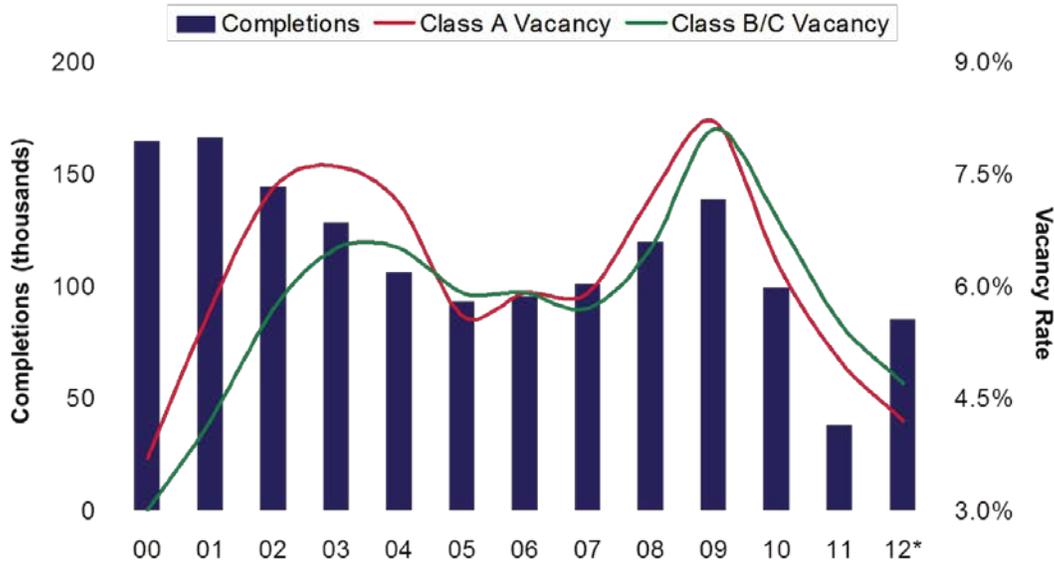


Why Invest in Multifamily?

The market for multifamily housing units presents a favorable climate from which to launch PRIME's statewide property investment plan. Texas has enjoyed the most robust economy in the U.S. over the past 12+ years, has experienced a massive population and job explosion during that time period, and continued strong performance is forecasted. Demographic shifts in the U.S. and especially in Texas bode well for continued apartment demand. There has been a major reduction in supply over the past several years largely due to the most recent economic downturn. The recession caused a huge void in capital for new projects and homeowners flooded the rental market with homeownership becoming an increasingly difficult process. That reduction in supply has led to historically low vacancies in both Class A and Class B/C multi-family properties. Even with capital for new projects beginning to become more readily available, new supply simply isn't keeping up with demand.



* Forecast
Sources: Marcus & Millichap Research Services, Reis

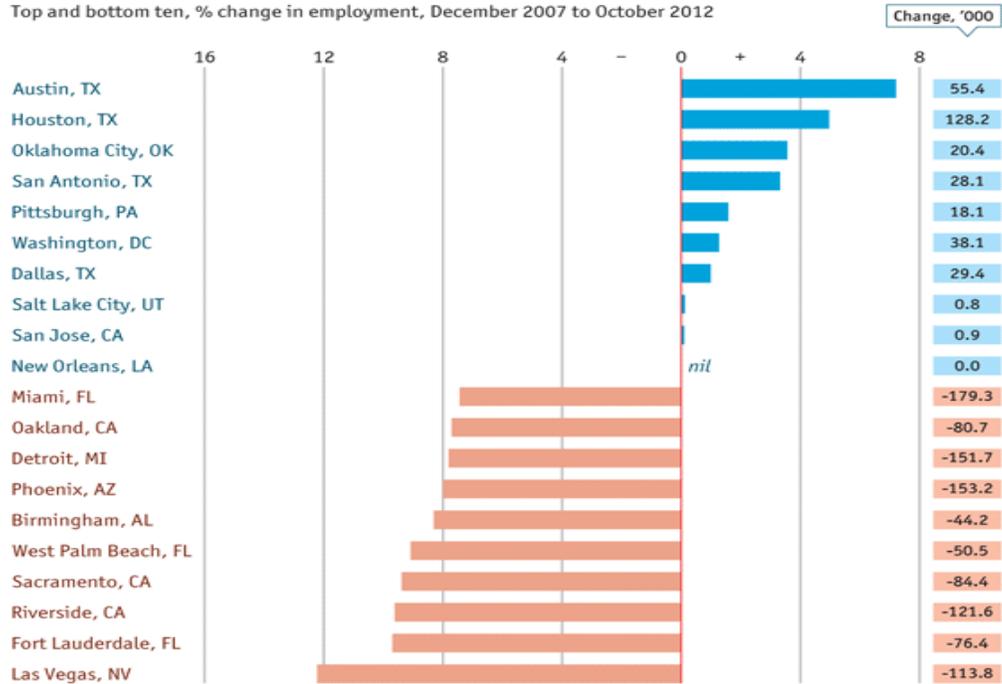
While factors such as governmental policy and homeowner age impact demand for multifamily, there are four trends that are significantly driving current demand; **employment growth (jobs), homeownership, Generation Y, and population growth.**

Employment Growth

Corporate profits drive employment growth, which directly impacts the demand for multifamily. Corporate profits have been on the uptick since 2009 with 2010 seeing some of the highest profits in the last 10+ years as they collectively near the \$500 billion mark. The Lone Star State gained more than a million jobs since the end of 2000, while the U.S. has lost almost 1.5 million in comparison. Companies have been flooding to relocate to Texas because of its low taxes, home affordability, good public schools, and pro-business climate. Looking at all metropolitan areas, 8 of the top 20 and 17 of the top 50 metros, in terms of percentage employment growth, are in Texas.

Large US metro areas*

Top and bottom ten, % change in employment, December 2007 to October 2012



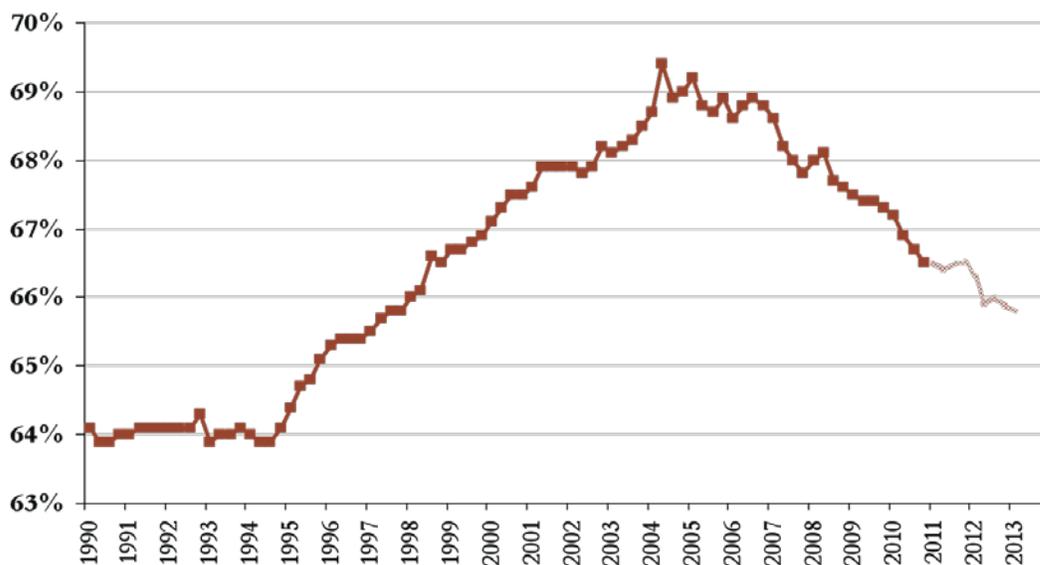
Source: Bureau of Labour Statistics

*With employment above 500,000

Homeownership

Since its peak in 2006, more than \$6 Trillion in home value have been lost. Since 1990, after-tax mortgage payments have experienced, on average, a decrease of 26% more than the average rent payment and homeownership continues to become significantly more stringent to underwrite. From 2005 to 2010, home ownership fell by 4%, creating over 4 million renters in the process.

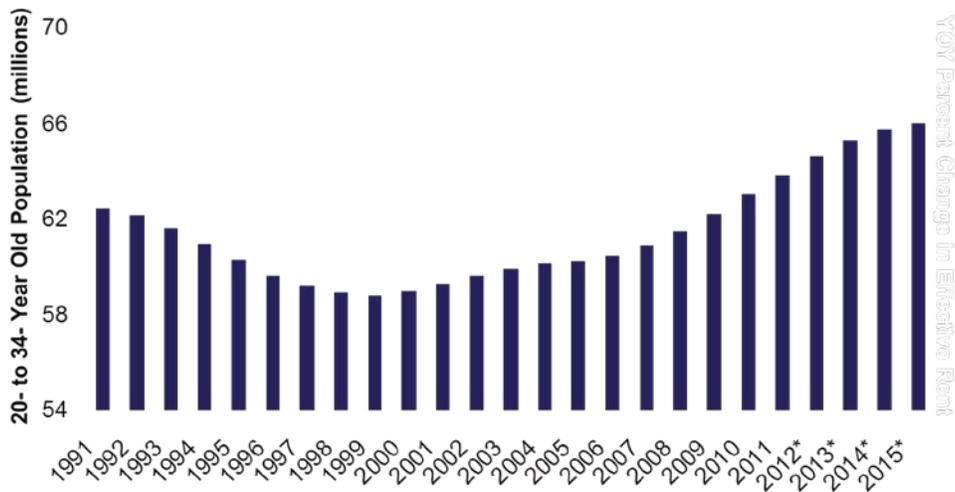
Homeownership may continue to drop with many economists predicting long-term homeownership rates to stabilize in the low 60% range.



NOTE: Every 1% drop in homeownership rate creates a need for one million new rental units.

Generation Y Impact

Generation Y consists of 85 million U.S. citizens born between 1977 and 1996. This group, which is larger than the Baby-Boomer Generation, prefers a lifestyle of convenience requiring little domestic upkeep and seeks to live within close proximity to work, shopping, and entertainment. With 57% of those under the age of 34 renting and with that age group expecting to grow significantly over the next three years, the number of new renters in the U.S. could increase by over 5 million between 2010 and 2030.

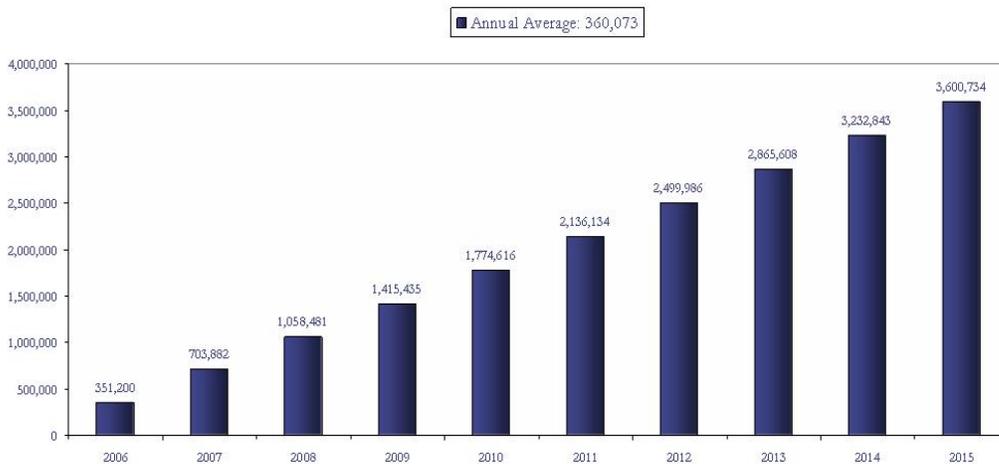


* Forecast
Sources: Marcus & Millichap Research Services, U.S. Census Bureau

Population Growth

Texas has once again topped the national growth chart, adding 529,000 people since the 2010 Census and 4.3 Million people since 2000. Texas also had eight of the 15 fastest-growing large cities and six of the 15 cities with the largest numeric increases since 2010. Texas continues to grow faster than any other state and the major urban areas (Houston, Dallas, Austin, San Antonio) are driving that growth.

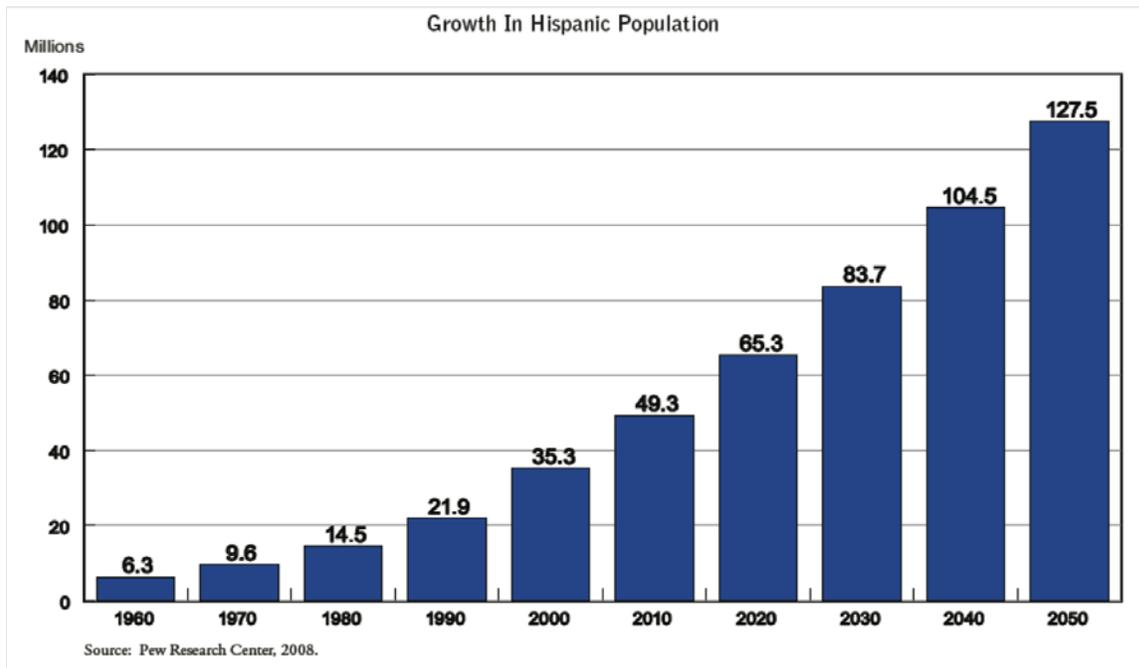
Projected Texas Residential Population Growth 2005-2015



Source: Texas State Data Center

Source: ACCRA

From 2000 to 2010 the Hispanic population has grown 41% (35.3 Million to 49.7 Million) and is projected to reach 66.4 Million by 2020. In Texas in 2007, 50% of the babies born were Hispanic and, in 2006, 40% of all subprime loans originated were to Hispanics. Over 50% of Hispanics are renters. This rapidly growing segment of the general population is expected to drive rental demand for the foreseeable future.



Conclusion

The multifamily investment market continues to provide unique opportunities to purchase stabilized assets at favorable valuations. The growth trend to rent, the influence of Generation Y, demographic trends, and the low existing supply are creating a favorable forecast for the multifamily investment market.

