

2011 REAL ESTATE
CAPITAL MARKETS
CONFERENCE



Welcome

Opening Remarks



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Opening Remarks



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Audience Response System



Using the keypad to vote:

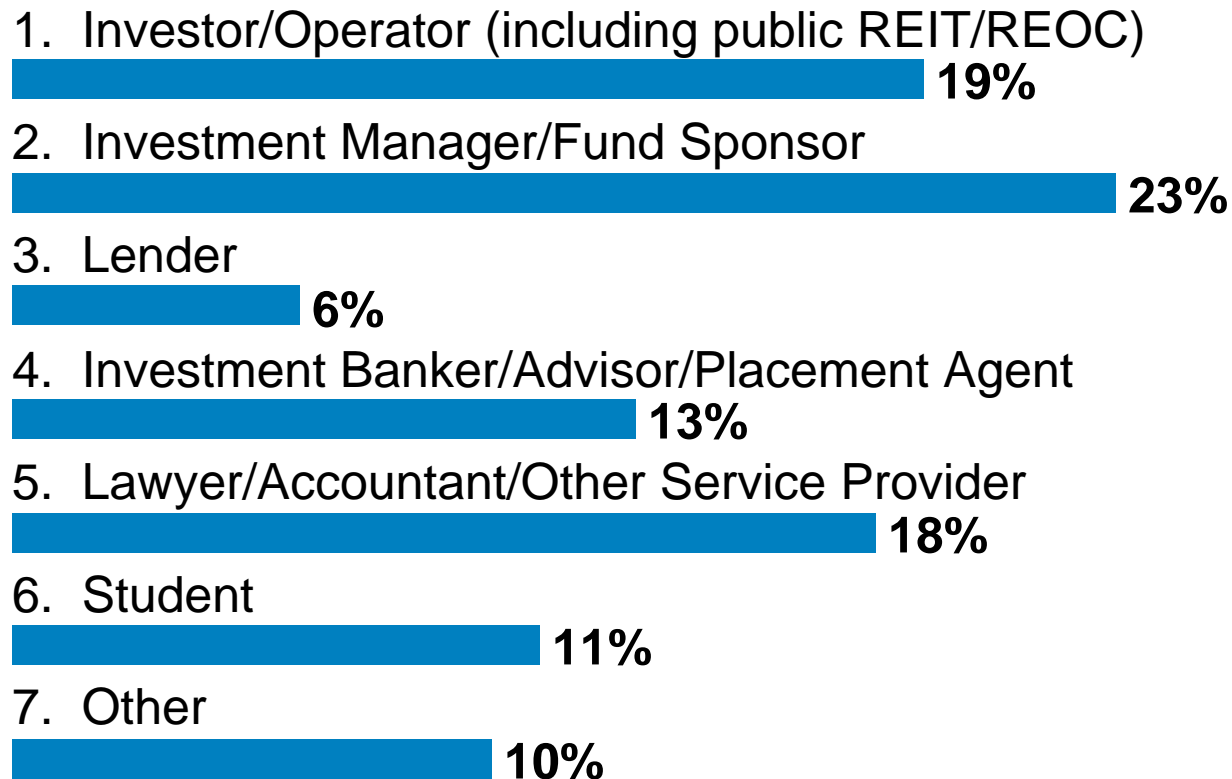
- Press the number button that corresponds with your answer (there is no enter key required)
- Your screen will say "Valid"
- That's it!
- If you change your mind or make a mistake, simply press the "c" button and re-submit your new answer before time runs out

Audience Participation



Question One

Which of the following categories best describes your role within the real estate industry? (*please choose only one*)



Audience Participation



Question Two

Please rank from 1-4, with 1 being the most significant, your view on what will most likely drive improved U.S. real estate values over the near term. So, if the investment of Committed Funds/Sidelined Capital is the most significant in your view, then #2 would be your first button to press, and so on.

-or-

You can just press #5 and be done with your response, assuming you are a deflationist.

Audience Participation



1. Continued Supply Constraints

15%

2. Committed Funds (Sidelined Capital) Anticipated to be Invested

25%

3. Job Creation (e.g., 200,000 Jobs Per Month in 2011)

36%

4. Continued Improvement in the CMBS markets
((\$12 bn last year – \$30-50 bn this year?))

19%

OR 5. "You have to be kidding me -- we'll be in a deflationary environment in the sector in the near term"

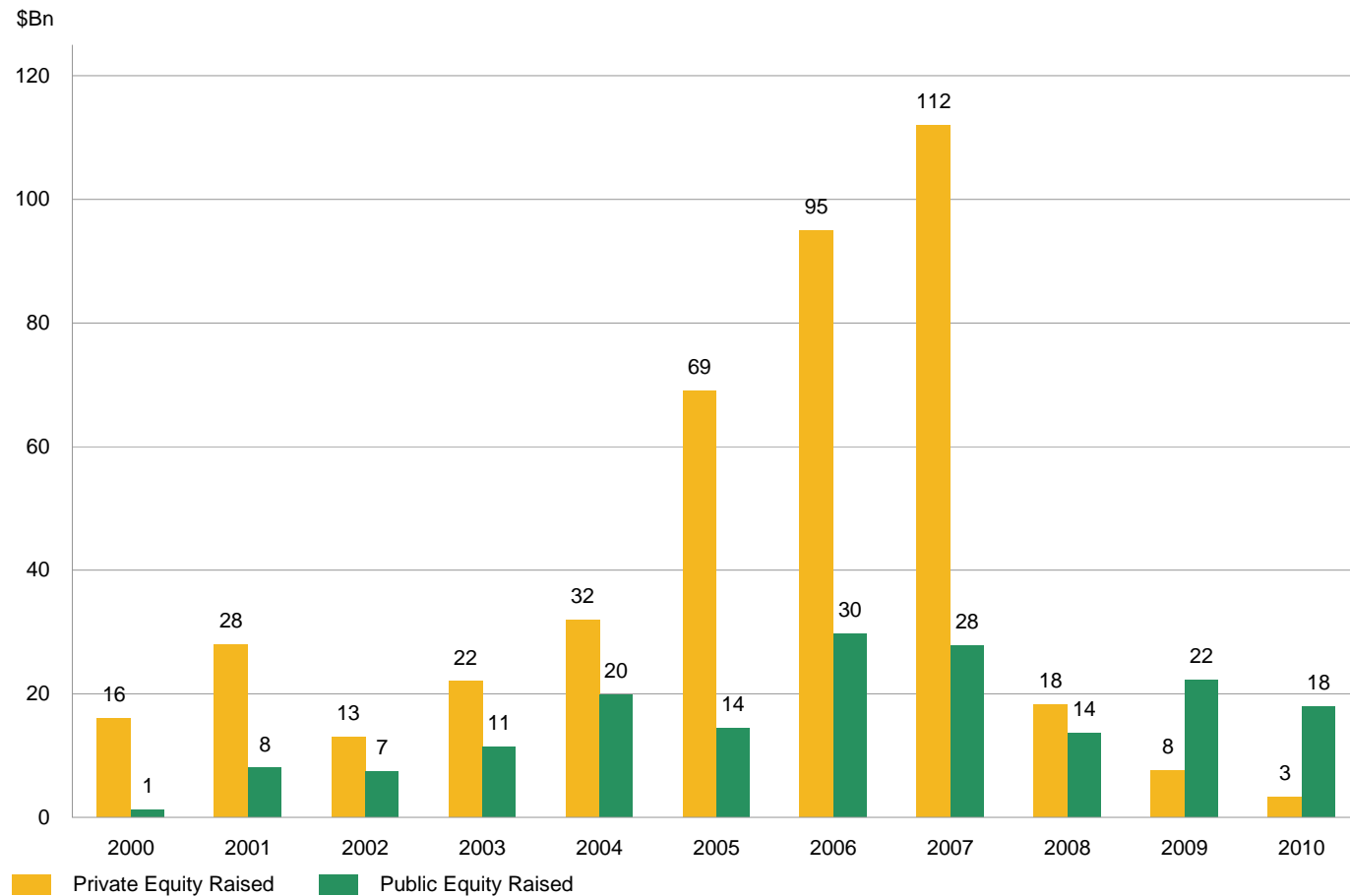
5%

Audience Participation



Beginning in 2009, U.S. public real estate equity began to outpace U.S. private real estate equity as private equity capital dropped from \$112B in 2007 to just \$3B in 2010.

U.S. Private & Public Real Estate Equity Raised



Morgan Stanley

GOODWIN
PROCTER

Audience Participation



Question Three [Part One]

During 2011, which do you believe is more likely?

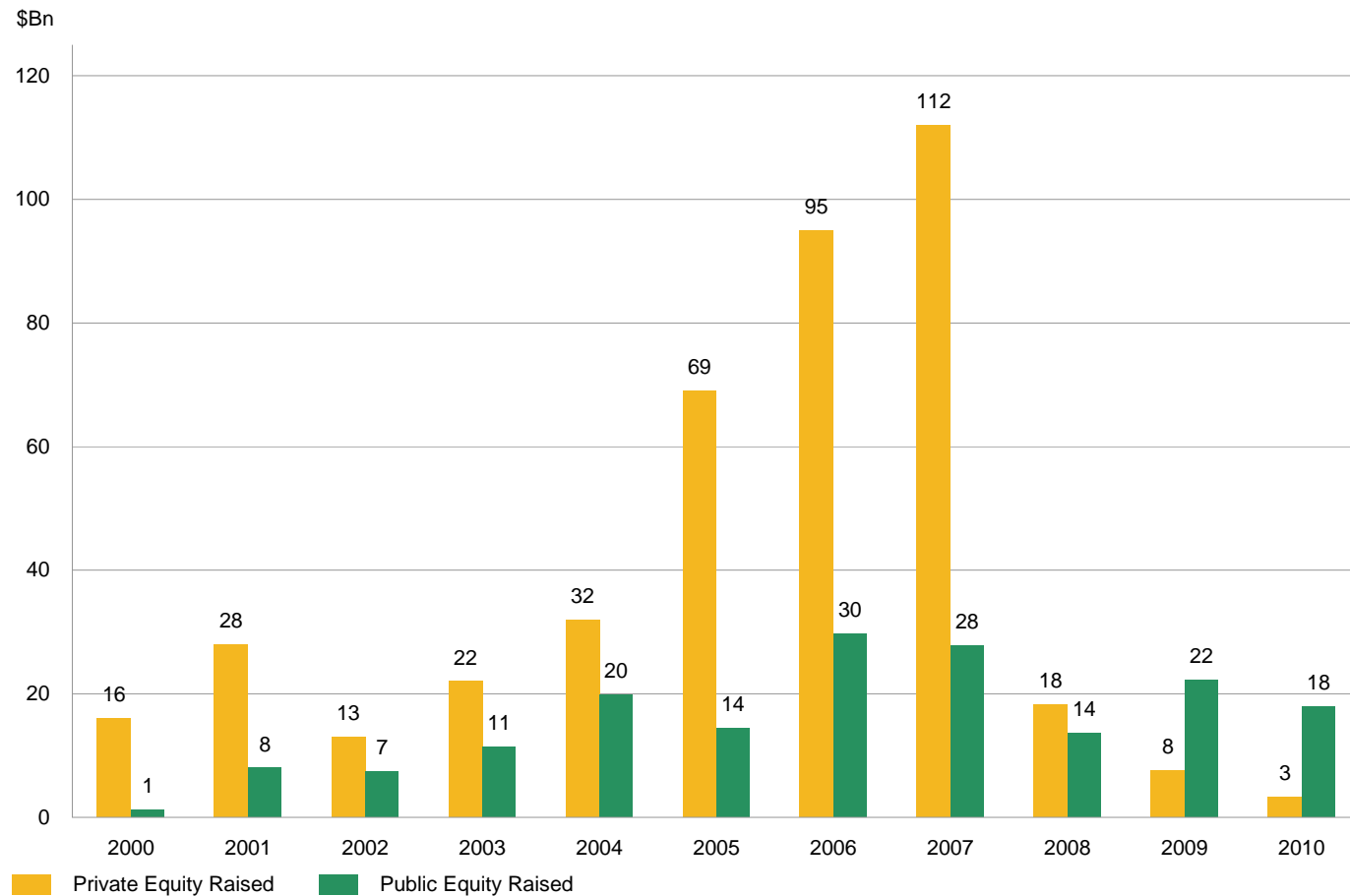
1. Private equity capital will begin to outpace public equity as it has historically

43%

2. Public equity capital will continue to outpace private equity capital

57%

U.S. Private & Public Real Estate Equity Raised



Morgan Stanley

GOODWIN
PROCTER

Audience Participation



Question Three [Part Two]

During 2012, which do you believe is more likely?

1. Private equity capital will begin to outpace public equity as it has historically



2. Public equity capital will continue to outpace private equity capital

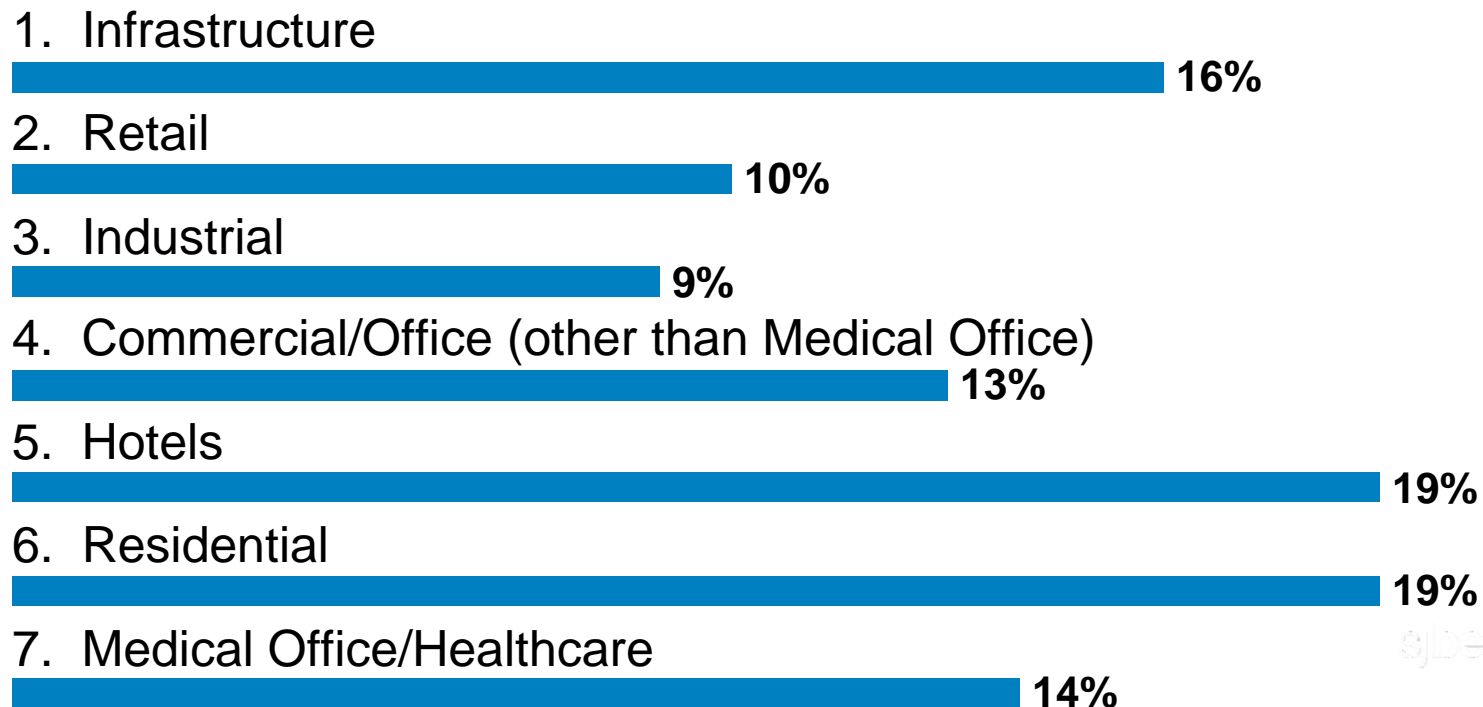


Audience Participation



Question Four

Of the sectors listed below, please indicate which you believe have the most growth prospects in 2011. Please list them all in order of importance with the first having the most growth potential and the last one having the least growth potential. So if you believe the residential sector will grow the most, #6 would be the first button you push, and so on.



PANEL 1



Real Estate Fundamentals and Macro Trends

- **Henry Cisneros:** Executive Chairman, CityView and Former Secretary, Department of Housing and Urban Development (moderator)
- **Sam Chandan:** Global Chief Economist and Executive Vice President, Real Capital Analytics
- **M. Leanne Lachman:** President, Lachman Associates LLC and Executive-in-Residence, The Paul Milstein Center for Real Estate at Columbia Business School
- **Wendy Silverstein:** Executive Vice President of Capital Markets and Co-Head of Acquisitions, Vornado Realty Trust
- **Phillip Swagel:** Professor, University of Maryland and Former Assistant Secretary for Economic Policy, U.S. Treasury Department

PANEL 1



Real Estate Fundamentals and Macro Trends

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Networking Break

PANEL 2



ROB INSOLIA

Partner, Co-Chair, Real Estate Private
Investment Funds Practice

Goodwin Procter LLP

PANEL 2







On the Ground: Public & Private Real Estate Capital Markets

- **Devin Murphy**, Managing Director, Investment Banking, and Vice Chairman, Morgan Stanley (moderator)
- **Ric Clark**, President & Chief Executive Officer, Brookfield Properties Corporation
- **Mary Ellen Egbert**, Managing Director and Head of the Restructuring Group, JP Morgan Chase
- **David Hodes**, Founder and Managing Partner, Hodes, Weill & Associates
- **Alan Leventhal**, Chairman and Chief Executive Officer, Beacon Capital Partners

Audience Participation



Please rank from 1-4, with 1 being the most significant, the risks to continued near term improvement in the U.S. commercial real estate markets. So, if you believe “Systemically High Unemployment,” is the most significant risk, then #3 would be the first button you press, and so on.

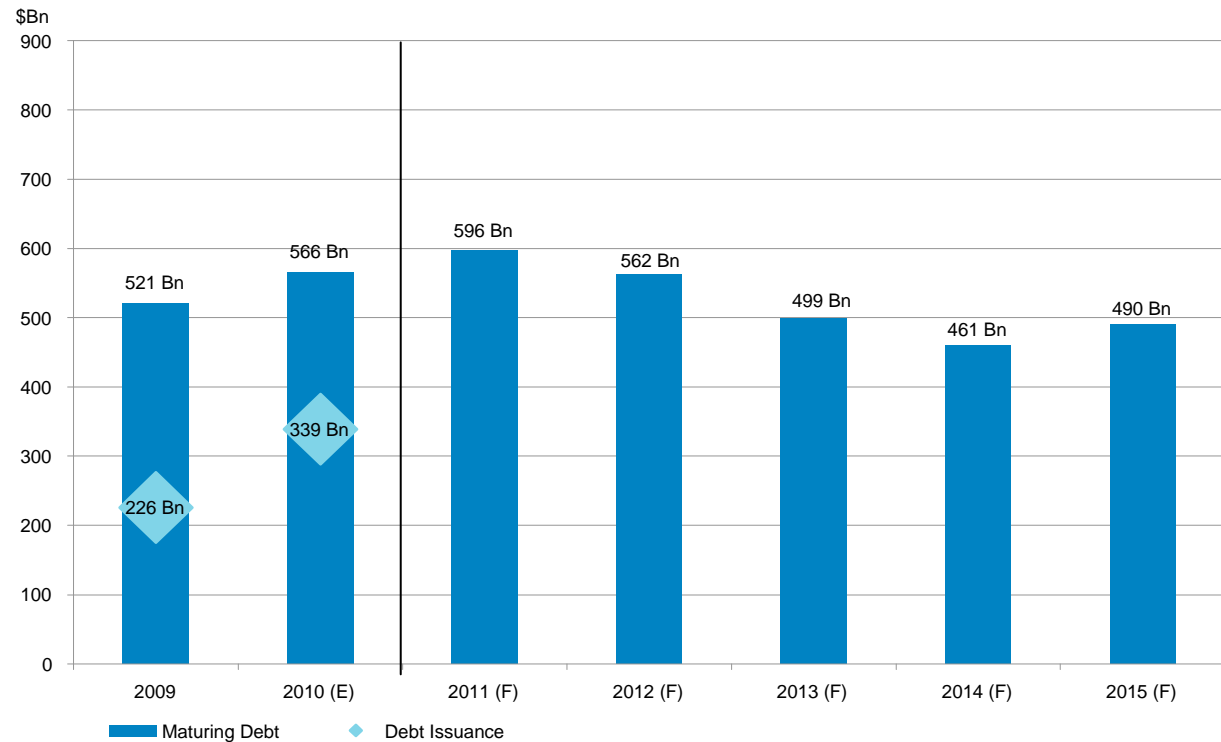
1. Continued Credit Crunch From Further Problems in the U.S. Financial Sector
 21%
2. Tax Policy Changes that Reduce Advantages Now Enjoyed by Real Estate
 14%
3. Continued Systemically High Unemployment
 45%
4. Scale of Near Term Debt Maturities
 20%

U.S. Commercial Real Estate Debt Maturities



› Lending levels in 2009 and 2010 significantly lagged maturing debt balances

› As much as \$2.6Tr in U.S. commercial real estate debt is maturing over 2011-15



Source NCREIF, PPR, Federal Reserve, Trepp, Gilberto-Levy, FDIC, MSREI Strategy calculations, as of January 2011

Notes

• Analysis based on MSREI Strategy assumptions for average debt maturity by lending source. Banks are assumed to issue 5-year permanent loans and 3-5 year construction loans, on average. Lending by life insurers and fixed-rate CMBS averages 10 years to maturity; lending by GSEs and other lenders and floating-rate CMBS averages 5 years to maturity. Analysis uses NCREIF and MSREI Strategy data and projections for property value appreciation

• 2010 mortgage estimates based on annualized pace of debt issuance through 3Q 2010 for CMBS; 1H 2010 for all other sources. Balances for refi include outstanding debt as of 2010 Q2

Morgan Stanley

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PANEL 2



On the Ground: Public & Private Real Estate Capital Markets

Keynote Welcome



ROB INSOLIA

Partner, Co-Chair, Real Estate Private
Investment Funds Practice

Goodwin Procter LLP

Keynote Presentation



DR. ALICE RIVLIN

Senior Fellow, The Brookings Institution
and Former Vice Chair, Federal
Reserve Board

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Thank You