND COMMERCIAL BANKS' EXPOSURE TO THE SECTOR
EITHER BANKS TAKE THE HITS OR MORTGAGE FLOWS MUST BE INCREASED



Source: Federal Reserve Board, Flow of Funds 1Q 2011

OVER $1 TRILLION OF NET NEW DEBT FROM 2004-2007
CHANGE IN CRE DEBT OUTSTANDING BY HOLDER

From 1998 to 2004 Commercial Mortgage Flows Ranged $125+/- to $200+/- Bn



Source: Federal Reserve

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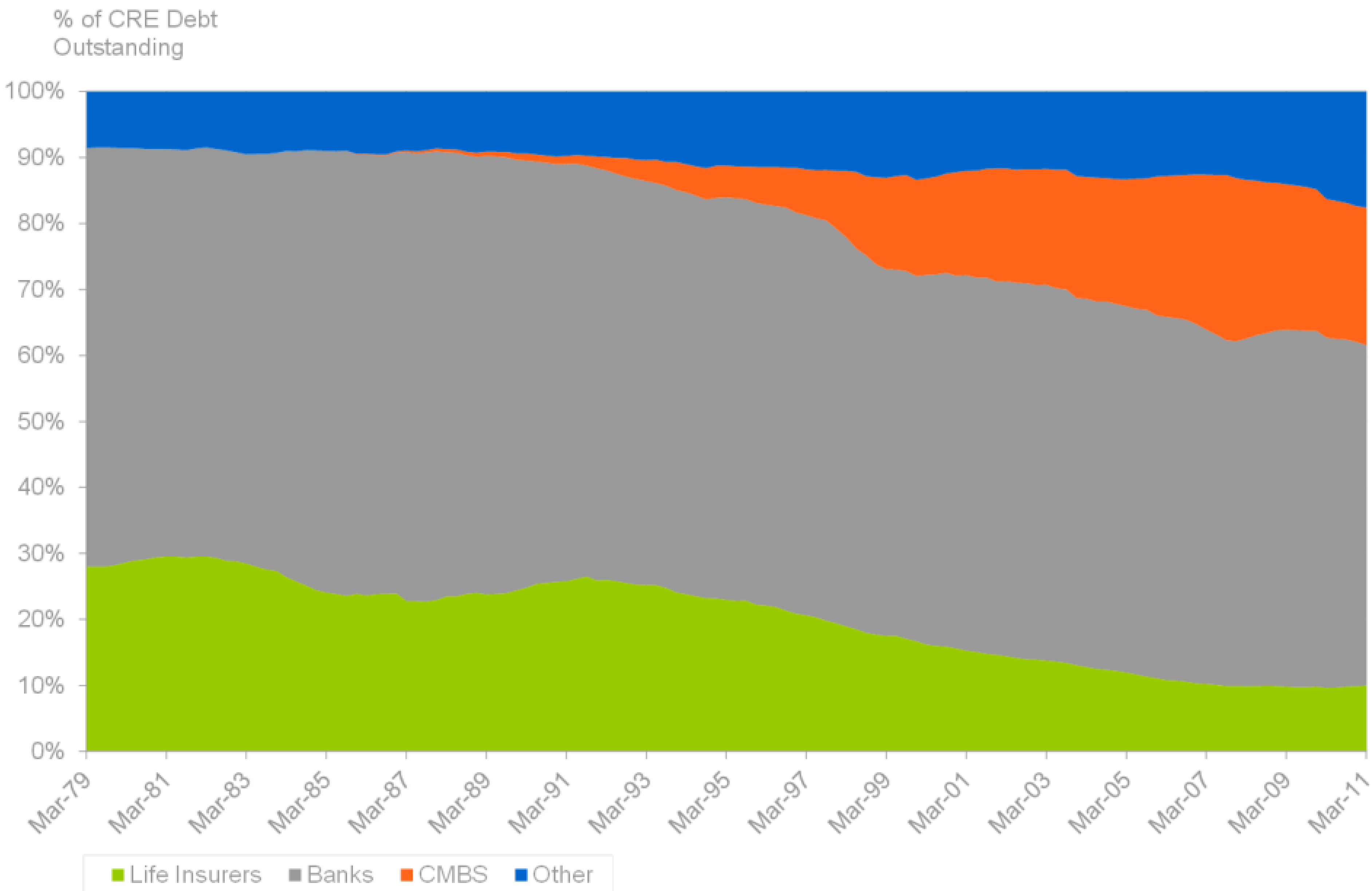
CMBS "SHADOW" LOOMS LARGE
SHARE OF COMMERCIAL REAL ESTATE DEBT BY LENDER TYPE



Source: Federal Reserve

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EITHER TOO MUCH LIQUIDITY BUT BANKS CANNOT TAKE THE HITS, OR… TO SUPPORT PRICE LEVELS FROM THE 2000 TO 2004 PERIOD (OTHER THAN CORE IN CORE MARKETS) MORTGAGE FLOWS SHORT OF WHERE THEY NEED TO BE BUT THERE HAS BEEN IMPROVEMENT

- Historical Annual Commercial Mortgage Flows (1998 to 2004) - **$100 Bn to $200 Bn range** (Excludes the Public to Private phenomenon period from 2005 to 2007)

- Historical Annual CMBS Flows (1998 – 2003) - **$50 Bn to $90 Bn projected need** (CMBS Market filled the void from the collapse of the S&Ls – has been effectively zero since 2007 – Restarted Slowly in 2010 and 2011 Projected to at least Quadruple to $40 Bn to $60 Bn – we shall see)

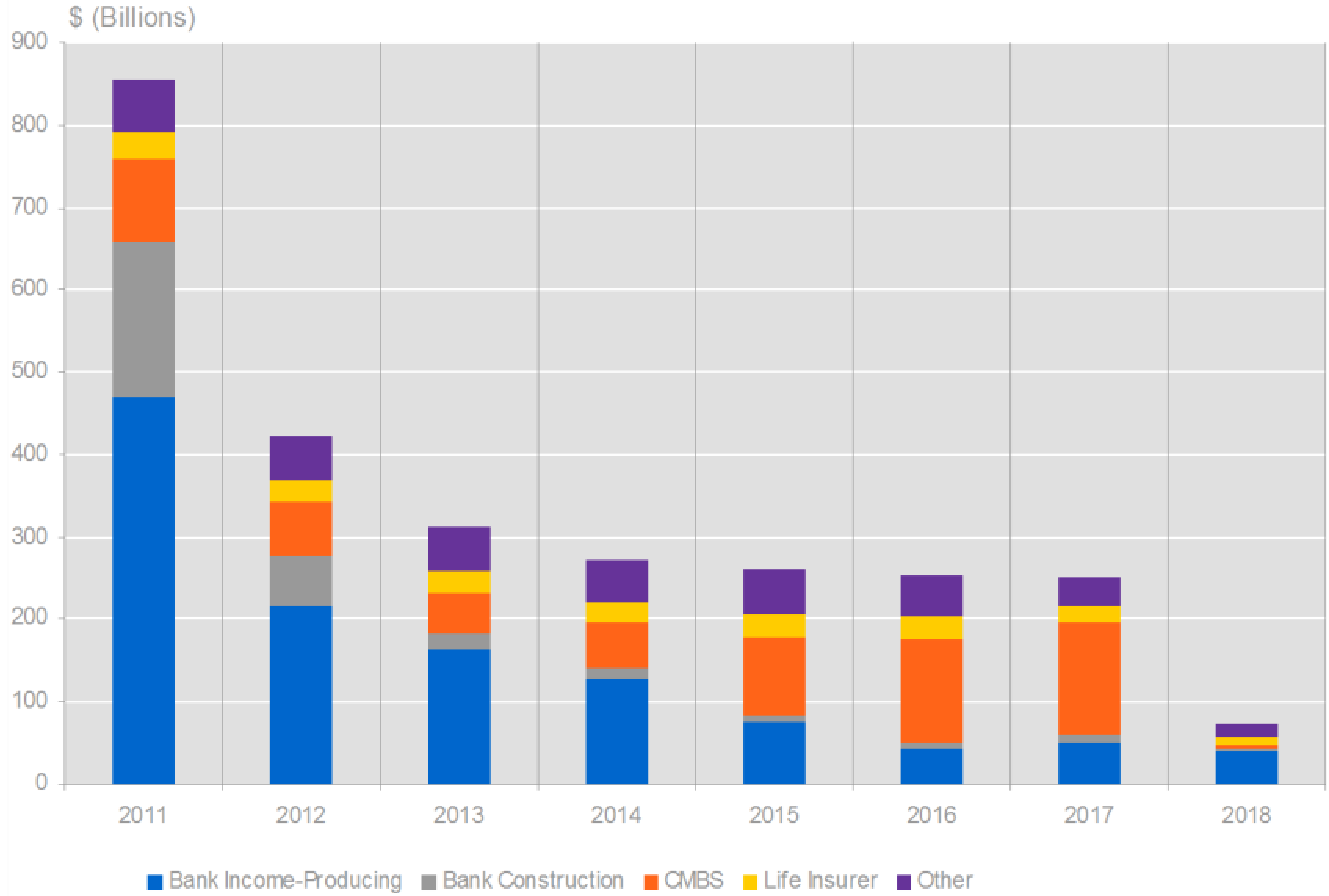
- Historical Annual Agency Flows (1998-2003) **- $35 Bn to $50 Bn range** (Likely to remain at levels needed to support multifamily markets for the next 12 to 24 months. Risk - Agencies are owned by U.S. Gov't and are required to shrink their portfolios by 10% per year beginning in 2010 (spreads likely to increase significantly from their 2005 to 2007 levels). What happens if Congress legislates them out of existence?)

- Historical Life Company Flows (1998 – 2003) - **$20 Bn to $30 Bn range** (Expected to stabilize in the mid $25 to $30 Bn range but 50% or more is targeted for existing rollovers – 2009 was only $16.4 Bn! Current Percentage of Invested Assets Would Allow Life Companies To Grow to $40 Bn or more in 2011 If the Product Can Be Found.)

- Historical Commercial Bank Flows (1998 – 2003) - **$50 Bn to $100 Bn range** (Historically, roughly equates to the total combined CMBS, Agency and Life Company debt flows. Commercial Bank Flows are likely be less due to existing problems, weak balance sheets and continuing bank closures by the FDIC, but Healthy Banks Are Now Lending Again – A Good Sign.)

- Historical Sales Volume – (2001 to 2003) - **$80 Bn to $125 Bn range** (2011 Likely to Exceed Historical Range)

2011 INCREASE IN MATURITIES DUE TO PRETEND AND EXTEND IN 2010
CAN LENDERS HANDLE THE TIDAL WAVE OF MATURING LOANS?
$2.9+/- TRILLION BETWEEN 2011 – 2017 ($2 +/- TRILLION BETWEEN 2012 – 2017)



Sources: PPR; Federal Reserve; Trepp; ACLI

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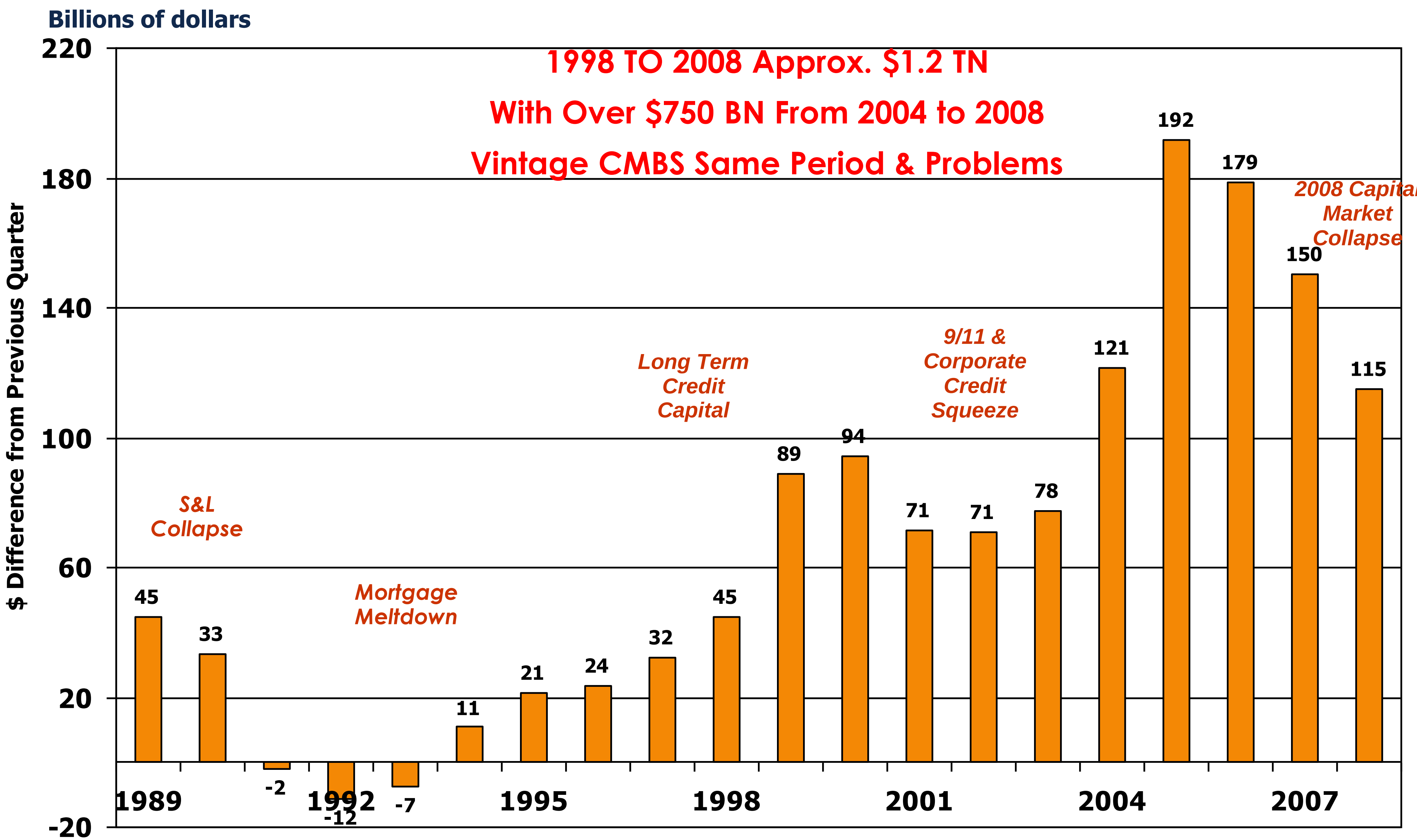
COMMERCIAL R.E. LOANS - BANK LENDING VOLUMES 1989 – 2008



Note: Data through November 12, 2008   Source: Federal Reserve Board and Real Estate Roundtable

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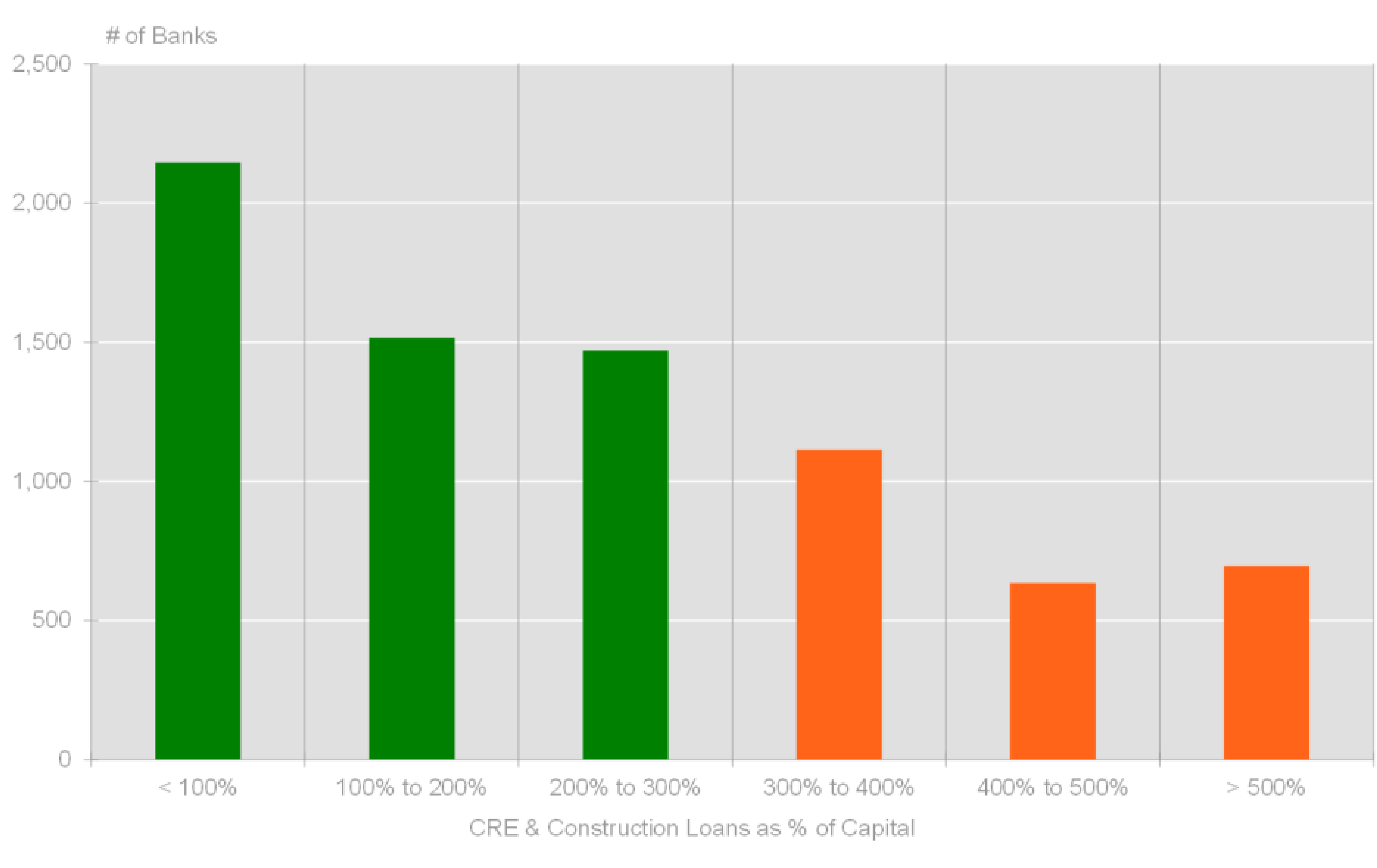
CRE & CONSTRUCTION LOANS OUTSTANDING AS A % OF CAPITAL - OVEREXPOSED? AS BALANCE SHEETS IMPROVE - BANKS WILL BE SELLERS IN 2011 & BEYOND



Source: FDIC

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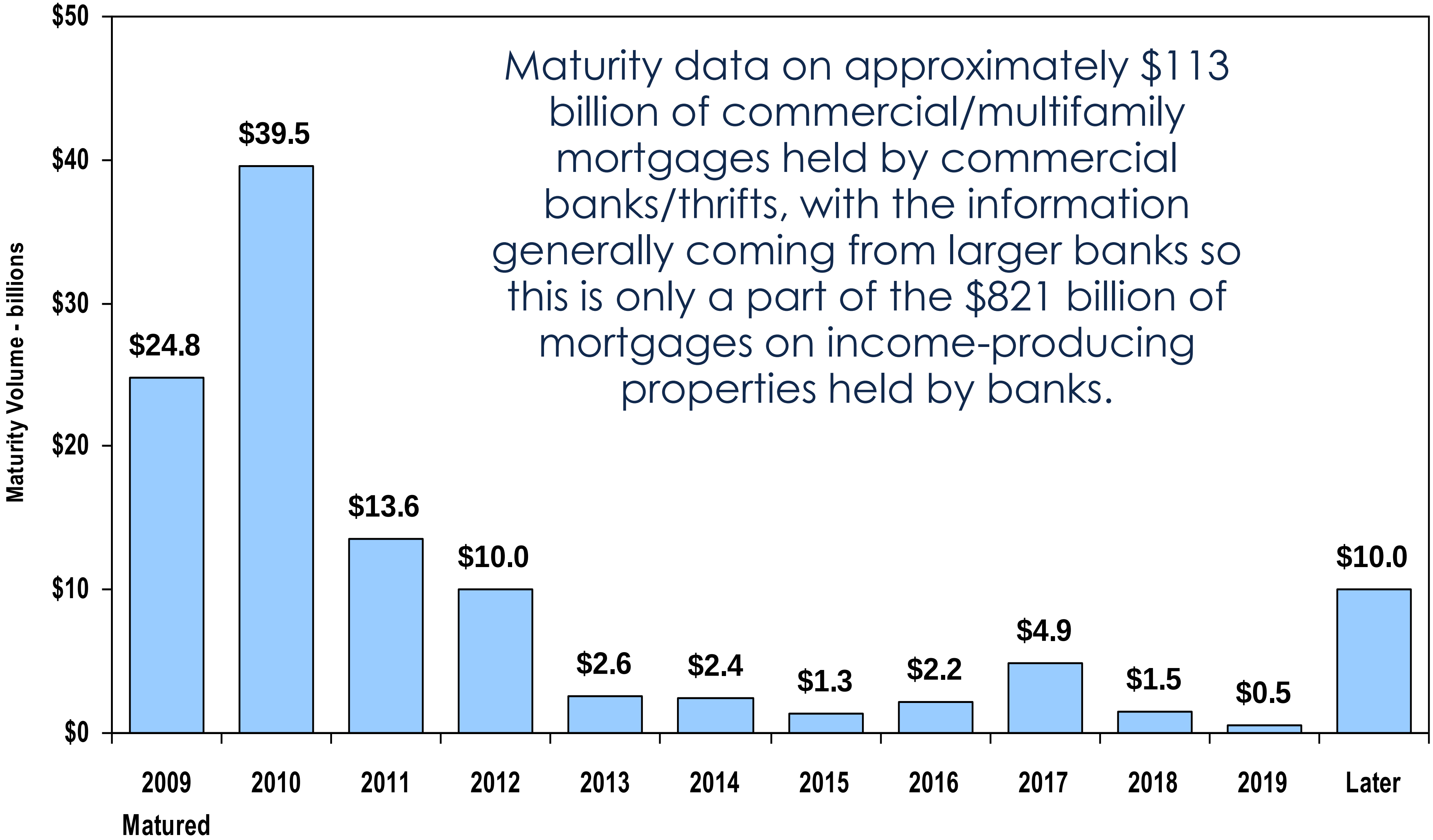
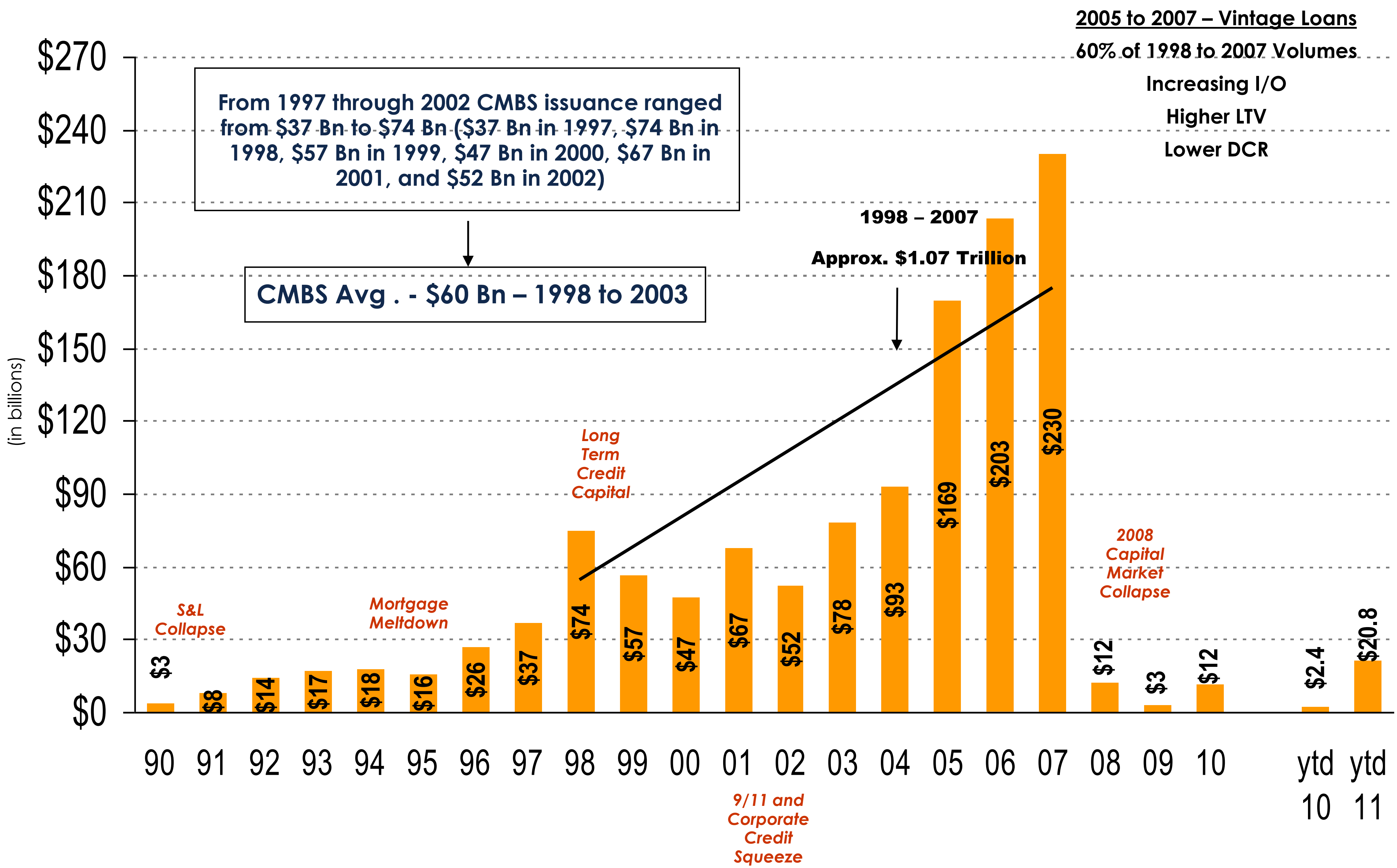
COMMERCIAL BANK/SAVINGS INSTITUTION – MATURITIES
2009 WAS THE YEAR OF EXTEND AND PRETEND
AS BALANCE SHEETS IMPROVE - BANKS WILL BE SELLERS IN 2011& BEYOND



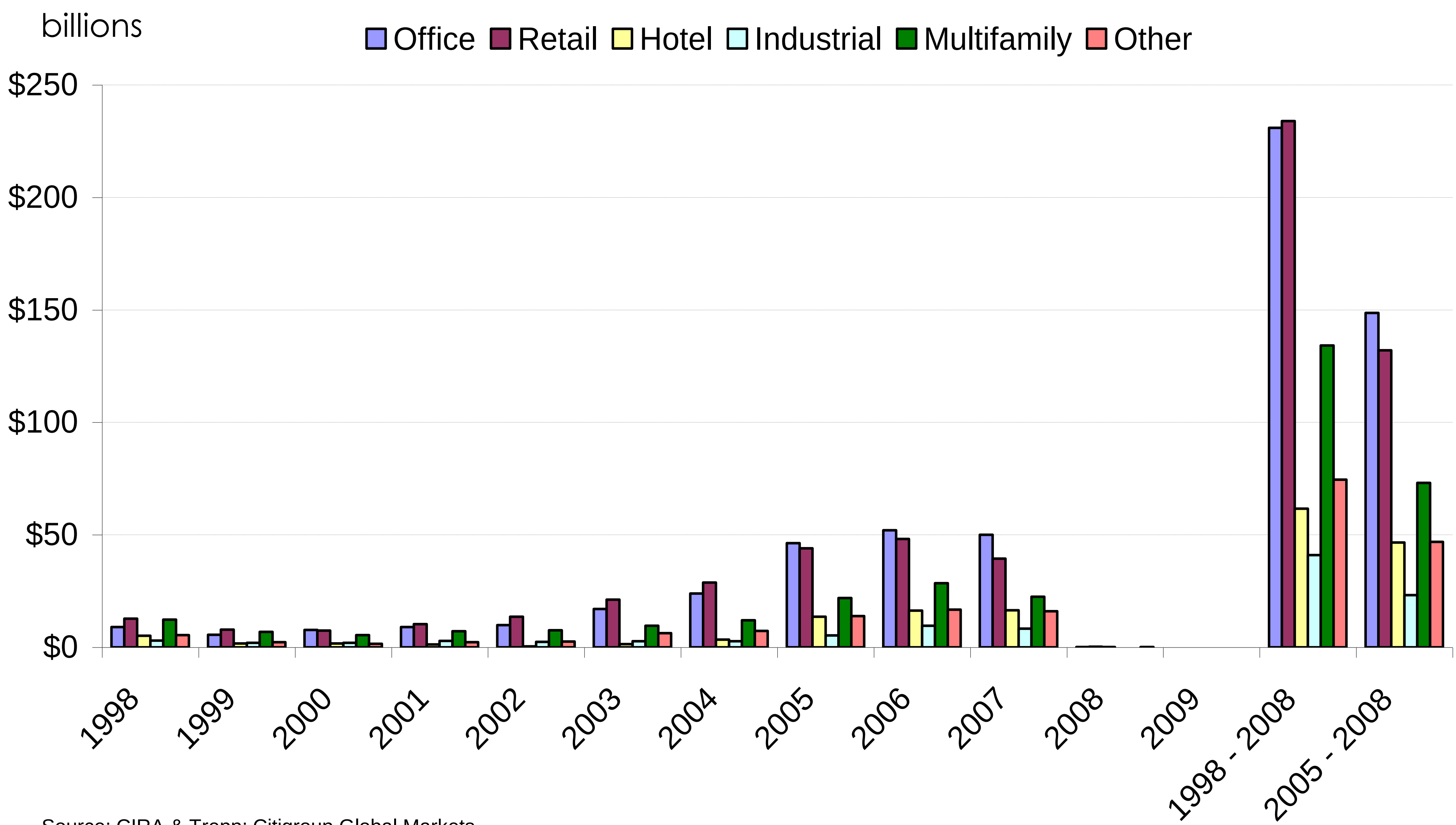
Source: MBA; year-end 2010 survey

HISTORICAL U.S. CMBS ISSUANCE
2008 to 2010 VOLUMES VIRTUALLY NON-EXISTENT - VINTAGE LOANS ARE A PROBLEM!
CMBS RESTARTED SLOWLY IN 2010 – PROJECTIONS FOR 2011 ARE $40 TO $60 BN – A WAY TO GO!



Source: Commercial Mortgage Alert – HFF Commentary; ytd stats through July 29 each year

FIXED-RATE ORIGINATIONS – BY PROPERTY TYPE
60%+/- WAS ORIGINATED FROM 2005 THROUGH 2007 – VINTAGE LOANS

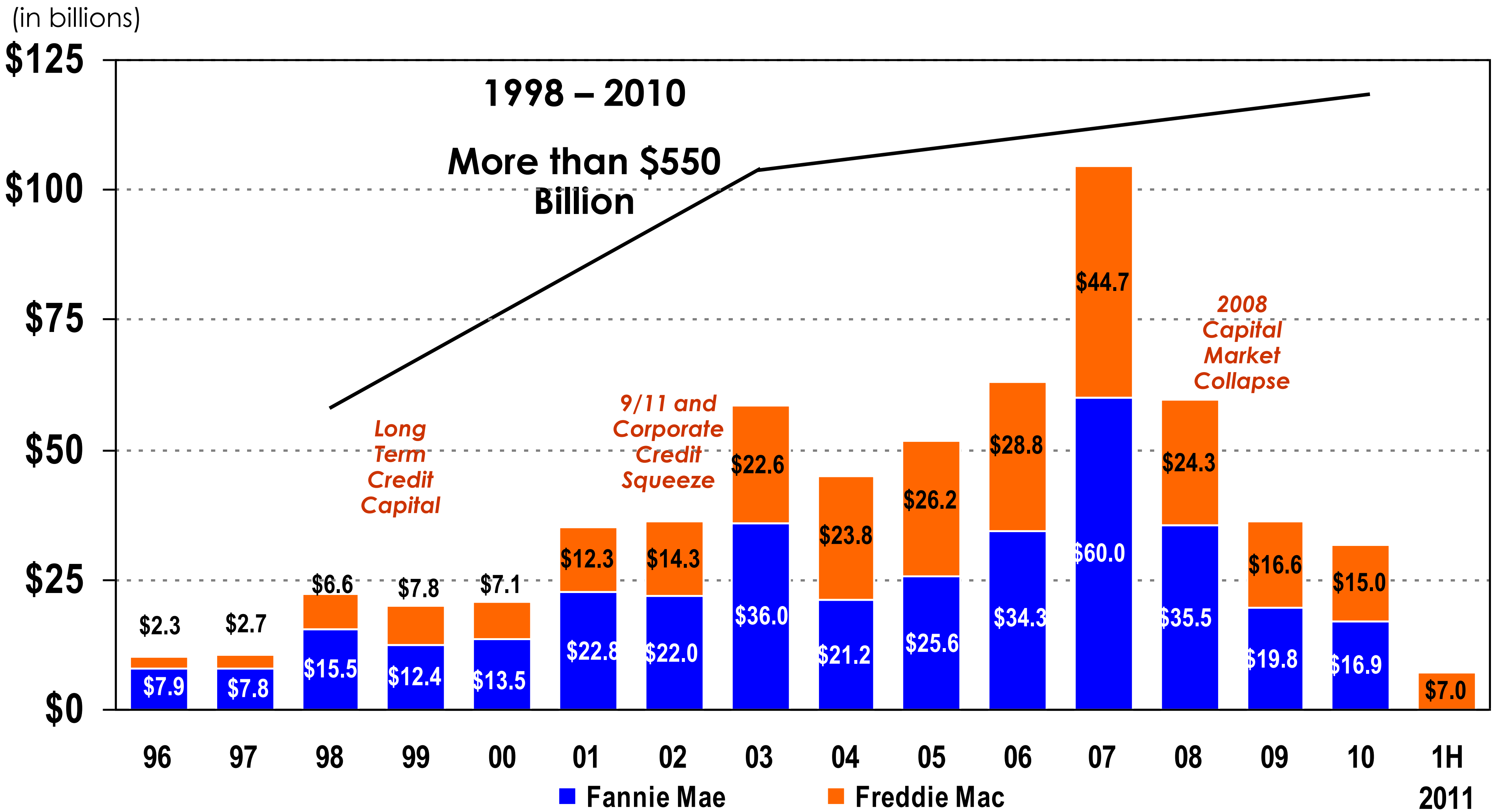


Source: CIRA & Trepp; Citigroup Global Markets

Data for fixed-rate US originations only; large loan/seasoned/lease-backed fixed-rate transactions are not included

HISTORICAL FANNIE MAE AND FREDDIE MAC PRODUCTION – WHAT HAPPENS IF THEY GO AWAY? ONLY SOURCE OF "ONE STOP" 70% TO 80% LTV LENDING FOR MULTIHOUSING…BUT THE AGENCIES ARE OWNED BY THE U.S. GOV'T AND IN CONSERVATORSHIP!

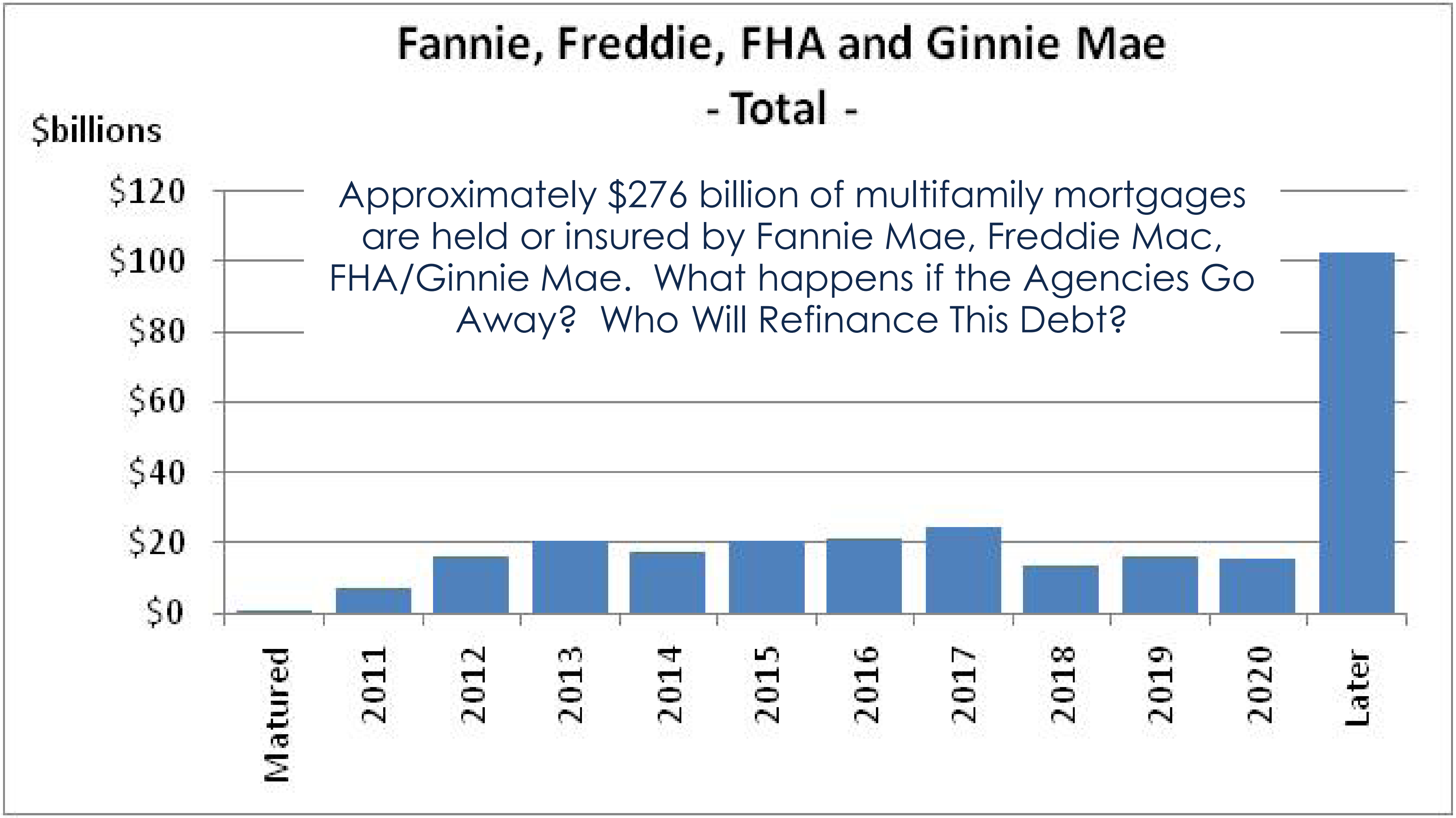
HFF IS THE LEADING DEBT INTERMEDIARY IN THE U.S. AND DOES BUSINESS WITH LIFE COMPANIES, BANKS, CMBS, MORTGAGE REITS, DEBT FUNDS AS WELL AS THE AGENCIES



HFF Commentary: Freddie has closed $7b through June 2011; mid-year data for Fannie is not available however they are believed to be on track to exceed their 2010 annual total.

Sources: Fannie Mae, Freddie Mac. Historical data includes all agency business including the purchase of CMBS loans which is not occurring in today's environment. 2008 and current data is a more realistic depiction of agency "normal one-off flow" business.

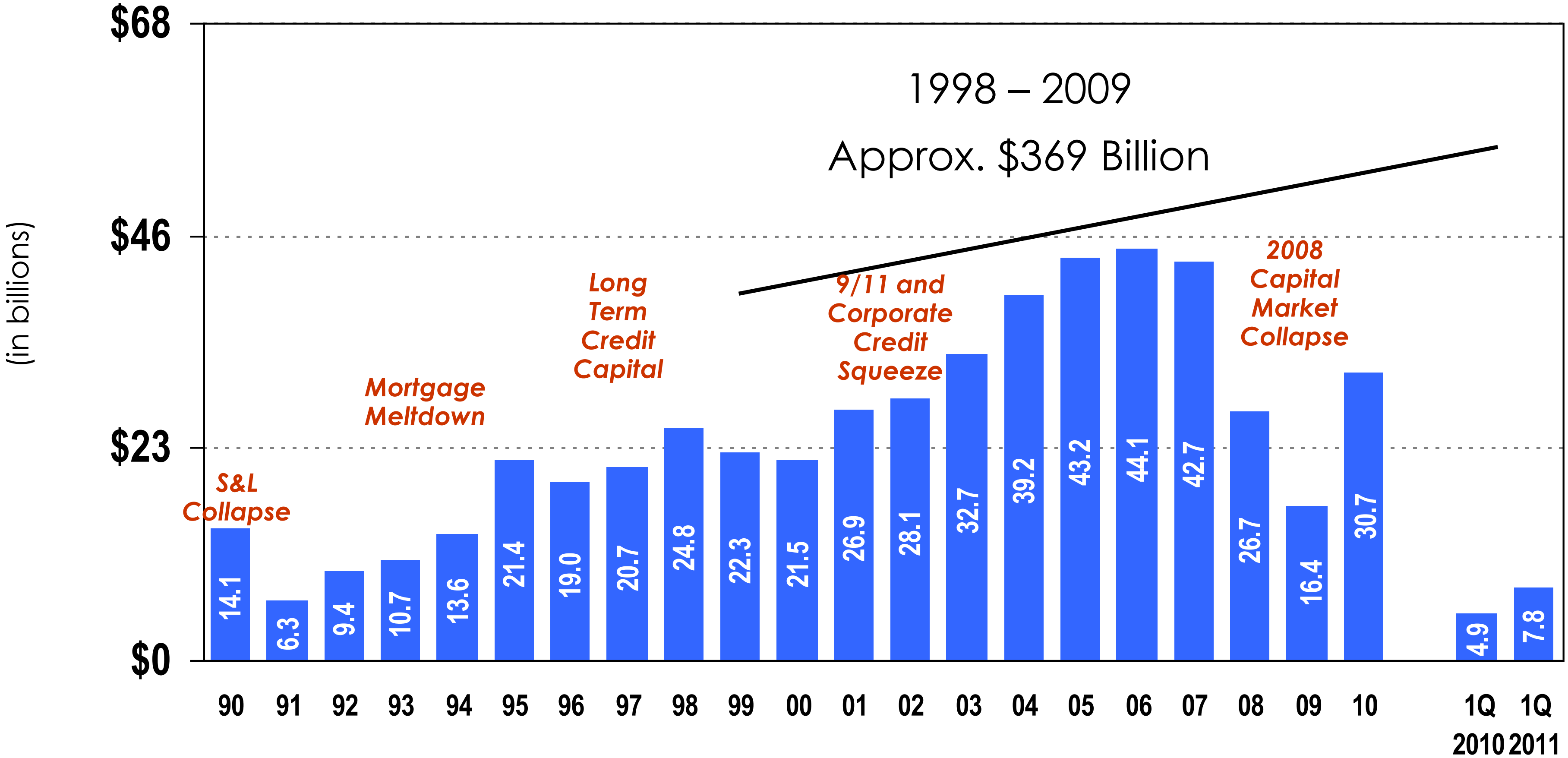
FANNIE, FREDDIE, FHA & GINNIE MAE – MATURITIES
IF THE AGENCIES GO AWAY – WHO WILL REFINANCE THIS DEBT?



Source: MBA; year-end 2010 survey

LIFE INSURANCE COMPANY MORTGAGE COMMITMENTS HAVE FEWER ISSUES … BUT CANNOT FILL THE CMBS VOID

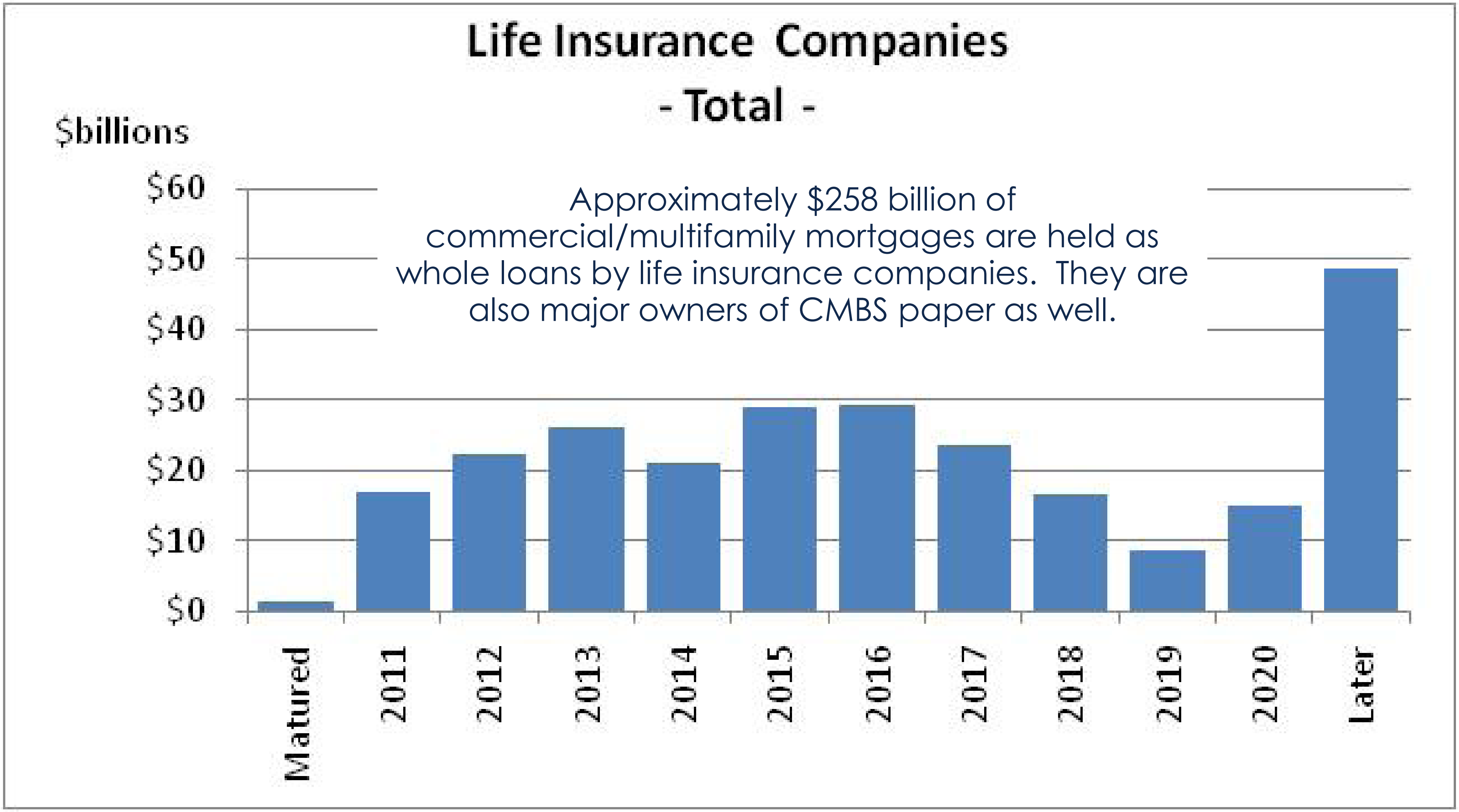
The largest insurers in the U.S. and Bermuda posted more than $140 billion in write-down's and unrealized losses on since the beginning of last year and have lost $77 Bn in Surplus in 2008 – Bloomberg - *November 25, 2008 and February 5, 2009*



Source: ACLI & HFF on Current & Forecasted Conditions

Life Company flows were in the $20 Bn to $33 Bn range from 1997 to 2003, but 2003 was the only year above $30 Bn, and from 1997 to 2002 flows were only $20 Bn to $27 Bn. Based on HFF interviews, current 2011 pricing ranges from 4.00% to 5.50% (down 300 bps in last 24 months) for the best of the best assets and borrowers for 50% to 70% LTVs, and we believe commitments will be in the $30 Bn to as high as $40 Bn in 2011 based on interviews at the MBA (assuming the product is out there).

LIFE INSURANCE COMPANY MATURITIES
COMMITMENTS TARGETED FOR ROLLOVERS FOR OWN BOOK
LIFE COMPANIES MAY HAVE FEWER ISSUES THAN OTHER LENDERS



Source: MBA; year-end 2010 survey

U.S. COMMERCIAL REAL ESTATE DEBT MARKETS

MATURITY AND MONETARY LEVEL DEFAULTS

DISTRESS INCREASING RESULTS IN NEGATIVE IMPLICATIONS FOR EXISTING OWNERS & LENDERS

NEW LOAN MATURITIES – 2011 TO 2017

TRANSACTION ACTIVITY LIKELY TO INCREASE

HFF, Inc.

"Kicking the can down the road"

"Extend and pretend"

"Delay and pray as it may go away"

"A rolling loan gathers no loss"

THE RECESSION, THE "LAG EFFECT", DECLINING PROPERTY LEVEL FUNDAMENTALS, BANK CLOSURES, AND RISING MONETARY DEFAULTS ON EXISTING AND EXTENDED LOANS WILL CREATE A NEW LINGO:

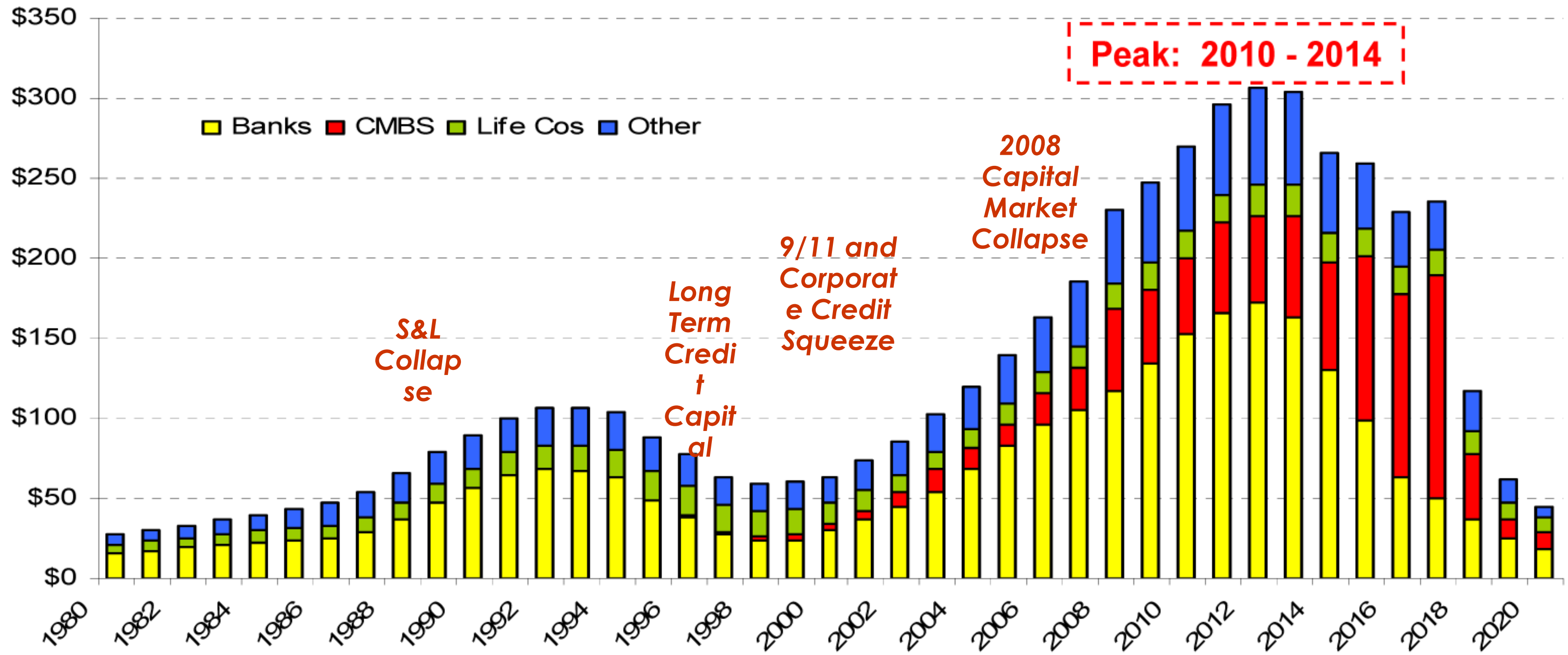
"FORECLOSURE", "LOAN SALES", "REO", "PRIVATE EQUITY JOINT VENTURES", "IPO & REIT ACQUISITIONS AND MERGERS"

YOU CAN ONLY HOLD SO LONG

THE 2009 AND 2010 LINGO AND CURRENT PRACTICES CANNOT OVERCOME THE MAGNITUDE OF THE PROBLEM
2011 AND BEYOND WILL START TO USHER IN NEW LINGO AND PRACTICES

Of the approximate $3+ trillion of debt outstanding:

Banks have approximately $2 trillion of core commercial real estate loans on their books; CMBS accounts for $1 trillion and life companies are approximately $300 billion of direct loans maturing throughout the coming decade.



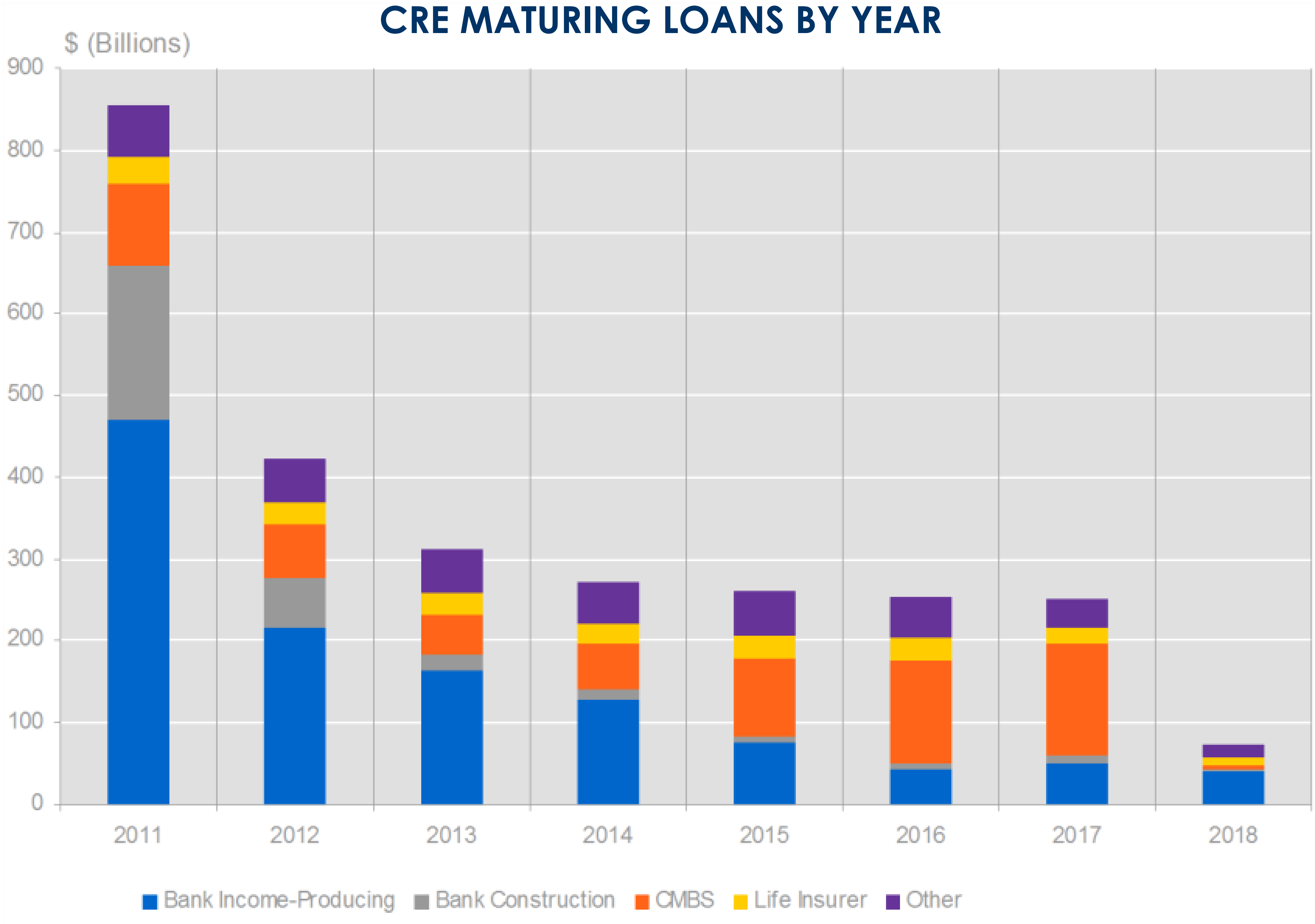
Servicers are liquidating soured commercial property loans bundled into bonds at an "anemic" pace as large mortgages delay the process, creating uncertainty as to the size of losses, according to Credit Suisse Group AG Of nearly 4,900 troubled loans, 86 totaling $494 million were liquidated last month, Credit Suisse analysts Serif Ustun and Sylvain Jousseaume in New York wrote in a July 23 report. More than 80 percent of those loans were less than $10 million and the largest had only $27 million in balance, the analysts said.

Bloomberg July 26, 2010 Sarah Mulholland.

* Maturity timing is estimated -Source: Deutsche Bank – January 2010

HFF, Inc.

2011 INCREASE IN MATURITIES DUE TO PRETEND AND EXTEND IN 2010
CAN LENDERS HANDLE THE TIDAL WAVE OF MATURING LOANS?
$2.9+/- TRILLION BETWEEN 2011 – 2017 ($2 +/- TRILLION BETWEEN 2012 – 2017)



Sources: PPR; Federal Reserve; Trepp; ACLI

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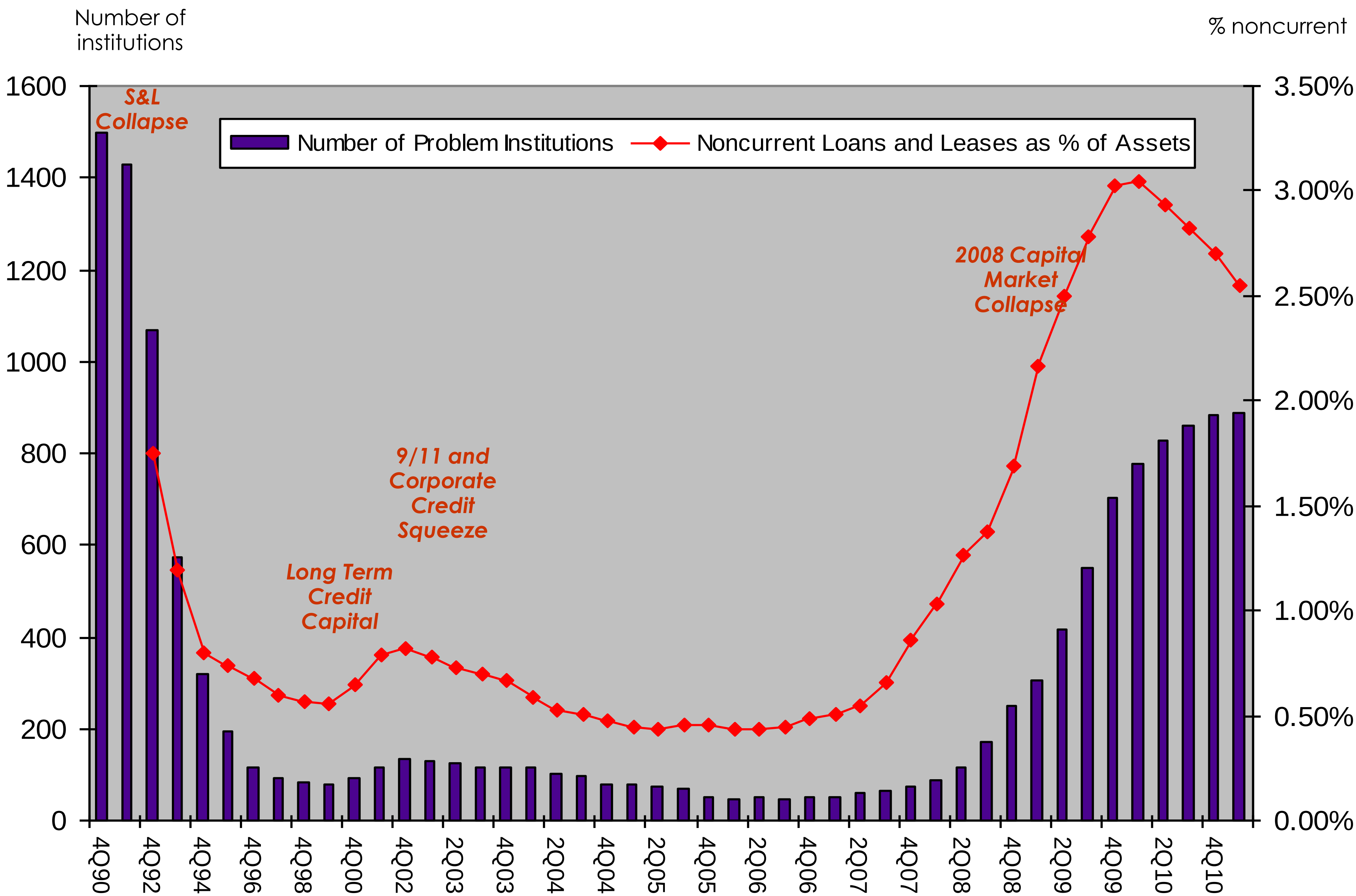
LAME LOANS ARE LETHAL TO U.S. BANKS' LIVELIHOOD
APPEARS THE FDIC WILL REMAIN VERY BUSY FOR THE FORESEEABLE FUTURE



Source: FDIC; data for all FDIC-insured institutions. Year end stats graphed for 1990 – 2001; quarterly stats graphed from 2003 to current.

Percent of assets considered noncurrent loans and leases is defined as assets past due 90 days or more, plus assets placed in nonaccrual status

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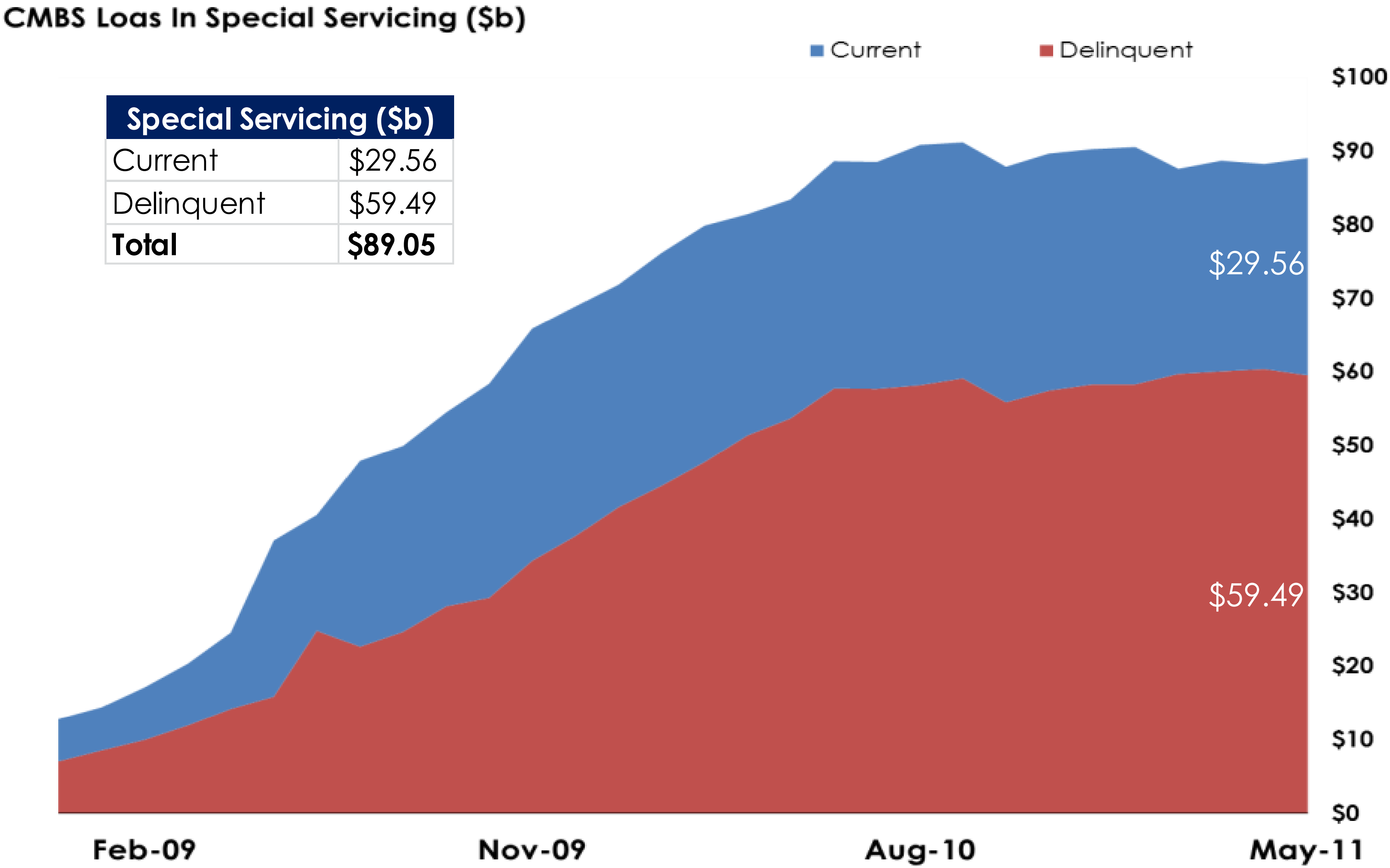
CMBS IN SPECIAL SERVICING SHOWS NO SIGNS OF SLOWING

TOTAL CMBS IN SPECIAL SERVICING

Special Servicing ($b)	
Current	$29.56
Delinquent	$59.49
Total	**$89.05**

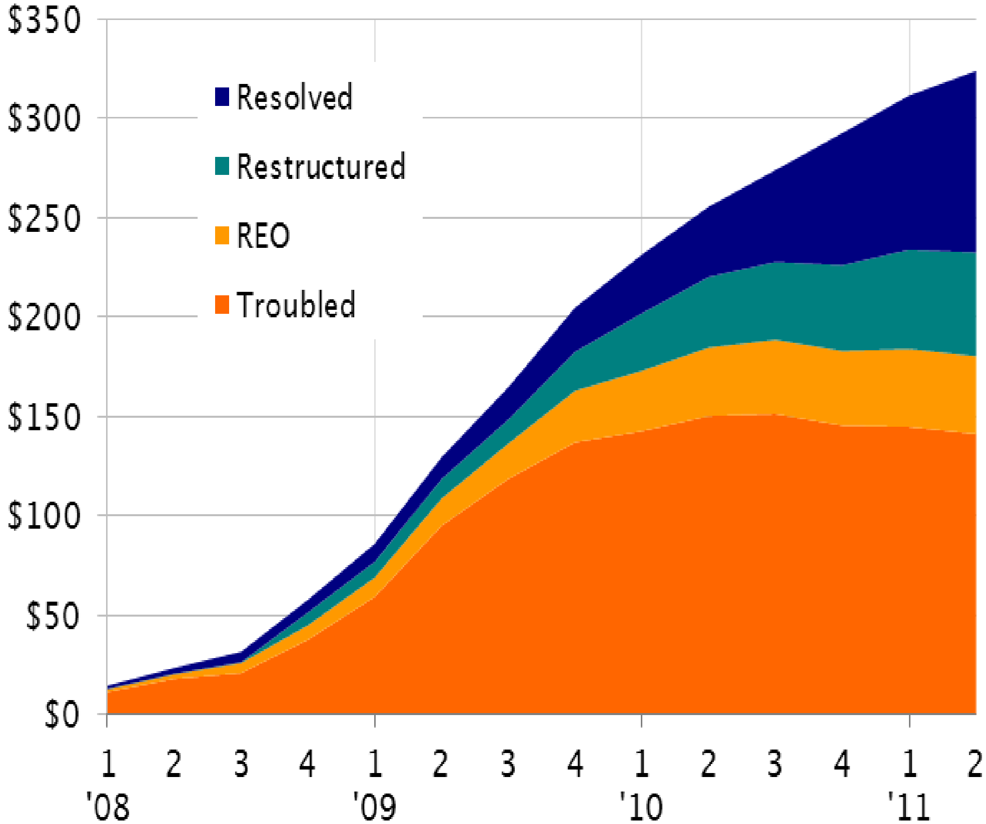


Source: Realpoint

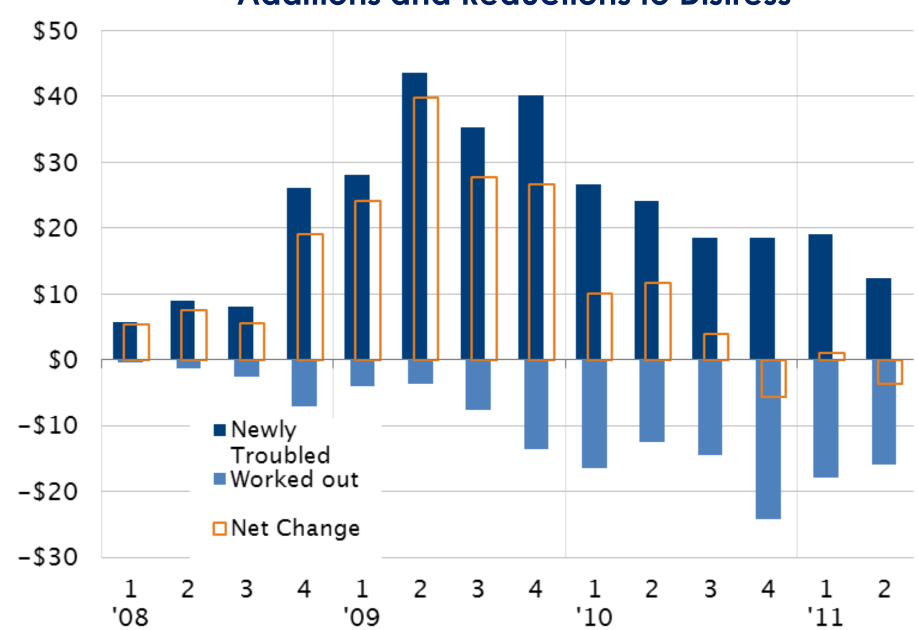
DISTRESSED UNRESOLVED ASSETS BUILDING COUPLED WITH DETERIORATING PROPERTY FUNDAMENTALS (ALBEIT MORE SLOWLY) AND MATURITY DEFAULTS WHAT ABOUT THE BANKS BALANCE SHEET LOANS? – MUCH LARGER THAN CMBS

CUMULATIVE OUTSTANDING DISTRESS VOLUME ($b)

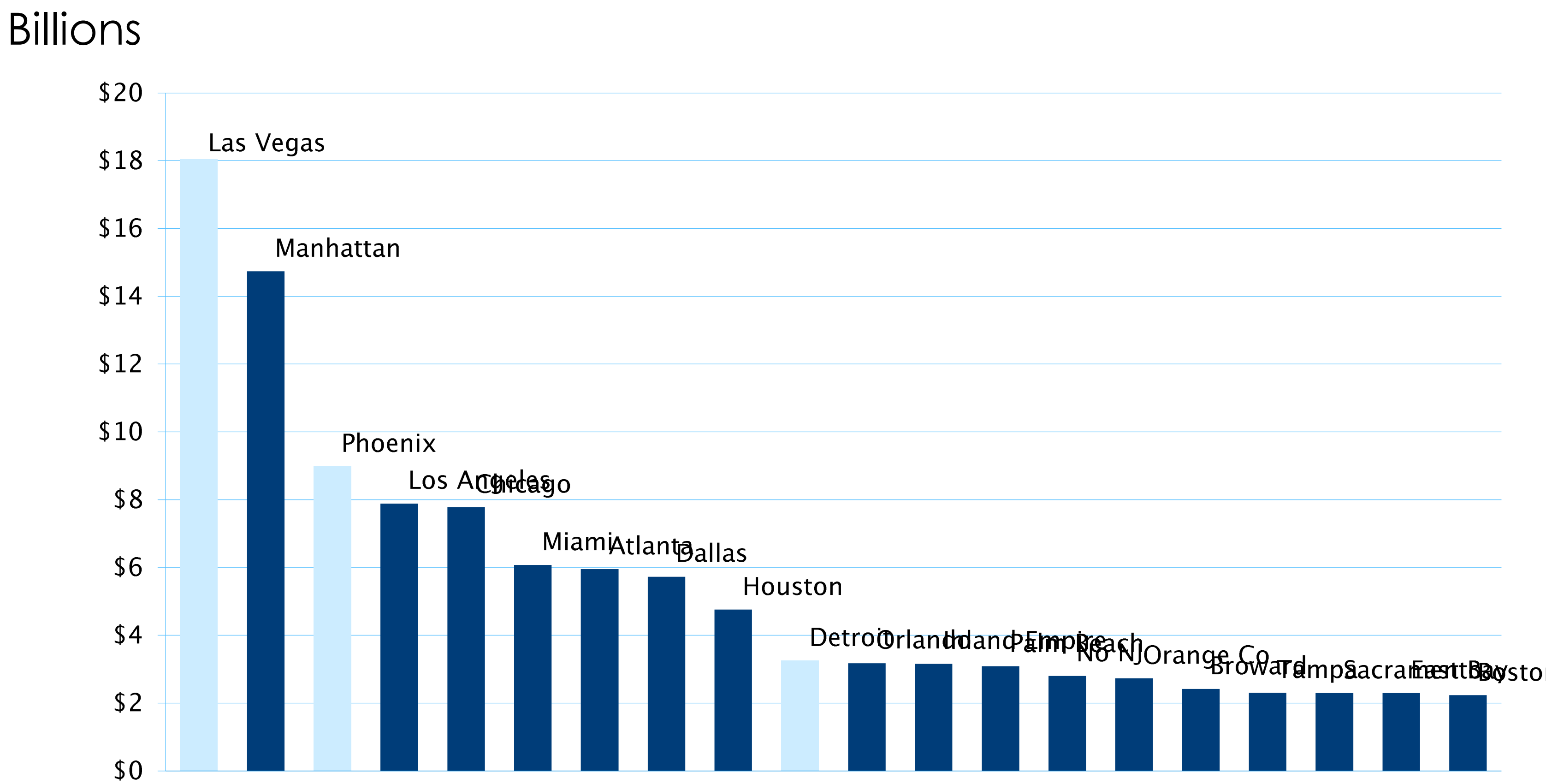
CUMULATIVE DISTRESS ($b)	
Resolved	$91.2
Restructured	$52.2
REO	$39.1
Troubled	$141.4
TOTAL	**$323.9**



Source: Real Capital Analytics



DISTRESSED VOLUME BY MARKET



Dark blue bars indicate markets where HFF either has an office or the market is covered from a large regional office in the state.

HFF IS VERY WELL POSITIONED WITH SPECIAL ASSETS GROUP, INVESTMENT SALES & LOAN SALES GROUP, DEBT & STRUCTURED FINANCE, INVESTMENT BANKING & ADVISORY SERVICES & SERVICING .

Source: Real Capital Analytics, Mid-Year 2011

U.S. COMMERCIAL REAL ESTATE

DEBT UNDERWRITING AND PRICING – PAST & PRESENT

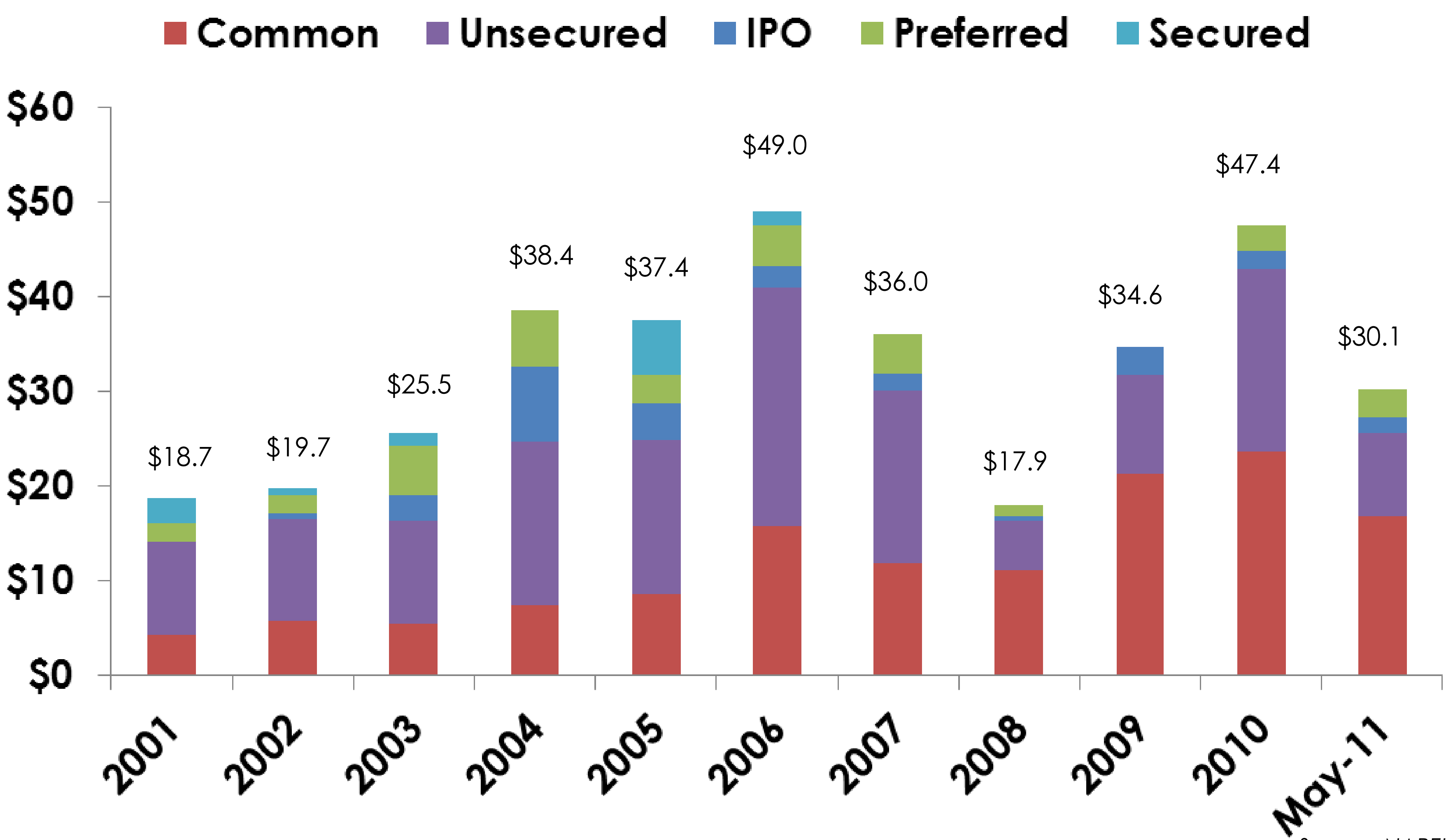
VALUATIONS – PRIVATE AND PUBLIC – PAST & PRESENT

2005 TO 2008 DEALS (EQUITY OR DEBT) ARE LIKELY IMPAIRED - "THE LAG EFFECT" & DISTRESS

HFF, Inc.

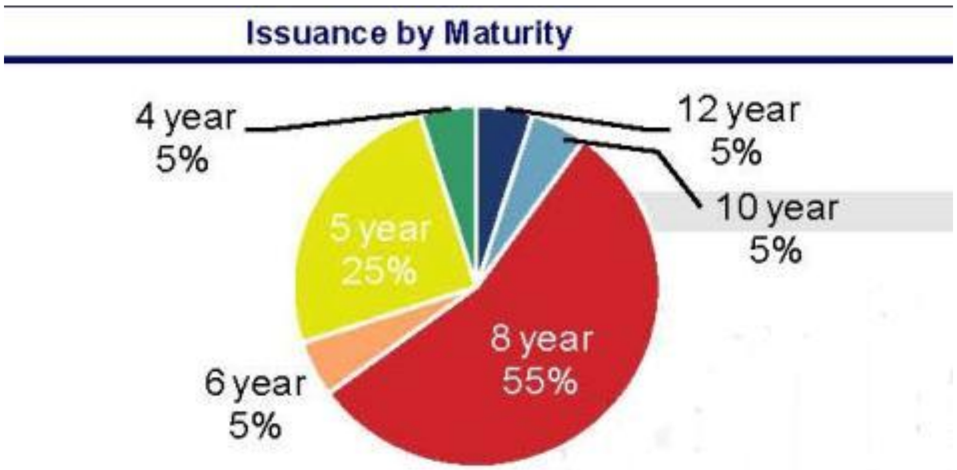
PUBLIC MARKETS OFF TO A STRONG START IN 2011
2009 AND 2010 RAISES USED PRIMARILY TO DELEVERAGE BALANCE SHEETS

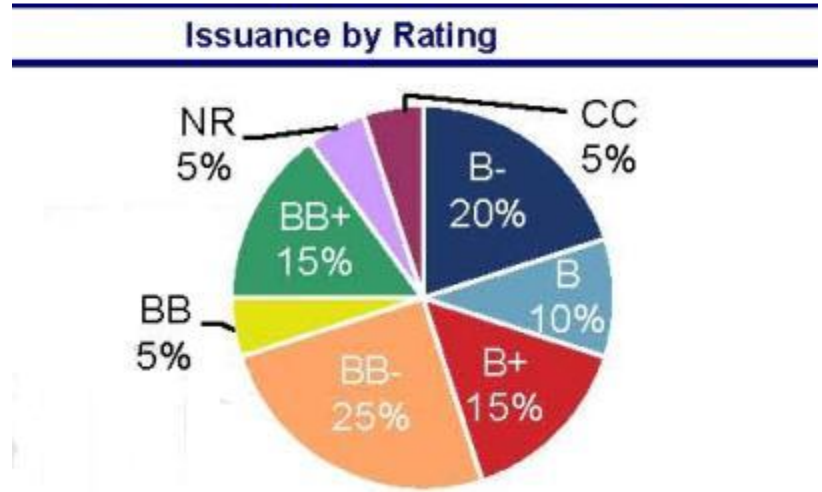
EQUITY ISSUANCE $24.234 Bn In 2009 & $28.221 Bn In 2010
$21.4Bn In 2011 YTD

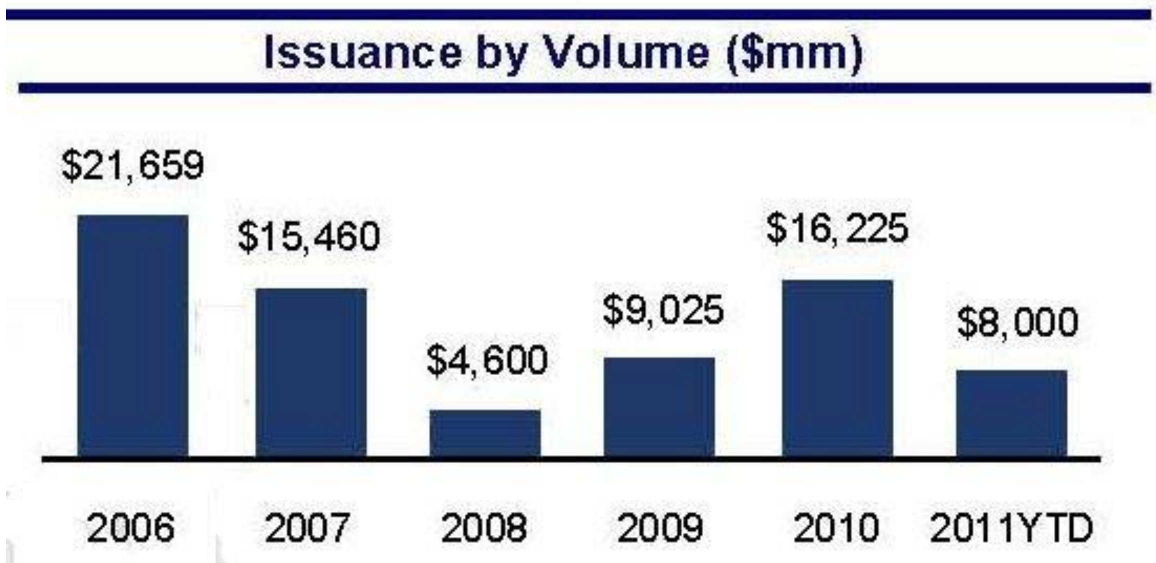


Source: NAREIT

PUBLIC MARKETS WIDE OPEN IN 2010 & OFF TO A STRONG START IN 2011
REIT INVESTMENT GRADE DEBT - $9 Bn - 2009 vs $16.2 Bn – 2010
$8.0 Bn ALREADY IN 2011







Source: Goldman Sachs

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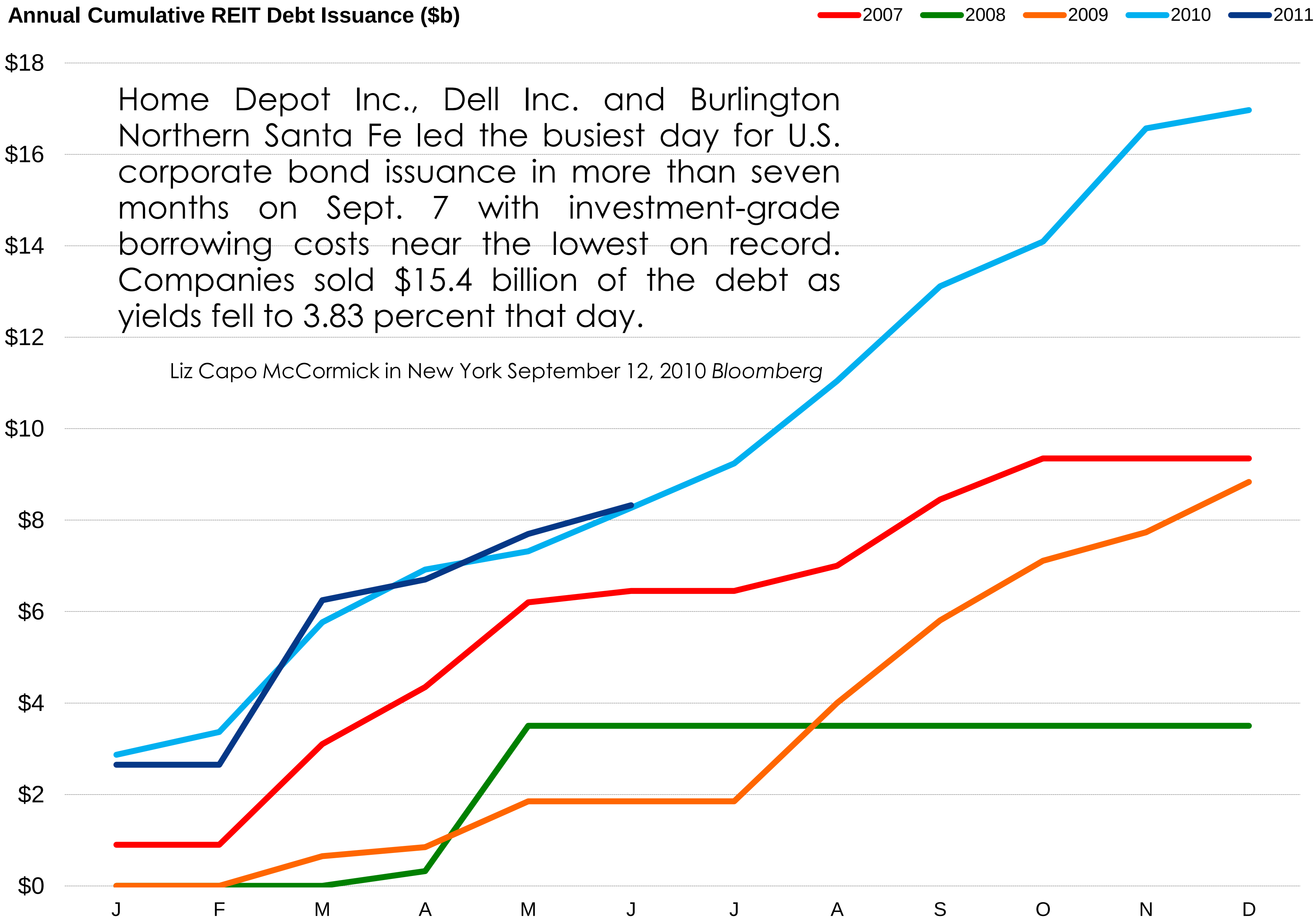
WE HAVE COME A LONG WAY IN A SHORT PERIOD OF TIME
SPREADS HAVE COMPRESSED IN 2009 AND CONTINUE TO COMPRESS
HAS THE FED CREATED A FINANCIAL ASSET BUBBLE IN THE CREDIT MARKETS???

Priced	Maturity	Issuer	Ratings: Moody's	Ratings: S&P	Amt	Security Desc.	Coupon	Spread to UST
25-Mar-09	2019	Simon Property Group	A3	A-	650	Sr Unsecured	10.35%	813
7-Apr-09	2016	Ventas Realty	Ba1	BBB-	200	Sr Reopening	6.500%	717
11-May-09	2014	Simon Property Group	A3	A-	600	Sr Unsecured	6.750%	498
26-May-09	2014	WT Finance	A2	A-	700	Sr Unsecured	7.500%	549
27-May-09	2017	Harrah's Operating Company	Caa2	B	1,375	Sr Secured	11.250%	857
15-Jun-09	2017	CB Richard Ellis	Ba3	B+	450	Sr Subordinated	11.625%	876
5-Aug-09	2019	Mack-Cali Realty	Baa2	BBB	250	Sr Unsecured	7.750%	412
6-Aug-09	2014	Simon Property Group	A3	A-	500	Sr Reopening	6.750%	275
6-Aug-09	2015	Duke Realty	Baa2	BBB	250	Sr Unsecured	7.375%	479
6-Aug-09	2019	Duke Realty	Baa2	BBB	250	Sr Unsecured	8.250%	463
7-Aug-09	2014	Hospitality Property Trust	Baa2	BBB	300	Sr Unsecured	7.875%	530
10-Aug-09	2014	Federal Realty Investment Trust	Baa1	BBB+	150	Sr Unsecured	5.950%	338
11-Aug-09	2014	Prologis	Baa2	BBB-	350	Sr Unsecured	7.625%	507
12-Aug-09	2014	Weingarten Realty Investors	Baa2	BBB	100	Sr Unsecured	8.100%	NA
8-Sep-09	2017	AvalonBay Communities	Baa1	BBB+	250	Sr Unsecured	5.700%	270
8-Sep-09	2020	AvalonBay Communities	Baa1	BBB+	250	Sr Unsecured	6.100%	270
17-Sep-09	2014	FelCor Lodging	B2	B+	636	Sr Secured	10.000%	1050
17-Sep-09	2019	Kimco Realty	Baa1	BBB+	300	Sr Unsecured	6.875%	350
21-Sep-09	2019	Brandywide Operating Partnership	Baa3	BBB-	250	Sr Unsecured	7.500%	516
23-Sep-09	2039	Vornado Realty	Baa2	BBB	400	PINES	9.625%	NA
25-Sep-09	2016	Developers Diversified Realty Corp	Baa3	BB	300	Sr Unsecured	9.625%	741
6-Oct-09	2019	Boston Properties LP	Baa2	A-	700	Sr Unsecured	5.875%	263
27-Oct-09	2019	Prologis	Baa2	BBB-	600	Sr Unsecured	7.375%	395
17-Nov-09	2016	AMB Property	Baa1	BBB	250	Sr Unsecured	6.125%	338
17-Nov-09	2019	AMB Property	Baa1	BBB	250	Sr Unsecured	6.625%	338
18-Nov-09	2019	HRPT Properties Trust	Baa2	BBB	125	Sr Unsecured	7.500%	NA
1-Dec-09	2017	Healthcare Realty Trust	Baa3	BBB-	300	Sr Unsecured	6.500%	388
2-Dec-09	2014	Equity One	Baa3	BBB-	250	Sr Unsecured	6.250%	438

Source: Goldman Sachs

PUBLIC MARKETS ARE OPEN TO FINANCE GOOD CREDIT
SPREADS CONTINUED TO COMPRESS IN 2010
HAS THE FED CREATED A FINANCIAL ASSET BUBBLE IN THE CREDIT MARKETS???



Home Depot Inc., Dell Inc. and Burlington Northern Santa Fe led the busiest day for U.S. corporate bond issuance in more than seven months on Sept. 7 with investment-grade borrowing costs near the lowest on record. Companies sold $15.4 billion of the debt as yields fell to 3.83 percent that day.

Liz Capo McCormick in New York September 12, 2010 *Bloomberg*

Source: Commercial Real Estate Direct

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PUBLIC MARKETS OPEN REIT DEBT ISSUANCE REMAINS ACTIVE
SPREADS HAVE COMPRESSED, BUT HAVE BACKED UP RECENTLY – BUT ALL COUPONS ARE LOW
HAS THE FED CREATED A FINANCIAL ASSET BUBBLE - QE-1 & QE-2 – IS QE-3 AROUND THE BEND?

Issue	Maturity	Maturity Issuer	Rating	Size	Structure	Coupon	Spread (UST)
6/28/2011	7/15/2021	National Retail Properties	BBB	300	10yr Notes	5.50%	T+265
6/27/2011	7/15/2018	Kilroy Realty	BBB-	325	7yr Notes	4.80%	T+265
6/14/2011	5/15/2035	Realty Income	BBB	150	30yr Re-opening	5.88%	T+205
5/31/2011	6/15/2023	Camden Property Trust	BBB	250	12yr Notes	4.88%	T+195
5/31/2011	6/15/2021	Camden Property Trust	BBB	250	10yr Notes	4.63%	T+165
5/18/2011	6/1/2018	UDR Inc.	BBB	300	7yr Notes	4.25%	T+190
5/9/2011	6/1/2021	Ventas Realty	BBB-	700	10yr Notes	4.75%	T+165
3/30/2011	4/15/2018	Brandywine	BBB-	325	7yr Notes	4.95%	T+230
3/23/2011	4/15/2016	BioMed Realty	BBB-	400	5yr Notes	3.85%	T+195
3/9/2011	3/15/2015	Health Care REIT	BBB-	400	5yr Notes	3.63%	T+155
3/9/2011	1/15/2022	Health Care REIT	BBB-	600	10yr Notes	5.25%	T+185
3/9/2011	3/15/2041	Health Care REIT	BBB-	400	30yr Notes	6.50%	T+195
3/2/2011	4/15/2018	Developers Diversified Realty	BB+	300	7yr Notes	4.75%	T+205
3/1/2011	3/15/2021	Digital Realty Trust	BBB	400	10yr Notes	5.25%	T+185
1/18/2011	2/1/2014	HCP Inc	BBB	400	3yr Notes	2.70%	T+175
1/18/2011	2/1/2016	HCP Inc	BBB	500	5yr Notes	3.75%	T+190
1/18/2011	2/1/1941	HCP Inc	BBB	1,200	10yr Notes	5.38%	T+210
1/18/2011	2/1/1941	HCP Inc	BBB	300	30yr Notes	6.75%	T+230
1/10/2011	1/15/2016	Senior Housing Properties Trust	Baa3/BBB-	250	5yr Notes	4.30%	T+262.5
12/8/2010	1/15/2021	Healthcare Realty Trust	Baa3/BBB-	400	10yr Notes	5.75%	T+262.5
11/10/2010	1/15/2021	HealthCare REIT	Baa2/BBB	450	10yr Notes	4.95%	T+237.5
11/9/2010	1/15/2018	AMB Property	Baa1/BBB	175	7yr Notes	4.00%	T+225
11/9/2010	1/15/2021	AvalonBay Communities	Baa1/BBB+	250	10yr Notes	3.95%	T+137.5
11/8/2010	11/30/2015	Ventas Realty	Baa3/BBB-	400	5yr Notes	3.13%	T+210
11/8/2010	5/15/2021	Boston Properties	Baa2/A-	850	10.5yr Notes	4.13%	T+165
12/27/2010	11/3/2015	Kilroy Realty	Baa3/BBB-	325	5yr Notes	5.00%	T+370
10/13/2010	10/15/2017	Post Apartment Homes	Baa3/BBB-	150	7yr Notes	4.75%	T+300
9/30/2010	4/15/2021	Regency Centers	Baa2/BBB	250	10.5yr Notes	4.80%	T+230
9/23/2010	10/1/2020	Washington REIT	Baa1/BBB+	250	10yr Notes	4.95%	T+250
9/22/2010	10/1/2020	Liberty Property LP	Baa2/BBB	350	10yr Notes	4.75%	T+225
9/15/2010	2/1/2018	Wyndham Worldwide	Ba1/BBB-	250	7.5yr Notes	5.75%	T+365
9/15/2010	3/15/2021	BRE Properties	Baa2/BBB	300	10.5yr Notes	5.20%	T+250
9/14/2010	9/15/2020	Commonwealth REIT	Baa2/BBB	250	10yr Notes	5.88%	T+350
9/7/2010	9/15/2017	Health Care REIT	Baa2/BBB-	450	7yr Notes	4.70%	T+270
8/25/2010	2/1/2010	Kimco Realty	Baa1/BBB+	300	7.5yr Notes	4.30%	T+240

2011

2010

$1.4 billion BBB- @ 179 bps

$2.4 billion BBB @ 200 bps

Health Care REIT's spreads compressed from 270 bps to 179 bps in a six month period.

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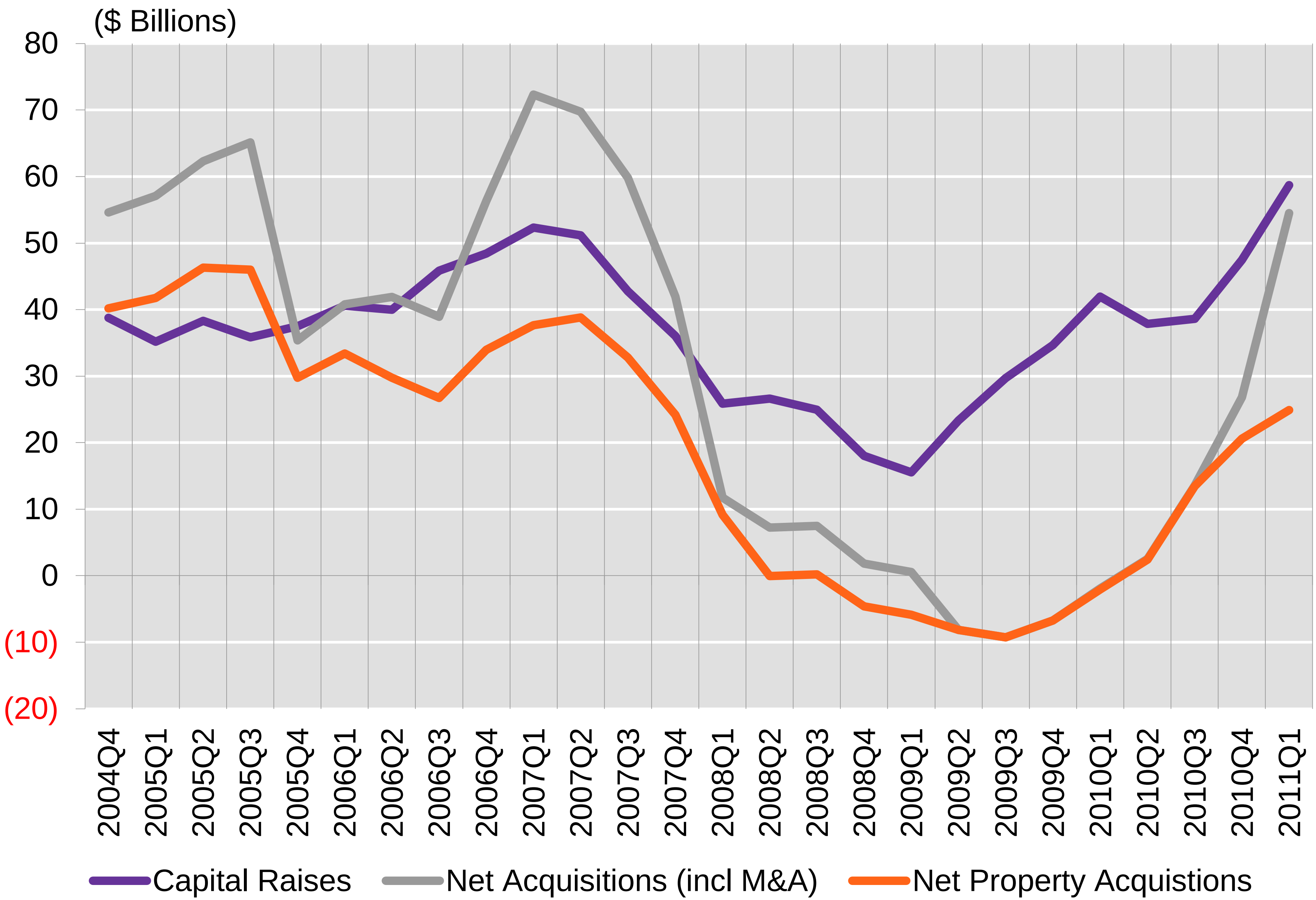
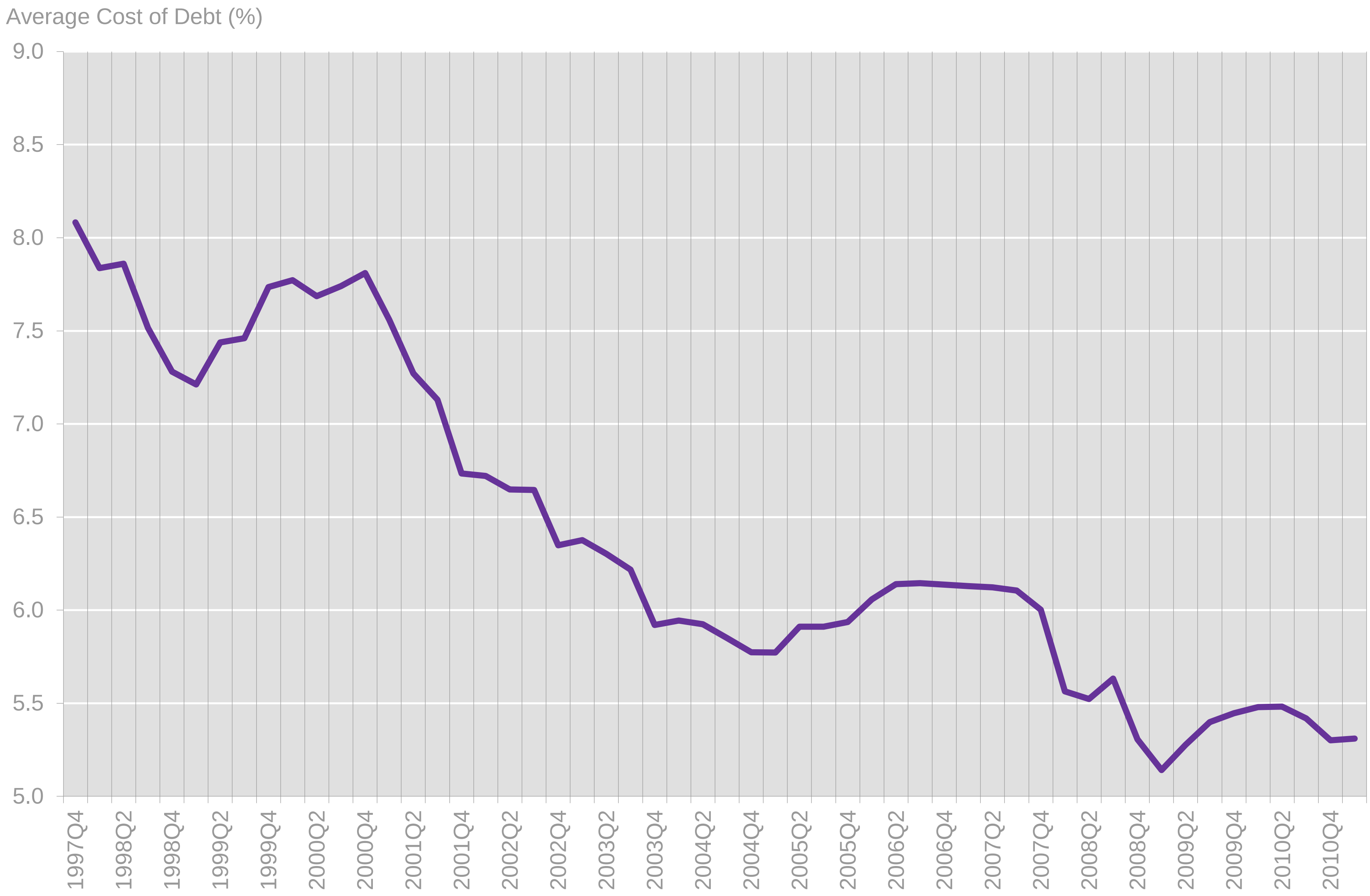
Source: Goldman Sachs

2008 & 2009 CAPITAL RAISES WERE USED TO DELEVER THE BALANCE SHEET



Sources: SNL; NAREIT

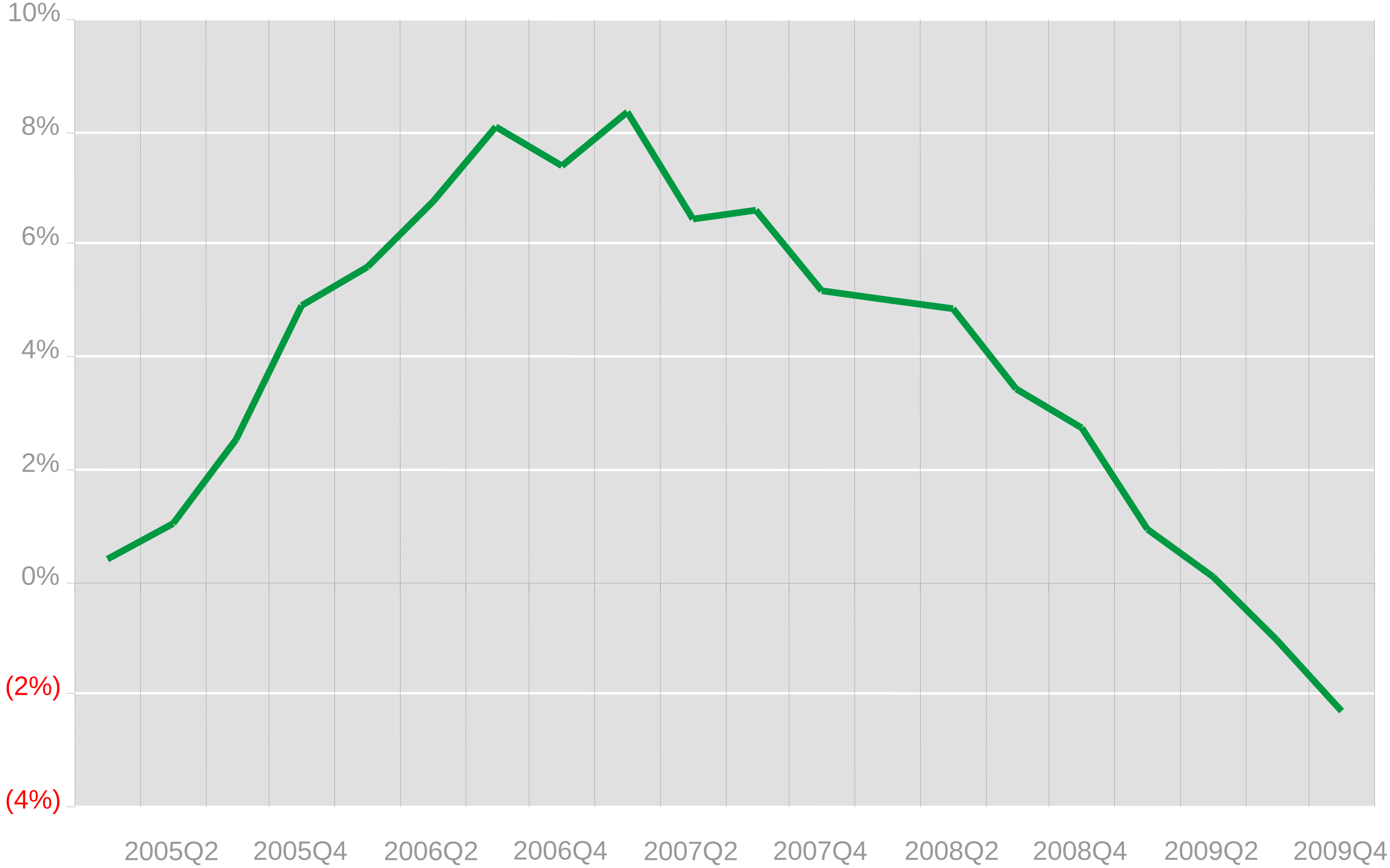
AS A RESULT
PUBLIC REITS AVERAGE COST OF DEBT HAS STEADILY DECLINED



Source: SNL - PPR

DETERIORATING FUNDAMENTALS HAVE IMPACTED EARNINGS YET BORROWING COSTS HAVE CONTINUED TO DECLINE – WILL IT CONTINUE?

Same Store NOI



Source: PPR - SNL

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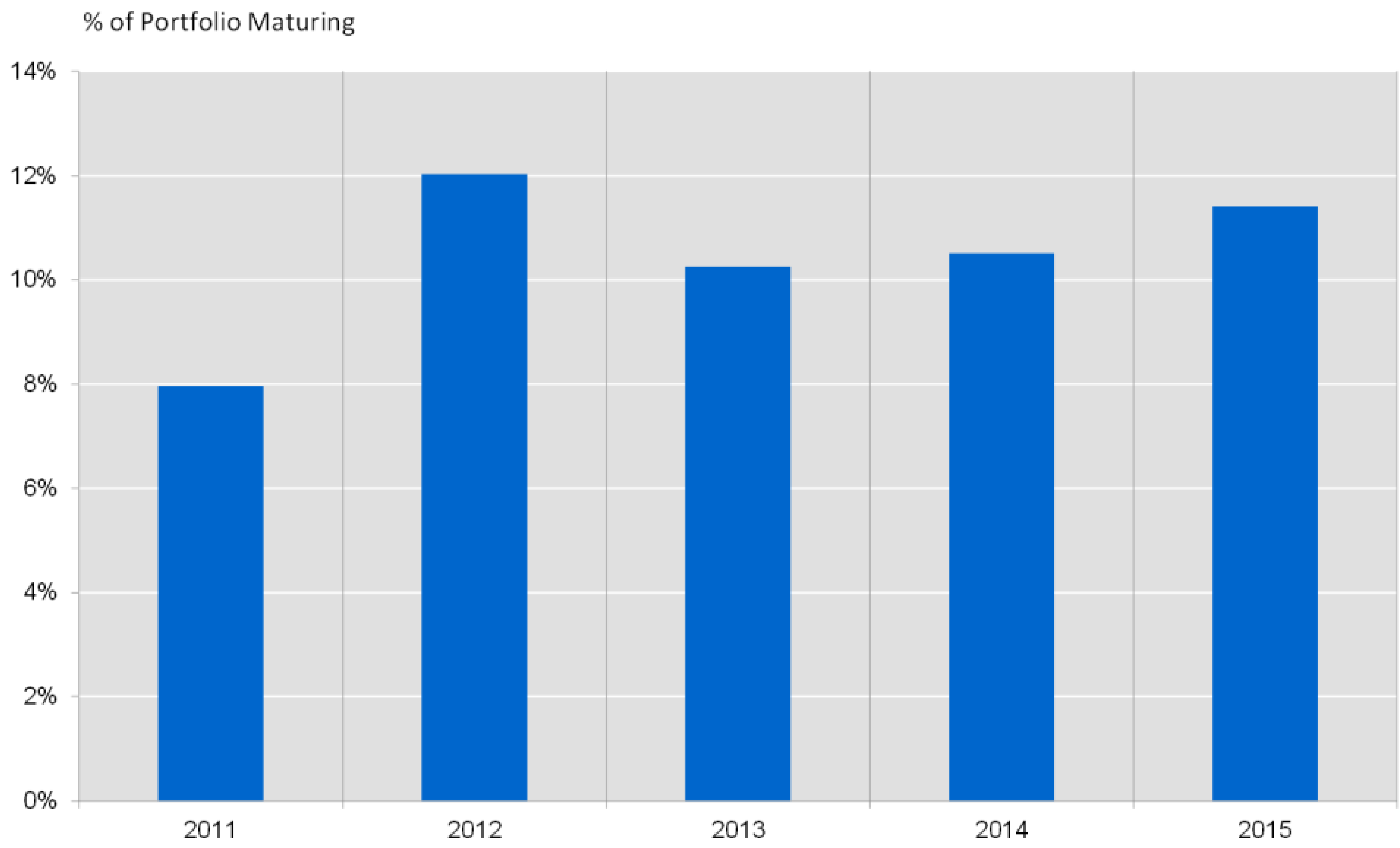
REITS HAVE A SIGNIFICANT AMOUNT OF DEBT MATURING IN THE NEXT FIVE YEARS



Source: PPR – SNL

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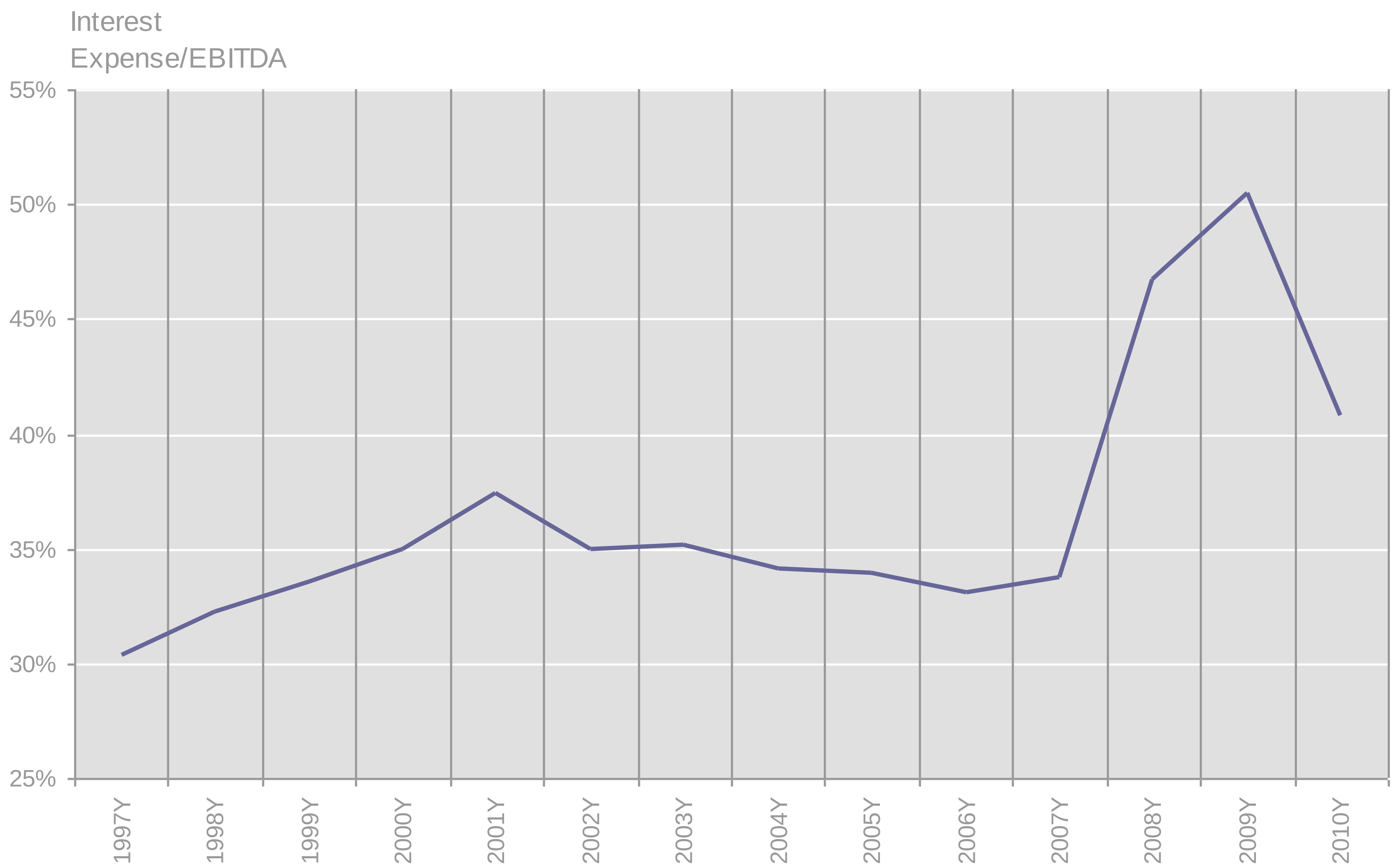
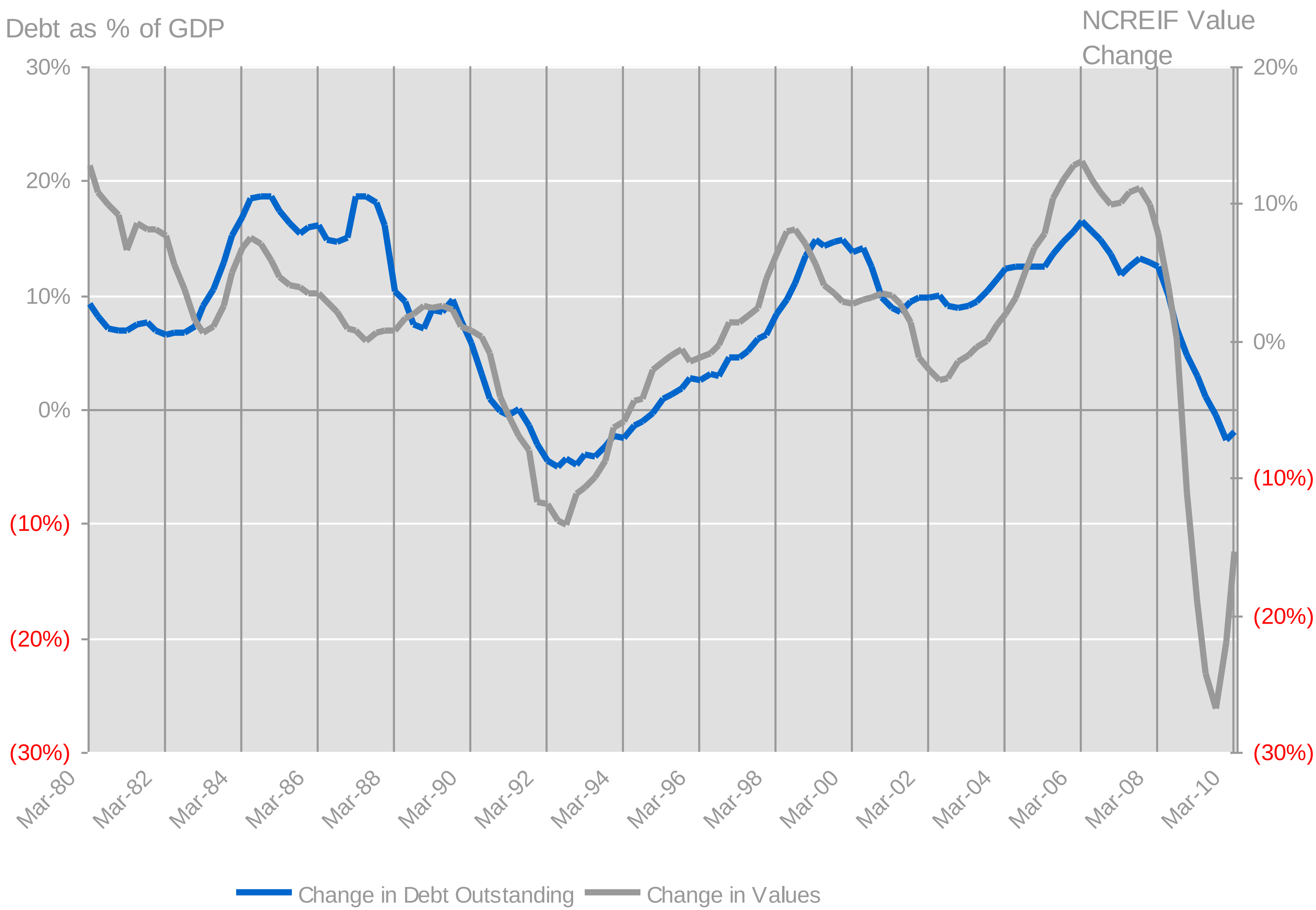
RISING RATES COULD BE VERY DAMAGING WITHOUT IMPROVEMENTS IN EBITDA
INTEREST EXPENSE AS A PERCENT OF EBITDA FOR PUBLIC REIT UNIVERSE



Source: SNL - PPR

PROPERTY VALUES ARE STRONGLY RELATED TO DEBT



Source: Federal Reserve, Moody's Economy.com, NCREIF

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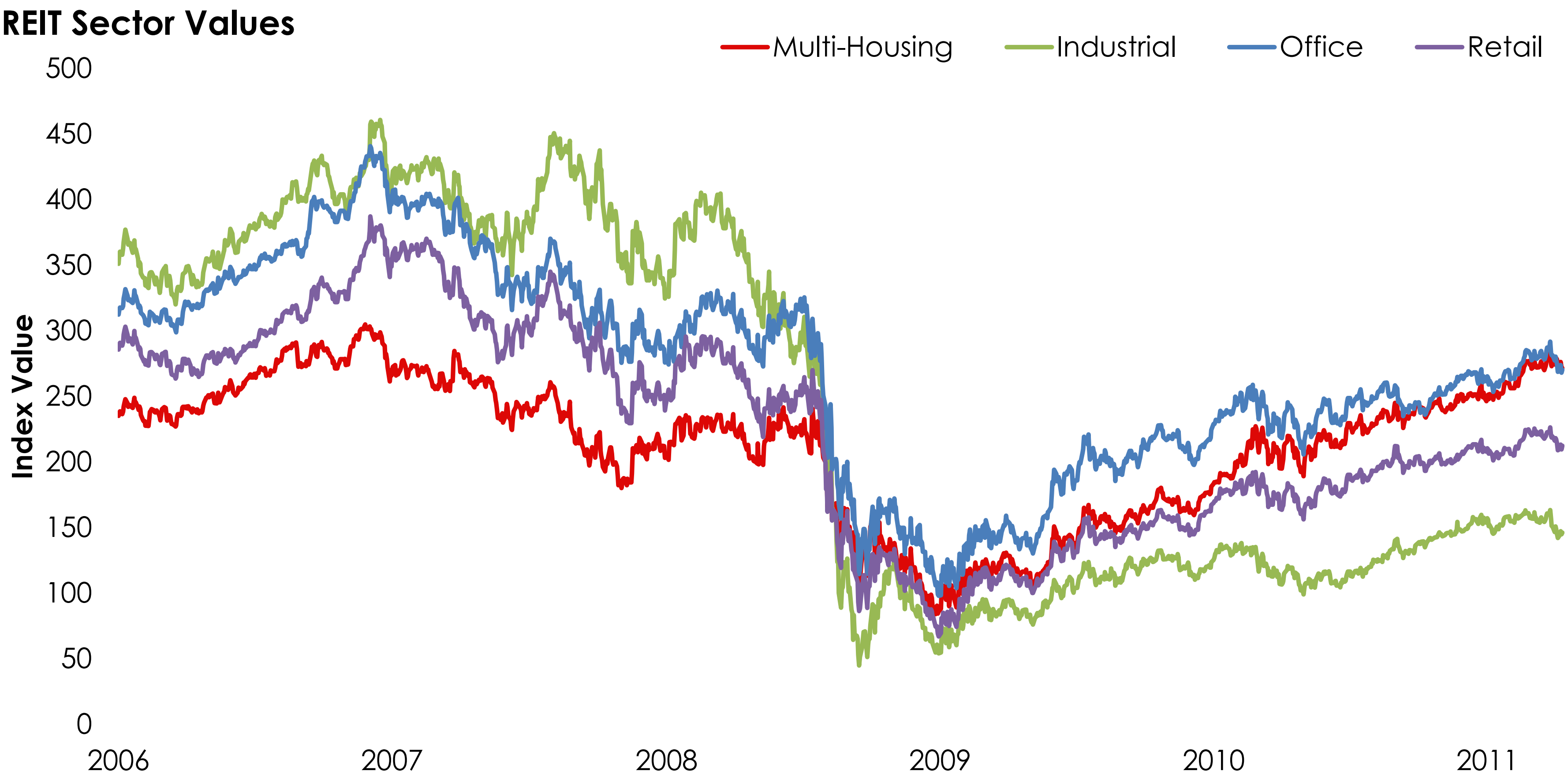
ALL PUBLIC REIT SECTORS HAVE RALLIED
BUT VALUATIONS ARE STILL OFF THEIR PEAKS BUT GETTING CLOSER
ARE PROPERTY LEVEL FUNDAMENTALS & THE END OF QE 1 & 2 FULLY PRICED IN?

Sector	Peak	Trough	YE 2010	Peak to Trough	Trough to YE 2010	Peak to Current
Multi-Housing	304.6	83.82	244.78	-72%	192%	-12%
Industrial	460.7	44.71	142.62	-90%	219%	-216%
Office	440.7	97.87	250.59	-78%	156%	-63%
Retail	387.1	66.77	202.94	-83%	204%	-82%



Source: NAREIT

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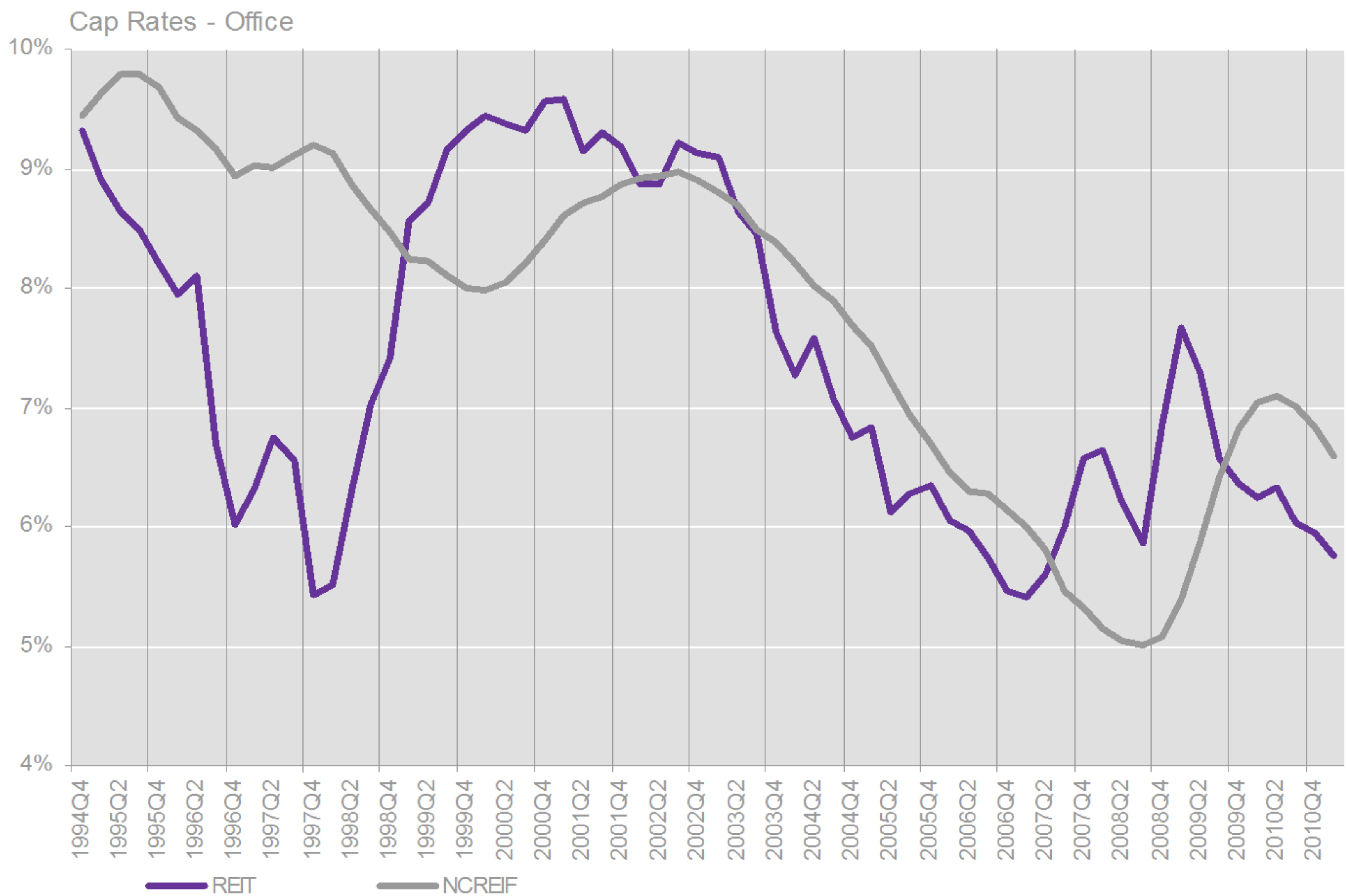
REIT CAP RATES – A LEADING INDICATOR
ARE DECLINING PROPERTY LEVEL FUNDAMENTALS AND QE 1 & QE 2 FULLY PRICED IN?



Sources: Bloomberg; NCREIF; PPR

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PRIVATE MARKETS CONTINUE TO IMPROVE FOR BEST SPONSOR – MARKET – PRODUCT – TENANCY – CASH FLOW INTEGRITY HAS THE FED (QE 1 & QE 2) CREATED A FINANCIAL ASSET BUBBLE?

- **Sponsorship, Markets, Quality of Product, Cash Flow Integrity and "Basis Level" relative to Market Rental Rates, Maturing Loan Balance and Reproduction Costs all matter. Major Markets preferred over Secondary Markets and Secondary Markets greatly preferred over Tertiary Markets.**

- **Tale of Three Cities - Core (Debt and Equity) & "Train Wreck Distress Properties" (Equity Only) Are In Demand, While "Non-Core Secondary" & Tertiary Markets Are Not.**

- **"All In Debt Coupons" (albeit at lower LTVs) & Cap Rates Have Moved back to 2005 to 2007 Period Lows (or even lower) for Core Assets in Major Markets. Equity Pricing Remains Attractive on a Historical Basis and Very Attractive Compared to 2009 and 2008, or for that matter any period.**

- **<u>THE BOX CONTINUES TO GET BIGGER - BUT IF IT CAN'T FIT IN THE BOX ???</u>**

- **If It Does Not Fit In the Box, Transactions Remain Difficult to Execute on a Debt or Equity Basis, Especially in Secondary and Tertiary Markets.**

WHAT A DIFFERENCE A YEAR MAKES!
BEST SPONSOR – MARKET – PRODUCT – CASH FLOW INTEGRITY – TENANCY ARE IN HIGH DEMAND, ESPECIALLY IN THE MAJOR MARKETS

Estimates only - actual terms, conditions and rates are specific and will vary day to day, market to market, borrower to borrower and deal to deal. Debt is no longer a commodity or taken for granted.

Life Companies

50% to 70% LTV (more going to 75% for multi-housing and higher quality deals)

Up to 10 Years (5 to 7 year terms are not in favor and some are now quoting 20 yr. terms and longer)

25 to 30 Yr. Amort. (low leverage loans – some will quote full term I/O)

Par Pricing of sub 4.0% (some lenders are quoting floors of 4%)to 5.50% (<50% – spreads as low as 130 to 140 bps over. 5 yr. - sub 4% - low leverage and 10 yr. - sub 5%).

DSCR – 1.25x to 1.35x

CMBS Aggregators

Up to 75% - May go higher as the focus is really on debt yields of <9% to 10% plus they now can offer mezz to get them up to 85% LTV.

Up to 10 Years (5 to 10 years are typical - some are now offering 7 yrs but at higher spreads)

30 Yr. Amort. (will offer 1 to 5 yrs. of interest only with LTVs of 65% or lower to win business)

Swaps plus 200 bps to 350 bps (4.25 to 5% on 5 yr. and 5.15% to 6.00% on 10 yr.) – recent spread expansion over the past three weeks

Up-front fees of 0% to .50% (competition is compressing up-front fees – straight CMBS loans have are usually w/o up-front fees)

DSCR – 1.25x to 1.35x

Mortgage REITs and Debt Funds

75% to 80%

Up to 10 Years

30 Year Amort (will consider some 1 to 3 years of I/O)

Pricing 6.0% to 10% - want fees of 50 bps to 1% up-front as well as exit fees of 50 bps to 1%

DSCR – 1.00x to 1.25x

Commercial Banks – Bridge Lenders

60% to 75% non-recourse in the 4% to 5% floating/fixed for 2 to 5 years for either stabilized and/or transitional assets

Source: HFF

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AGENCIES – HAVE GENERALLY BEEN THE BEST EXECUTION
BUT LIFE CO'S ARE COMPETING AND WINNING ON THE BEST OF THE BEST

Estimates only - actual terms, conditions and rates are specific and will vary day to day, market to market, borrower to borrower and deal to deal. Debt is no longer a commodity or taken for granted.

Agencies

70% to 80% LTV (lower LTVs & high quality assets with strong sponsors will break rates below)

Requires 1.25x-1.30x DSCR (1.30x required for cash out)

5 Year
FNMA - approx 4.05%
Freddie Portfolio – 4.35%
Freddie CME – 3.85%

7 Year
FNMA – approx 4.70%
Freddie Portfolio – 5.10%
Freddie CME – 4.60%
Capped ARM - 3.75% for portfolio capped ARM (7 year ARM / 7% Max Note Rate / 3%, 2%, 1% thereafter prepayment). Freddie now offers a CME capped ARM which is priced at 3.50%

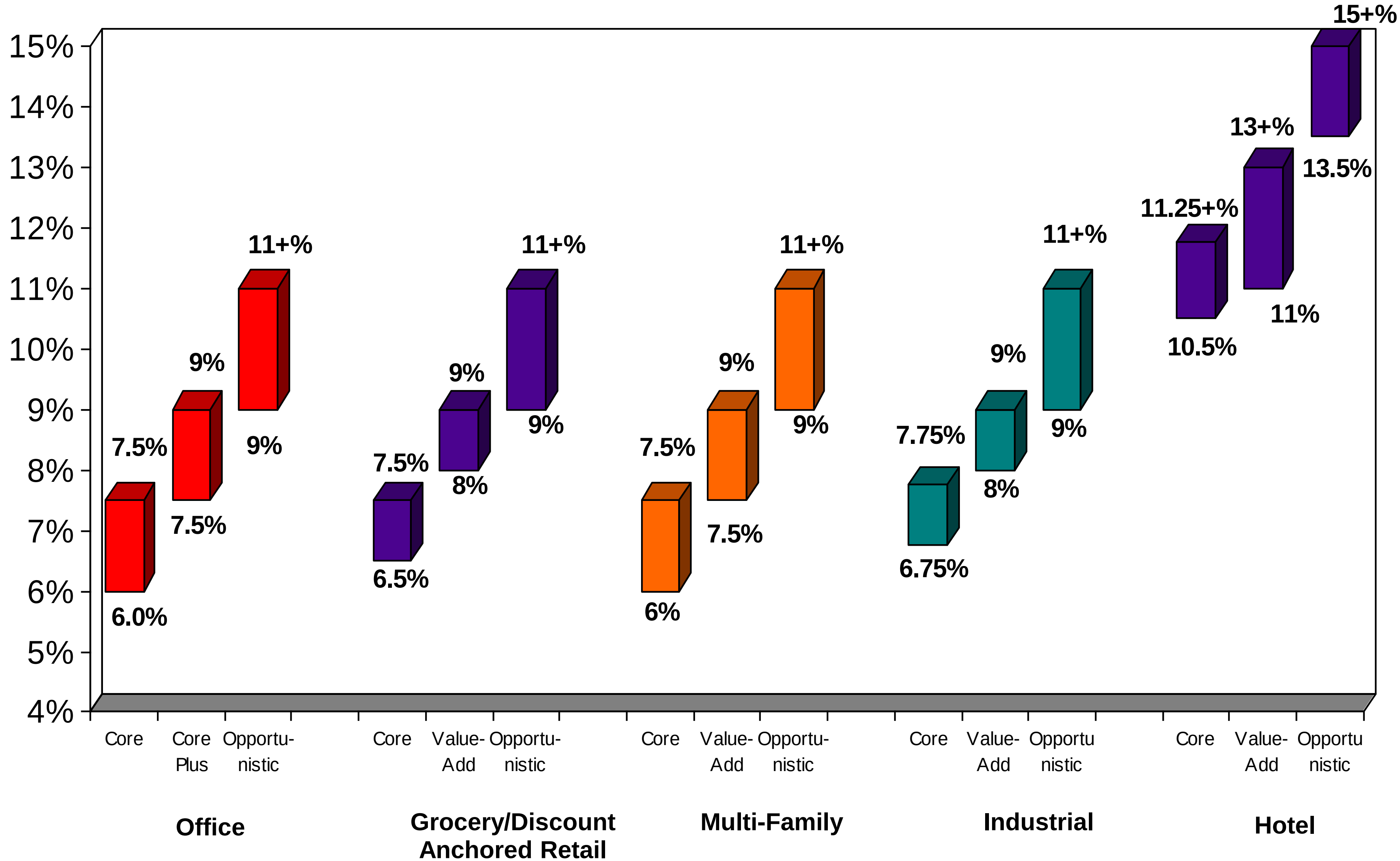
10 Year

FNMA - approx 5.25%
Freddie Portfolio - approx 5.55%
Freddie CME - approx 5.05%

Source: HFF

WHAT A DIFFERENCE A YEAR MAKES!
RELATIVE VALUE YIELDS MAKE COMMERCIAL R.E. A REAL BARGAIN COMPARED TO OTHER FINANCIAL ASSETS

"ALL CASH" IRR YIELD TARGETS BY ASSET CLASS



Source: HFF, July 2011

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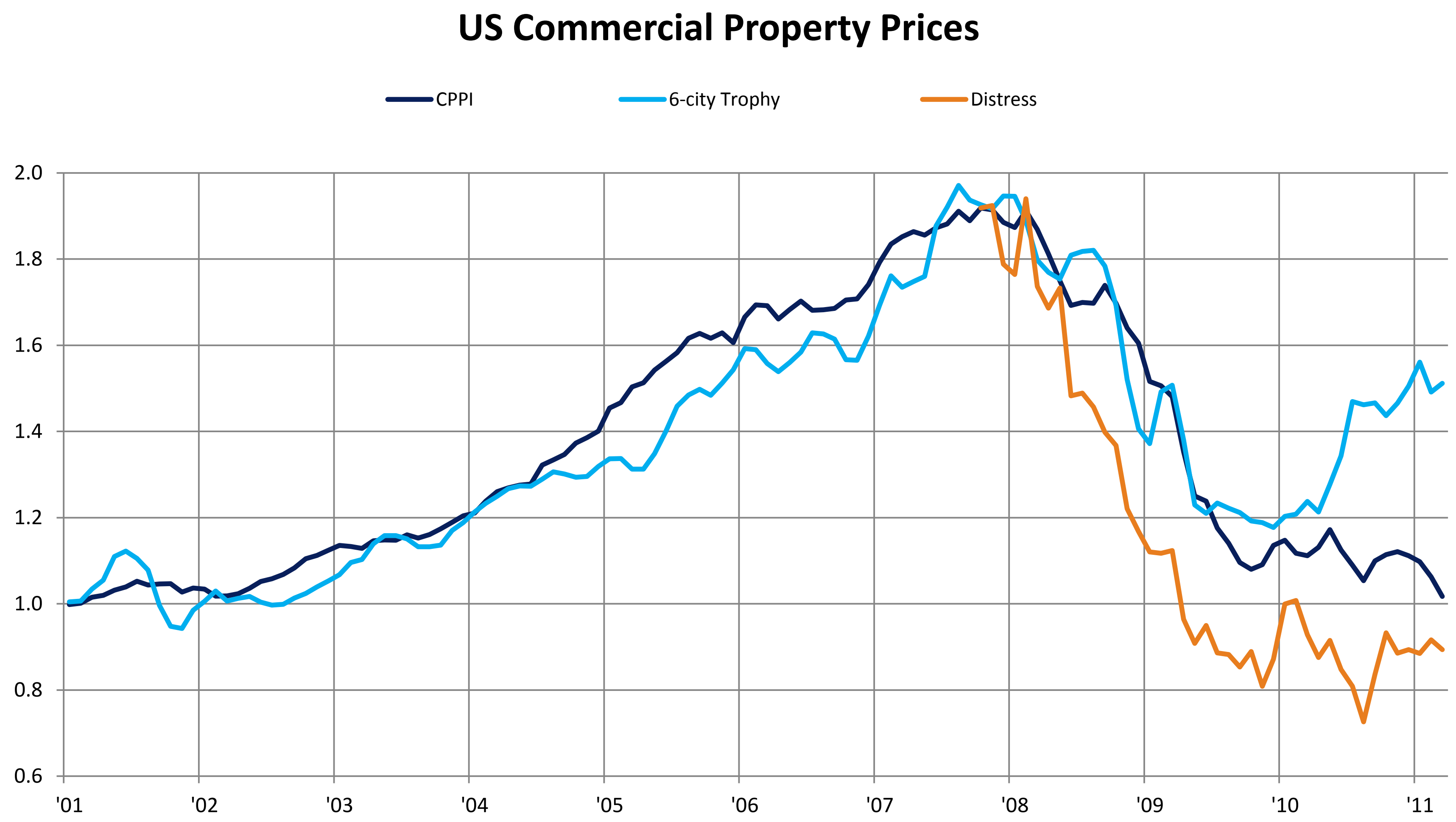
REAL COMMERCIAL PROPERTY PRICE INDEX



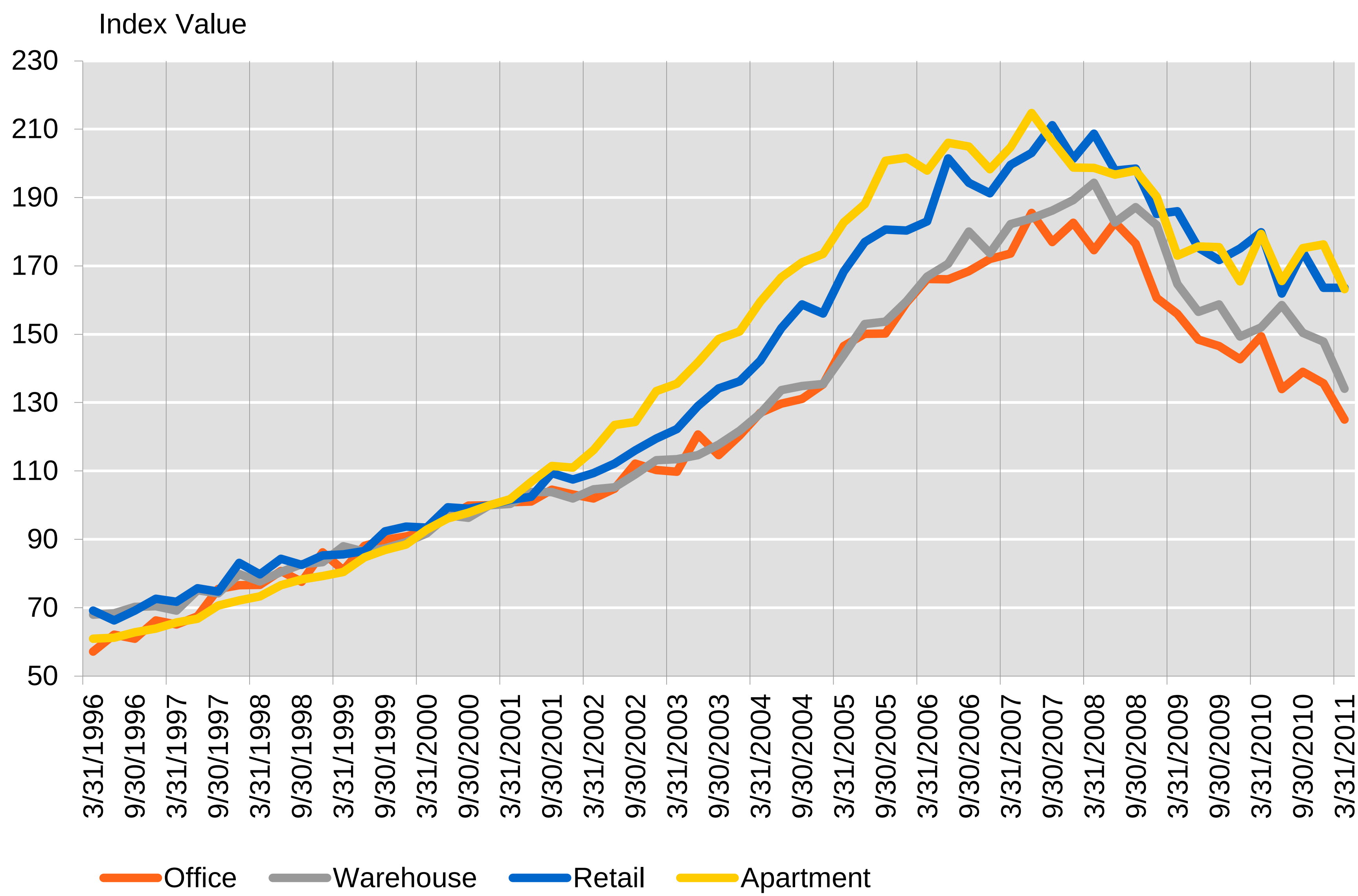
Source: Source: RCA/Geltner& Associates

6-City Trophy = prior sale < $10M; NY,DC,BO,CH,LA,SF; excludes distress

Distress = properties where second sale was sold pursuant to a distressed situation

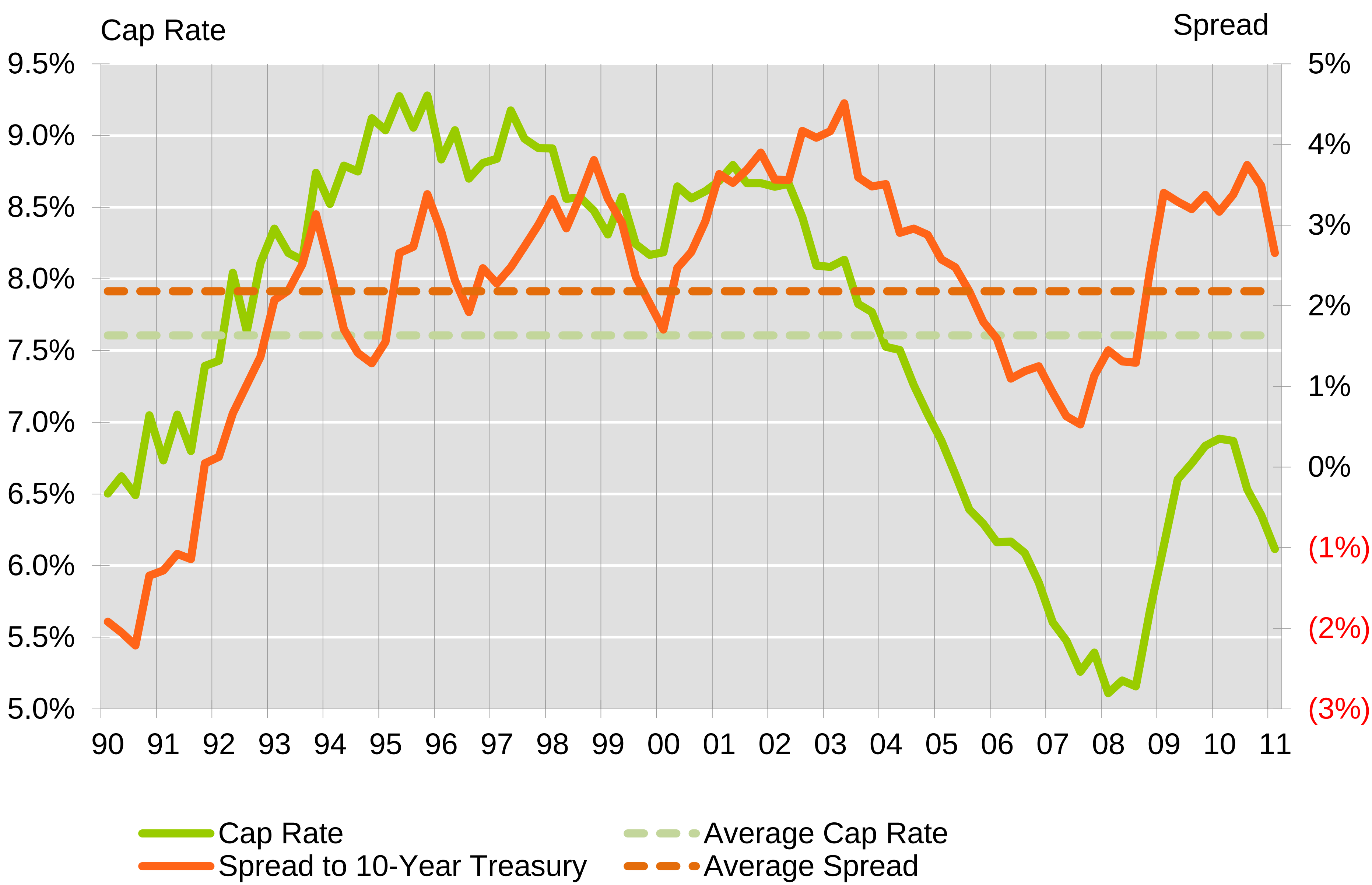
CPPI = Moody's/REAL National All Property Types

VALUES ARE MOVING UP BUT WELL OFF THE PEAKS
COSTAR COMMERCIAL REPEAT-SALES INDEX



Source: PPR – CoStar

CAP RATE COMPRESSION MORE PRONOUNCED COMPARED TO EARLY 1990s DUE TO UNPRECEDENTED CAPITAL FLOWS



Sources: NCREIF, Moody's Analytics, PPR

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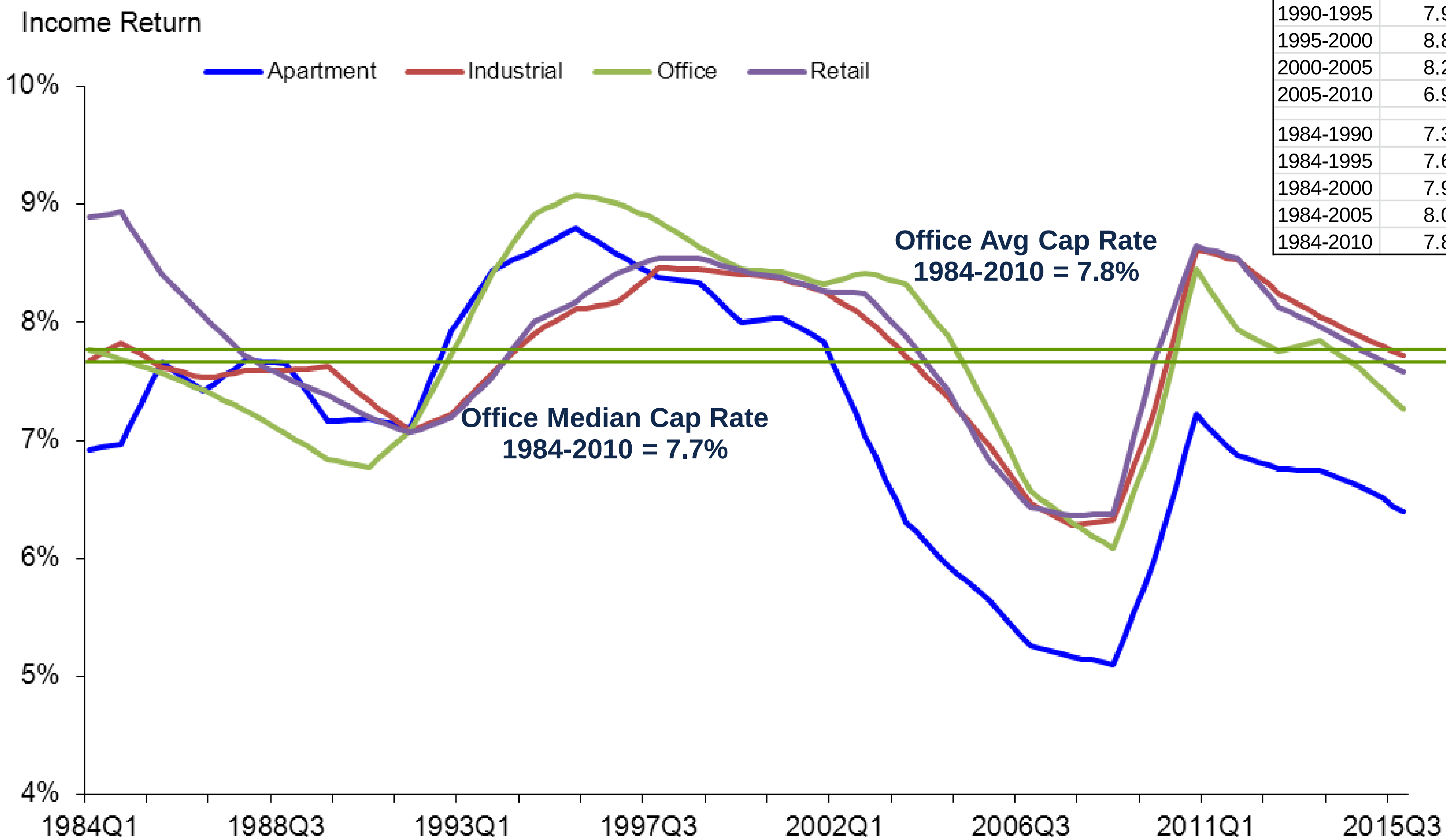
OFFICE CAP RATES
IMPACT OF HISTORICALLY LOW TREASURIES ON TODAY'S CAP RATES?

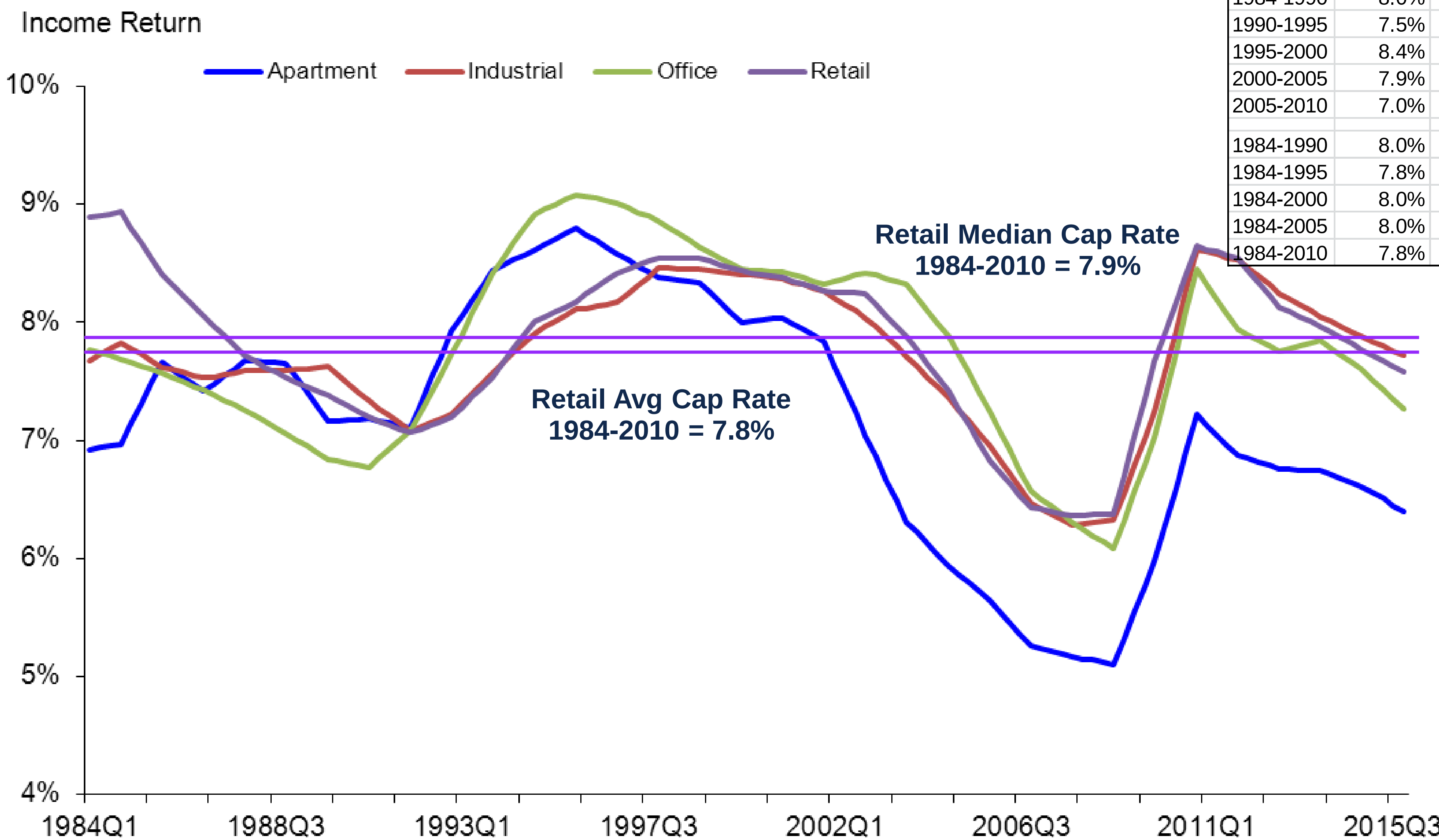
OFFICE		
	Average	Median
1984-1990	7.3%	7.3%
1990-1995	7.9%	7.8%
1995-2000	8.8%	8.8%
2000-2005	8.2%	8.4%
2005-2010	6.9%	6.8%
1984-1990	7.3%	7.3%
1984-1995	7.6%	7.5%
1984-2000	7.9%	7.7%
1984-2005	8.0%	8.1%
1984-2010	7.8%	7.7%



Source: PPR

RETAIL CAP RATES
IMPACT OF HISTORICALLY LOW TREASURIES ON TODAY'S CAP RATES?

RETAIL		
	Average	Median
1984-1990	8.0%	7.8%
1990-1995	7.5%	7.3%
1995-2000	8.4%	8.4%
2000-2005	7.9%	8.2%
2005-2010	7.0%	6.7%
1984-1990	8.0%	7.8%
1984-1995	7.8%	7.7%
1984-2000	8.0%	8.1%
1984-2005	8.0%	8.1%
1984-2010	7.8%	7.9%



Source: PPR

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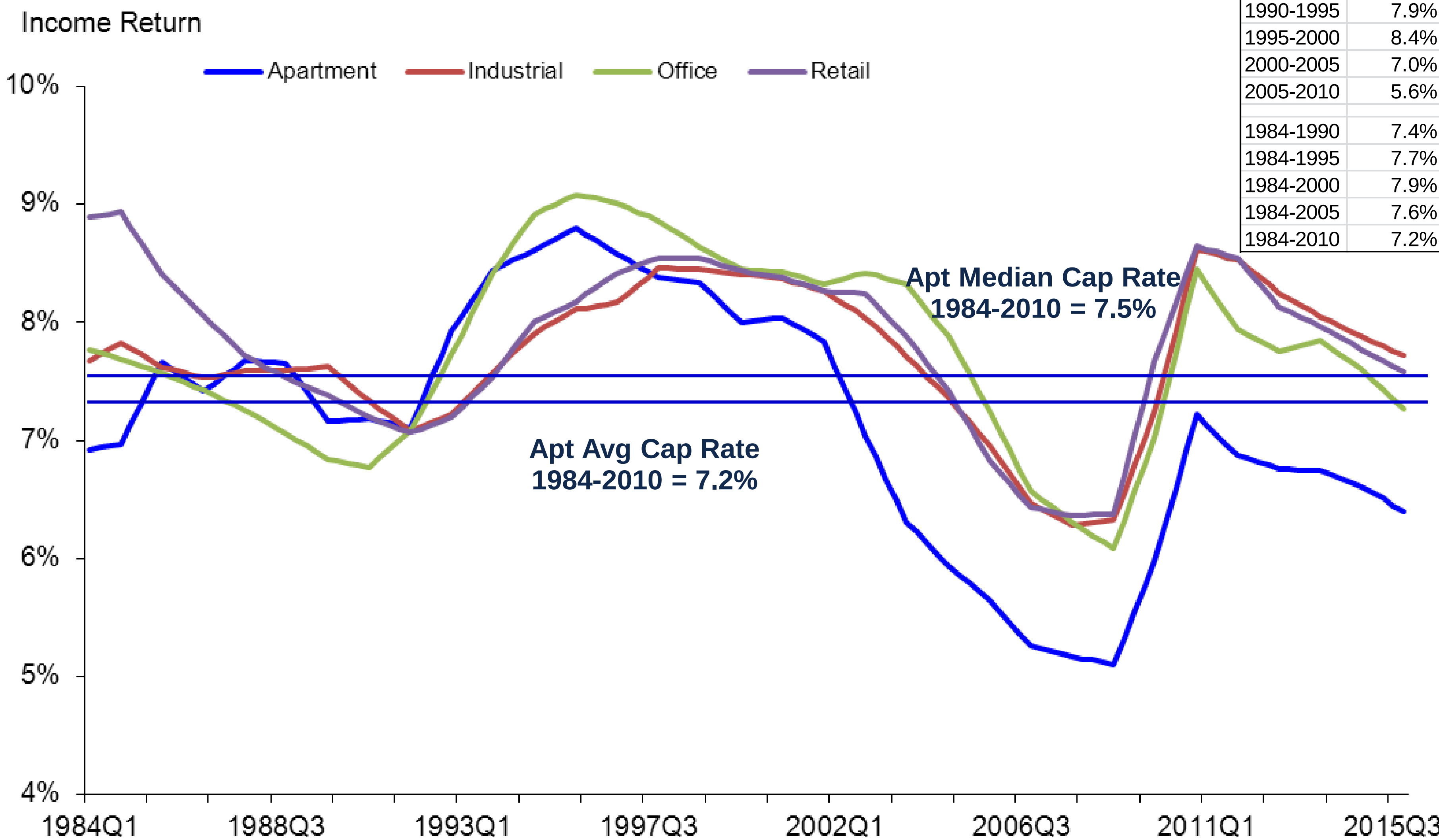
MULTIFAMILY CAP RATES
IMPACT OF HISTORICALLY LOW TREASURIES ON TODAY'S CAP RATES?

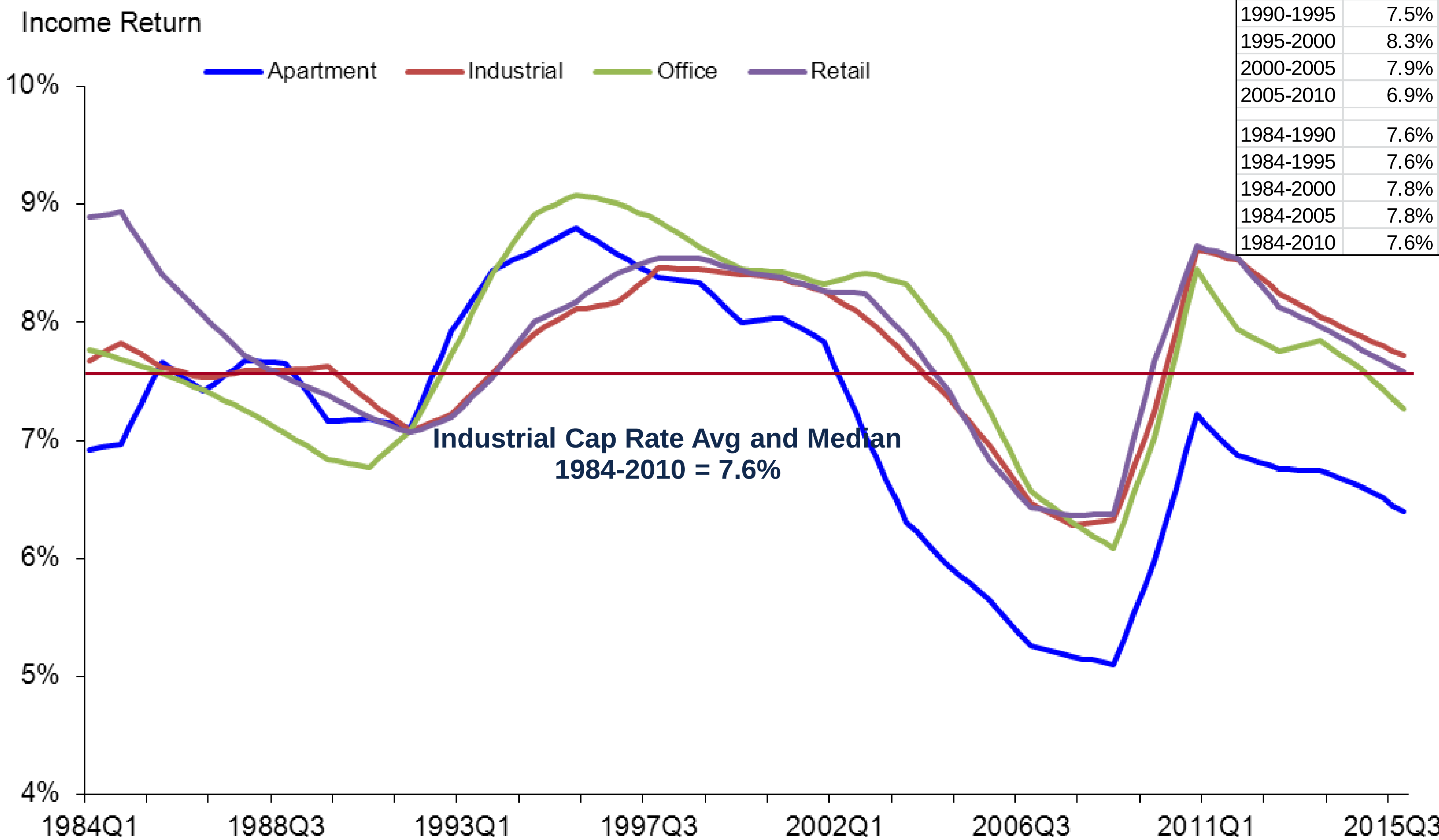
MULTIFAMILY		
	Average	Median
1984-1990	7.4%	7.5%
1990-1995	7.9%	8.0%
1995-2000	8.4%	8.4%
2000-2005	7.0%	7.0%
2005-2010	5.6%	5.5%
1984-1990	7.4%	7.5%
1984-1995	7.7%	7.5%
1984-2000	7.9%	7.7%
1984-2005	7.6%	7.6%
1984-2010	7.2%	7.5%



Source: PPR

INDUSTRIAL CAP RATES
IMPACT OF HISTORICALLY LOW TREASURIES ON TODAY'S CAP RATES?

INDUSTRIAL		
	Average	Median
1984-1990	7.6%	7.6%
1990-1995	7.5%	7.4%
1995-2000	8.3%	8.4%
2000-2005	7.9%	8.0%
2005-2010	6.9%	6.7%
1984-1990	7.6%	7.6%
1984-1995	7.6%	7.6%
1984-2000	7.8%	7.7%
1984-2005	7.8%	7.7%
1984-2010	7.6%	7.6%



Source: PPR

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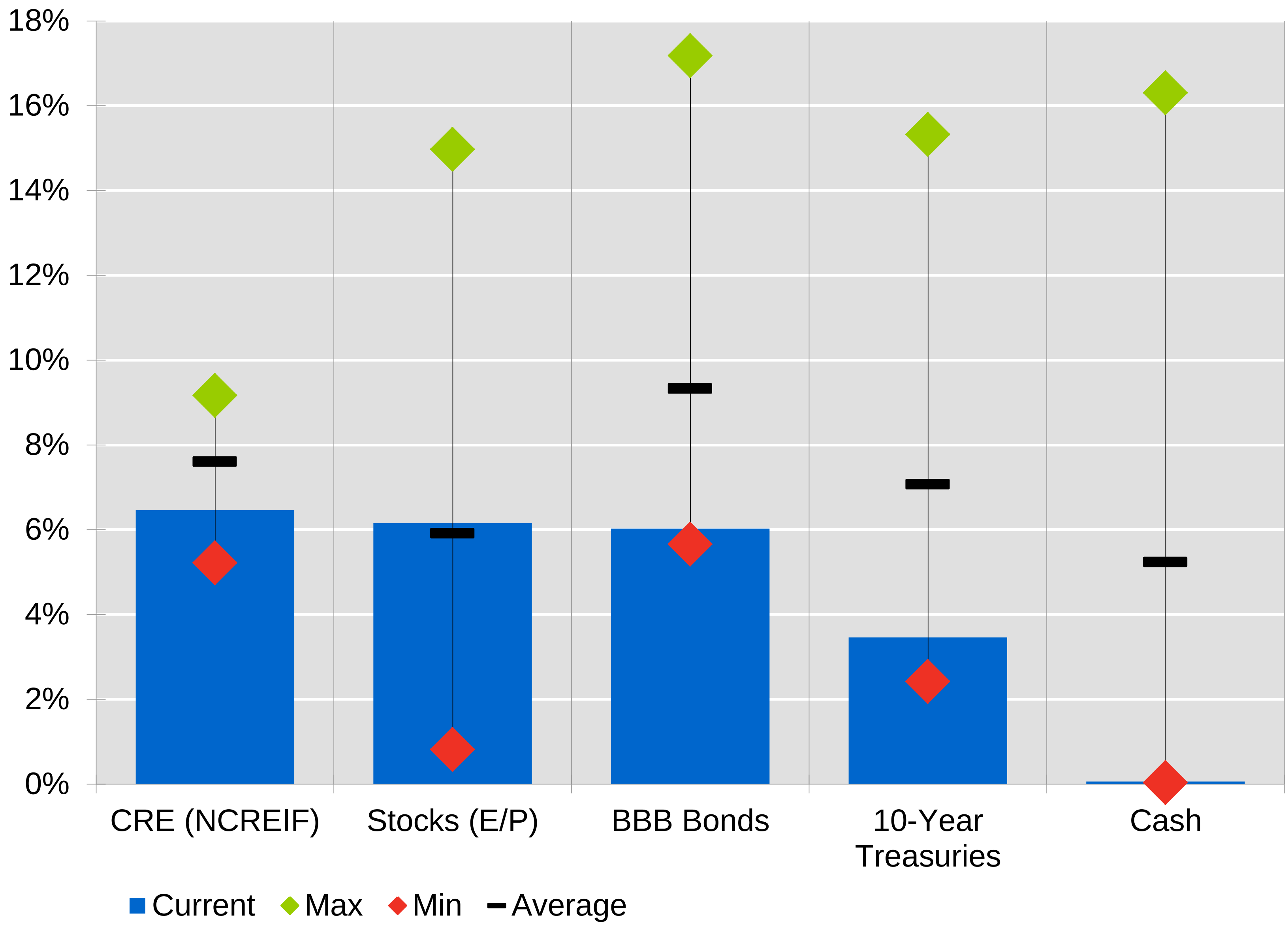
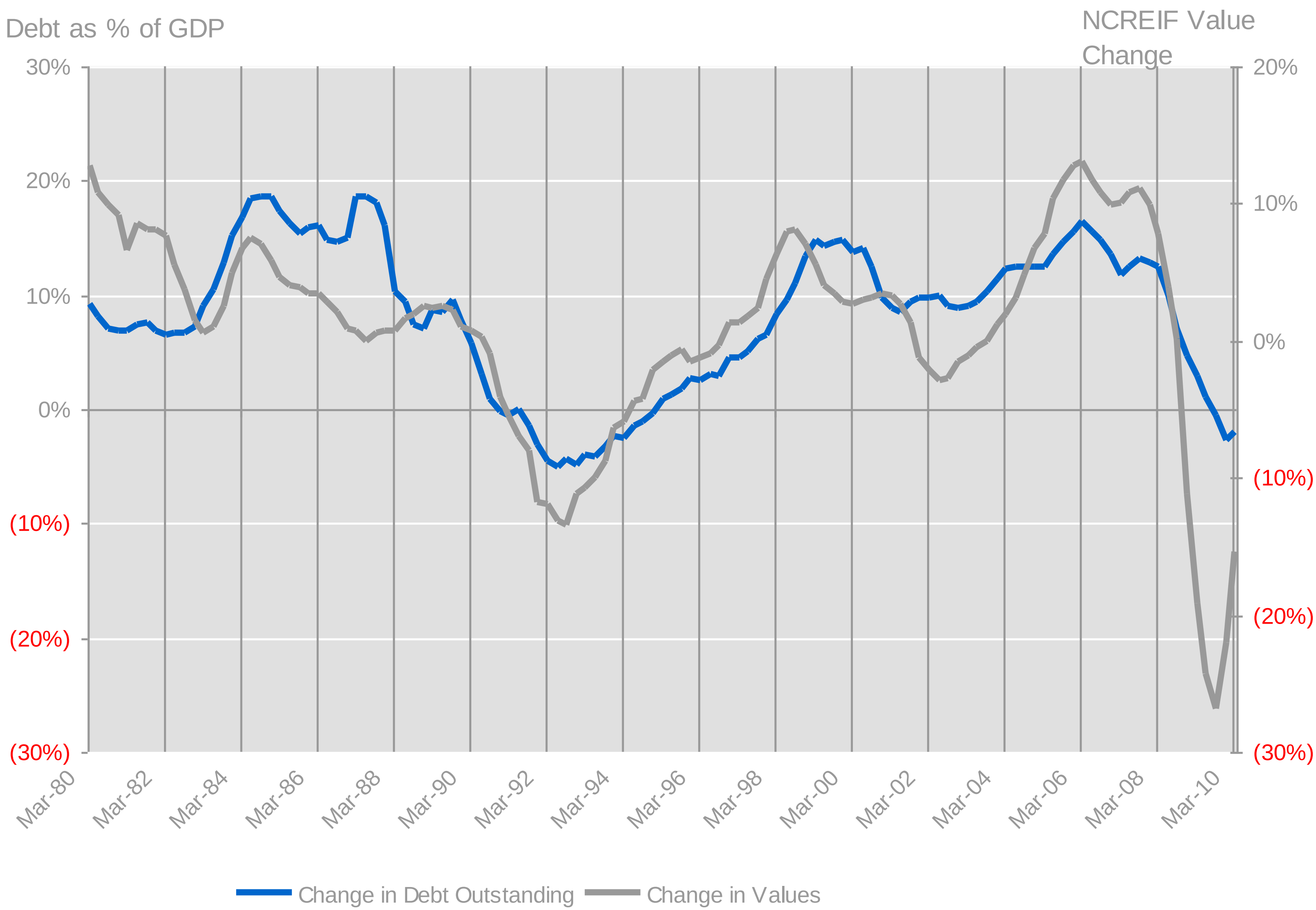
REAL ESTATE YIELDS ARE ATTRACTIVE

Earnings Yields, Q1 1982 – Q1 2011



Sources: NCREIF, Moody's Analytics, Barclay's Capital

REMEMBER PROPERTY VALUES ARE STRONGLY RELATED TO DEBT



Source: Federal Reserve, Moody's Economy.com, NCREIF

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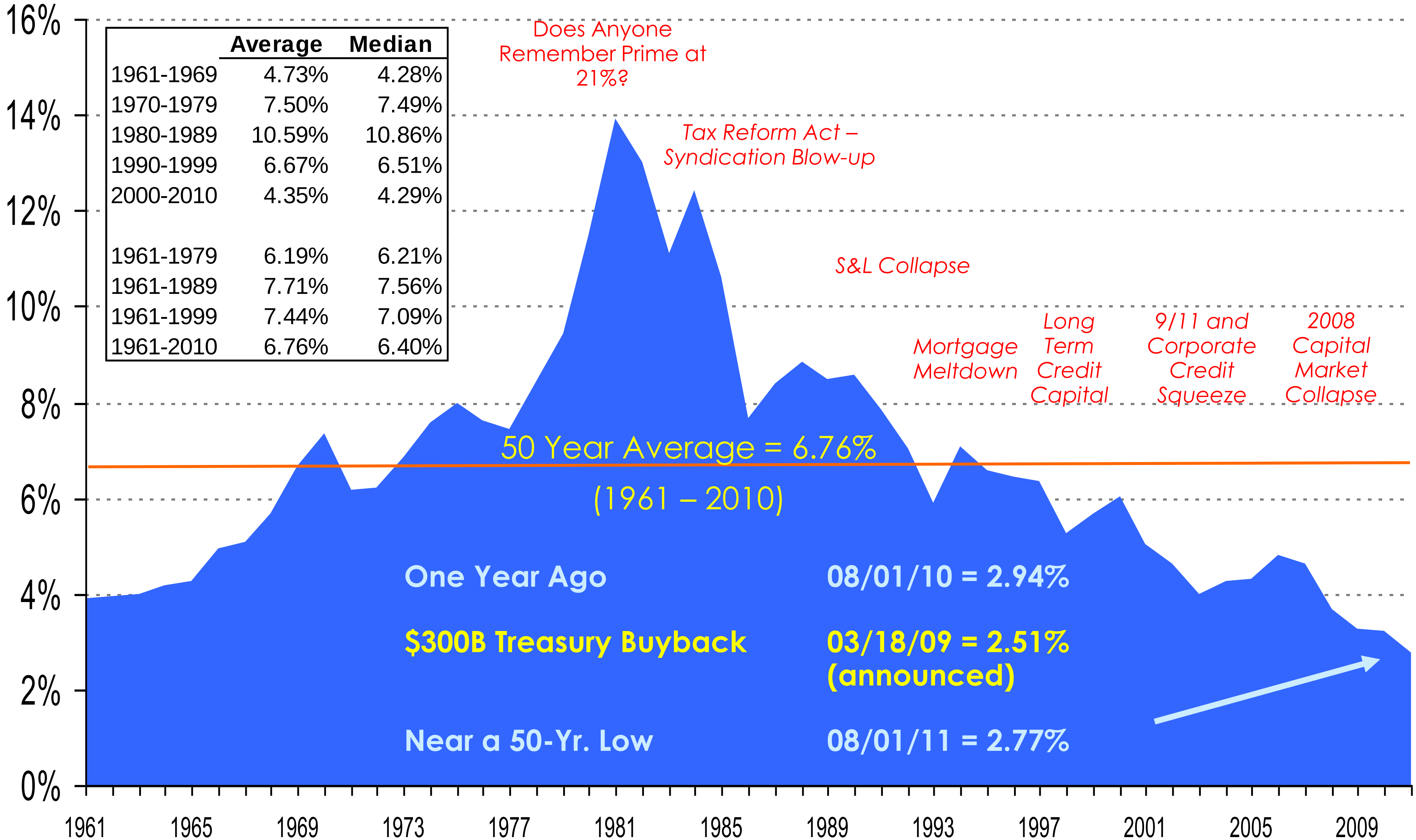
50 YEAR HISTORY OF THE 10-YEAR TREASURY
THE AVERAGE IS NOT A FRIEND TO THE RECENT TREND

	Average	Median
1961-1969	4.73%	4.28%
1970-1979	7.50%	7.49%
1980-1989	10.59%	10.86%
1990-1999	6.67%	6.51%
2000-2010	4.35%	4.29%
1961-1979	6.19%	6.21%
1961-1989	7.71%	7.56%
1961-1999	7.44%	7.09%
1961-2010	6.76%	6.40%



Source: The Department of the Treasury

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WHERE DID THE 10-YEAR 80% LTV - 5% TO 6% INTEREST ONLY LOANS GO? CURRENT "ALL IN COUPONS" & WHAT HAPPENS IF WE REVERT TO AVERAGE? CAP RATE IMPLICATIONS

Current "All In Coupons" – "Floors" - Range From 4.00% to 5.50%

Life Co's & Banks LTV's Range from 50% to 75% - Agencies 70% to 80%

Amortizations Range From 25 to 30 Years (some I/O for low leverage)

Results In Loan Constants Ranging From 5.73% to 7.37%

What if We Revert To The Average Index and Spread – Sound Familiar?

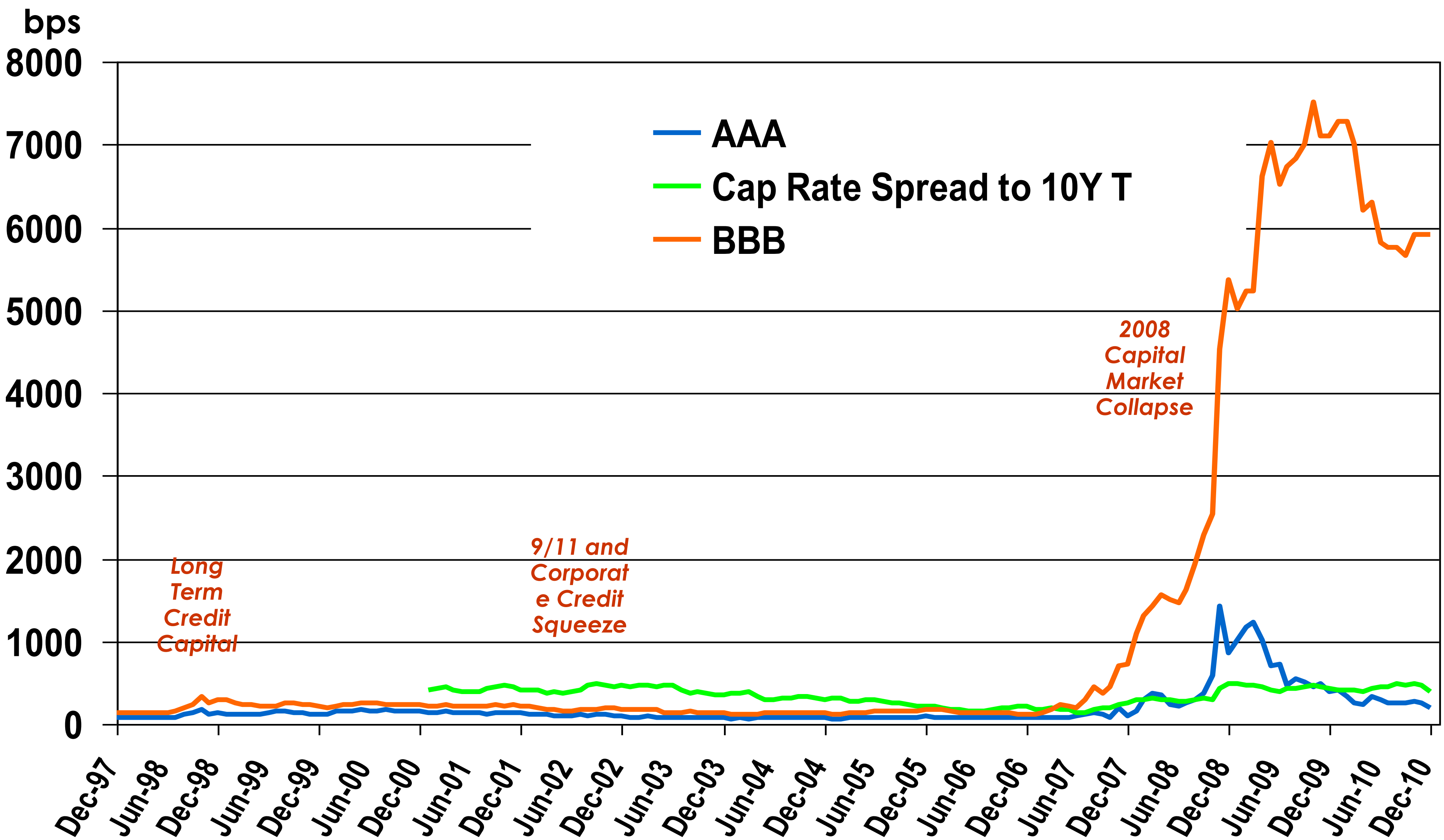
Impact For Cap Rates - Who Will Buy On Negative Leverage?

50 Yr. Avg. (1961-2010)	6.76%		50 Yr. Avg. (1961-2010)	6.76%
Avg Spread			Avg Spread	
(1988 to 2008)	1.75%		(1990 to 2000)	1.85%
All In Coupon	8.51%		All In Coupon	8.61%
30 Yr. Amort.Constant	9.30%		30 Yr. Amort.Constant	9.38%
25 Yr. Amort.Constant	9.73%		25 Yr. Amort.Constant	9.81%

WHAT MAKES IT EVEN WORSE FOR BORROWERS IS THE DROP IN LTV'S BASED ON DRAMATICALLY DIFFERENT UNDERWRITING BY THE LENDERS THAN IN 2005 TO 2007 COUPLED WITH LOWER NOI'S AND CASH FLOWS COMPARED TO THE SAME PERIOD

US CRE EQUITY & DEBT SPREADS
EITHER BBB YIELDS HAVE TO COME IN OR CAP RATES HAVE TO INCREASE OR TREASURIES ARE GOING TO RISE SIGNIFICANTLY

Near Historical Low 10-Year Treasury May Skew Current Spread



Source: Morgan Stanley - CMBS Spreads to Treasury; Real Capital Analytics – Cap rate spread

As of late May 2008, Morgan Stanley no longer tracks AAA 10-yr spreads, as spreads on AAA Super Senior, Mezzanine, and Junior classes have become the market convention. This graph represents AAA Super Senior 10-Yr beginning June 2008.

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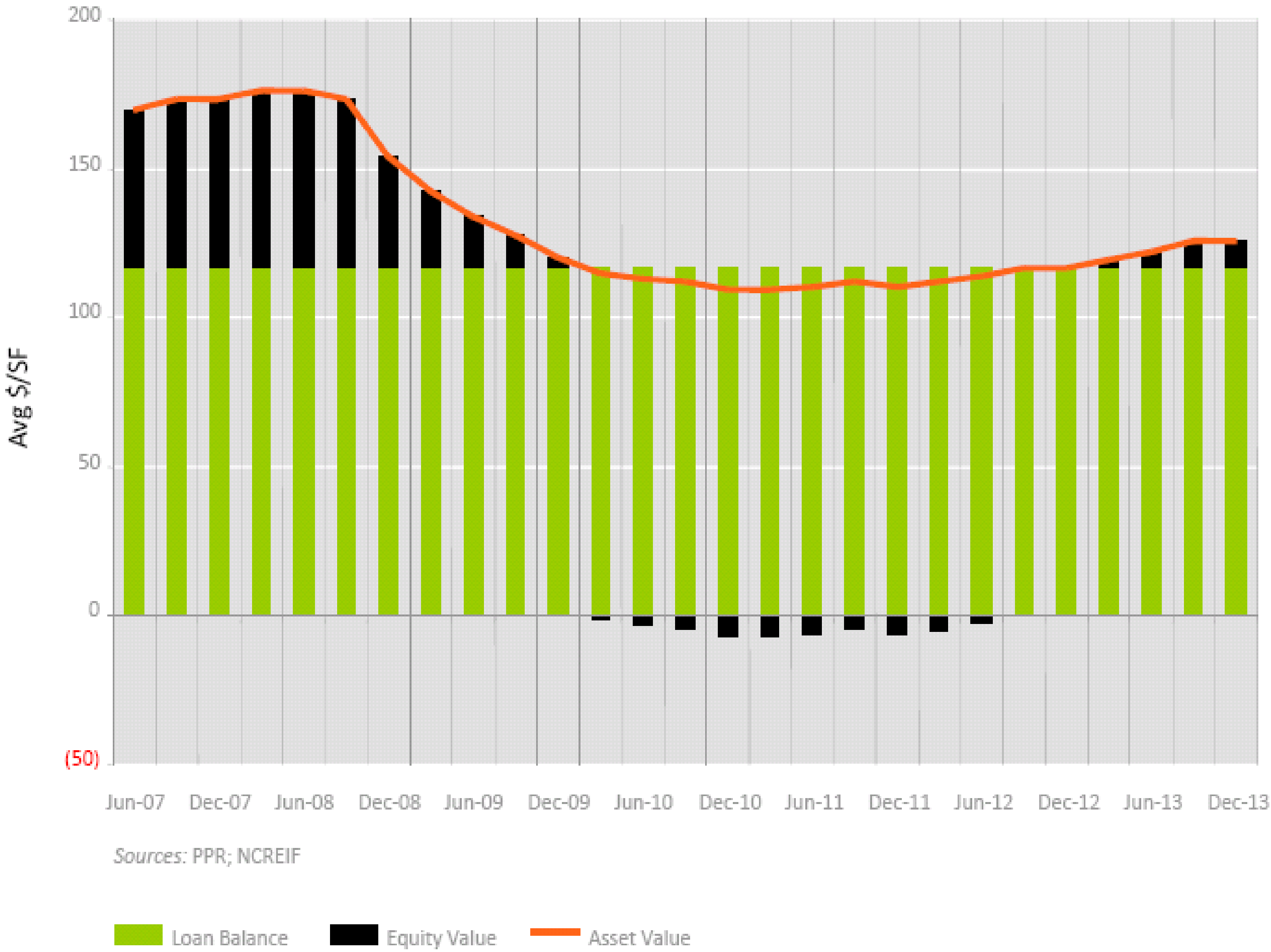
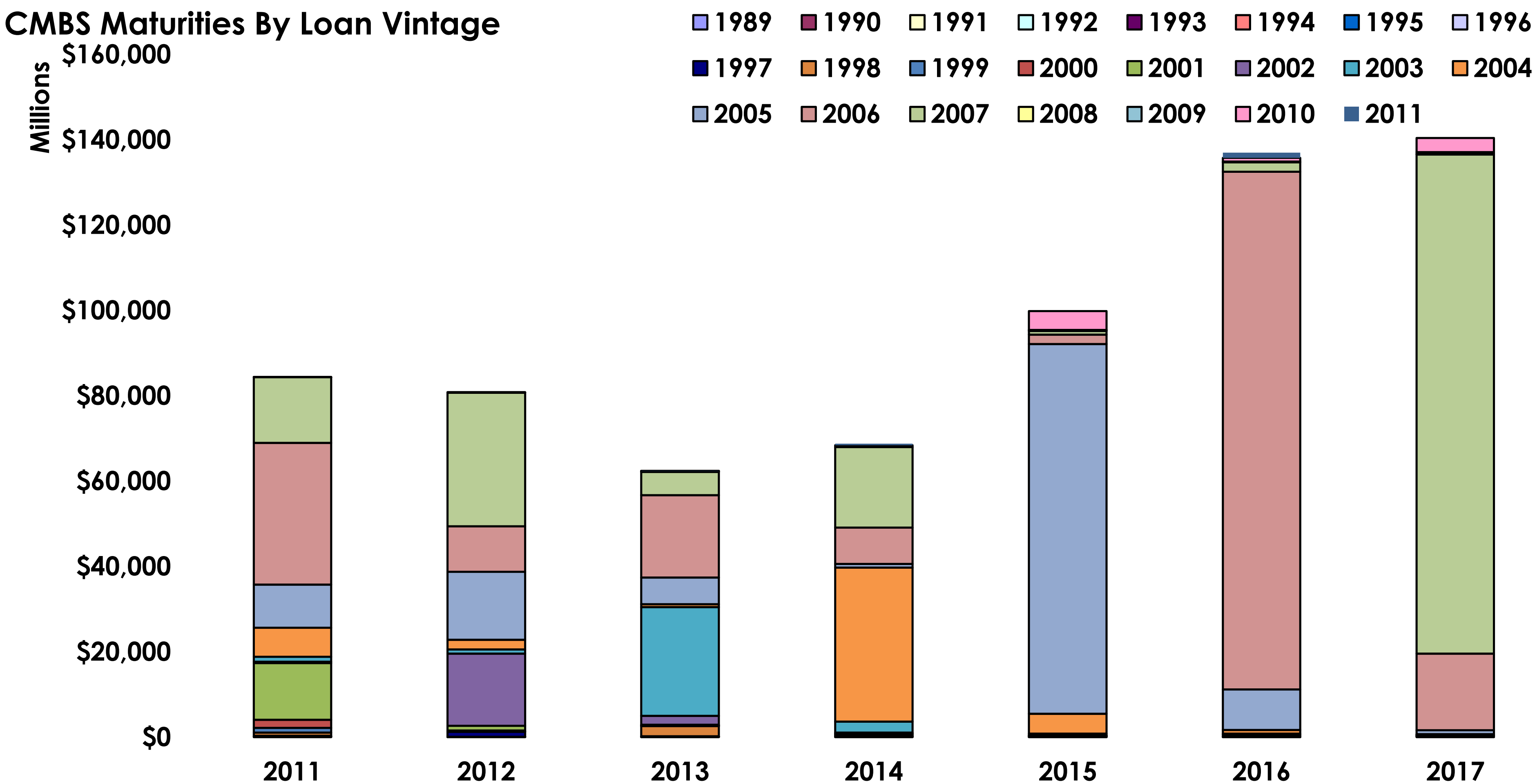
WHERE DID ALL THE EQUITY GO?



RECESSION, THE "LAG EFFECT", DECLINING PROPERTY LEVEL FUNDAMENTALS MATURITY & MONETARY DEFAULTS - LACK OF ADEQUATE MORTGAGE FLOWS WHERE DID ALL THE EQUITY GO?

- Approximately $685 billion of non-defeased commercial mortgages in CMBS mature between now and 2018.
- $67 billion of short-term loans that were originated during the 2005-2007 period mature in 2010-2013
- Refinancing will be almost impossible without significant equity infusions and additional mortgage flows unless lenders convert to equity.



Source: Bloomberg

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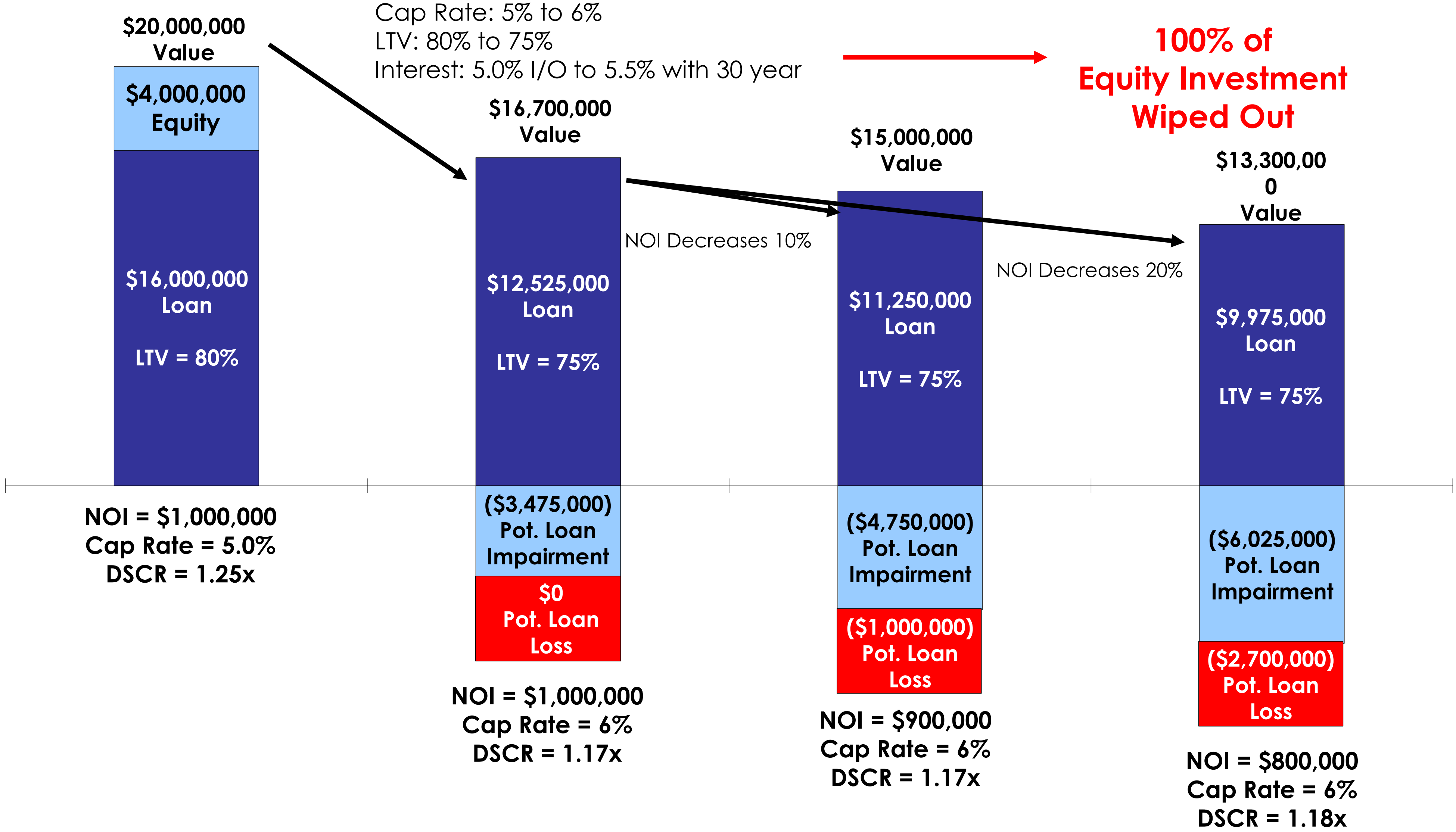
2005 TO 2007 VS CURRENT CONDITIONS
IMPLICATIONS OF HIGHER CAP RATES AND LOWER NOIs ON MULTIFAMILY DISTRESS – EQUITY AND LOANS ARE IMPAIRED



Sources: HFF Research

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