



PALLADIUS

THE MIRAGE (F.K.A CASTLEROCK)

816-BED STUDENT HOUSING ASSET SERVING TEXAS STATE UNIVERSITY (AUSTIN MSA)
ACQUIRED MAY 1ST, 2023 | EQUITY OFFERING FOR INVESTORS

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PALLADIUS

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SPONSOR OVERVIEW

Palladius Capital Management (“PCM”) is a vertically-integrated real-estate investment platform managed by professionals with extensive property-level operating experience.



The PCM team has 80+ years of combined operational experience and is the cornerstone to generating alpha

- Acquired, managed, and operated more than \$8 billion in AUM throughout their respective careers
 - Multifamily, Student Housing, Industrial, Hospitality, Debt / Preferred Equity
- Vertically Integrated with In-house Asset and Construction Management



The team has a successful realized track record of value creation

- Delivered a historical 33.9% Net IRR / 2.4x Net Equity Multiple to investors on 12 realized investments totaling \$535M in exit value.



Data driven approach supported by tech-enabled platform

- Daily data pulls from each asset
- Tech-enabled control across all property mgmt. software platforms
- Monthly marketing data pull (geofencing / SEO / TPC)



Track Record



24

Properties⁽¹⁾



7,701 / 6,313
Units / Beds⁽¹⁾



\$1.1 B
Asset Capitalization⁽¹⁾



41.0% / 33.9%

Historical Gross / Net IRR⁽²⁾



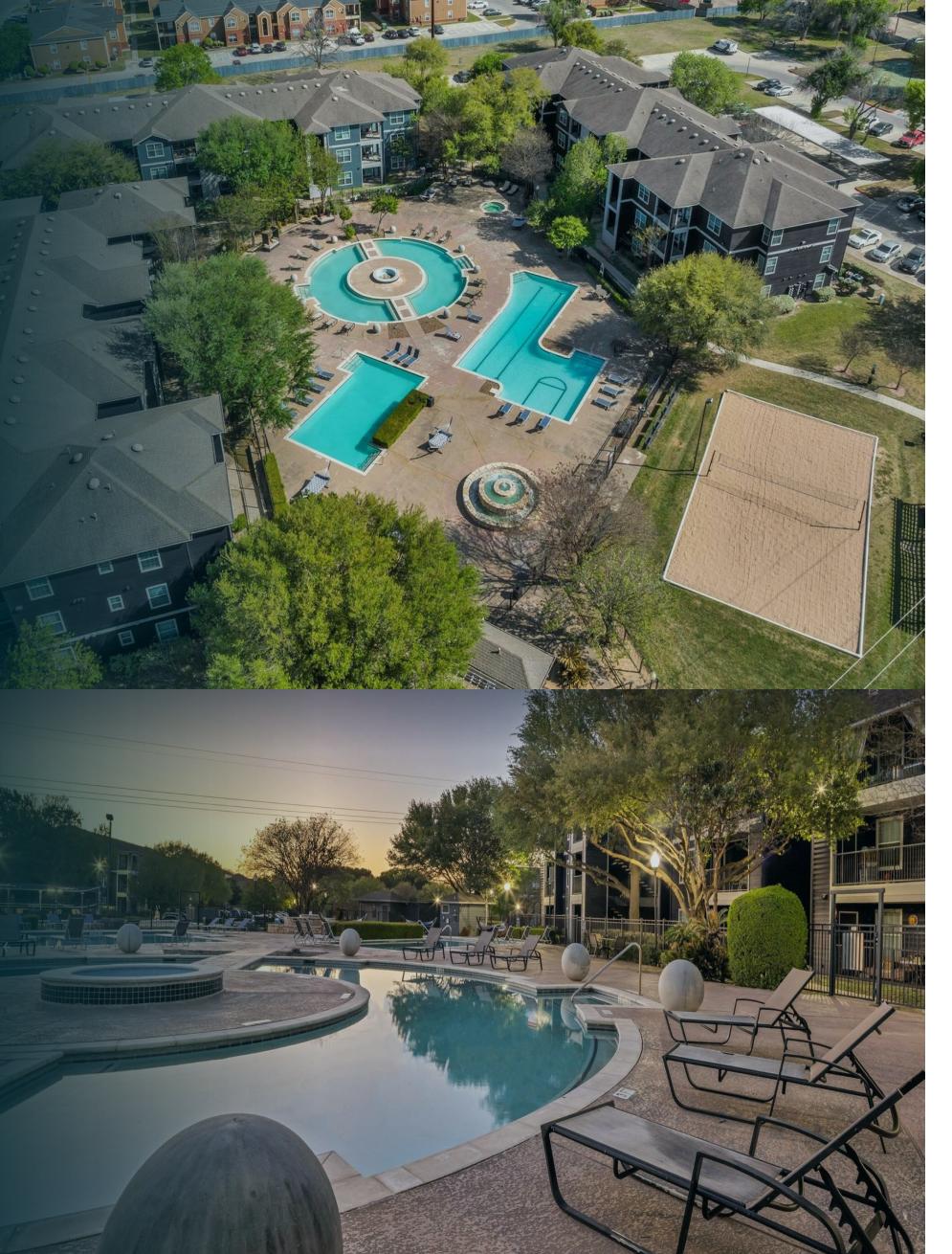
2.9x / 2.4x

Gross / Net Equity Multiple⁽²⁾

(1) Please note that PCM was established in 2021, includes realized, unrealized, and assets under contract sourced, acquired, managed, and sold under the control of key Palladius members between June 2014 to May 31, 2023. Beds are included within the individual units for student housing and are not in addition to the unit count.

(2) Performance information presented is through May 31, 2023 except as otherwise indicated. Includes deals made prior to the formation of PCM. Please see endnotes for important information.

* More information about the assumptions and calculations used can be provided upon request.



OPPORTUNITY

The Mirage (F.K.A CastleRock) is an 816-bed student housing property serving Texas State University in San Marcos, TX

The asset was acquired on May 1st, 2023 fully capitalized by Palladius at close with \$20.3M of equity and \$32.5M of debt. The property will undergo an extensive value-add renovation program, targeting 100% unit renovations to be completed for the 2024-2025 academic year. **An equity position has been reserved post close and offered to LP investors.**

16.3%

Target Net IRR⁽¹⁾

2.2x

Target Net Equity
Multiple⁽¹⁾

6.2%

Average COC

(1) Target and projected returns are hypothetical in nature. More information about the assumptions and calculations used can be provided upon request.



CASE STUDY

AUSTIN EAST END PORTFOLIO⁽¹⁾

\$59.9M
Purchase Price

49.6%
Net IRR⁽²⁾

\$23.5M
Total Equity

3.3x
Net Equity Multiple⁽²⁾

\$124.0M
Exit Price

2.8 Years
Hold Period

- ✓ Acquired off-market through proprietary relationships at a price below market levels
- ✓ Designed and executed capital improvement plan focused on unit interiors and exterior/infrastructure rehabilitation
- ✓ Improved operational cash flow by ~80%
- ✓ Realized value-creation provides for the ability to re-finance out a significant portion of the invested equity in less than 3 years
- ✓ Part of a 100-acre assemblage adjacent to downtown Austin that the team re-zoned from 1mm sqft to ~9M sqft

⁽¹⁾ Please note that PCM was established in 2021. A full list of and investments can be provided upon request. Please see endnotes for important information.

⁽²⁾ Please see endnotes for additional information.

CASE STUDY



THE OASIS – SAN MARCOS, TX PREF I Acquisition



240 / 672
Units / Beds



\$27.2M / \$31.4M
Price / Total Cost



\$10.1M
Equity Investment

ASSET OVERVIEW

240-unit / 672-bed student housing asset providing off-campus housing for students at Texas State University

DEAL TYPE

Value-add with an expected hold of 4 years

OPPORTUNITY

Seller did not understand how to operate student housing and undercapitalized the asset, leading to low rents / deferred maintenance

RENOVATION PROGRAM

100% value-add to unit interiors / building exteriors / common-area amenity upgrades

LOCATION

2.5 miles away from the University and located on the shuttle route that picks up students every 15 minutes

UPDATE

Mar 2023 pre-lease pace is ~65% ahead of prior year. Academic NOI is projected to be ~\$2M, which would be ~100% higher vs the T-12 acquisition at takeover.

EXPERIENCE ALONG THE I-35 CORRIDOR



RENOVATION - BEFORE & AFTER*

The Oasis | San Marcos, TX

Avg. Classic Rent / Bed:
\$528



+18%

Avg. Renovated Rent / Bed:
\$625



LOCATION



- ✓ The property is located along the I-35 Austin-San Antonio corridor in San Marcos, TX, providing student housing for Texas State University ("TSU").
- ✓ The Mirage is 1.5 miles away from TSU in the northern pocket of the student housing communities.
- ✓ The property conveniently sits on the University shuttle route that picks up students every 15 minutes.
- ✓ San Marcos lies between Austin and San Antonio, ~30 minutes from both metros.
- ✓ The Mirage is 1.0 mile from The Oasis, the other student housing project serving TSU that is owned by Palladius

EXTERIOR / AMENITY IMAGES



- Clubhouse with Wi-Fi
- Computer Lab
- First Stop on Bus Route
- Soccer Field
- 2 Dog Parks
- 2 Basketball Courts
- 4 Resort-Style Pools
- 2 Hot Tubs
- Fitness Center
- Volleyball Court



UNIT IMAGES

STAINLESS STEEL APPLIANCES



APARTMENT AMENITIES

- Fully Furnished
- Complimentary Internet & Cable
- Full-Size Washer & Dryer
- Keyed Bedroom Entry
- Kitchen Pantry
- Private Bathrooms
- Patio/Balcony
- Spacious Closets
- Wood Plank Style Floors
- Ceiling Fans

WOOD PLANK STYLE FLOORS



CEILING FANS

SOURCES & USES: ACQUIRED MAY 1ST, 2023

Sources	Amount	Per Bed	Per SF	%
First Mortgage	\$32,500,000	\$39,828	\$103	61.52%
Investor Equity	\$18,297,000	\$22,423	\$58	34.63%
Sponsor Equity	\$2,033,000	\$2,491	\$6	3.85%
Total Sources	\$52,830,000	\$64,743	\$168	100.00%

Uses	Amount	Per Bed	Per SF	%
Purchase Price	\$44,850,000	\$54,963	\$142	84.89%
CapEx	\$4,479,069	\$5,489	\$14	8.48%
Total Hard Costs	\$49,329,069	\$60,452	\$156	93.37%
Closing Costs	\$537,331	\$658	\$2	1.02%
Acquisition Fee	\$560,625	\$687	\$2	1.06%
Financing Fee	\$650,000	\$797	\$2	1.23%
Total Transaction Costs	\$1,747,956	\$2,142	\$6	3.31%
Working Capital	\$1,752,975	\$2,148	\$6	3.32%
Total Uses	\$52,830,000	\$64,743	\$168	100.00%

KEY POINTS

- ✓ The acquisition of The Mirage (F.K.A CastleRock) was fully capitalized by Palladius (the “Sponsor”) at close with \$20.3M of equity and a \$32.5M debt assumption with 6 years left of term
- ✓ An equity corridor has been reserved post close and offered to LP investors
- ✓ This asset has in-place fixed-rate debt that Palladius assumed at a 4.35% interest rate with a 62% loan-to-cost ratio (through Fannie Mae)
- ✓ Palladius budgeted \$4.5M for CapEx to upgrade 100% of the units and the amenity set to be in-line with the renovations at Oasis



288 / 816
Units / Beds



\$44.85M
Price



\$54,963
Price Per Bed



\$142
Price Per SF

FANNIE MAE LOAN ASSUMPTION

Loan Terms	
Debt / LTPP / LTC	\$32,500,000 / 72% / 62%
Interest Rate	84.35%
Type	Fixed Rate
Original Term	12 Years
Term Remaining	6.2 Years
IO Remaining	2 Months
Prepayment	YM then 6 months at par
Fees	2.0%

CAPITAL IMPROVEMENTS

Description	Cost / Unit	Budget	%	Description	Cost / Unit	Budget	%
Interior Units				General Exterior			
Renovation to Standard				Paint	\$466	\$380,000	15.49%
Upgrade Kit	\$1,540	\$443,520	21.89%	Lighting (wall packs / hallways)	\$123	\$100,000	4.08%
Labor	\$848	\$244,296	12.06%	Tree Trimming	\$123	\$100,000	4.08%
Cabinet Pulls + Labor	\$97	\$27,818	1.37%	Exterior Camera System	\$31	\$25,000	1.02%
Backsplash	\$650	\$187,200	9.24%	Landscaping	\$86	\$70,000	2.85%
Countertops	\$1,995	\$574,560	28.36%	Down Units	\$25	\$20,000	0.82%
Undermount Sinks	\$500	\$144,000	7.11%	Roofs	\$717	\$585,000	23.85%
Mirror Frames	\$347	\$100,000	4.94%	FF&E / Signage	\$61	\$50,000	2.04%
Soft Costs				Club House Interior			
Design / CD's / Permits	\$0	0.00%		Paint	\$25	\$20,000	0.82%
(Contingency)	\$172,147	8.50%		Study Rooms (Mailbox Rooms)	\$37	\$30,000	1.22%
Construction Management Fee	\$132,553	6.54%		FF&E	\$18	\$15,000	0.61%
Total Interior Units	\$2,483	\$2,026,094	100.0%	Package Lockers	\$74	\$60,000	2.45%
Gym				Gym			
Flooring	\$12	\$10,000	0.41%	Flooring	\$12	\$10,000	0.41%
General Construction	\$31	\$25,000	1.02%	General Construction	\$31	\$25,000	1.02%
Equipment	\$92	\$75,000	3.06%	Equipment	\$92	\$75,000	3.06%
Internet				Internet			
Internet and Computers	\$135	\$110,000	4.48%	Internet and Computers	\$135	\$110,000	4.48%
Pool				Pool			
FF&E	\$123	\$100,000	4.08%	FF&E	\$123	\$100,000	4.08%
Fountain Work	\$18	\$15,000	0.61%	Fountain Work	\$18	\$15,000	0.61%
Lighting, Sealing Pool Joints, Painting Pool Deck	\$80	\$65,000	2.65%	Lighting, Sealing Pool Joints, Painting Pool Deck	\$80	\$65,000	2.65%
Landscaping	\$123	\$100,000	4.08%	Landscaping	\$123	\$100,000	4.08%
Dog Park				Dog Park			
Clearing / Landscaping	\$25	\$20,000	0.82%	Clearing / Landscaping	\$25	\$20,000	0.82%
Soft Costs				Soft Costs			
(Contingency)	\$242	\$197,500	8.05%	(Contingency)	\$242	\$197,500	8.05%
(General Conditions)	\$147	\$120,000	4.89%	(General Conditions)	\$147	\$120,000	4.89%
Construction Management Fee	\$197	\$160,475	6.54%	Construction Management Fee	\$197	\$160,475	6.54%
Total Exterior & Common Areas	\$3,006	\$2,452,975	100.00%	Total Exterior & Common Areas	\$3,006	\$2,452,975	100.00%
Infrastructure maintenance plans include:				Infrastructure maintenance plans include:			
1) Replacing 100% of the roofs over the hold				1) Replacing 100% of the roofs over the hold			
2) Upgrading gym equipment mid-hold				2) Upgrading gym equipment mid-hold			
3) Painting the asset exterior mid-hold				3) Painting the asset exterior mid-hold			
4) Replacing/converting HVAC units as needed				4) Replacing/converting HVAC units as needed			

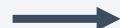


After (The Oasis, For Reference of Proposed Scope Only)

FLAGSHIP UNIVERSITY SPILLOVER

State Flagship Universities Admissions Constrained

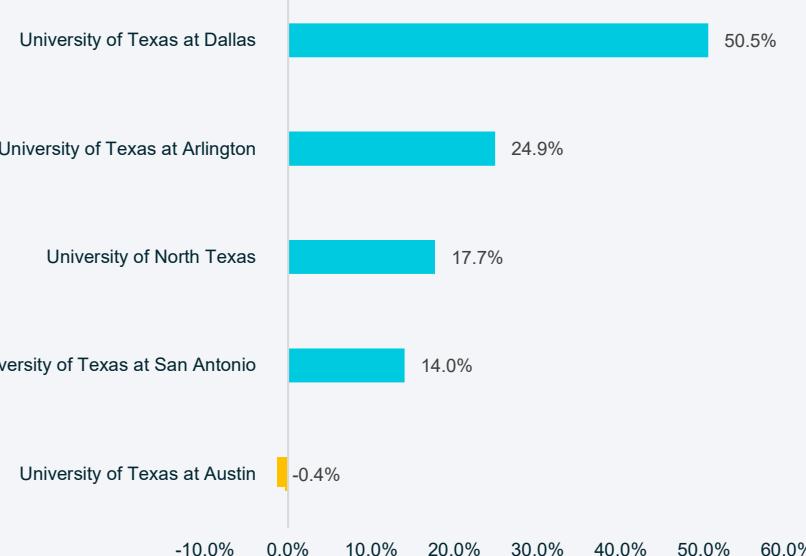
- High population growth in our target markets – Flagships can't guarantee top 5% of high school admission
- Cross borders admissions recruitment to drive additional revenue - less room for in-state students at Flagships



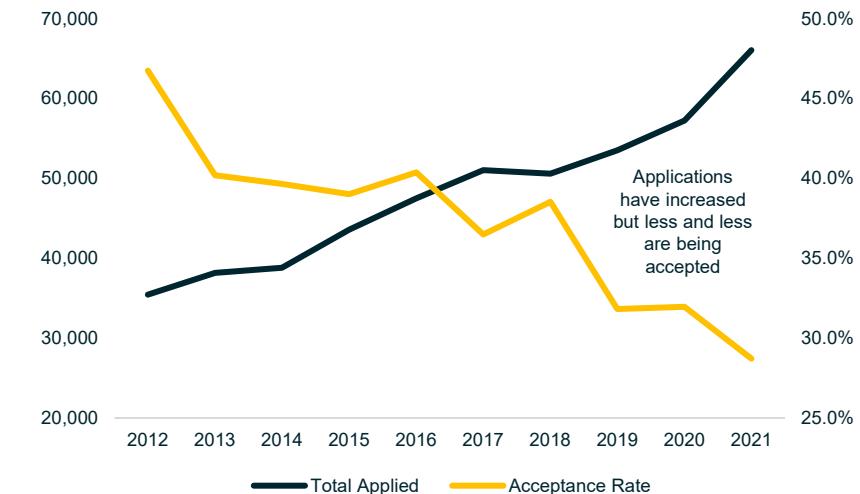
Enrollment Demand Hitting Feeder Schools

- In-state students not admitted to Flagships pivot to Spillover universities
- Increasing enrollment and limited ability to build new student housing pushing demand and rents for upgraded housing higher

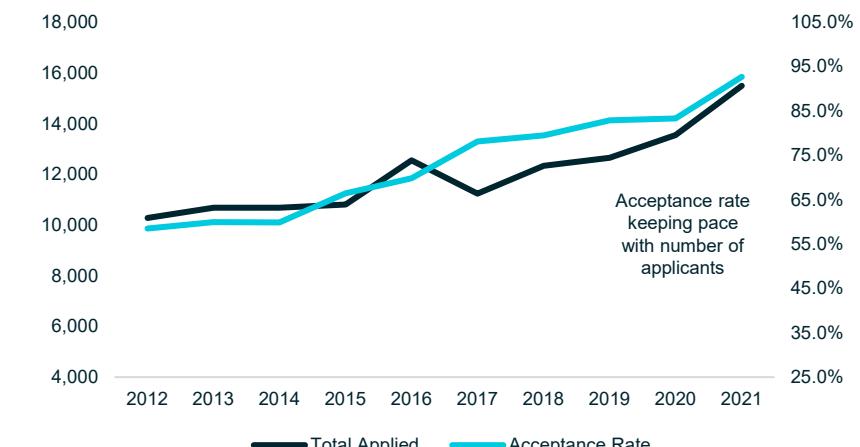
Total Enrollment Growth (2012 - 2021)



State Flagship – University of Texas at Austin



Feeder School - University of Texas at Arlington



TEXAS STATE UNIVERSITY

Record-Breaking Enrollment

Texas State University has confirmed its **record-setting freshman enrollment of 7,573** for the 2022 fall semester, a **14% increase over the previous year**.

The university also set a record for the **largest number of new students** — both undergraduate and graduate — for the fall 2022 semester with 11,344. This is the **second consecutive year new student enrollment has exceeded 11,000**.

The ranking of the incoming freshman class improved as well. The **number of first-time freshmen ranked in the top 10% of their high school classes increased 15%** over 2021, and those ranked in the top 25% increased 15.7%. The number of out-of-state freshmen enrolling at Texas State increased 43%.

The **College of Science and Engineering showed continued growth as Texas State's largest college, reporting enrollment of 6,909 students**. The College of Liberal Arts has the second-largest enrollment with 6,105 students, followed by the College of Fine Arts and Communication with 5,056



Enrollment Projections

<u>Current</u>	<u>2025</u>	<u>2030</u>	<u>2035</u>
38,376	40,512	42,634	45,280

**Texas State
University**



HOUSING MARKET



Demand Outpacing Supply

The Texas State Housing Policy requires all freshmen to live on campus for their first year at Texas State, with a few exceptions. However, with more than 7,590 freshmen enrolled for 2022-23, **Texas State's dorms reached maximum capacity**, forcing the university to find alternative off-campus housing in local hotel and off-campus properties.

The University is responding to this swelling freshman demand by **developing one project with an additional 1,006 beds of on-campus housing**, which are expected to deliver by fall 2024. Even with that additional supply, with **only 60 other off-campus beds in development**, **2,399 beds of excess demand will remain in the market on static enrollment**. As **enrollment is expected to increase by more than 4,000 students by 2030**, the off-campus housing market is expected to maintain strong occupancy and rent growth fundamentals.

**Texas State
University**



38,376

Students



27,131

Total Beds



98%

Market Occupancy



3,485

Beds of Excess Demand



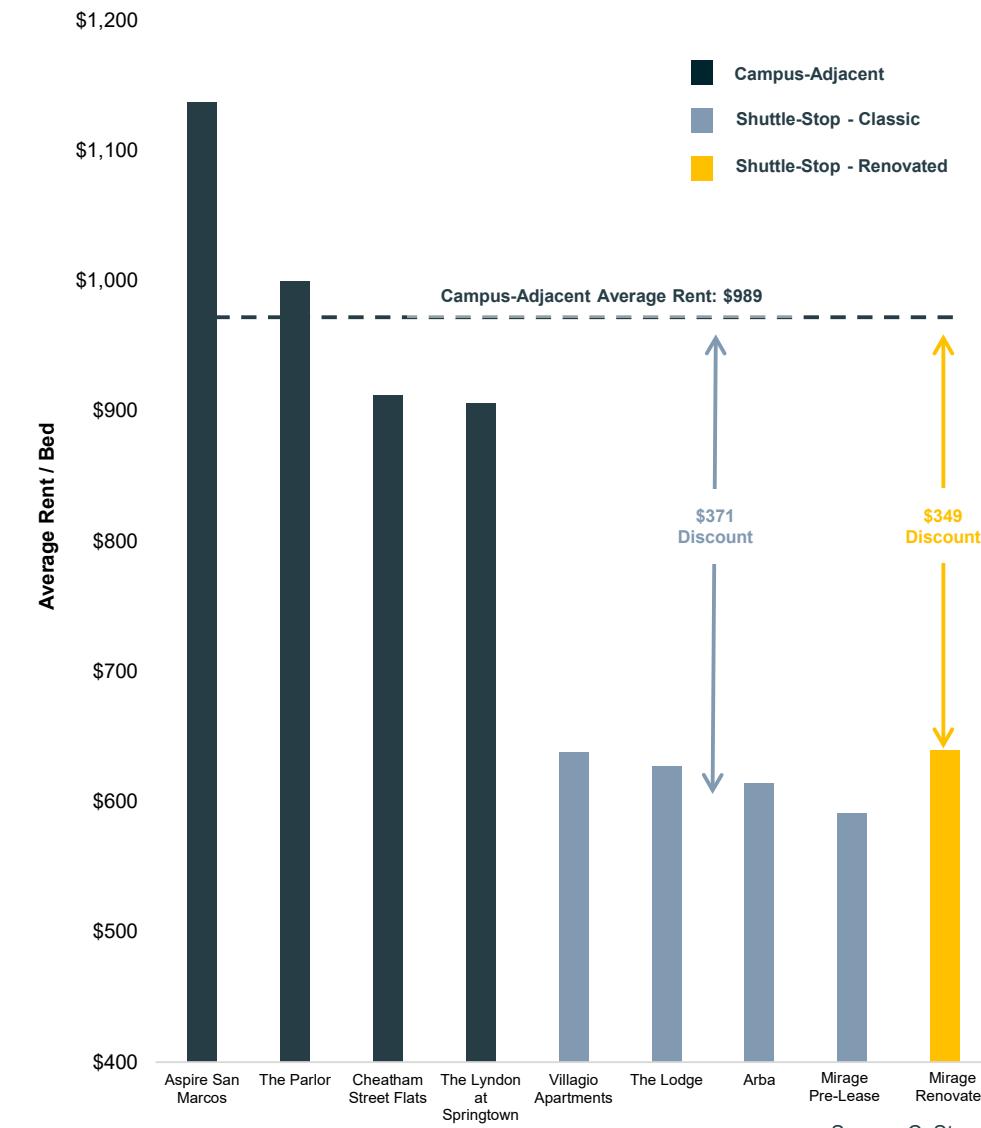
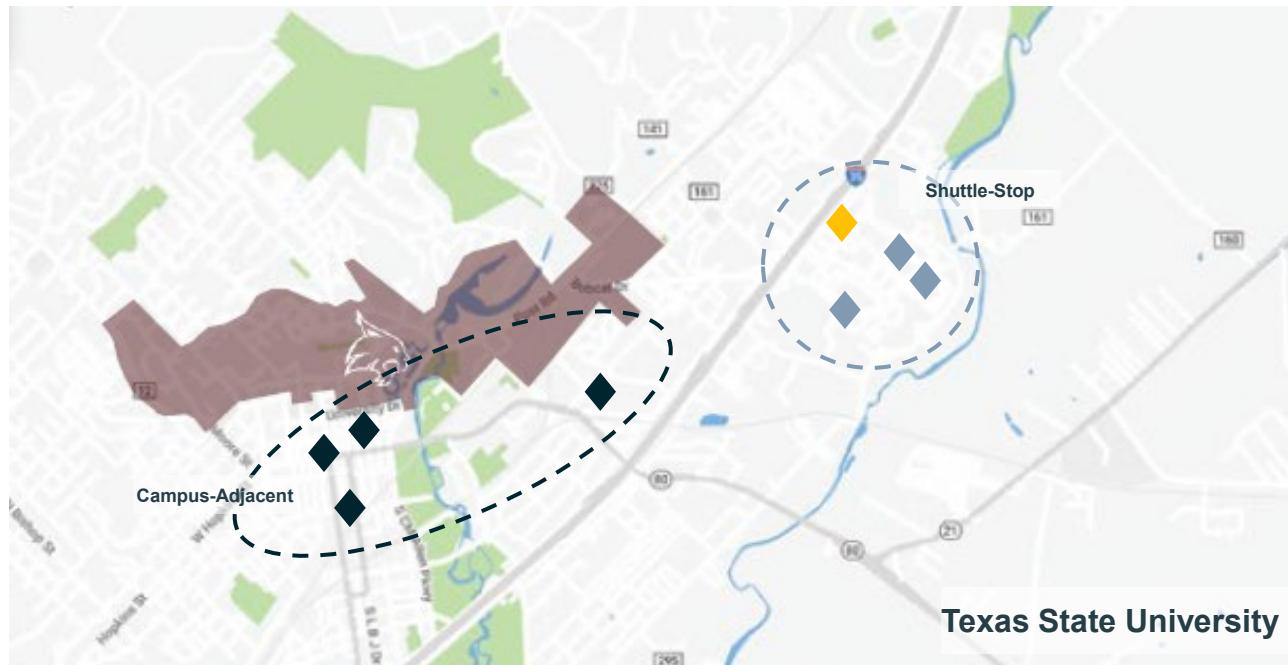
\$811

Average Rent/Bed

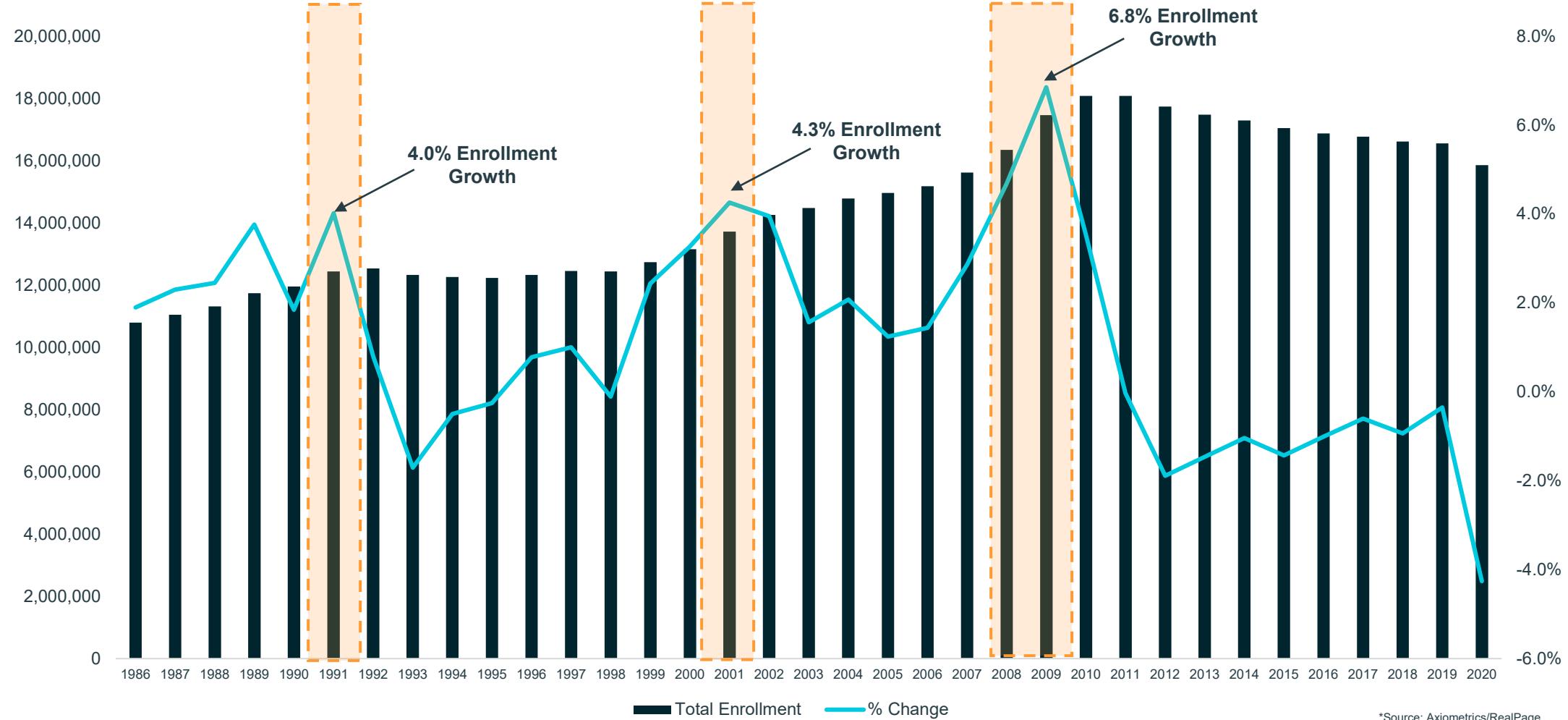
PROXIMITY TO CAMPUS SOMETIMES MISSES THE BIGGER OPPORTUNITY

Shuttle-stop assets sometimes outperform campus-adjacent assets

- Walkability makes **campus-adjacent properties** the highest rents per bed / lowest cap rates
- Shuttle-stop assets trade at a discount to campus adjacent assets and often have much more upside
- SS asset residents WANT upgraded housing, but owners of these assets misunderstand demand
 - Owners historically neglect these assets, leading to deferred maintenance and unhappy residents
 - Parents will pay for upgrades

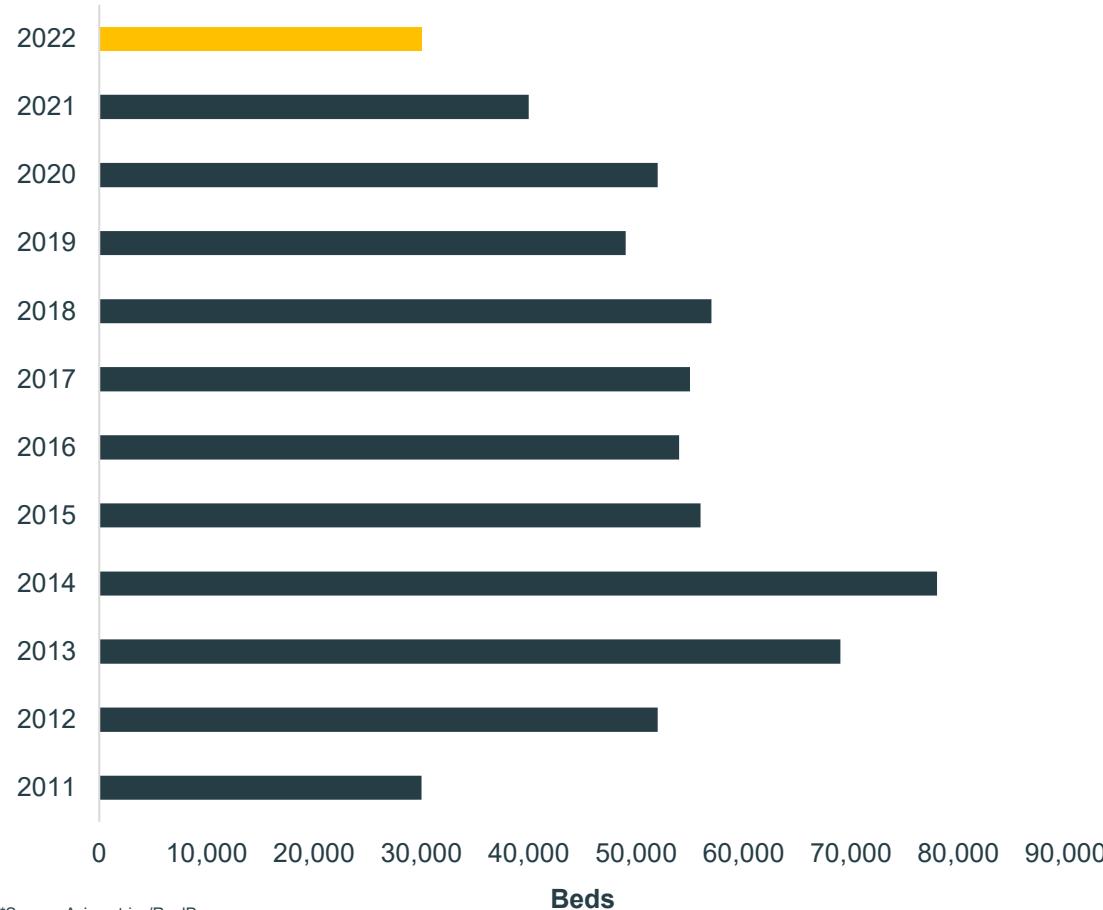


PERIODS OF ECONOMIC PULLBACK

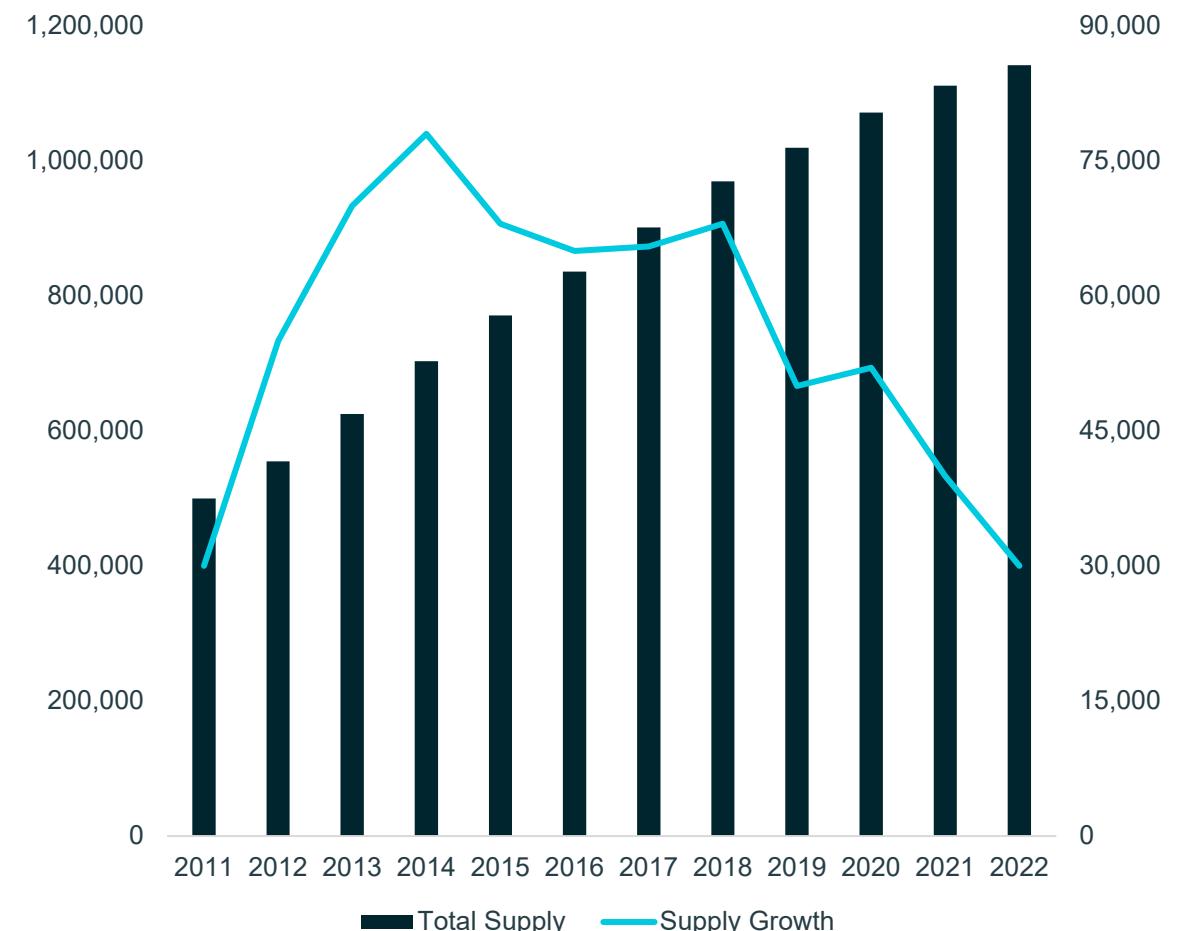


SLOW DOWN OF NEW DELIVERIES

NEW STUDENT HOUSING SUPPLY



STUDENT HOUSING SUPPLY TOTAL VS. GROWTH



*Source: Axiometrics/RealPage

STUDENT HOUSING INVESTMENT FUNDAMENTALS

Target = Strategically Located Student Housing Assets at Feeder Universities in High-Growth Sunbelt States



STRONG DEMAND

High-Growth in the Sunbelt States

- High population growth in our target markets is resulting in **increased applications** to the state universities
- Lower in-state tuition is another significant driver of this trend

Short-Term Economic Pullback

- College enrollment tends to rise in periods of economic pullbacks as the labor markets tighten
- Many students stay in school longer



LIMITED SUPPLY

Slow Down of New Deliveries

- Construction starts halted during pandemic
- Supply chain delays and financing hurdles further prolonging deliveries

Existing Supply Unable to Support Unexpected Demand

- Historically commuter schools are now having demand for housing easily accessible to campus
- Not enough beds built to support the unforeseen growth
- Limited land adjacent to campus or on shuttle-stop routes available to support new development



OPPORTUNITY

Spillover to Feeder Universities

- Feeder Universities are quickly becoming a primary choice for students
- Flagship Universities are seeing an increase in applications but accepting fewer students
- Feeder Universities that absorb excess enrollment demand from Flagship Universities without the support of appropriate housing supply
 - Expanded enrollment = more revenue
 - More revenue = capital availability to support better infrastructure and higher quality professorial talent

States like Texas, Florida, and Georgia are looking at the **University of California** and **California State University** systems as the model to replicate

OPPORTUNITY SUMMARY

- ✓ **Extensive Familiarity with Asset & Market:** The Palladius team currently owns The Oasis San Marcos, the sister property to The Mirage. After 18 months of ownership, The Oasis is projected to achieve a 100% increase in NOI (\$1M to \$2M for the academic '23-24 cycle). This was originally expected to take 36 months. The same proven value-add strategy will be implemented on The Mirage.
- ✓ **Renovation Upside:** The property has 100% classic units, providing a significant value-add opportunity. The proposed renovation program consists of upgrading 100% of the units with new countertops, backsplashes, and fixtures (projected ROI of 25.9%) and upgrading common area amenities to be in-line with the renovations at Oasis (gym, pool, clubhouse, dog park)
- ✓ **Overstated Discount for Shuttle-Stop Assets:** The market's shuttle-stop assets are performing at a \$371 discount to campus adjacent properties due to passive ownership and their underestimation of the demand for upgraded units. The Mirage's renovated product will begin to close the gap, but remain at a \$349 discount
- ✓ **Impressive Enrollment Growth:** Texas State University has grown enrollment by 12% over the past decade and serves more than 38,000 students. The University grew freshman enrollment by 14% in 2022 and is expected to grow total enrollment by 11% over the next six years.
- ✓ **Limited New Supply:** There are only 1,006 new on-campus and 60 new off-campus student housing beds in the development pipeline. With current excess demand of 3,485 beds, and as enrollment growth is projected to outpace housing supply, there is continued opportunity for increased occupancy and rents.
- ✓ **Strong Pre-Lease Performance:** As of 6/26/23, the property was **96.0% pre-leased** at rates 15.7% greater than in-place rents. This is **19.7% ahead of last year**, highlighting increased demand in the market and continued ability to push rents.
- ✓ **Upgraded Marketing & Rebranding:** We will re-brand the asset to "The Mirage" and significantly enhance digital marketing for the asset.



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TRACK RECORD SUMMARY*

The Palladius leadership team has deployed over \$1.0 B in total capitalization over a span of 8 years together, delivering a 33.9% Net IRR / 2.4x Net Equity Multiple to investors on 12 realized investments totaling \$535M in exit value.

					
	Properties	Units / Beds	Asset Capitalization	Gross / Net IRR	Gross / Net Equity Multiple
LEGACY REALIZED	12	4,046 / 3,700	\$360 M	41.0 / 33.9%	2.9x / 2.4x
LEGACY UNREALIZED	5	1,613 / 1,125	\$272 M	Legacy Unrealized assets were acquired prior to the formation of Palladius Capital primarily utilizing 1031 exchange capital with longer hold periods. As exits occur, the returns are added to Legacy Realized.	
PREF I PORTFOLIO	6	1,754 / 672	\$385 M	PREF I Portfolio assets were acquired over the last 18 months by Palladius Capital and represent the seeded assets for the PREF 2022, LP feeder fund. Exits may start as early as 1Q of 2024.	
PREF II PORTFOLIO	1	288 / 816	\$53 M	PREF II Portfolio acquired the first asset in May 2023	
TOTAL	24	7,701 / 6,313	\$1.1 B	41.0 / 33.9%	2.9x / 2.4x

* Includes deals prior to the formation of PCM, investments were made and sold between June 2014 and May 2023. There can be no assurance that the return results will be consistent with the results set forth above. For further information regarding the information presented, please see endnotes. Performance information presented is through May 31, 2023 except as otherwise indicated.

CURRENT PORTFOLIO

(\$ in millions) as of 2.28.23	Acquired	MSA	Units / Beds	Asset Capitalization	Equity	Debt ⁽¹⁾	LTC % ⁽¹⁾
Dominion at Oak Forest	Oct 2021	Houston	136	\$25.5	\$6.4	\$19.1	75.0 %
Montabella at Oak Forest	Oct 2021	Houston	178	\$33.0	\$10.0	\$23.0	69.8 %
The Beverly at Shadow Lake	Dec 2021	Houston	624	\$113.8	\$31.6	\$82.2	72.2 %
The Oasis (Student Housing)	Feb 2022	Austin	240 / 672	\$31.6	\$10.3	\$21.3	67.4 %
100 Forest Place	Mar 2022	Chicago	234	\$82.6	\$22.2	\$60.4	73.1 %
The Chloe	Sep 2022	Austin	342	\$98.5	\$38.5	\$60.0	60.9 %
TOTAL	6 Assets		1,754 / 672	\$385.0	\$118.9	\$266.0	69.1 %

LEGACY REALIZED TRACK RECORD

Historic Track Record Summary ⁽¹⁾

(\$ in millions)

Realized Investments ⁽²⁾	Assets	Units / Beds ⁽³⁾	MSA	Total Capitalization	Equity	Debt	Hold Period (Yrs)	Gross IRR	Gross Equity Multiple	Net IRR	Net Equity Multiple
Student Housing											
Austin East End Portfolio	3	810 / 2,284	Austin	\$70.5	\$23.5	\$47.0	2.8	61.2%	4.1x	49.6%	3.3x
Ballpark North	1	282 / 768	Austin	\$31.6	\$8.3	\$23.3	6.1	43.3%	5.0x	37.6%	3.8x
Town Lake	1	216 / 648	Austin	\$29.5	\$12.0	\$17.5	4.0	48.8%	3.8x	35.7%	2.7x
Multifamily											
Captiva	1	357	Tampa	\$28.4	\$8.5	\$19.9	2.4	27.6%	1.8x	23.2%	1.6x
Ansley	1	219	Atlanta	\$23.3	\$6.4	\$16.9	3.7	28.8%	2.1x	23.8%	1.8x
Three Corners Portfolio	3	1,103	Houston	\$82.4	\$16.0	\$66.4	3.3	32.9%	2.3x	26.7%	2.0x
Villa De Palmas	1	659	Houston	\$41.1	\$11.6	\$29.5	3.0	30.9%	2.1x	25.0%	1.9x
Westchase (1031 Exchange)	1	400	Houston	\$53.1	\$22.4	\$30.7	4.1	16.0%	1.8x	13.8%	1.7x
Total / Average	12	4,046 / 3,700		\$359.9	\$108.7	\$251.2	3.7	41.0%	2.9x	33.9%	2.4x

(1) All deals are prior to the formation of PCM. Please see endnotes for important information.

(2) Performance information presented is through May 31, 2023 except as otherwise indicated. There can be no assurance that the return results will be consistent with the results set forth above. For further information regarding the information presented, please see endnotes.

(3) Beds are included within the individual units for student housing and are not in addition to the unit count.

LEGACY UNREALIZED TRACK RECORD

Historic Track Record Summary ⁽¹⁾								
(\$ in millions)	Acquired	Assets	Units / Beds ⁽²⁾	MSA	Total Capitalization	Equity	Debt	Hold Period (Yrs) ⁽³⁾
Unrealized Investments								
Student Housing								
Avalon Place	Aug 2017	1	246 / 440	San Antonio	\$33.0	\$11.5	\$21.5	7.0
The Mix (1031 Exchange)	Jun 2021	1	237 / 685	Atlanta	\$80.1	\$32.0	\$48.1	7.0
Multifamily								
Parc at South Green	Sep 2017	1	428	Houston	\$38.6	\$13.0	\$25.6	7.0
District at Greenville (1031 Exchange)	Apr 2018	1	350	Dallas	\$57.1	\$23.5	\$33.6	7.0
Lux on Main (1031 Exchange)	Apr 2020	1	352	Dallas	\$63.4	\$21.6	\$41.8	7.0
Total / Average		5	1,613 / 1,125		\$272.1	\$101.5	\$170.6	7.0

(1) Includes deals prior to the formation of PCM. Please see endnotes for important information.

(2) Beds are included within the individual units for student housing and are not in addition to the unit count.

(3) The hold period (Yrs) for the unrealized investments is estimated and based on the original underwriting at acquisition.

OPERATING FOCUS

Asset management & operational expertise is the cornerstone of PCM's approach to generating alpha on invested capital.



Shadow property management

PCM team on-site focus during the initial 18-months of an acquisition

- Frequent site visits to sync with on-site management and maintenance teams
- Train on-site personnel and utilize predictive index testing to hire a best-in-class team
- Oversee leasing efforts to ensure a high traffic to lease conversion ratio
- Tighten property-level expense controls
- Address tenant needs and concerns directly



In-house construction management

In-house CM reduces or eliminates reliance upon a 3rd party GC

- Manage costs by directly negotiating with vendors
- Direct oversight of vendors and subcontractors
- Real-time adjustment to scope and budget as tenant demands change



Revenue - Daily data analysis

Evaluate daily operational data to make real-time adjustments

- 60-day occupancy forecast to provide leasing targets that minimize vacancy and concession balloons
- Identify stale-unit weaknesses and adjust leasing incentives
- Review submarket information to assess traffic/demand/rate at competitive assets



Expenses - Daily data analysis

Evaluate daily operational data to make real-time adjustments

- Adjust marketing spend to increase the efficacy of the traffic to lease conversion funnel
- Review work order speed of completion / costs to determine if the maintenance team is performing effectively
- Monitor the unit upgrade velocity and identify ways to accelerate
- Evaluate service vendor performance and adjust incentives

LEADERSHIP

Nitin Chexal

Chief Executive Officer, TX



- 19 years in real estate
- Multifamily / Student Housing
- Nimes Real Estate – MD
- Counsyl (acquired NASDAQ: MYGN)
- Marathon Asset Management - Real Estate
- JP Morgan IB Real Estate
- University of Chicago JD/MBA
- UCLA BS, Neuroscience

Manish Shah

Senior Managing Director, NY



- 20 years in real estate
- Multifamily / Hospitality / Office
- Two Kings Real Estate
- Stratos (acquired NYSE: EMR)
- Morgan Stanley IB / VC
- Bear Stearns
- Harvard JD
- Yale BA, Biology / Political Science

Afshin Kateb

Chief Financial Officer, CA



- 26 years in real estate
- Multifamily / Student Housing / Hospitality
- Nimes Real Estate – CFO
- SBE – CFO
- Lowe Enterprises / Destination Hotels / KOR Group
- Ernst & Young – CRE Division
- Grenoble Ecole de Management (France) DBA
- Pepperdine MBA, Woodbury University BS, Accounting

Marko Velazquez

Senior Managing Director, TX



- 15 years in real estate
- Multifamily / Student Housing / Hospitality
- Levity Entertainment Group (EVP Finance & Strategy)
- Nimes Real Estate
- SBE
- Citigroup – IB Real Estate & Lodging
- University of Texas at Austin BA, Economics

EXPERIENCED TEAM

Jaime Hinojosa

Senior Managing Director, TX



- 15 years in real estate
- Multifamily / Student Housing
- Nimes Real Estate – Director, Asset Management
- Asset Campus / Living – Regional Director
- Texas A&M BA, History

Wayne Tung

Corporate Controller, CA



- 10 years in real estate
- Multifamily / Hospitality
- Relevant Group – Director of Finance
- LT Global Investment
- SBE
- Cal Poly Pomona, MBA
- University of California Irvine BA, Economics

Adrian Guajardo

Director, Construction Management, TX



- 8 years in real estate
- Multifamily / Hospitality
- Nimes Real Estate – Director of Construction
- Asset Campus / Living – Regional Director
- University of Texas at Austin BS, Engineering

Meagan Bowden

Associate, Investments, TX



- 3 years in real estate
- Multifamily / Student Housing / Mixed-Use
- The Concord Group – Managing Consultant
- W.E. O'Neil – Project Management Intern
- University of Colorado Boulder BS, Architectural Engineering

EXPERIENCED TEAM

Jacob Sternberg

Vice President, Asset Management, TX



- 10 years in real estate
- Multifamily / Student Housing / Mixed-Use
- United Apartment Group – Head of Marketing
- Allied-Orion Group – Marketing Manager



PALLADIUS

TABLE OF CONTENTS

- I. Opportunity
- II. Sponsor
- III. Financials



RENTAL RATE SUMMARY

	Current Tenant Stats					Occupied				Market			Pre-Lease			Renovated		
	Bed / Bath	Beds	SF	Total SF	Occupancy	Rent	PSF	Max	2nd Max	Rent	PSF	Gain / (Loss)	Rent	PSF	Gain / (Loss)	Bump	Rent	PSF
D1	4BD / 4BA	528	361	190,344	95%	\$446	\$1.24	\$559	\$553	\$484	\$1.34	(8.48%)	\$548	\$1.52	22.93%	\$70.00	\$618	\$1.72
C1	3BD / 3BA	36	378	13,620	94%	\$579	\$1.53	\$656	\$619	\$620	\$1.64	(6.98%)	\$647	\$1.71	11.72%	\$35.00	\$682	\$1.80
C2	3BD / 3BA	36	398	14,316	94%	\$579	\$1.46	\$630	\$630	\$585	\$1.47	(0.98%)	\$633	\$1.59	9.34%	\$35.00	\$668	\$1.68
B1	2BD / 2BA	168	404	67,788	98%	\$626	\$1.55	\$701	\$700	\$642	\$1.59	(2.56%)	\$678	\$1.68	8.36%	\$40.00	\$718	\$1.78
A1	1BD / 1BA	48	611	29,328	98%	\$979	\$1.60	\$1,095	\$1,079	\$950	\$1.56	2.98%	\$1,013	\$1.66	3.47%	\$100.00	\$1,113	\$1.82
Total / Weighted Average		816	387	315,396	96%	\$528	\$1.36	\$628	\$622	\$554	\$1.43	(5.06%)	\$611	\$1.57	15.72%	\$63	\$673	\$1.74

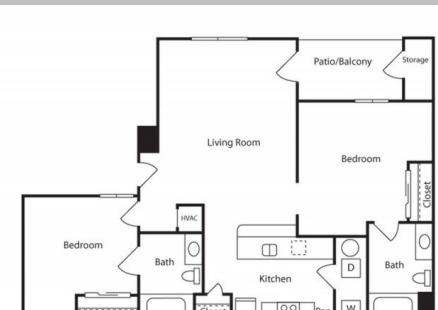
Current occupied rents: \$528

'23-24 Pre-lease rents: \$611

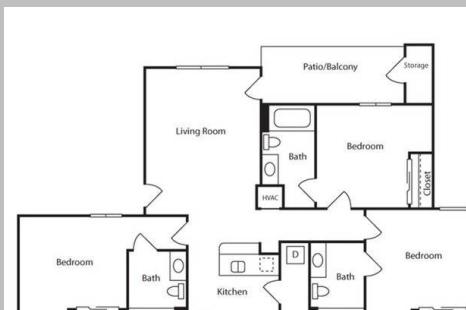
Post-renovation rents: \$673



1 Bed / 1 Bath — 611 sq.ft.



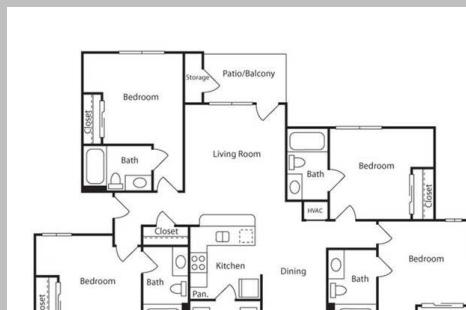
2 Bed / 2 Bath — 807 sq.ft.



3 Bed / 3 Bath — 1,135 sq.ft.



3 Bed / 3 Bath — 1,193 sq.ft.



4 Bed / 4 Bath — 1,442 sq.ft.

OPERATING ASSUMPTIONS

Revenue, Vacancy & Expense Growth Assumptions

PROFORMA GROWTH (ACADEMIC YEAR)							
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Revenue							
Market Rent	–	Current Pre-Lease	4.00%	4.00%	4.00%	4.00%	4.00%
Other Income	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
RUBs Program	12.24%	12.24%	12.24%	12.24%	12.24%	12.24%	12.24%
Economic Vacancy							
Gain (Loss) To Lease	–	–	–	–	–	–	–
Vacancy	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Concessions	7.00%	2.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Operating Expense							
Repairs & Maintenance	–	–	3.00%	3.00%	3.00%	3.00%	3.00%
Make Ready - Turnover	–	–	3.00%	3.00%	3.00%	3.00%	3.00%
Contract Services	–	–	3.00%	3.00%	3.00%	3.00%	3.00%
Payroll & Benefits	–	–	3.00%	3.00%	3.00%	3.00%	3.00%
General & Administrative	–	–	3.00%	3.00%	3.00%	3.00%	3.00%
Marketing & Promotion	–	–	3.00%	3.00%	3.00%	3.00%	3.00%
Utilities	–	–	3.00%	3.00%	3.00%	3.00%	3.00%
Real Estate & Other Taxes	–	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Insurance	–	15.00%	5.00%	5.00%	5.00%	5.00%	5.00%

Other Expense Assumptions

	Statistic
Misc Operating	
Property Management Fee	3.00%
CapEx Reserve / Unit / Year	\$150
Misc Operating	
Asset Management Fee	1.50%
Taxes	
Total Value	\$44,850,000
% of Market Value	90.00%
Mill Rate	0.02160482
Year 1 Tax Expense	\$872,079

Narrative:

A: Assuming in-place rents for AY1, pre-leased rents for AY2, then 4% thereafter to account for the market to market of rents to the property's primary comparables.

B: Concessions underwritten to 7% in AY1 to account for offerings on the current rent roll. AY2 is underwritten to 2% to account for concessions during re-brand process. Concessions are not currently being offered.

C. Insurance underwritten to current market at takeover then increased 15% in AY2 to account for broader market increases.

D. Real estate taxes at 90% of PP

PROFORMA OPERATING STATEMENT

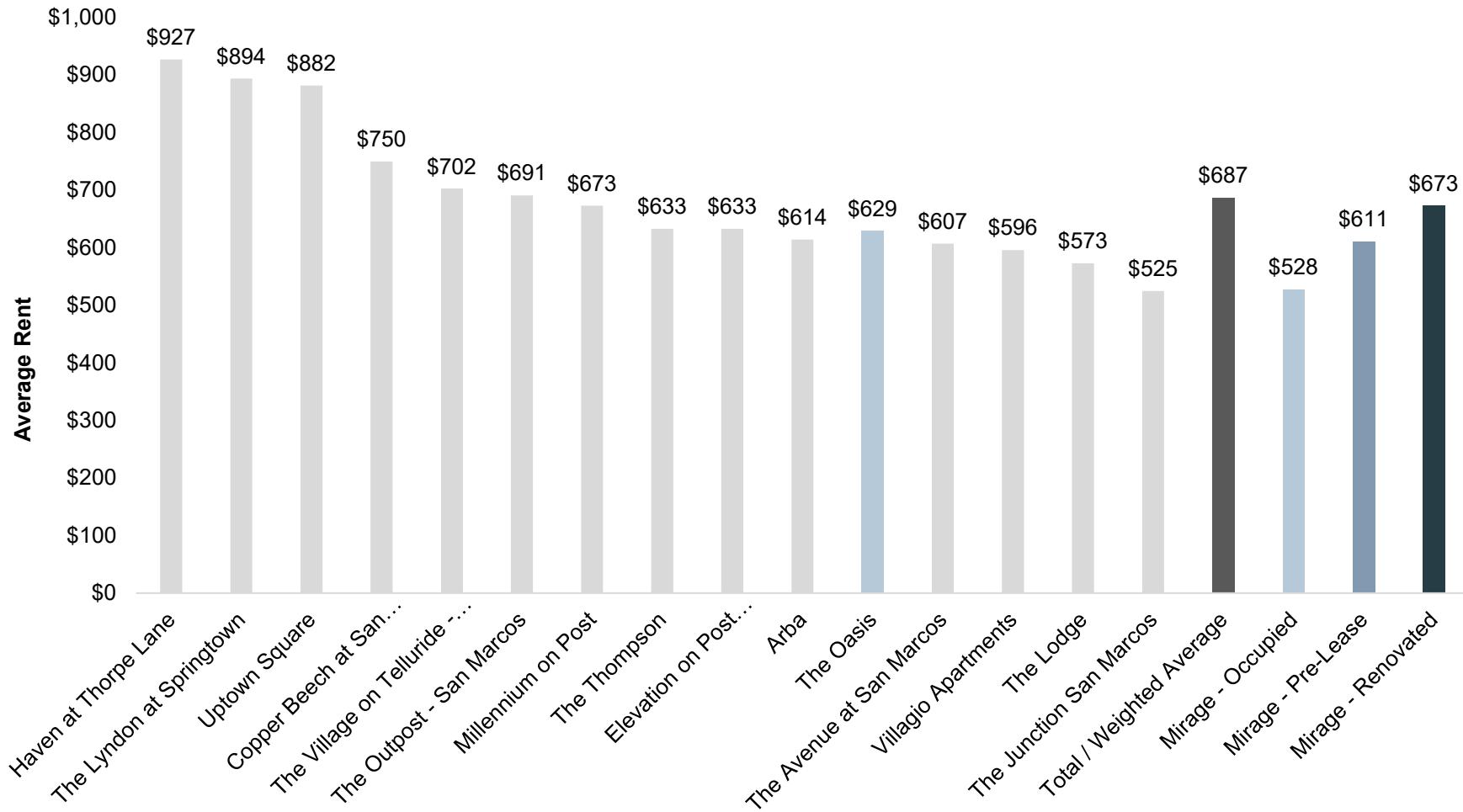
	Year 1		Year 2		Year 3		Year 4		Year 5		Year 6	
	Dollar	Per Bed										
Market Rent		\$597		\$673		\$708		\$736		\$766		\$796
Occupied Rent		\$597		\$673		\$708		\$736		\$766		\$796
Occupied Rent / SF		\$1.54		\$1.74		\$1.83		\$1.91		\$1.98		\$2.06
Occupancy		95%		95%		95%		95%		95%		95%
GPR Growth		4%		17%		23%		28%		33%		38%
Expense Ratio		57%		52%		51%		51%		51%		51%
Gross Potential Rent	\$5,843,289	\$7,161	\$6,587,518	\$8,073	\$6,932,938	\$8,496	\$7,210,255	\$8,836	\$7,498,665	\$9,190	\$7,798,612	\$9,557
Gain / (Loss) to Lease	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Adjusted Gross Potential Rent	\$5,843,289	\$7,161	\$6,587,518	\$8,073	\$6,932,938	\$8,496	\$7,210,255	\$8,836	\$7,498,665	\$9,190	\$7,798,612	\$9,557
Vacancy	(\$292,164)	(\$358)	(\$329,376)	(\$404)	(\$346,647)	(\$425)	(\$360,513)	(\$442)	(\$374,933)	(\$459)	(\$389,931)	(\$478)
Concessions	(\$159,920)	(\$196)	(\$75,840)	(\$93)	(\$69,329)	(\$85)	(\$72,103)	(\$88)	(\$74,987)	(\$92)	(\$77,986)	(\$96)
Employee / Model Units	(\$38,502)	(\$47)	(\$43,406)	(\$53)	(\$45,682)	(\$56)	(\$47,510)	(\$58)	(\$49,410)	(\$61)	(\$51,386)	(\$63)
Credit Loss	(\$58,433)	(\$72)	(\$65,875)	(\$81)	(\$69,329)	(\$85)	(\$72,103)	(\$88)	(\$74,987)	(\$92)	(\$77,986)	(\$96)
Net Rental Income	\$5,294,269	\$6,488	\$6,073,021	\$7,442	\$6,401,950	\$7,846	\$6,658,028	\$8,159	\$6,924,349	\$8,486	\$7,201,323	\$8,825
RUBs Program	\$51,554	\$63	\$52,141	\$64	\$53,695	\$66	\$55,306	\$68	\$56,965	\$70	\$58,674	\$72
Retail Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Income	\$479,745	\$588	\$491,738	\$603	\$504,032	\$618	\$516,633	\$633	\$529,549	\$649	\$542,787	\$665
Total Other Income	\$531,299	\$651	\$543,880	\$667	\$557,727	\$683	\$571,938	\$701	\$586,513	\$719	\$601,461	\$737
Effective Gross Income	\$5,825,568	\$7,139	\$6,616,901	\$8,109	\$6,959,676	\$8,529	\$7,229,966	\$8,860	\$7,510,862	\$9,204	\$7,802,784	\$9,562
Repairs & Maintenance	\$122,400	\$150	\$123,794	\$152	\$127,482	\$156	\$131,306	\$161	\$135,245	\$166	\$139,303	\$171
Make Ready - Turnover	\$142,800	\$175	\$144,426	\$177	\$148,729	\$182	\$153,191	\$188	\$157,786	\$193	\$162,520	\$199
Contract Services	\$324,768	\$398	\$328,466	\$403	\$338,252	\$415	\$348,399	\$427	\$358,851	\$440	\$369,617	\$453
Payroll & Benefits	\$676,464	\$829	\$684,167	\$838	\$704,550	\$863	\$725,686	\$889	\$747,457	\$916	\$769,880	\$943
General & Administrative	\$102,000	\$125	\$103,162	\$126	\$106,235	\$130	\$109,422	\$134	\$112,705	\$138	\$116,086	\$142
Marketing & Promotion	\$204,000	\$250	\$206,323	\$253	\$212,470	\$260	\$218,844	\$268	\$225,409	\$276	\$232,171	\$285
Utilities	\$421,056	\$516	\$425,851	\$522	\$438,538	\$537	\$451,694	\$554	\$465,244	\$570	\$479,202	\$587
Real Estate & Other Taxes	\$907,788	\$1,112	\$954,518	\$1,170	\$1,002,283	\$1,228	\$1,052,141	\$1,289	\$1,104,482	\$1,354	\$1,159,430	\$1,421
Insurance	\$236,882	\$290	\$262,689	\$322	\$275,993	\$338	\$289,793	\$355	\$304,283	\$373	\$319,497	\$392
Property Management Fee	\$173,220	\$212	\$196,943	\$241	\$207,179	\$254	\$215,240	\$264	\$223,617	\$274	\$232,323	\$285
Total Expenses	\$3,311,379	\$4,058	\$3,430,339	\$4,204	\$3,561,710	\$4,365	\$3,695,716	\$4,529	\$3,835,080	\$4,700	\$3,980,029	\$4,877
NOI Pre Capex Reserve	\$2,514,189	\$3,081	\$3,186,562	\$3,905	\$3,397,966	\$4,164	\$3,534,250	\$4,331	\$3,675,782	\$4,505	\$3,822,754	\$4,685

CURRENT COMPETITIVE LANDSCAPE

	Elevation	Distance to Campus	Year Built	Beds	Bed Size	Avg Rent	Avg Rent / SF
Haven at Thorpe Lane	5s	0.2 mi	2020	348	437	\$927	\$2.12
The Lyndon at Springtown	5s	0.9 mi	2019	515	420	\$894	\$2.13
Uptown Square	1s	1.2 mi	2015	512	410	\$882	\$2.15
Copper Beech at San Marcos	3s	1.8 mi	2010	1,250	573	\$750	\$1.31
The Grove at San Marcos	3s	2.5 mi	2009	504	408	\$722	\$1.77
The Village on Telluride - Phases I & II	2s	2.0 mi	2011	1,116	600	\$702	\$1.17
The Outpost - San Marcos	3s	1.9 mi	2004	486	382	\$691	\$1.81
Millennium on Post	3s	2.2 mi	2012	154	458	\$673	\$1.47
The Thompson	2s	1.6 mi	2013	528	446	\$633	\$1.42
Elevation on Post Apartments	3s	1.6 mi	2000	342	408	\$633	\$1.55
Arba	4s	2.2 mi	2014	748	351	\$614	\$1.75
The Oasis	3s	2.6 mi	2005	672	379	\$629	\$1.66
The Avenue at San Marcos	3s	2.8 mi	2015	754	474	\$607	\$1.28
Villagio Apartments	3s	1.8 mi	2006	492	387	\$596	\$1.54
The Lodge	3s	2.1 mi	2001	696	401	\$573	\$1.43
The Junction San Marcos	2s	1.3 mi	1998	488	362	\$525	\$1.45
Total / Weighted Average	3s	1.9 mi	2010	9,605	450	\$687	\$1.56
Mirage - Occupied	3s	1.9 mi	2001	816	387	\$528	\$1.37
Mirage - Pre-Lease						\$611	\$1.58
Mirage - Renovated						\$673	\$1.74

Source: College House

CURRENT COMPETITIVE LANDSCAPE



Source: College House

SALES COMPARABLES

Mirage - Sale Comps										
Date	Property Name	City	State	Units	Beds	Year Built	Price in \$	\$/Unit	\$/Bed	Cap Rate
Jun-22	Domain at Waco Apartments	Waco	TX	192	564	2008	\$40,750,000	\$212,240	\$72,252	
May-22	1879 SHSU	Huntsville	TX	180	612	2004	\$22,800,000	\$126,667	\$37,255	4.60%
May-22	Midtown CC	Corpus Christi	TX	100	302	2015	\$14,870,000	\$148,700	\$49,238	5.51%
May-22	Z Islander	Bryan	TX	368	864	2008	\$48,570,000	\$131,984	\$56,215	4.96%
May-22	Brook Place	Huntsville	TX	148	612	2004	\$22,800,000	\$154,054	\$37,255	
May-22	Loft Vue	Fort Worth	TX	77	147	2013	\$14,350,000	\$186,364	\$97,619	2.51%
Feb-22	The Heights II	San Marcos	TX	240	672	2005	\$27,200,000	\$113,333	\$40,476	4.82%
Jan-22	The Proper	Houston	TX	235	717	2017	\$37,250,000	\$158,511	\$51,953	4.32%
Jan-22	University Trails	College Station	TX	308	828	2001	\$53,000,000	\$172,078	\$64,010	
Dec-21	Campus Village	College Station	TX	355	1071	2011	\$68,500,000	\$192,958	\$63,959	
Aug-21	Edge 55	Fort Worth	TX	55	165	2009	\$8,288,388	\$150,698	\$50,233	
Aug-21	Midtown Arlington	Arlington	TX	66	218	2011	\$18,511,608	\$280,479	\$84,916	
Jun-21	Leon Creek	San Antonio	TX	284	844	2012	\$56,000,000	\$197,183	\$66,351	
Jun-21	Sierra Condos	Bryan	TX	75	133	2012	\$8,025,000	\$107,000	\$60,338	
Average						2009		\$166,589	\$59,434	4.45%
Mirage						2001		\$155,729	\$54,963	5.21%

Source: Newmark Investment Sales

ENDNOTES

1. The following defined terms apply with respect to performance information in this Memorandum:
 - A. "Total Capitalization" refers to the total amount of debt and equity invested in a property or project, including applicable borrowings on the property.
 - B. "Equity" refers to the aggregate amount of equity invested into the property or project.
 - C. "Debt" refers to the aggregate amount of borrowing with respect to the property or project.
 - D. "Gross IRR" refers to the internal rate of return calculated based on realized cash flows. With respect to unrealized investments, the Gross IRR assumes the property is sold at the end of the assumed hold period at a price equal to the estimated fair market value as of the end of that assumed hold period.
 - E. "Gross Equity Multiple" refers to the equity multiple ratio of aggregate net income derived from operating and selling the investment to invested equity for the property or project.
2. The Gross IRR calculation is made on the basis of the actual timing of historical investment inflows and outflows, aggregated at least monthly, and the return is annualized. The Gross IRR calculation is calculated at the investment level and does not represent the actual contributions from and distributions to investors in a fund. An IRR is a function of the length of time from the initial investment to ultimate realization and, for a given dollar amount realized, the IRR will decrease as the investment holding period increases. The "Gross IRR" calculation measures deal-level returns for the Pre-Palladius Investments for realized investments (see below for unrealized investments). Because these investments were not made through a fund, the Pre-Palladius Investments were not subject to the same types of fees and expenses as the Fund or timing differentials between investor cash flows and investment cash flows. The management fees, partnership expenses, carried interest and other expenses borne by investors in the Fund (including applicable taxes) will reduce returns, and in the aggregate, are expected to be material. For a description of such fees, carried interest and expenses, see Section IV "Summary of Principal Terms". There is no guarantee that the Fund will achieve these or any other particular level of returns.
3. The Gross IRR with respect to the unrealized investments is calculated based on the indicated holding period and assumes the applicable property is sold at the end of such holding period for the estimated fair market value of the property as of the end of that assumed holding period. Performance information with respect to unrealized investments in PREF I is calculated based upon actual timing of historic investment inflows and outflows through September 30, 2022, and thereafter based upon the original acquisition underwriting for each of those investments, which incorporated market, demographic, and other information specific to each investment. Performance results include unrealized values of investments and there can be no assurance that the unrealized values will, in fact, be realized at the present valuations. Returns will vary as gains or losses are realized on its presently unrealized holdings if and when they are sold. There can be no guarantee that future funds will be able to invest in the same or similar opportunities or be able to implement their investment strategies or achieve their investment objectives. While the valuations of unrealized values are based on assumptions that are believed to be reasonable under the circumstances, the actual realized returns on unrealized holdings will depend on, among other factors, future operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs and the timing and manner of sale, all of which may differ from the assumptions on which the valuations used in the prior performance data contained herein are based. Accordingly, the actual realized returns on these unrealized holdings may differ materially from the returns indicated herein.
4. Please note that PCM was established in 2021. Net IRR for all of the realized Pre-Palladius Investments were different from the Funds in a number of material respects including that the investments were not made in a single investment vehicle, were not time limited by a specific investment period and did not pay direct management fees or carried interest. There can be no assurance that the Funds will achieve these results. Material changes in market or economic conditions may prevent the Fund from employing the strategy which produced these results.
5. The foregoing has been provided to allow the reader to develop a detailed understanding of how calculations have been made with respect to realized and unrealized investments. However, since not all assumptions have been specified, and differences exist in implementing assumptions by different analysts, one should not expect to be able to duplicate the above presentation without additional information, including, without limitation, the underlying information that was used to apply the assumptions set forth above, and other assumptions that have not been listed.

ADDITIONAL DISCLOSURES

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