

Madison Glen Mills, Glenn Mills, Pennsylvania



Madison Prairie Point, O'Fallon, Missouri



Equus Acquires 908 Multifamily Units

During the fourth quarter 2014, affiliates of Equus acquired three multifamily communities, totaling 908 units, in Georgia, Missouri and Pennsylvania. The acquisitions were made on behalf of BPG Investment Partnership IX, L.P. (Fund IX), a \$310 million discretionary fund managed by Equus. All three communities will be managed by Madison Apartment Group, L.P., the multifamily operating of Equus.

"The transactions provided us with the opportunity to acquire well located multifamily communities in growing and dynamic markets across the country," commented Steve Pogarsky, vice president of Equus, who along with vice president Greg Curci oversaw the acquisitions for the firm. "We continue to seek opportunities to expand our portfolio with strategically located assets in primary and secondary markets nationwide."

(Continued on page 2)

The Year Ahead



Daniel M. Dilella
President and CEO

Equus Capital Partners, Ltd. (Equus) concluded a very active 2014.

As the pace of investing activity increased, Equus Fund IX committed \$131 million toward new investments, \$75 million in the second half of the year. Combined with prior commitments, Fund IX is now 70 percent committed. Our pipeline of property acquisitions under agreement or in due diligence will bring the total to 75 percent, the threshold at which we begin taking commitments for our next Fund.

Consistent with our product and geographic diversification goals, we have acquired office, multifamily and industrial product in the Eastern, Midwestern and Western markets of the US. As in the past, we continue to focus on markets which exhibit economic diversity, significant employment and population growth as these are each drivers of demand for space. Utilizing our direct operator approach, we are well into the execution phase of our value add strategy for the investments made thus far. Whether re-leasing or repositioning an asset, our focus for this Fund has and continues to be cash flow. To date, the Fund's investments are generating in excess of the nine percent preferred return, with total return to date being two-thirds from cash flow, and one third from appreciation.

As we complete Fund IX's investment plan during the first half of 2015, a few of the Fund's early investments are already in the market for sale as their value add plans have been fully executed.

(Continued on page 3)

HIGHLIGHTS InSIDE:

Whole Foods Signs 41,700 SF Lease at Ellis Preserve in Newtown Square, PA 3

A Year In Review 3



Aquisitions

Madison Brookhaven, Atlanta, GA
Multifamily | 288 Units

Madison Glen Mills, Glen Mills, PA
Multifamily | 244 Units

Madison Prairie Point, O'Fallon, MO
Multifamily | 376 Units

Dispositions

Atlanta Bond Portfolio, Atlanta, GA
Multifamily | 1100 Units

Madison Carrington Place, Deland, FL
Multifamily | 220 Units

Madison Waterford, Lithia Springs, GA
Multifamily | 344 Units

Kemper Lakes, Long Grove, IL
Office | 1,026,437 SF

(Continued from page 1)

The most recent acquisition is of Madison Glen Mills, a 244 unit apartment community located in Glen Mills, Pennsylvania. The community is located just off of Route 1 within five miles of Interstates 95 and 476, providing convenient access to employment centers in Center City Philadelphia, its suburbs, and Wilmington, Delaware.

Originally designed as for-sale condominiums, Madison Glen Mills offers one and two bedroom apartments and townhomes with an average unit size of 1,139, which is the largest in the submarket. The community also offers unique multilevel townhomes. Onsite amenities include a pool, fitness center, lake views and a dog park.

In November, affiliates of Equus also acquired The Clairmont which has been renamed Madison Brookhaven. The 288 unit multifamily community is situated in an in-fill location less than five miles east of Buckhead in the suburban Atlanta community of Brookhaven. It is located just one half mile from the Clairmont Road interchange of Interstate 85, providing easy access to nearby Buckhead and Midtown. The community is also within close proximity to the Centers

for Disease Control and Emory University.

Madison Brookhaven is a garden style community offering a mixture of one and two bedroom apartments. Onsite amenities include a clubhouse, fitness center, two outdoor pools and a dog park.

Madison Prairie Point, formerly known as Bell Prairie Point, was also acquired in November 2014. The 376 unit community is located in O'Fallon, a fast growing suburb of St. Louis, Missouri. The community is situated near Highway K at the new Page Avenue Extension and Interstates 64 and 70, providing convenient access to the region's employment centers.

Madison Prairie Point is also a garden style community which includes a mixture of one, two and three bedroom apartments. Onsite amenities include a clubhouse, fitness center, pool, playground, dog park and a tennis court. Over the coming months, Equus will invest more than \$3 million in improvements at both Madison Prairie Point and Madison Brookhaven. The improvements at each community will include a comprehensive rebranding program, substantial improvements and updates to the community amenities as well as apartment interior upgrades. ■



(Continued from page 1)

We are encouraged by the market reception and expect to close on one or more dispositions before mid-year and begin returning equity to our LPs.

Similarly, sales of assets in Equus' operating Funds were brisk as the capital markets sought well located, well leased product. As of result of dispositions in those earlier Funds, we were able to distribute over \$328 million to LPs during 2014. Apartment properties were particularly well received given the strong appetite for this asset class.

Capital for investment in the real estate space remains plentiful. Institutional Investors appear to be not only reallocating from other asset classes but also increasing their real estate allocation as a share of their total investment. We are also seeing resurging interest from the Endowment and Foundation space as well as the High Net Worth/ Family Office sectors.

Investors recognize that through the effect of very modest new supply of real estate product, combined with an improving economy, owners can expect to achieve continued growth in both absorption and rental rates. Thus, while yields overall are likely to experience downward pressure, from a risk adjusted return perspective, the real estate investment class remains attractive.

As always thank you for your support and best wishes for a Happy New Year. ■

A Year In Review



Arthur P. Pasquarella, COO

We are pleased to report that during 2014 our commercial asset management staff completed 296 leases totaling in excess of two million square feet within our portfolio representing an

aggregate lease value in excess of \$174 million. New leasing represented 37 percent of the total volume. We thank the many leasing agents from around the country who work closely with us in achieving this sizable activity.

During the summer we finished the lease-up of a 232-unit luxury apartment community which we developed during the prior year in suburban Philadelphia and started construction of another 240-unit Class A apartment community in Philadelphia's western suburbs. Madison Apartment Group continues to achieve high occupancy rates within our 15,589 unit portfolio averaging in excess of 95 percent nationwide.

Our capital markets department had a very busy year closing more than \$1.2 billion in mortgage loans. 25 percent of the financing total was related to 15 new acquisitions, 17 percent was from new loans on eight existing owned properties and the balance involved extending 24 existing loans. We also sold eight commercial properties (2.5 million square feet) during the year for a total consideration of more than \$443 million and 15 multifamily properties (3,111 units) for more than \$218 million.

On behalf of BPG Investment Partnership IX, L.P. (Fund IX) we acquired 17 value-add properties (office, flex and multifamily) in 10 metro areas in nine states from across the country with purchase prices totaling more than \$400 million, and have already made significant physical and leasing improvements therein. We have an active pipeline of new acquisitions which we believe will lead to the completion of the Fund IX investment period during the summer of 2015.

Thank you to all of you who participated with us during this very active and productive year. Best wishes to your families and you for a Happy and Healthy New Year. ■

Whole Foods Signs 41,700 SF Lease at Ellis Preserve in Newtown Square, PA

In November 2014, Whole Foods Market executed a 41,700 square foot build-to-suit lease at 3737 West Chester Pike on Equus' Ellis Preserve, a 210-acre mixed use community situated at the intersection of Routes 252 and 3 in Newtown Square, Pennsylvania, 15 minutes west of Philadelphia.

Whole Foods Market will anchor the first phase of the retail portion at Ellis Preserve, which will have direct access from Route 3 and Winding Way and include 65,300 square feet of adjoining retail space as well as a 127 room hotel. Construction will commence in the spring of 2015.

Founded in 1980 in Austin, Texas, Whole Foods Market is the leading retailer of natural and organic foods and America's first national "Certified Organic" grocer. The Company currently has approximately 400 stores in the United States, Canada, and the United Kingdom.

Whole Foods Market was represented in the lease negotiations by Ken Bleznak of Atlantic Retail. Steve

Niggeman of Metro Commercial represented the landlord.

Whole Foods Market will join office occupants including Sunoco Inc., which in the summer of 2015 will consolidate its Center City and Tinicum, PA offices to a newly redeveloped 230,000 square foot headquarters facility at Ellis Preserve. The campus adjoins SAP America's 620,000 square foot North American headquarters and is also home to Catholic Health East, Main Line Health, and other corporate tenants which together occupy more than 520,000 square feet. Current office space availabilities range from 2,500 to more than 110,000 square feet of contiguous space.

Future development plans for Ellis Preserve include approximately 350,000 square feet of additional retail, 310 luxury apartments, 100 townhomes plus a 270,000 square foot headquarters built-to-suit office building, all thoughtfully designed around open air plazas and connected by pedestrian walkways. ■

Equus would like to thank the following brokers and their firms for helping us lease 465,458 SF in the 4th Quarter 2014:

▶ Avison Young (MN)	M. Stables
▶ Ayers Realty, Inc. (NC)	Ann T. Harrell-Ayers
▶ Aegis Property Group (PA)	Kim Harris and Jim Kinzig
▶ Atlantic Retail (PA)	Ken Bleznak
▶ Avison Young (MN)	Peter Berk
▶ Avison Young (NC)	William A. Allen IV
▶ B & B Realty Group (NC)	Robert Calongne, Jr.
▶ Brassfield Farms and Land (NC)	Brantley Parrott
▶ CapRidge Partners (TX)	Robert Paine
▶ Cassidy Turley (CA)	Erik Halgrimson
▶ Cassidy Turley (IN)	Nick Svarczkopf
▶ Cassidy Turley (MN)	Luke Allison and Mark Stevens
▶ Cassidy Turley (NC)	Butch Humphrey
▶ CBRE (CA)	George Fox
▶ CBRE (MA)	Sam Crossan, Robert McGuire and Alison Powers,
▶ CBRE (PA)	Mike Barker and Steve Gersbach
▶ Colliers International (CA)	Jim Beeger and Susan Gregory
▶ Colliers (MN)	Mike Brehm and Jim Damiani
▶ Commercial Associates, Inc. (NC)	William Clark Womack, Jr.
▶ Cresa Partners (MN)	Matt Tobin
▶ Cushman & Wakefield (MA)	Matt Adams and Rory Walsh
▶ Cushman & Wakefield (PA)	Jeff Barker and Kim Finnerty
▶ Cushman & Wakefield/Northmarq (MN)	Jason Butterfield, Paul Gibbs and Gordie Hampson
▶ Edwards & Edwards Real Estate Inc (NC)	John Abood
▶ Gola Corporate Real Estate (PA)	Chris Aitkin
▶ Hughes Commercial Real Estate (NC)	Robert Aaron and Tommy Hughes
▶ Jones Lang LaSalle (IN)	John Robinson and Abby Cooper Zito
▶ Jones Lang LaSalle (MA)	George Gemelos, Ben Heller, Kelly Lockber and Patrick Nugent
▶ Jones Lang LaSalle (MN)	John Lorence
▶ Jones Lang LaSalle (PA)	Phil Schenkel and Lindsay Summerfield
▶ L3 Corporation (PA)	Kevin Shapiro
▶ Metro Commercial (PA)	Michael Gorman and Steve Niggeman
▶ Morford & Dodds Realty (PA)	Peter Dodds
▶ NAI Brannen Goddard (GA)	David Beak and Stephen Pond
▶ NAI Keystone (PA)	John Buccinno
▶ Newmark Grubb Knight Frank (MA)	Dan Krysiak and Drew Nelson
▶ Newmark Grubb Knight Frank (PA)	Jim Dugan
▶ Rich Commercial Realty LLC (NC)	E. Street Jones IV
▶ Savills-Studley (MA)	Adam Brecher
▶ Transwestern (MA)	Guy Cooperthite
▶ Transwestern (MN)	Mike Salmen

Equus Capital Partners, Ltd.® is one of the nation's leading private equity real estate fund managers. Equus' portfolio consists of over 24 million square feet of office, retail, student housing, and industrial properties and nearly 16,000 apartment units in more than 60 communities located throughout the United States.

Philadelphia | Yardley | Chicago | Washington, D.C. | Los Angeles | Raleigh | Atlanta | Boston

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