



Opportunistic Real Estate Fund Commitment

Lubert-Adler Real Estate Fund VI, L.P.

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Lubert-Adler Real Estate Fund VI, L.P. – Opportunistic Real Estate

Overview

- Fund size: \$2.5 billion with a hard cap of \$2.5 billion, plus GP commitment of at least \$50 million
- Opportunistic Real Estate, capitalizing on redevelopment opportunities and general distress in the real estate market
- US-focused (no more than 10% outside North America)

Fund Strategy

- To opportunistically acquire high quality real estate assets, add value through a series of physical and/or financial enhancements and ultimately create a group of assets at a cost basis well below its competitive set.
- The Fund will target non real estate focused sellers such as lenders, large corporations, distressed partnerships, estates, municipalities and asset-rich retailers.
- Typical investment size: \$5 – 50 million
- Pennsylvania Presence – Based in PA, Lubert-Adler has made substantial investments in multifamily, retail, office, hospitality, and industrial properties throughout the State. Additionally, Lubert-Adler's operating partner network includes 11 firms domiciled in PA.

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Investment Team

- A staff of 30 highly experienced investment professionals dedicated to supporting portfolio investments
- Lubert-Adler has offices in Philadelphia, Baltimore, New York, Atlanta, and Los Angeles

GP “Value Add”

- Lubert-Adler’s expertise in acquisitions, capital markets, redevelopment and asset management has been accretive to investment performance over several market cycles.
- Additionally, Lubert-Adler’s network of 75 operating partners provide redevelopment, management, local market knowledge, and due-diligence capabilities, and are also a valuable source of deal-flow for the Fund.

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Performance

- To date, their Funds have acquired 433 assets with a total value of over \$15 billion.
- Funds I – III are on target to provide an investor-level aggregate IRR of 18% and an equity multiple of 2.0X. Fund IV is in its redevelopment phase and Fund V is currently in its investment phase.

Market Opportunity

- Given the current volatility in the capital markets, investing in certain value-added redevelopments and distressed assets and debt is quite an attractive proposition.

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History with PSERS

- This would be PSERS fifth fund with Lubert-Adler.

Recommendation

- Staff, together with Courtland Partners Ltd., recommends that the Board invest an amount equal to 25 percent of the committed capital, but not to exceed \$150 million plus reasonable normal investment expenses.