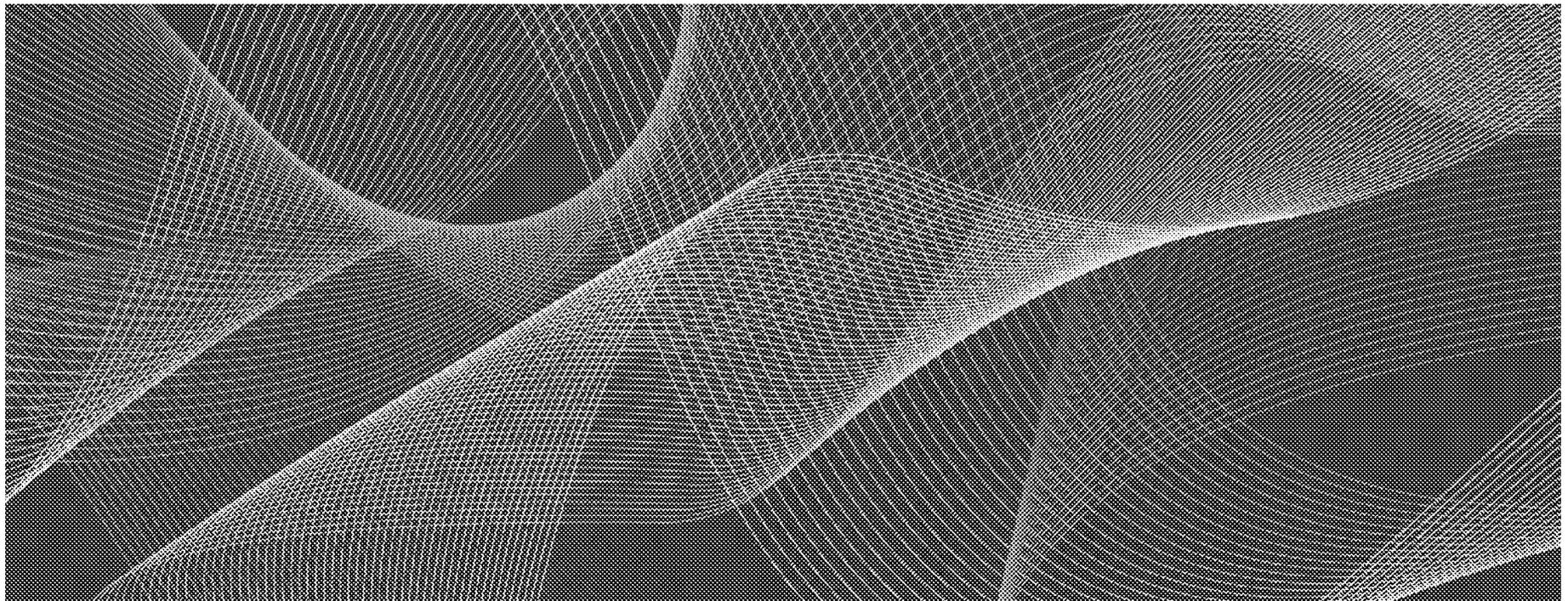


# Green Acres – ‘Light’ Alternative



Confidential Presentation

# SpinCo Light – Overview

- ◆ \$15 Bn of total assets
- ◆ Representative of overall Green commercial real estate portfolio

Constraints	Result
◆ Minimum size of \$75 MM	<ul style="list-style-type: none"> <li>◆ Smallest exposure is 250 East 49<sup>th</sup> Street <sup>(1)</sup> <ul style="list-style-type: none"> <li>– US Position</li> <li>– \$69MM</li> </ul> </li> <li>◆ \$47 MM 1<sup>st</sup> lien</li> <li>◆ \$22 MM mezz</li> </ul>
2. Maximum exposure to any single position in the overall asset pool is no more than 10% of all positions	<ul style="list-style-type: none"> <li>◆ Largest position is Archstone-Smith                             <ul style="list-style-type: none"> <li>– US position</li> <li>– \$1.241 Bn total exposure</li> <li>– Approximately 8% of total SpinCo Light assets</li> </ul> </li> <li>◆ \$484 MM of mezz debt secured by [ ] assets</li> <li>◆ \$750 MM equity in [ ] multifamily assets in [ ] states</li> </ul>
3. Representative and diverse geographically	<ul style="list-style-type: none"> <li>◆ 55.4% in US, 27.2% in Europe, 17.4% in Asia</li> </ul>
4. Representative and diverse by security interest	<ul style="list-style-type: none"> <li>◆ 46.1% is senior debt / 1<sup>st</sup> lien</li> <li>◆ 23.0% is mezz / B-note</li> <li>◆ 15.7% is equity</li> <li>◆ 10.4% is securities</li> <li>◆ 4.7% is other including corporate debt and NPL</li> </ul>

1. Smallest position excluding Asia positions.

# Commercial Real Estate Business Overview

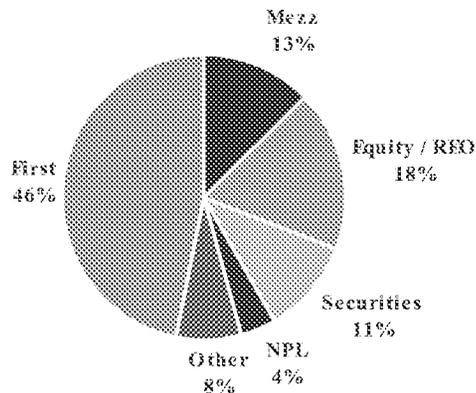
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[Explain CRE business plan that led to the creation of this portfolio and structure]

# SpinCo Light – Global Portfolio Comparison

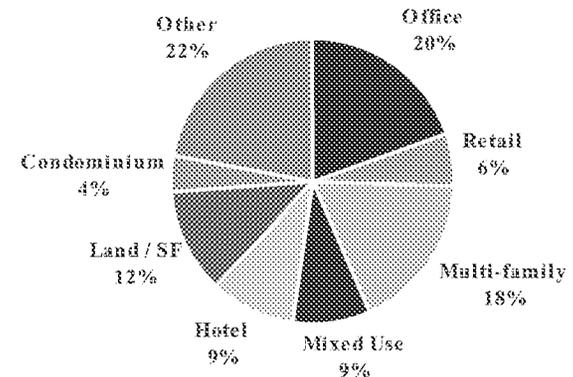
## 5/31/08 Global Portfolio

5/31/08 Global Portfolio



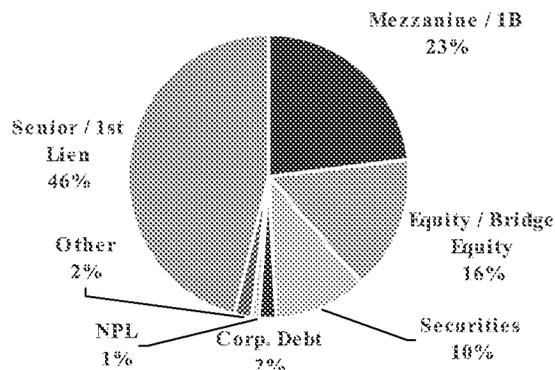
# of Positions: [ ]  
 Largest Exposure: [ ]  
 Avg. Exposure Size: [ ]  
 Avg. Duration of Debt: [ ]

## Property Type



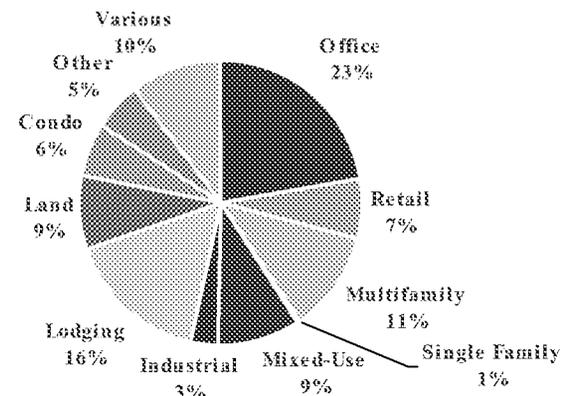
## SpinCo Light Portfolio

SpinCo Light Portfolio



# of Positions: 239  
 Largest Exposure: Archstone (\$1.2 Bn)  
 Avg. Exposure Size: \$238MM (excl. Asia)  
 Avg. Duration of Debt: [ ]

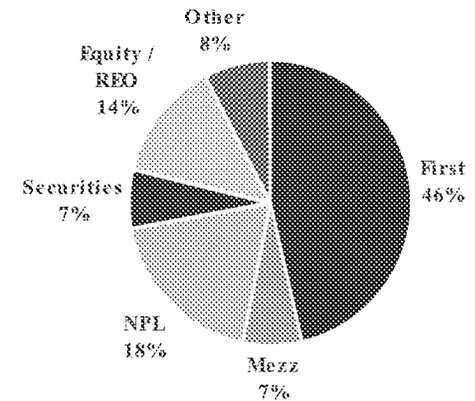
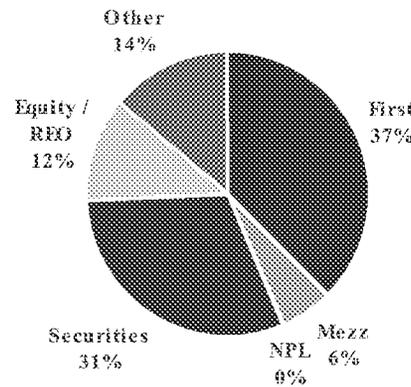
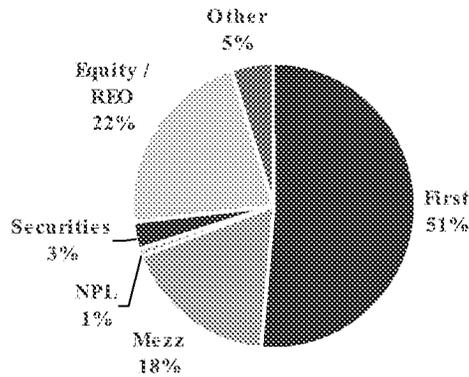
## Property Type



# SpinCo Light – Portfolio Summary by Region

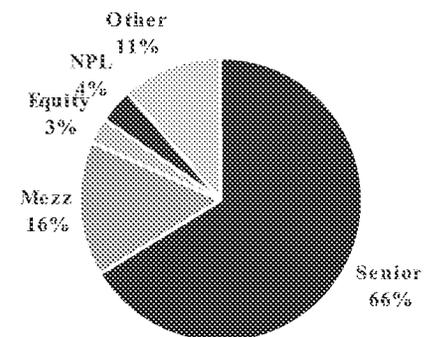
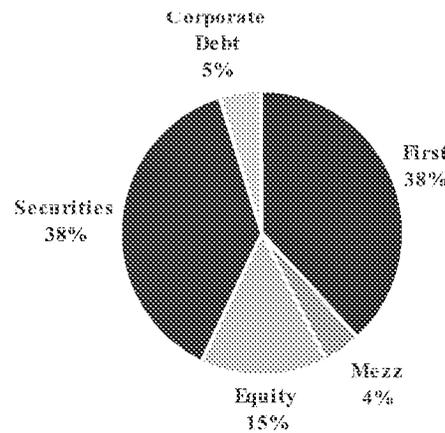
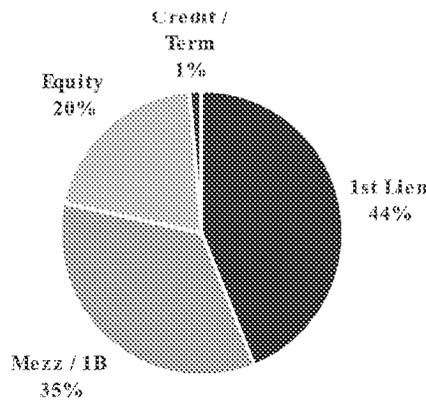
**US** **Europe** **Asia**

5/31/08 Global Portfolio



**US** **Europe** **Asia**

SpinCo Light Portfolio



# SpinCo Light – Largest Position Summary

Position	\$	1 <sup>st</sup> / Mezz / Equity	# of Assets	States / Countries	Comments
Archstone	\$1.2 Bn	-\$7.6 MM 1 <sup>st</sup> lien -\$483.7 MM mezz -\$750 MM equity	[ ]	Various	[ ]
Saphir Securities	\$1.2 Bn	Securities	[ ]	UK	[ ]
Hilton	\$1.1 Bn	-\$412.4 MM 1 <sup>st</sup> lien -\$642.3 MM mezz	[ ]	Various	[ ]
Gencom	\$1.0 Bn	-\$817.3 MM 1 <sup>st</sup> lien -\$157.5 MM mezz -\$40.0 MM equity -\$9.4 MM line of credit	[ ]	CA, CO, HI, PA, NM, NY, Bahamas, Turks and Caicos	[ ]
Heritage Fields	\$412.8 MM	\$412.8 MM mezz	[ ]	CA	[ ]

# Pricing Verification

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On top of the daily P/L analysis done by the Product Controllers, the Firm also conducts a monthly price verification exercise that utilizes conservative principles

- ◆ Preparation
  - Gather various services data
  - Reconcile and segment all positions
- ◆ Determine Collateral Value
  - Use 3<sup>rd</sup> Party sources
  - Apply 10% haircut for selling costs and liquidity
- ◆ Determine Discount Rate
  - Obtain spreads from published newsletters
  - Based on property type (and LTV for debt)
- ◆ Model the Investment
  - Use a waterfall liquidation structure based on the investment
  - For Debt, take the lesser of the capped face, available proceeds or PV as a “market” value and compare to basis
  - For Equity, compares proceeds to LB (“market value”) with the basis
  - Research is conducted for each position based on Asset Summary Reports & Deal updates on Servicers web-sites, and discussions with asset managers and the business
- ◆ Mark Adjustments
  - Discuss variances outside thresholds with the business for potential mark adjustments
    - Variance Limits: \$1mm overvaluation and \$3mm undervaluation
    - Real Estate classified as “available for sale” is carried at lower of cost or market

# Summary of SpinCo Light Terms

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- ◆ \$15 Bn of 'Spinco Light' total assets to be fully funded from existing Green commercial real estate assets
  - Reflective of current asset mix and geography
- ◆ Green provides first loss equity
  - Green is only provider of common equity
  - Green continues to manage assets and receives an asset management fee
- ◆ Partner contributes a mezzanine investment with [PIK? / Current?] coupon and substantial equity participation
- ◆ Senior financing arranged by Green
  - Financing executed in asset backed commercial paper and medium term note market
  - Financing secured by existing and new assets
  - Partner guarantees new Senior Financing
- ◆ Green will manage portfolio as an ongoing concern
  - Assets will be replaced and/or substituted as maturities occur subject to suitability criteria
  - Governance TBD

# SpinCo Light – Structure Overview

Alternative 1		Alternative 2		Alternative 3	
Total Assets	\$15 Bn	Total Assets	\$15 Bn	Total Assets	\$15 Bn
Green 1 <sup>st</sup> Loss Equity	\$3 Bn	Green 1 <sup>st</sup> Loss Equity	\$3 Bn	Green 1 <sup>st</sup> Loss Equity	\$2 Bn
Partner Mezzanine	\$4 Bn	Partner Mezzanine	\$1 Bn	Partner Mezzanine	\$2 Bn
Senior Financing	\$8 Bn	Senior Financing	\$11 Bn	Senior Financing	\$11 Bn
Mezzanine Coupon	5% PIK	Mezzanine Coupon	5% PIK	Mezzanine Coupon	5% PIK
Mezzanine Participation	20%	Mezzanine Participation	20%	Mezzanine Participation	33%
Mezzanine IRR		Mezzanine IRR		Mezzanine IRR	
Mezzanine Multiple of Capital		Mezzanine Multiple of Capital		Mezzanine Multiple of Capital	
Assumed Sr. Financing Rate	L+75	Assumed Sr. Financing Rate	L+75	Assumed Sr. Financing Rate	L+75
Assum. ROE on Reinvested Cap.	15%	Assum. ROE on Reinvested Cap.	15%	Assum. ROE on Reinvested Cap.	15%

# SpinCo Light Cash Flow Summary

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[ Model “Levered CF Summary + IRR”]

[Include credit stats]

[Include key model assumptions]

# Assumed Financing Terms

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[ To Come ]

# Management Team

The senior management team has an average of 20 years of industry experience

## Senior Management

Name	Position	Title	Experience		
			Lehman	Industry	Education
Mark Walsh	Global Head of Global Real Estate Group	MD	18 years	20 years	College of the Holy Cross Fordham Law School, J.D.
Kenneth Cohen	Head of U.S. Originations	MD	22 years	22 years	University of Vermont, B.A.
Paul Hughson	Head of U.S. Securitization, Syndication and Lines of Credit	MD	14 years	21 years	Tufts University, B.A. Univ. of VA Law School, J.D.
Lynn Gray	CAO, GREG U.S.	SVP	9 years	29 years	Tufts University, B.S. Cornell Law School, J.D.
James Blakemore	Head of European Real Estate	MD	9 years	14 years	Lewis and Clark College NYU Law School, J.D.
Thomas Pearson	Co-Head of Asian Real Estate	MD	7 years	24years	Univ. of California, Los Angeles, B.A.
Mark Gabbay	Co-Head of Asian Real Estate	MD	7years	19year	Univ. of California, Berkeley, B.A.
Steve Hash	Head of Global Real Estate Banking	MD	9 years	14 years	NYU, M.B.A

## Finance and Risk Management

Name	Position	Title	Experience		
			Lehman	Industry	Education
Gerry Reilly	Head of Capital Markets Product Control	MD	12 years	21 years	University of Scranton, B.A.
Jonathan Cohen	Head of GREG Finance	SVP	3 year	21 years	Binghamton University, B.S.
Jeffery Goodman	[ ]	MD	[ ]	[ ]	[ ]