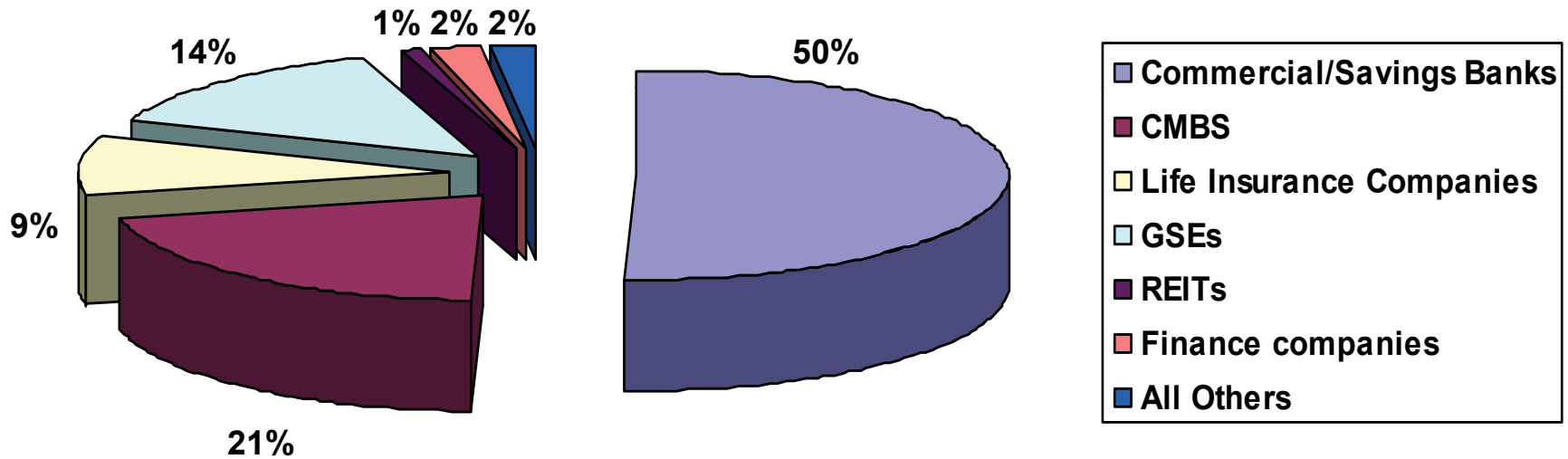


U.S. COMMERCIAL REAL ESTATE DEBT MARKETS

\$3.5 TRILLION



Source: Mortgage Bankers Association

ESTIMATED COMMERCIAL MORTGAGE MATURITIES

YEAR	CMBS Fixed Rate	CMBS Floating Rate	Insurance Company	Bank/ Thrift*	Total (bn) By Year
2009	17.6	1.5	16.8	168.1	204.0
2010	32.2	6.2	19.8	188.3	246.5
2011	44.1	17.8	23.1	210.9	295.9
2012	57.6	17.7	26.1	236.2	337.6
2013	40.9	0.7	24.8	264.6	331.0
2014	54.2		20.6	205.2	280.0
2015	104.5		25.7	134.8	265.0
2016	133.9		27.3	78.0	239.2
2017	148.2		21.4	70.4	240.0
2018	6.1		16.3	102.6	125.0
TOTAL (bn) by Type	639.3	43.9	221.9	1659.1	

*Maturity timing is estimated

Source: Deutsche Bank, Intex, Trepp, Mortgage Bankers Association, Federal Reserve

Assuming \$200 billion of new originations per year (derived from origination projections based on the average 3-year historical gross originations from all non-commercial CMBS lenders), starting in 2010, loan maturities will continue the deleveraging trend with total shortfall from 2010 through 2013 projected to be approximately \$400 billion.



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COMMERCIAL REAL ESTATE FINANCE

LIFE INSURANCE COMPANIES

- ✓ Ranked 2nd in lending volume in 2010
- ✓ Leverage as high as 75%
- ✓ Sweet spot at 60% to 70%
- ✓ \$5M and up
- ✓ Smaller life companies \$2M minimum (\$10M maximum)
- ✓ All property types considered, except hospitality
- ✓ Rates in the 5% - 6% range



MACKENZIE CAPITAL

COMMERCIAL REAL ESTATE FINANCE

CMBS

- ✓ Slowly increased lending in 2010
- ✓ \$11 billion up from only \$5 billion in 2009
- ✓ At peak was \$300 billion
- ✓ Most lending in 2010 was single borrower refinancing
- ✓ Volume in 2011 estimated at \$50 billion (fourfold increase)
- ✓ Leverage can exceed 75% in some cases
- ✓ Rates in the mid- 5% range



BANKS

- ✓ Larger banks not very active
- ✓ Servicing existing clients, working out troubled deals
- ✓ Downsizing portfolio exposure
- ✓ Begun discounted note sales in last half of 2010
- ✓ Small and mid-sized banks are more active lenders
- ✓ Straight debt side selective preleased construction projects
- ✓ “Pretend and extend” still mantra in 2011 for smaller institutions



TROUBLED PROPERTIES

- ✓ Estimated that 1/3 of maturing commercial real estate loans under water
- ✓ Multitude of B Note and mezzanine type financing firms who can “top off” loans above the 75% leverage
- ✓ Cost of additional capital 9% to 12%
- ✓ Capital available to be structured as preferred equity, with preferred returns after the senior debt service
- ✓ Opportunities for distressed investment properties not nearly as available in today’s market (as once predicted)
- ✓ With large amounts of opportunistic money, “underwater” borrower will actually be able to negotiate better terms in 2011 than 2010



NEW GUYS IN TOWN

 There's a ton of cash out there looking for returns:

- **Opportunity Funds**
- **Joint Venture Equity Funds**
- **Preferred Equity**
 - **Debt structure with preferred return after debt service, then split ownership conversion upon default or other triggers**
- **Participating/ 2nd Mortgages**
 - **1st mortgage debt structure with fixed coupon and split of cash flow typical**
 - **Mezzanine Financing – Points in and out low to mid teens pay rate.**

 These new funds will help with recapitalization needs to rebalance the CRE maturity and risk issues



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