Morgan Stanley

INVESTMENT MANAGEMENT

Prime Property Fund

Morgan Stanley Real Estate Investing

February 13, 2020

Prime Property Fund

- One of the longest-term core open-end funds – in its 47th year of operation

PRIME is a core, fully-specified, open-end commingled real estate investment fund diversified by property type and location designed to provide a stable, income-driven rate of return over the long term with potential for growth of income and appreciation of value.

Highlights:

- Diversified high-quality portfolio that is difficult to replicate and constructed to be resilient through market cycles
- Consistent, research supported investment strategies employed
- Focus on high-quality office buildings, Class A apartment communities concentrated within nine targeted markets, warehouses in major distribution markets and top tier super-regional malls
- Proven track record over the near, intermediate and long term, meaningfully outperforming the NFI-ODCE index over these time frames[(1)]
- Long-tenured and experienced portfolio management team dedicated to providing superior results and client service
- The largest fund across MSREI's global real estate investing platform and comprises over 96% of gross real estate assets in the U.S.[(2)]

Notes

Past performance is not indicative of future results. See the Performance Notes for important information about performance returns.

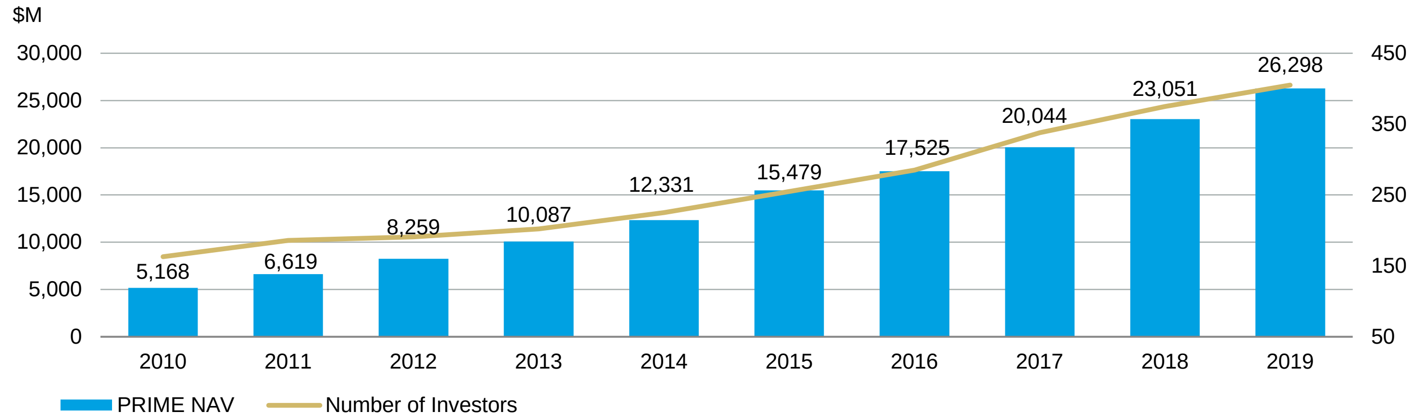
1. Based on gross returns as of September 30, 2019. Please see page 11 for PRIME's before and after fee performance compared to the NFI-ODCE.
2. Gross real estate assets represents the gross fair market value of the real estate assets managed by MSREI on behalf of the firm and its clients, presented at direct ownership interest. Gross real estate assets for certain minority interests represents MSREI's equity investment in the entity. Ownership interest, as of September 30, 2019.

Fund Profile

As of December 31, 2019

Gross Real Estate Assets[1] ($B)	31.4
Net Asset Value ($B)	26.3
Consolidated Leverage (%)	16.7
Number of Assets	436
Investors[2]	405
Leased[3] (%)	93.5
Trailing 12-Month Dividend[5] (%)	4.0
Return Since Inception[4][5] (%)	9.2
Incoming Queue ($M)	1,149

NAV and Number of Investors



Notes

Past performance is not indicative of future results. See the Performance Notes for important information about performance returns.

1. Gross real estate assets represent the market value of PRIME real estate investments, including PRIME's share of joint venture assets, before debt.
2. Excludes non-voting shareholders with investment(s) of less than $10,000.
3. Leased status is value weighted (i.e., calculated using the asset values gross of debt) and adjusted for ownership share as of September 30, 2019.
4. Returns are presented before (i.e., gross of) investment advisory fees—specifically they do not reflect a deduction for asset management fees. Annual net returns are provided in the Performance Notes. PRIME's net return for 3Q19 is 1.4% and since inception is 8.1%.
5. As of September 30, 2019.

Return Profile

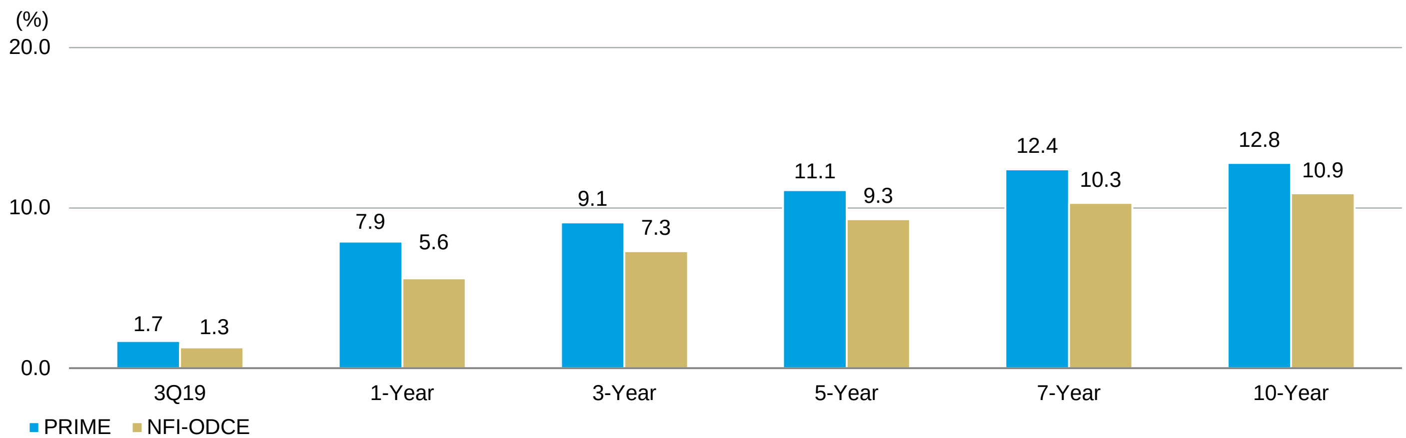
As of September 30, 2019

- The annualized outperformance of PRIME, on a gross return basis, relative to the NFI-ODCE[(1)(2)]
  - 1-Year 226 bps
  - 3-Year 178 bps
  - 5-Year 172 bps
  - 7-Year 206 bps
  - 10-Year 193 bps

- Over the trailing ten years, an investment in PRIME would have been worth 18.5% more, on a net basis, than an investment in NFI-ODCE index excluding PRIME

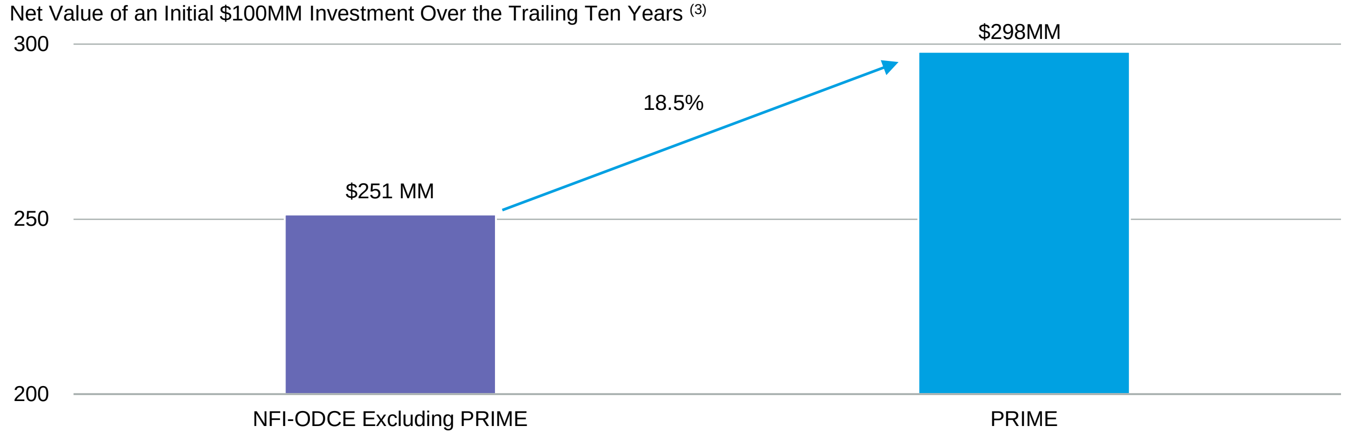
PRIME Leveraged Total vs. NCREIF Fund Index—Open-End Diversified Core Equity ("NFI-ODCE") Total[(1)(2)]

Annualized Gross Return Comparison—As of September 30, 2019



Cumulative Net Return Differential of PRIME vs. NFI-ODCE (Ex PRIME)

Net Value of an Initial $100MM Investment Over the Trailing Ten Years [(3)]



Notes:
Past performance is not indicative of future results. See the Performance Notes for important information about performance returns.
1. The NCREIF Fund Index—Open-End Diversified Core Equity ("NFI-ODCE") is a fund-level, capitalization-weighted, time-weighted return index and includes property investments at ownership share, cash balances and leverage (i.e., returns reflect each fund's actual asset ownership positions and financing strategy). NFI-ODCE performance information is presented gross of fees.
2. See the Performance Notes for important information about the characteristics of the NFI-ODCE and other comparative indices in relation to PRIME and other factors relevant to such comparisons. See page 11 for PRIME's net returns for the periods presented.
3. Net total returns.

PRIME Resources

As of September 30, 2019 (1)(2)

- Scott Brown and Candice Todd provide substantial experience and continuity to the Fund with each having
  - Over 30 years in real estate
  - Over 25 years with Morgan Stanley[4]
  - Over 18 years of dedication to PRIME
- The officers within the portfolio management team have an average tenure with the platform of over 20 years

Board of Directors

Kent Goodwin (I)
Field Griffith (I)
Lynne Sagalyn (I)
Kevin Twomey (I)
John Klopp

I = Independent

MSREI Investment Committee

Toru Bando
Andrew Bauman
Scott Brown
Tony Charles
Olivier de Poulpiquet
Peter Harned
John Klopp
Brian Niles
Toby Norris
Lauren Hochfelder Silverman
Candice Todd
Kev Zoryan

PRIME Portfolio Management

Scott Brown
Head of PRIME
Yrs./Ten. = 30/26 (3)(4)

Candice W. Todd
Chief Financial Officer
Yrs./Ten. = 30/25 (3)(4)

Josh Myerberg
Deputy Portfolio Manager
Yrs./Ten. = 16/13 (3)

Bennett A. Weaver
Head of Operations
Yrs./Ten. = 21/14 (3)(4)

Megan Golder
Investor Coverage
Yrs./Ten. = 13/11 (3)

Cheyenne Sparrow
Executive Director
Yrs./Ten. = 9/9 (3)

Lidia Novak
Investor Services
Yrs./Ten. = 28/46 (3)(4)

Legal

Braden Wilhelm
Fund Counsel

Portfolio Specialists | Risk/ Insurance(5) | Investment Finance | Asset Management | Research | Investor Relations | Acquisitions | Fund Accounting & Analytics (6)

Notes:

1. This chart and the data provided herein with respect to professionals that are assigned to work on matters related to PRIME are subject to change from time to time based on MSREI senior management's sole discretion regarding the needs of the MSREI business.
2. Resources are shared across all MSREI clients.
3. Yrs./Ten. = Years of real estate experience/Tenure at Morgan Stanley.
4. Includes years employed by Lend Lease Real Estate and its predecessor, Equitable Real Estate, prior to the acquisition of certain portions of Lend Lease Real Estate's advisory business by Morgan Stanley Real Estate Investing.
5. Risk Management is a shared resource across the MSIM platform. As of 1 January 2018, the MSREI Insurance Group has been outsourced. Acrisure LLC hired the four team members and entered into a long term agreement with Morgan Stanley to provide insurance services. Under this agreement, the former MS employees will dedicate substantially all of their time to the Morgan Stanley Private Funds.
6. Fund accounting and analytics are provided by State Street Bank and Trust Company personnel; 15 professionals currently are assigned to provide fund control and analytics services relating to PRIME.

Large Scale Holdings

As of September 30, 2019

- PRIME's ten largest assets comprise 22% of the Fund[1]
- Historically, larger properties tend to outperform smaller properties
  - Over the last ten years, properties larger than $200M have outperformed properties smaller than $200M by 23 basis points[2]

Fashion Valley Mall, San Diego, CA

- 50% Ownership
- 92% Leased

Two Park Avenue, New York, NY

- 100% Ownership
- 93% Leased

Dadeland Mall, Miami, FL

- 50% Ownership
- 93% Leased

One Post Office Square, Boston, MA

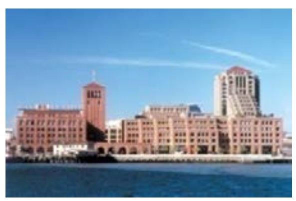
- 100% Ownership
- Leased % - N/A[3]

Christiana Mall, Newark, DE

- 50% Ownership
- 99% Leased

One Maritime Plaza, San Francisco, CA

- 100% Ownership
- 100% Leased

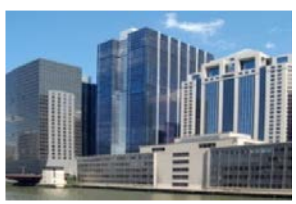


Hills Plaza, San Francisco, CA

- 100% Ownership
- 100% Leased

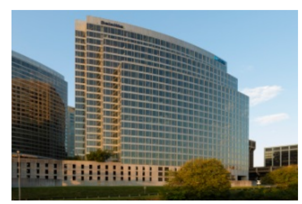
151 N. Franklin, Chicago, IL

- 100% Ownership
- 99% Leased



155 North Wacker, Chicago, IL

- 99% Ownership
- 98% Leased



Waterview Tower, Arlington, VA

- 100% Ownership
- 100% Leased

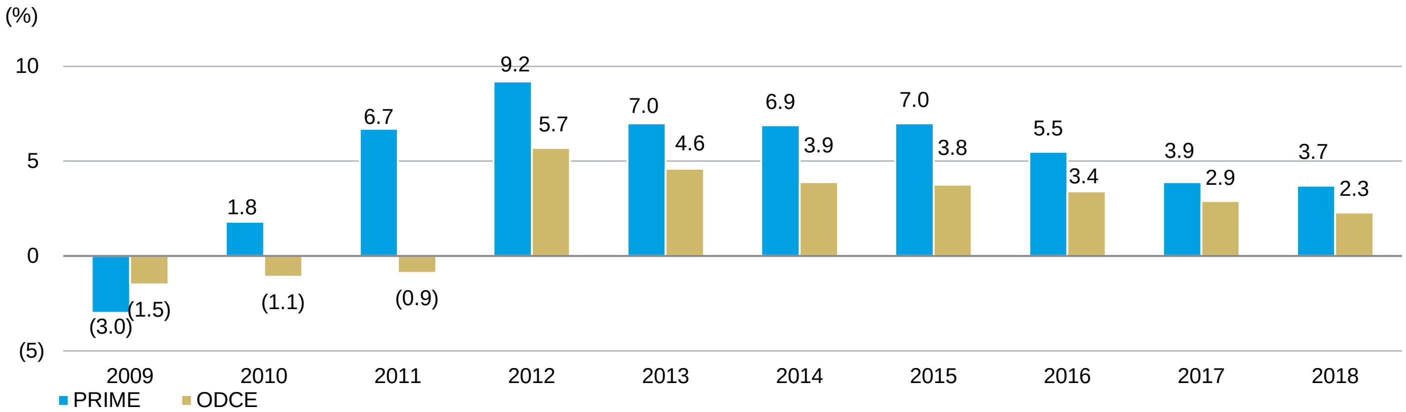
Notes:
1. Calculated using PRIME's share of gross asset value.
2. Based on same-store analysis of NCREIF Property Index historical returns from October 2009 through September 2019.
3. Office asset is currently under redevelopment. Asset is excluded from all Occupancy and Leased Area percentages.

Comparable Property Level Net Operating Income(1)

As of September 30, 2019

- PRIME's five and ten-year same-store average Comparable Property Level Net Operating Income growth is 5.4% and 4.9% versus the ODCE at 3.3% and 2.3%, respectively(1)
- Comparable Property Level Net Operating Income growth for the nine months ended September 30, 2019 was 7.1%(2)

PRIME vs. ODCE Net Operating Income Growth



Source: NCREIF, data as of 4Q 2018

PRIME Net Operating Income(3)

Same-Store Analysis – For the nine months ended September 30,

	Comparable Property Net Operating Income ($ in MM)		
	2019	**2018**	**Inc /(Dec) 9/30/2019(4)**
Office	$280.4	$266.7	5.1%
Apartment	160.2	147.0	9.0%
Industrial	153.8	142.0	8.3%
Retail	117.8	114.6	2.8%
Healthcare	20.4	16.0	27.5%
Self Storage	43.0	40.9	5.1%
Other	7.5	4.3	74.4%
Total Property Level Net Operating Income(3)	**$783.1**	**$731.5**	**7.1%**

Notes:
Past performance is not indicative of future results. See the Performance Notes for important information about performance returns.

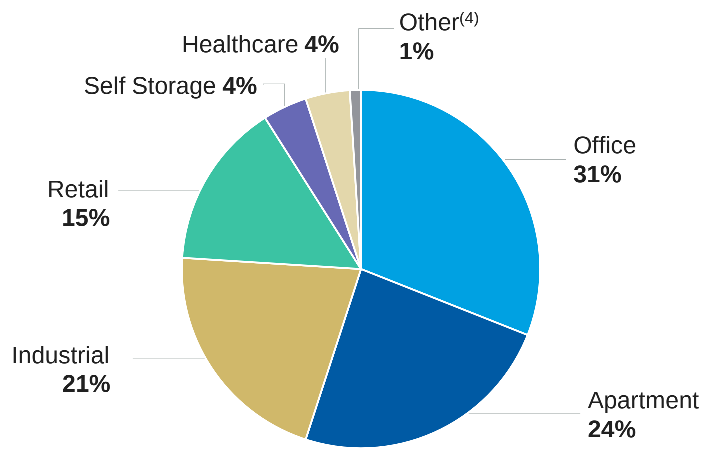
1. Simple average based on calendar years 2009 through 2018.
2. Comparable total net operating income growth, including operating companies, for the nine months ended September 30, 2019 was 7.3%.
3. When comparing asset classes, keep in mind that each has differences. Due to the appraisal methods for valuing real estate, there may be inherent issues when comparing real estate to other asset classes.
4. To provide a more meaningful basis for comparison, net operating income includes income before debt service and, for a given calendar month, includes only income generated by real estate investments held by the Fund for at least 13 months prior to the end of that month and excludes net operating income from AMLI operating company $0.4M for the nine months ended 2019 and $(1.7)M for the nine months ended 2018 and Safeguard Self Storage operating company $(2.6)M for the nine months ended 2019 and $(2.2)M for the nine months ended 2018.

Sector Diversification

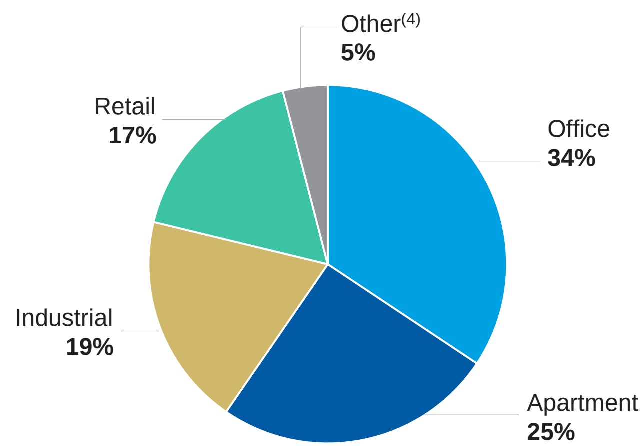
As of September 30, 2019

- Broad property type diversification can reduce overall portfolio volatility
- PRIME's near-term diversification targets are[2]
  - Office 30%–40%
  - Apartment 20%–30%
  - Industrial[3] 15%–25%
  - Retail[3] 10%–20%
  - Self Storage 0%–5%
  - Healthcare 0%–5%

PRIME Diversification – Property Sector[1]



NFI-ODCE Diversification – Property Sector[1]



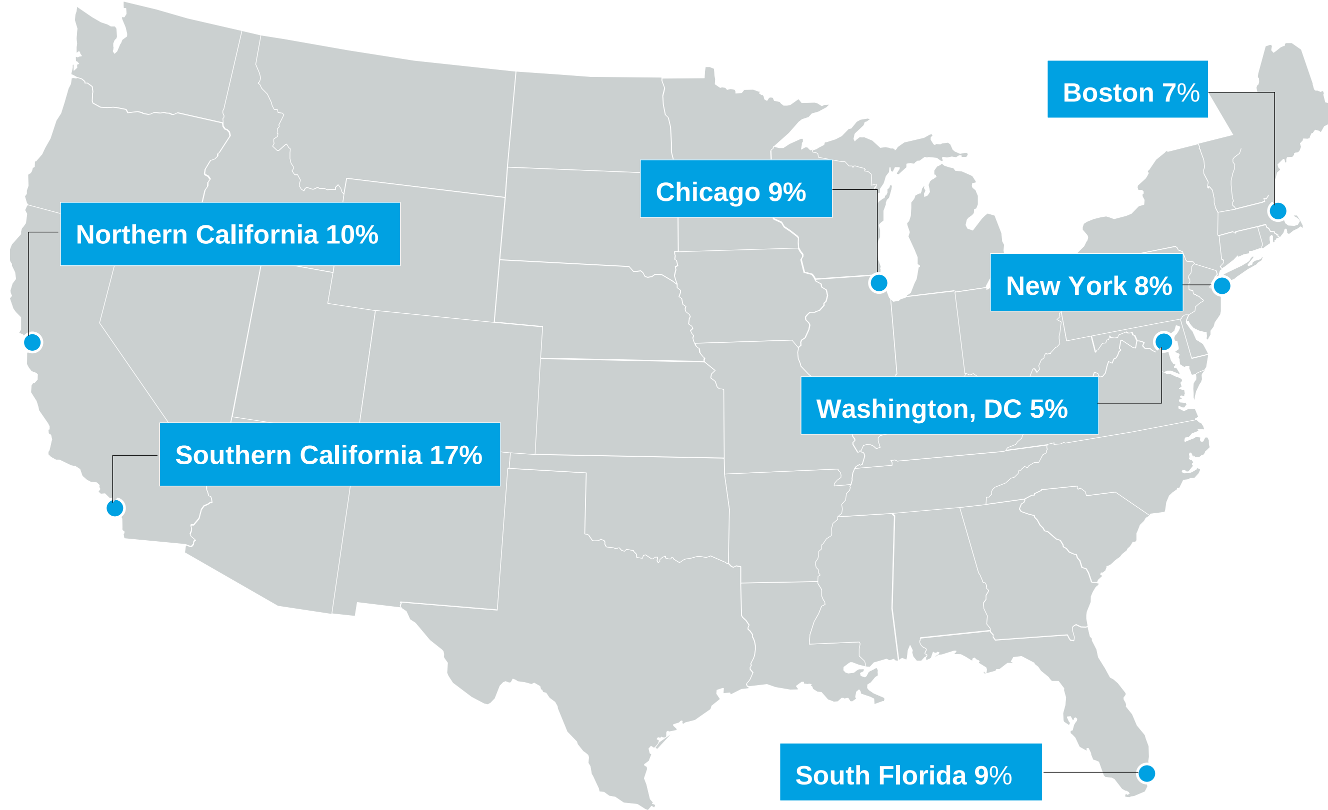
Notes:
Past performance is not indicative of future results. See the Performance Notes for important information about performance returns. Diversification does not eliminate the risk of future loss.

1. NFI-ODCE diversification data is presented on a gross asset value basis. The Fund's property sector targets, as set forth in its investment guidelines, are set on a gross asset value basis.
2. These are targets only. The Fund's investment guidelines include no specific limitations or requirements with regard to property type or geographic diversification. The investment guidelines, including these targets, are subject to modification from time to time by the board of directors of the Fund upon recommendation of the Adviser. Additionally, the Adviser retains discretion to vary from these targets when it deems it appropriate. There can be no assurance that these targets will be met at any time.
3. In September 2019, at the recommendation of the Adviser, the Board of Directors passed a resolution adjusting the target allocations for the Retail and Industrial sectors from 15% - 25% and 10% - 20% to 10% - 20% and 15% - 25%, respectively.
4. For PRIME, other includes land held for potential development, a hotel and a hotel development. For NFI-ODCE, other includes hotel and other assets.

Concentration in Preferred Markets

As of September 30, 2019

- 65%, on a gross basis, of PRIME's holdings are concentrated in seven preferred markets(1)
- Preferred major markets have outperformed the NPI by an average of 37 basis points per annum for the last twenty years(1)
  - When compared to the NPI, excluding these major markets, outperformance climbs to 71 basis points per annum over the last twenty years



Notes:
1. The following markets were selected by the Adviser as preferred major markets for this analysis: Boston, New York, Washington, DC, Miami / Fort Lauderdale, Chicago, San Francisco / San Jose / Stockton / Sacramento and Los Angeles / San Diego. As of September 30, 2019, with respect to real estate assets owned by NFI-ODCE funds, real estate assets in these markets represented $371B of value, or 57% of the NPI ($651B).

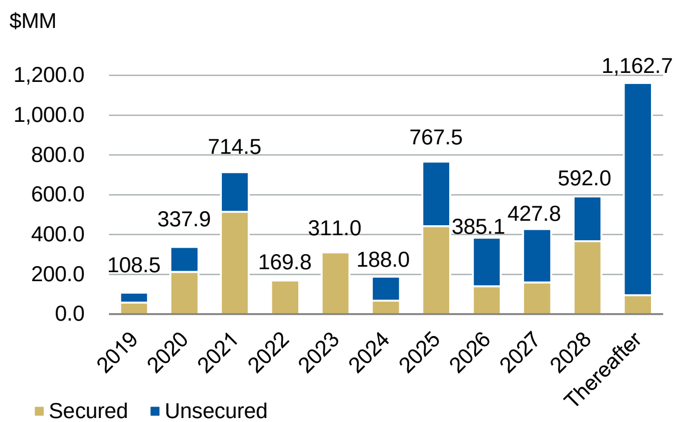
Debt Profile

As of September 30, 2019

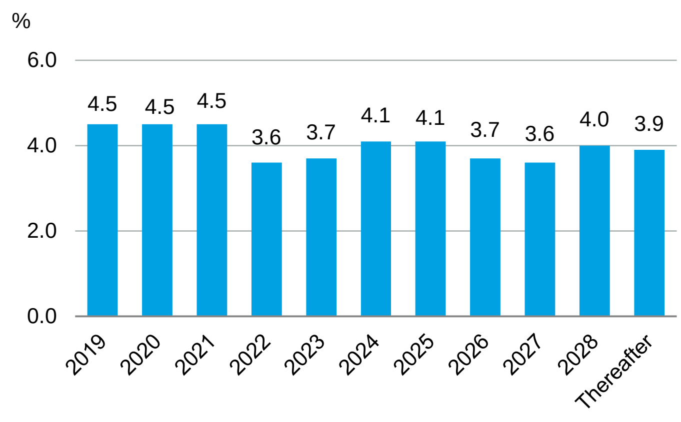
- PRIME's target range for leverage is 15%–25%
- PRIME's debt strategy of maintaining a mix of secured and unsecured financing allows the Fund to effectively and actively manage the portfolio as well as tap into a more diverse set of lending sources
- The Fund has no outstanding forward commitments

Leverage [1][2] (%)	16.7
Fund Rating (Standard & Poor's)	A
Weighted Average Cost of Debt (%)	4.0
Weighted Average Debt Remaining Term	6.5 years
Unsecured Debt (%)	49.9
Fixed Rate Debt (%)	90.7
Cash to Net Assets[2] (%)	2.8

Debt Maturity Schedule [3]



Weighted Average Cost of Debt by Year of Maturity [3]



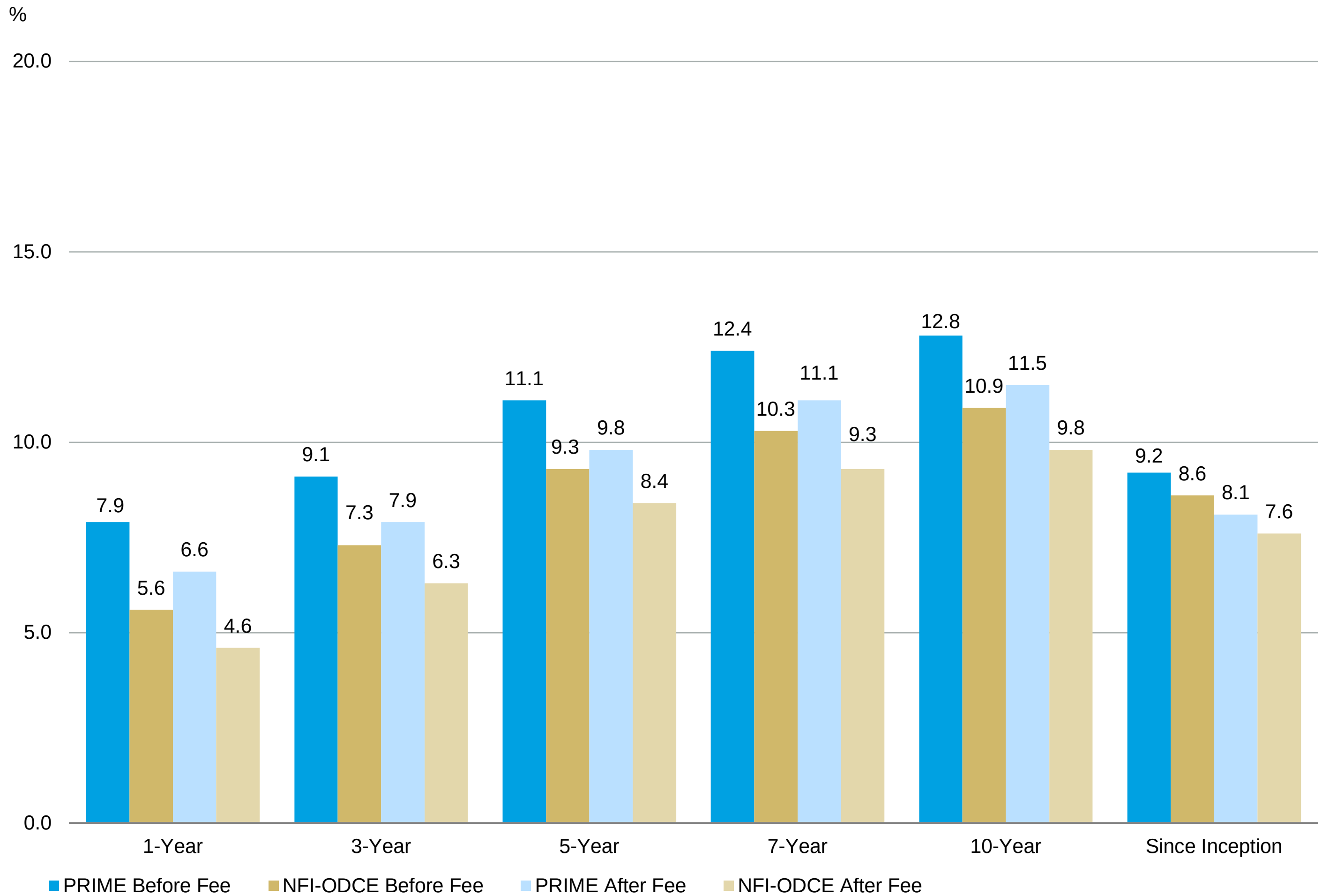
Notes:
1. Includes all wholly-owned debt and PRIME's proportionate share of joint venture debt.
2. As of December 31, 2019.
3. Maturity schedule reflects wholly owned and joint venture debt at ownership share. Excludes the Fund's $650 million line of credit and the $10 million AMLI line of credit , both of which had a zero outstanding balance as of September 30, 2019.

PRIME Before and After Fee Performance vs. NFI-ODCE

As of September 30, 2019

- PRIME's fee for each of the last five calendar years has been
  - 2018 103 bps
  - 2017 103 bps
  - 2016 112 bps
  - 2015 119 bps
  - 2014 119 bps
- PRIME's fee was modified, effective April 1, 2013. The total fee is now capped at 119 bps
- PRIME's fee structure is detailed on page 13
- The difference between Before Fee and After Fee returns does not total the fee charged in terms of basis points on NAV given the compounding impact of the chain linking of returns

PRIME vs. NFI-ODCE Total Returns [1]



Notes:

Past performance is not indicative of future results. See the Performance Notes for important information about performance returns and the characteristics of the NFI-ODCE Benchmark

1. The Fund's inception was August 20, 1973; however, to provide a more meaningful basis for comparison, returns for the Fund and the NFI-ODCE are shown for the period starting in the first quarter of 1978, inclusive, which represents all available return information for the NFI-ODCE since its inception.

SECTION 1

Additional Information

PRIME Fee Structure

- Fee structure intended to create strong alignment of Adviser's interest with investors by compensating Adviser for NOI growth
  - 2018 Fees 103 bps
  - 2017 Fees 103 bps
  - 2016 Fees 112 bps
  - 2015 Fees 119 bps
  - 2014 Fees 119 bps

Asset Management Fee: 84 basis points per annum of the NAV (as of the beginning of each calendar quarter) payable quarterly in arrears.

Incentive Fee: Incentive Fee for each calendar year is capped at 35 basis points per annum. Accrues on a monthly basis over a calendar year. Monthly accrual will equal the product of X*Y*Z*1/12, where:

- X = 5.0%;
- Y = NAV (as of the beginning of that month); and
- Z = "Comparable Property NOI Growth" for that month (expressed as a percentage) (1)

Incentive Fee is payable at or promptly after the end of each calendar year and equal to the aggregate amount of the Incentive Fee (including any negative amounts) accrued for each month of the calendar year.

Notes:

1. "Comparable Property NOI Growth" for a given calendar month is the growth, expressed as a percentage, of (i) the aggregate income after operating expenses have been deducted, but before deducting income taxes, financing expenses, fund expenses and capital expenditures (the "NOI") generated by Included Investments that month, over (ii) the aggregate NOI generated by the same Included Investments during the same calendar month in the preceding year. For these purposes, "Included Investments" means each real estate asset held directly or indirectly by the Fund for at least 13 months prior to the end of that month (for the avoidance of doubt, including any real estate for which there was any expansion, redevelopment or similar change during the prior 13 months); provided that if any such real estate asset is a development asset (i.e., either undeveloped land or a previously developed real estate asset that is subject to a development or redevelopment project where the budgeted costs of such project exceed 50% of the value of such asset immediately prior to undertaking such project), such real estate asset will only be considered held once its development has been completed (i.e., a certificate of occupancy or equivalent document has been obtained); and provided further that "Included Investments" shall not include AMLI Operating Company, Safeguard Operating Company or any other future Investment deemed to be an operating company

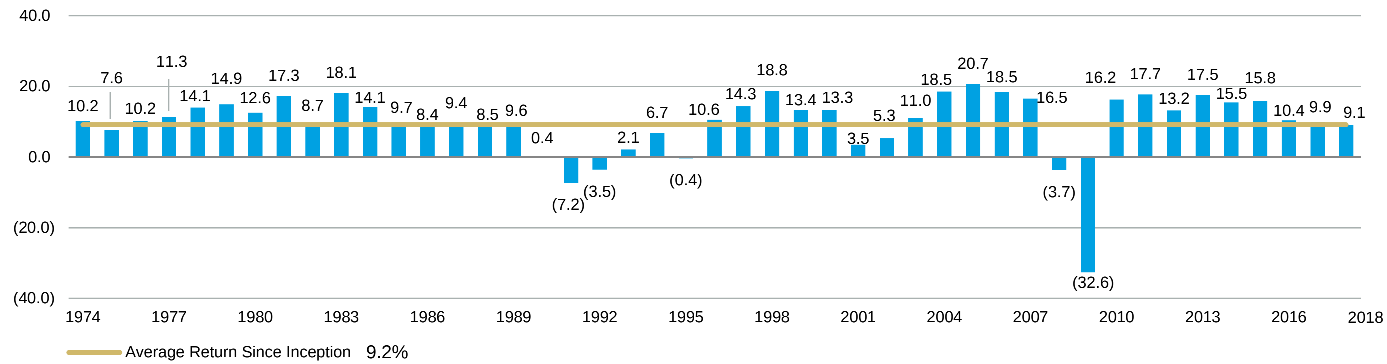
PRIME Performance Since Inception

As of December 31, 2018

- PRIME's total gross return since inception is 9.2% [1]
- PRIME's annual gross return has exceeded 8% in 34 of 45 calendar years

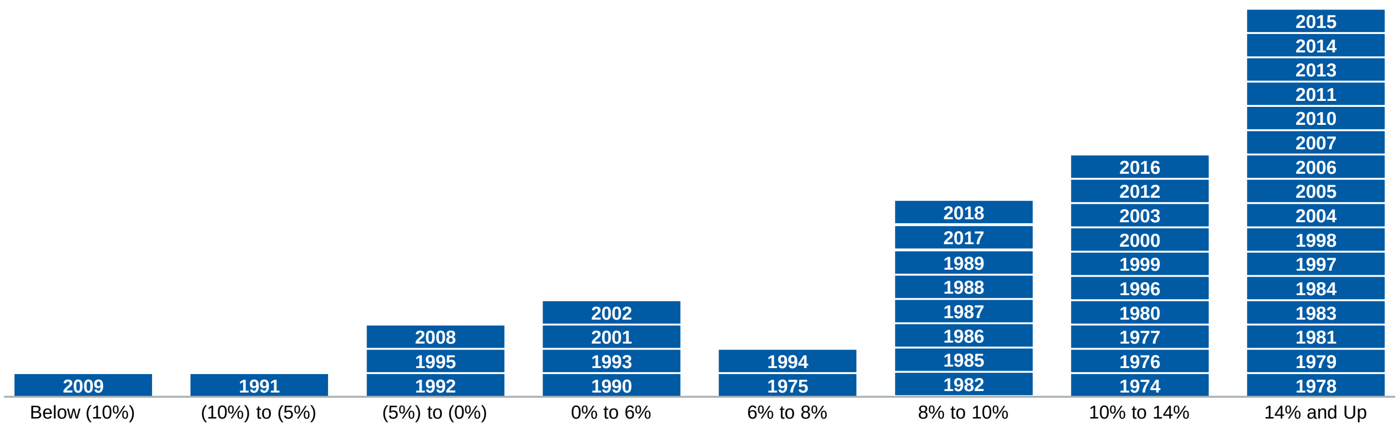
Total Annual Gross Returns [1]

Levered Before Fees, By Calendar Year, 1974–2018 (%)



Annual Gross Return Distribution [1]

Levered Before Fees, Calendar Year, By Return Distribution, 1974–2018



Notes:

Past performance is not indicative of future results. See the Performance Notes for important information about performance returns

1. Returns are presented before (i.e., gross of) investment advisory fees—specifically, they do not reflect a deduction for asset management fees. Annual net returns are provided in the Performance Notes. PRIME's total net return since inception is 8.1% as of December 31, 2018.

Governance

- Morgan Stanley Real Estate Advisor, Inc. is the investment adviser (the "Adviser") to PRIME
- PRIME's board of directors meets each quarter to review the investment performance of the Fund and monitor the Adviser's performance of its management responsibilities

PRIME Investment Adviser—Morgan Stanley Real Estate Advisor, Inc.

PRIME Board of Directors

Independent Directors

Kent Goodwin	**Field Griffith**	**Lynne Sagalyn**	**Kevin Twomey**
Former Managing Director of GIC Real Estate	Former Director of Real Estate Investments of Virginia Retirement System	Former Director of the MBA Real Estate Program and Founding Director of the Paul Milstein Center for Real Estate	Former President of the St. Joe Company

Affiliated Directors

John Klopp
Head of Global Real Assets
Morgan Stanley Investment Management

Key Duties of Directors

- Review quarterly investment performance of PRIME
- Monitor overall performance of the Adviser
- Remove/replace Adviser
- Review/approve investment guidelines and dividend policy
- Approve incurrence of any debt causing consolidated debt to exceed 50% of gross value of assets
- Engage/change independent appraisers and auditors
- Review/approve asset valuation policy
- Resolve certain conflicts of interest; approve certain affiliated transactions (Independent Directors)

Key Executives

Scott A. Brown

Global Head of Prime

Scott Brown is a Managing Director of Morgan Stanley, Head of Prime Property Fund in the U.S. and Global Head of Prime. With over 30 years of real estate experience, he is responsible for the portfolio construction and performance of PRIME as well as the direction and execution of the Fund's strategy. He also serves as a member on various investment committees across the platform. Scott began working with PRIME in 1993 as part of Equitable Real Estate and then Lend Lease while becoming fully dedicated to PRIME in 2002. He transitioned to Morgan Stanley in 2003 and took a leadership position in PRIME in 2007. He is a member of the Pension Real Estate Association and Urban Land Institute. He received an MBA from Indiana University and a BS in Finance from the University of Illinois.

Candice W. Todd

Chief Financial Officer of Morgan Stanley Real Estate Investing and Prime Property Fund, LLC

Candice Todd is a Managing Director of Morgan Stanley, Global Chief Financial Officer for MSREI and Chief Financial Officer of Prime Property Fund in the U.S. Candice is responsible for managing finance, reporting, portfolio management, risk and legal / regulatory activities across both the North Haven Real Estate and PRIME series of core funds. She is responsible for PRIME’s capital structure and REIT compliance and also serves on the fund’s Investment Committee. Prior to joining Morgan Stanley in November 2003, Candice worked for Lend Lease (predecessor The Yarmouth Group) since 1994 and has 30 years of real estate experience. She previously worked for Prentiss Properties Limited overseeing systems and reporting related to Resolution Trust Corporation contracts. Candice started her career at Price Waterhouse working primarily on real estate clients. In June 2017, she was appointed to the Global Standards Steering Committee, a committee sponsored by ANREV, INREV, PREA and NCREIF to establish global reporting standards wherever practical. Candice was appointed to the Board of NCREIF in November 2014. She has served as the Co-Chairperson of the Accounting Committee at NCREIF and was a REIS Council member. Candice received a Master of Accountancy, and a BS in Human Resources from the University of Alabama.

Key Executives (Cont'd)

Josh Myerberg

Deputy Portfolio Manager

Josh Myerberg is a Managing Director of Morgan Stanley and Deputy Portfolio Manager for Prime Property Fund. Prior to joining the Prime executive team, he was responsible for sourcing, underwriting and executing transactions on the West Coast on behalf of Morgan Stanley's real estate funds. During his tenure at Morgan Stanley, Josh has been involved in the acquisition and asset management of a wide range of assets, property types and investment structures for PRIME. Josh joined Morgan Stanley in 2006 after previously working for Banc of America Securities' Real Estate Investment Banking group and First Union Securities. Josh is on the Board of NAREIM and an active member of ULI. Josh received his MBA from the Kenan-Flagler Business School at the University of North Carolina at Chapel Hill and a BA in economics from Washington & Lee University.

Bennett A. Weaver

Head of Operations

Bennett Weaver is an Executive Director of Morgan Stanley and the Head of Operations of Prime Property Fund. Prior to joining Morgan Stanley in July 2004, Bennett worked for Lend Lease and has over 21 years of real estate experience. He departed Morgan Stanley in February 2012 in the lift out of the portfolio accounting & finance team to State Street and rejoined Morgan Stanley in October 2013. Bennett began his career in assurance services at Ernst & Young focusing primarily on real estate clients. Bennett is a Certified Public Accountant. He is an active member of the Accounting Committee at NCREIF. Bennett received an MBA from the University of Georgia, and a BS in Accounting from Oglethorpe University.

Key Executives (Cont'd)

Megan Golder
Executive Director

Megan Golder is an Executive Director in Morgan Stanley Real Estate Investing. She joined Morgan Stanley in 2007 and is currently a dedicated Investor Coverage resource to Prime Property Fund. In this role, Megan is responsible for client and consultant relationships as well as fund marketing. Megan previously spent three years at Ernst & Young, LLP within the Assurance Advisory Business Services group working primarily on real estate clients. Megan is a member of the Pension Real Estate Association. Megan received a Masters of Accountancy and a BBA in Accounting from the University of Georgia.

Cheyenne Sparrow
Executive Director

Cheyenne is an Executive Director in Morgan Stanley's Real Estate Investing and a portfolio manager for Prime Property Fund. During her time at Morgan Stanley, Cheyenne has worked on the U.S. debt capital markets team, responsible for structuring the capital stack and securing financing on behalf of MSREI funds and individual transactions. She also worked on the Morgan Stanley's acquisition and integration of Mesa West Capital, a third party real estate credit platform. Among various other strategic initiatives, she has been involved in fund management, capital raising, fund restructuring, and other platform management projects. Prior to joining Morgan Stanley, Cheyenne worked in the Portfolio Analytics Group at BlackRock, focusing on Institutional Multi-Sector Fixed Income accounts as well as BlackRock's Fixed Income Retail Mutual Funds. Cheyenne received a BSE with distinction from The Wharton School at the University of Pennsylvania.

Important Notices

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Past Performance. Past performance is not indicative of future results. Any projected or target returns contained herein are being provided for informational purposes only. Investments in real estate may result in the loss of principal. There can be no assurance that any projected or target returns, or any returns at all, will be achieved.

Not Investment Advice. The materials have been prepared solely for information purposes and do not constitute an offer or a recommendation to buy or sell any particular security or to adopt any specific investment strategy. The materials contained herein have not been based on a consideration of any individual client circumstances and is not investment advice, nor should it be construed in any way as tax, accounting, legal or regulatory advice. To that end, investors should seek independent legal and financial advice, including advice as to tax consequences, before making any investment decision.

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Targeted Purpose and Audience. These materials have been prepared for a specific purpose and a specific target audience. These materials have been designed for use on a one-on-one basis; if you are not the intended recipient and/or plan on using these materials for other than the intended purpose, then these disclosures may not be adequate for your purposes. These materials do not purport to be all-inclusive or to contain all the information necessary to make an investigation or decision regarding MSREI, the Fund or the Adviser. Please discuss any questions you may have with an appropriate MSREI representative.

Important Notices (Cont'd)

Not an Offer; Qualified by Offering Memorandum. These materials and the information, which is not impartial, contained herein have been prepared solely for informational and educational purposes and do not constitute an offer, or a solicitation of an offer, to buy or sell any security, instrument or other interest in any current or future fund or investment vehicle, whether sponsored by MSREI or any other Morgan Stanley affiliate or otherwise. Any such offer or solicitation shall be made only pursuant to a final confidential private placement memorandum (the "Offering Memorandum") for such fund or investment vehicle, which will describe other important information about the sponsor and such fund or investment vehicle. In deciding whether to invest in a fund or investment vehicle, prospective investors should carefully review the Offering Memorandum for such fund or investment vehicle, including the sections regarding the risks and conflicts of interest associated with such an investment and the material terms of the relevant constituent documents. Prospective investors should rely solely on the Offering Memorandum in making an investment decision, and should not rely on any other materials, including these materials, or any oral information, if any, provided by MSREI in connection therewith.

Limitations on Use; Distribution of These Materials in Certain Jurisdictions. Offers and sales of interests in any fund referred to herein may not be registered under the laws of any jurisdiction. The distribution of these materials (or any Offering Memorandum to which they refer) in certain jurisdictions may be restricted by law and persons into whose possession these materials or any such Offering Memorandum come should inform themselves about, and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of the laws of any such jurisdiction.

Investment Risk. Investments in private funds are speculative and include a high degree of risk. Investors could lose their entire investment. Private funds are highly illiquid, and are only suitable for long-term investors willing to forgo liquidity and put capital at risk for an indefinite period of time. Private funds often engage in speculative investment practices that may increase the risk of investment loss. Private funds may involve complex tax structures and there may be delays in distributing important tax information. Private funds typically have significantly higher fees and expenses than other investment vehicles. Investing in private funds is not for everyone as it entails risks that are different from those of more traditional investments. Anyone considering an investment in a private fund should have the financial ability and willingness to accept the risks (including, among other things, the risk of loss of investment and the lack of liquidity) characteristic of such investments.

Consultation of Advisors. These materials do not constitute legal, tax, financial or other advice. The legal, tax and other consequences of any proposed transaction may differ for each recipient as a result of, among other things, the particular financial situation of, and the laws and regulations applicable to, each recipient. You should consult your own legal counsel, accountants and other advisors regarding the information contained herein and the transactions described hereby.

Availability of Adviser's Form ADV. Morgan Stanley Real Estate Advisor, Inc., the Adviser to the Fund, and various other Morgan Stanley affiliates that are registered with the U.S. Securities & Exchange Commission ("SEC") have filed with the SEC, and are required to update periodically, Form ADV. Form ADV Part 2A and 2B contain essential information about a given investment advisory firm, including information about firm management, clients, fee arrangements and the handling of conflicts of interest, and the SEC requires that it be sent to all prospective clients who might enter into an advisory agreement prior to execution. Upon request, the Adviser will furnish a copy of its Form ADV without charge to you. Please contact Morgan Stanley Real Estate Investor Services at (212) 761-7160 or email msreinvestor@morganstanley.com for a copy.

Any losses in MSREI funds will be borne solely by investors in MSREI funds and not by Morgan Stanley and its affiliates. Therefore, Morgan Stanley's losses in MSREI funds will be limited to losses attributable to the ownership interests in MSREI funds held by Morgan Stanley and its affiliates in their capacity as investors in MSREI funds. Interests in MSREI funds are not insured by the FDIC and are not deposits, obligations of, or endorsed or guaranteed in any way, by Morgan Stanley. Investors should read the applicable Offering Memorandum (if available) before investing in MSREI fund. Morgan Stanley is the sponsor of MSREI funds for purposes of the Section 619 of the Dodd-Frank Act ("The Volcker Rule"). A description of the role and services of Morgan Stanley is provided in the Memorandum.

Distribution in the European Economic Area. The Fund may not have been approved, notified or registered in accordance with the Alternative Investment Fund Managers Directive (Directive(2011/61/EU) (the "AIFMD") for marketing to professional investors in certain member states of the EEA (each an "EEA Member State"). In such cases, approval may be sought or such notification or registration may be made in the future. Alternatively, the Fund may not be relying on such registration for marketing, and these materials may have been transmitted to an investor in an EEA Member State at such investor's own initiative.

For more information contact: Scott Brown, c/o Morgan Stanley, 1585 Broadway, 37th Floor, New York, NY 10036.

Performance Notes

Past performance is not indicative of future results. There can be no assurance that the Fund will achieve comparable, or any, returns. Losses, including a total loss of invested amounts, can result from investment in the Fund.

Unless otherwise noted, performance returns for the Fund contained herein:

- Are annualized (i.e., for periods of one year or greater, the performance returns represent average annual returns). Returns for periods less than one year are unannualized.
- Are time-weighted returns calculated using a "modified Dietz method." In the absence of daily portfolio valuations, the modified Dietz method weights individual cash flows by the amount of time that those cash flows are held by (or absent from) the portfolio. The Adviser believes the modified Dietz method is a more appropriate way to measure the return on a portfolio than a simple geometric return method because the modified Dietz method identifies and accounts for the timing of all random cash flows while a simple geometric return does not.
- The modified Dietz method formula for calculating a time weighted return is as follows:
  - $Rp = \frac{EFV - BFV - CF}{BFV + WCF}$
  - Rp = Return for the measurement period
  - EFV = Ending fair value of the investment
  - BFV = Beginning fair value of the investment
  - CF = Net cash flows for the period (add if net distribution)
  - WCF = Sum of weighted cash flows for the period
- Are presented before (i.e., gross of) investment advisory fees—specifically, they do not reflect a deduction for asset management fees. Actual returns to an investor would be lower.
- Are presented on a levered basis.
- Are presented based on finalized interim unaudited financial results (or, if available, finalized audited financial statements) available as of the stated time in the return presentation. Such results as of the end of the applicable fiscal year are generally audited by a reputable outside firm within 90 days of the Fund's fiscal year end.
- Include interest income from short-term investments.
- Include income which is based on accrual accounting.
- Include increases or decreases in net asset value arising from the Fund's marking of its debt to market in accordance with Accounting Standards Codification 825-10-25

Performance Notes (Cont'd)

The Fund's annual total returns for calendar years 1974-2018 are as follows:

Year	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983
Gross	10.18%	7.64%	10.20%	11.27%	14.05%	14.92%	12.58%	17.25%	8.70%	18.13%
Net	9.15%	6.54%	9.05%	10.44%	13.27%	14.08%	11.59%	16.30%	7.34%	17.52%

Year	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
Gross	14.10%	9.74%	8.44%	9.40%	8.51%	9.60%	0.36%	(7.24)%	(3.52)%	2.12%
Net	13.11%	8.63%	7.30%	8.25%	7.38%	8.46%	(0.70)%	(8.23)%	(4.57)%	1.06%

Year	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Gross	6.73%	(0.38)%	10.61%	14.34%	18.75%	13.40%	13.27%	3.54%	5.27%	11.04%
Net	5.68%	(1.36)%	9.54%	13.23%	17.59%	12.26%	12.20%	2.59%	4.30%	10.02%

Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Gross	18.53%	20.70%	18.47%	16.53%	(3.69)%	(32.61)%	16.23%	17.72%	13.16%	17.54%
Net	17.56%	19.81%	17.03%	15.23%	(4.75)%	(33.22)%	15.09%	16.28%	11.68%	16.15%

Year	2014	2015	2016	2017	2018
Gross	15.46%	15.84%	10.42%	9.88%	9.05%
Net	14.11%	14.50%	9.20%	8.75%	7.95%

The Fund's inception date was August 20, 1973. Performance information for the Fund for the period in which it was advised by Lend Lease Real Estate Investments, Inc. or its predecessors (the period prior to December 2003) is included because it has been concluded that, given the substantial overlap of personnel and other factors, reporting such information would be helpful. On June 30, 2004, the Fund became the successor in interest of an open-end institutional real estate fund organized in 1973 as a statutory insurance company separate account (known as "Separate Account No. 8 – Prime Property Fund") sponsored and maintained by The Equitable Life Assurance Society of the United States.

Performance Notes (Cont'd)

The sum of the income return and appreciation return components may not equal the gross return because of the time weighting (i.e., chain linking) of component monthly returns and/or quarterly returns.

Income return may or may not approximate distributed income to the investor, depending on the cash distribution policy or elections made by the investor.

As stated above, performance returns for the Fund contained herein are reported on an annualized, not cumulative, return basis. The cumulative, compounded effect of advisory fees on total returns can be significant. For example, assuming an 8% annual return to a portfolio, earned evenly over the period in question, and an annual advisory fee on equity equal to 1.15%, the total after-fee return to the client would nominally be 6.85%. Over one-, three-, five- and ten-year periods, however, cumulative actual returns would be 8.24% (gross) and 7.03% (net) for one year; 26.82% (gross) and 22.60% (net) for three years; 48.59% (gross) and 40.44% (net) for five years; and 120.80% (gross) and 97.23% (net) for ten years.

Comparable Indices and Benchmarks – Generally

For purposes of evaluating the Fund's performance, the information contained herein includes certain comparisons to certain real estate and non-real estate indices and benchmarks. It is not possible to invest directly into an index or benchmark. Certain factors and the limited data available for such indices and benchmarks may make direct comparisons difficult, and such indices and benchmarks may have characteristics that are not be fully applicable to the Fund and may be more or less volatile than the Fund. For example, indices (or particular funds contained therein) may have dissimilar asset concentrations, appraisal standards or policies on the reinvestment of dividends or other proceeds when compared to the Fund.

Characteristics of certain indices and benchmarks commonly used in comparisons with the Fund are described below; however, the descriptions are not exhaustive. Thorough familiarity with the characteristics for each index and benchmark is advisable before one can fully understand such comparisons.

NCREIF Fund Index – Open-End Diversified Core Equity

The NCREIF Fund Index – Open-End Diversified Core Equity ("NFI-ODCE") is a fund-level, capitalization-weighted, time-weighted return index and includes property investments at ownership share, cash balances and leverage (i.e., returns reflect each fund's actual asset ownership positions and financing strategy). NFI-ODCE performance information is presented gross of fees. NFI-ODCE information is available beginning in the first quarter of 1978, inclusive.

Performance Notes (Cont'd)

MSCI U.S. Core Open-End Fund Benchmark

The MSCI U.S. Core Open-End Fund Benchmark ("MSCI Benchmark") is time-weighted return index peer group benchmark used by PRIME and includes all investments owned by the peer group including real estate, cash and other investments (mezzanine loans receivable, notes receivable, forward commitments, etc.). The MSCI Benchmark is gross of fees and excludes the impact of leverage.

NCREIF Property Index

The NCREIF Property Index ("NPI") is a property-level, time-weighted return index and includes property investments at 100% ownership and does not account for leverage (i.e., returns do not reflect each fund's actual asset ownership position (if not 100%) or financing strategy). NPI performance information is presented gross of fees.

The Fund has a core-oriented investment strategy, while the NPI includes investments with a non-core orientation. The NPI performance returns exclude development, agricultural and other non-income producing properties. Also, the NCREIF Property Index is a broader index and includes assets with enhanced or more opportunistic-type strategies. The Fund's exposure to these types of assets is limited to 15% of gross assets, and the Fund's exposure to these types of assets was 10.0% of gross assets as of September 30, 2019.

Other Indices

Comparisons to the performance returns of other indices (e.g., NAREIT Equity REIT Index, S&P 500, Barclays Capital U.S. Government/Credit Bond Index) are subject to similar considerations concerning component product mixes, weighting, etc. In particular, when comparing the performance of asset classes, readers should keep in mind that there are differences that make direct comparisons difficult. For example, due to the appraisal methods for valuing real estate, there may be inherent issues when comparing real estate to other asset classes; stocks are more volatile than bonds; and U.S. government bonds and fixed income investments are guaranteed by the issuer as to the timely payment of principal and interest and pay a fixed rate of interest.

Risk Considerations

There are significant risk factors associated with an investment in PRIME. An investment in PRIME will involve significant risks due to, among other things, the nature of the Fund's investments and potential conflicts of interest. There can be no assurance that PRIME will realize its rate of return objectives or return any investor capital. Investors should have the financial ability and willingness to accept the risks (including, among other things, the risk of loss of investment and the lack of liquidity). The value of an investment in the Fund may fluctuate. Past results do not guarantee future performance.

These risk factors include the following:

- Conflicts of interests between the Fund, its investors, the Adviser and other affiliates of Morgan Stanley
- Tax considerations and regulatory matters
- Lack of liquidity of investments
- No or restricted transferability of, or market for, interests in the Fund
- Competition
- Leverage
- Market risk; minority investments in companies
- Interest rate risks
- Risks of real estate investments, which may include the following: dependency on specialized management skills, lack of diversification, fluctuations in the value of underlying properties; defaults by borrowers or tenants; market saturation; changes in general and local economic conditions; decreases in market rates for rents; increases in competition, property taxes, capital expenditures or operating expenses; and other economic, political or regulatory occurrences affecting the real estate industry

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- Financial Reform Legislation: In July, 2010 (the "Enactment Date"), President Obama signed into law the Dodd-Frank Wall Street Reform and Consumer Protection Act, one provision of which will eventually prohibit bank holding companies and their affiliates, subject to certain exceptions (including an exemption for certain funds to which Morgan Stanley has committed no more than 3% of the capital), from investing in or sponsoring private equity funds following passage of a transition period. While the Adviser will endeavor to minimize the impact of such legislation on the Fund and the assets held by the Fund, investors may be adversely affected by the legislation and the supporting rules and regulations that have yet to be created.
- Bank Holding Company: Morgan Stanley became both a bank holding company and a financial holding company under the U.S. Bank Holding Company Act of 1956, as amended (the "BHCA"). As such, Morgan Stanley is subject on a worldwide basis to regulation (including capital adequacy regulations), examination and supervision by the U.S. Board of Governors of the Federal Reserve System (the "Federal Reserve"). Because it is an indirect subsidiary of Morgan Stanley, the Adviser of the Fund is subject to the BHCA.
- There can be no assurance that PRIME's return objectives will be realized or that there will be any return of capital.
- Investors should carefully review and evaluate the more detailed description of risk factors and conflicts of interest in the Offering Memorandum.
- General economic factors and many other conditions affecting performance (including interest rates, capital flows and employment levels) are beyond PRIME's control.
- Shareholders have no assurance of liquidity. Real estate is relatively illiquid, and redemption queues can develop. PRIME has fully satisfied the redemption queue at the end of the third quarter 2010. There is no guarantee that PRIME will have sufficient cash to fund redemptions, and PRIME is under no obligation to make cash available through sale of assets, borrowings, or otherwise. Also, the right to transfer shares in PRIME is subject to restrictions.
- Earthquakes, floods, other natural disasters, terrorism, war, etc., could cause significant damage to PRIME's properties and may not be adequately insurable.
- PRIME must comply with complex legal and tax rules (particularly, but not limited to, maintaining qualification as a tax advantaged REIT and as an ERISA-exempt "operating company"). There can be no assurance that it will be successful or that ensuring such compliance may not be economically disadvantageous at times. Failure to comply would have a material adverse impact on returns realized by PRIME's shareholders. For example, if PRIME fails to qualify or remain qualified as a REIT, PRIME's dividends will not be deductible by it, and its income will be subject to taxation at regular corporate rates.

Risk Considerations (Cont'd)

- To the extent PRIME makes loans, it has special risks as lender (e.g., lender liability, usury, partner fiduciary issues for partner loans, etc.).
- The Adviser has various conflicts of interest, including that it and its affiliates represent other advisory and/or investment banking clients; they may provide services to PRIME or represent counterparties in transactions with PRIME, subject in some but not all cases to the need for board approval. These conflicts could adversely impact performance.
- PRIME has significant assets in joint ventures, which can keep PRIME from implementing decisions in its sole judgment, and can increase the risk of disputes and litigation with the joint venture partner.
- PRIME relies heavily on its Adviser, which can choose to vary materially from the stated investment guidelines and allocation targets. Shareholders have only limited voting rights, with no control over daily investment decisions.
- Tenant financial condition deterioration could impact performance.
- Mortgage debts and other leverage incurred by PRIME can exacerbate certain risks and, upon default, result in loss of property and cross-defaults.
- Competition for desirable real estate assets is intense.
- Unstabilized properties, if acquired, carry extra risk, as does development of properties. Underwriting of acquisitions and other transactions can be an imprecise process. Litigation can also result from property level transactions or events.
- Real estate valuations are inherently uncertain given the uniqueness of real property, the need to project rental income with such projections being inherently unreliable, and the absence of frequent trading. Real property can be subject to property and transfer taxes. The Fund makes no assurances regarding the price at which an asset may be sold and cautions investors that sales may occur at prices materially lower or higher than the latest appraised value for such asset.
- Owners/operators of real property can be subjected to significant environmental liabilities over extended periods, which may not be insurable.
- The Adviser of PRIME may face challenges as it oversees the management of AMLI and Safeguard and their businesses in conjunction with PRIME's existing investments.
- The rental growth rates in markets where PRIME currently owns many of its apartment assets have historically lagged the rental growth rates of other major U.S. markets.
- There is no guarantee that the PRIME management team, the management team of its operating companies, PRIME's property mangers, joint venture partners or other partners in PRIME's operations will remain in place.
- Additional risk factors and conflicts of interest are set forth in PRIME's Offering Memorandum.