

EXCELLENCE

IN REAL ESTATE CAPITAL MARKETS SOLUTIONS

DEBT PLACEMENT

INVESTMENT SALES

ADVISORY SERVICES

PRIVATE EQUITY & CORPORATE FINANCE

STRUCTURED FINANCE

LOAN SALES

LOAN SERVICING

HFF, Inc.

Third Quarter & Nine Months 2010 Earnings Call Presentation Materials

November 2, 2010

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, 2009.

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, 2009, 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.

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WHO WE ARE

WHAT WE DO & OUR CLIENTS

OUR MARKET & WHAT WE HAVE ACCOMPLISHED

WHAT DIFFERENTIATES US

PAY FOR PERFORMANCE – ALIGNMENT OF INTERESTS

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 Operating Committee

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



COMPANY HISTORY

Current

- National leader in Commercial Real Estate services
17 offices - 420 employees as of September 30, 2010

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 AMRESKO, 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 AMRESKO

1970's – 1990's

- Predecessor companies: Fowler, Goedecke & Co., PNS Realty Partners LP, Vanguard Mortgage

HFF, Inc.

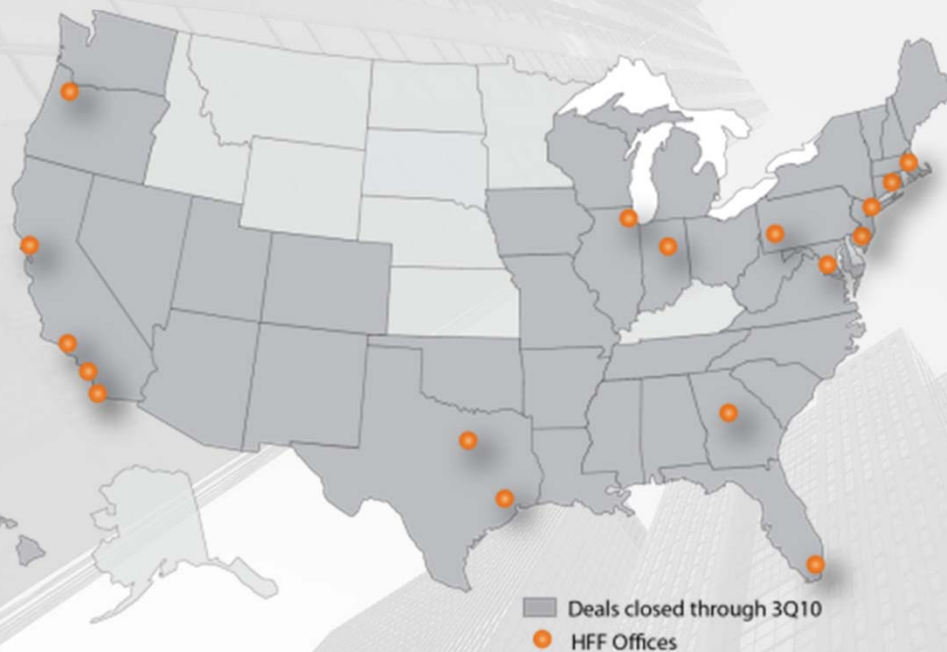
GEOGRAPHIC FOOTPRINT NATIONAL PRESENCE

SIGNIFICANT EXPANSION OPPORTUNITIES IN EXISTING MARKETS

PLATFORM SERVICES AND PRACTICE SPECIALTIES

Description

- 17 production offices across 13 states with 420 associates¹
- YTD 3Q10 Transaction Activity - 38 states and Washington, D.C.



Office Statistics

Location	Total Transaction Professionals ⁽¹⁾	Platform Service Offerings (out of 6 total)
Hartford	1	✓✓
Portland	3	✓✓
Atlanta	6	✓✓✓
Indianapolis	4	✓✓✓
Miami	13	✓✓✓
New Jersey	7	✓✓✓
Orange County	9	✓✓✓
San Diego	4	✓✓✓
San Francisco	7	✓✓✓
Washington DC	12	✓✓✓
Boston	8	✓✓✓✓
Dallas	32	✓✓✓✓
Houston	22	✓✓✓✓
Los Angeles	10	✓✓✓✓
Pittsburgh	6	✓✓✓✓
New York	13	✓✓✓✓
Chicago	13	✓✓✓✓✓
Total	170	

Notes:

1. As of 9/30/10

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

GEOGRAPHIC FOOTPRINT/PRESENCE IN TOP 50 MSAs

SIGNIFICANT EXPANSION OPPORTUNITIES IN NEW & EXISTING MARKETS

NEW OFFICES, PLATFORM SERVICES AND PRACTICE SPECIALTIES

MSA	Population ⁽¹⁾ (in millions)	Commercial Real Estate Sales ⁽²⁾ (\$Bn)	HFF Investment Sales Presence	MSA	Population ⁽¹⁾ (in millions)	Commercial Real Estate Sales ⁽²⁾ (\$Bn)	HFF Investment Sales Presence
New York	19.1	\$5.9	✓	Cleveland	2.1	0.2	
Los Angeles	12.9	2.8	✓	Orlando	2.1	0.7	
Chicago	9.6	2.0	✓	San Antonio	2.1	0.3	
Dallas-Fort Worth	6.4	1.7	✓	Kansas City	2.1	0.3	
Philadelphia	6.0	0.4		Las Vegas	1.9	0.3	
Houston	5.9	1.6	✓	San Jose	1.8	0.9	
Miami	5.5	1.4	✓	Columbus	1.8	0.3	
Atlanta	5.5	1.5	✓	Indianapolis	1.7	0.4	✓
Washington, D.C.	5.5	4.2	✓	Charlotte	1.7	0.2	
Boston	4.6	1.7	✓	Austin	1.7	0.4	
Detroit	4.4	0.3		Virginia Beach	1.7	-	
Phoenix	4.4	1.3		Providence	1.6	0.1	
San Francisco	4.3	1.2	✓	Nashville	1.6	0.2	
Riverside	4.1	1.0		Milwaukee	1.6	0.4	
Seattle	3.4	1.1		Jacksonville	1.3	0.2	
Minneapolis	3.3	0.4		Memphis	1.3	0.1	
San Diego	3.1	1.4		Louisville	1.3	0.1	
St. Louis	2.8	0.2		Richmond	1.2	0.2	
Tampa	2.7	0.6		Oklahoma City	1.2	0.2	
Baltimore	2.7	0.8		Hartford	1.2	0.3	
Denver	2.6	1.2		New Orleans	1.2	0.1	
Pittsburgh	2.3	0.2	✓	Birmingham	1.1	0.3	
Portland	2.2	0.6		Salt Lake City	1.1	0.2	
Cincinnati	2.2	0.2		Raleigh	1.1	0.5	
Sacramento	2.1	0.7		Buffalo	1.1	0.2	

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.

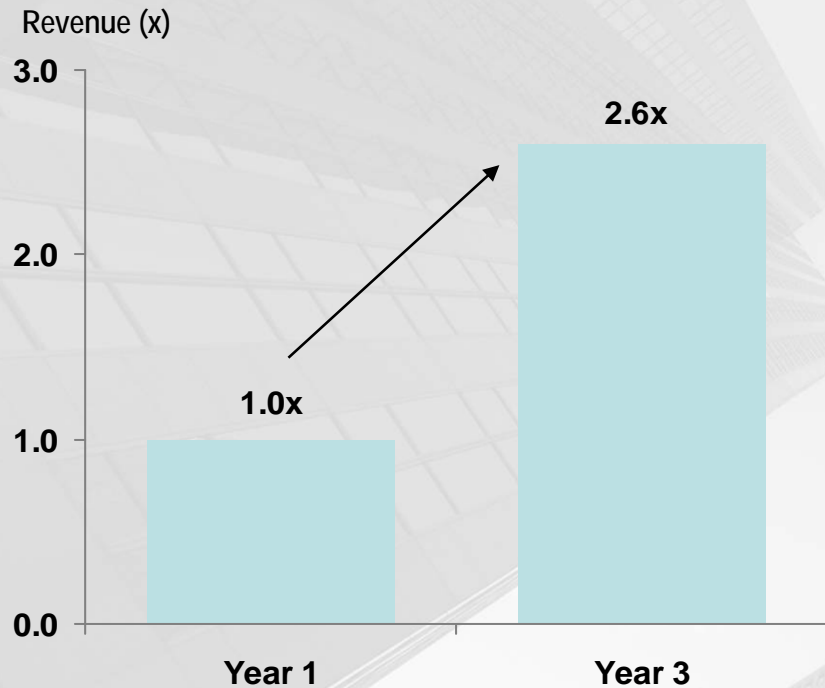
1. US Census Bureau, Jul. 2009

2. Real Capital Analytics, 2009 sales volume including deals over \$5MM for office, industrial, hotel, retail and multifamily product types.

HFF, Inc.

NEW OFFICES, PLATFORM SERVICES AND PRACTICE SPECIALTIES CREATE SIGNIFICANT DIVERSIFIED REVENUE STREAMS EXISTING OFFICES (NOTE 1999 AND 2001 – 2002 TIME PERIODS)

Establish New Offices



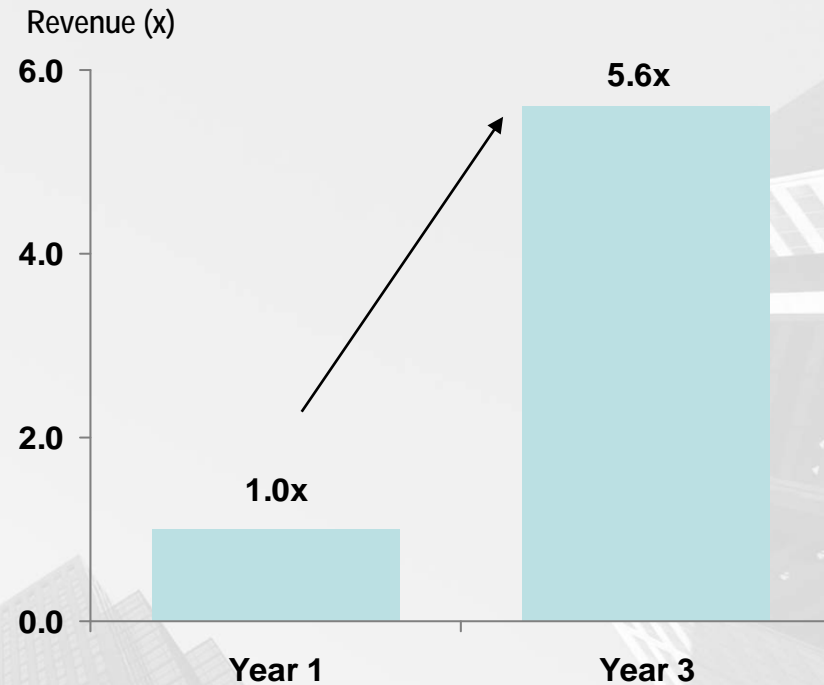
Above Chart Includes:

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

Other Recent Office Openings:

- San Francisco - 2006

Add Services to Existing Offices



Above Chart Includes:

- Washington D.C. Debt Placement - 2001
- New York City Investment Sales - 2001
- Miami Investment Sales - 2002
- Chicago Debt Placement - 2002
- HFF Securities (Los Angeles) - 2004
- New Jersey Investment Sales - 2005

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An aerial, grayscale photograph of a city skyline, likely Pittsburgh, featuring a river, several bridges, and numerous skyscrapers. The text 'Historical Highlights' is overlaid in the center of the image.

Historical Highlights

VOLUME AND PLATFORM SERVICE MIX

INTEGRATED CAPITAL MARKETS PLATFORM AND SERVICES

CREATE DIVERSIFIED REVENUE STREAMS

Transaction Volume¹ Growth

Growth By Platform Service

	1998-2009 CAGR
Debt Placements	-2.6%
Structured Finance	-17.1%
Investment Sales	6.5%
Total Volume	-1.5%

(\$Bn)

50

40

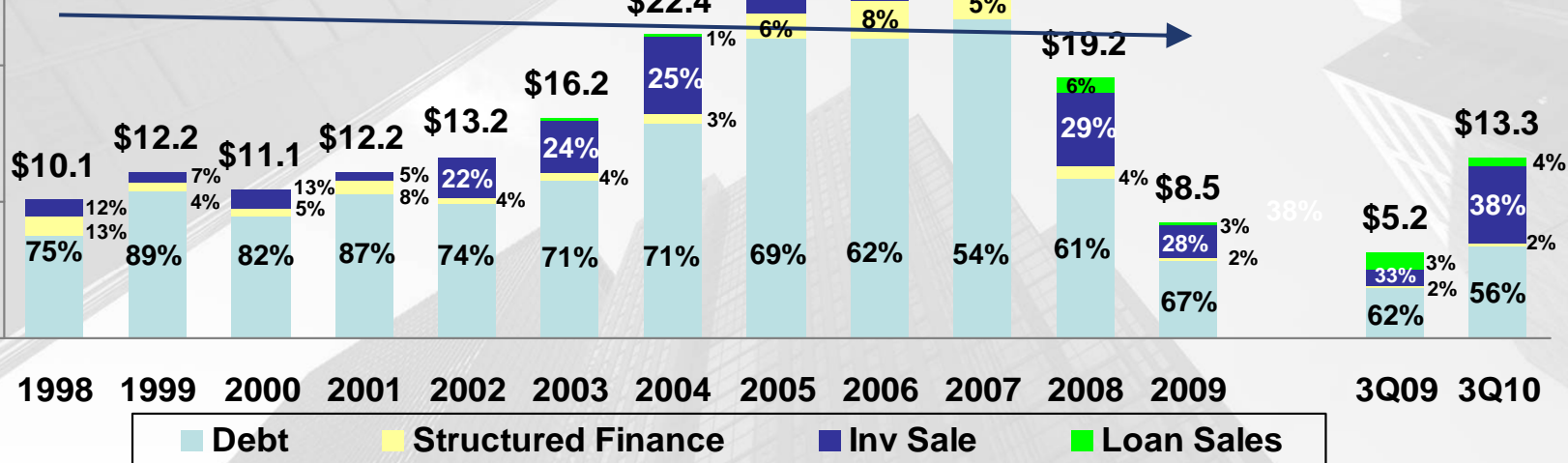
30

20

10

0

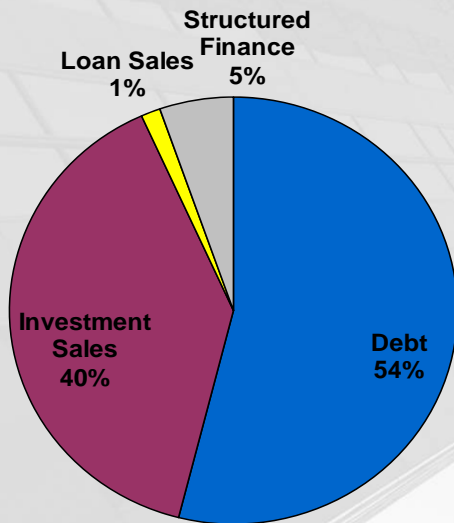
CAGR -1.5%



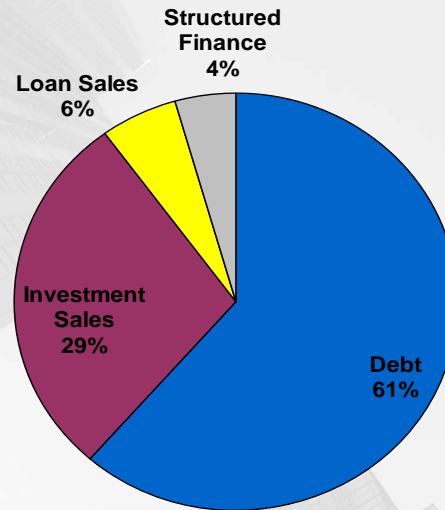
¹ Transaction volume is estimated based on the Company's internal database and is unaudited.

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

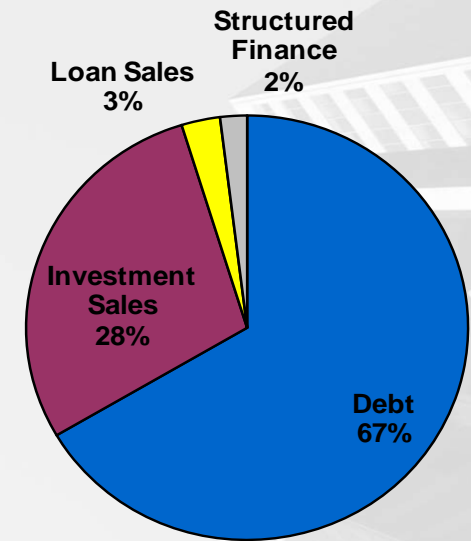
2007



2008



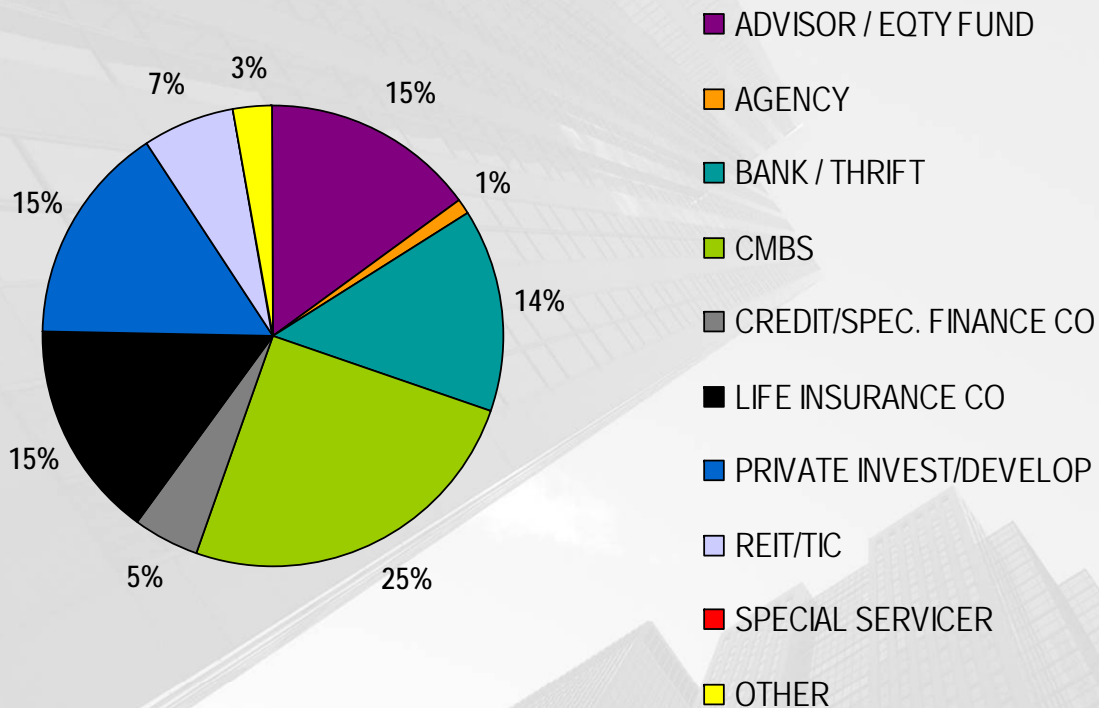
2009



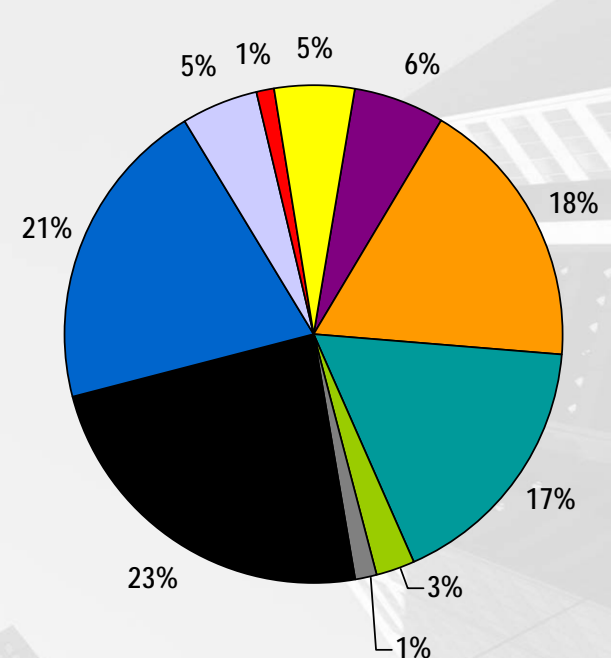
Transaction volume is estimated based on the Company's internal database and is unaudited.

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

2006



2009

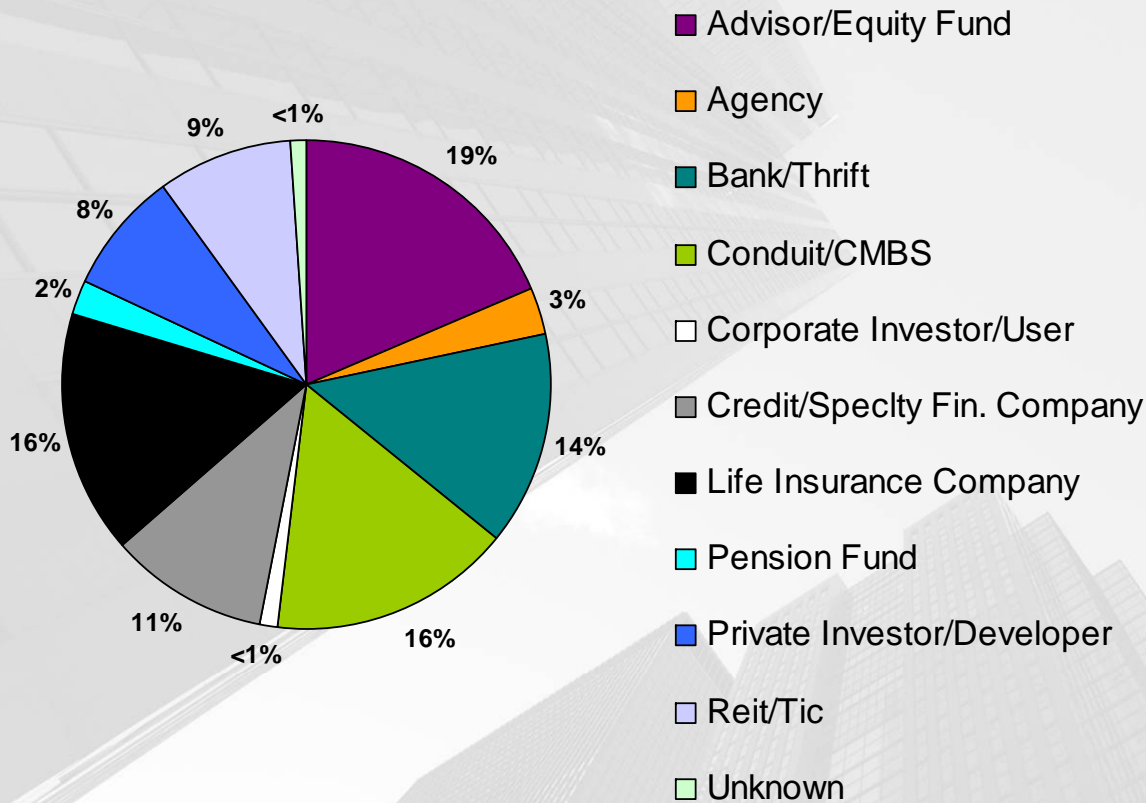


Transaction volume is estimated based on the Company's internal database and is unaudited.

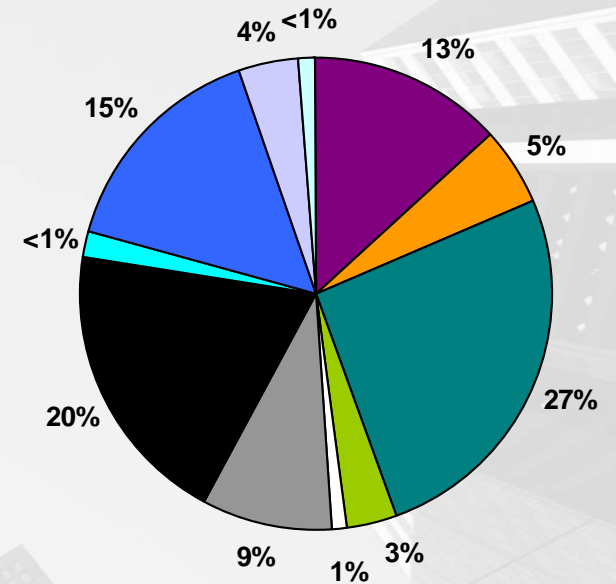
HFF, Inc.

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

2007



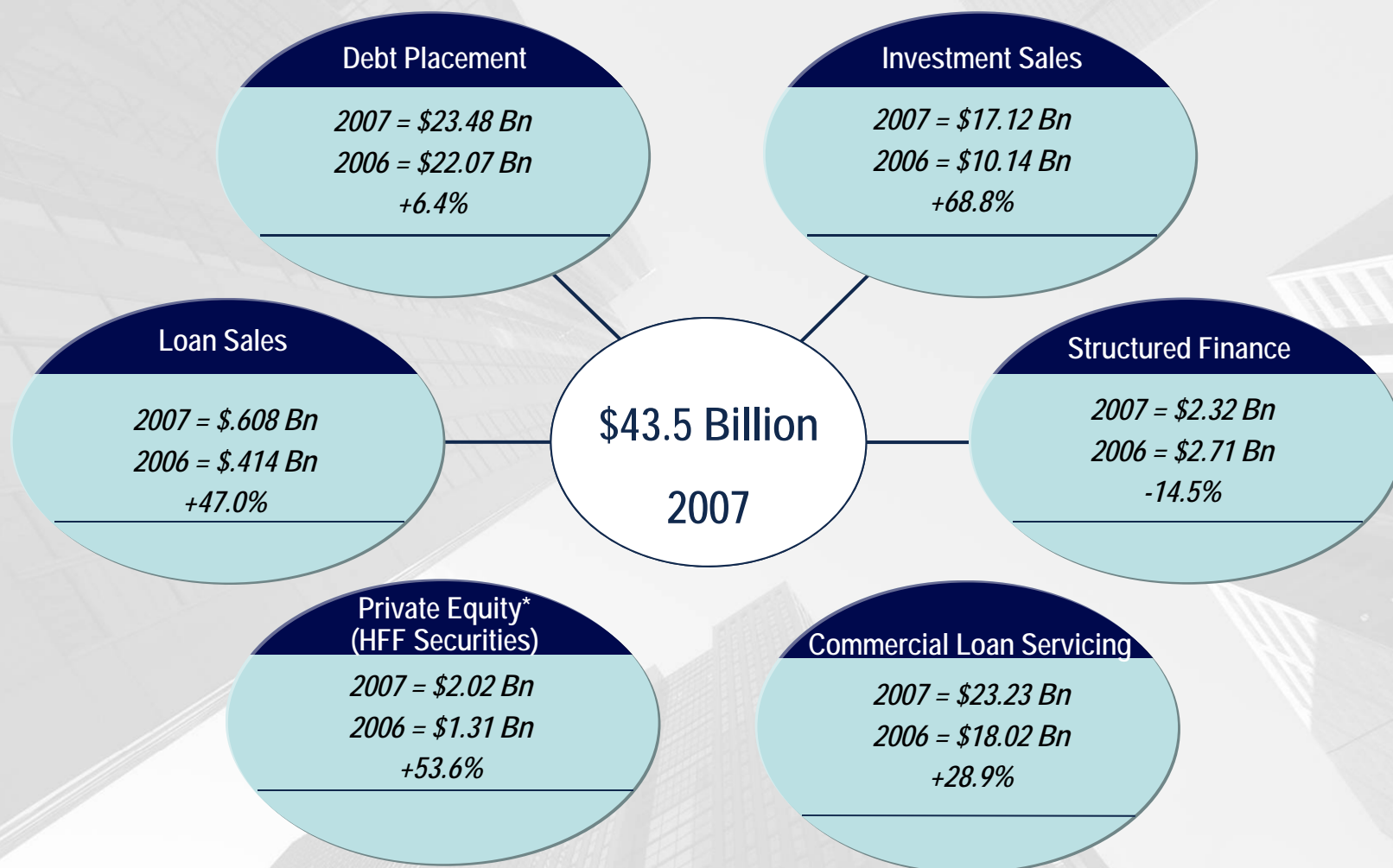
2008



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

HFF, Inc.

2007 VS 2006 TRANSACTION ACTIVITY INTEGRATED CAPITAL MARKETS PLATFORM OF SERVICES



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, Inc.

HFF'S DIVERSITY OF BUSINESS LINES AND CAPITAL SOURCES CREATE BROAD, DIVERSIFIED AND DEEP RELATIONSHIPS CREATE DIVERSIFIED REVENUE STREAMS

- During the first nine months of 2010, no one borrower or no one seller client represented more than 5.9% of our total capital markets services revenues.
 - The combined fees from our top 10 seller clients during the first nine months of 2010 were 18.9% of our total capital markets services revenue. Similarly, the combined fees from our top 10 borrower clients were 10.2% of our total capital markets services revenue.
 - Seventeen of the top 25 clients during the first nine months of 2010 used multiple HFF platforms in executing transactions.
- During 2009, no one borrower or no one seller client represented more than 3.5% of our total capital markets services revenues.
 - The combined fees from our top 10 seller clients during 2009 were 12.5% of our total capital markets services revenue. Similarly, the combined fees from our top 10 borrower clients were 12.6% 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 no one seller client, respectively, represented more than 2.5% of our total capital markets services revenues.
 - The combined fees from our top 25 seller clients during 2008 were 18% of our total capital markets services revenue. The combined fees from our top 25 borrower clients were less than 16% of our total capital markets services revenue.
 - Eighteen of the top 25 clients during 2008 used multiple HFF platforms in executing transactions.

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."

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

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PAY FOR PERFORMANCE ALIGNMENT OF INTERESTS WITH SHAREHOLDERS

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

Experience and Low Turnover

- Top 25 transaction professionals by initial leads⁽¹⁾ have average tenure with HFF (and its predecessors) of 15.7 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 profit participation

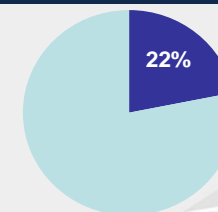
Significant Ongoing Ownership by Transaction Professionals

- Post-IPO (as of 9/30/10), after giving effect to the exchange on 6/30/10, the Company estimates owner transaction professionals own about 46% of the equity of the Company, which includes actual stock ownership and LLC units.

Notes:

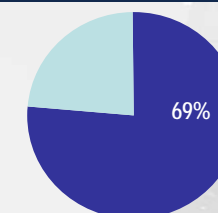
1. Through 9/30/10.
2. Transaction Professional Owners - Revenue generation credit given by initial lead - unaudited

22% of Transaction Professionals are Owners



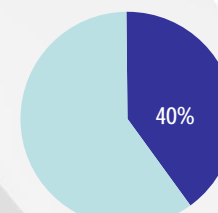
170 Transaction Professionals

69% of Managers are Owners



36 Office Heads & Business Line Managers

42% of Revenue Generated by Owner Transaction Professionals⁽²⁾

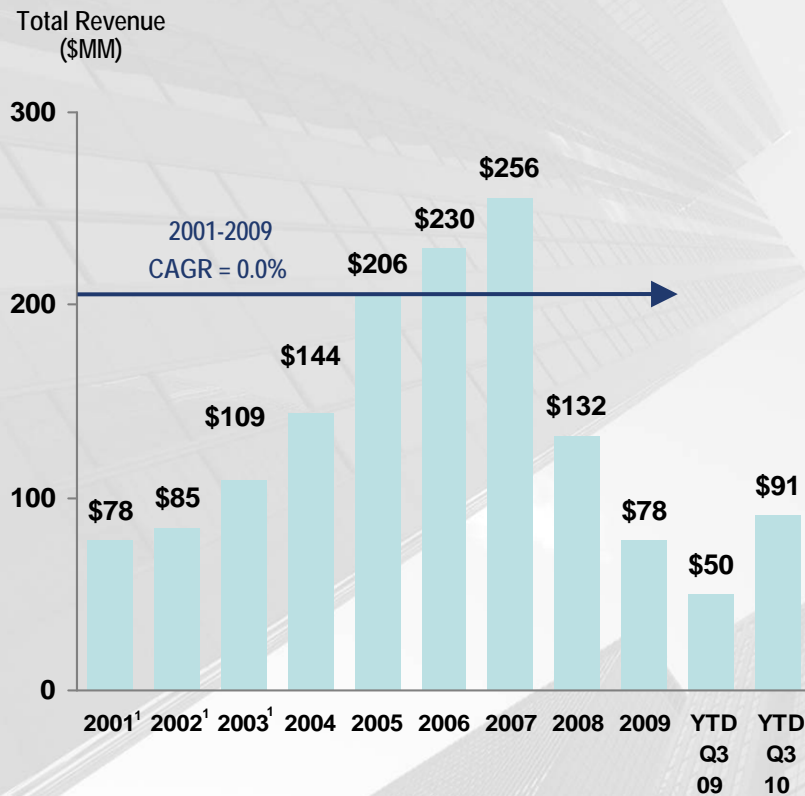


3Q 2010⁽¹⁾ Capital Markets Revenue \$89.2M

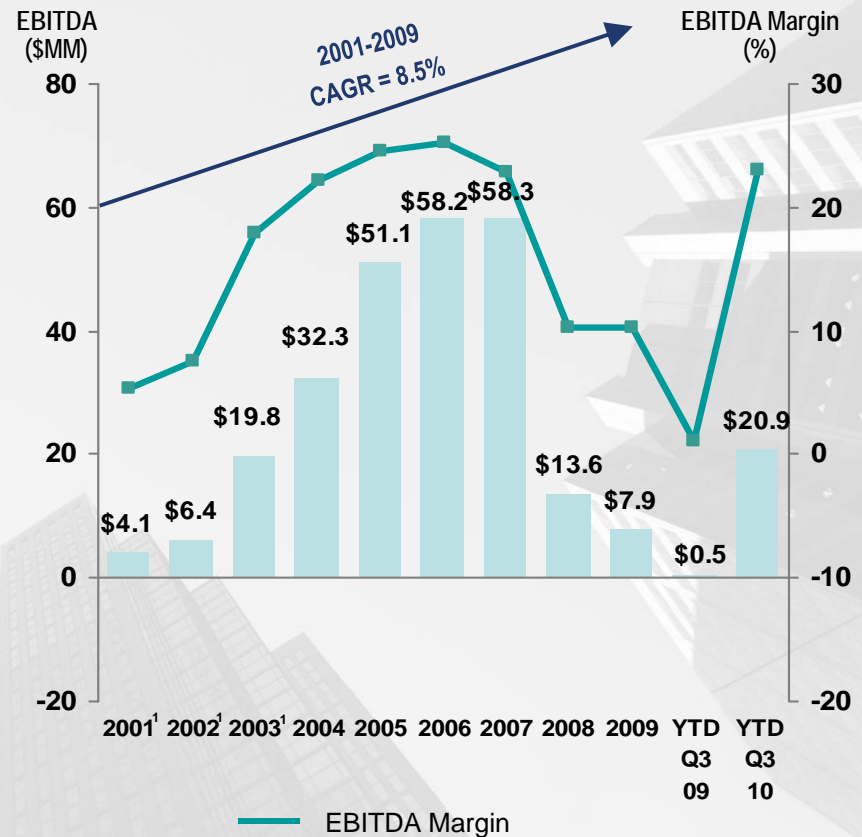
HFF OPERATING PERFORMANCE

PAY FOR PERFORMANCE – ALIGNMENT OF INTERESTS WITH SHAREHOLDERS

Revenue



EBITDA²



- 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.

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.

	2004	2005	2006	2007	2008	Nine Months Ended	
						Sept. 30	Sept. 30
	2009	2010					
Net income (loss)	\$ 29,415	\$ 48,135	\$ 51,553	\$ 14,420	\$ 229	\$ (2,282)	\$ 6,611
Income tax expense/(benefit)	296	288	332	9,874	5,043	1,073	5,908
Interest expense	86	80	3,541	407	20	373	51
Depreciation & amortization	2,466	2,595	2,806	3,861	3,475	2,617	2,745
Noncontrolling interest ¹	--	--	--	29,748	4,784	(1,244)	5,620
EBITDA	\$ 32,263	\$ 51,098	\$ 58,232	\$ 58,310	\$ 13,551	\$ 537	\$ 20,935

¹ Effective January 1, 2009, the Company adopted the provisions of SFAS 160, *Noncontrolling Interests in Consolidated Financial Statements*. SFAS 160 changes the accounting and reporting for minority interests, which are now to be characterized as "noncontrolling interests."

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Third Quarter and Year-to-Date 2010 Achievements

THIRD QUARTER AND YTD 2010 HIGHLIGHTS AND COMPARISON TO THIRD QUARTER AND YTD 2009

- REVENUES INCREASED 82% to \$37.5 MM for the 3rd Qtr. 2010 and 81% to \$91 MM for the first 9 months of 2010 compared to the comparable periods in 2009.
- EBITDA INCREASED 114% TO \$9.3 MM for the 3rd Qtr. and 3,800% to \$20.9MM for the first 9 months of 2010 compared to the comparable periods in 2009. EBITDA Margin for the 3rd Qtr. and for the first 9 months was a strong 24.7% and 23%, respectively, especially in light of the strategic head count growth since the 4th Qtr. 2009.
- \$61.4 MM of Cash and Cash Equivalents at 9/30/2010 compared to \$35.4 MM at 9/30/2009 (No Company Debt and Very Strong Balance Sheet).
- TOTAL TRANSACTION VOLUME INCREASED 106% for the 3rd Qtr. and 154% for the first nine months of 2010 compared to the comparable periods in 2009.
- # OF TRANSACTIONS INCREASED 55% for the 3rd Qtr. and 67% for the first nine months of 2010 compared to the comparable periods in 2009.
- DEBT PLACEMENT ACTIVITY for the 3rd Qtr. was nearly \$3 Bn, an increase of 87% from the 3rd Qtr. of 2009. For the first nine months of 2010, debt volume totaled nearly \$7 Bn, an increase of 86% compared to the comparable period in 2009, which compares to only a 6% increase in nationwide origination activity based on data from MBA for the first half of 2010 (3rd Qtr. data is not available).
- INVESTMENT SALES ACTIVITY for the 3rd Qtr. was nearly \$2 Bn, an increase of 134% from the 3rd Qtr. of 2009. For the first nine months of 2010, investment sales was nearly \$6 Bn for an increase of 339% compared to the comparable period in 2009, which compares to an 88% increase in the industry's nationwide sales activity based on data from RCA for the same period.

THIRD QUARTER AND YTD 2010 HIGHLIGHTS AND COMPARISON TO THIRD QUARTER AND YTD 2009

➤ According to the most recent brokerage rankings compiled by Real Estate Alert, in July 2010, HFF RANKED as follows:

- #1 OFFICE BROKER FOR FIRST HALF 2010.
- #1 INDUSTRIAL BROKER FOR FIRST HALF 2010.
- #3 MULTIFAMILY BROKER FOR FIRST HALF 2010.
- #3 RETAIL BROKER FOR FIRST HALF 2010.
- #2 BROKER OVERALL NATIONWIDE DURING FIRST HALF 2010

➤ COMMERCIAL LOAN SERVICING PORTFOLIO INCREASED to more than \$25 Billion from \$24.7 Billion in third quarter 2009.

➤ CONTINUED TO STRATEGICALLY GROW ITS NUMBER OF TRANSACTION PROFESSIONALS. During the first nine months of 2010 we added 11 new transaction professionals, a 7% increase, reaching a total of 170 transaction professionals nationwide. (average tenure of 17 years in the industry for all HFF transaction professionals).

FINANCIAL HIGHLIGHTS

PAY FOR PERFORMANCE – ALIGNMENT OF INTERESTS WITH SHAREHOLDERS

	3 Months Ended Sept. 30				9 Months Ended Sept. 30			
	2010	% of Rev.	2009	% of Rev.	2010	% of Rev.	2009	% of Rev.
Revenue	\$ 37,490		\$ 20,612		\$ 91,036		\$ 50,273	
Cost of services	21,100	56.3%	12,185	59.1%	52,058	57.2%	33,069	65.8%
Operating, administrative and other	9,563	25.5%	6,715	32.6%	26,173	28.8%	21,683	43.1%
Depreciation and amortization	911	2.4%	872	4.2%	2,745	3.0%	2,617	5.2%
Total expenses	31,574	84.2%	19,772	95.9%	80,976	88.9%	57,369	114.1%
Operating (loss)/income	\$ 5,916	15.8%	\$ 840	4.1%	\$ 10,060	11.1%	\$ (7,096)	-14.1%
EBITDA ¹	9,269	24.7%	4,326	21.0%	20,935	23.0%	537	1.1%
EPS (diluted)	\$ 0.11		\$ -		\$ 0.27		\$ (0.14)	

¹ See EBITDA Appendix for a reconciliation of EBITDA.

PRODUCTION & OPERATING HIGHLIGHTS

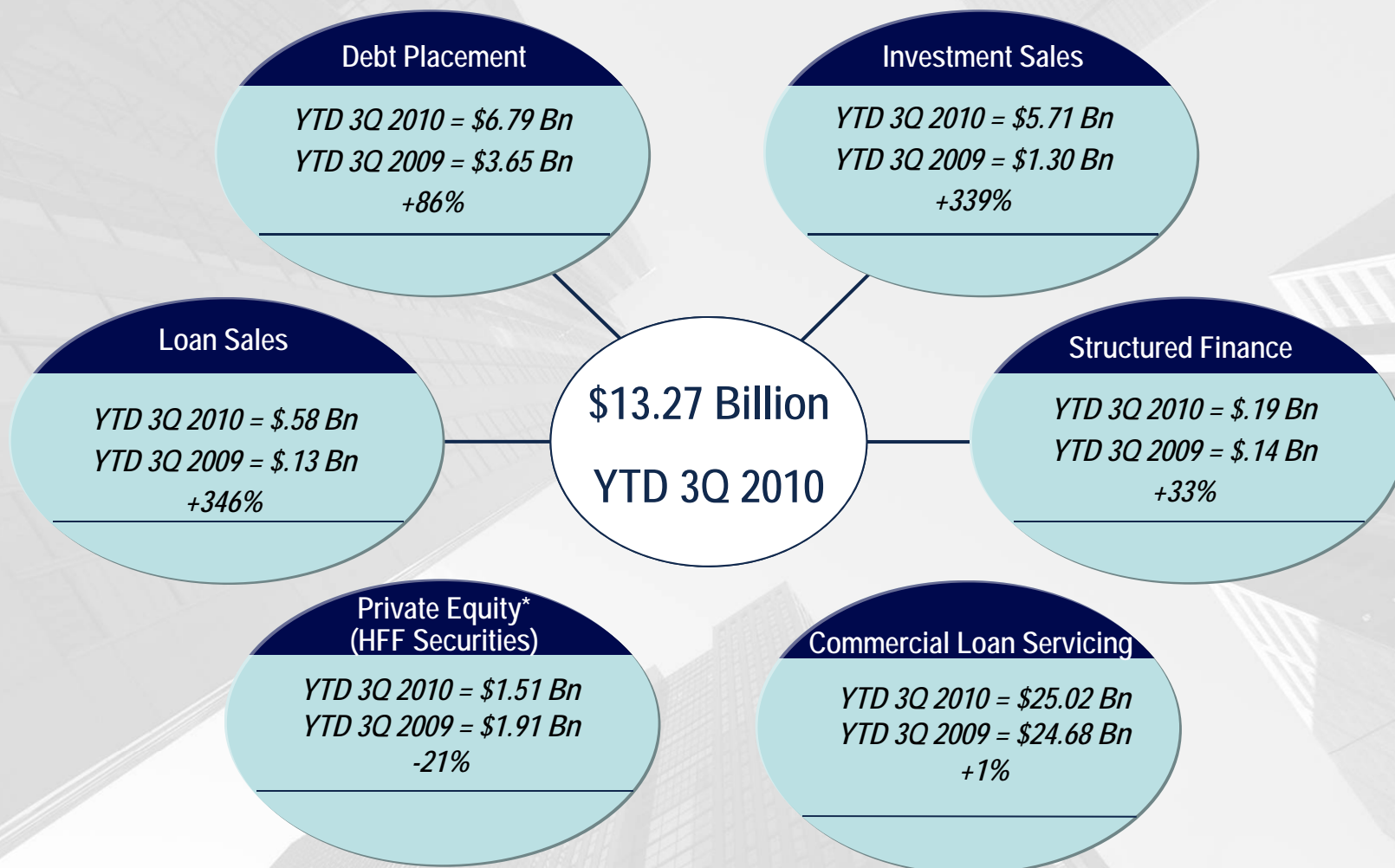
PAY FOR PERFORMANCE – ALIGNMENT OF INTERESTS WITH SHAREHOLDERS

	3 Months Ended Sept. 30		9 Months Ended Sept. 30		YTD Period Ended
	2010	2009	2010	2009	12/31/09
Total Volume (in billions) ¹	5.1	2.5	13.3	5.2	\$ 8.5
No. of Transactions ¹	175	113	428	256	401
Avg Deal Size (in millions)	29.3	22.0	31.0	20.4	21.3
Headcount	420	390	420	390	376
Total Producers	170	167	170	167	159
Revenue per employee (thousands)	89.3	52.9	216.8	128.9	206.1
Revenue per producer (thousands)	220.5	123.4	535.5	301.0	487.3
Revenue	\$ 37,490	\$ 20,612	\$ 91,036	\$ 50,273	\$ 77,476

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

HFF, Inc.

YTD 3Q 2010 VS YTD 3Q 2009 TRANSACTION ACTIVITY INTEGRATED CAPITAL MARKETS PLATFORM OF SERVICES



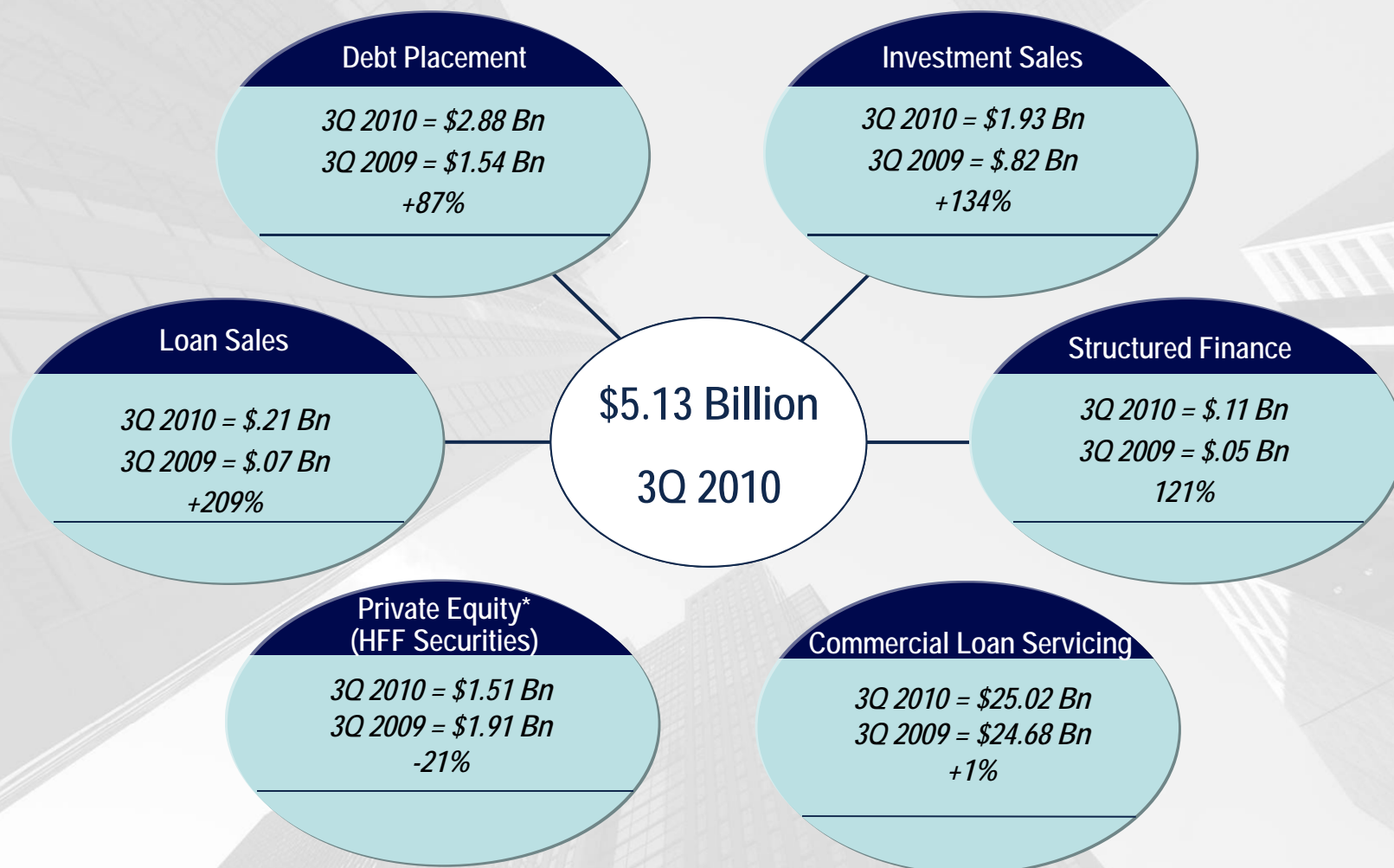
None of our services compete with the principal activities of our clients

*Active volume of discretionary funds

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

HFF, Inc.

3Q 2010 VS 3Q 2009 TRANSACTION ACTIVITY INTEGRATED CAPITAL MARKETS PLATFORM OF SERVICES



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, Inc.

UNPRECEDENTED AND CHALLENGING TIMES STRONG BALANCE SHEET AND EXPERIENCE IN TOUGH TIMES CREATE STRATEGIC GROWTH OPPORTUNITIES

Since the first quarter of 2009, HFF added several significant brokerage teams and individuals to its set of experienced transaction professionals, which totals 170 with an average tenure of 17 years in the commercial real estate industry.

➤ 2010 Team Hires

- Five-member, multi-housing investment sales team joined HFF's Orange County office in March 2010. This added a highly experienced multi-housing investment sales team, led by Sean Deasy, to our overall national multi-housing group and expanded the firm's existing investment sales platform in Orange County. The team has closed more than \$4.5 billion since 1999 when the institutional practice was launched by Deasy who has more than 25 years experience.

- Sean Deasy
- Jeff Ober
- Ryan Fitzpatrick

- Kate Anger
- Leslie Lopez

- 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. Cruz and O'Hearn have more than 32 years of commercial real estate experience closing more than \$13 billion since 1997.

- Jose Cruz
- Kevin O'Hearn

➤ 2010 Individual Hires

- Randy Baird: Industrial Investment Sales, Dallas - September
- Mark Petersen: Multi-housing Sales, Orange Co. - September
- Stephen Skok: Debt Placement, Chicago - August
- Christopher Simon: Debt Placement, Los Angeles - August
- Chris Drew: Debt & Structured Finance, Miami - July
- Paul Hsu: Hotel Transactions, Miami - June
- Gary Newman: Debt Placement, New York City - March
- Doug Childers: Multi-housing Sales, Atlanta - March
- Coler Yoakum: Single-tenant/Net lease Sales, Dallas - February
- Sam Brownell: Retail Sales, San Francisco - February
- John Sebree: Multi-housing Sales, Indianapolis - February

HFF, Inc.

UNPRECEDENTED AND CHALLENGING TIMES STRONG BALANCE SHEET AND EXPERIENCE IN TOUGH TIMES CREATE STRATEGIC GROWTH OPPORTUNITIES

➤ 2009 Team Hires

- Three-member retail investment sales team led by Ryan Gallagher joined HFF's Orange County office. This marked the launch of an investment sales platform in the firm's Orange County office. The team brings experience totaling more than \$1.4 billion in volume during the past 3.5 years.
- Nine-member, multi-housing investment sales team led by Craig LaFollette joined HFF Houston in August 2009. The three senior members bring more than 75 years of combined experience in the market and are rated as a top multi-housing brokerage team in Texas. Since 1998, the team has closed more than \$6 billion in multi-housing sales.
 - Craig LaFollette
 - Todd Stewart
 - Todd Marix
 - Tre Banks
 - Chris Curry
 - Steve Wendling
 - Claire Wehri
 - Melissa Nicks
 - Cindy Little
- Five-member investment sales team led by Michael Leggett and Gerry Rohm joined HFF's San Francisco office in May 2009. This marked the beginning of several key expansion efforts for HFF on the west coast. Leggett and Rohm have more than 50 years of combined transaction experience involving \$4.6 billion in transactions.
 - Michael Leggett
 - Gerry Rohm
 - Chris Pawlik
 - Dave Karol
 - Jackie Wong

EXCELLENCE

IN REAL ESTATE CAPITAL MARKETS SOLUTIONS

DEBT PLACEMENT

INVESTMENT SALES

ADVISORY SERVICES

PRIVATE EQUITY & CORPORATE FINANCE

STRUCTURED FINANCE

LOAN SALES

LOAN SERVICING



Third Quarter 2010 Transactions Highlights

OFFICE – SALE AND DEBT PLACEMENT HFF CLOSED TRANSACTION



Name:	300 North LaSalle
Location:	Chicago, IL
Type of Property:	AAA Trophy Office Tower
Size:	1.3 Million RSF
Seller:	Hines
Buyer/Borrower:	KBS Realty Advisors
Lender:	Metropolitan Life Insurance Company
Sales Price:	\$655,000,000
Total Financing:	\$350,000,000
Date Closed:	July 2010

One of the largest single-asset trades YTD 2010.

OFFICE - INVESTMENT SALE HFF CLOSED TRANSACTION



Name:	Hock Plaza
Location:	Durham, NC
Type of Property:	Class A
Size:	327,160 SF
Year Built:	2004
Seller:	Brickman
Buyer:	Hines Global REIT
Sale Price:	\$98,050,000 (\$300/psf)
Date Closed:	September 9, 2010

Class A building located adjacent to the campus of Duke University and within walking distance of the world-renowned Duke Medical Center. Fully leased to investment grade credit tenancy: Duke University (AA+) and Duke University Health System (AA) until October 2019. The Property sold with attractive assumable debt in place – 81.5% LTC at a 5.58% interest rate through December 2015.

MULTI-HOUSING – INVESTMENT SALE HFF CLOSED TRANSACTION



Name:	Liberty Tower
Location:	Arlington, VA
Type of Property:	Multi-Housing
Size:	235 Apartment Units/7,194 sf Retail
Year Built:	2008
Seller:	The Schnider Companies
Buyer:	Equity Residential
Purchase Price:	\$96,000,000
Price / Unit:	\$402,127/unit
Price / SF:	\$428 / SF
Date Closed:	August 2010

Core luxury high-rise community located in dynamic Rosslyn-Ballston Corridor in Arlington, Virginia. Purchaser agreed to assume a life company loan at 65% LTV with a rate of 5.75% for 9 years. Interest rate on assumed loan at time price was agreed was 50 bps over market and was close to 100 bps over market at closing.

OFFICE AND RETAIL – INVESTMENT SALE HFF CLOSED TRANSACTION



Name: 1300 Franklin Avenue
Location: Garden City, New York
Type of Property: Office and Retail Building
Size: 125,495 SF
Seller: Alfred Weissman Real Estate Inc.
Buyer: InterContinental Real Estate Corporation
Sale Price: Confidential
Date Closed: October 2010

MULTI-HOUSING – INVESTMENT SALE HFF CLOSED TRANSACTION



Name:	Highlands at Westwood
Location:	Westwood, NJ
Type of Property:	Class A- Garden
Size:	214 Units
Year Built:	1999
Occupancy:	100%
Seller:	Prudential Real Estate Investors
Buyer:	Cornerstone
Total Sale:	Confidential
Date Closed:	July 2010

OFFICE – DEBT PLACEMENT HFF CLOSED TRANSACTION



Name:	University Square
Location:	West Windsor, New Jersey
Type of Properties:	Class A Trophy
Size:	455,613 Total Square Feet (4 Building Office Park)
Years Built:	2008 & 1987
Occupancy:	95%
Borrowers:	RXR Realty and Marathon Asset Management
Lenders:	Cigna Investments and AIG Global Investment Group
Total Financing:	\$81,500,000
Date Closed:	August 13, 2010

MIXED-USE – DEBT PLACEMENT HFF CLOSED TRANSACTION



Name:	Puck Building
Location:	New York, NY
Type of Property:	Mixed-Use (Office & Retail)
Size:	265,000 SF
Borrower:	Kushner Companies
Lender:	Confidential
Total Financing:	\$80,000,000
Date Closed:	September 2010
Notes:	Tenancy includes REI, New York University, and Swanke Hayden Connell Architects

RETAIL – DEBT PLACEMENT HFF CLOSED TRANSACTION



Name:	The Shops At Sunset Place
Location:	South Miami, Florida
Type of Property:	Entertainment-oriented open-air mall
Size:	514,420 sf
Year Built:	1999
Borrower:	Shops at Sunset, LLC – Major REIT
Lender:	JP Morgan Chase Bank, N.A.
Total Capitalization:	\$79,000,000
Date Closed:	August 2010

RETAIL – DEBT PLACEMENT HFF CLOSED TRANSACTION



Name:	Port Charlotte Town Center
Location:	Port Charlotte, Florida
Type of Property:	Regional Mall
Year Built:	1989
Borrower:	Port Charlotte Mall, LLC – Major REIT
Lender:	The Royal Bank of Scotland PLC
Total Capitalization:	\$48,500,000
Date Closed:	October 2010

INDUSTRIAL – DEBT PLACEMENT – CONSTRUCTION LOAN HFF CLOSED TRANSACTION



Name: Preferred Freezer - Bayway II
Location: Elizabeth, NJ
Type of Property: Industrial
Size: 150,826 SF
Borrower: 108-166 Bayway Avenue LLC
Lender: TD Bank
Total Financing: \$22,500,000 Construction Loan
Date Closed: October 2010

EXCELLENCE

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LOAN SERVICING

PUBLIC MARKETS REMAIN WIDE OPEN FOR QUALITY TRANSACTIONS

2008 – 2009 DEBT ORIGINATIONS AND INVESTMENT SALES ACTIVITY

SO FAR SO GOOD IN 2010 ESPECIALLY COMPARED TO 2009

PRIVATE MARKETS CONTINUE TO IMPROVE

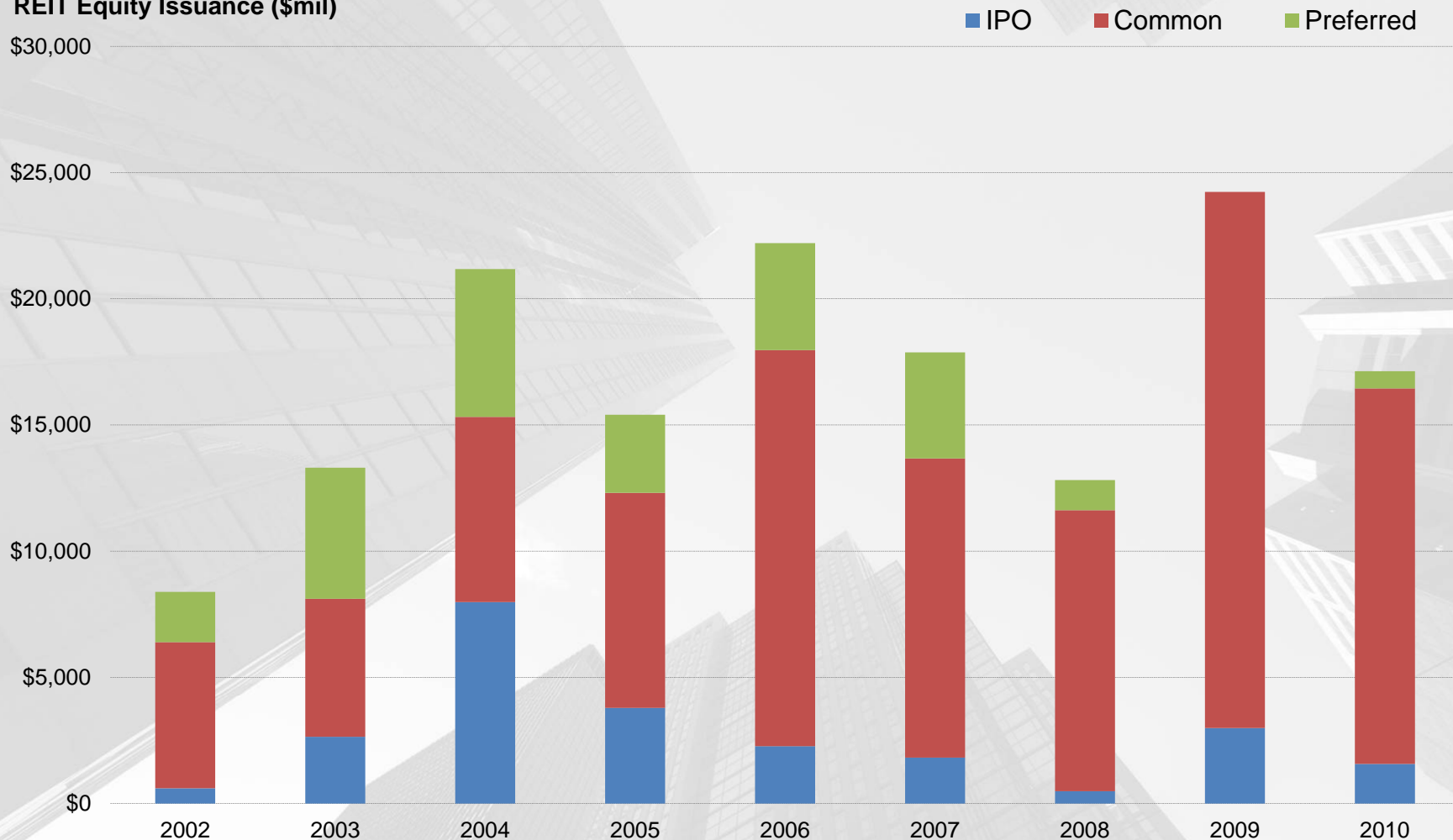
CORE & "TRAIN WRECK PROPERTIES" - DEAL ACTIVITY PICKS UP

BUT...

PUBLIC MARKETS OPEN & EQUITY REIT ISSUANCE REMAINS ACTIVE

\$24.2 Bn ISSUED IN 2009 & \$17.1 Bn 2010 YTD

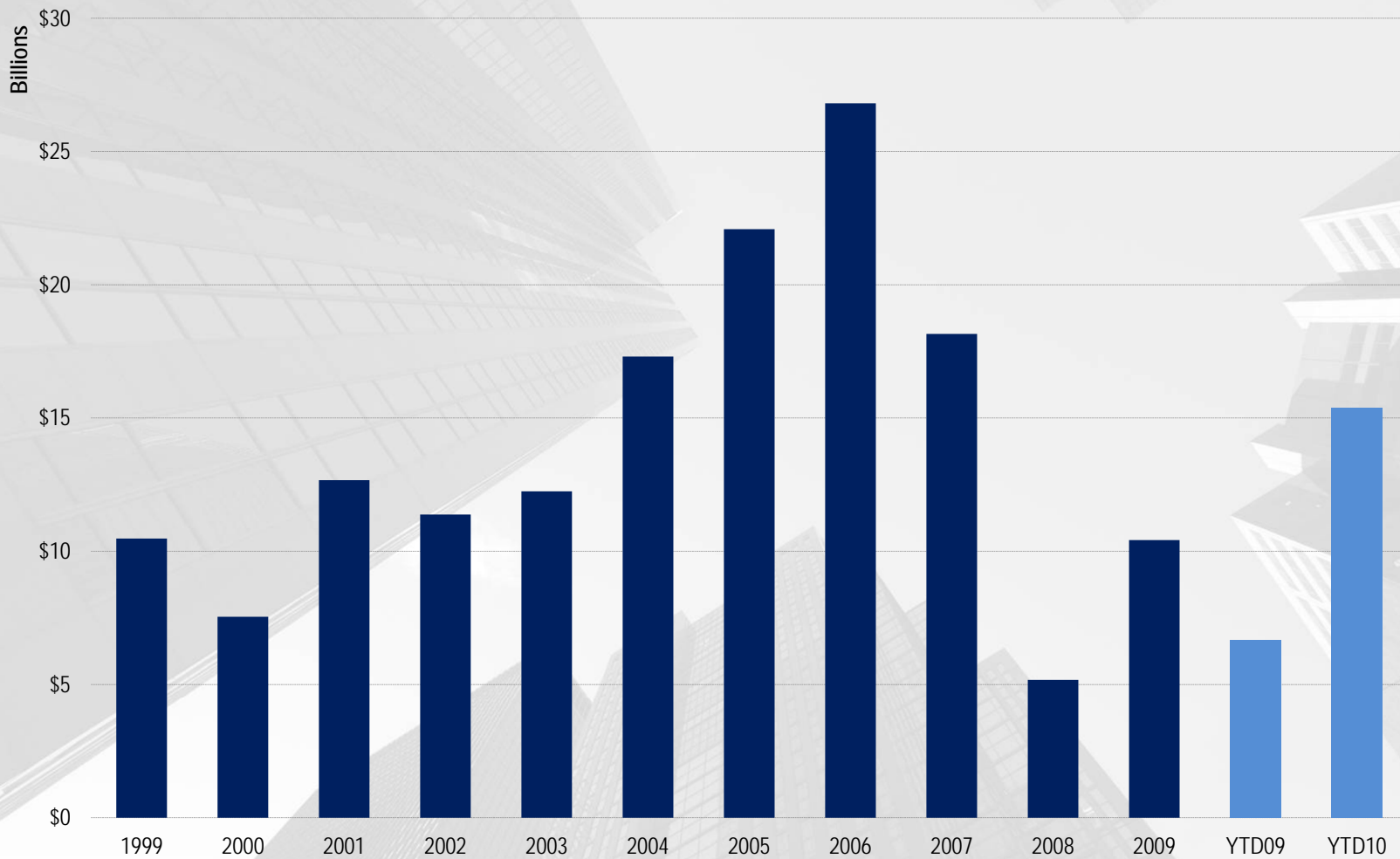
REIT Equity Issuance (\$mil)



Source: NAREIT, YTD September 2010

PUBLIC MARKETS OPEN & REIT DEBT ISSUANCE REMAINS ACTIVE OVER \$10 BN ISSUED IN 2009 AND MORE THAN \$15 BN IN 2010 - YTD

REIT Debt Issuance



Source: Bloomberg, YTD is through September

2009 INVESTMENT GRADE & HIGH YIELD REIT DEBT ISSUANCE

WE HAVE COME A LONG WAY IN A SHORT PERIOD OF TIME

HAS THE FED CREATED A FINANCIAL ASSET BUBBLE IN THE CREDIT MARKETS???

Priced	Maturity	Issuer	Ratings		Amt	Security Desc.	Coupon	Spread to UST
			Moody's	S&P				
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

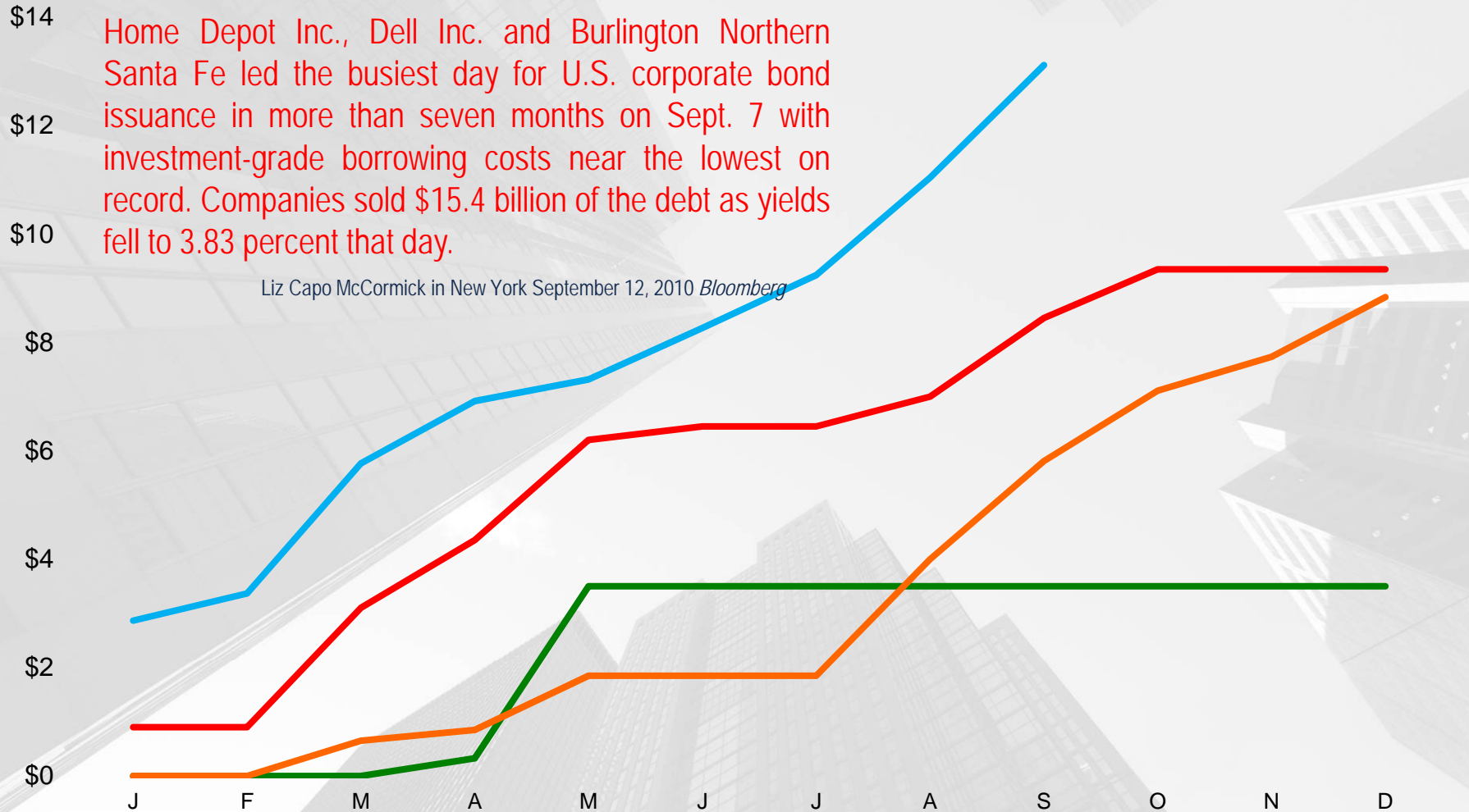
CUMULATIVE REIT DEBT ISSUANCE IS UP PUBLIC MARKETS ARE OPEN TO FINANCE GOOD CREDIT HAS THE FED CREATED A FINANCIAL ASSET BUBBLE IN THE CREDIT MARKETS???

Annual Cumulative REIT Debt Issuance (\$b)

— 2007 — 2008 — 2009 — 2010

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 Alert

AND THE TREND CONTINUES TO IMPROVE 2010 YTD INVESTMENT GRADE & HIGH YIELD REIT DEBT ISSUANCE HAS THE FED CREATED A FINANCIAL ASSET BUBBLE IN THE CREDIT MARKETS???

Issue Date	Maturity	Issuer	Rating	\$ mil	Structure	Coupon	Spread (UST)	Yield	Price
6-Apr-10	15-Apr-20	Senior Housing Properties Trust	Ba1/BBB-	200	10yr Notes	6.75%	T+294	6.90%	\$98.93
8-Apr-10	15-Nov-20	Boston Properties Trust	Baa2/A-	700	10.5yr Notes	5.63%	T+175	5.64%	\$99.89
22-Apr-10	1-May-20	Biomed Realty Trust	Baa3/BBB-	250	10yr Notes	6.13%	T+250	6.27%	\$98.98
17-May-10	1-Jun-20	Kilroy Realty	Baa3/BBB-	250	10yr Notes	6.63%	T+250	6.74%	\$99.15
27-May-10	15-Jun-20	Regency Centers	Baa2/BBB	150	10yr Notes	6.00%	T+275	6.09%	\$99.30
2-Jun-10	1-Dec-20	Tanger Properties	Baa2/BBB	300	10yr Notes	6.13%	T+287.5	6.22%	\$99.31
3-Jun-10	15-Apr-20	Health Care REIT	Baa2/BBB-	150	10yr Reopening	6.13%	T+261.6	6.00%	\$100.91
24-Jun-10	15-Jan-21	Realty Income Corp.	Baa1/BBB	250	10.5yr Notes	5.75%	T+270	5.83%	\$99.40
25-Jun-10	15-Jul-20	Entertainment Property Trust	Baa3/BB+	250	10yr Notes	7.75%	T+490.7	8.00%	\$98.29
30-Jun-10	15-Jul-15	Digital Realty Trust	Baa2/BBB	375	5yr Notes	4.50%	T+275	4.57%	\$99.70
12-Jul-10	15-Jul-20	ERP Operating LP	Baa1/BBB+	600	10yr Notes	4.75%	T+180	4.85%	\$99.24
4-Aug-10	15-Aug-17	AMB Property	Baa1/BBB	300	7yr Notes	4.50%	T+237.5	4.68%	\$98.92
9-Aug-10	1-Mar-21	Simon Property Group	A3/A-	900	10.5yr Notes	4.38%	T+160	4.42%	\$99.61
18-Aug-10	28-Aug-20	Choice Hotels	Baa3/BBB	250	10yr Notes	5.70%	T+310	5.73%	\$99.75
25-Aug-10	1-Feb-10	Kimco Realty	Baa1/BBB+	300	7.5yr Notes	4.30%	T+240	4.36%	\$99.65
7-Sep-10	15-Sep-17	Health Care REIT	Baa2/BBB-	450	7yr Notes	4.70%	T+270	4.74%	\$99.74
14-Sep-10	15-Sep-20	Commonwealth REIT	Baa2/BBB	250	10yr Notes	5.88%	T+350	6.17%	\$97.85
15-Sep-10	15-Mar-21	BRE Properties	Baa2/BBB	300	10.5yr Notes	5.20%	T+250	5.24%	\$99.81
15-Sep-10	1-Feb-18	Wyndham Worldwide	Ba1/BBB-	250	7.5yr Notes	5.75%	T+365	5.76%	\$99.95
22-Sep-10	1-Oct-20	Liberty Property LP	Baa2/BBB	350	10yr Notes	4.75%	T+225	4.78%	\$99.76
23-Sep-10	1-Oct-20	Washington REIT	Baa1/BBB+	250	10yr Notes	4.95%	T+250	5.05%	\$99.20
30-Sep-10	15-Apr-21	Regency Centers	Baa2/BBB	250	10.5yr Notes	4.80%	T+230	4.82%	\$99.86
13-Oct-10	15-Oct-17	Post Apartment Homes	Baa3/BBB-	150	7yr Notes	4.75%	T+300	4.77%	\$99.86

Equity Residential (BBB+) recently priced a \$600MM 10yr unsecured offering. The offering priced at T+180 (spread down ~45 bps from a similarly sized and term issue by Federal Realty in February 2010) or a coupon of 4.75% and represents the lowest 10yr REIT coupon since March 2004. Simon's borrowing costs dropped over 600 bps in 10 months time (March 2009 A- rated at T+813 bps versus January 2010 A- rated at T+200 bps). Even the lower rated credits have joined the party.

Source: Goldman Sachs

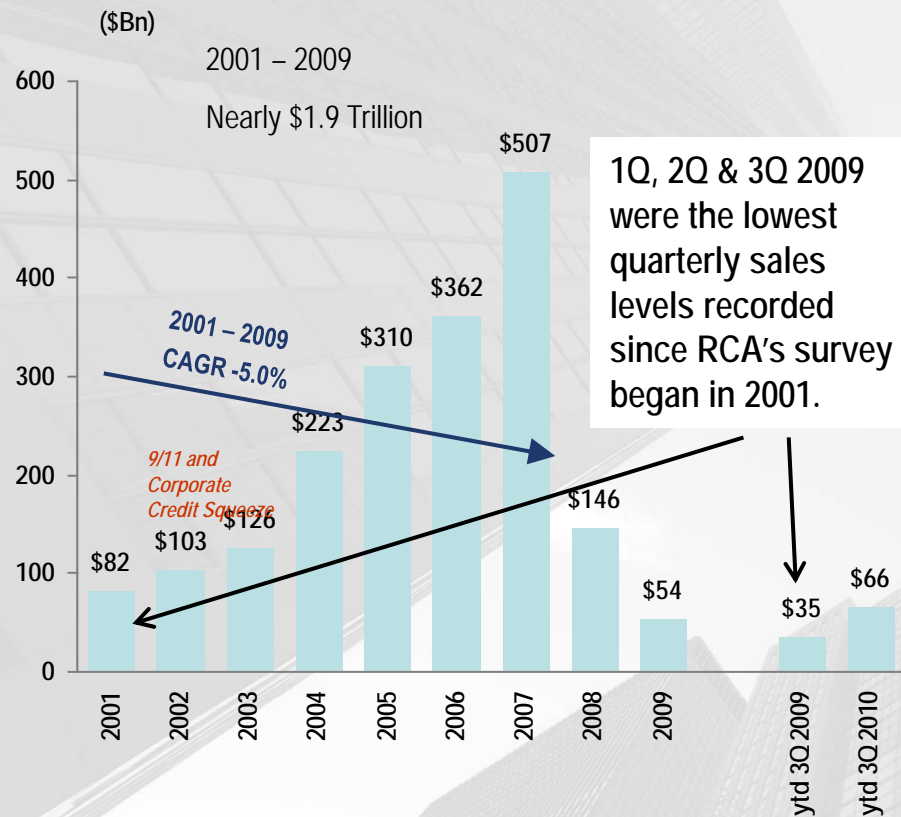
DEAL VOLUME DOWN DRAMATICALLY IN 2008 AND 2009 DETERIORATING PROPERTY FUNDAMENTALS AND MONETARY DEFAULTS WILL LIKELY CREATE INCREASED TRANSACTION VOLUMES IN 2010

- 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 63% decline in sales activity in 2009 when compared to 2008 after experiencing a 71% decline in the prior year when comparing 2008 to 2007. Change in sales by asset type during 2009 compared to 2008:
 - Office Sales down 71%
 - Industrial Sales down 63%
 - Retail Sales down 36%
 - Hotel Sales down 77%
 - 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 only \$2.7 billion, down 78% from only \$12.1 billion reported in 2008 which was down 95% from the record \$230 billion recorded in 2007.

TRANSACTION VOLUME DOWN DRAMATICALLY IN 2008 AND 2009 YTD 2010 SALE AND CMBS TRANSACTION VOLUMES ARE UP FROM 2009 A WELCOME IMPROVEMENT BUT KEEP IT IN PERSPECTIVE

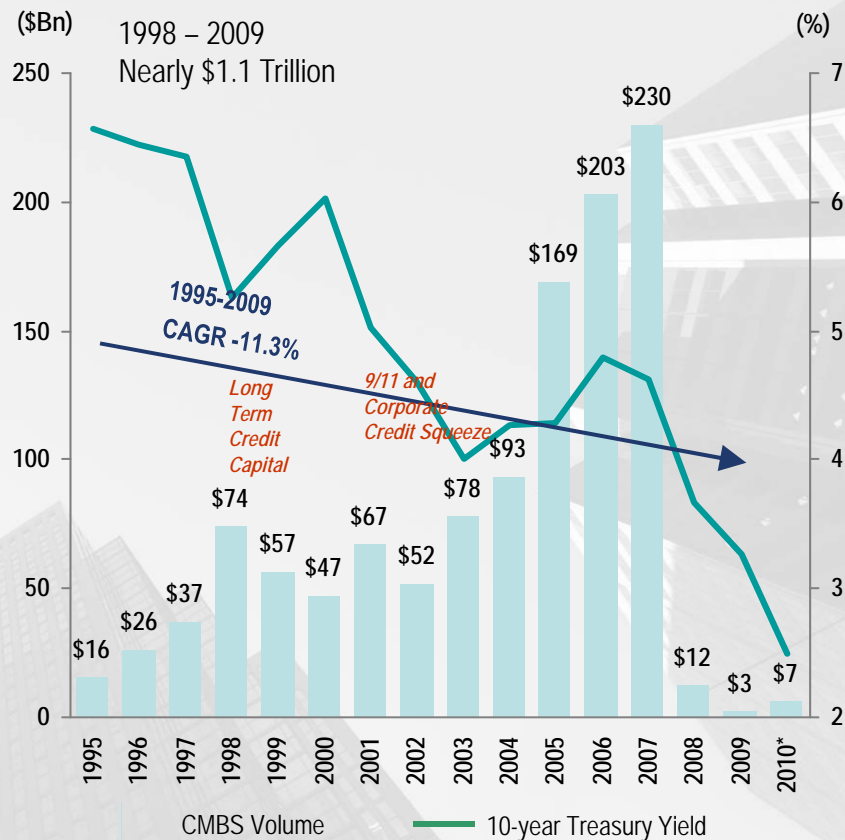
Note: 62% of Sales and 55% of CMBS Volumes Occurred in 2005 though 2007 – Peak Valuations

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
*2010 through October 22, 2010

YTD 2010 SALE AND CMBS TRANSACTION VOLUMES ARE UP FROM 2009 A GREAT IMPROVEMENT AND START - KEEP IT IN PERSPECTIVE

- Data from RCA through third quarter 2010 reveals an 88% increase in sales activity nationwide compared to the same period in 2009. **In comparison, HFF's investment sales activity increased 339% during the first three quarters of 2010 compared to the same period in 2009!** Total industry sales volume through third quarter 2010 was \$66.3 billion compared to \$35.2 billion for the same period in 2009.
- **Keep it in perspective: each of the first three quarters of 2009 represent the three 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 the first nine months of 2010 to the same period in 2009.
 - Hotel Sales – UP 193%
 - Multifamily Sales – UP 97%
 - Office Sales – UP 83%
 - Industrial Sales – UP 59%
 - Retail Sales – UP 78%
- YTD 3Q 2010 new issue US CMBS totaled \$6.5 billion, more than double the \$2.7 billion reported for 2009.
- **Keep it in perspective: CMBS in – 1995 was \$16 billion, 1996 was \$26 billion and 1997 was \$37 billion.**

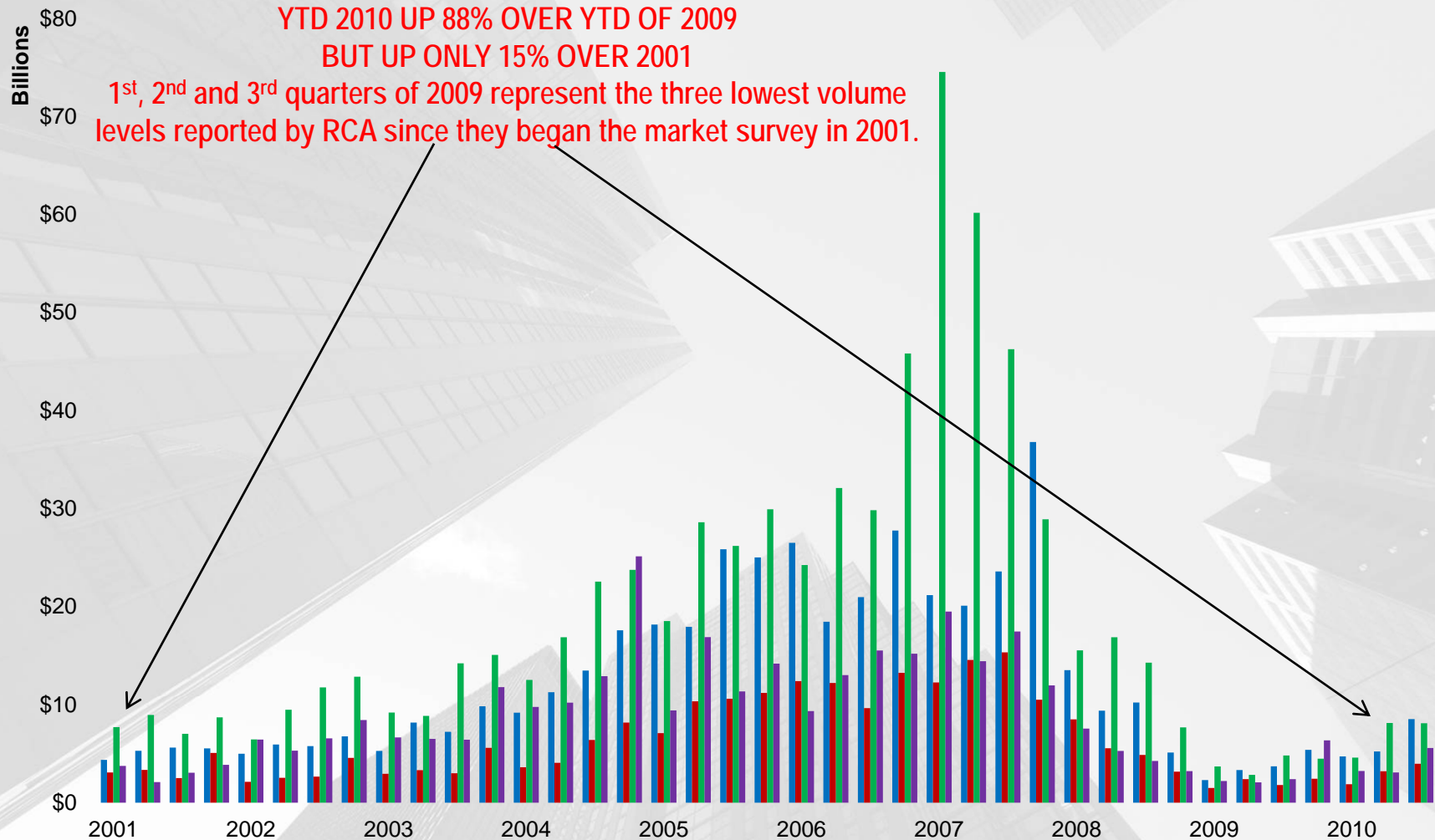
Sources: Commercial Mortgage Alert, Real Capital Analytics

HFF, Inc.

YTD 3Q 2010 SALE TRANSACTION VOLUMES ARE UP FROM 2009 A GREAT IMPROVEMENT AND START - KEEP IT IN PERSPECTIVE

Quarterly Transaction Volume (\$)

■ Apartment ■ Industrial ■ Office ■ Retail



Source: Real Capital Analytics, September 2010

SLIGHT IMPROVEMENT DURING 2010 OFF OF VERY LOW LEVELS IN 2009 DEBT ORIGINATIONS DECLINED DRAMATICALLY IN 2008 VS. 2007 AND IN 2009 VS. 2008

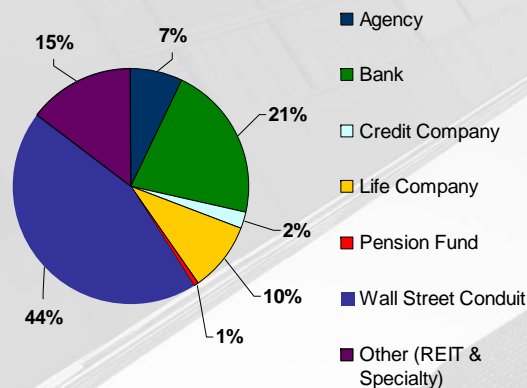
According to the Mortgage Bankers Association (MBA), total originations during 2008 were down 65% from 2007. Total originations during 2009 were down 55% from 2008.

More recently, during 2Q 2010, the MBA reported a slight 1% gain in originations compared to 2Q 2009. Data through the first half of 2010 reflects a 6% gain in originations compared to first half 2009.

HFF's debt placement activity increased 87% during the first nine months of 2010 compared to the same period in 2009, and ytd through 3Q 2010 is up 86% over the same time last year!

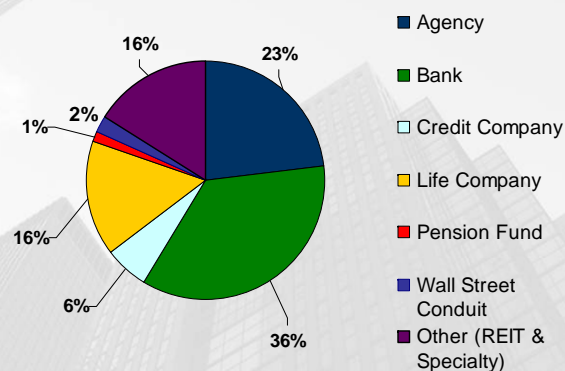
\$516 Billion

Originations - Calendar 2007



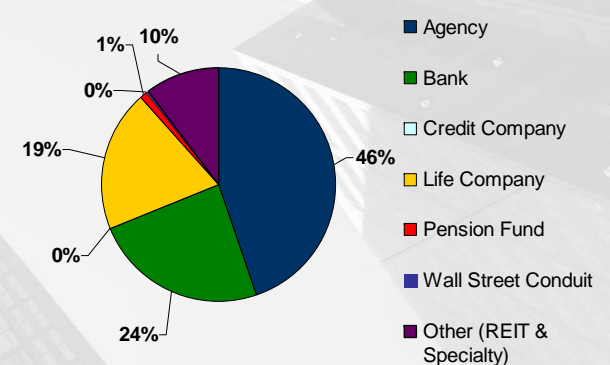
\$181 Billion

Originations - Calendar 2008



\$82 Billion

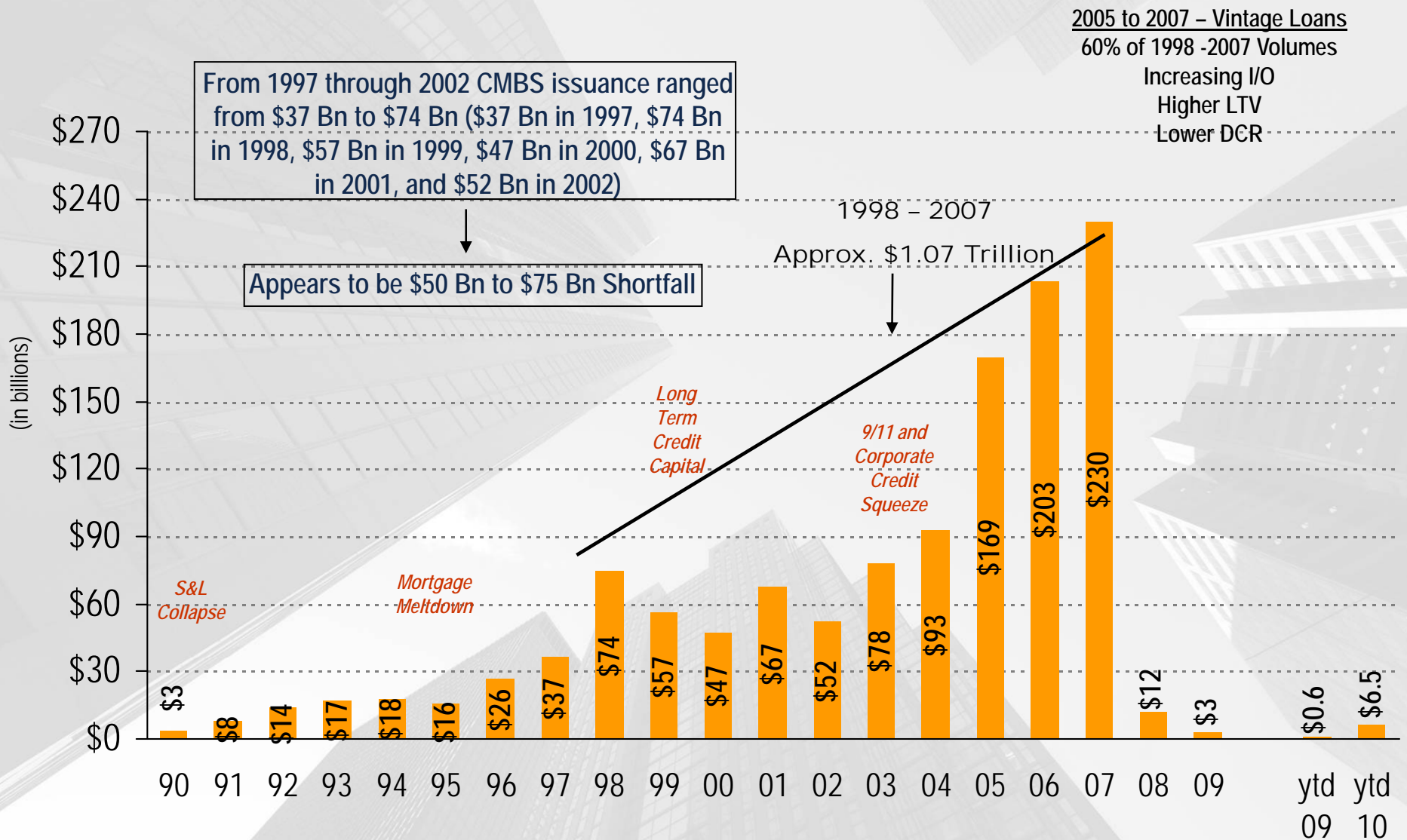
Originations - Calendar 2009



Source: Mortgage Bankers Association

HISTORICAL U.S. CMBS ISSUANCE

2008 & 2009 VOLUMES VIRTUALLY NON-EXISTENT - VINTAGE LOANS ARE A PROBLEM! CMBS RESTARTING SLOWLY IN 2010



Source: Commercial Mortgage Alert – HFF Commentary; ytd stats through October 22 of each year

PRIVATE MARKETS CONTINUE TO IMPROVE FOR
BEST SPONSOR – MARKET – PRODUCT – CASH FLOW INTEGRITY – TENANCY
THE BOX CONTINUES TO GET BIGGER - BUT IF IT CAN'T FIT IN THE BOX ???

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 and Equity Pricing Remains Attractive on a Historical Basis and Very Attractive Compared to 2009 and 2008

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 BY INVESTORS – RELATIVE VALUE – A REAL BARGAIN!

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 65% LTV (a few may go to 70-75% but will want a premium, if they can get it)
Up to 10 Years (some are now quoting 20 yr. terms)
25 to 30 Yr. Amort. (low leverage loans – some will quote an interest only period up to term)
Par Pricing of <4.0% to 5.50% (low leverage 5 yr. - sub 4% - low leverage 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%
Up to 10 Years (5 to 10 years are typical - some are now offering 7 yrs.)
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.)
Up-front fees of .25% to 1% (competition is compressing fees, which may be eliminated if market continues to improve)
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 6.5% to 10% - want fees of 50 bps to 1% up-front
DSCR – 1.25x

AGENCIES – HAVE BEEN THERE ALL ALONG GENERALLY THE BEST PRIVATE EXECUTION – BUT LIFE COMPANIES ARE COMPETING BEST SPONSOR – MARKET – PRODUCT – CASH FLOW INTEGRITY

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 will break rates listed)

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

5 Year

FNMA - approx 4.25%

Freddie Portfolio - 5.05%

Freddie CME – 4.60%

7 Year

FNMA – approx 4.75%

Freddie Portfolio – 5.25%

Freddie CME – 4.80%

Capped ARM - 3.50% (7 year ARM / 7% Max Note Rate / 3%, 2%, 1% thereafter prepayment)

10 Year

Freddie Portfolio - approx 5.55%

Freddie CME - approx 5.00%

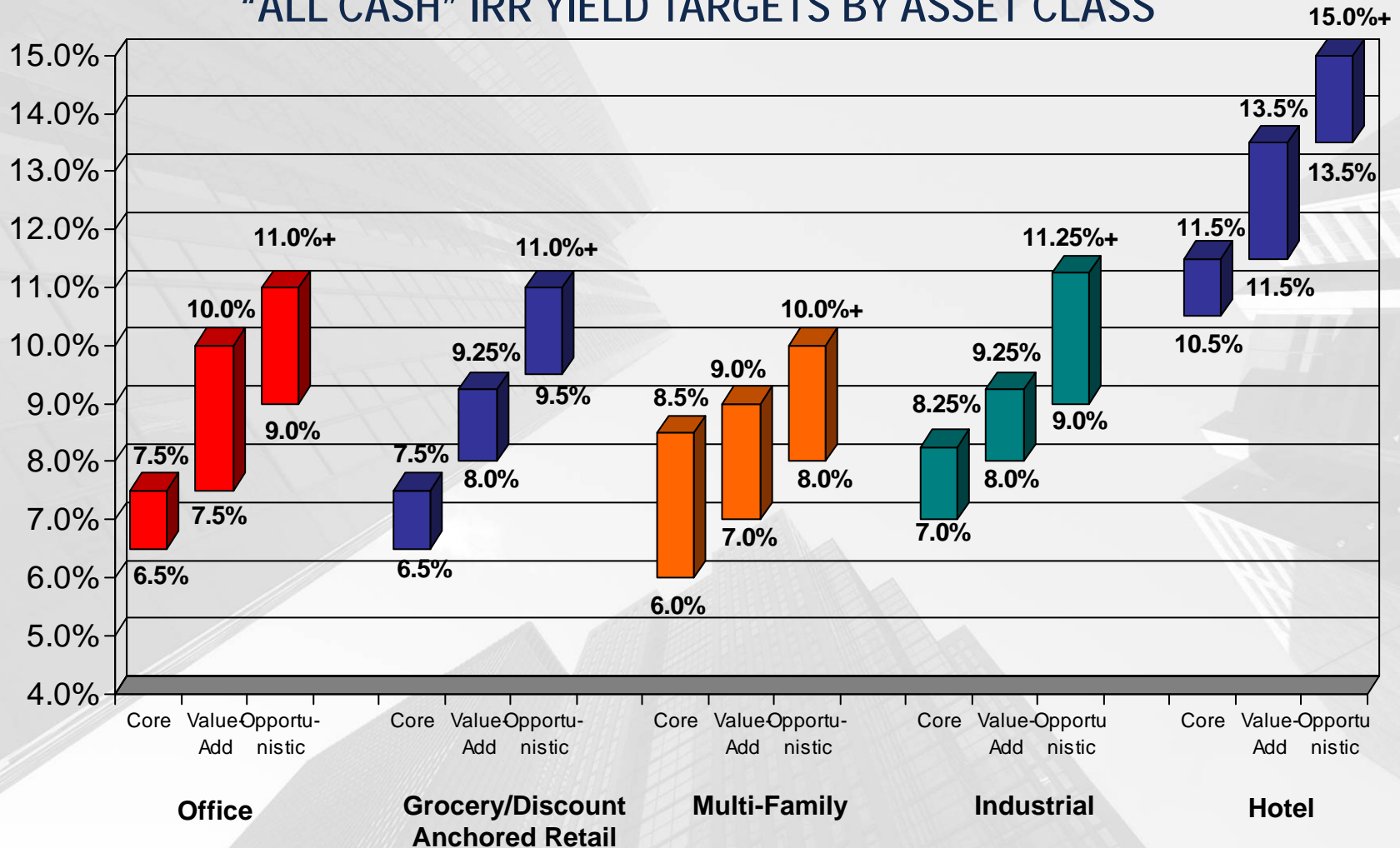
FNMA - approx 5.10%

Source: HFF

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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

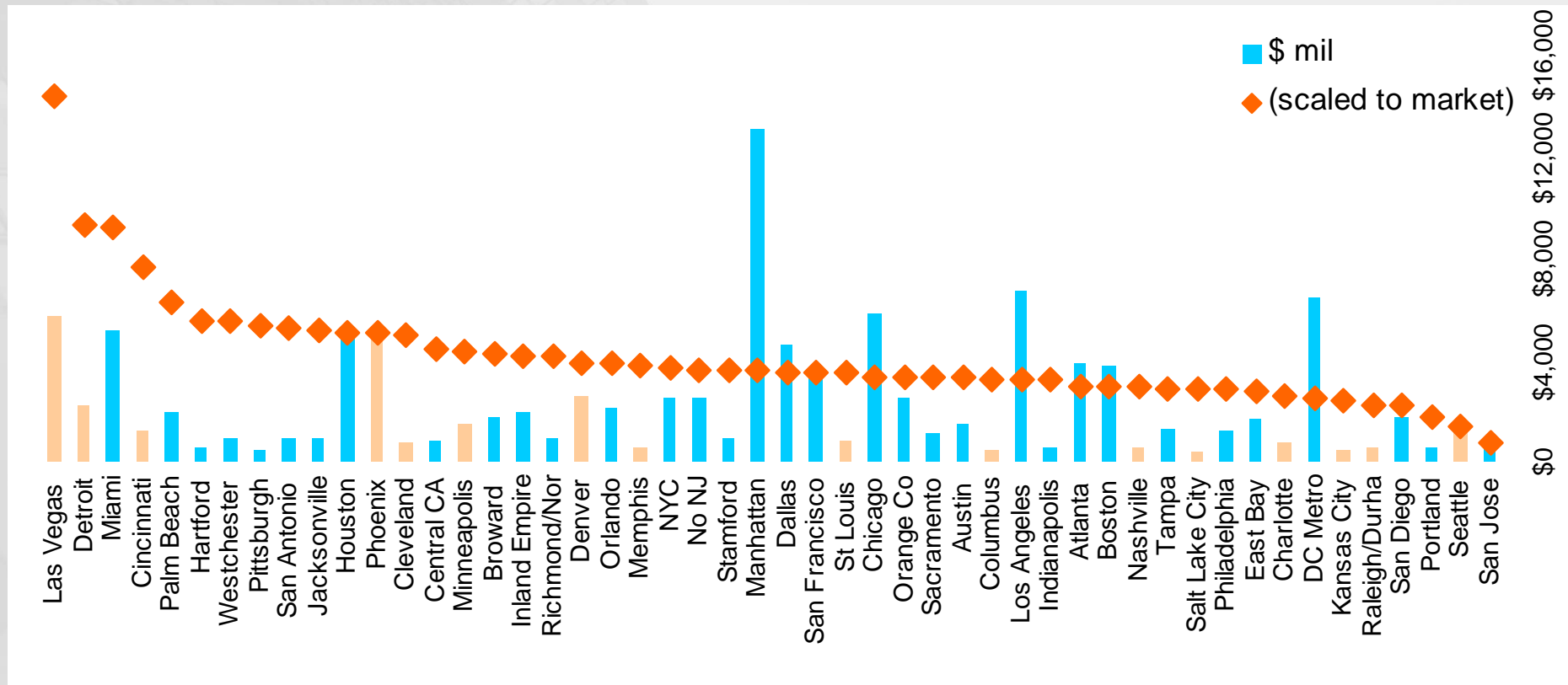


Source: HFF, October 2010

DISTRESSED VOLUME BY MARKET – HFF IS WELL POSITIONED

SPECIAL ASSET GROUP, INVESTMENT SALES & LOAN SALES GROUP, DEBT & STRUCTURED FINANCE, INVESTMENT BANKING & ADVISORY SERVICES & SERVICING

Data for trailing twelve months



Source: Real Capital Analytics, February 2010

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

Scaled to market represents distress volume/sales during the past four years.

EXCELLENCE

IN REAL ESTATE CAPITAL MARKETS SOLUTIONS

DEBT PLACEMENT

INVESTMENT SALES

ADVISORY SERVICES

PRIVATE EQUITY & CORPORATE FINANCE

STRUCTURED FINANCE

LOAN SALES

LOAN SERVICING

BUT...

**DELEVERAGING CONTINUES EXCEPT THE U.S. GOVERNMENT
MONETARY EASING—WHAT HAPPENS WHEN IT STOPS...BUT HAS IT STOPPED?**

HAS THE FED CREATED A FINANCIAL ASSET CREDIT BUBBLE?

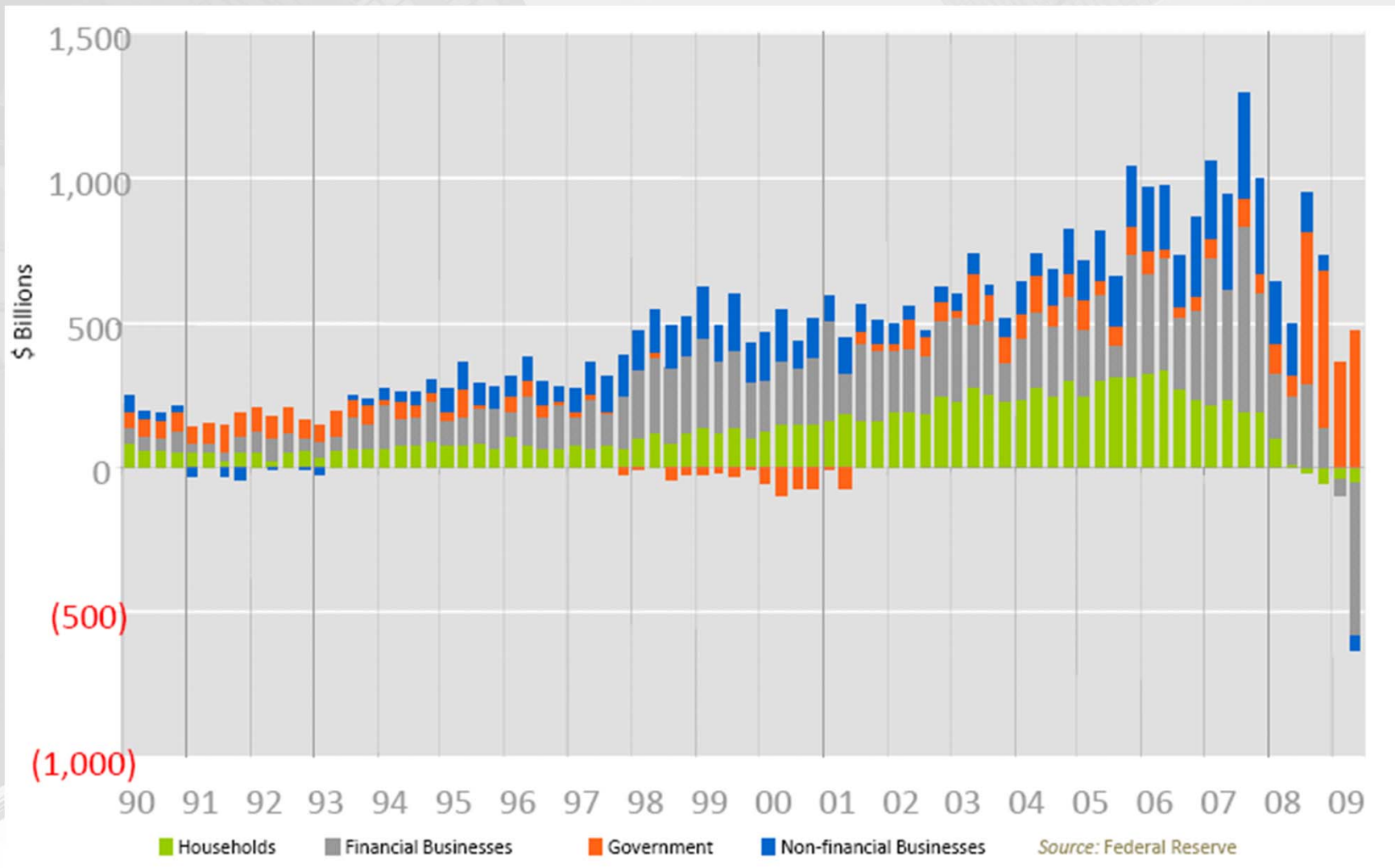
CREDIT & UNDERWRITING CONTINUE TO EASE BUT REMAINS TIGHT

FDIC BANK CLOSURES – WHEN WILL IT END?

DISTRESS CONTINUES TO BUILD – WHEN WILL IT END?

AND NOW IT APPEARS THE ECONOMY IS SLOWING

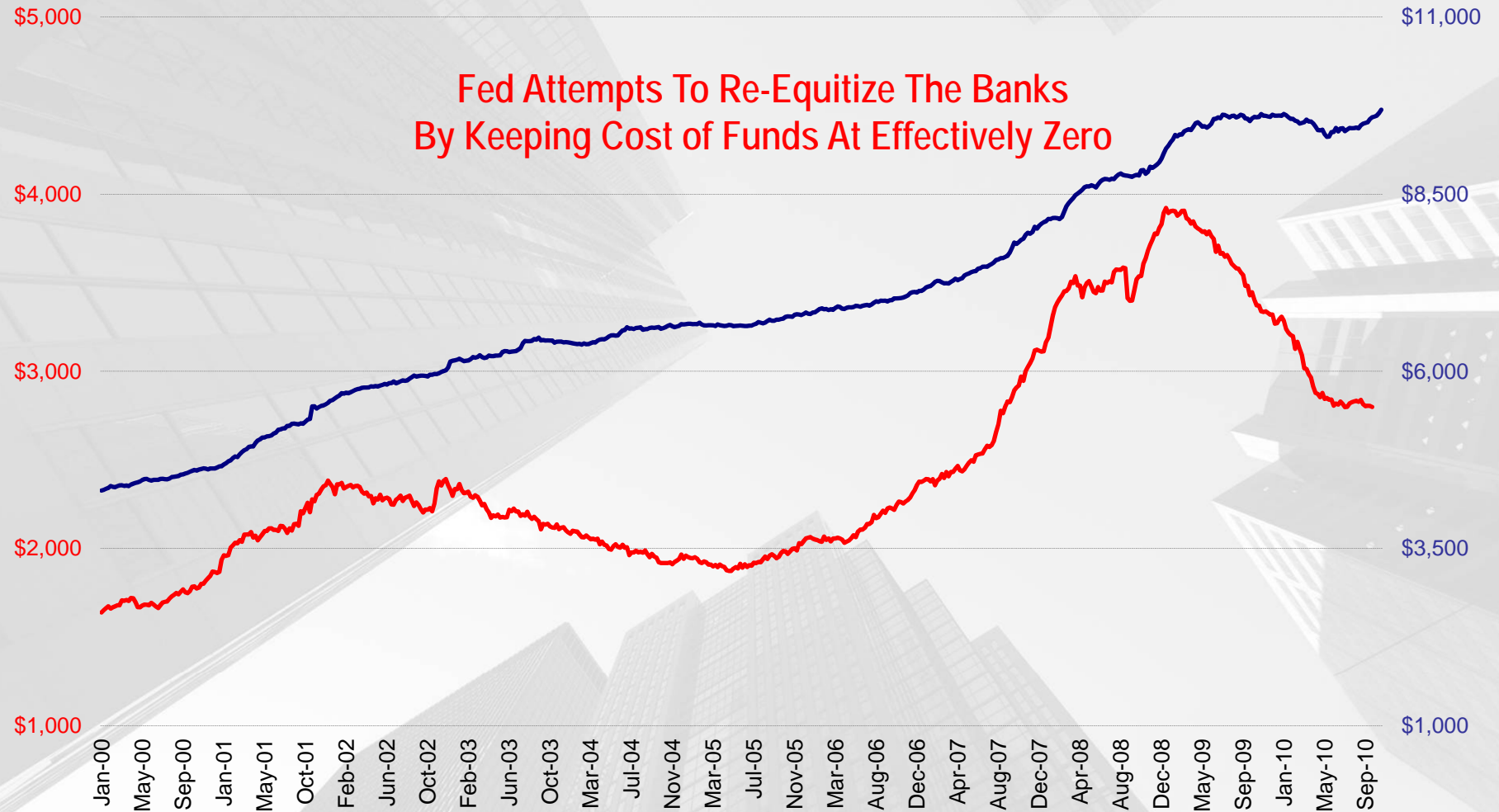
OUTSIDE OF THE U.S. GOVERNMENT – MASSIVE DELEVERAGING ON ALL FRONTS AND YET THE BANKS ARE FLUSH WITH CASH



MONEY MARKETS HAVE DESCENDED FROM PEAK FED CONTINUES TO AUGMENT RESERVES LENDING HAS IMPROVED SOME BUT NOT ACROSS THE BOARD

Funds Held In Money Markets & Reserves (\$th)

— Money Market Funds — Reserves

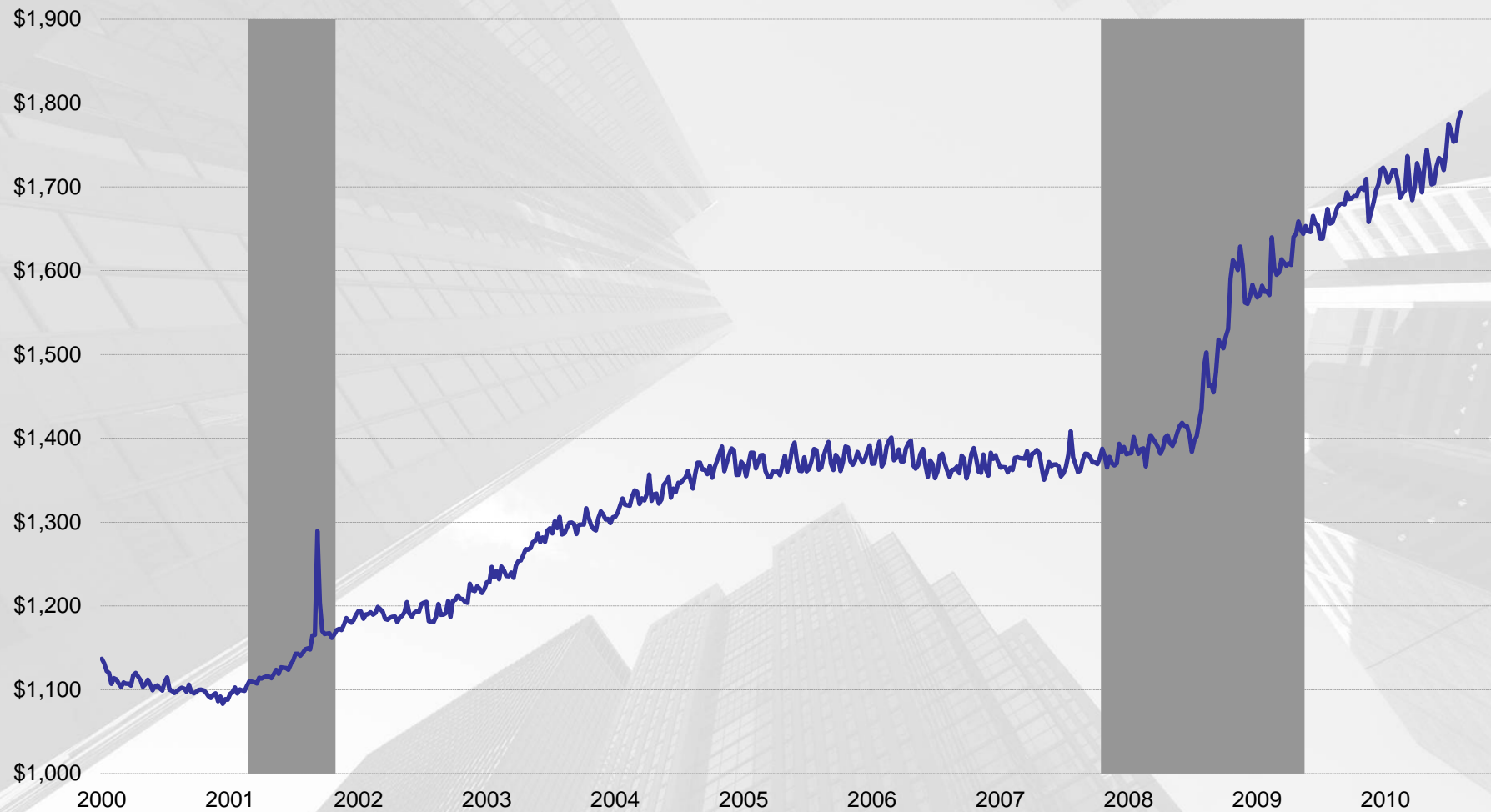


Source: Investment Company Institution, Federal Reserve

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M1 MONEY SUPPLY INCREASES ACCORDINGLY BANKS HAVE PLENTY TO LEND

M1 Money Stock (\$Bil)

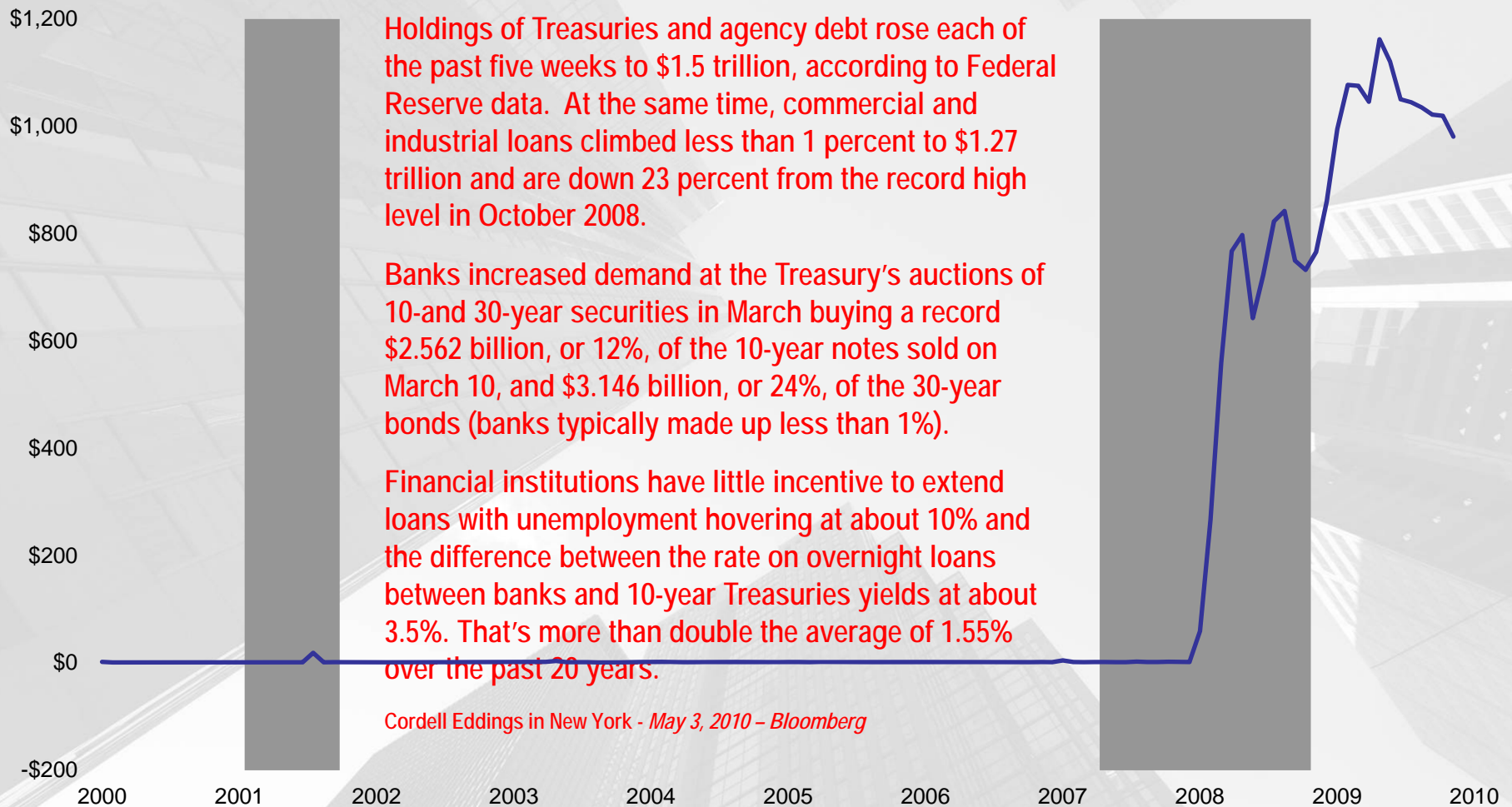


Source: Federal Reserve Bank of St. Louis
shaded areas indicate U.S. recessions

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**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

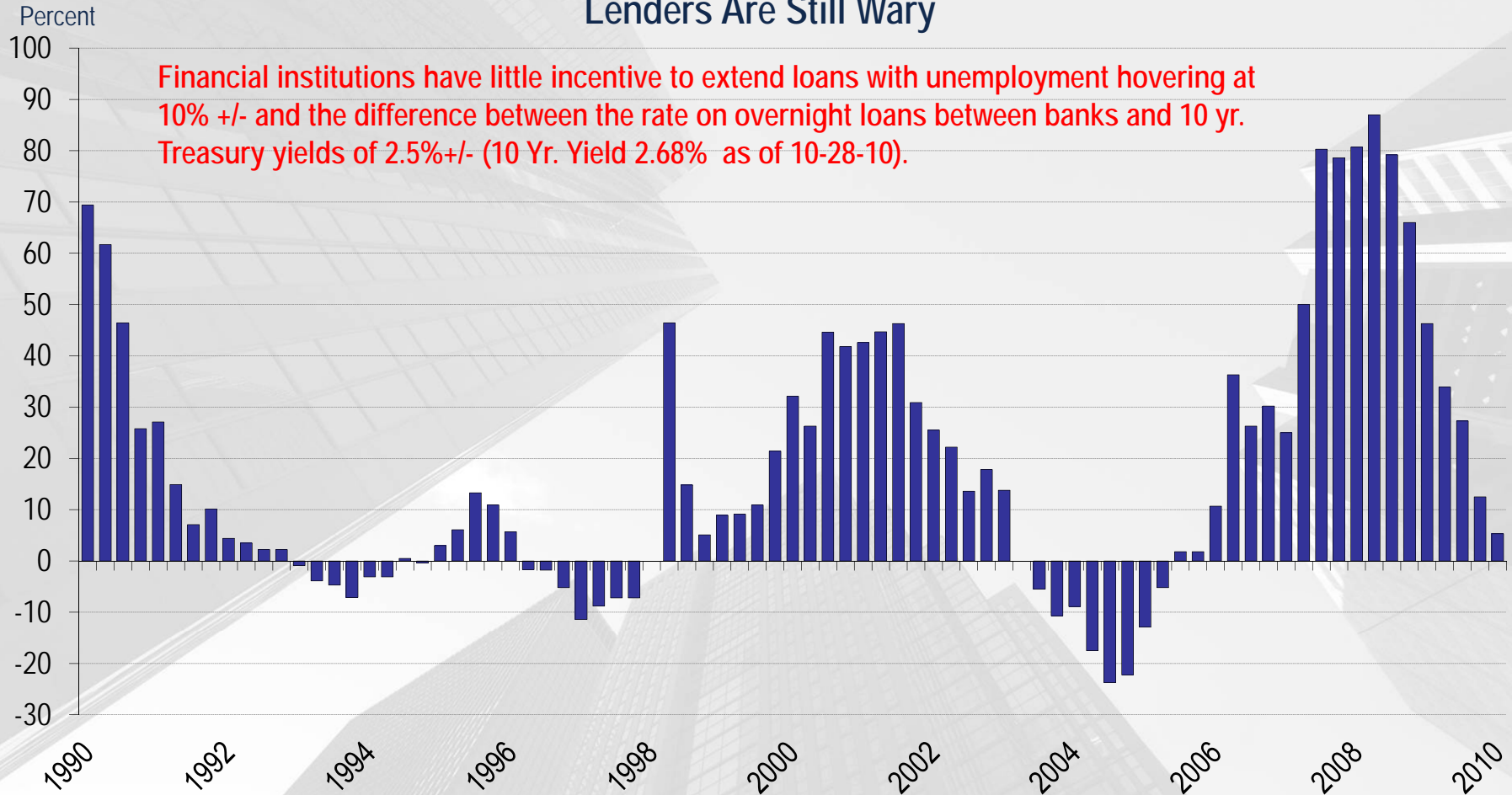
*Source: Federal Reserve Bank of St. Louis
shaded areas indicate U.S. recessions*

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

Net % of Respondents Tightening Standards for CRE Loans

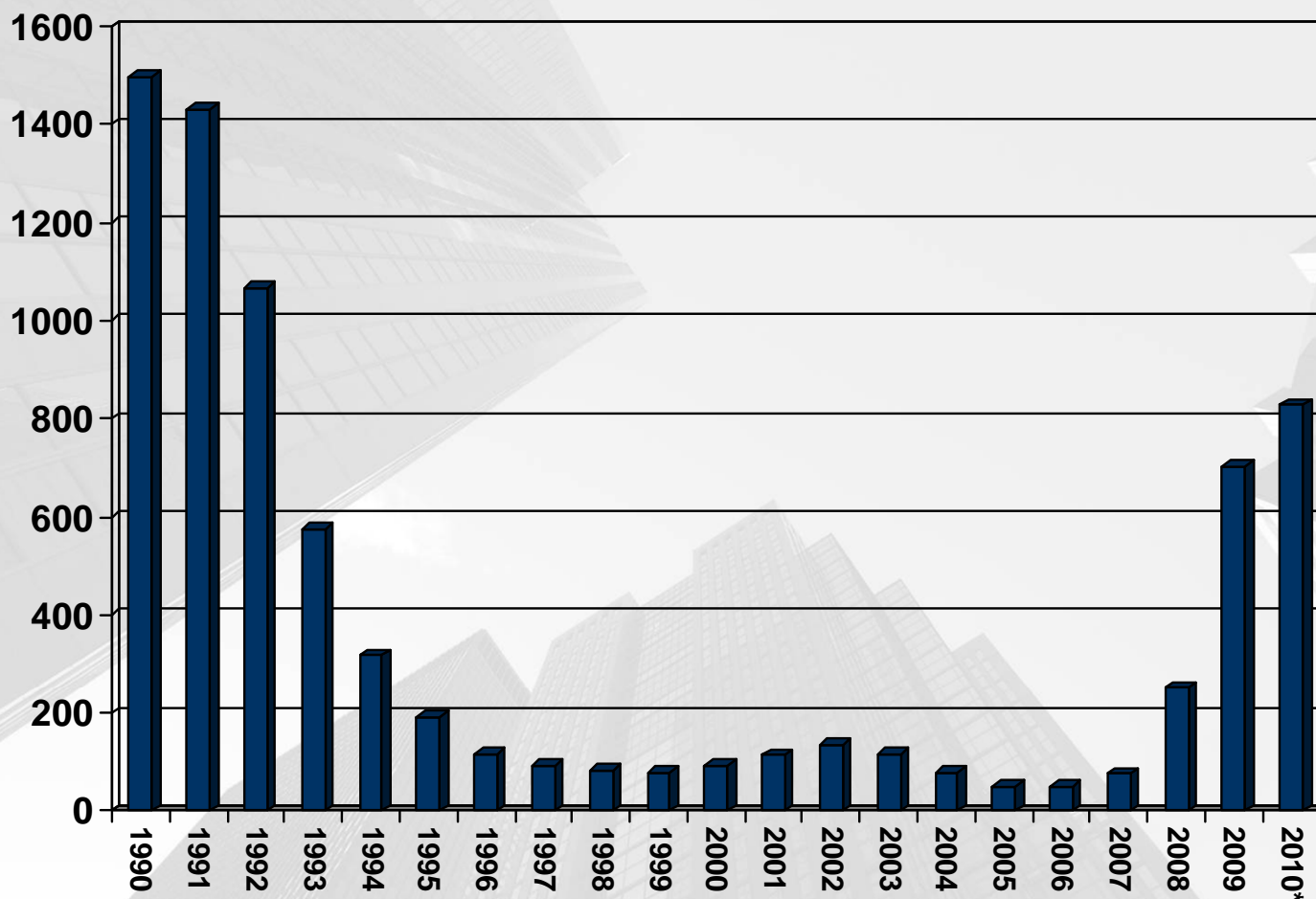
Lenders Are Still Wary



Source: Federal Reserve; Last data point July 2010 = 5.3

FDIC PROBLEM INSTITUTIONS TODAY WITH NO END IN SIGHT FDIC WILL REQUIRE SIGNIFICANT ADDITIONAL RESERVES THERE IS ONLY ONE SMALL PLUS

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



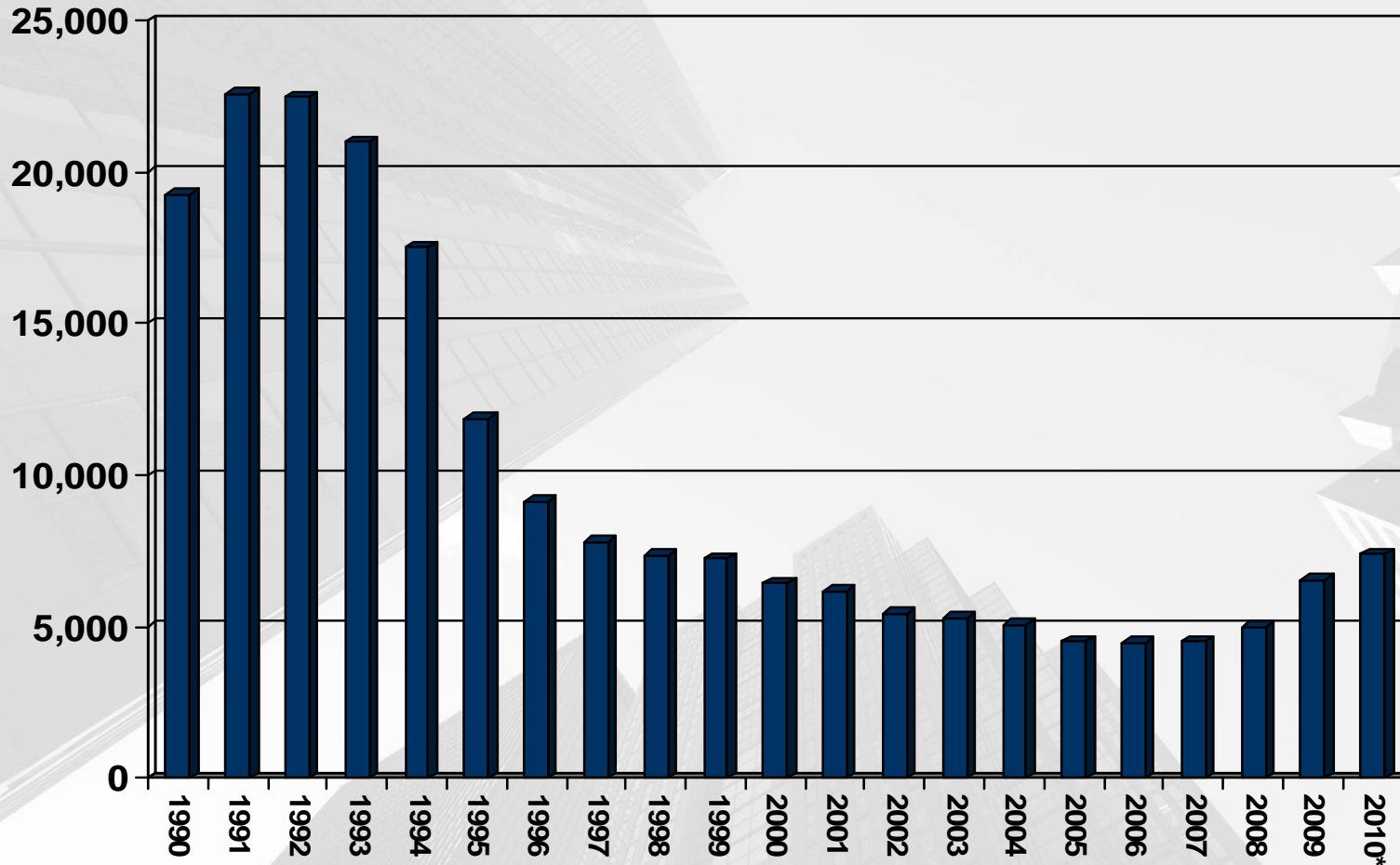
Source: FDIC – *June 30, 2010; number of problem institutions

FDIC EMPLOYEES

(including RTC before 1996)

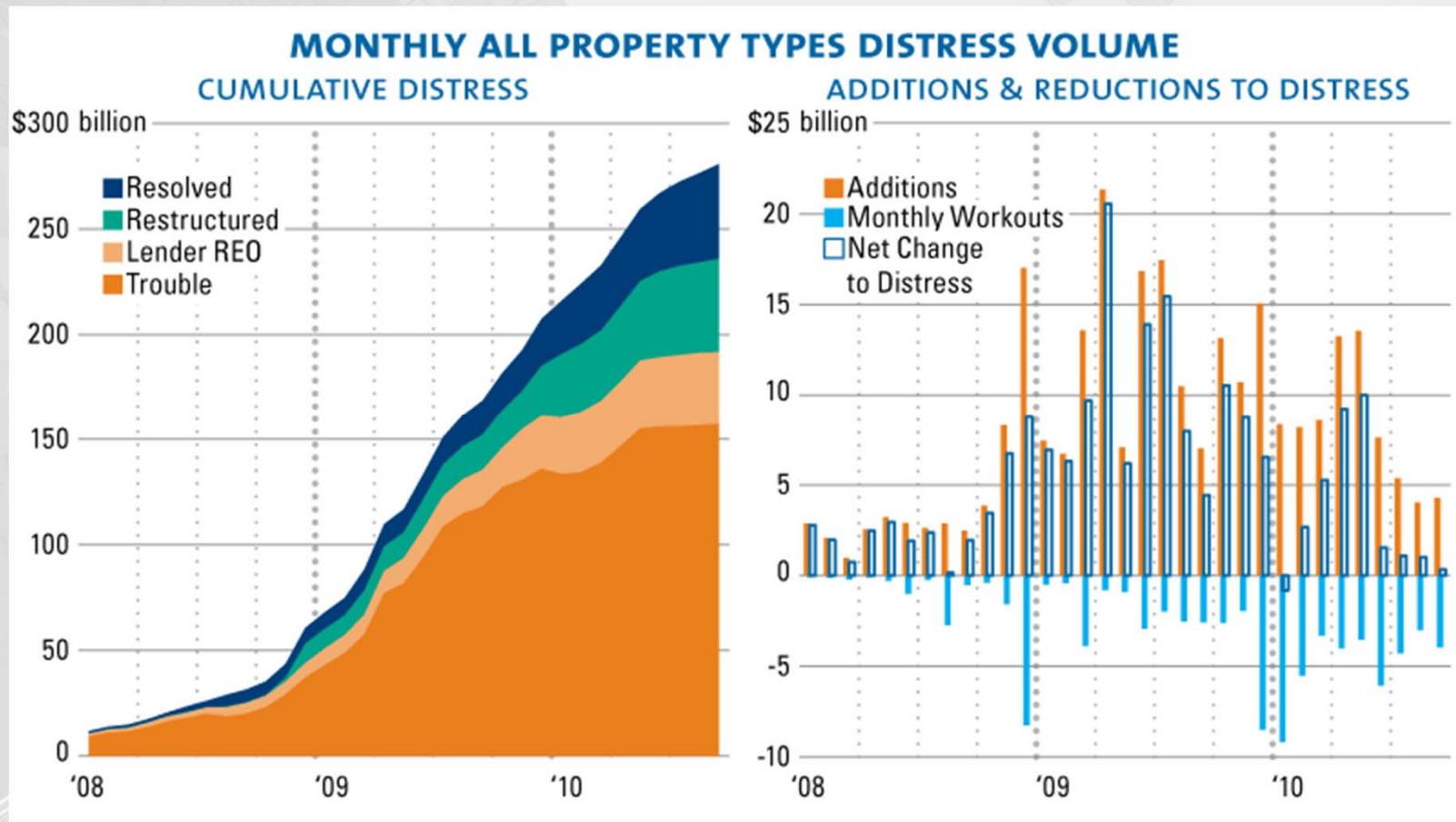
IT IS ALL ABOUT JOBS, BUT THESE JOBS MEAN SERIOUS PROBLEMS IN THE BANKS

The Board approved an authorized 2009 FDIC staffing level of 6,269, an increase of 1,459 positions from the staffing level authorized at the beginning of 2008. Current employee total as of mid-2010 is 7,393.



Source: FDIC – *June 30, 2010; number of FDIC employees

DISTRESSED UNRESOLVED ASSETS BUILDING COUPLED WITH DETERIORATING PROPERTY FUNDAMENTALS AND MATURITY DEFAULTS INCREASED TRANSACTION VOLUMES ARE LIKELY IN 2010 & BEYOND



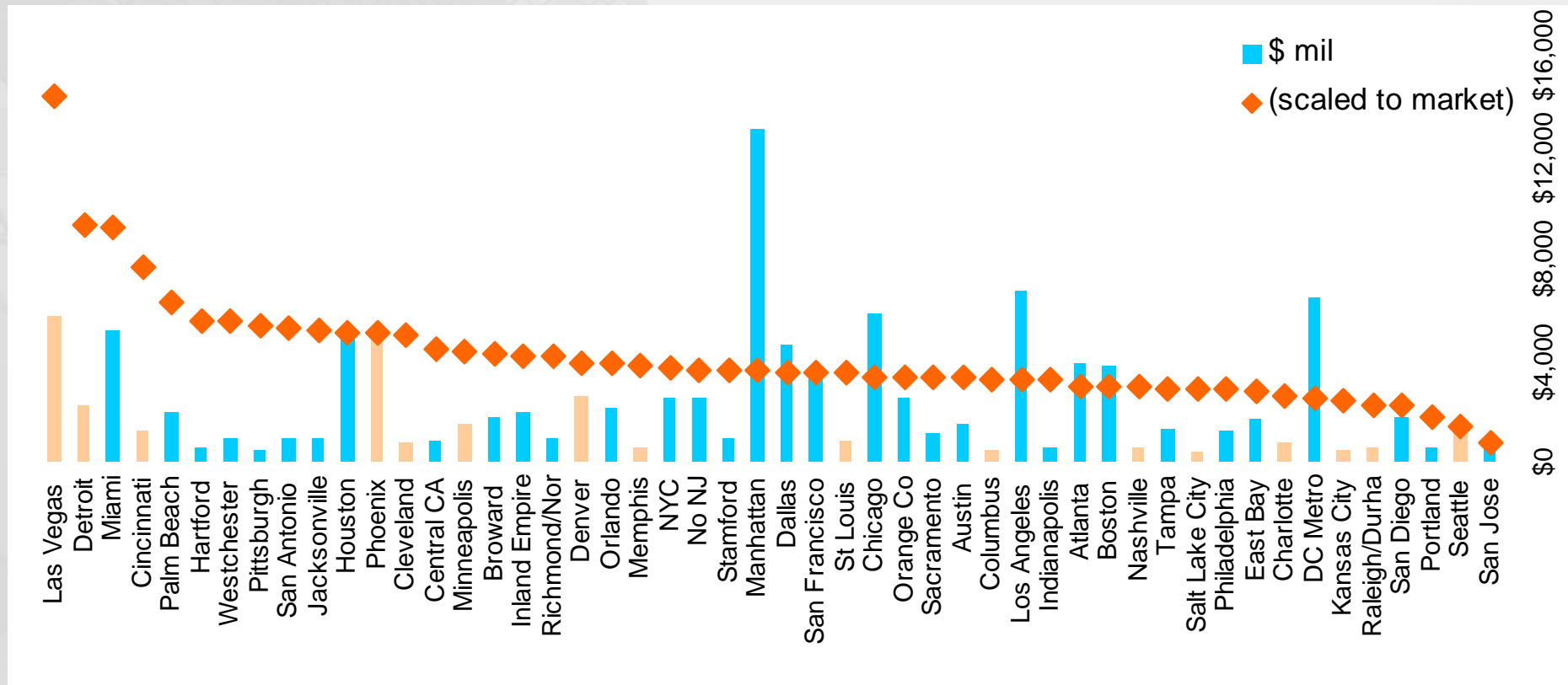
Source: Real Capital Analytics

Totals above include those assets that are troubled, REO, or where ownership or debt terms have been restructured/modified.

DISTRESSED VOLUME BY MARKET – HFF IS WELL POSITIONED

SPECIAL ASSET GROUP, INVESTMENT SALES & LOAN SALES GROUP, DEBT & STRUCTURED FINANCE, INVESTMENT BANKING & ADVISORY SERVICES & SERVICING

Data for trailing twelve months



Source: Real Capital Analytics, February 2010

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Scaled to market represents distress volume/sales during the past four years.

EXCELLENCE

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STRUCTURED FINANCE

LOAN SALES

LOAN SERVICING

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 (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



An unexpected decline in consumer confidence was a reminder that a jobless rate forecast to exceed 9 percent through next year will curb the spending that accounts for 70 percent of the economy. Federal Reserve Chairman Bernanke said the recovery may need additional monetary stimulus because inflation is too low and too many Americans are still out of work. "There would appear -- all else being equal -- to be a case for further action," Bernanke said. Bloomberg - Oct 15, 2010

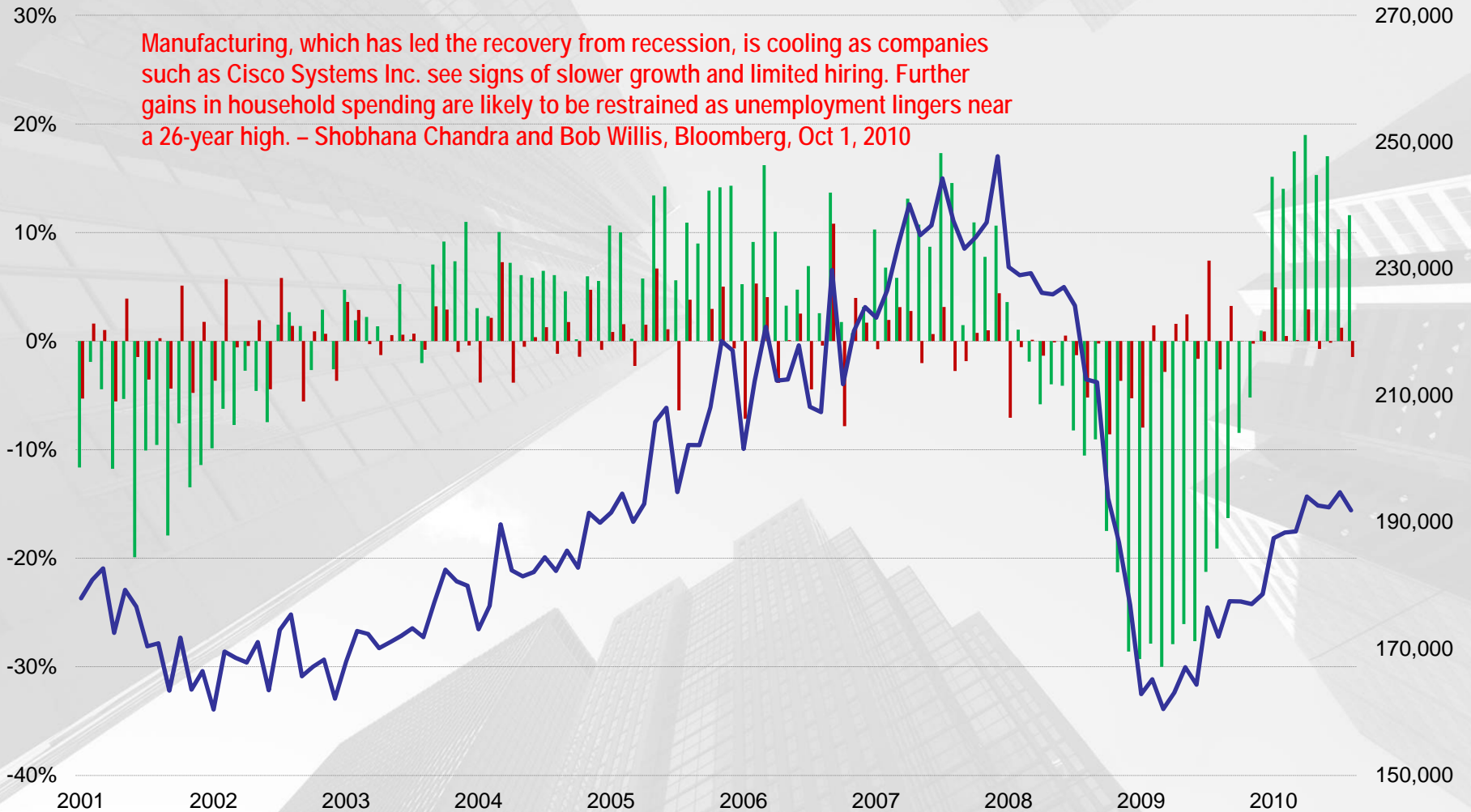
Source: Bureau of Economic Analysis

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NEW ORDERS FOR DURABLE GOODS HAVE RISEN BUT WAS IT JUST CASH FOR CLUNKERS, FIRST TIME HOME BUYER TAX CREDIT & THE STIMULUS?

New Orders For Durable Goods (\$Th)

YoY Change (%) MoM Change (%) Volume of Orders

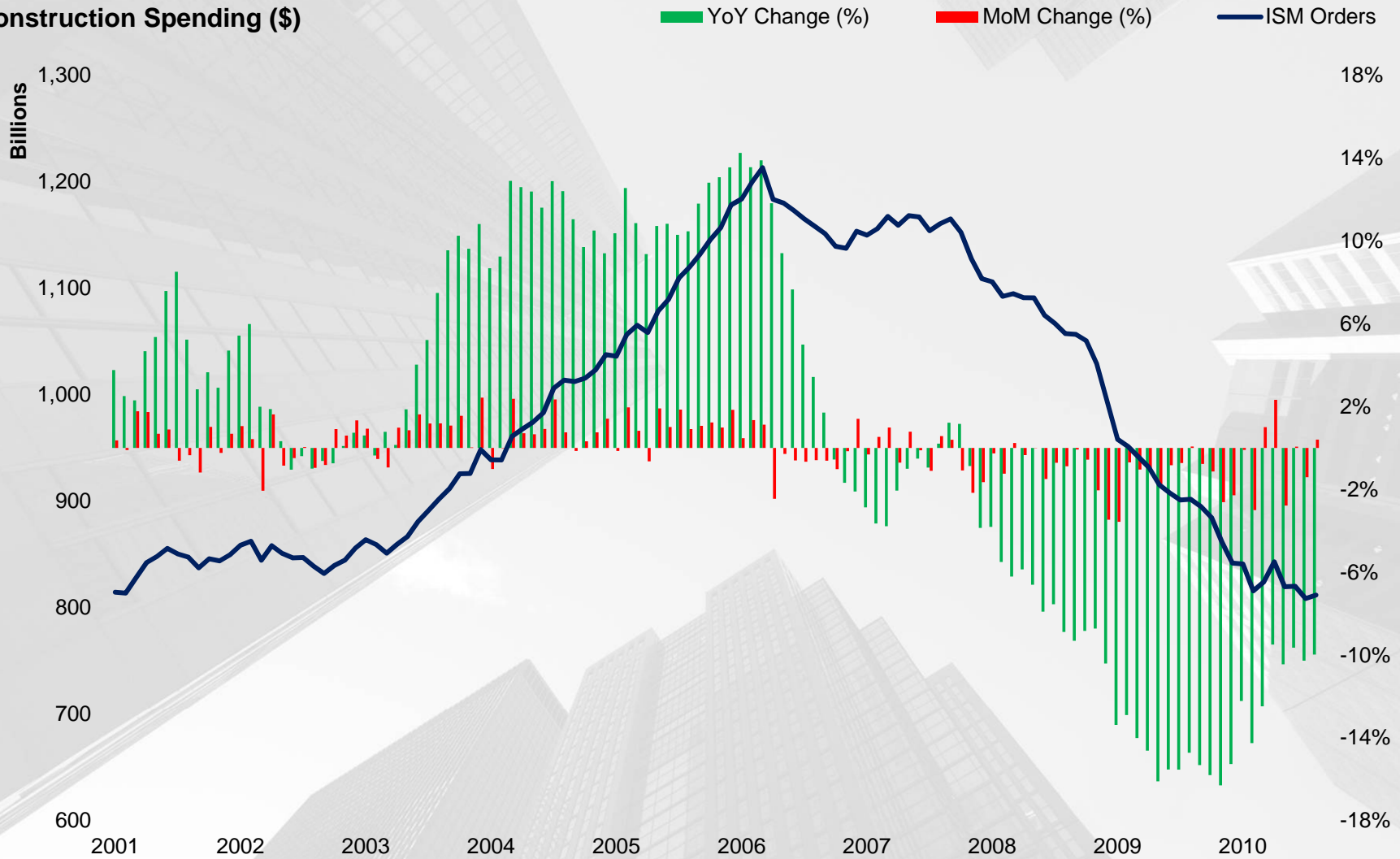


Source: Bloomberg

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MEANWHILE, CONSTRUCTION HAS NOT YET TURNED THE CORNER

Construction Spending (\$)



Source: Bloomberg

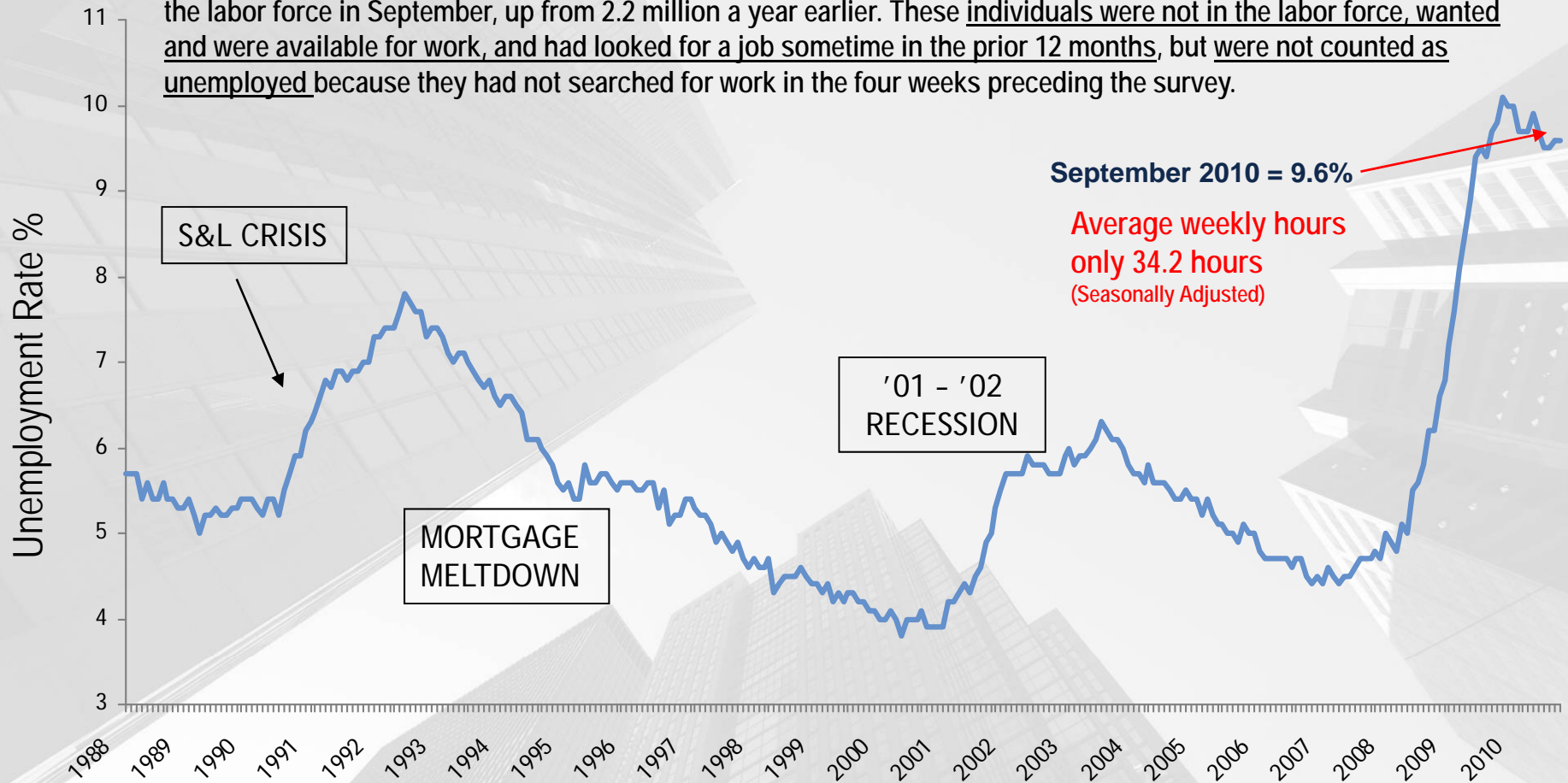
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IT IS ALL ABOUT JOBS!

MAJOR NEGATIVE FOR THE ECONOMY AND CONSUMER SPENDING

NEGATIVE IMPACT ON PROPERTY LEVEL FUNDAMENTALS

The number of unemployed workers as of September 2010 totaled 14.8 million, an increase of more than 7.0 million since the start of the recession (December 2007). Approximately 2.5 million persons were marginally attached to the labor force in September, up from 2.2 million 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.



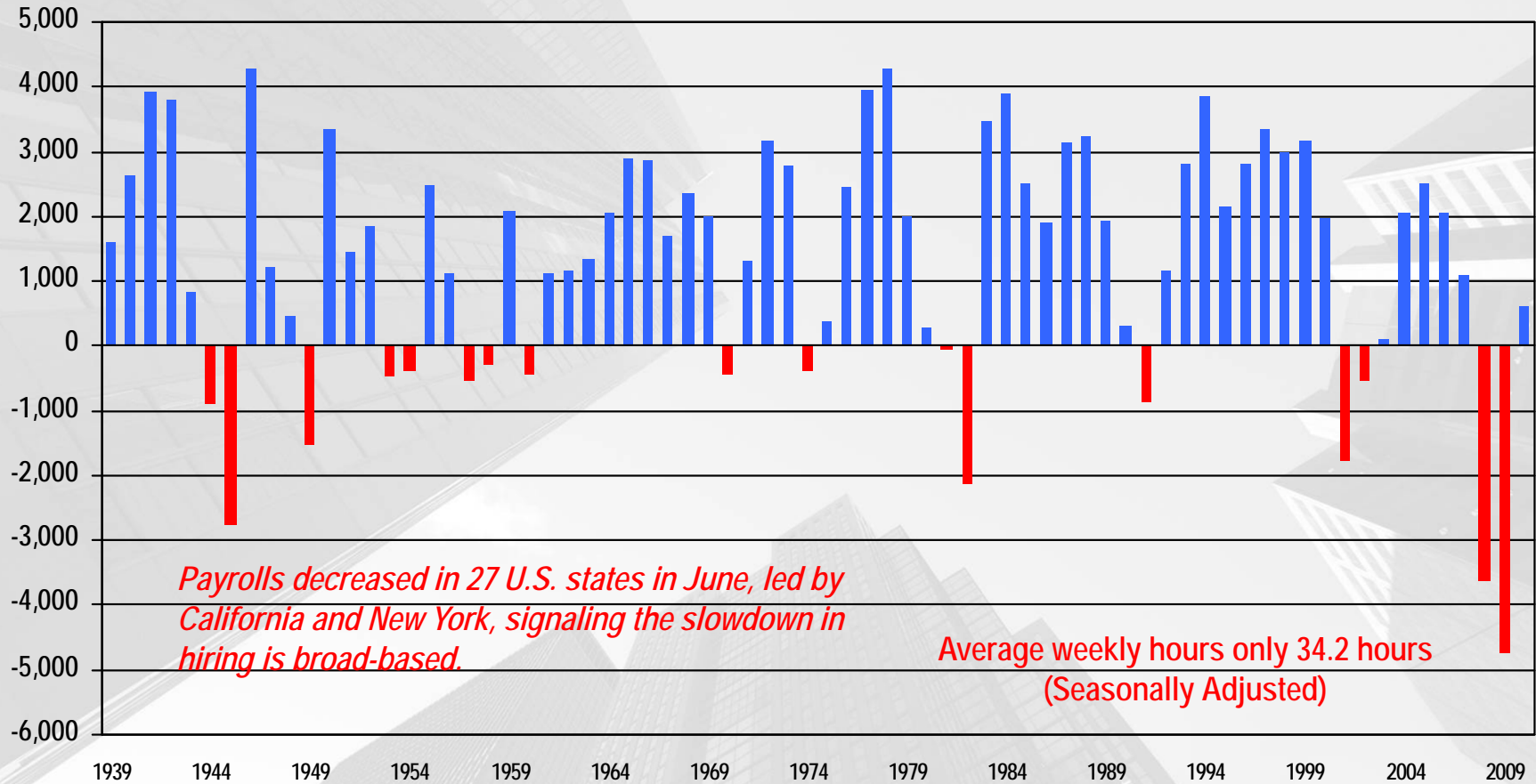
Source: Bureau of Labor Statistics; data is seasonally adjusted.

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

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

Annual Change (in thousands) – U.S. Job Growth



Source: Bureau of Labor Statistics; total non-farm employment, seasonally adjusted

*2010 data preliminary through September 2010

IT IS ALL ABOUT JOBS!

MAJOR NEGATIVE FOR THE ECONOMY AND CONSUMER SPENDING

NEGATIVE IMPACT ON PROPERTY LEVEL FUNDAMENTALS

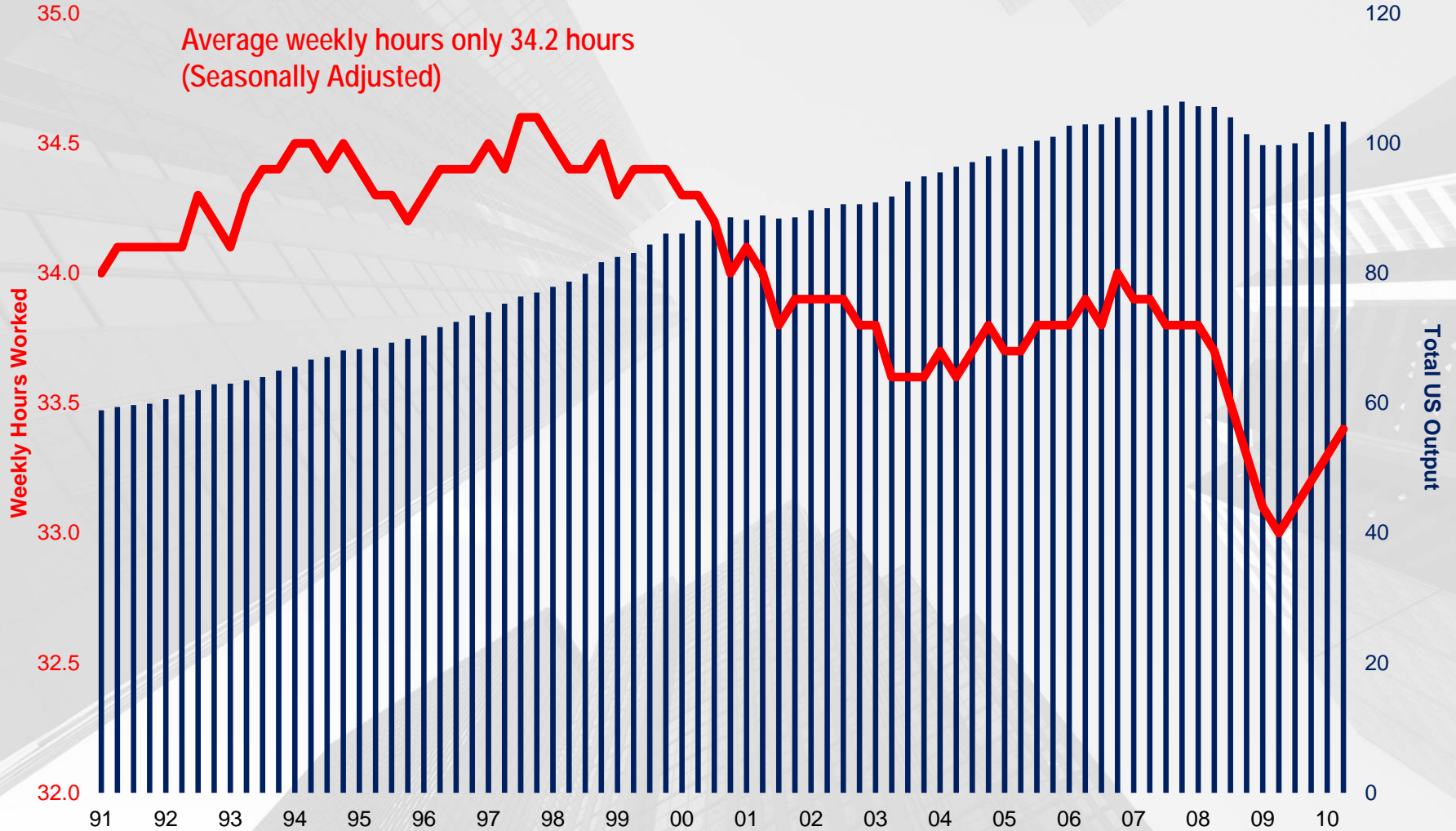


Source: Department of Labor, data seasonally adjusted

IT IS ALL ABOUT JOBS!

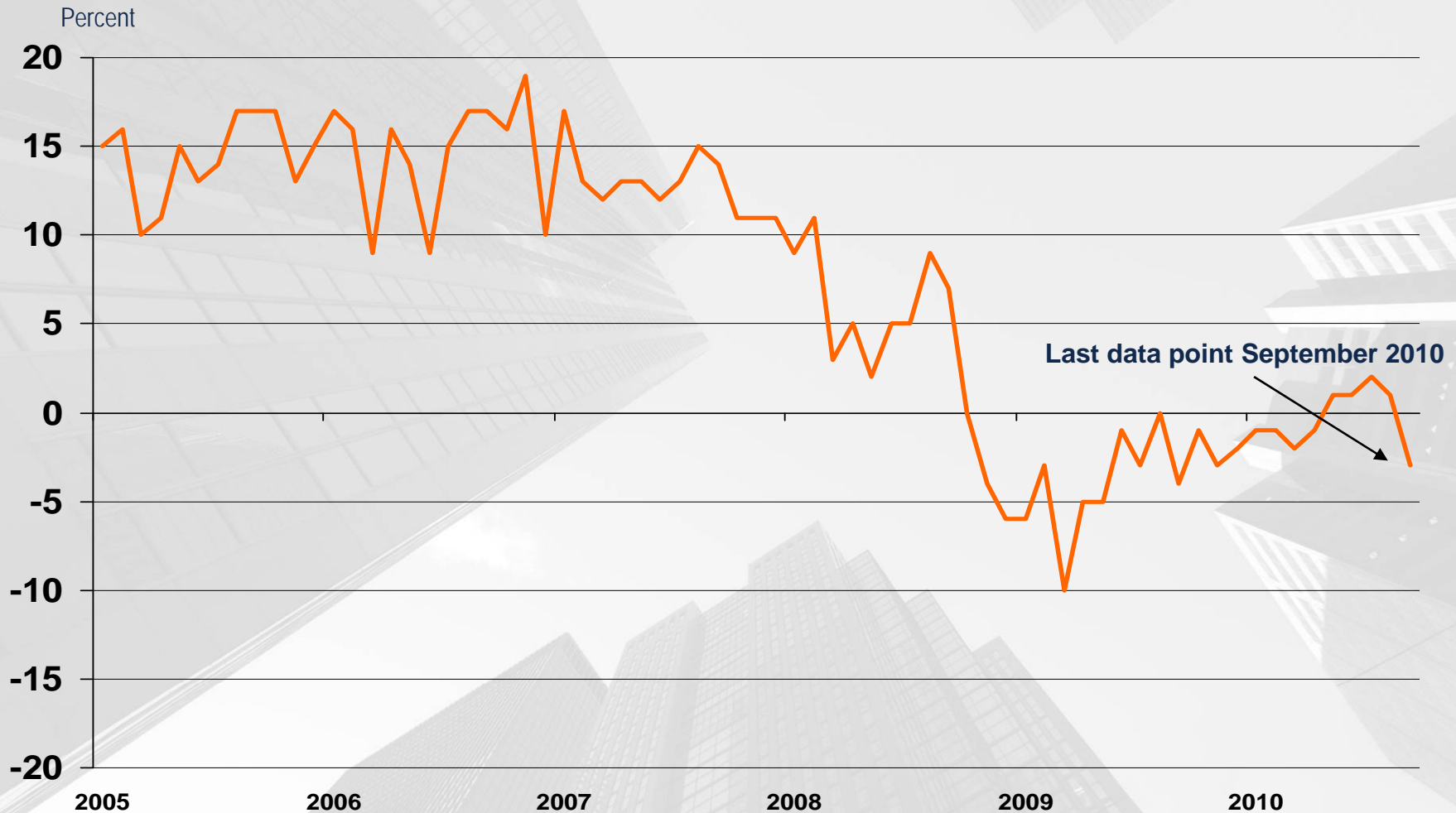
A DECREASING WORK WEEK PAIRED WITH RISE IN PRODUCTIVITY COULD THREATEN ANY EMPLOYMENT RECOVERY

Doing (Far) More With (Way) Less



Source: Department of Labor, data seasonally adjusted

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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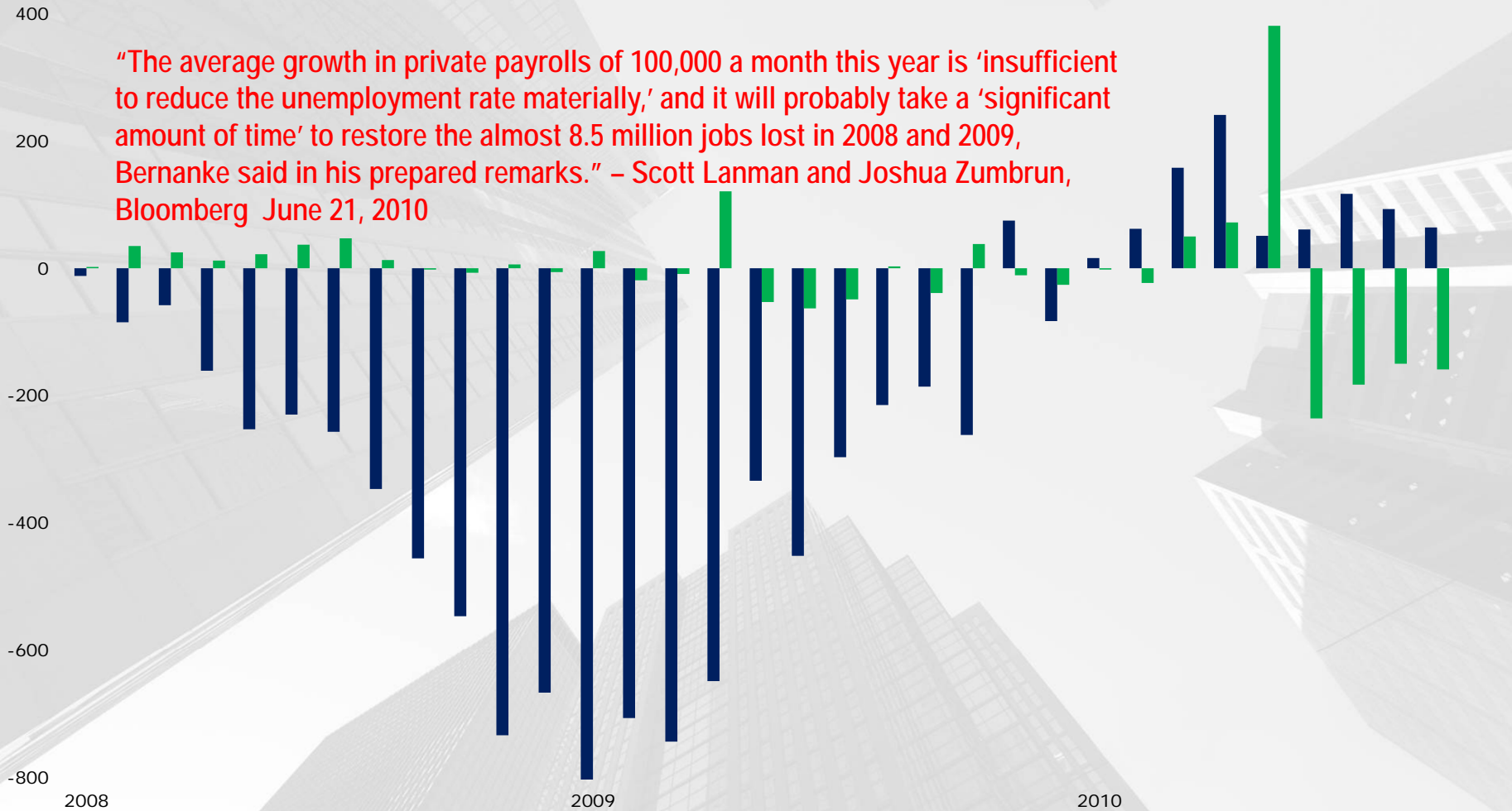
IT IS ALL ABOUT JOBS!

CURRENT JOB GROWTH IS NOT SUFFICIENT TO MATERIALLY CHANGE UNEMPLOYMENT

CENSUS JOBS ARE ONLY TEMPORARY JOBS

US Nonfarm Payrolls - MoM Change (000s)

■ Private ■ Government



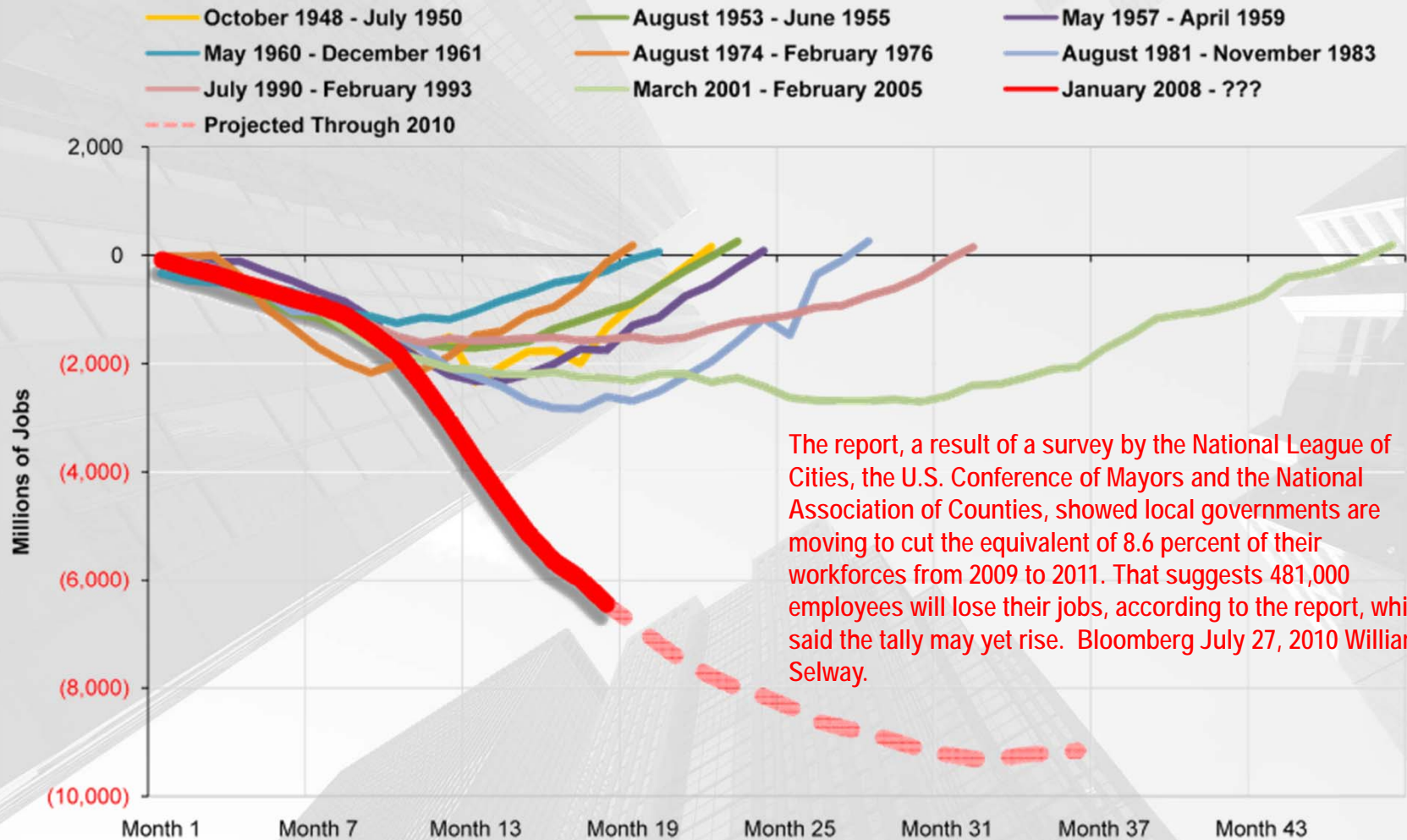
"The average growth in private payrolls of 100,000 a month this year is 'insufficient to reduce the unemployment rate materially,' and it will probably take a 'significant amount of time' to restore the almost 8.5 million jobs lost in 2008 and 2009, Bernanke said in his prepared remarks." – Scott Lanman and Joshua Zumbrun, Bloomberg June 21, 2010

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

Worst Post-War Job Loss Periods



The report, a result of a survey by the National League of Cities, the U.S. Conference of Mayors and the National Association of Counties, showed local governments are moving to cut the equivalent of 8.6 percent of their workforces from 2009 to 2011. That suggests 481,000 employees will lose their jobs, according to the report, which said the tally may yet rise. Bloomberg July 27, 2010 William Selway.

Source: CoStar

IT IS ALL ABOUT JOBS!

WHEN DOES THIS TURN POSITIVE? BLS DATA ON JOB LOSSES CAN SWING WILDLY WITHOUT POSITIVE JOB GROWTH, PROPERTY FUNDAMENTALS WILL REMAIN WEAK!

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2001	-16	61	-30	-281	-44	-128	-125	-160	-244	-325	-29	-178
2002	-132	-147	-24	-85	-7	45	-97	-16	-55	126	8	-156
2003	83	-158	-212	-49	-6	-2	25	-42	103			
2004	150	43	338	250	316	21	15	121	118			
2005	136	240	142	360	161					84	334	158
2006	262	326	304	174	31					43	201	177
2007	194	104	239	92	149	55	-20	-71	52	86	128	70
2008	-10	-50	-33	-149	-231	-193	-210	-334	-458	-554	-728	-673
2009	-179	-126	-753	-528	-387	-515	-346	-212	-225	-224	64	-109
2010	14	39	208	313	432	175	-66	-57	-95	?	?	?

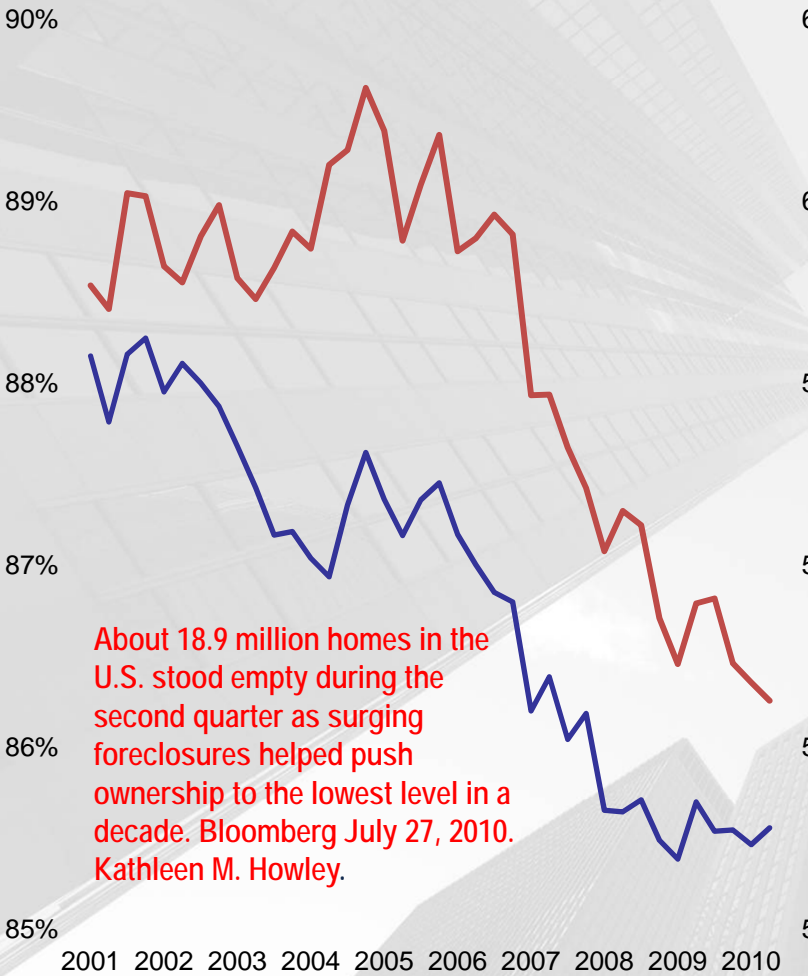
2001 recession ends

But job losses extend for 16 of the next 22 months before the economy begins creating jobs consistently month to month .

The report, a result of a survey by the National League of Cities, the U.S. Conference of Mayors and the National Association of Counties, showed local governments are moving to cut the equivalent of 8.6 percent of their workforces from 2009 to 2011. That suggests 481,000 employees will lose their jobs, according to the report, which said the tally may yet rise. *Bloomberg July 27, 2010 William Selway.*

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

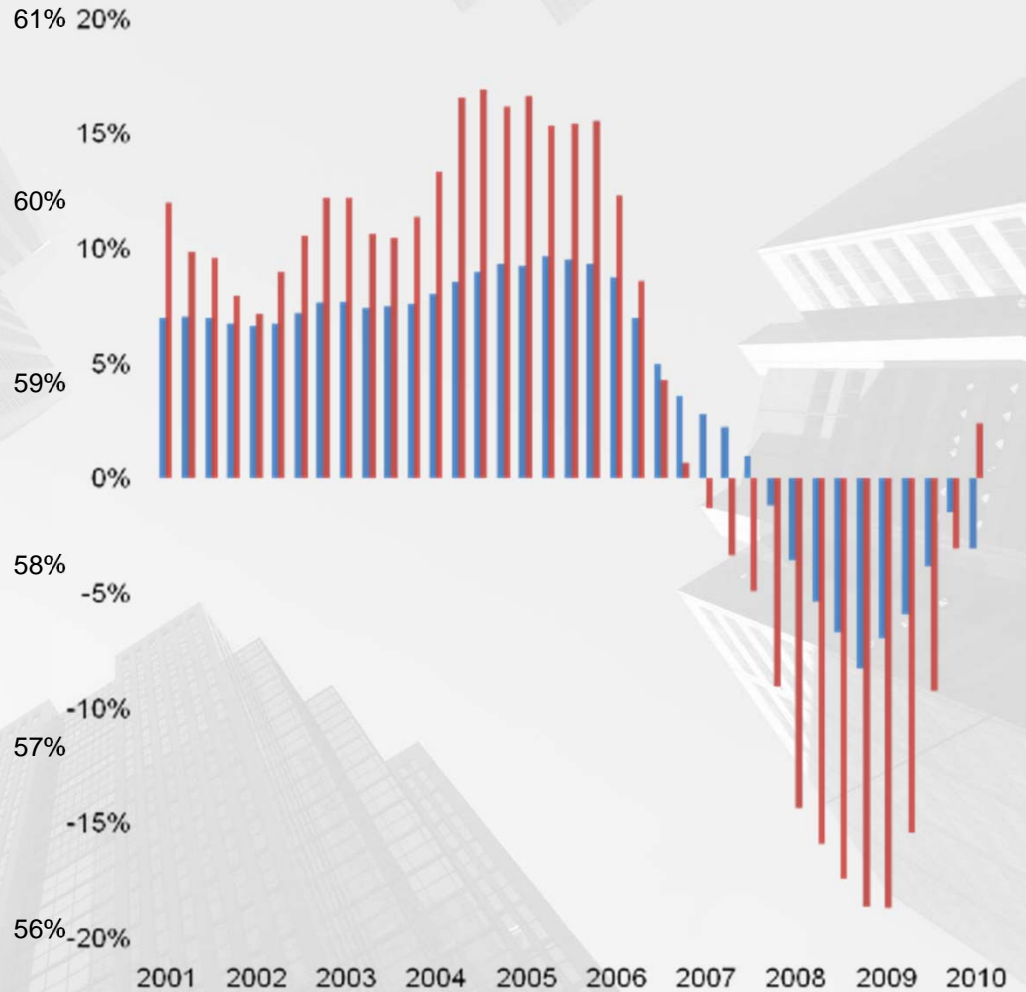
Ownership & Occupancy Rates



About 18.9 million homes in the U.S. stood empty during the second quarter as surging foreclosures helped push ownership to the lowest level in a decade. Bloomberg July 27, 2010. Kathleen M. Howley.

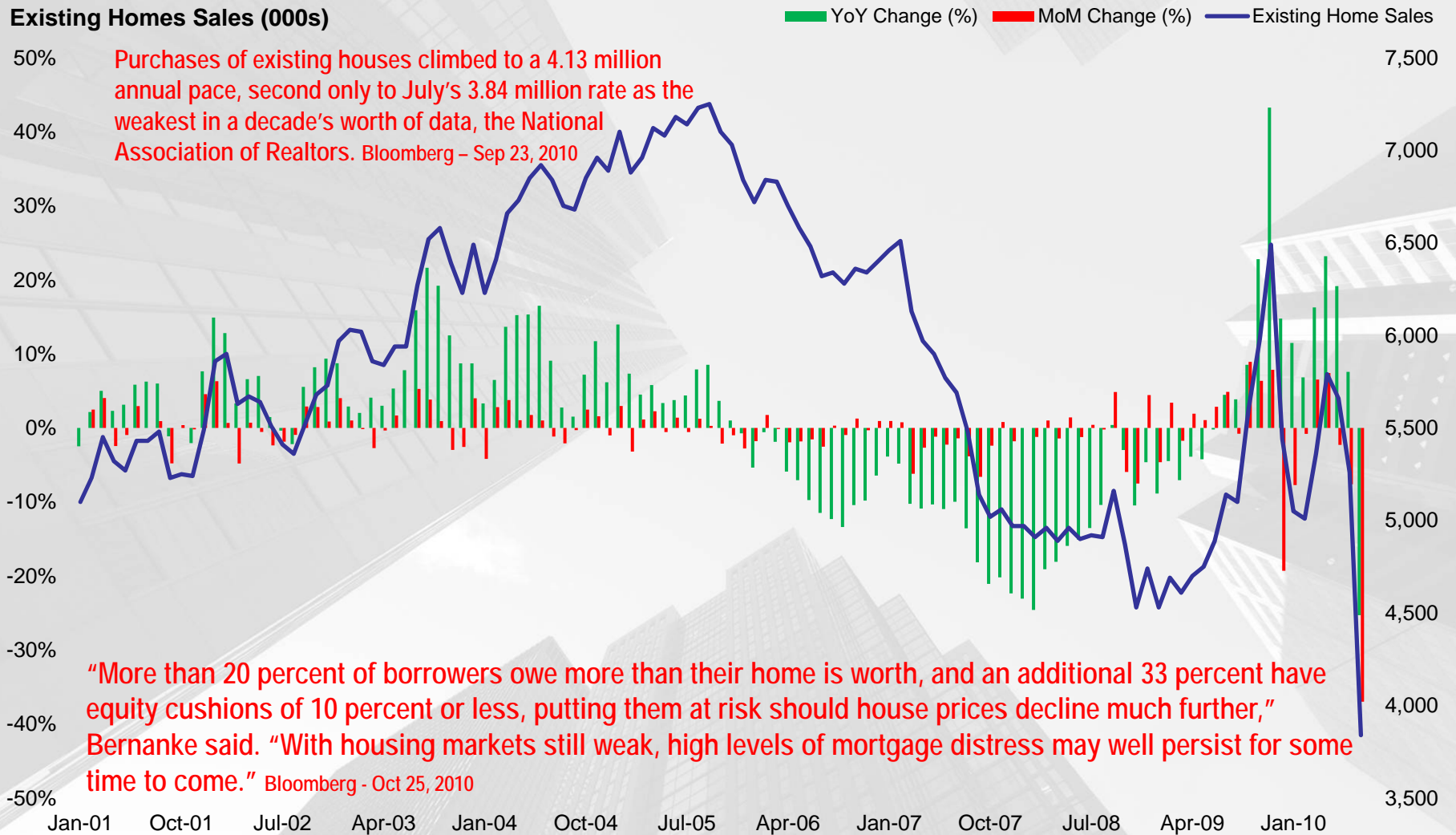
Source: US Census Bureau

US Housing Value (YoY % Change)



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?

Existing Homes Sales (000s)

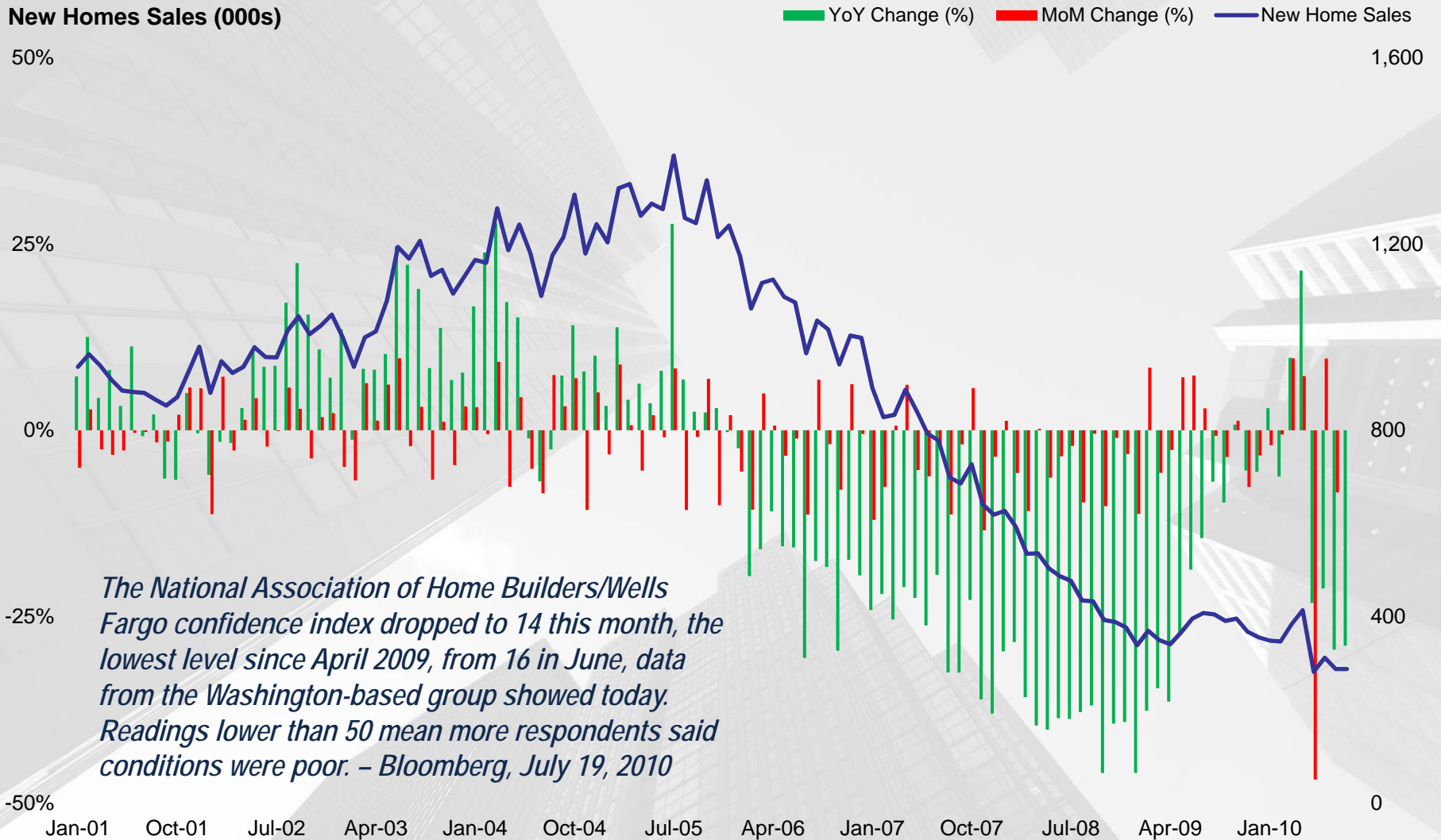


Source: Bloomberg

HFF, Inc.

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

New Homes Sales (000s)



The National Association of Home Builders/Wells Fargo confidence index dropped to 14 this month, the lowest level since April 2009, from 16 in June, data from the Washington-based group showed today. Readings lower than 50 mean more respondents said conditions were poor. – Bloomberg, July 19, 2010

Source: Bloomberg

HFF, Inc.

IF IT IS NOT ABOUT JOBS - IT IS ABOUT HOUSING!

YEAR OVER YEAR HOUSING STARTS

HOME TAX CREDIT EXPIRED, FORECLOSURE ACTIVITY UP – NOW WHAT?

Housing Starts (000s)



Source: Bloomberg

HFF, Inc.

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

Consumer Confidence

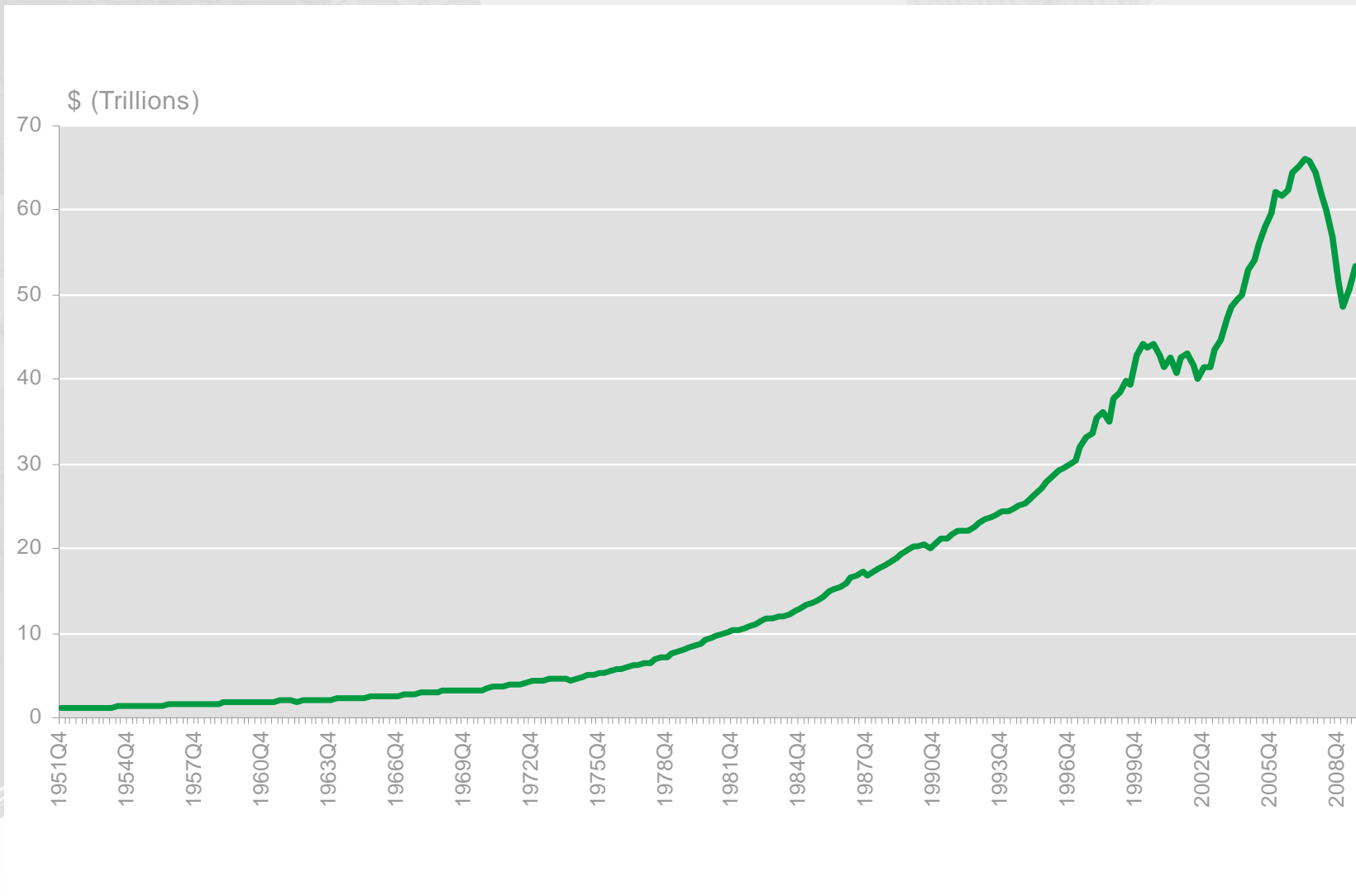


An unexpected decline in consumer confidence was a reminder that a jobless rate forecast to exceed 9 percent through next year will curb the spending that accounts for 70 percent of the economy. Federal Reserve Chairman Ben S. Bernanke today said the recovery may need additional monetary stimulus because inflation is too low and too many Americans are still out of work. *Bloomberg Oct 15, 2010*

Source: Bloomberg

HFF, Inc.

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

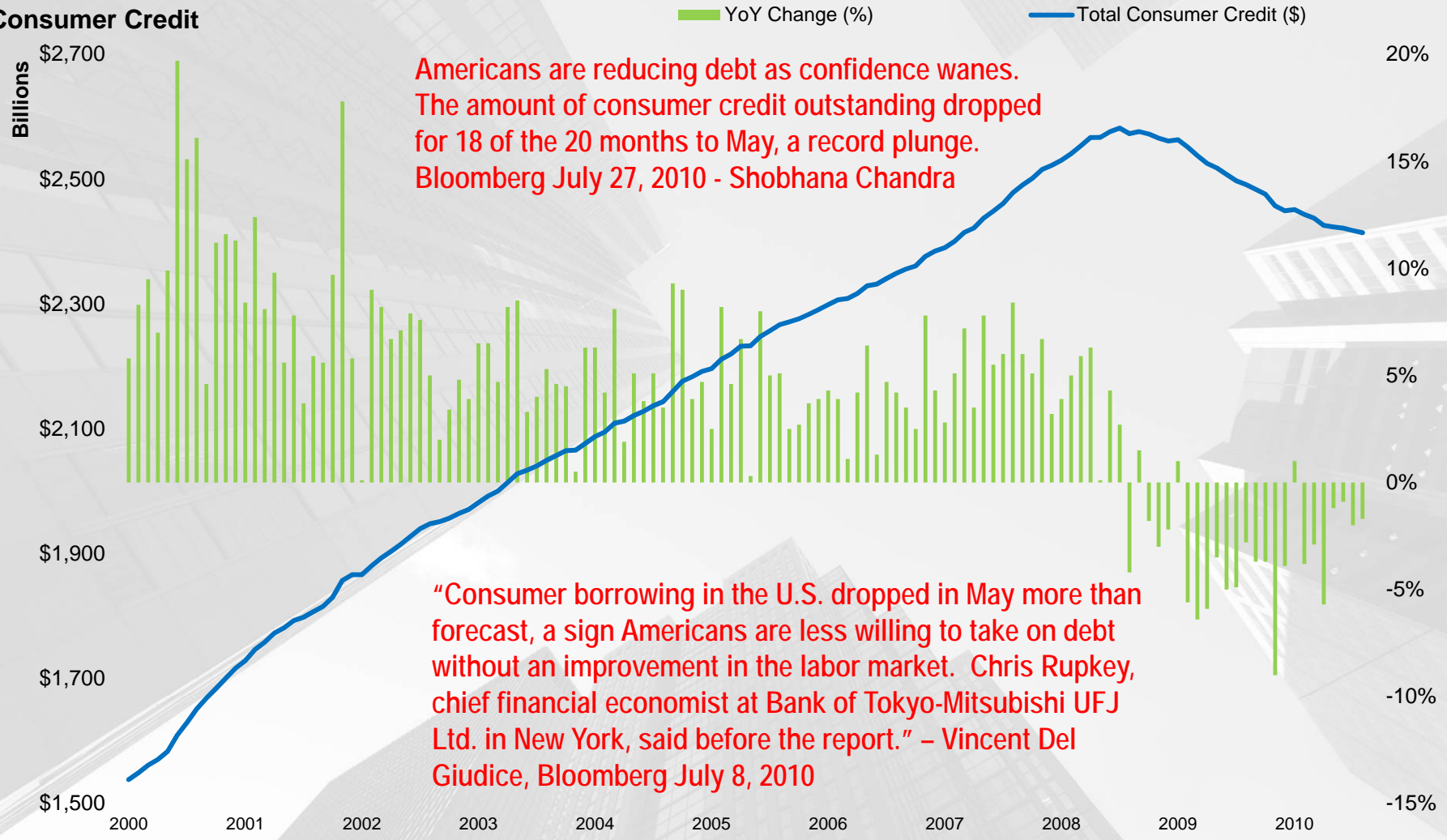


Source: Federal Reserve

HFF, Inc.

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

Consumer Credit



Americans are reducing debt as confidence wanes. The amount of consumer credit outstanding dropped for 18 of the 20 months to May, a record plunge. Bloomberg July 27, 2010 - Shobhana Chandra

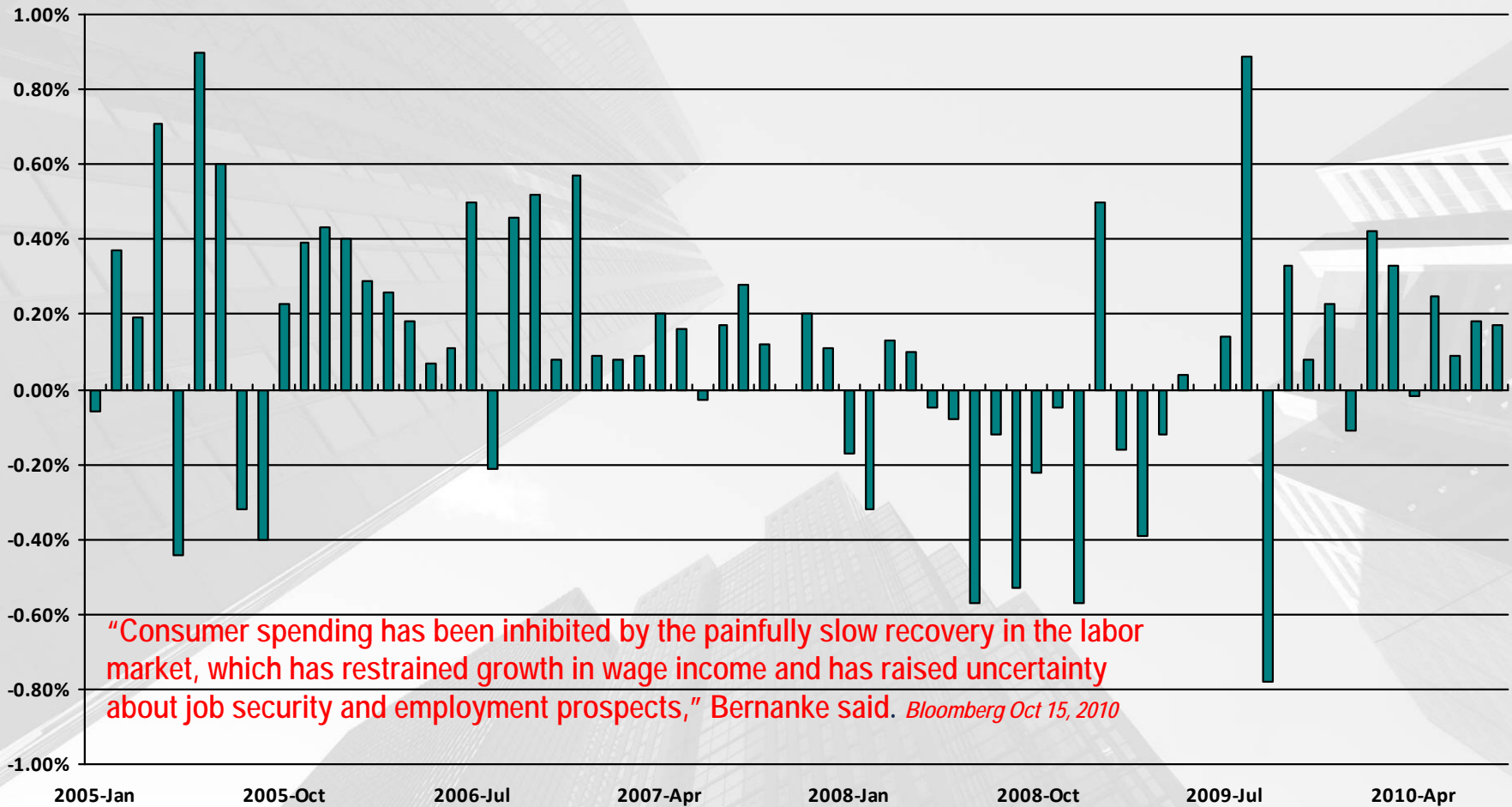
"Consumer borrowing in the U.S. dropped in May more than forecast, a sign Americans are less willing to take on debt without an improvement in the labor market. Chris Rupkey, chief financial economist at Bank of Tokyo-Mitsubishi UFJ Ltd. in New York, said before the report." – Vincent Del Giudice, Bloomberg July 8, 2010

Source: Federal Reserve



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)



“Consumer spending has been inhibited by the painfully slow recovery in the labor market, which has restrained growth in wage income and has raised uncertainty about job security and employment prospects,” Bernanke said. Bloomberg Oct 15, 2010

Source: Bureau of Economic Analysis; most recent data is August 2010.
August 2009 uptick mainly a function of motor vehicle sales during “Cash for Clunkers” in August.

U.S. DEFICIT – THE TREND IS DEFINITELY NOT OUR FRIEND

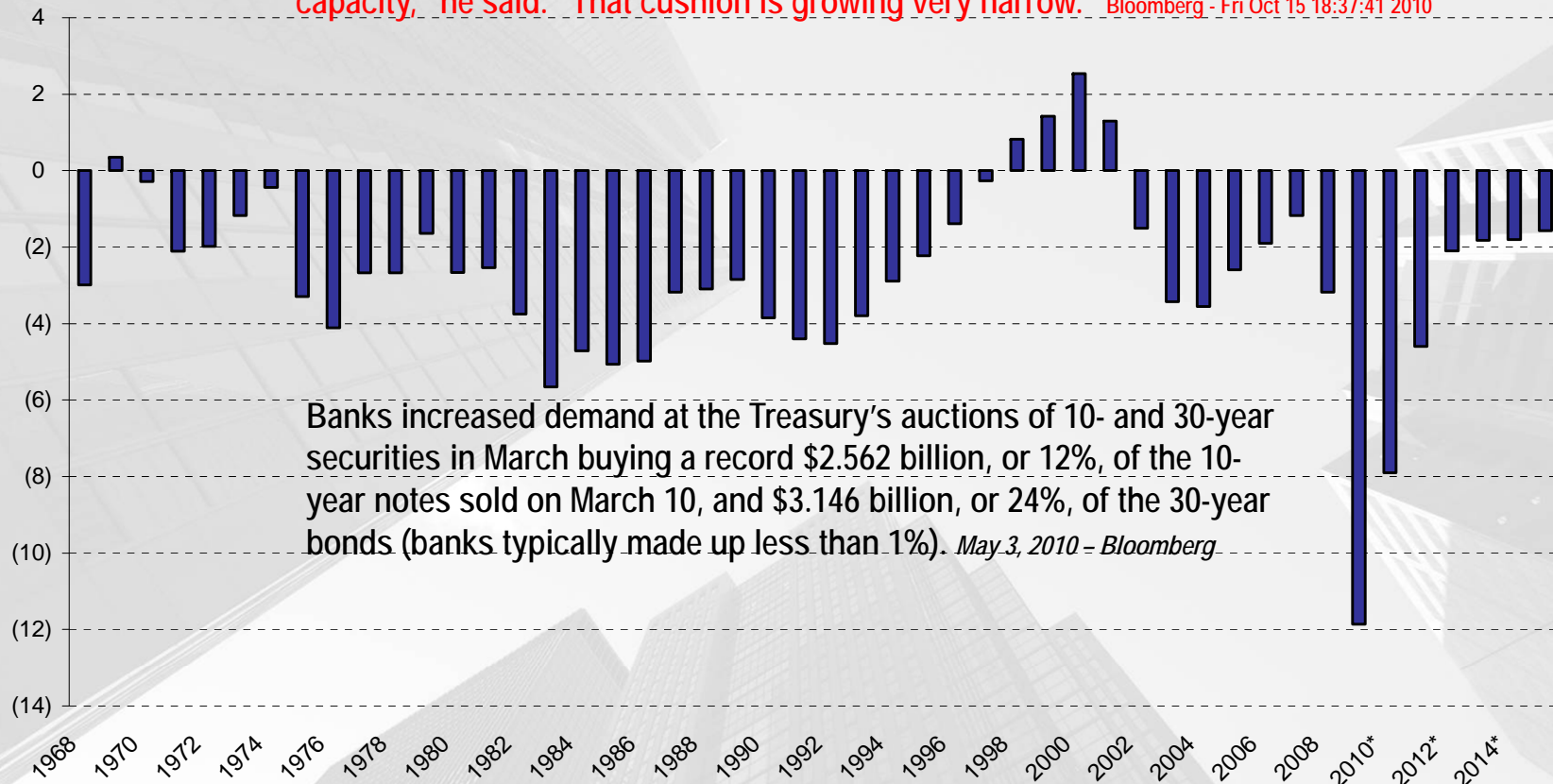
“OFF BALANCE SHEET” UNFUNDED ENTITLEMENT PROGRAMS MUST BE ADDRESSED

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 18:37:41 2010

Budget Balance as
% of GDP



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%). May.3, 2010 - Bloomberg

Source: Congressional Budget Office; *2009 – 2015 projections

U.S. PERSONAL SAVINGS RATE IF FOREIGN DEMAND DROPS FOR U.S. DEBT CAN WE FUND THE GROWING DEFICIT?

US Savings Rate (%)



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%). Cordell Eddings in New York - May 3, 2010 - Bloomberg

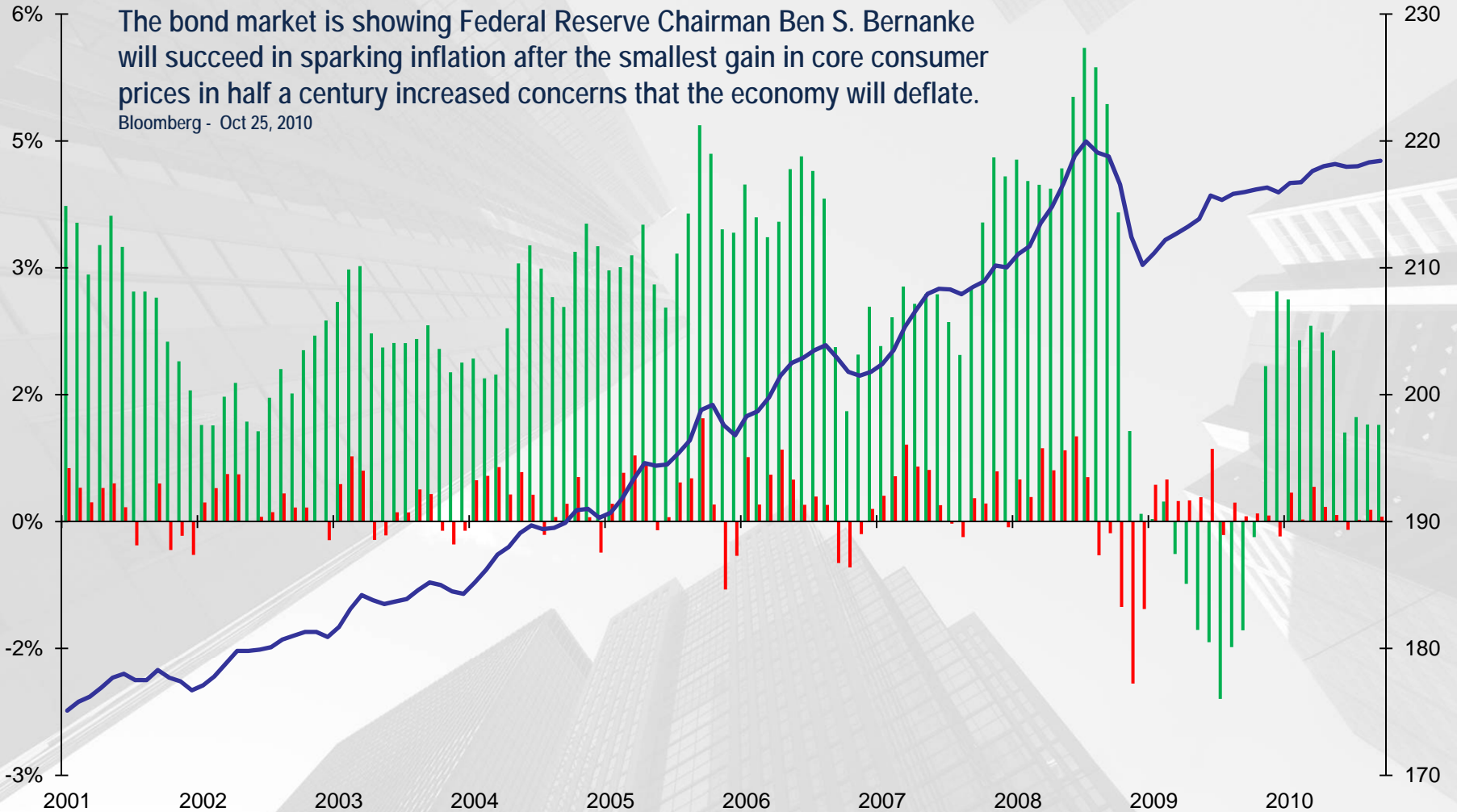
Source: Bloomberg

HFF, Inc.

CURRENTLY, INFLATION IS NOT A CONCERN HOWEVER, THERE IS NOW SOME CONCERN ABOUT DEFLATION

Consumer Price Index

YoY Change (%) MoM Change (%) CPI Index



Source: Bureau of Labor Statistics

HFF, Inc.

**RATE CUTS COUPLED WITH MASSIVE FED & TREASURY LIQUIDITY INTERVENTIONS
HAVE DRIVEN BASE INTEREST INDEXES DOWN TO HISTORICALLY LOW LEVELS!
FED INTERVENTION WAS SUPPOSED TO BE OVER, BUT IS IT (QE-2)?**

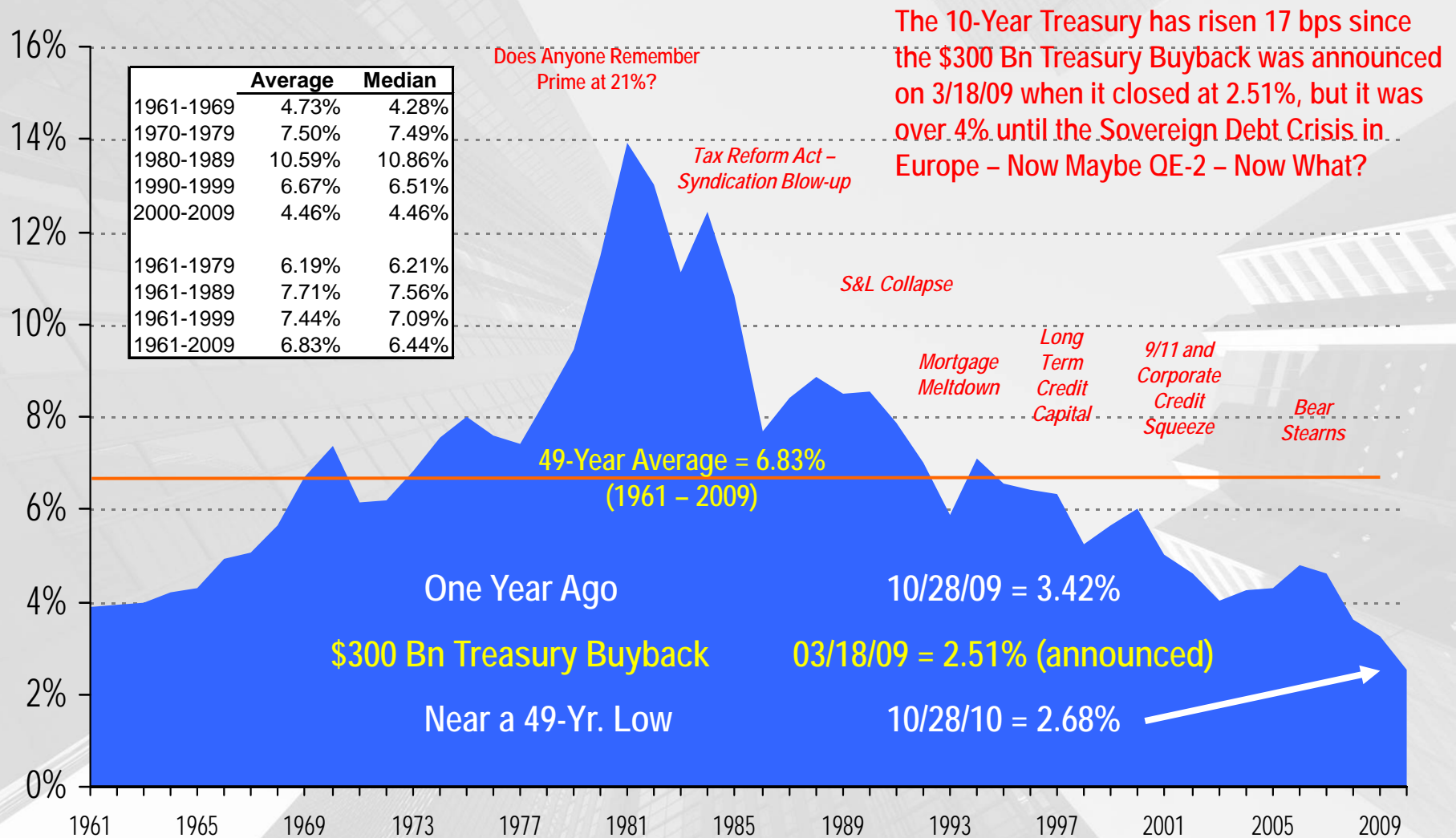
Some Spreads Remain Wide – Many Indexes are at or Near Historic Lows

	10/28/2010	One Year Ago	Net Difference
Fed Funds Rate	0.19%	0.11%	0.08%
Prime	3.25%	3.25%	0.00%
1-Month LIBOR	0.25%	2.43%	-2.18%
3-Month LIBOR	0.29%	2.81%	-2.52%
2-Year Treasury Note	0.38%	0.94%	-0.56%
5-Year Treasury Note	1.27%	2.34%	-1.07%
10-Year Treasury Note	2.68%	3.42%	-0.74%
30-Year Treasury Note	4.04%	4.26%	-0.22%

Source: Bloomberg

Note: The 10-Year Treasury has risen 17 bps since the \$300 Bn Treasury Buyback was announced on 3/18/09 when it closed at 2.51%, but it was over 4% until the Sovereign Debt Crisis in Europe.

49-YEAR HISTORY OF THE 10-YEAR TREASURY FED INTERVENTION WAS SUPPOSED TO BE OVER – BUT IS IT – QE-2? WHAT HAPPENS TO THE 10-YEAR NOW?



Source: The Department of the Treasury

EXCELLENCE

IN REAL ESTATE CAPITAL MARKETS SOLUTIONS

DEBT PLACEMENT

INVESTMENT SALES

ADVISORY SERVICES

PRIVATE EQUITY & CORPORATE FINANCE

STRUCTURED FINANCE

LOAN SALES

LOAN SERVICING

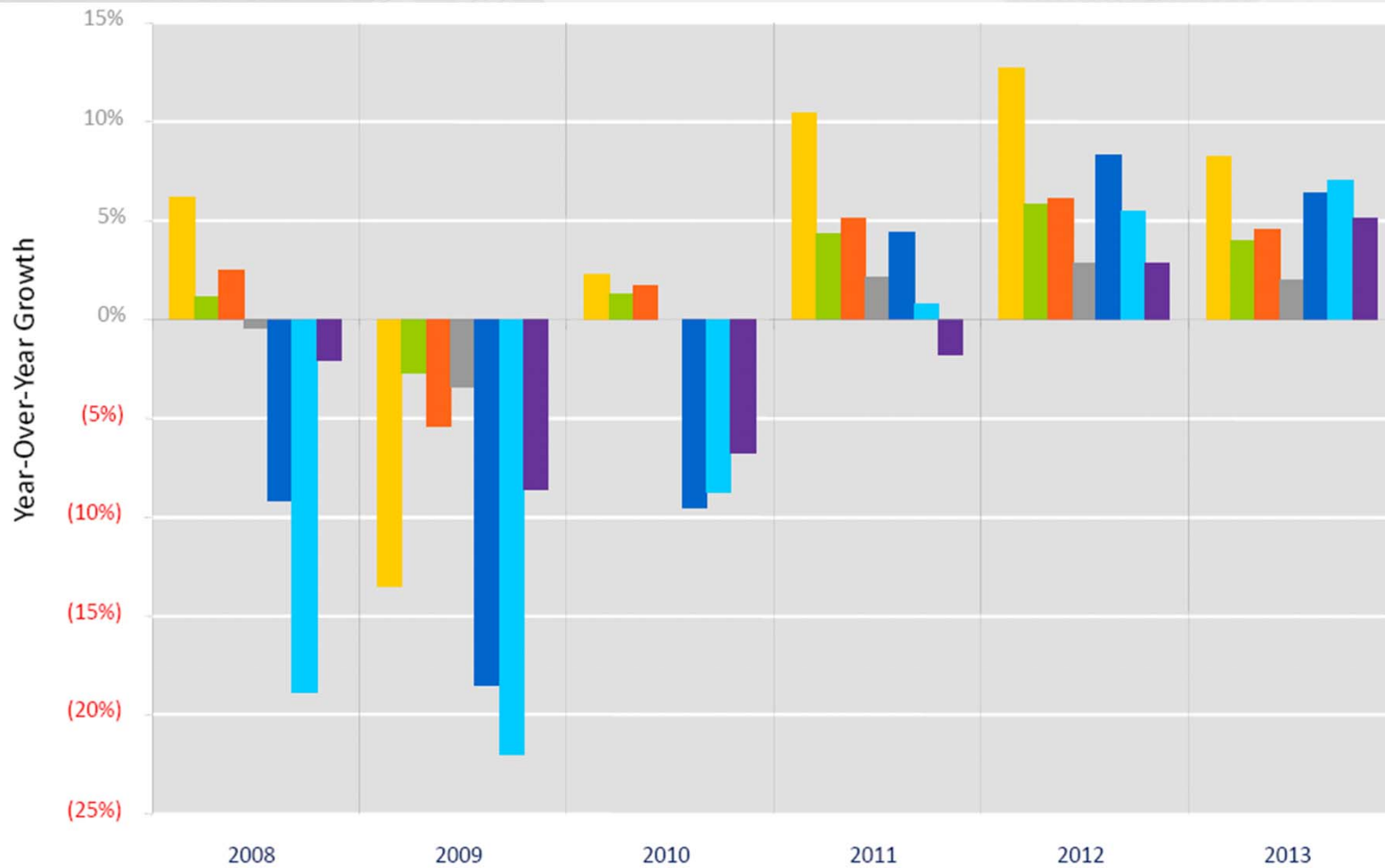
**AS THE U.S. ECONOMY GOES, SO GOES THE
U.S. COMMERCIAL REAL ESTATE SECTOR**

ECONOMY & RECESSION - THE "LAG EFFECT"

DECLINING 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

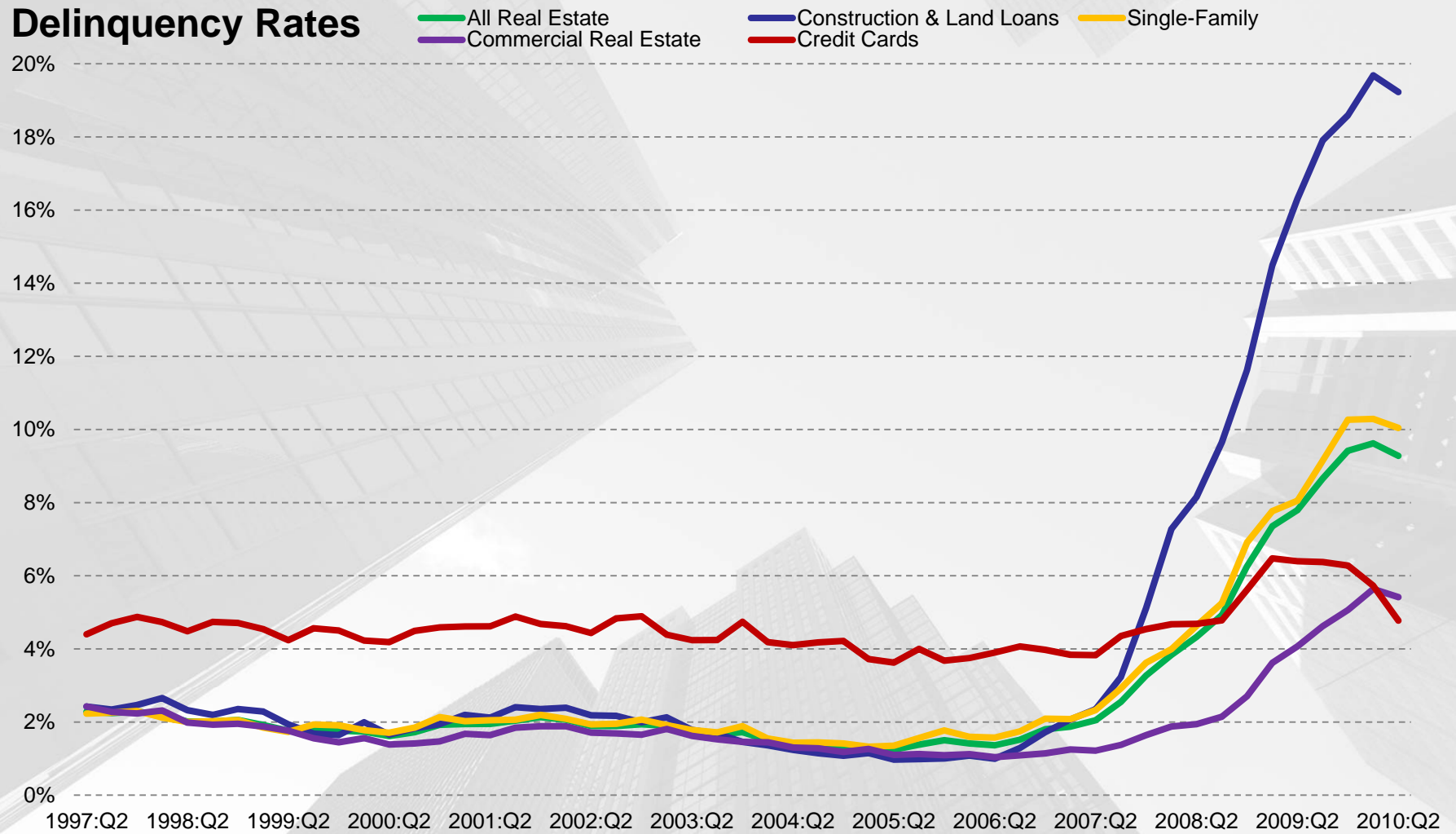


Sources: Moody's Economy.com; PPR

Exports GDP Retail Sales Employment Median Home Prices RE Values RE Rents

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

Delinquency Rates

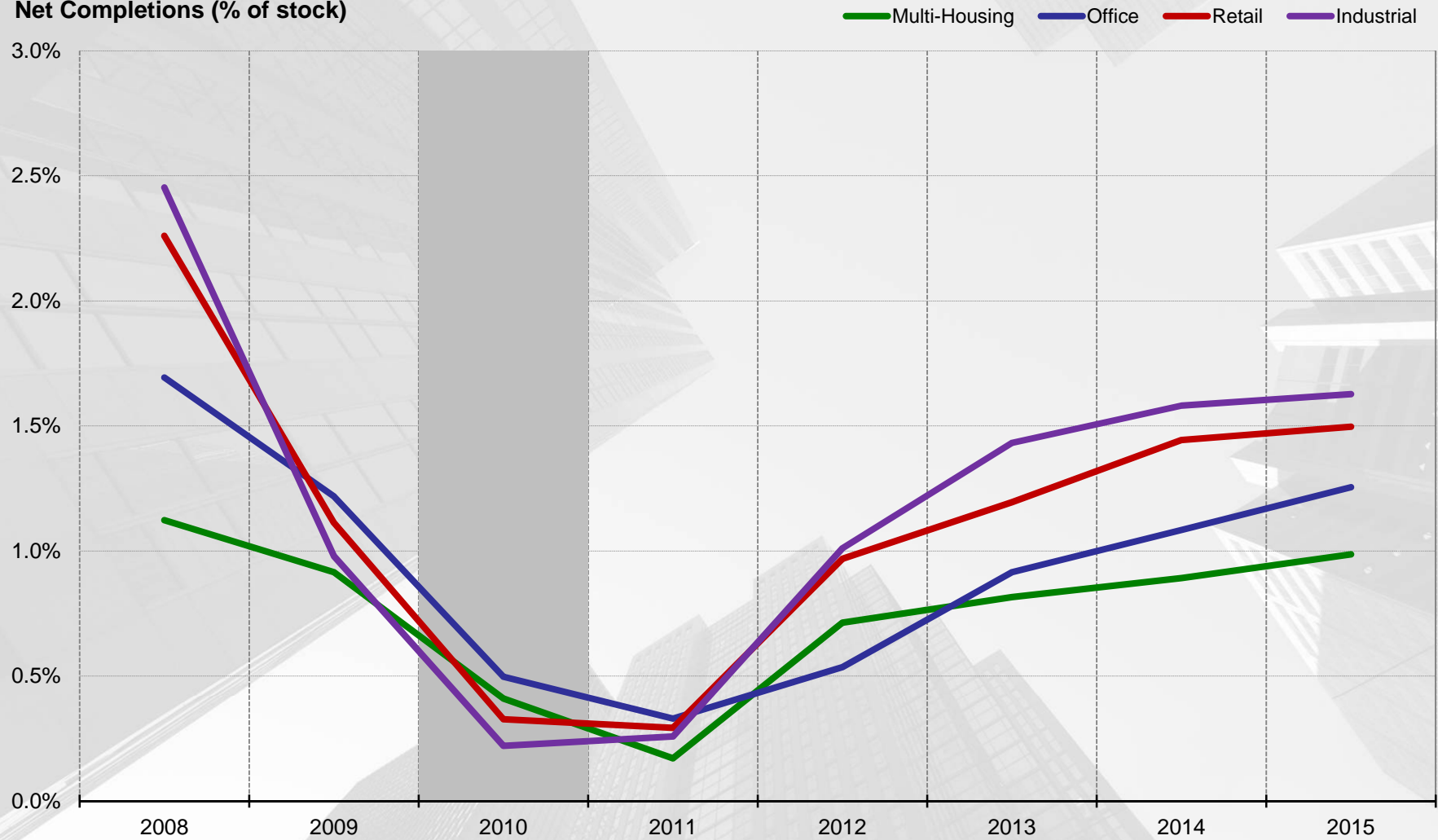


Source: Federal Reserve, 2Q 2010

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FEWER COMPLETIONS BUT VACANCIES ARE CREATING 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 THE PROJECTED IMPROVEMENT

Net Absorption (% of stock)

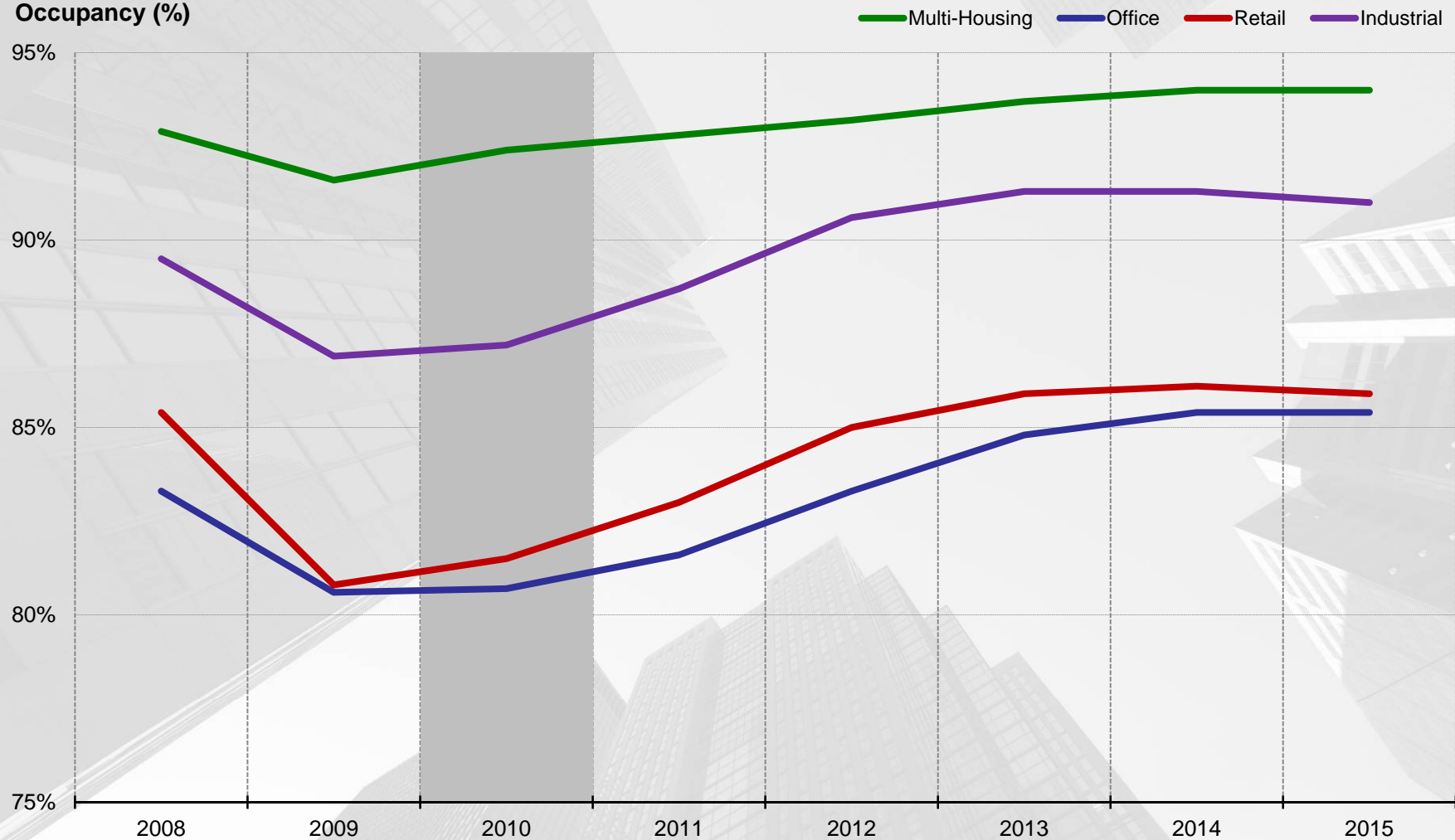


Source: PPR

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

Occupancy (%)

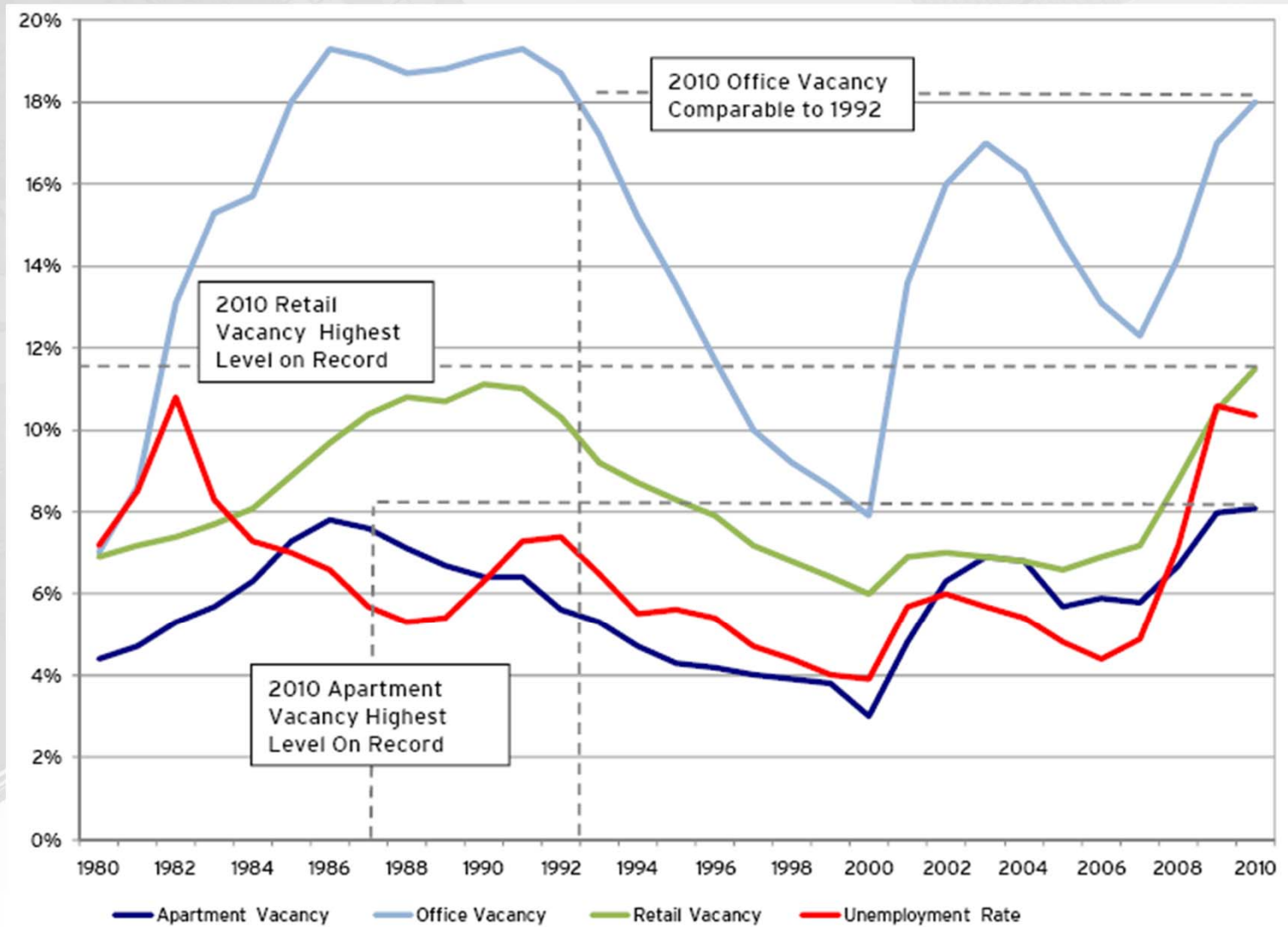


Source: PPR; Retail = Economic Occupancy

PROPERTY LEVEL FUNDAMENTALS

VACANCY & UNEMPLOYMENT PATTERNS (1980 – 2010)

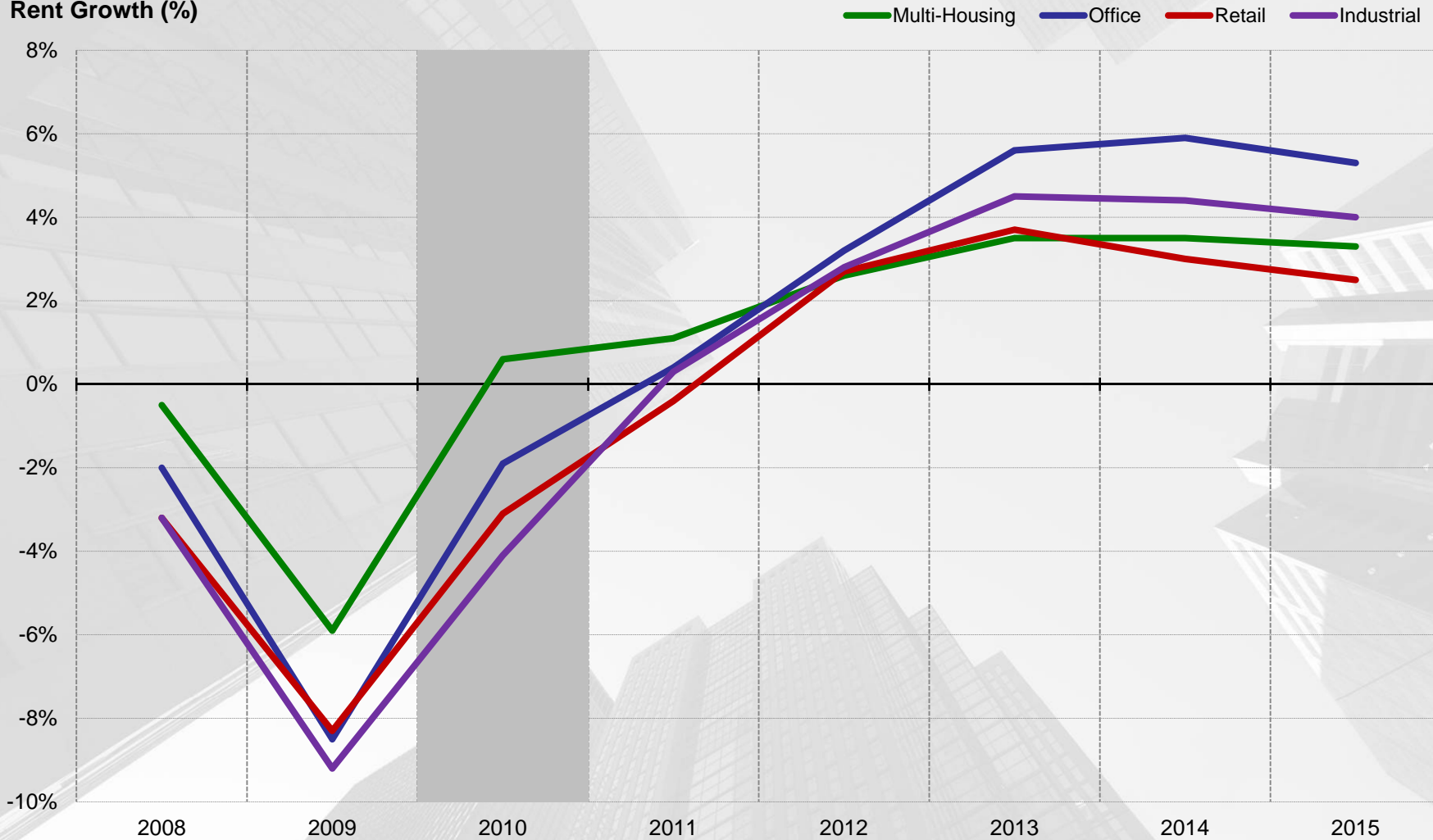
A SLOWING ECONOMY WILL NOT HELP MATTERS



Source: REIS

PROJECTED RENT GROWTH OR LACK THEREOF PUTTING PRESSURE ON PROPERTY LEVEL FUNDAMENTALS A SLOWING ECONOMY WILL DELAY THE PROJECTED IMPROVEMENT

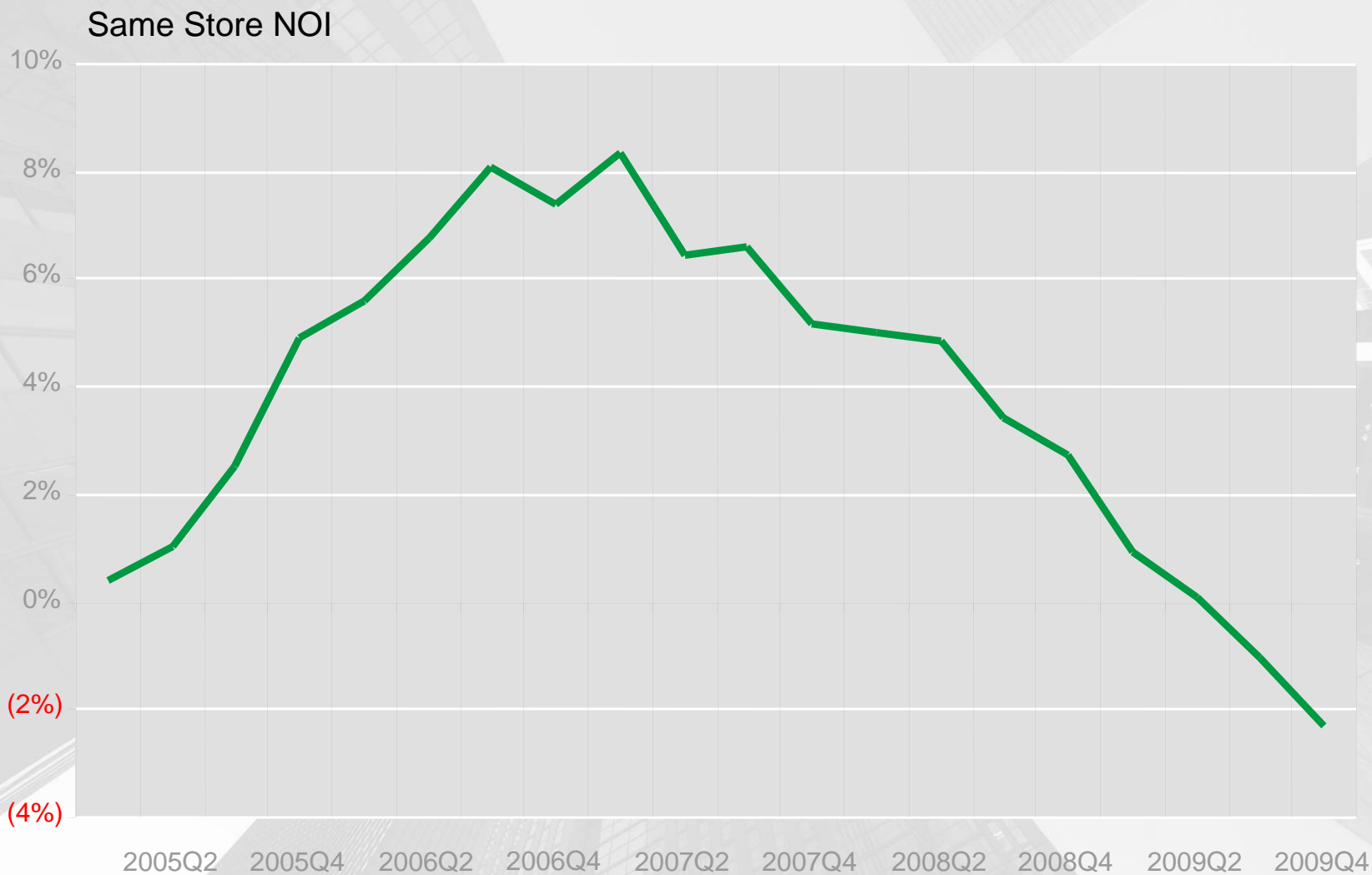
Rent Growth (%)



Source: PPR

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IMPACT OF DETERIORATING PROPERTY FUNDAMENTALS ON REIT EARNINGS



Source: PPR - SNL

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CMBS DELINQUENCY RATES CONTINUE TO RISE WHAT HAPPENS IF THE ECONOMY SLOWS CONTINUED MATURITY DEFAULTS AND NOW LOOMING MONETARY DEFAULTS

CMBS Delinquency Rate (%)

— All Properties
 — Multi-Housing
 — Retail
 — Industrial
 — Office
 — Hospitality

20%

18%

16%

14%

12%

10%

8%

6%

4%

2%

0%

CMBS Delinquency Rate (%)			
Property Type	Sep 10	Sep 09	Sep 08
Hospitality	18.63%	6.74%	0.40%
Multi-Housing	6.72%	5.36%	1.39%
Retail	6.00%	3.32%	0.66%
Industrial	5.67%	4.38%	0.57%
Office	5.57%	3.93%	0.32%
Overall	6.93%	4.11%	0.65%

282 bps increase since Sep 2009

628 bps increase since Sep 2008

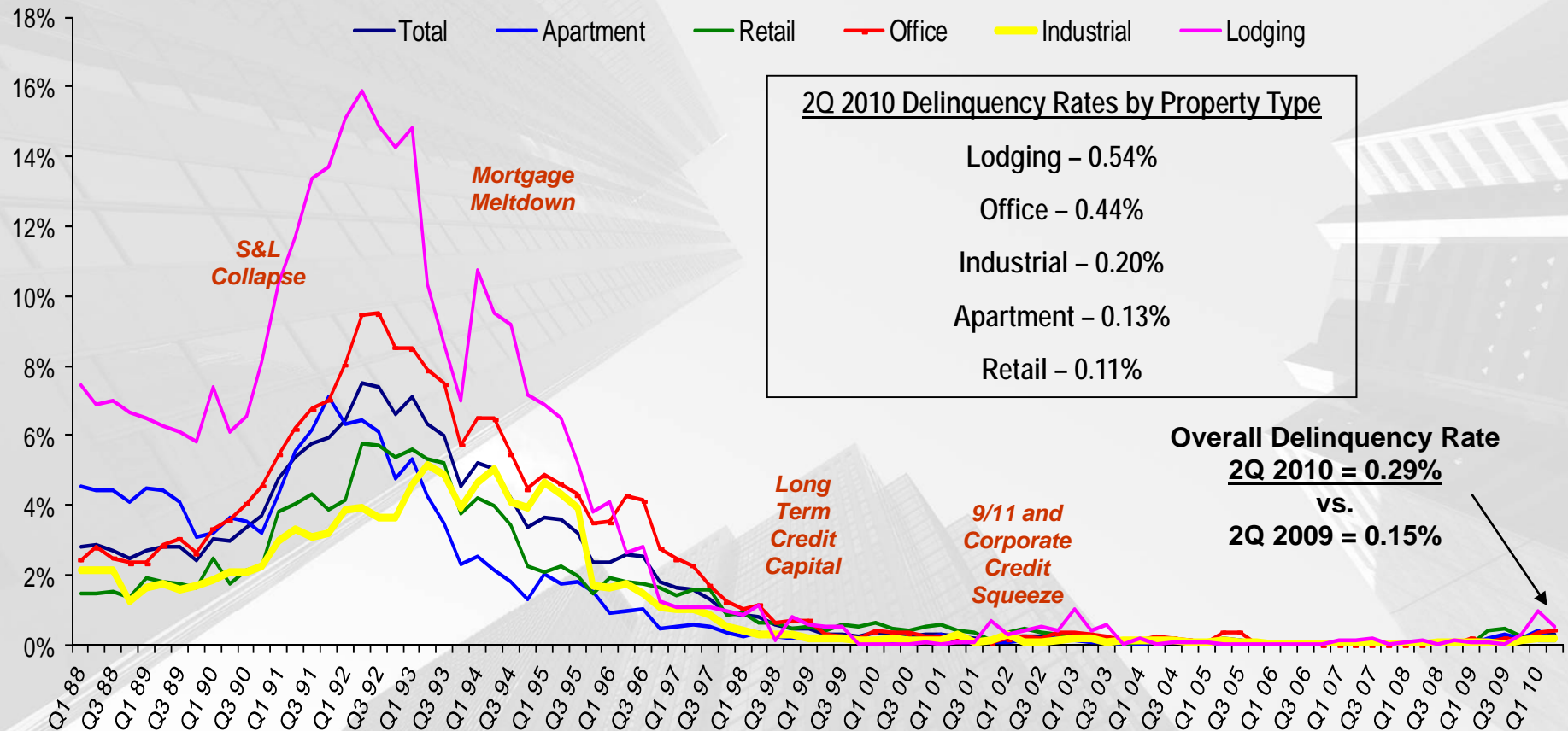
Sep-08 Nov-08 Jan-09 Mar-09 May-09 Jul-09 Sep-09 Nov-09 Jan-10 Mar-10 May-10 Jul-10 Sep-10

Today, more than 8% of \$578.6 billion of loans packaged into CMBS are at least 60 days past due. Credit-rater Standard & Poor's expects that rate to reach as high as 11.5% by year's end. LINGLING WEI - WSJ - 7-21-2010.

Source: Bloomberg
HFF, Inc.

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

% of Defaults by
Loan Amount



Source: ACLI

HFF, Inc.

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U.S. COMMERCIAL REAL ESTATE CAPITAL MARKETS

DELEVERAGING & LIQUIDITY CONSTRAINTS

CONTINUED U.S. COMMERCIAL BANK FAILURES

CMBS & BANK MATURITY & NOW MONETARY DEFAULTS
FORMULA FOR

EVEN MORE DISTRESS AND 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 - \$4.4 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 – “Negative Implications”

- Fundamentals – Still Trending Down (not as fast) – Will Result in Lower NOIs – A Major Negative
- Projected Supply “In Check” – Credit & Liquidity Constraints Will Ensure It Remains In Check, but Job Losses Will 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 – A Major Negative
- Maturity Defaults Continue to Increase & Monetary Defaults Are On The Rise – A Major Negative
- Bank Failures & Increases in CMBS Special Serviced Loans – A Major Negative

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

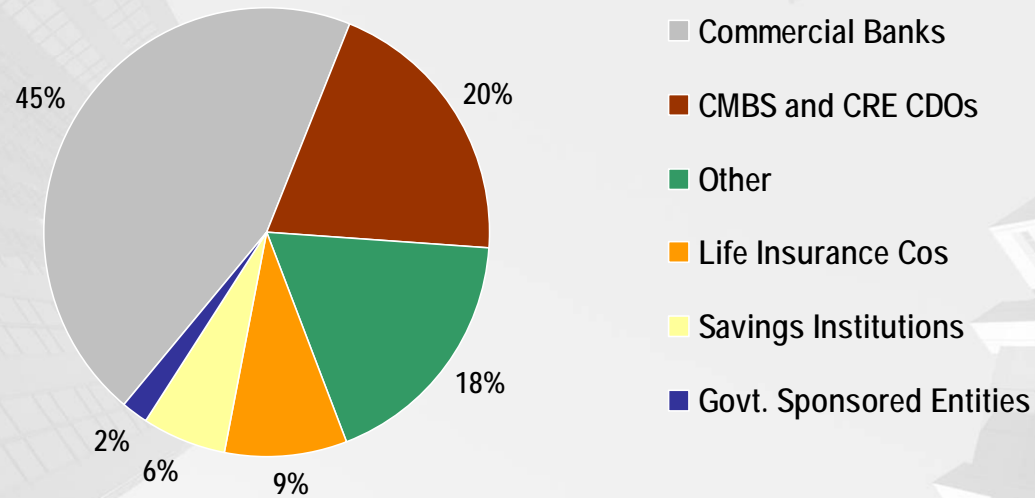
- 2004 to Third Quarter 2007 – The Perfect Storm Drove Values Higher
- Post Third Quarter 2007 to ? – The Perfect Storm Drove Values Lower - Credit and Liquidity Issues, Massive Deleveraging, Recession & Declining Property Fundamentals
- “All In Debt Coupons” (albeit at much lower LTV’s) & Cap Rates Moved Lower for Best Assets and Markets and Pricing Remains 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

TOTAL U.S. INSTITUTIONAL COMMERCIAL REAL ESTATE UNIVERSE - \$4.4 TRILLION

Fixed Income Markets - \$3.24 Trillion (74%)

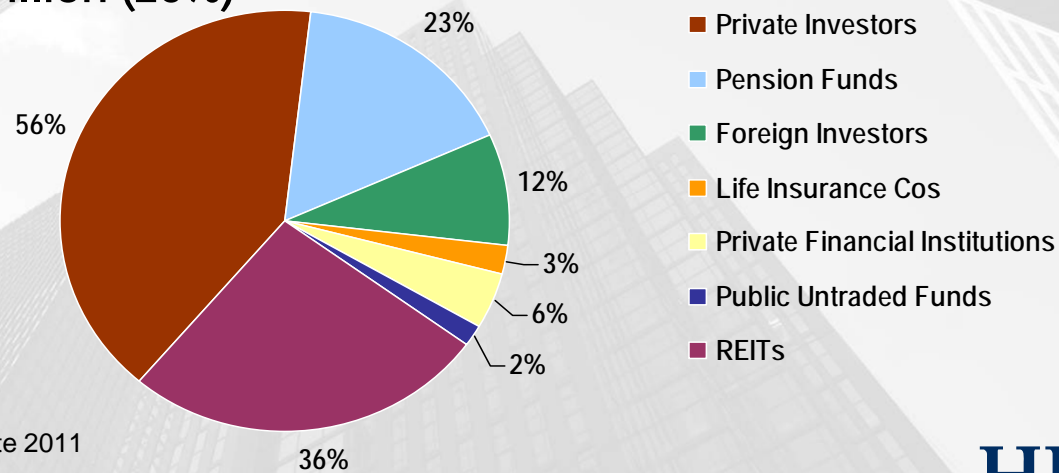
Lender Composition



Sources: Federal Reserve, 2Q 2010

Equity Markets - \$1.1 Trillion (26%)

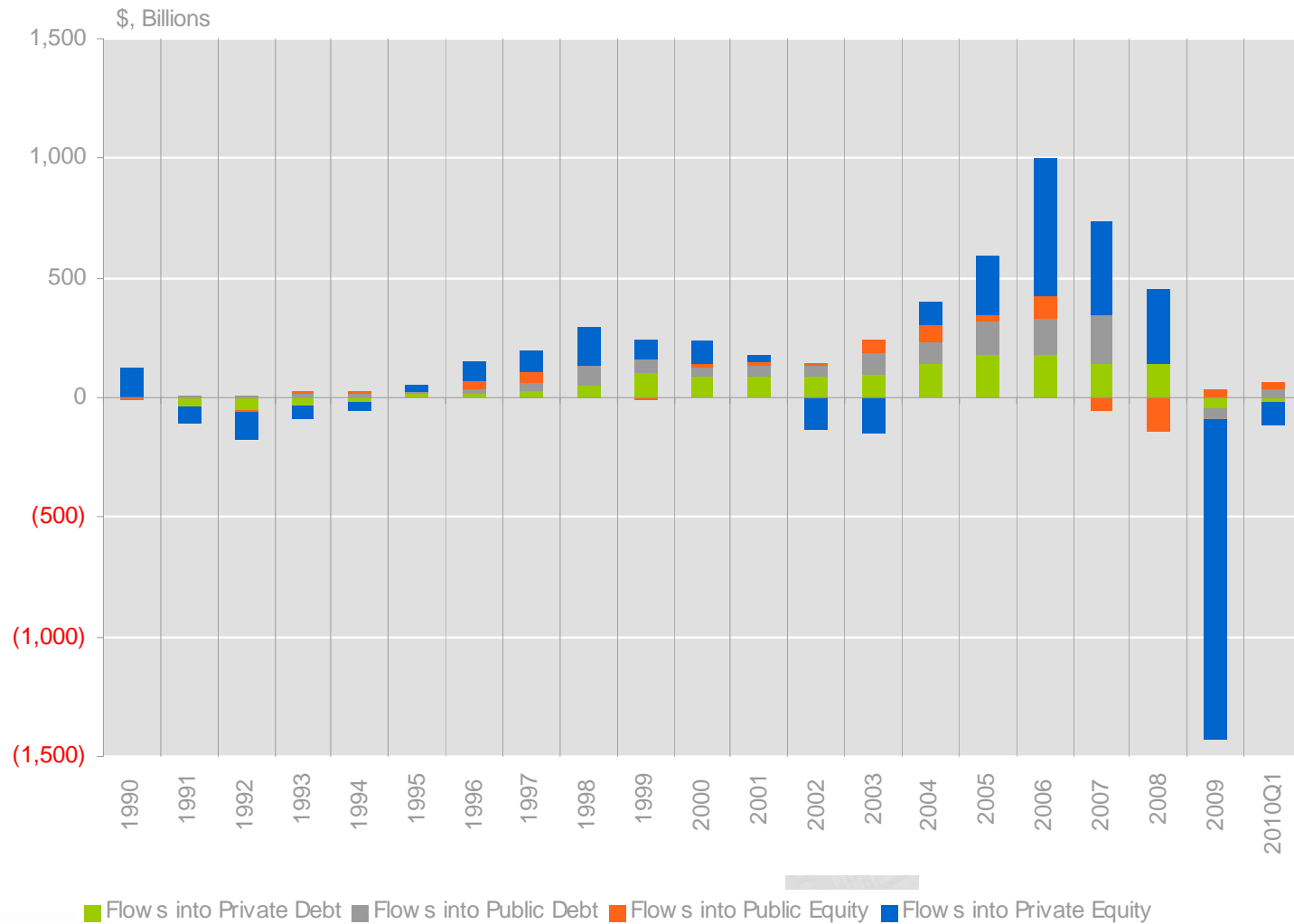
Investor Composition



Sources: Emerging Trends in Real Estate 2011 figures as of 2Q 2010

ANNUAL FLOWS TO REAL ESTATE

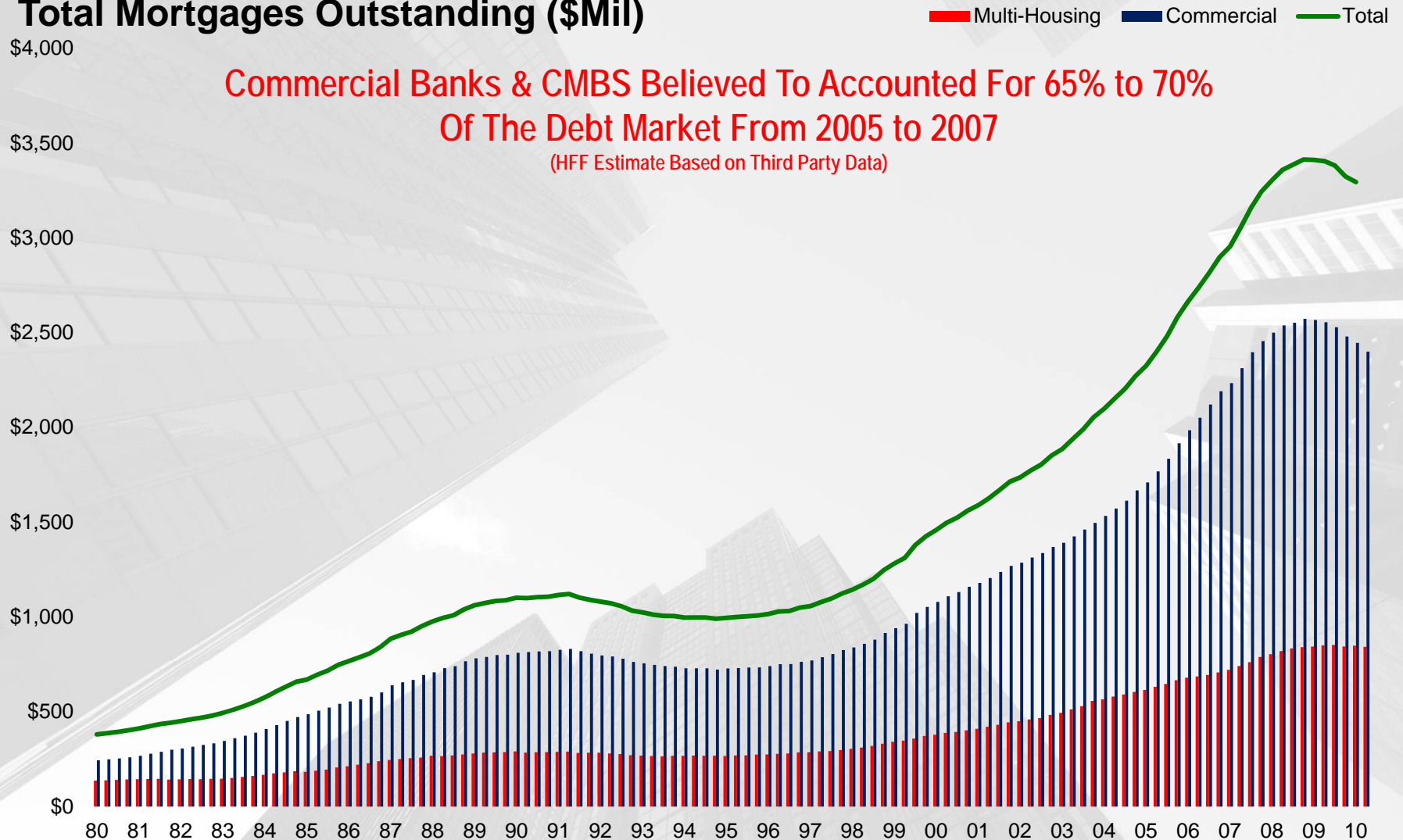
A MAJOR CHANGE IN 2009 FROM 2004 THROUGH 2007



Source: PPR

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

Total Mortgages Outstanding (\$Mil)

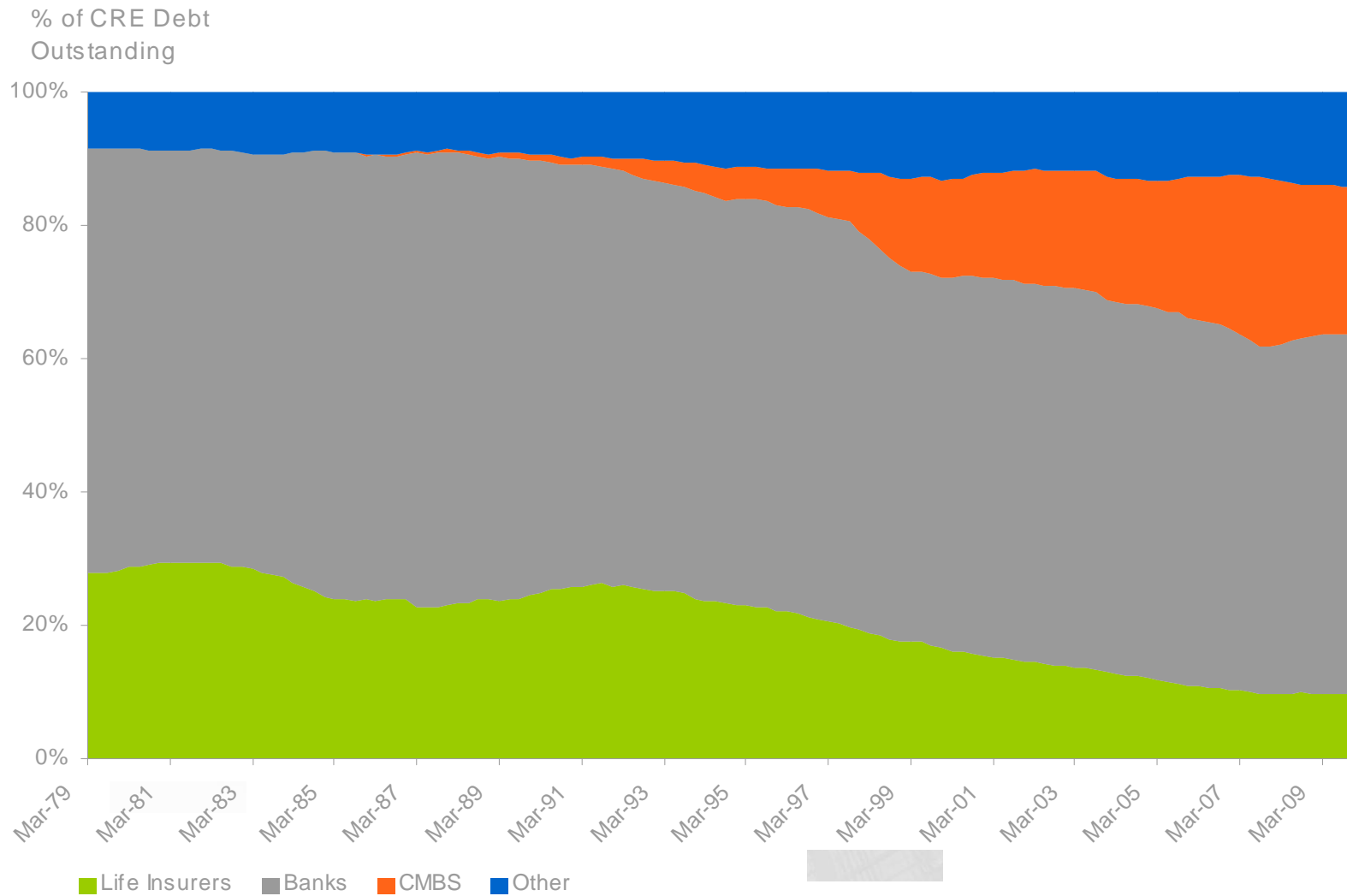


Source: Federal Reserve Board, Flow of Funds 2Q 2010

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CMBS "SHADOW" LOOMS LARGE

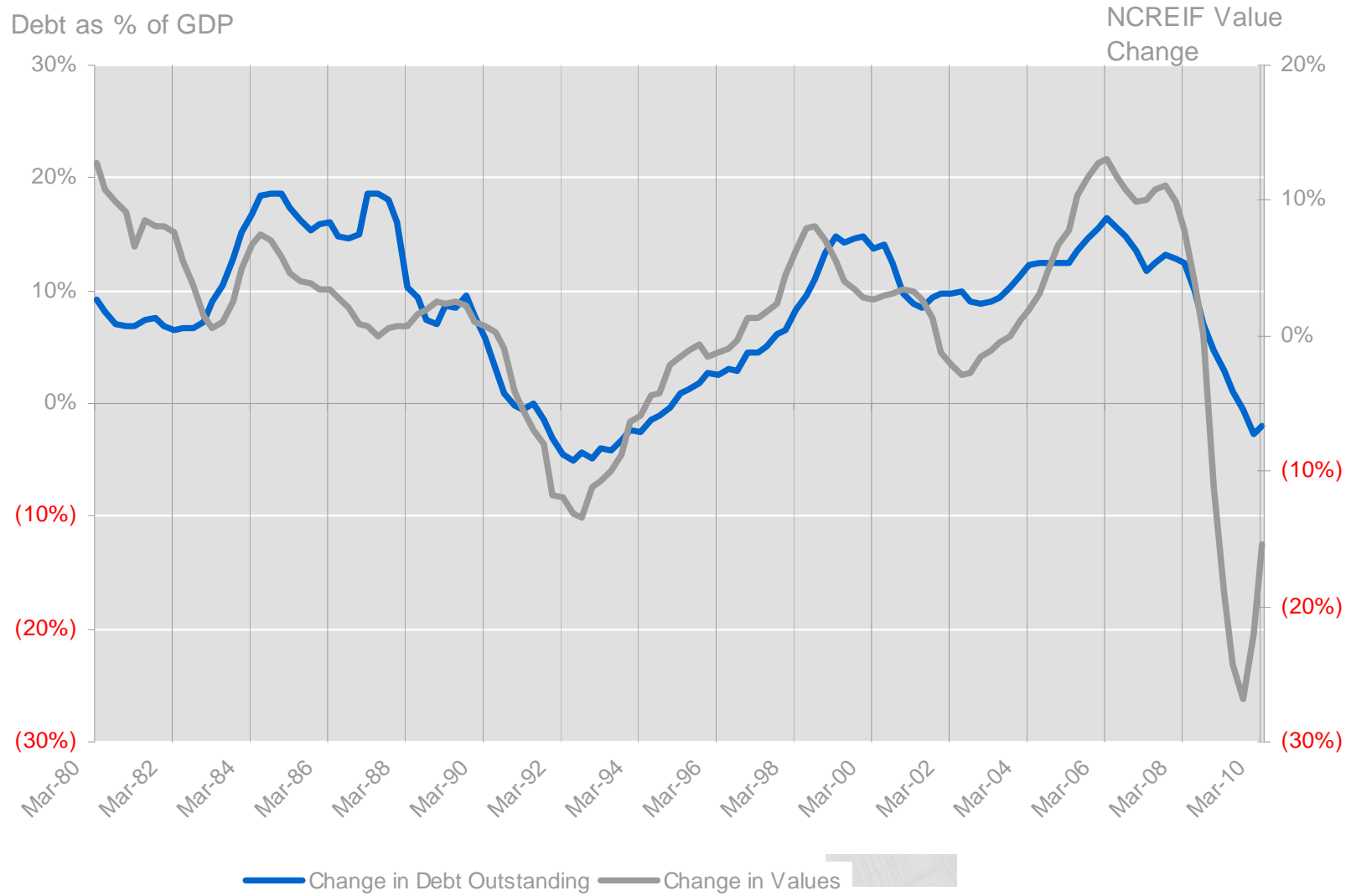
SHARE OF COMMERCIAL REAL ESTATE DEBT BY LENDER TYPE



Source: Federal Reserve

HFF, Inc.

PROPERTY VALUES ARE STRONGLY RELATED TO DEBT



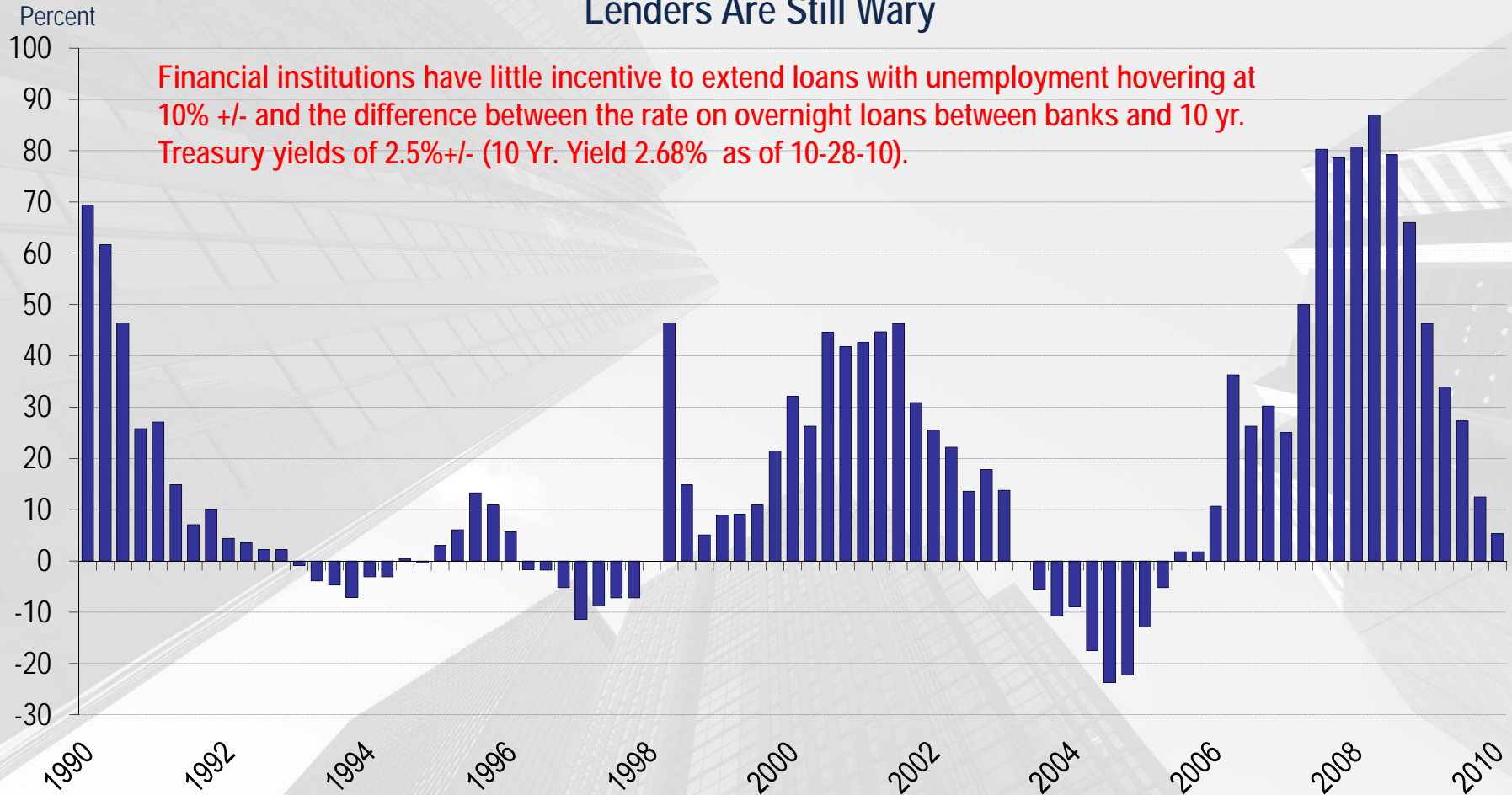
Source: Federal Reserve, Moody's Economy.com, NCREIF

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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

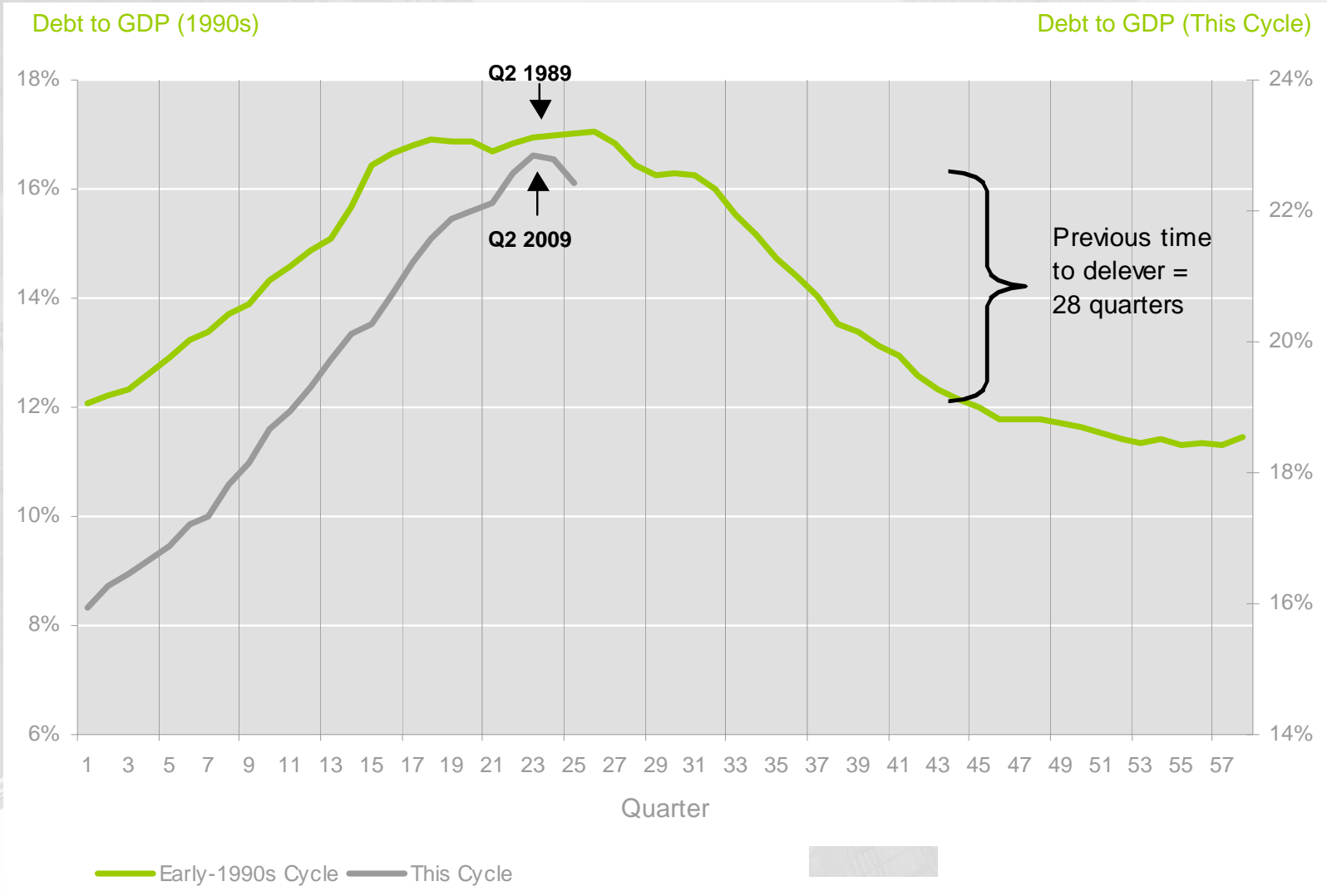
Lenders Are Still Wary



Source: Federal Reserve; Last data point July 2010 = 5.3

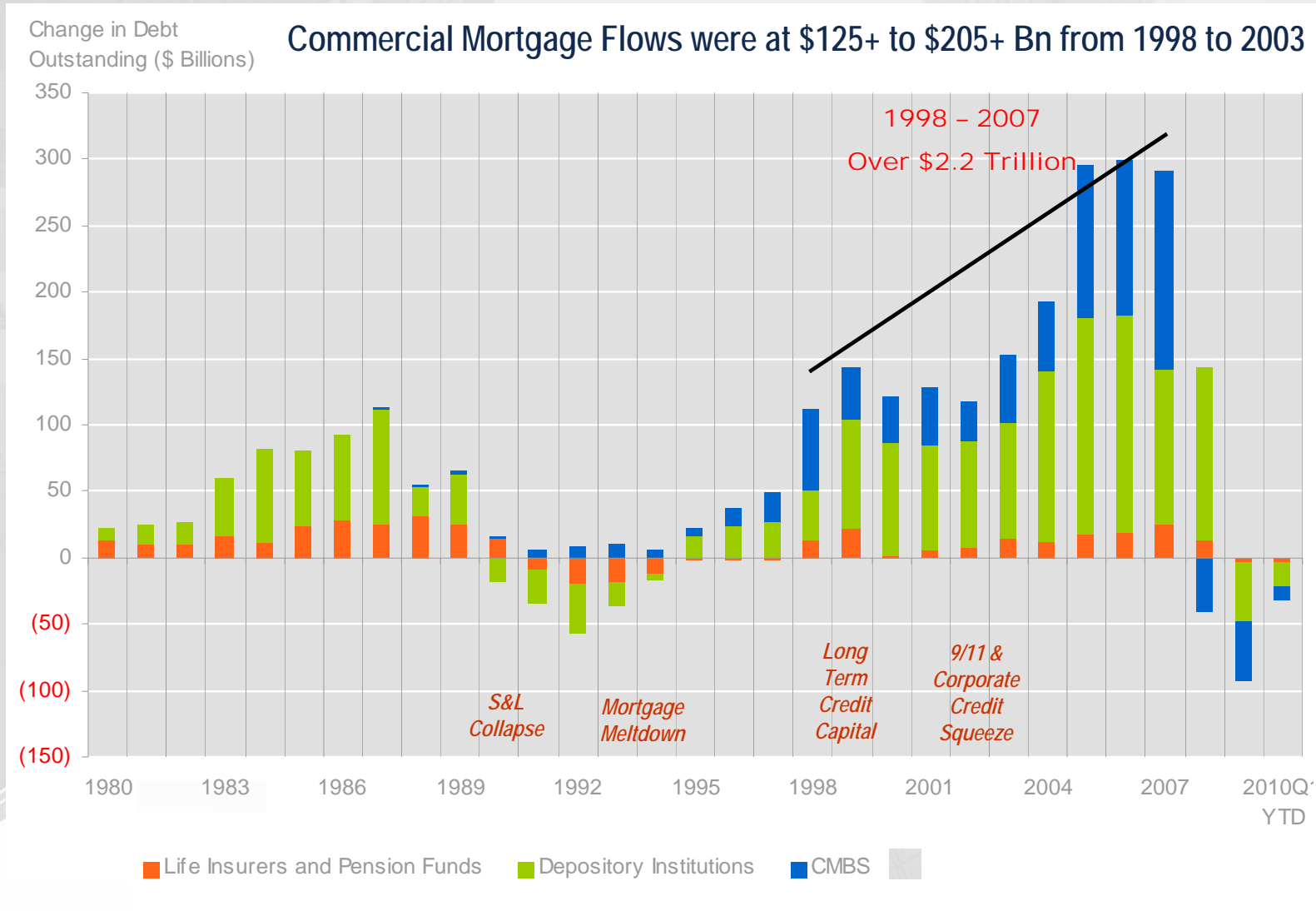
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WE'VE BEEN HERE BEFORE U.S. DELEVERAGING PATH IN THE 1990s



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

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



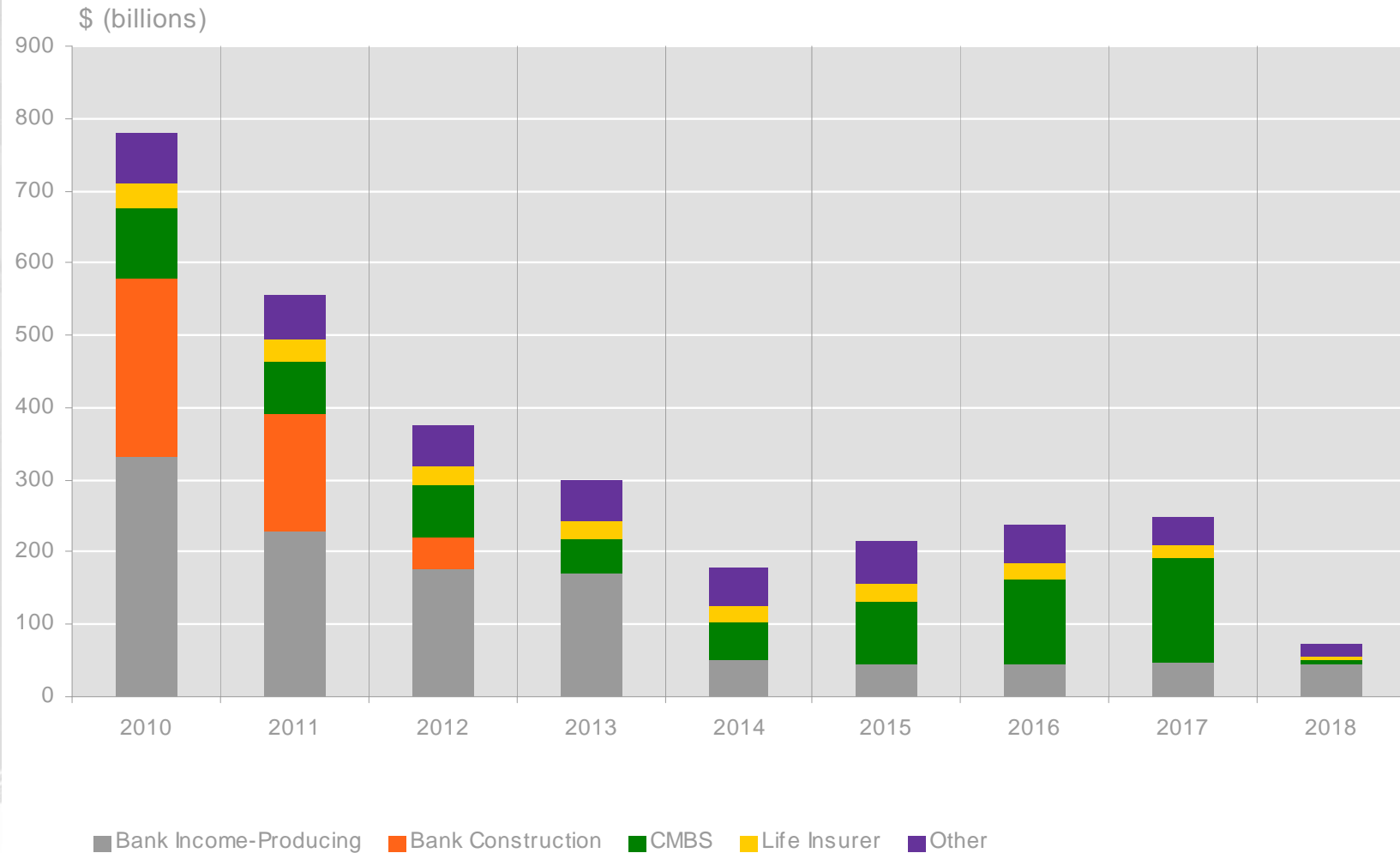
Source: Federal Reserve

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EITHER TOO MUCH LIQUIDITY BUT BANKS CANNOT TAKE THE HITS, OR...
TO SUPPORT PRICE LEVELS FROM THE 2000 TO 2003 PERIOD
MORTGAGE FLOWS ARE SIGNIFICANTLY SHORT OF WHERE THEY NEED TO BE!

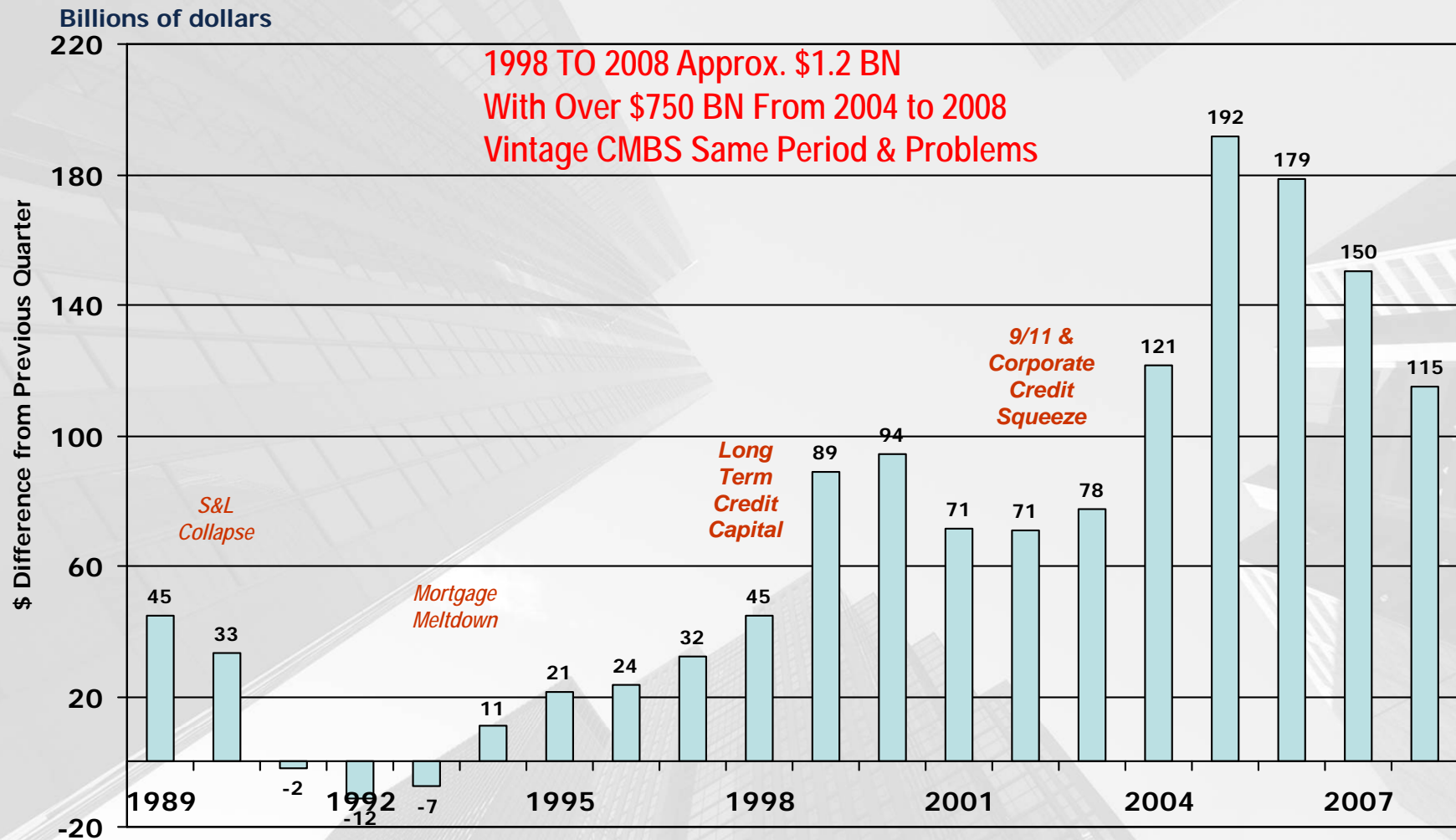
- Historical Annual Commercial Mortgage Flows (1998 to 2003) - \$150 Bn to \$210 Bn range (Excludes the Public to Private phenomenon period from 2004 to 2007)
- Historical Annual CMBS Flows (1998 – 2003) - \$50 Bn to \$90 Bn projected need (CMBS Market filled the void from the collapse of the S&Ls – has been effectively zero since 2007 – Restarting Slowly in 2010)
- 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!)
- 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)
- Historical Sales Volume – (2001 to 2003) - \$80 Bn to \$125 Bn range (Question mark going forward given the economy, debt markets, foreclosures vs. restructurings, FDIC actions and continued government intervention)

CAN LENDERS HANDLE THE TIDAL WAVE OF MATURING LOANS? CRE MATURING LOANS BY YEAR



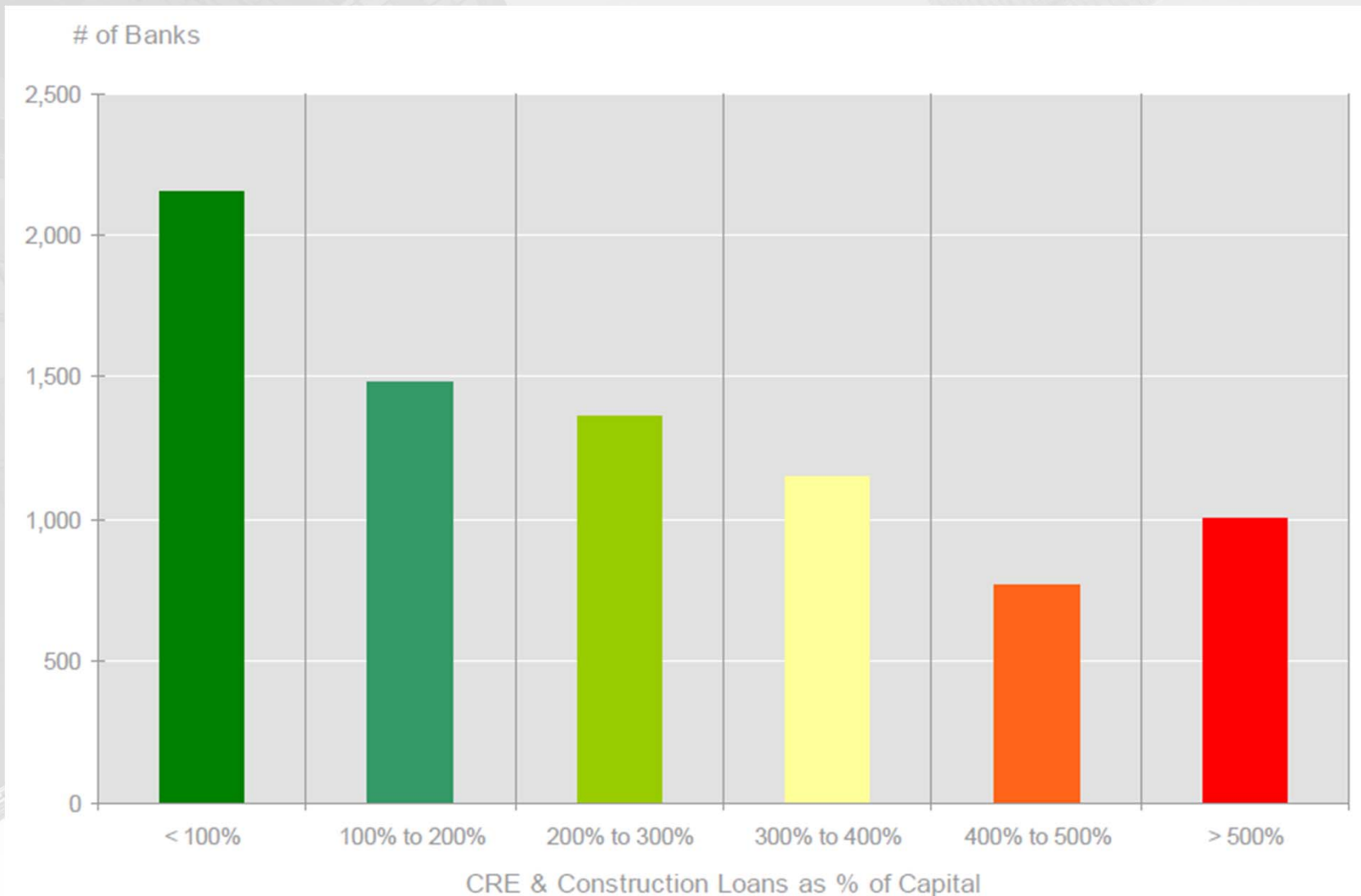
Sources: PPR; Federal Reserve; Trepp; Gilberto-Levy

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



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

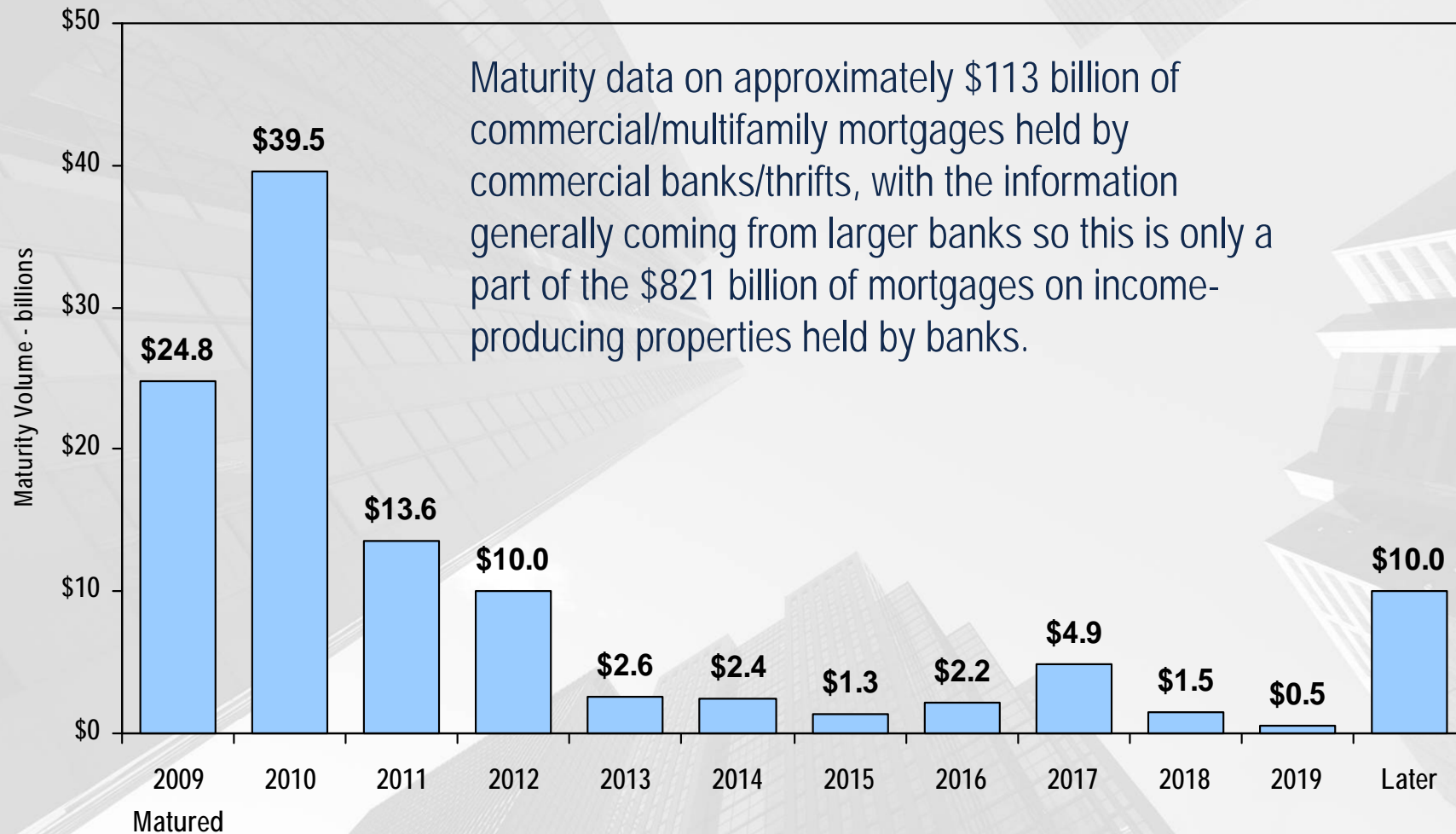
MANY BANKS ARE OVEREXPOSED TO COMMERCIAL REAL ESTATE
CRE & CONSTRUCTION LOANS OUTSTANDING AS A % OF BANK CAPITAL
WHY THE FDIC WILL BE BUSY FOR QUITE SOME TIME!



Source: PPR, FDIC

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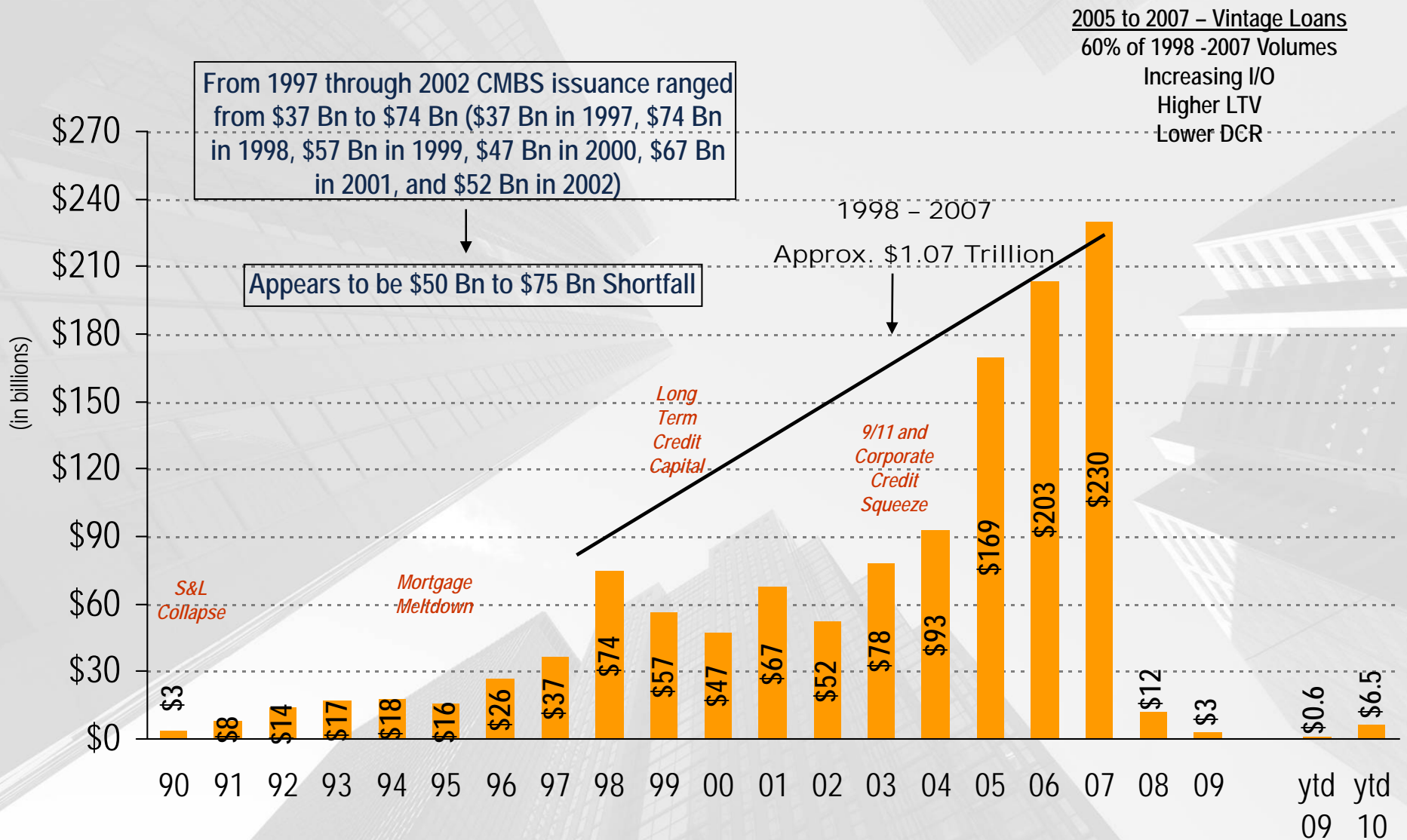
COMMERCIAL BANK/SAVINGS INSTITUTION – MATURITIES 2009 WAS THE YEAR OF EXTEND AND PRETEND



Source: MBA; year-end 2009 survey

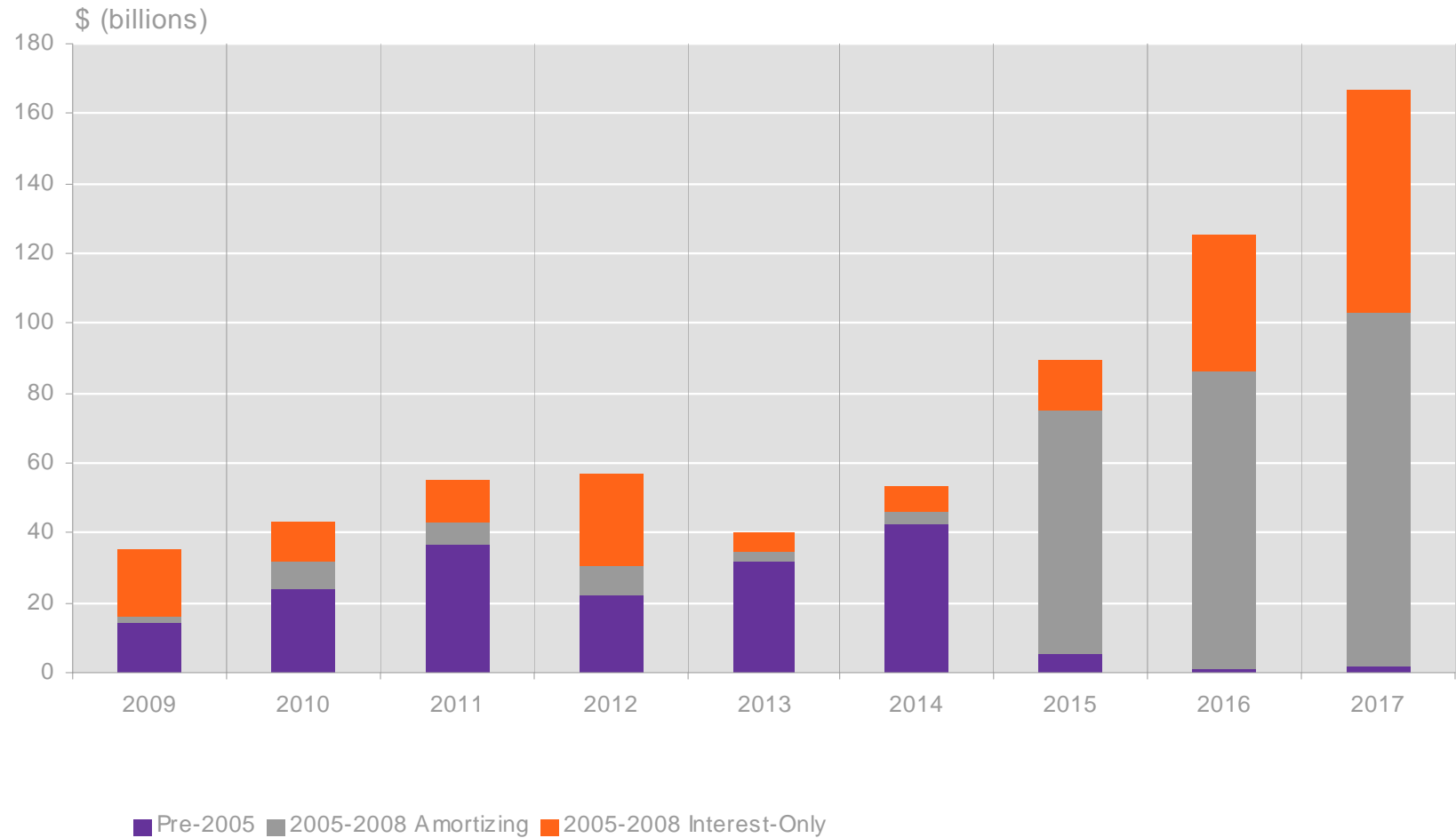
HISTORICAL U.S. CMBS ISSUANCE

2008 & 2009 VOLUMES VIRTUALLY NON-EXISTENT - VINTAGE LOANS ARE A PROBLEM! CMBS RE-STARTING SLOWLY IN 2010



Source: Commercial Mortgage Alert – HFF Commentary; ytd stats through October 22 of each year

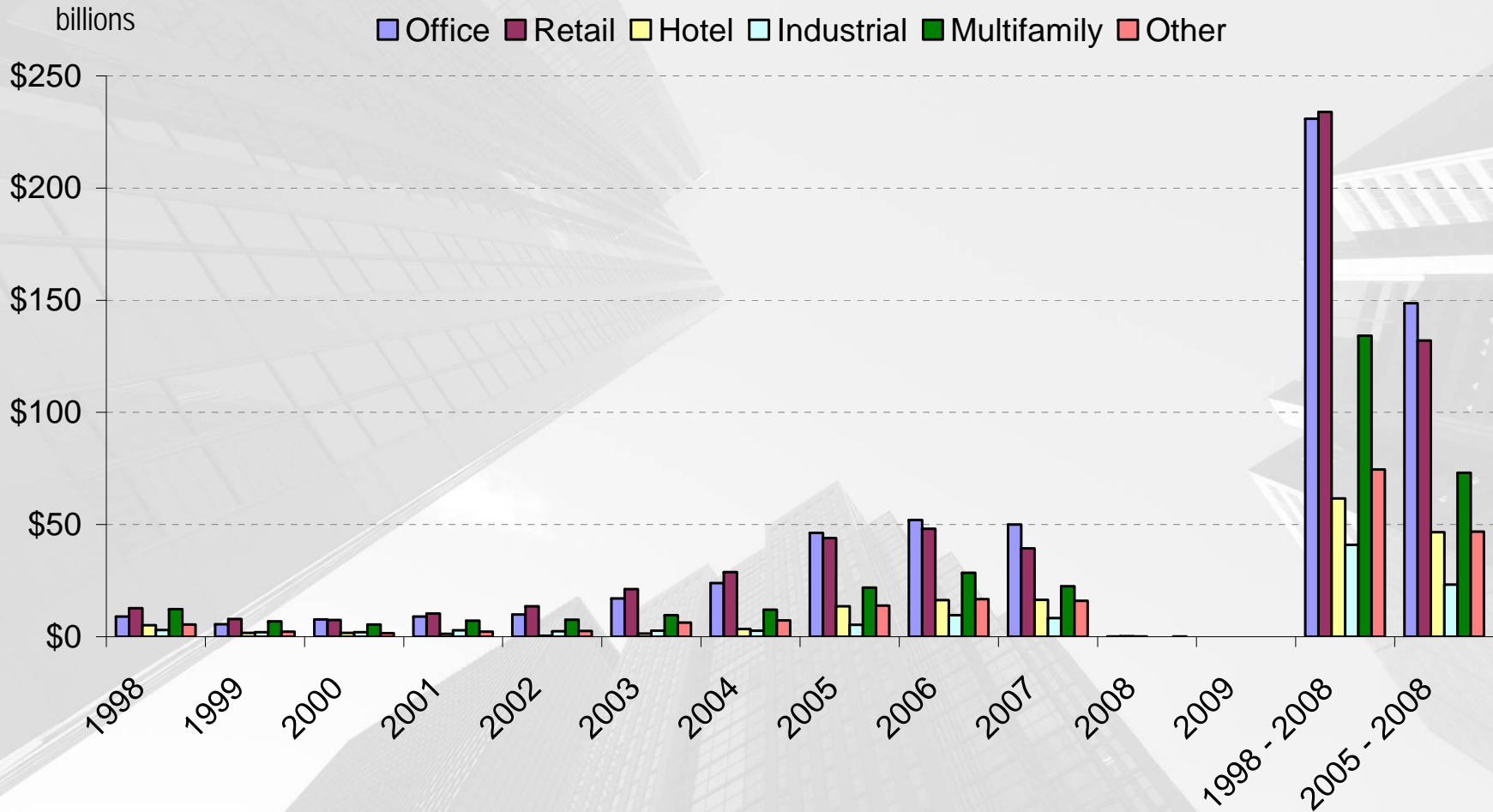
CMBS MATURING LOANS - AMORTIZING VS INTEREST-ONLY



Source: Trepp

FIXED-RATE ORIGINATIONS – BY PROPERTY TYPE

60%+/- WAS ORIGINATED FROM 2005 THROUGH 2007 – VINTAGE LOANS

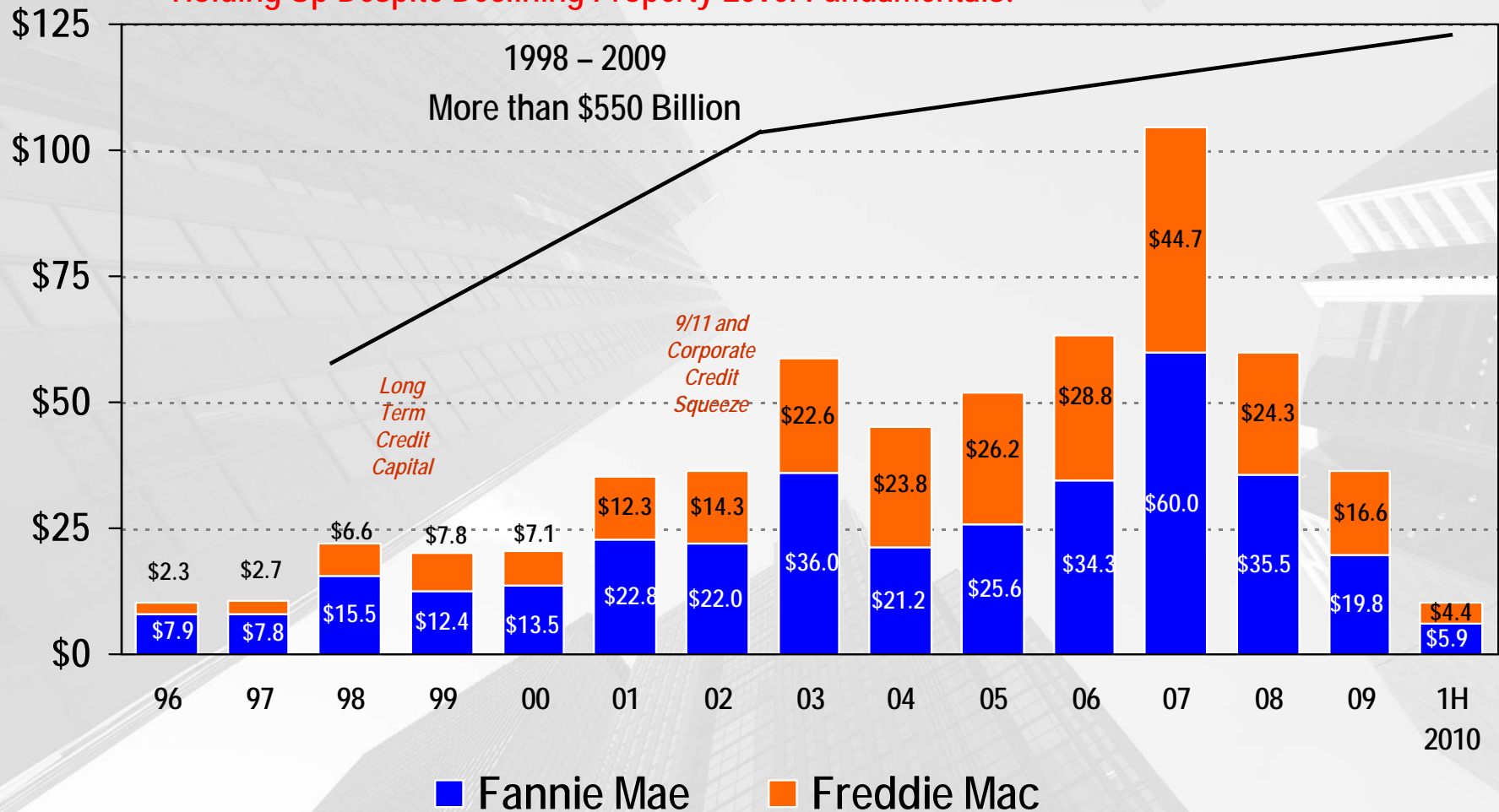


Source: CIRA & Trepp; Citigroup Global Markets
 Data for fixed-rate US originations only; large loan/seasoned/lease-backed fixed-rate transactions are not included

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HISTORICAL FANNIE MAE AND FREDDIE MAC PRODUCTION ONLY SOURCE OF "ONE STOP" 70% TO 80% LTV LENDING ... BUT THE AGENCIES ARE OWNED BY THE U.S. GOV'T AND IN CONSERVATORSHIP!

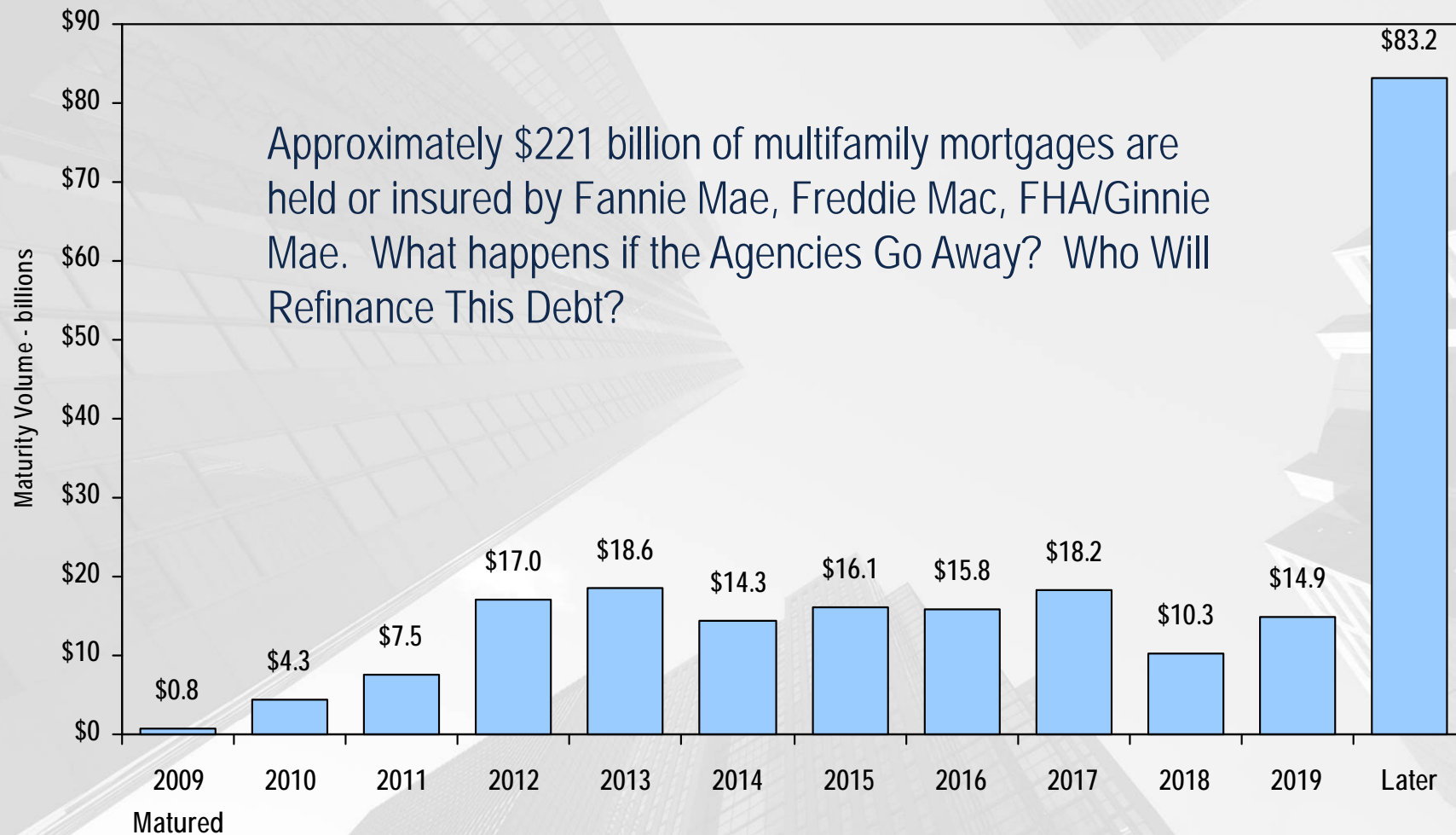
(in billions) **Why Multifamily Values Have Not Dropped As Much As Other Property Types, and Why Values Are Holding Up Despite Declining Property Level Fundamentals!**



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.

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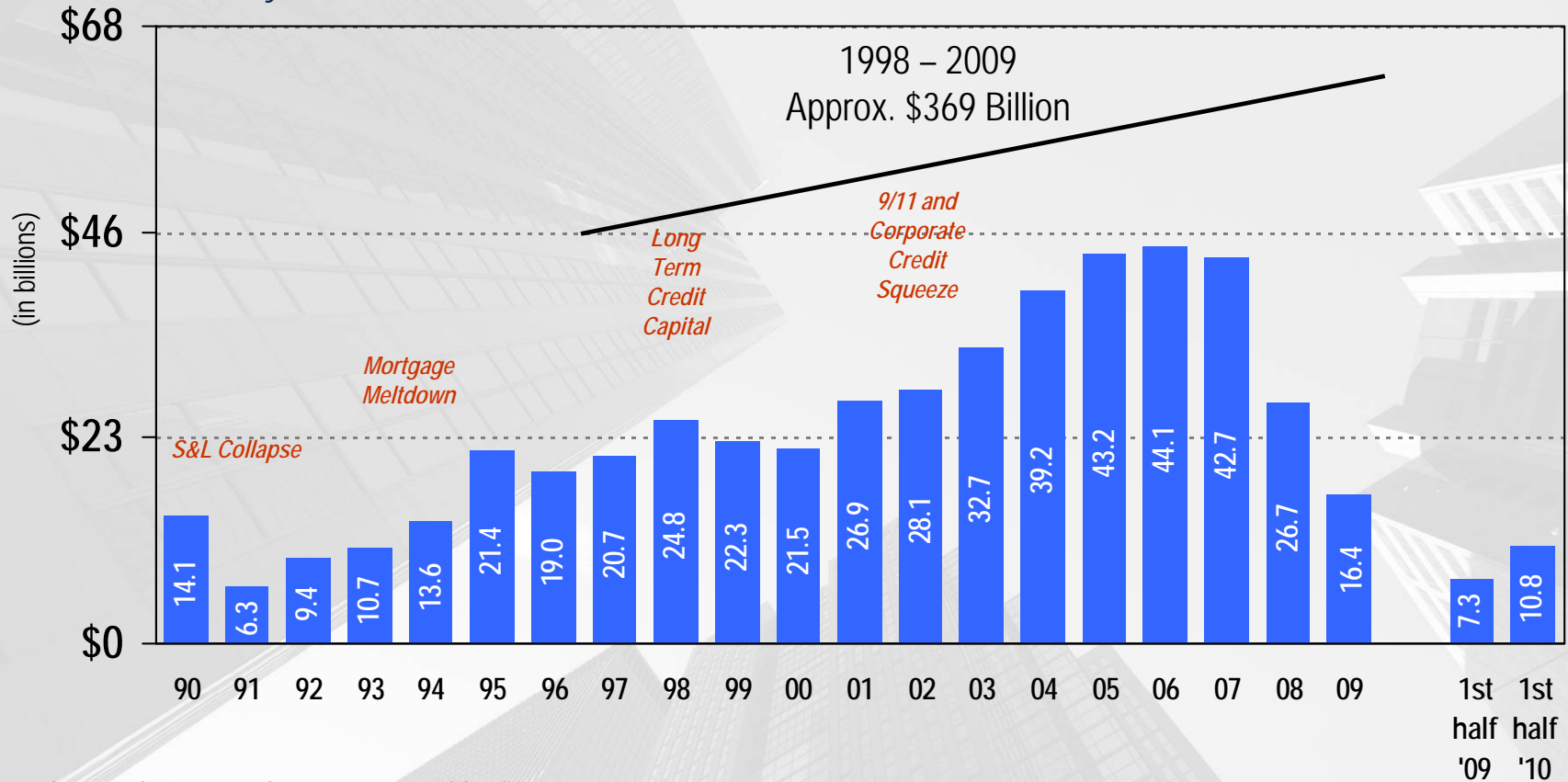
FANNIE, FREDDIE, FHA & GINNIE MAE – MATURITIES IF THE AGENCIES GO AWAY – WHO WILL REFINANCE THIS DEBT?



Source: MBA; year-end 2009 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 2010 pricing ranges from sub 4% to 5.50% (down 275 bps in last 18 months) for the best of the best assets and borrowers for 50% to 65% LTVs, and we believe commitments will be in the \$25 Bn to \$30 Bn range in 2010 assuming deals can “fit the box”.

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LIFE INSURANCE COMPANY MATURITIES

50% OF EXPECTED 2010 COMMITMENTS TARGETED FOR ROLLOVERS

LIFE COMPANIES MAY HAVE FEWER ISSUES THAN OTHER LENDERS



Source: MBA; year-end 2010 survey

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U.S. COMMERCIAL REAL ESTATE DEBT MARKETS

MATURITY AND MONETARY LEVEL DEFAULTS

DISTRESS INCREASING RESULTS IN NEGATIVE
IMPLICATIONS FOR EXISTING OWNERS & LENDERS

TRANSACTION ACTIVITY LIKELY TO INCREASE

2009 COMMERCIAL R.E. LENDING LINGO
IT WAS JUST MATURITY DEFAULTS – NOW IT'S ALSO MONETARY DEFAULTS!
YOU CAN CHOOSE TO IGNORE THE FACTS, BUT THAT DOES NOT CHANGE THE FACTS!

“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 SOON CREATE A NEW LINGO:

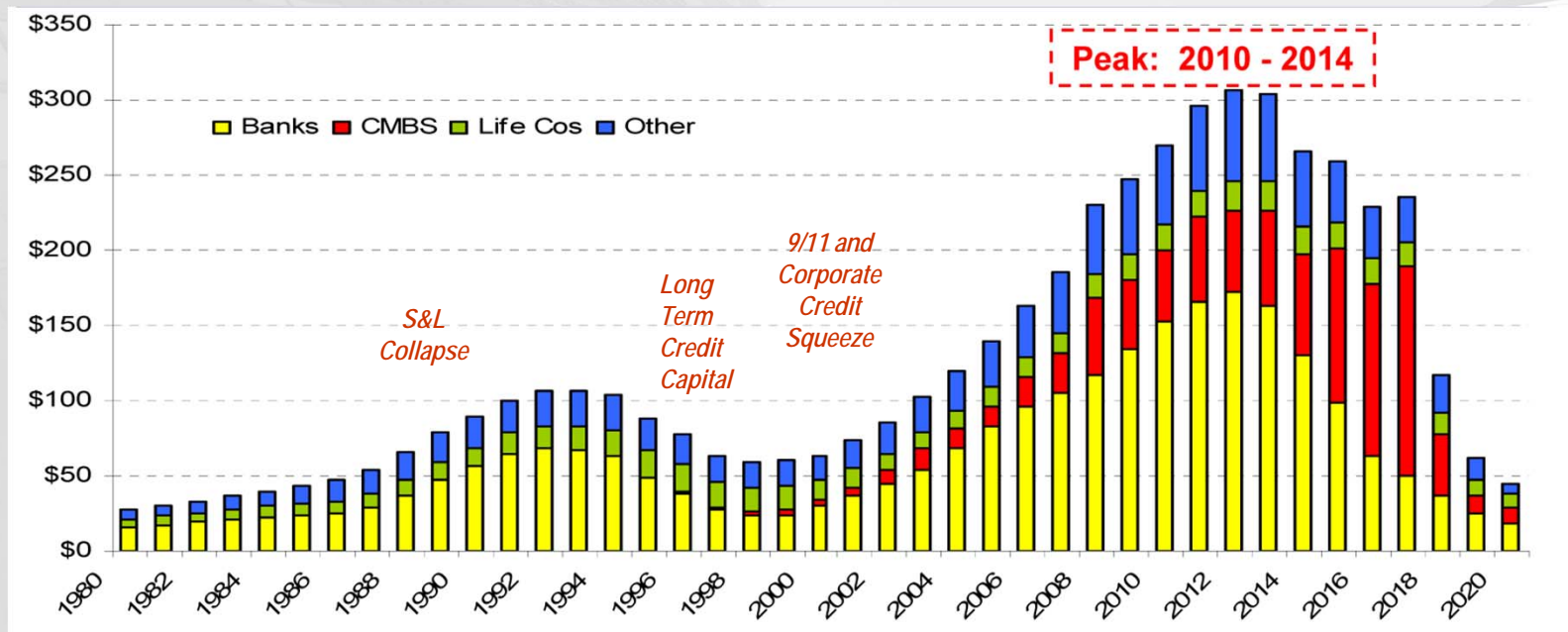
“FORECLOSURE”, “LOAN SALES”, “REO”, “PRIVATE EQUITY JOINT
VENTURES”, “IPO & REIT ACQUISITIONS AND MERGERS”

THE 2009 LINGO AND CURRENT PRACTICES CANNOT OVERCOME THE MAGNITUDE OF THE PROBLEM

2010 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.

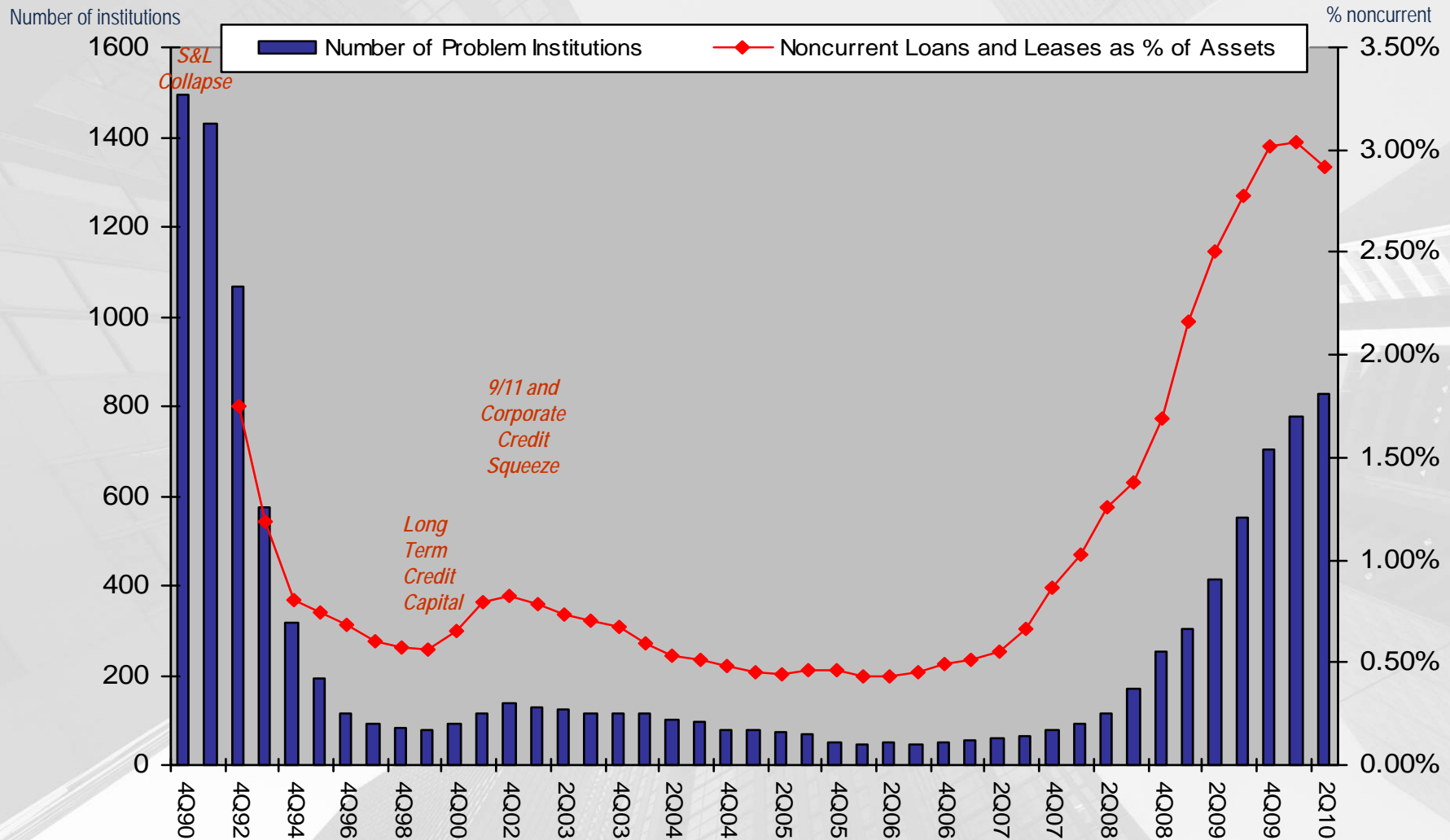


Servicers are liquidating soured commercial property loans bundled into bonds at an “anemic” pace as large mortgages delay the process, creating uncertainty as to the size of losses, according to Credit Suisse Group AG. Of nearly 4,900 troubled loans, 86 totaling \$494 million were liquidated last month, Credit Suisse analysts Serif Ustun and Sylvain Jousseume 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.

HFF, Inc.

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.

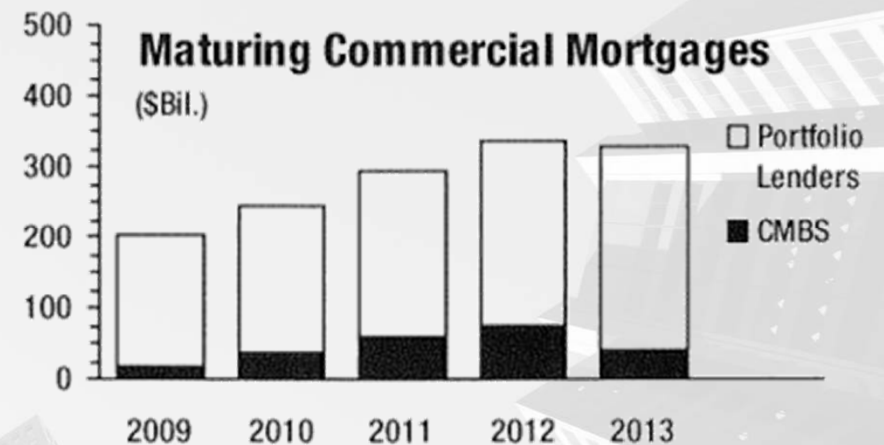
Percent of assets considered noncurrent loans and leases is defined as assets past due 90 days or more, plus assets placed in nonaccrual status

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

	CMBS Fixed (\$Bil.)	CMBS Floating (\$Bil.)	Insurer (\$Bil.)	Bank/ Thrift (\$Bil.)	Total (\$Bil.)
2009	\$17.6	\$1.5	\$16.8	\$168.1	\$204.0
2010	32.2	6.2	19.8	188.3	246.6
2011	44.1	17.8	23.1	210.9	296.0
2012	57.6	17.7	26.1	236.2	337.7
2013	40.9	0.7	24.8	264.6	330.9

Source: Deutsche Bank, CMA 10/16/09



BREAKDOWN OF SPECIAL SERVICING BY PROPERTY TYPE

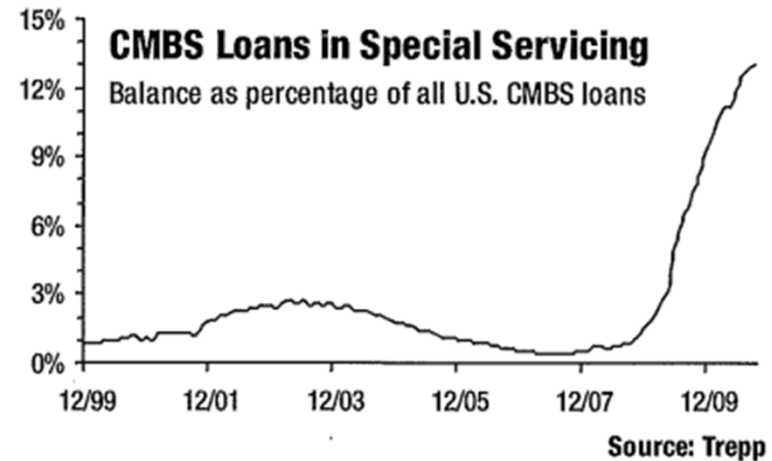
SPECIAL SERVICERS ARE UNDER PRESSURE (CAPMARK BANKRUPTCY)

CAN THEY HANDLE THE FLOW?

Breakdown of Special Servicing

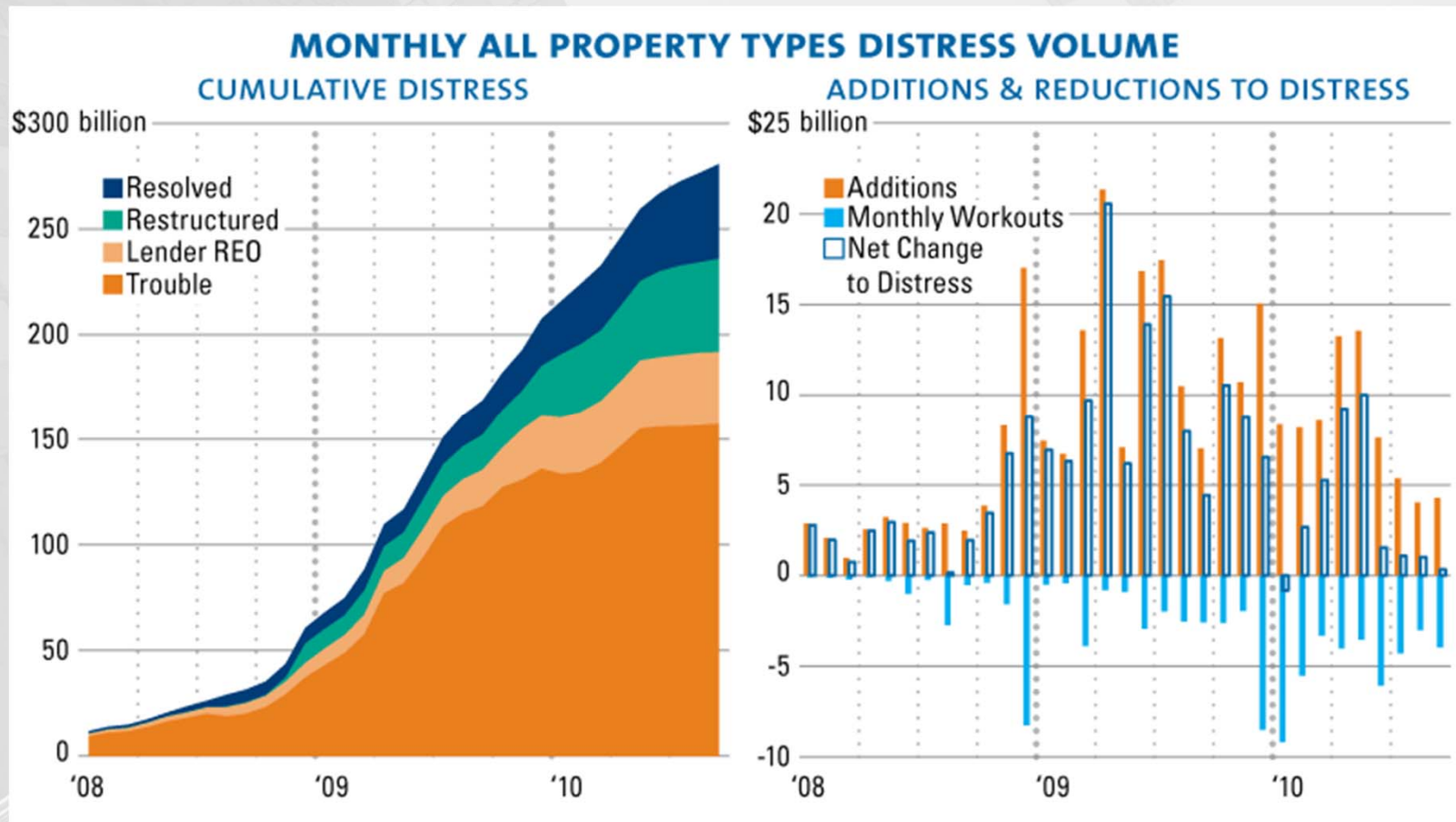
As of Sept. 30

Collateral	Balance (\$Mil.)	Portion of Loan Type In Special Servicing (%)	Share of Special Servicing (%)	Share of All CMBS Loans (%)
Office	\$21,857.4	10.6	24.3	30.0
Retail	18,155.0	9.1	20.2	29.1
Multi-family	17,737.6	17.5	19.7	14.7
Hotel	17,645.0	25.4	19.6	10.1
Industrial	2,491.6	7.4	2.8	4.9
Other	11,994.4	15.5	13.3	11.2
TOTAL	89,881.0	13.0	100.0	100.0



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 Jousseume 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. Roughly 50 loans with balances greater than \$50 million have been with special servicers, firms that handle troubled loans packaged in bonds, for at least one year, the report said. Bloomberg July 26, 2010 Sarah Mulholland.

DISTRESSED UNRESOLVED ASSETS BUILDING COUPLED WITH DETERIORATING PROPERTY FUNDAMENTALS AND MATURITY DEFAULTS INCREASED TRANSACTION VOLUMES ARE LIKELY IN 2010 & BEYOND

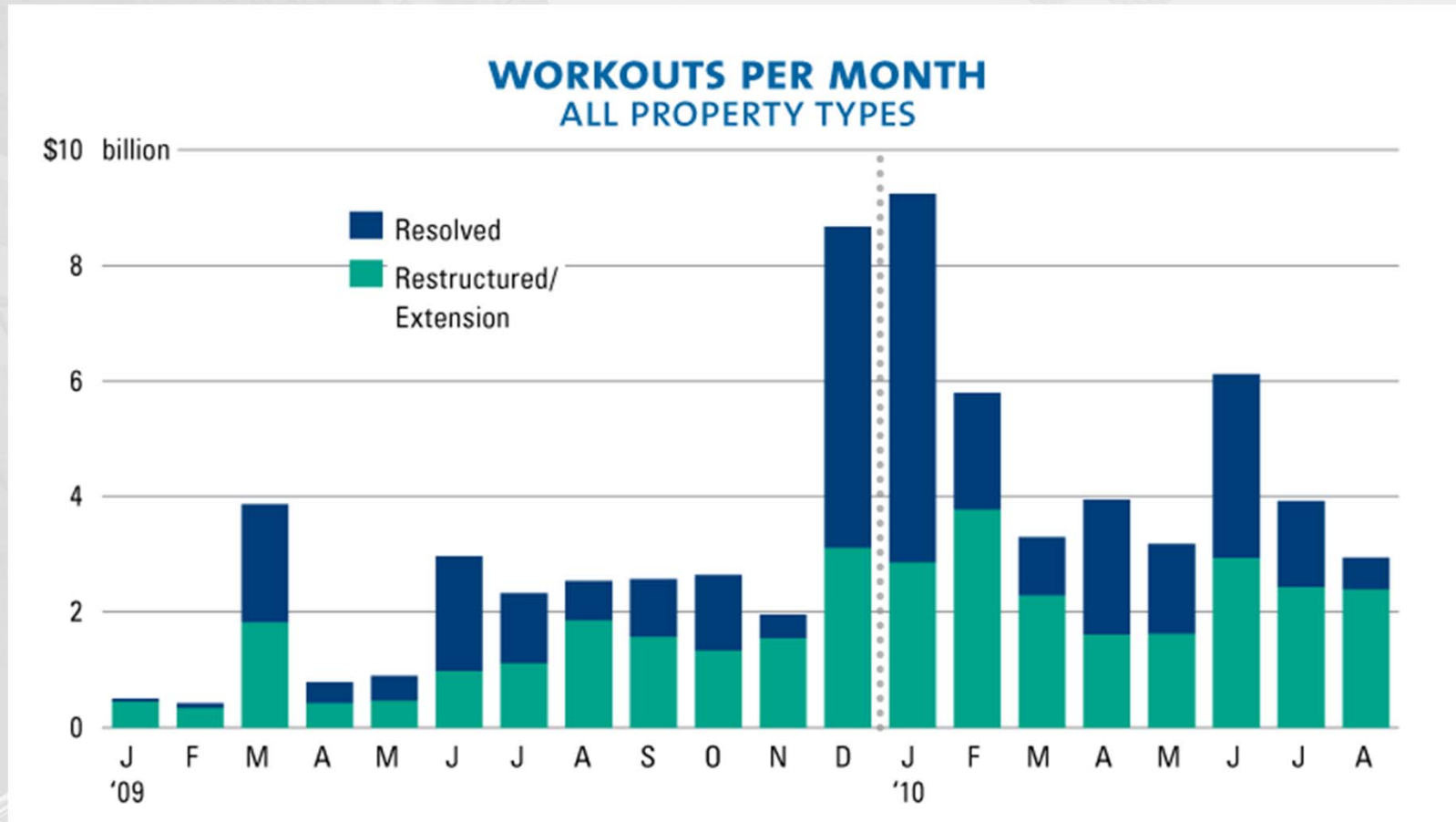


Source: Real Capital Analytics

Totals above include those assets that are troubled, REO, or where ownership or debt terms have been restructured/modified.

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DISTRESSED UNRESOLVED ASSETS BUILDING COUPLED WITH DETERIORATING PROPERTY FUNDAMENTALS AND MATURITY DEFAULTS INCREASED TRANSACTION VOLUMES ARE LIKELY IN 2010 & BEYOND



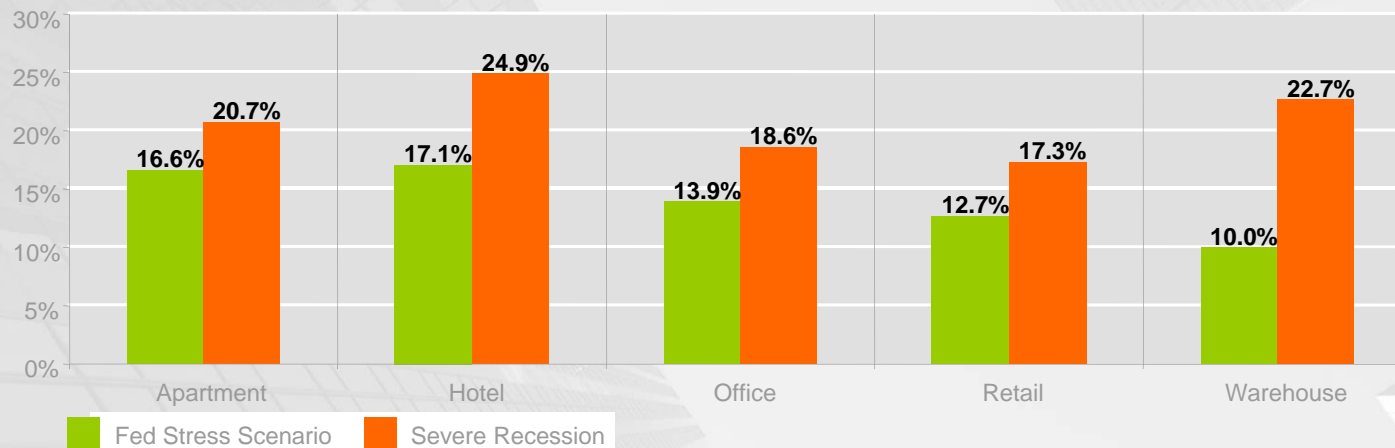
Source: Real Capital Analytics

Totals above includes those assets that are troubled, REO, or where ownership or debt terms have been restructured/modified.

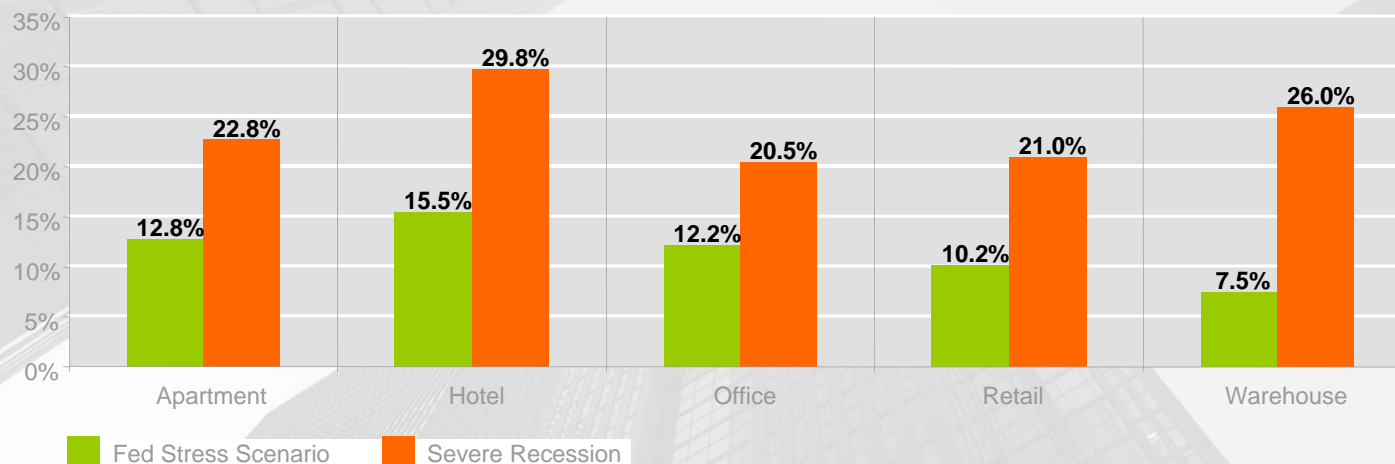
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TO EXTEND OR NOT TO EXTEND? LOSSES BY PROPERTY TYPE UNDER EXTENSION SCENARIOS PROBLEMATIC REGARDLESS ESPECIALLY IF THE ECONOMY SLOWS

TOTAL LOSS BY PROPERTY TYPE - NO EXTENSION



TOTAL LOSS BY PROPERTY TYPE-WITH 4 YEAR EXTENSION

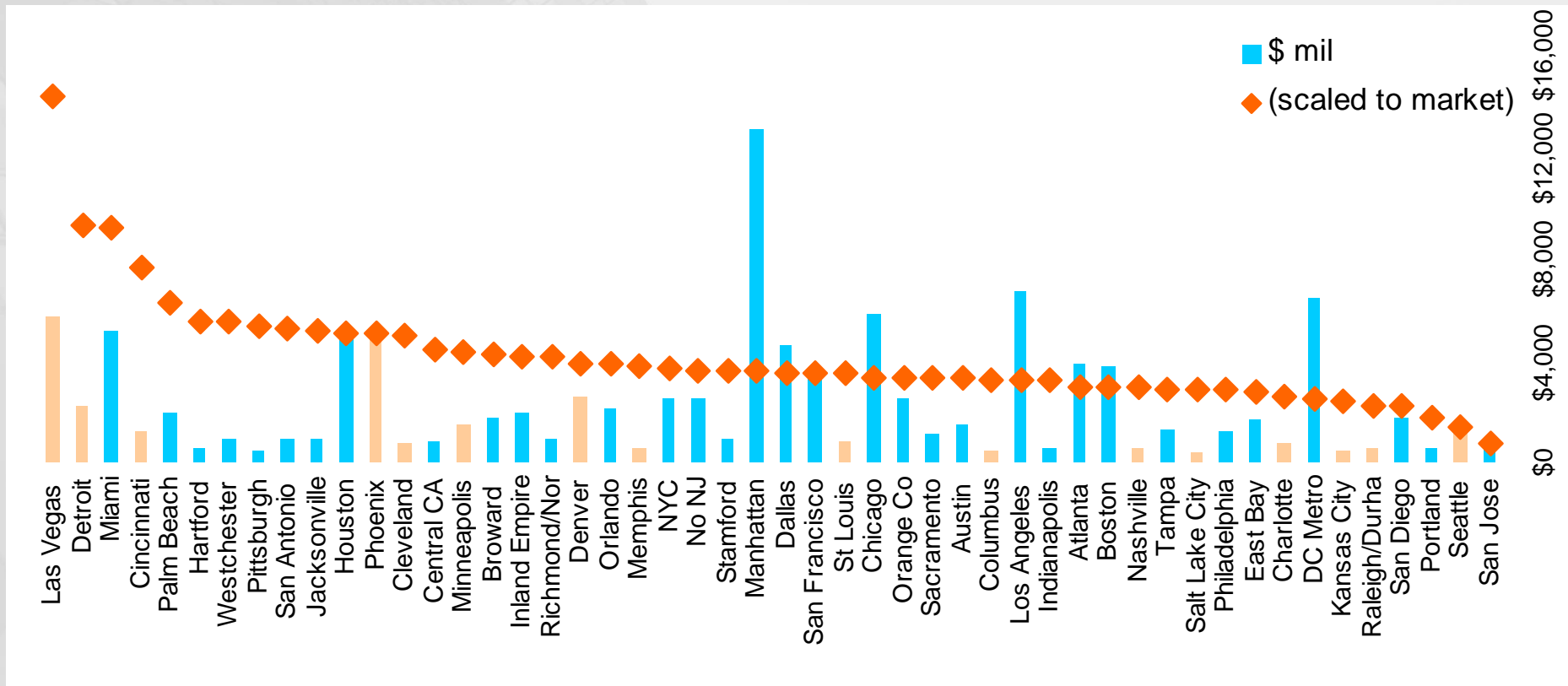


Source: Federal Reserve, FDIC, Gilberto-Levy, Trepp, PPR

DISTRESSED VOLUME BY MARKET – HFF IS WELL POSITIONED

SPECIAL ASSET GROUP, INVESTMENT SALES & LOAN SALES GROUP, DEBT & STRUCTURED FINANCE, INVESTMENT BANKING & ADVISORY SERVICES & SERVICING

Data for trailing twelve months



Source: Real Capital Analytics, February 2010

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

Scaled to market represents distress volume/sales during the past four years.

EXCELLENCE

IN REAL ESTATE CAPITAL MARKETS SOLUTIONS

DEBT PLACEMENT

INVESTMENT SALES

ADVISORY SERVICES

PRIVATE EQUITY & CORPORATE FINANCE

STRUCTURED FINANCE

LOAN SALES

LOAN SERVICING

U.S. COMMERCIAL REAL ESTATE

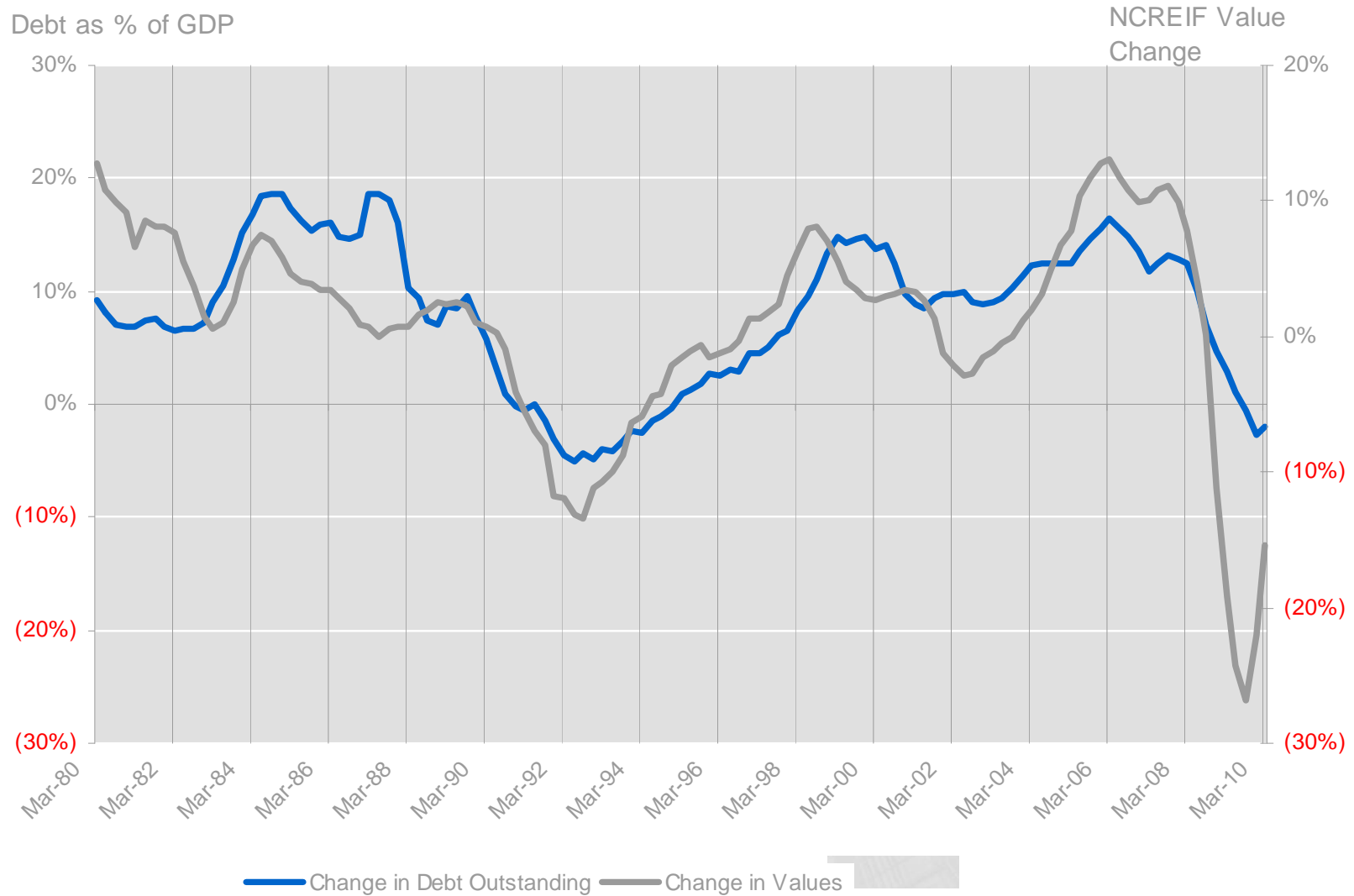
DEBT UNDERWRITING AND PRICING – PAST & PRESENT

VALUATIONS – PRIVATE AND PUBLIC – PAST & PRESENT

2005 TO 2008 DEALS (EQUITY OR DEBT)

ARE LIKELY IMPAIRED - "THE LAG EFFECT" & DISTRESS

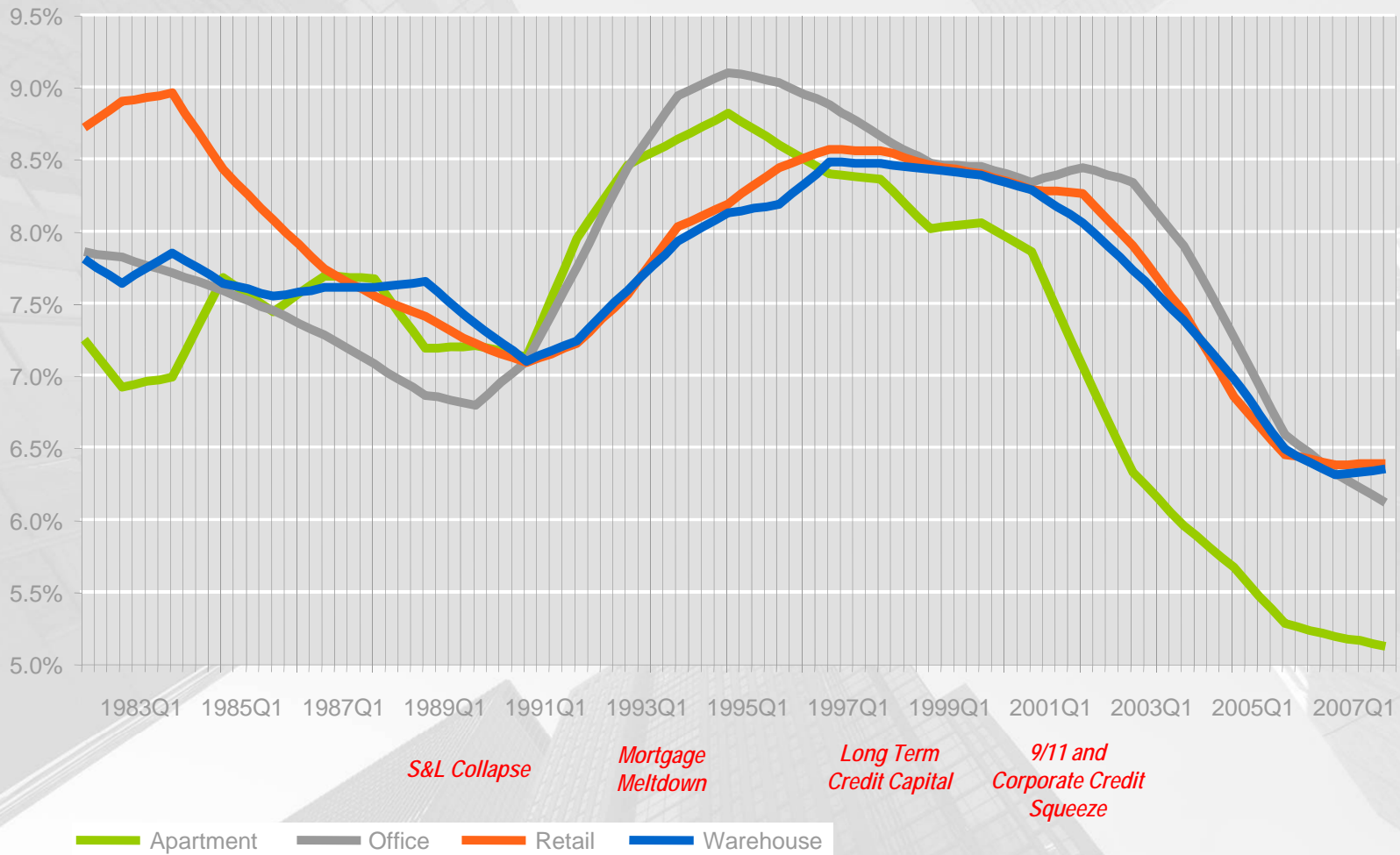
PROPERTY VALUES ARE STRONGLY RELATED TO DEBT



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

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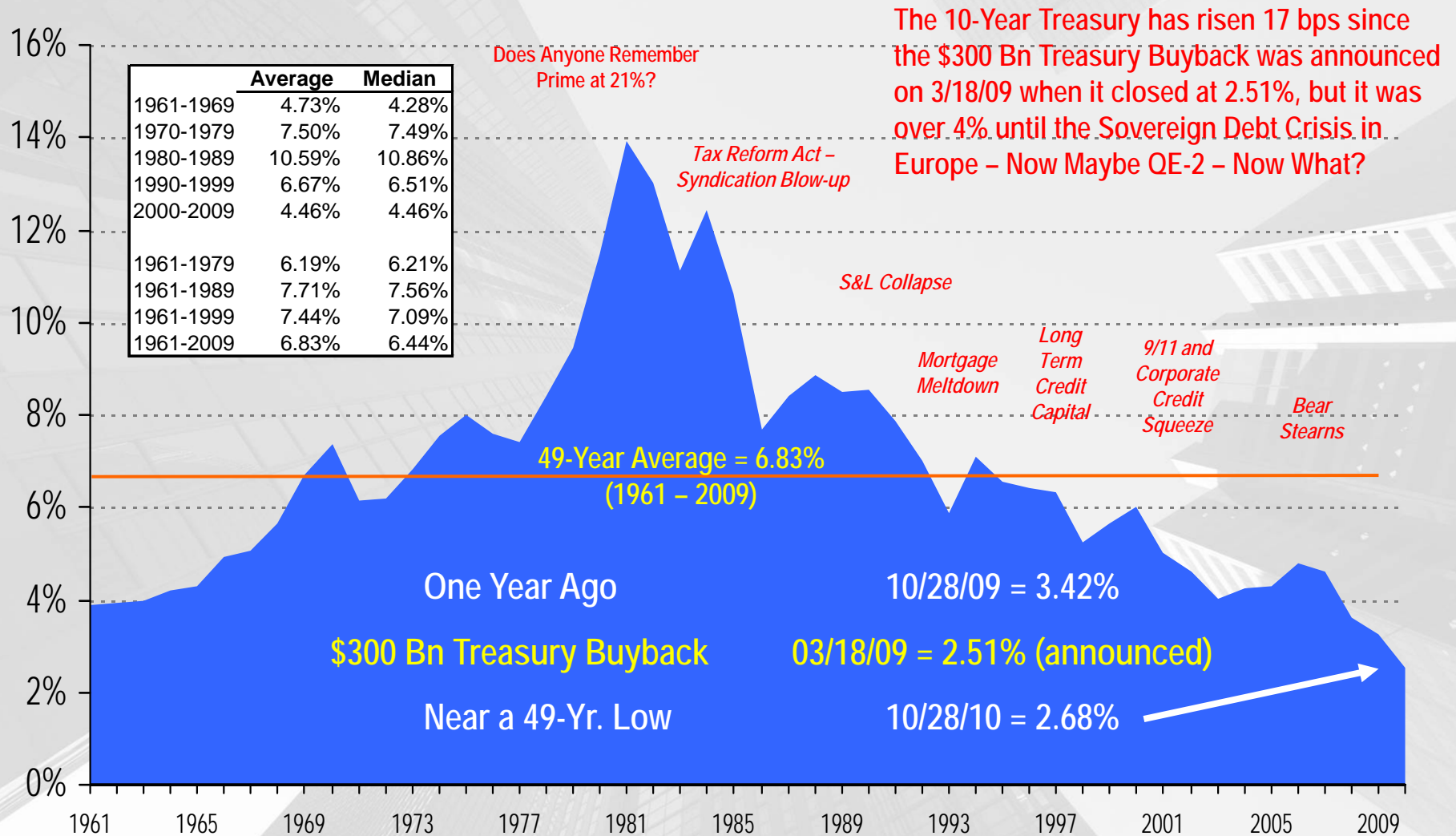
CAP RATE COMPRESSION MORE PRONOUNCED COMPARED TO EARLY 1990s DUE TO UNPRECEDENTED CAPITAL FLOWS



Source: PPR

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49-YEAR HISTORY OF THE 10-YEAR TREASURY FED INTERVENTION WAS SUPPOSED TO BE OVER – BUT IS IT – QE-2? WHAT HAPPENS TO THE 10-YEAR NOW?

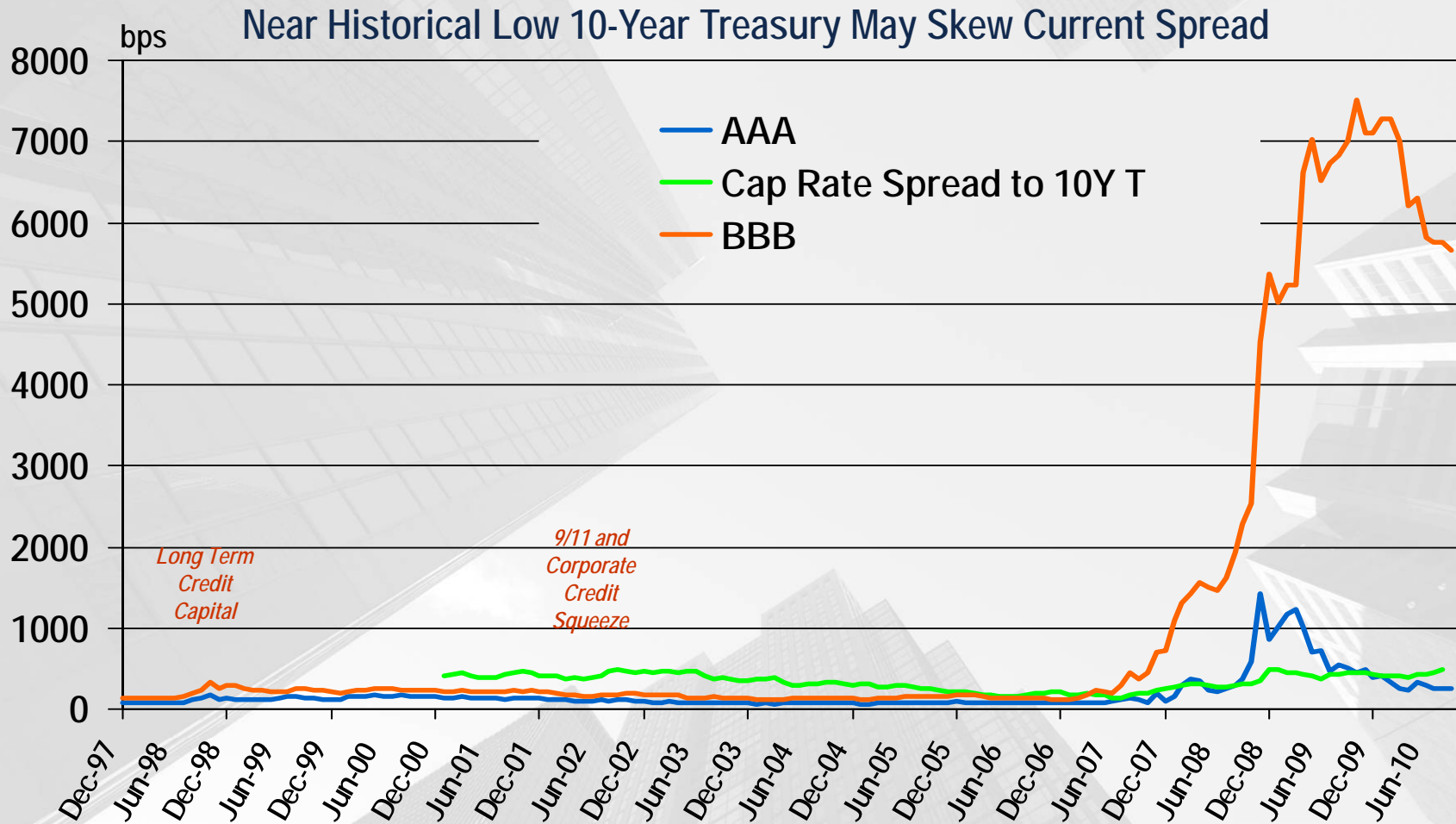


Source: The Department of the Treasury

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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



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.

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 65% - Agencies 70% to 80%
 Amortizations Range From 25 to 30 Years
 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?

49 Yr. Avg. (1961-2009)	6.83%	49 Yr. Avg. (1961-2009)	6.83%
Avg Spread		Avg Spread	
(1988 to 2008)	1.75%	(1990 to 2000)	1.85%
All In Coupon	8.58%	All In Coupon	8.68%
30 Yr. Amort.Constant	9.30%	30 Yr. Amort.Constant	9.38%
25 Yr. Amort.Constant	9.73%	25 Yr. Amort.Constant	9.81%

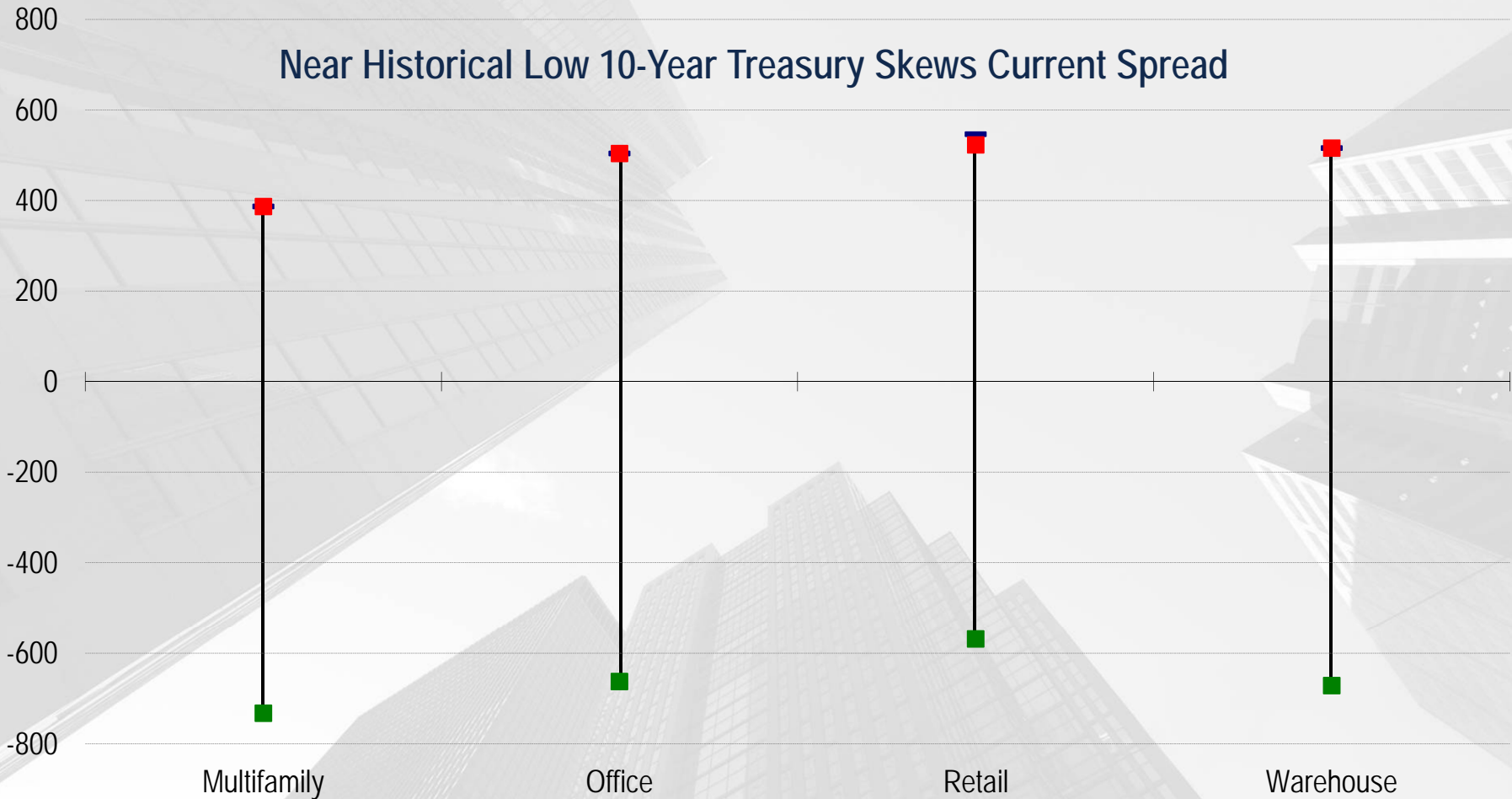
WHAT MAKES IT EVEN WORSE FOR BORROWERS IS THE DROP IN LTV'S BASED ON
 DRAMATICALLY DIFFERENT UNDERWRITING BY THE LENDERS THAN IN 2005 TO 2007 COUPLED
 WITH DECLINING NOI'S AND CASH FLOWS

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HISTORICAL PRICING REMAINS ATTRACTIVE CAP RATES MAY BE HEADING HIGHER OR TREASURIES ARE HEADING HIGHER & SPREADS WILL CONTRACT

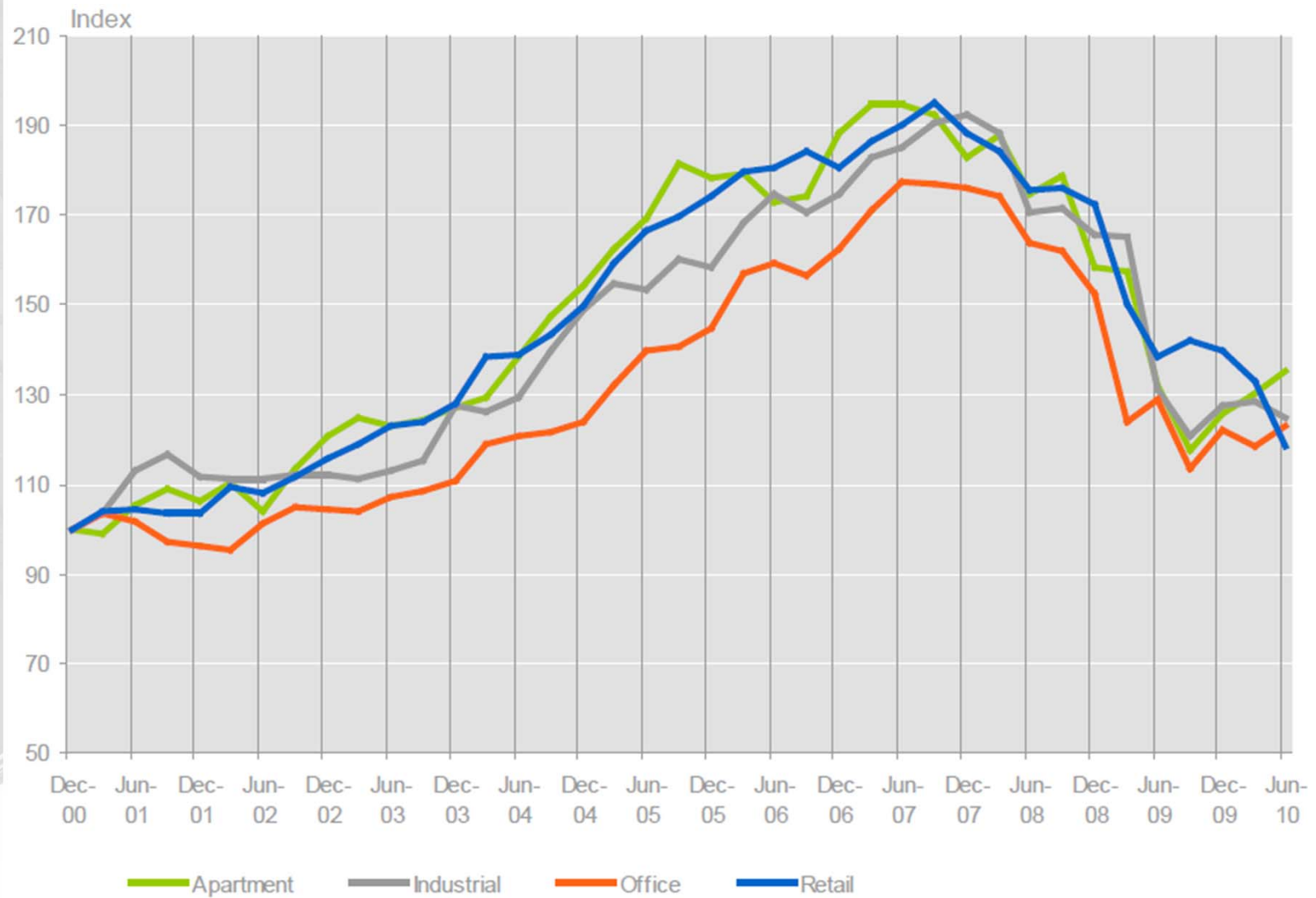
Cap Rate Spread Over 10-Year Treasury (since 1982)

— Maximum ■ Current ■ Minimum



Source: PPR 54, 4Q 2009

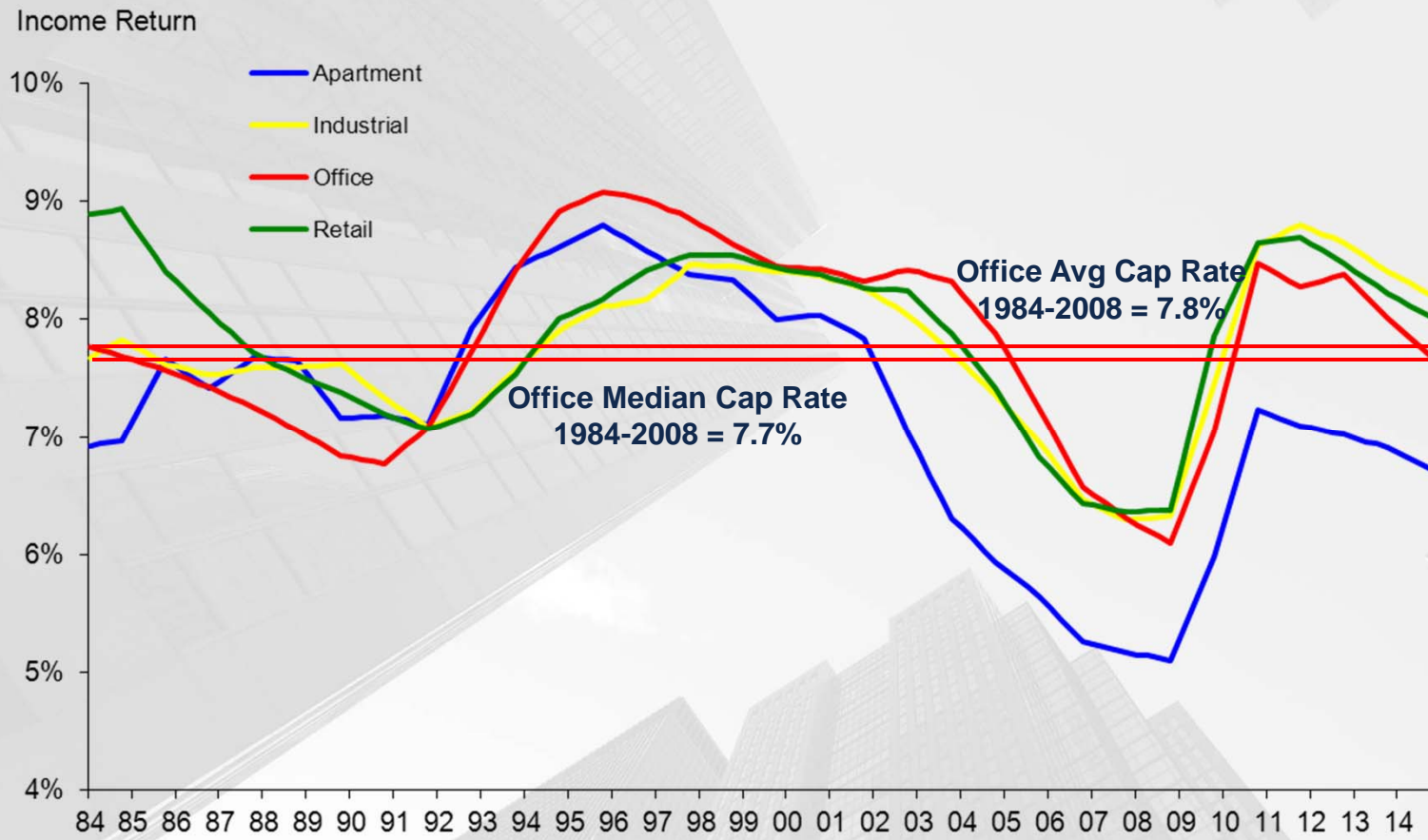
MOODY'S/REAL COMMERCIAL PROPERTY PRICE INDEX PRODUCT TYPE BREAKDOWN



Source: PPR – Moody's Economy.com, Moody's

OFFICE CAP RATES

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

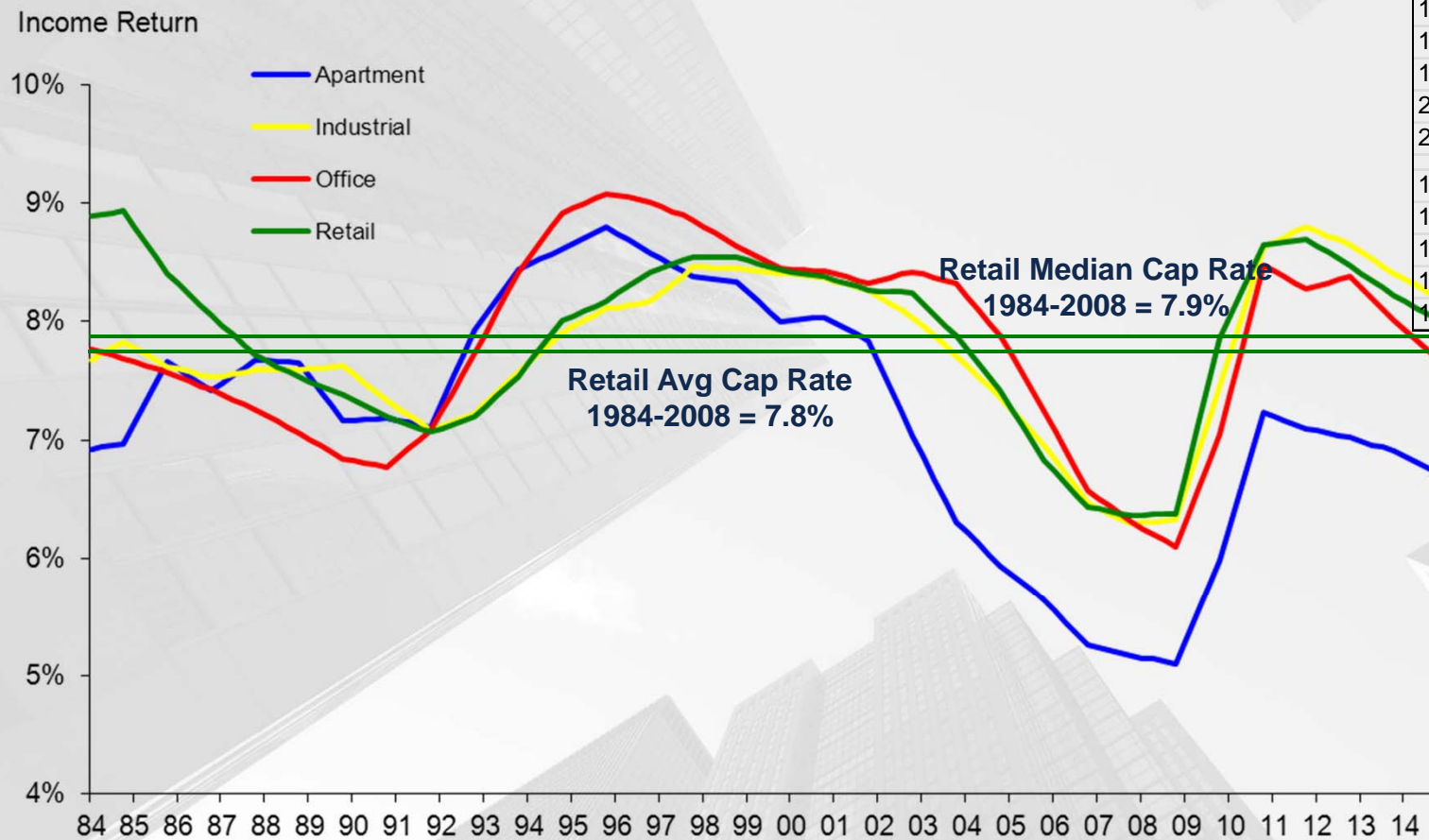


	OFFICE	
	Average	Median
1984-1990	7.3%	7.3%
1990-1995	7.9%	7.8%
1995-2000	8.8%	8.8%
2000-2005	8.2%	8.4%
2005-2008	6.7%	7.5%
1984-1990	7.3%	7.3%
1984-1995	7.6%	7.5%
1984-2000	7.9%	7.7%
1984-2005	8.0%	8.1%
1984-2008	7.8%	7.7%

Source: PPR

RETAIL CAP RATES

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

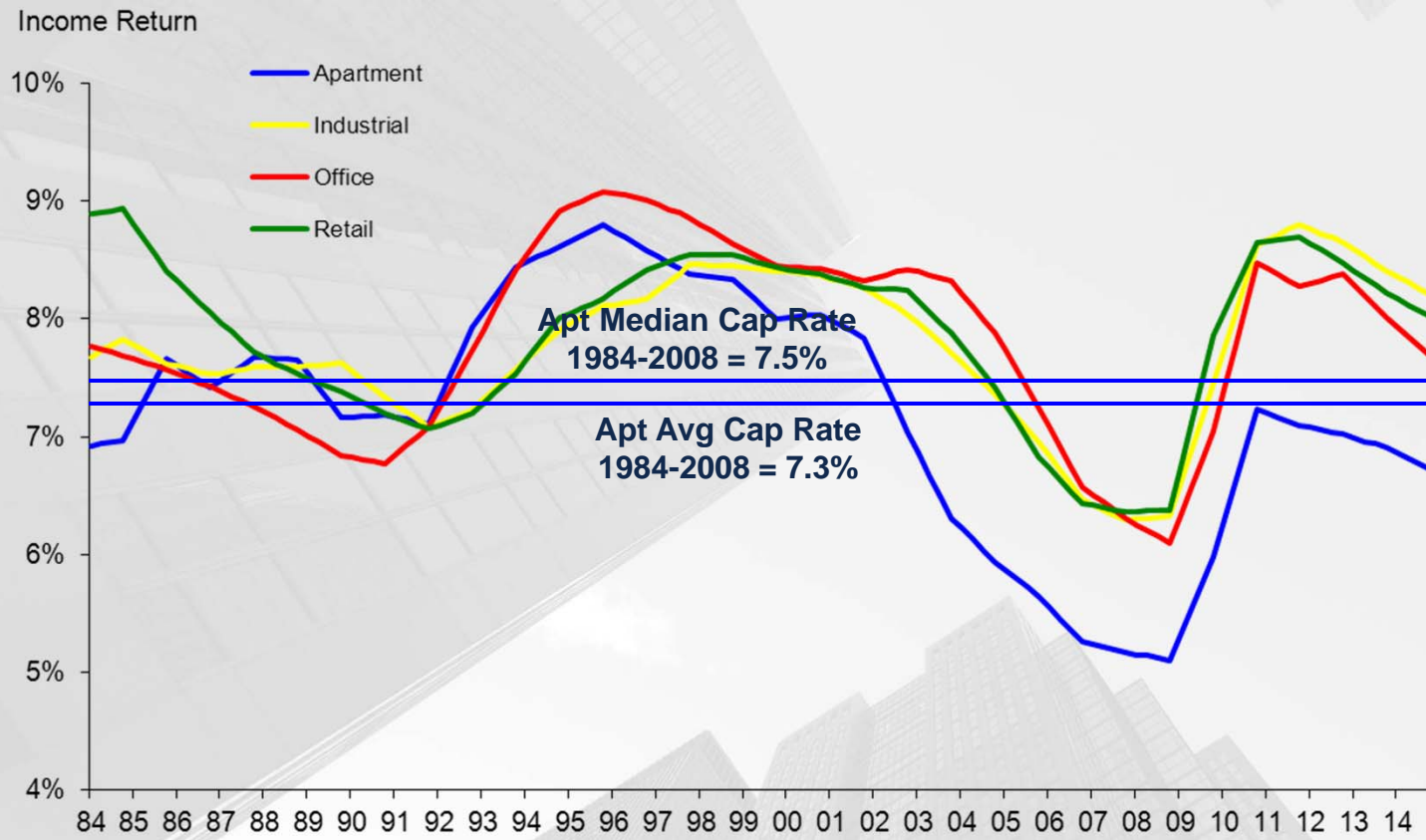


	RETAIL	
	Average	Median
1984-1990	8.0%	7.8%
1990-1995	7.5%	7.3%
1995-2000	8.4%	8.4%
2000-2005	7.9%	8.2%
2005-2008	6.6%	7.3%
1984-1990	8.0%	7.8%
1984-1995	7.8%	7.7%
1984-2000	8.0%	8.1%
1984-2005	8.0%	8.1%
1984-2008	7.8%	7.9%

Source: PPR

MULTIFAMILY CAP RATES

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



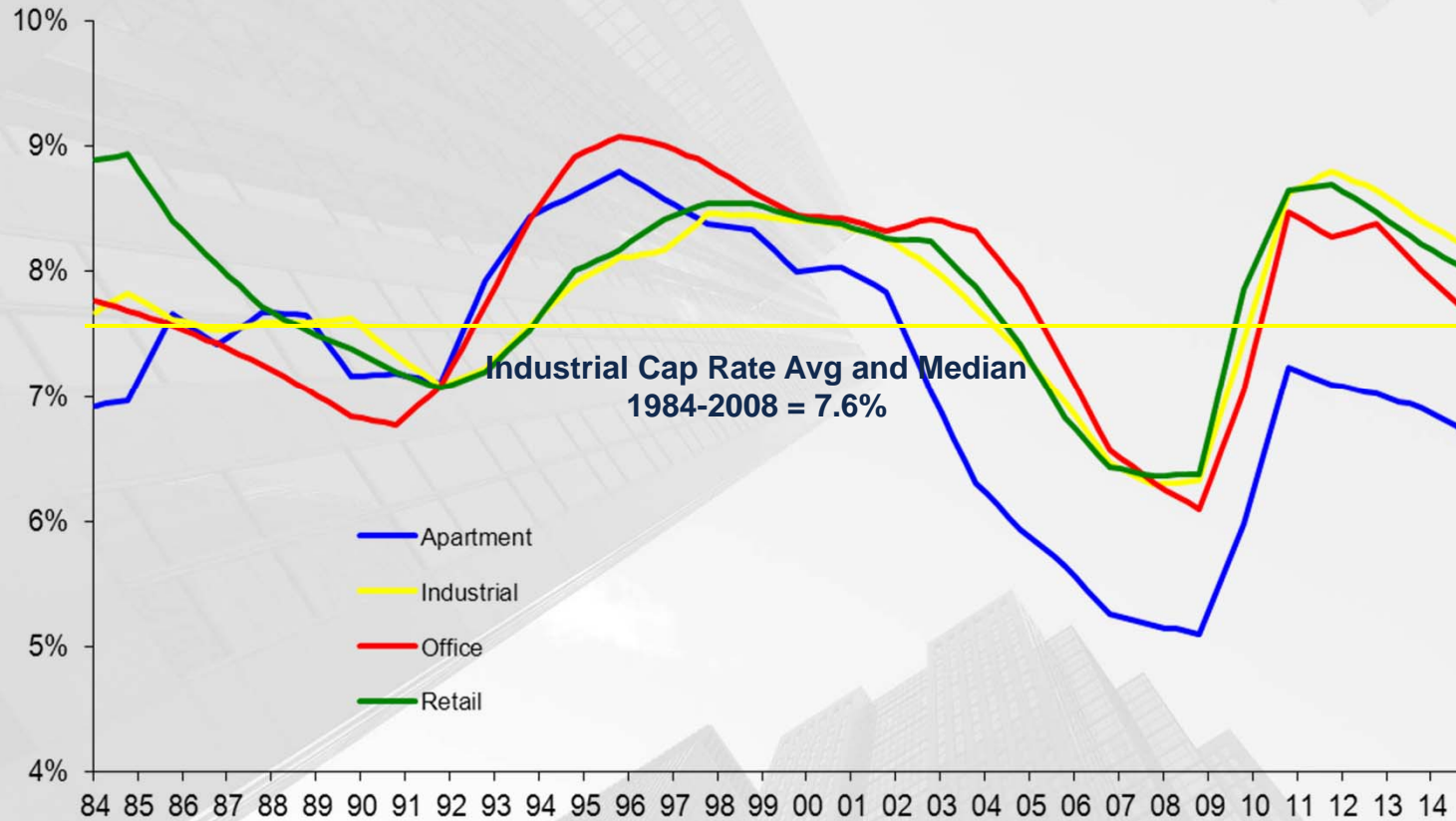
MULTIFAMILY		
	Average	Median
1984-1990	7.4%	7.5%
1990-1995	7.9%	8.0%
1995-2000	8.4%	8.4%
2000-2005	7.0%	7.0%
2005-2008	5.4%	6.2%
1984-1990	7.4%	7.5%
1984-1995	7.7%	7.5%
1984-2000	7.9%	7.7%
1984-2005	7.6%	7.6%
1984-2008	7.3%	7.5%

Source: PPR

INDUSTRIAL CAP RATES

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

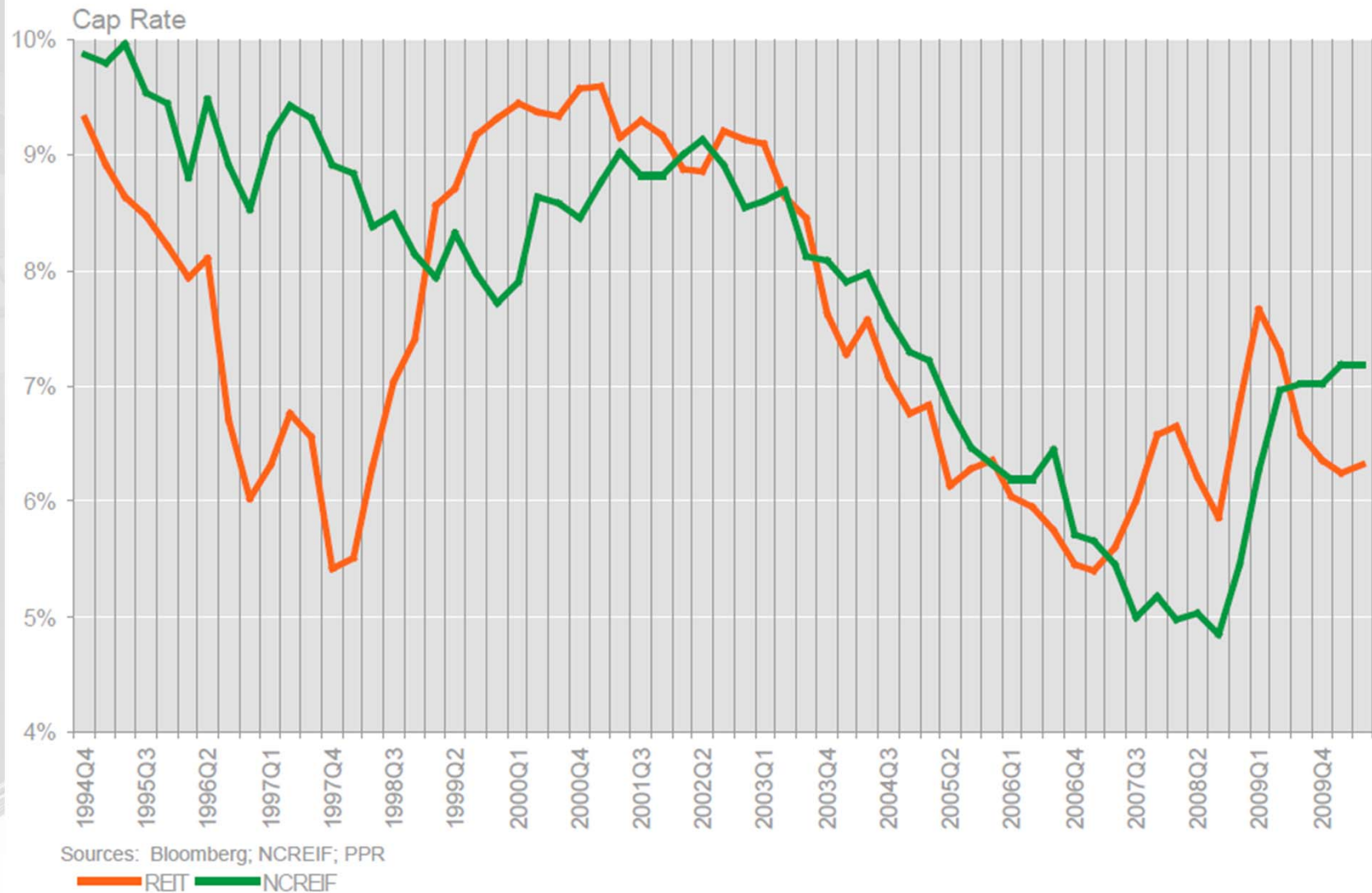
Income Return



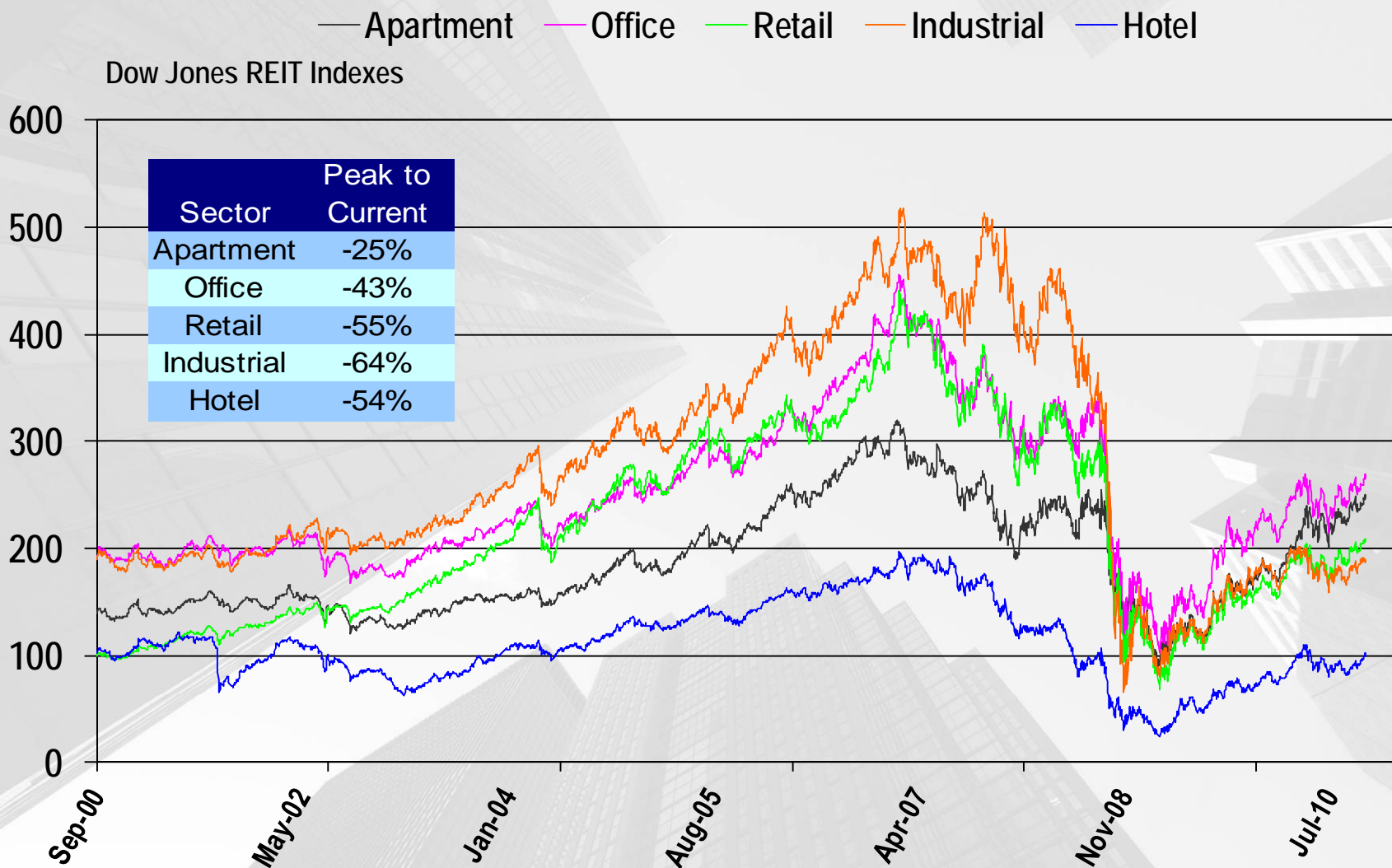
	INDUSTRIAL	
	Average	Median
1984-1990	7.6%	7.6%
1990-1995	7.5%	7.4%
1995-2000	8.3%	8.4%
2000-2005	7.9%	8.0%
2005-2008	6.6%	7.2%
1984-1990	7.6%	7.6%
1984-1995	7.6%	7.6%
1984-2000	7.8%	7.7%
1984-2005	7.8%	7.7%
1984-2008	7.6%	7.6%

Source: PPR

REIT CAP RATES – A LEADING INDICATOR ARE DECLINING PROPERTY LEVEL FUNDAMENTALS FULLY PRICED IN?



ALL PUBLIC REIT SECTORS HAVE RALLIED BUT VALUATIONS ARE STILL WELL OFF THEIR PEAKS ARE PROPERTY LEVEL FUNDAMENTALS FULLY PRICED IN?



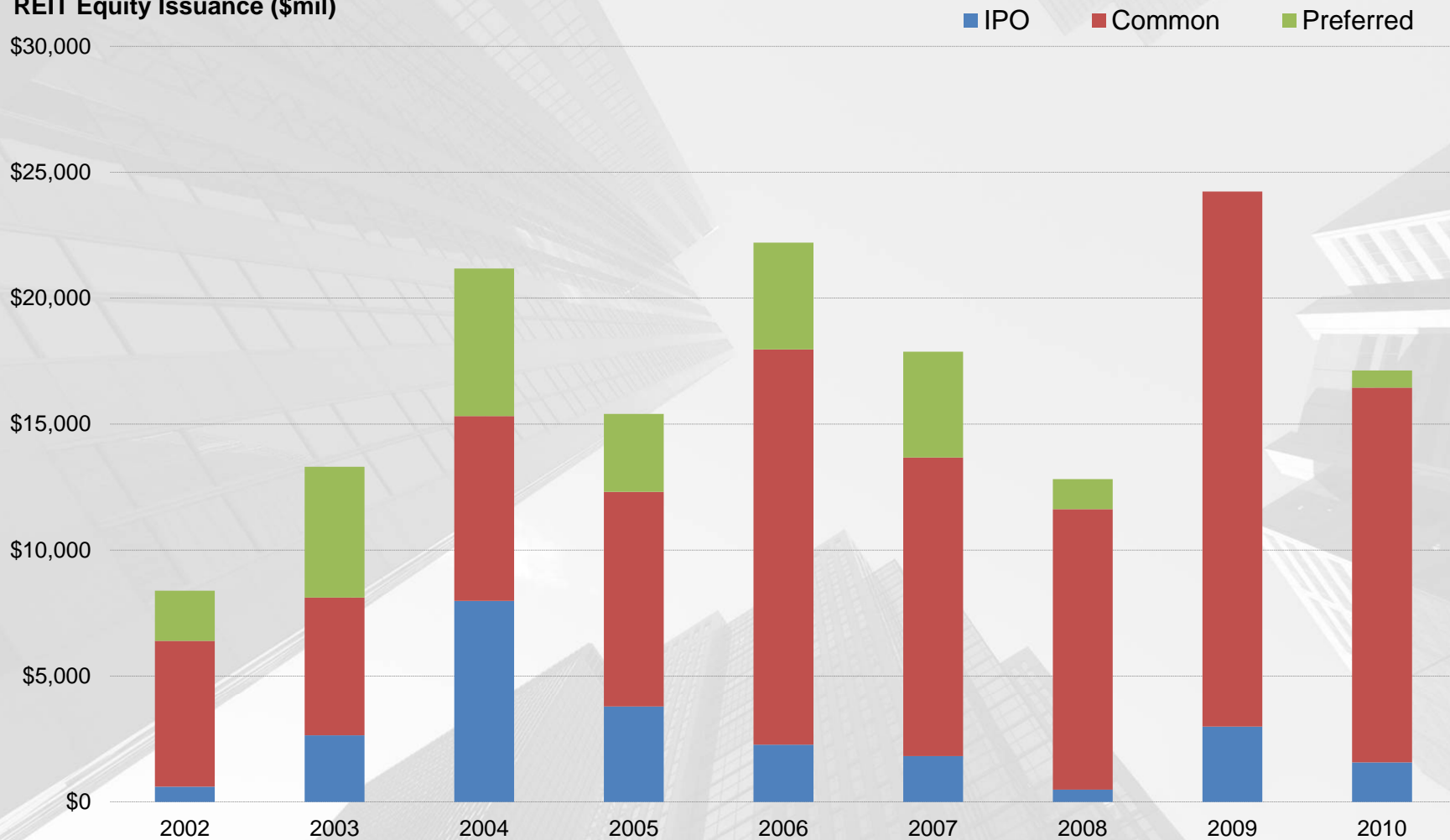
Source: Dow Jones; latest data point as of October 19, 2010

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PUBLIC MARKETS OPEN & EQUITY REIT ISSUANCE REMAINS ACTIVE

\$24.2 Bn ISSUED IN 2009 & \$17.1 Bn 2010 YTD

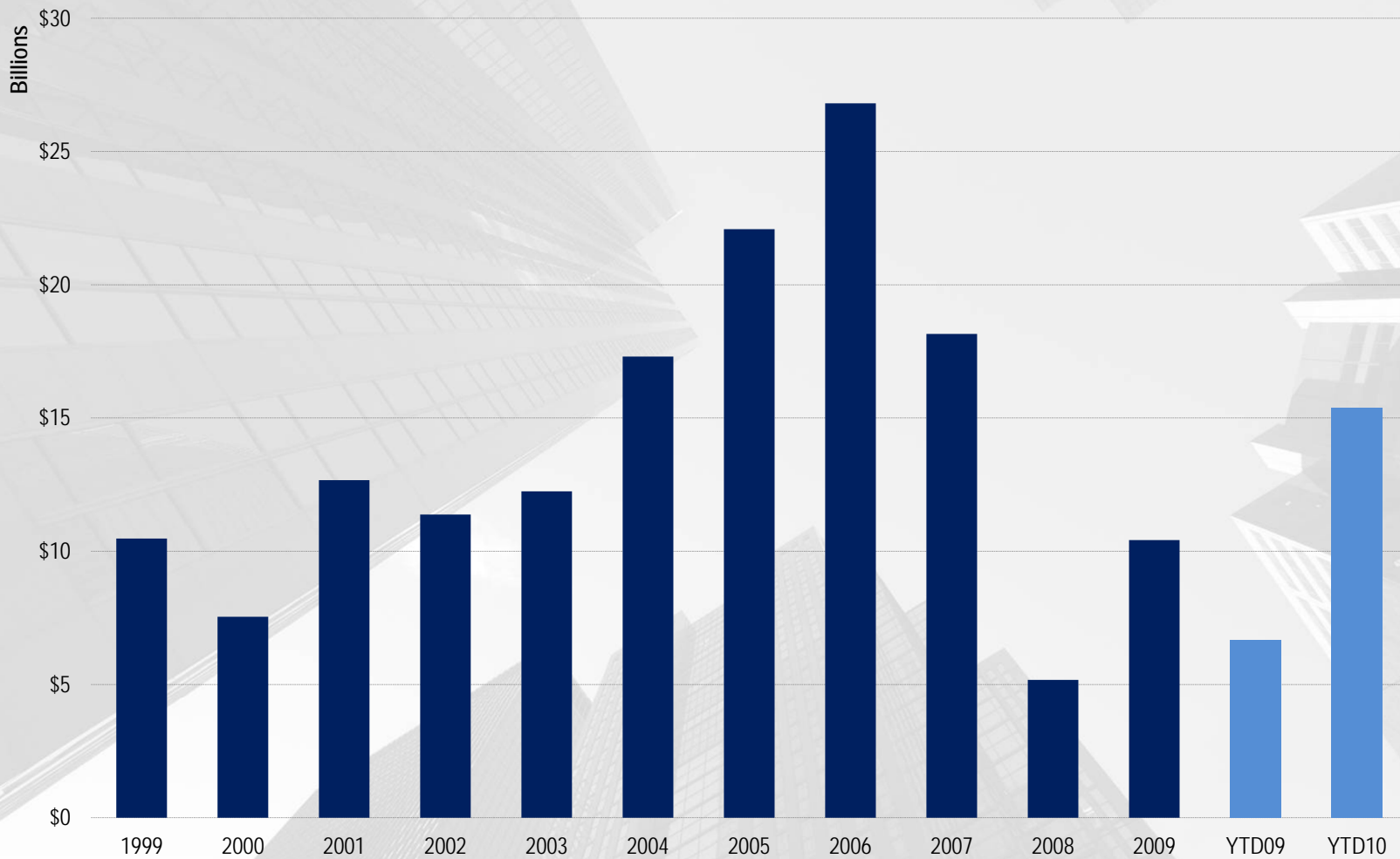
REIT Equity Issuance (\$mil)



Source: NAREIT, YTD September 2010

PUBLIC MARKETS OPEN & REIT DEBT ISSUANCE REMAINS ACTIVE OVER \$10 BN ISSUED IN 2009 AND MORE THAN \$15 BN IN 2010 - YTD

REIT Debt Issuance



Source: Bloomberg, YTD is through September

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



Sources: SNL; NAREIT

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2009 INVESTMENT GRADE & HIGH YIELD REIT DEBT ISSUANCE

WE HAVE COME A LONG WAY IN A SHORT PERIOD OF TIME

HAS THE FED CREATED A FINANCIAL ASSET BUBBLE IN THE CREDIT MARKETS???

Priced	Maturity	Issuer	Ratings		Amt	Security Desc.	Coupon	Spread to UST
			Moody's	S&P				
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

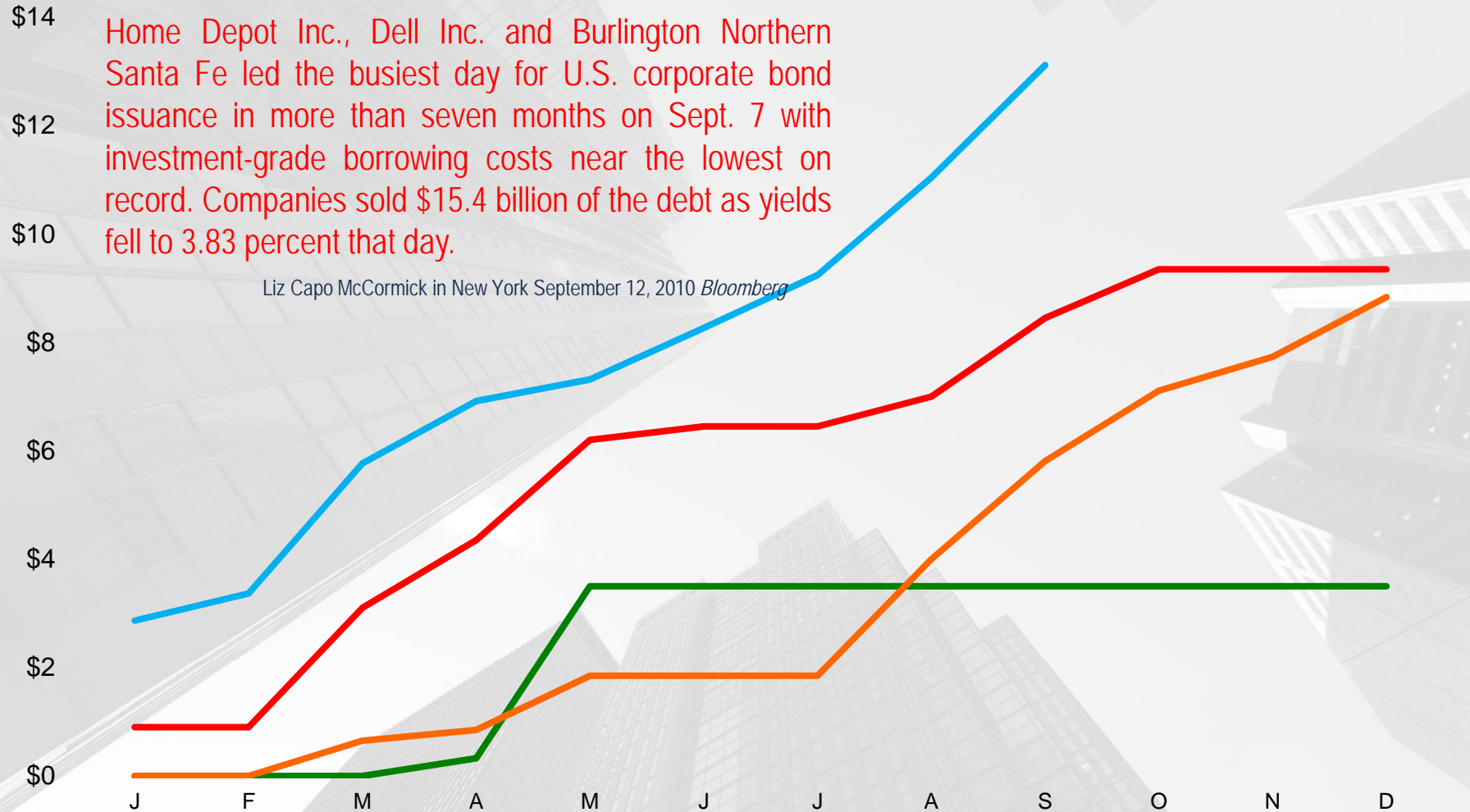
CUMULATIVE REIT DEBT ISSUANCE IS UP PUBLIC MARKETS ARE OPEN TO FINANCE GOOD CREDIT HAS THE FED CREATED A FINANCIAL ASSET BUBBLE IN THE CREDIT MARKETS???

Annual Cumulative REIT Debt Issuance (\$b)

— 2007 — 2008 — 2009 — 2010

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 Alert

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AND THE TREND CONTINUES TO IMPROVE 2010 YTD INVESTMENT GRADE & HIGH YIELD REIT DEBT ISSUANCE HAS THE FED CREATED A FINANCIAL ASSET BUBBLE IN THE CREDIT MARKETS???

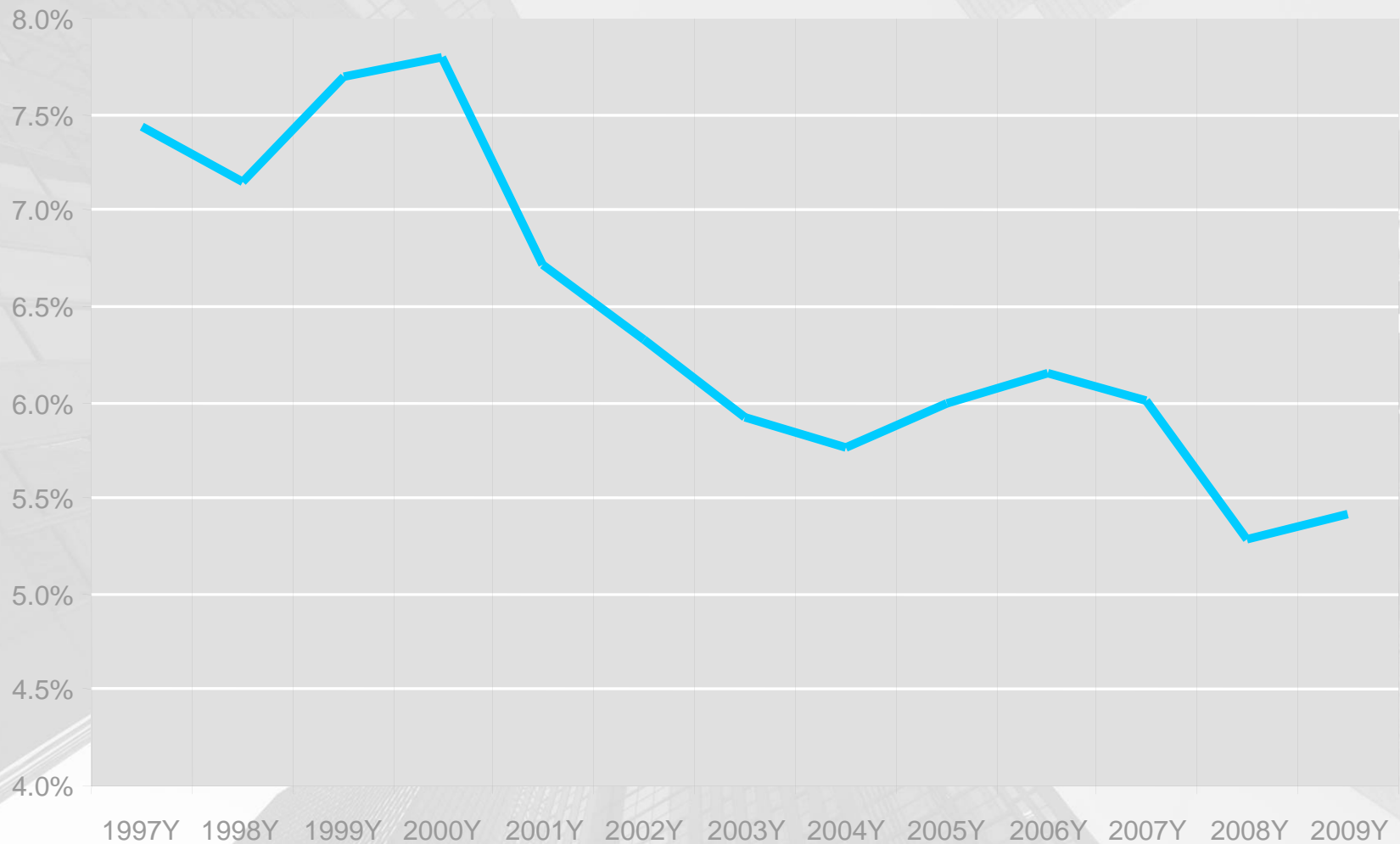
Issue Date	Maturity	Issuer	Rating	\$ mil	Structure	Coupon	Spread (UST)	Yield	Price
6-Apr-10	15-Apr-20	Senior Housing Properties Trust	Ba1/BBB-	200	10yr Notes	6.75%	T+294	6.90%	\$98.93
8-Apr-10	15-Nov-20	Boston Properties Trust	Baa2/A-	700	10.5yr Notes	5.63%	T+175	5.64%	\$99.89
22-Apr-10	1-May-20	Biomed Realty Trust	Baa3/BBB-	250	10yr Notes	6.13%	T+250	6.27%	\$98.98
17-May-10	1-Jun-20	Kilroy Realty	Baa3/BBB-	250	10yr Notes	6.63%	T+250	6.74%	\$99.15
27-May-10	15-Jun-20	Regency Centers	Baa2/BBB	150	10yr Notes	6.00%	T+275	6.09%	\$99.30
2-Jun-10	1-Dec-20	Tanger Properties	Baa2/BBB	300	10yr Notes	6.13%	T+287.5	6.22%	\$99.31
3-Jun-10	15-Apr-20	Health Care REIT	Baa2/BBB-	150	10yr Reopening	6.13%	T+261.6	6.00%	\$100.91
24-Jun-10	15-Jan-21	Realty Income Corp.	Baa1/BBB	250	10.5yr Notes	5.75%	T+270	5.83%	\$99.40
25-Jun-10	15-Jul-20	Entertainment Property Trust	Baa3/BB+	250	10yr Notes	7.75%	T+490.7	8.00%	\$98.29
30-Jun-10	15-Jul-15	Digital Realty Trust	Baa2/BBB	375	5yr Notes	4.50%	T+275	4.57%	\$99.70
12-Jul-10	15-Jul-20	ERP Operating LP	Baa1/BBB+	600	10yr Notes	4.75%	T+180	4.85%	\$99.24
4-Aug-10	15-Aug-17	AMB Property	Baa1/BBB	300	7yr Notes	4.50%	T+237.5	4.68%	\$98.92
9-Aug-10	1-Mar-21	Simon Property Group	A3/A-	900	10.5yr Notes	4.38%	T+160	4.42%	\$99.61
18-Aug-10	28-Aug-20	Choice Hotels	Baa3/BBB	250	10yr Notes	5.70%	T+310	5.73%	\$99.75
25-Aug-10	1-Feb-10	Kimco Realty	Baa1/BBB+	300	7.5yr Notes	4.30%	T+240	4.36%	\$99.65
7-Sep-10	15-Sep-17	Health Care REIT	Baa2/BBB-	450	7yr Notes	4.70%	T+270	4.74%	\$99.74
14-Sep-10	15-Sep-20	Commonwealth REIT	Baa2/BBB	250	10yr Notes	5.88%	T+350	6.17%	\$97.85
15-Sep-10	15-Mar-21	BRE Properties	Baa2/BBB	300	10.5yr Notes	5.20%	T+250	5.24%	\$99.81
15-Sep-10	1-Feb-18	Wyndham Worldwide	Ba1/BBB-	250	7.5yr Notes	5.75%	T+365	5.76%	\$99.95
22-Sep-10	1-Oct-20	Liberty Property LP	Baa2/BBB	350	10yr Notes	4.75%	T+225	4.78%	\$99.76
23-Sep-10	1-Oct-20	Washington REIT	Baa1/BBB+	250	10yr Notes	4.95%	T+250	5.05%	\$99.20
30-Sep-10	15-Apr-21	Regency Centers	Baa2/BBB	250	10.5yr Notes	4.80%	T+230	4.82%	\$99.86
13-Oct-10	15-Oct-17	Post Apartment Homes	Baa3/BBB-	150	7yr Notes	4.75%	T+300	4.77%	\$99.86

Equity Residential (BBB+) recently priced a \$600MM 10yr unsecured offering. The offering priced at T+180 (spread down ~45 bps from a similarly sized and term issue by Federal Realty in February 2010) or a coupon of 4.75% and represents the lowest 10yr REIT coupon since March 2004. Simon's borrowing costs dropped over 600 bps in 10 months time (March 2009 A- rated at T+813 bps versus January 2010 A- rated at T+200 bps). Even the lower rated credits have joined the party.

Source: Goldman Sachs

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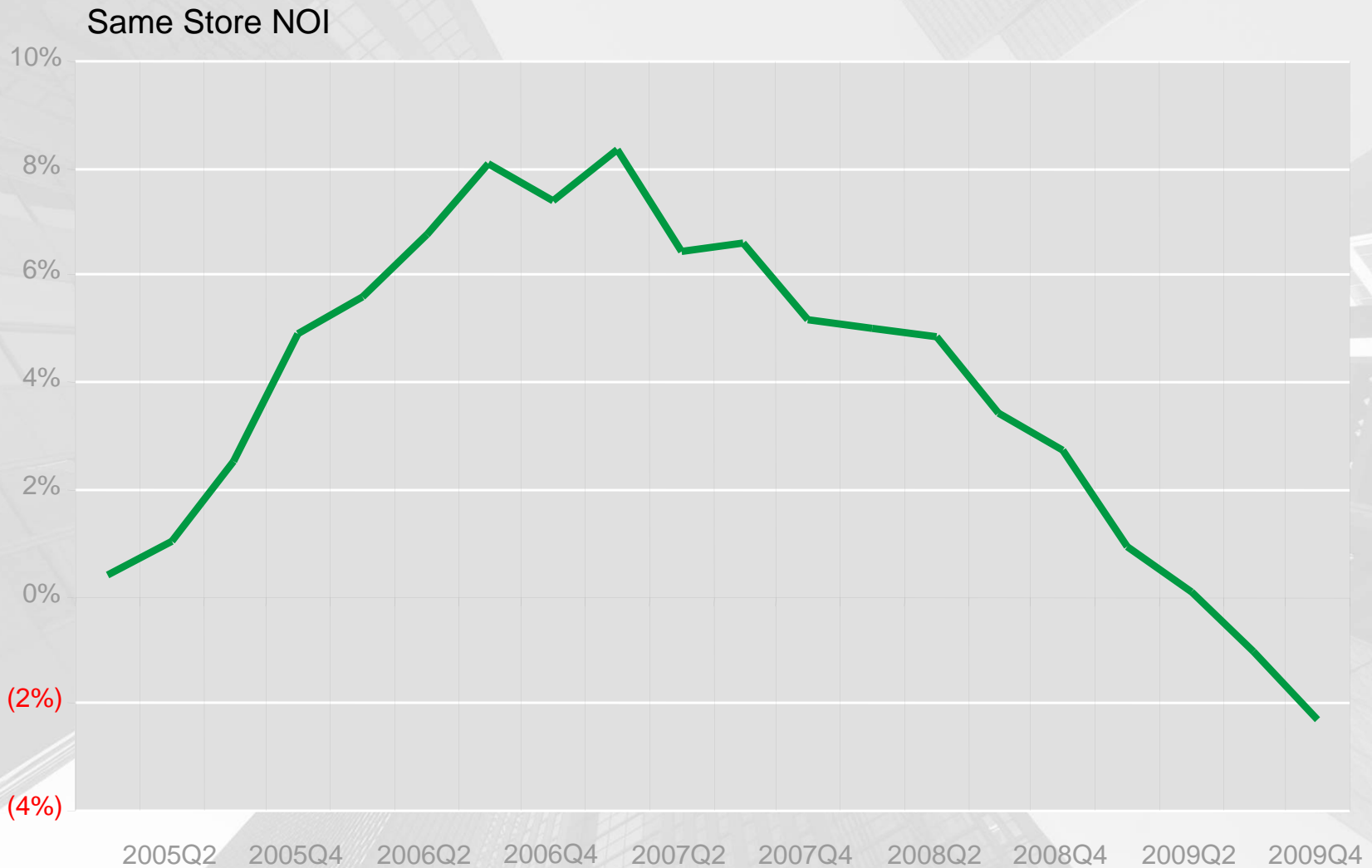
AS A RESULT PUBLIC REITS AVERAGE COST OF DEBT HAS STEADILY DECLINED



Source: PPR - SNL

HFF, Inc.

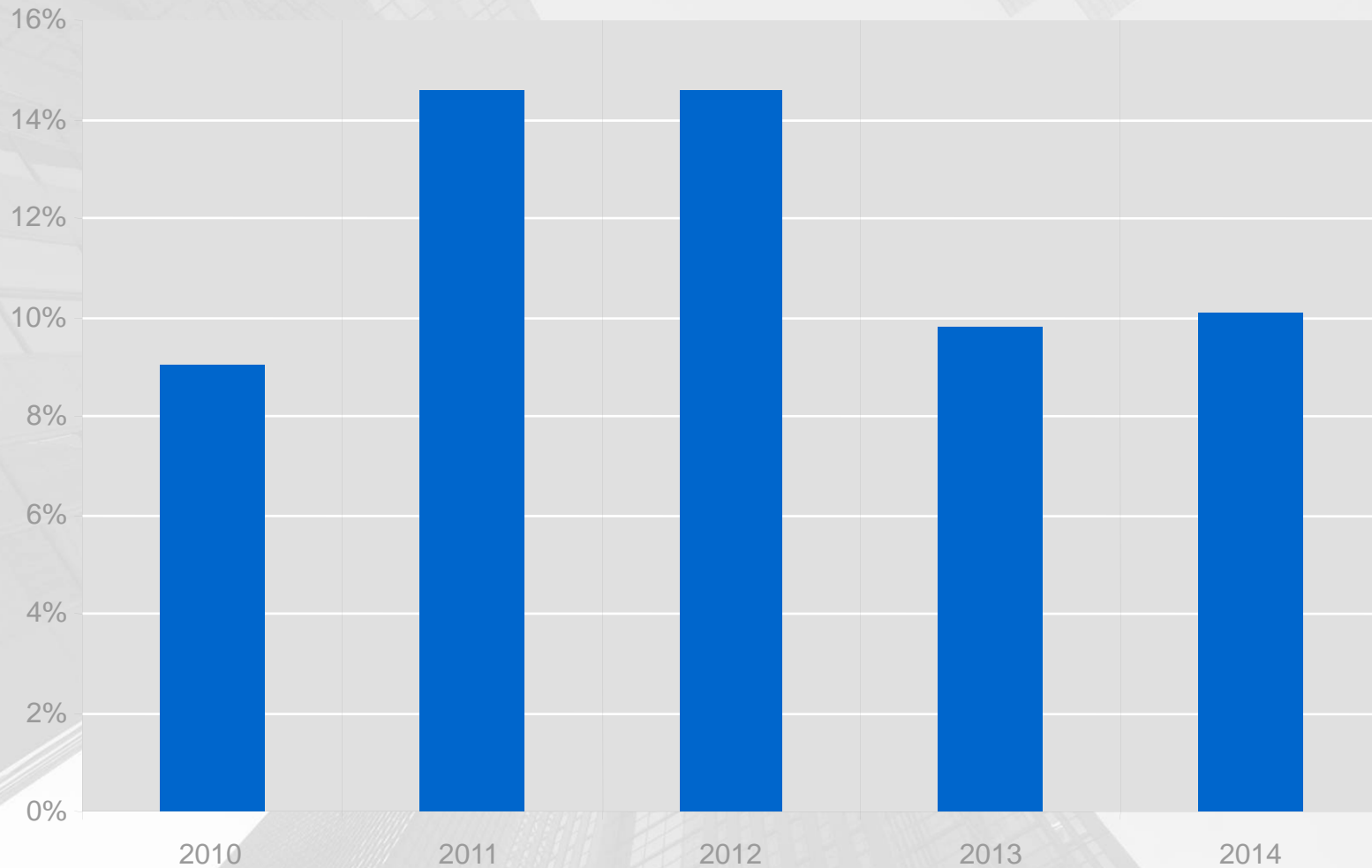
DETERIORATING FUNDAMENTALS HAVE IMPACTED EARNINGS YET BORROWING COSTS HAVE CONTINUED TO DECLINE AND REIT PRICES CONTINUE TO IMPROVE



Source: PPR - SNL

REITS HAVE A SIGNIFICANT AMOUNT OF DEBT MATURING IN THE NEXT FIVE YEARS IMPACT OF SLOW FUNDAMENTAL RECOVERY AND HIGHER INTERESTS?

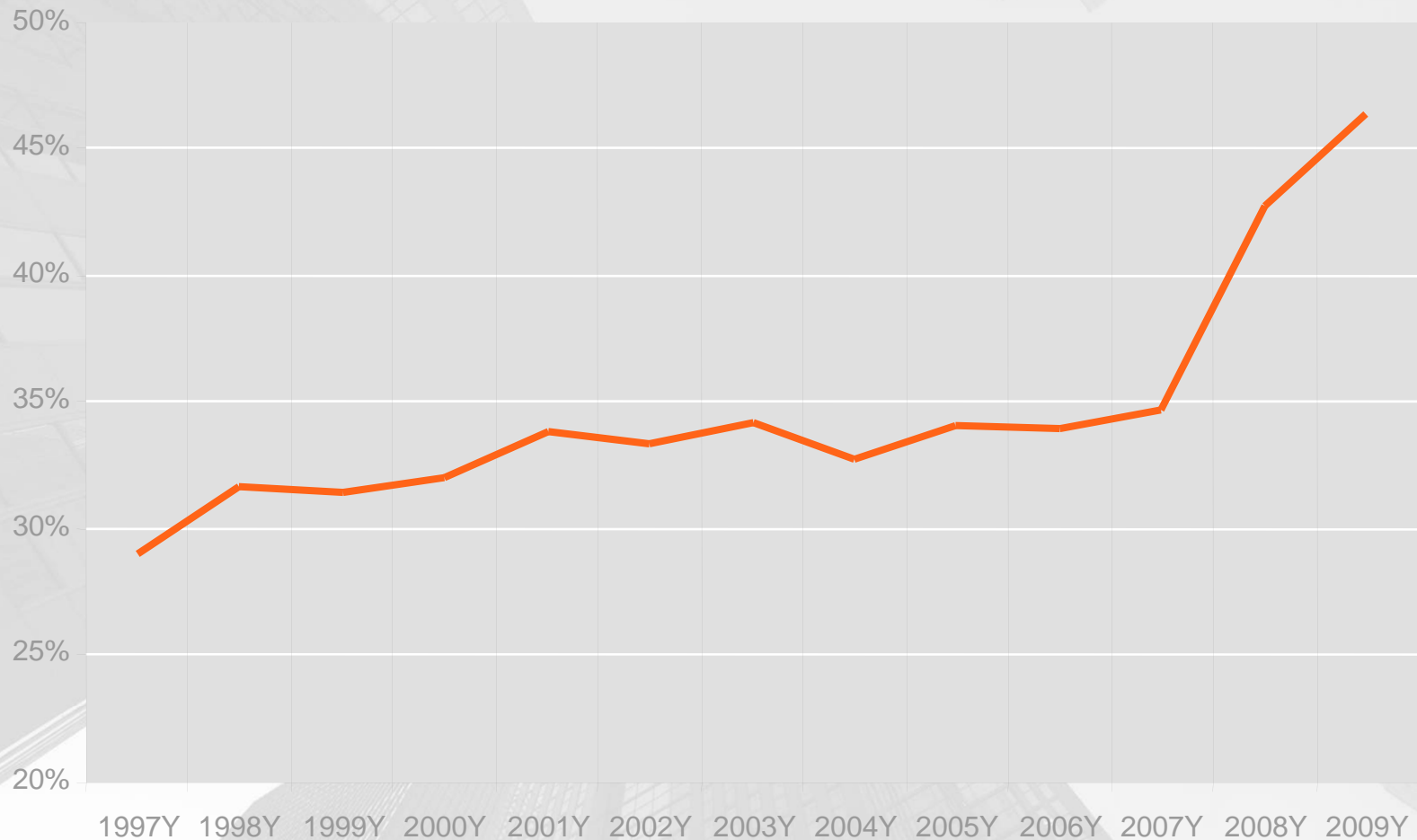
% of Portfolio Maturing



Source: PPR – SNL

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

Interest Expense as % of Earnings



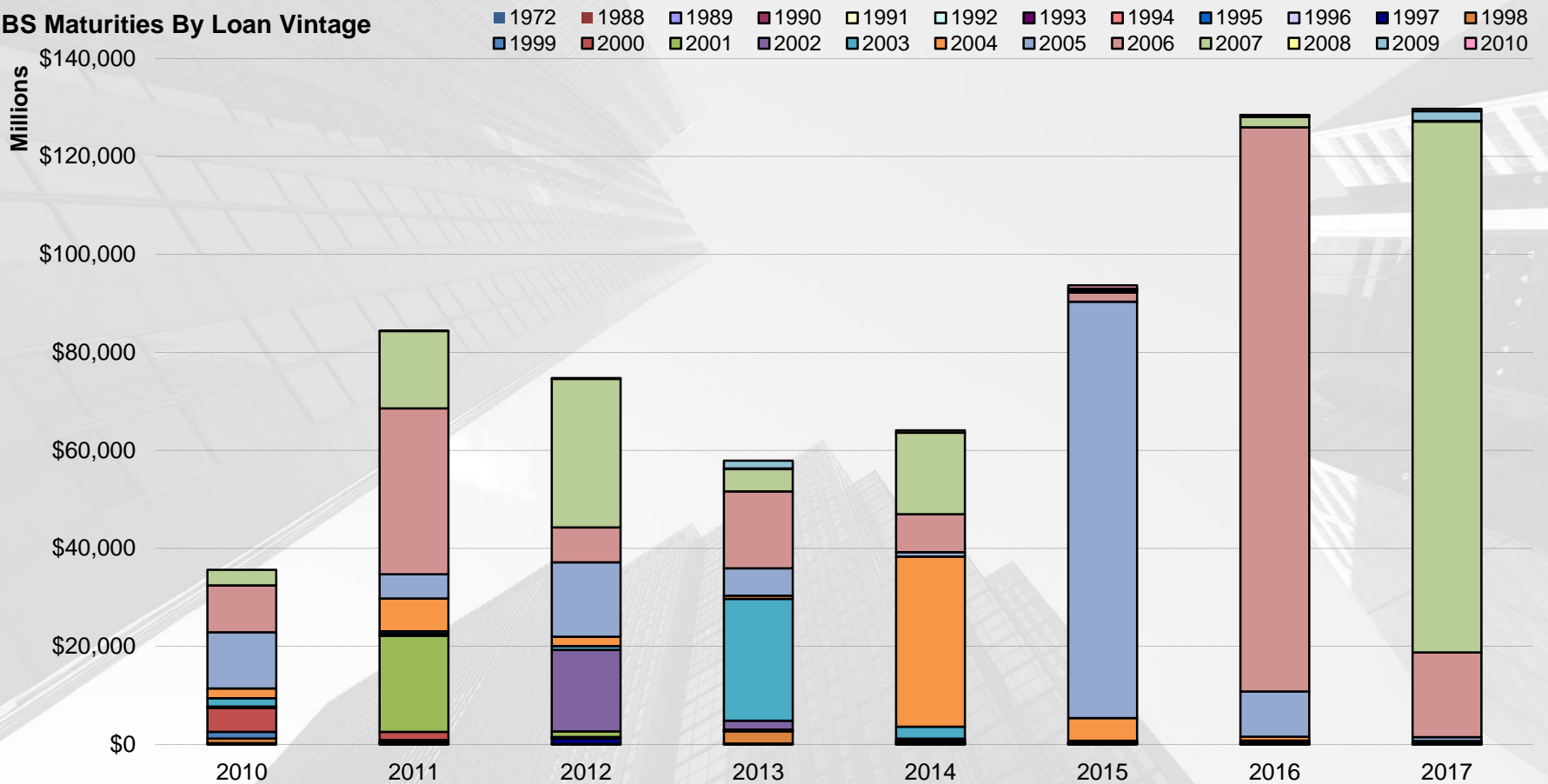
Source: PPR - SNL

HFF, Inc.

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-deceased 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.

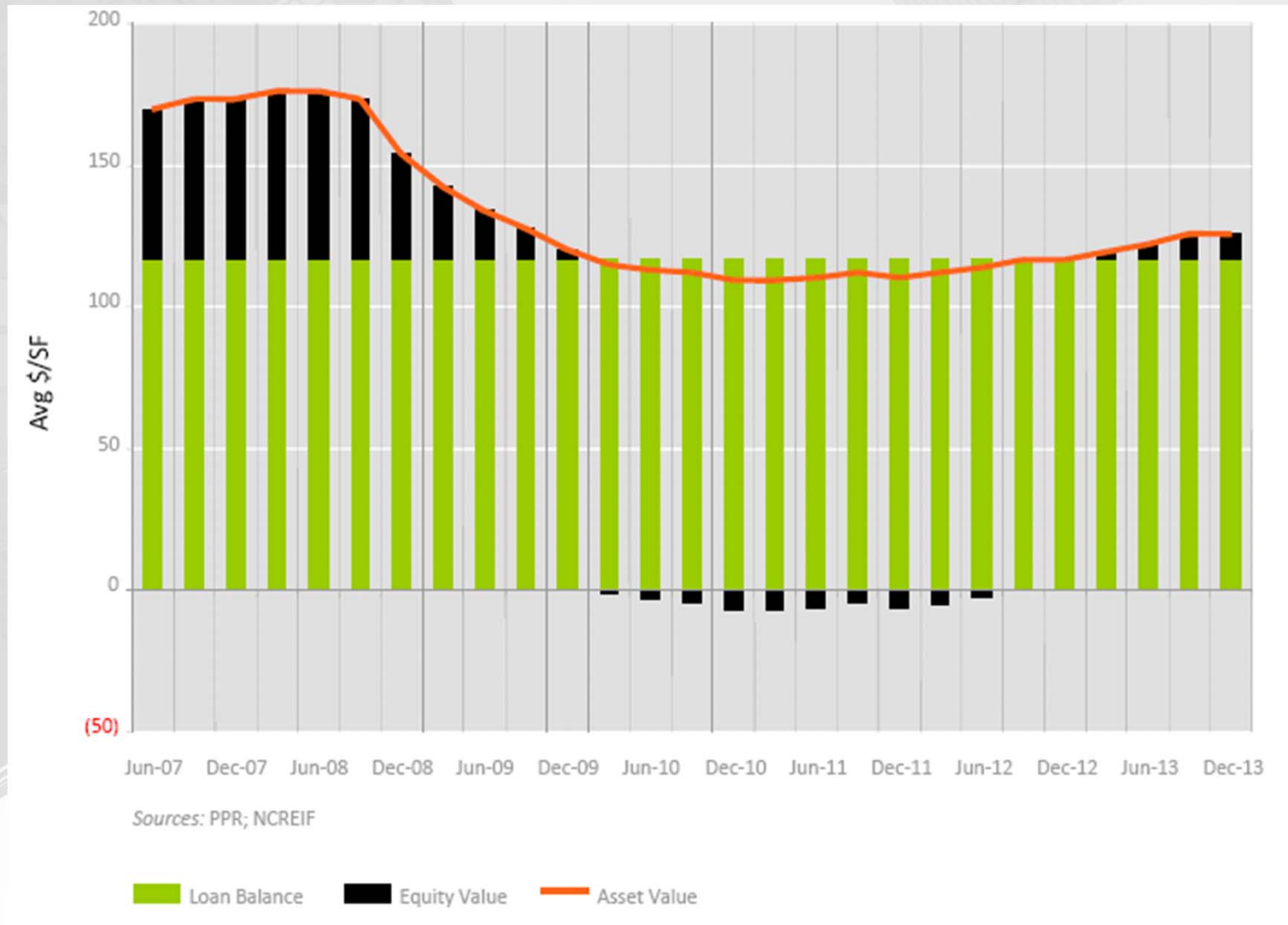
CMBS Maturities By Loan Vintage



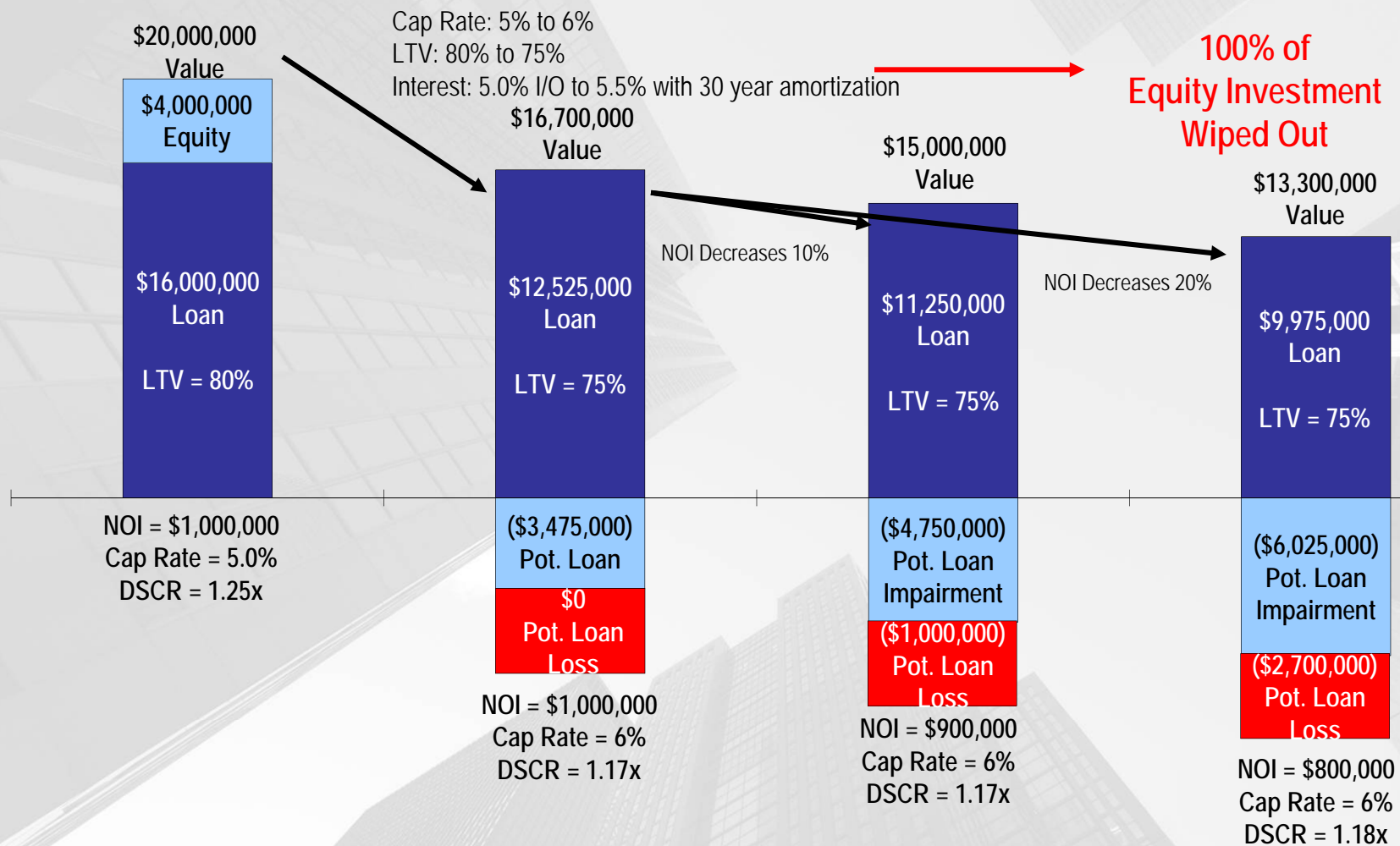
Source: Bloomberg

HFF, Inc.

WHERE DID ALL THE EQUITY GO?



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