**DRAFT**

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# SEC Discussion Materials

Confidential Presentation

# Restructuring Plan

1. Explore CRE spin-off / monetization

2. Reduce residential mortgage exposure

3. Raise additional capital, potentially including:
   – Sale of some portion of Investment Management Division
   – Sale of new common equivalents

4. Reduce balance sheet, downsize corporate and some front office

1. *Size of sales dependent on amount of equity hole created by residential mortgage, CRE and other losses.*

# Summary of Commercial Real Estate Business

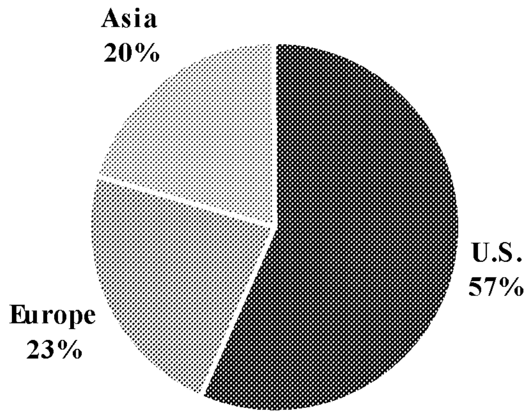
## Overview

- Approximately $43.1 billion of assets as of May 31st
  - Portfolio expected to be reduced to approximately $38 billion by August 31st
  - Includes entire Archstone position
- Approximately 48% assets are cash-pay senior debt instruments
- The entire portfolio had been marked to 87% as of May 31st
- [Business included or left behind from Spin]

## Top Holdings

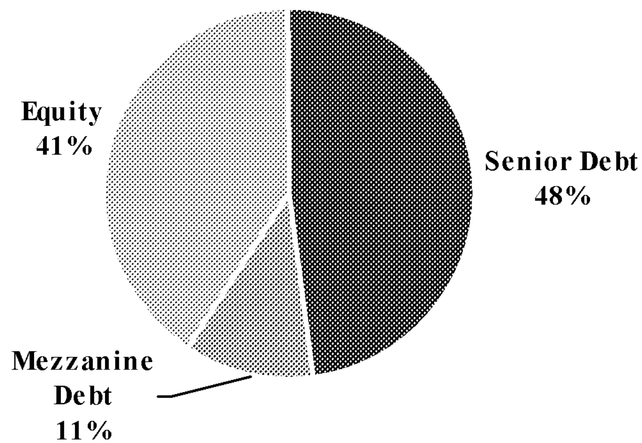
| **Consolidated Position** [1] | **Current Market Value ($mm)** |
|---|---|
| Archstone | $4,476 |
| Diversity Funding Office and Retail Portfolio - Europe | 2,608 |
| Coeur Defense - Europe | 1,055 |
| Prologis Portfolio / Dermody Industrial Portfolio | 764 |
| Project Green / AMV Office and Retail Portfolio - Europe | 610 |
| Heritage Fields - Land Residential | 503 |
| 237 Park Ave | 460 |
| Beacon III Portfolio | 369 |
| Thomas EOP Austin Office Portfolio | 402 |
| Rosslyn VA Office Portfolio | 228 |
| **Top 10 Holdings** | **$11,475** |

## Geographical Breakdown




**Total: $43.1 Bn**

## Asset Type




1. *Based on Global Real Estate Group Update presentations as of May 31, 2008.*

# CRE Separation Rationale

- Value creation by removing market overhang associated with CRE assets
- CRE Co will not be pressured to sell assets below intrinsic value
- Ability to de-consolidate assets
- Management focus on core remaining business
- Increase counterparty confidence in pro forma Green
- Shareholders retain upside due to 100% pro rata distribution
- CRE Co will become a natural buyer of assets in the future as it will be one of the largest public commercial real estate finance companies

# Pro Forma Green and CRE SpinCo

## Scenario assumes $32 bn of CRE assets and $22 bn of debt (70% Debt / Assets)

### Pro Forma Green Analysis

*($ in billions, except per share data)*

| | Current Green | Spin-off of CRE Assets | |
|---|---|---|---|
| | Green Consolidated(1) | SpinCo(2) | Pro Forma Green(3) |
| CRE Assets | $31.7 | $31.7 | -- |
| Other Assets | 613.7 | -- | 613.7 |
| Total Gross Assets | $645.4 | $31.7 | $613.7 |
| Total Net Assets | 332.9 | 31.7 | 301.2 |
| Liabilities | $613.2 | $22.2 | $591.0 |
| Preferred Stock | $9.0 | -- | $9.0 |
| Common Stock | 23.3 | 9.5 | 13.8 |
| Total Equity | $32.3 | $9.5 | $22.8 |
| Total Liabilities & Equity | $645.4 | $31.7 | $613.7 |
| Gross Leverage(4) | 20.0x | 3.3x | 27.0x |
| Net Leverage(4) | 10.0x | 3.3x | 12.7x |
| Ownership by Existing Shareholders | 100% | 100% | 100% |
| Book Value / Share | $33.15 | $13.54 | $19.62 |
| Illustrative Multiple (Price / Book) | 0.61x | 0.50x | 1.00x |
| Implied Market Capitalization | $14.2 | $4.8 | $13.8 |
| Aggregate Market Capitalization | -- | -- | $18.5 |
| Implied Share Price | $20.20 | $6.77 | $19.62 |
| Aggregate Share Price | -- | -- | $26.38 |

*Note: Current market cap based on closing price as of July 22, 2008. Assumes assets are de-consolidated.*

1. *Pro forma for June 2008 capital raise. CRE assets are listed at expected spin valuation after planned asset sales and marks.*
2. *Assumes $5 Bn of incremental sales (at current mark) and $3 Bn incremental mark on existing CRE assets.*
3. *Assumes no value creation from spin. Junior subordinated notes and existing intangibles and goodwill remain with Pro Forma Green.*
4. *Gross leverage is defined as gross assets / total equity. Net leverage is defined as net assets divided by tangible equity (total equity plus sub notes less intangibles and goodwill).*

# SEC Considerations

**Support required for two issues:**

- Time frame for required financial disclosure
- Terms of Green seller financing and deconsolidation of business