



**Michael Pralle**  
President & CEO  
Real Estate

**Global Commercial Real  
Estate**

 imagination at work

**Our vision:**  
be the world's  
premier  
commercial  
real estate  
company



 imagination at work

## How we serve our customers

A leading global commercial real estate company

Buy, hold, sell real estate as single assets and portfolios across **multifamily, residential, office, industrial** asset classes around the world

**Finance purchase of real estate** by 3rd parties in multiple asset classes

Help borrowers who wish to **re-capitalize their portfolios** restructure existing financing through additional lending

Provide financing to **single-tenant/owner occupied** commercial real estate for small to middle market businesses.



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## Delivering consistent results by...

Managing through the Real Estate cycles

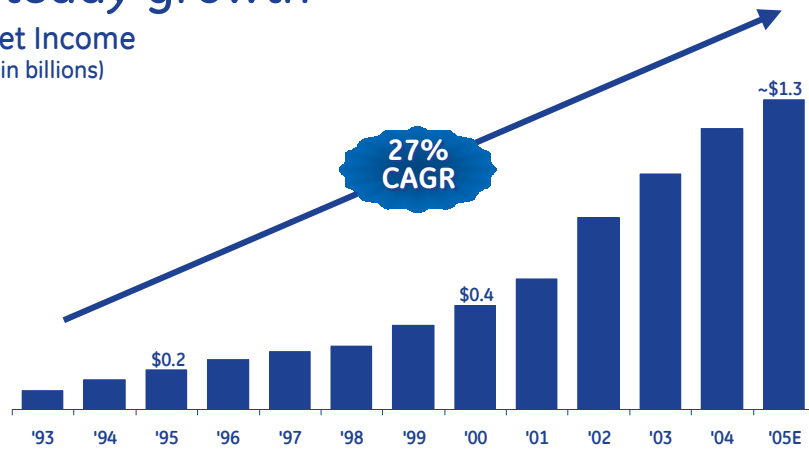
Continuing successful European growth

Driving exponential growth in Asia



## Steady growth

Net Income  
(\$ in billions)



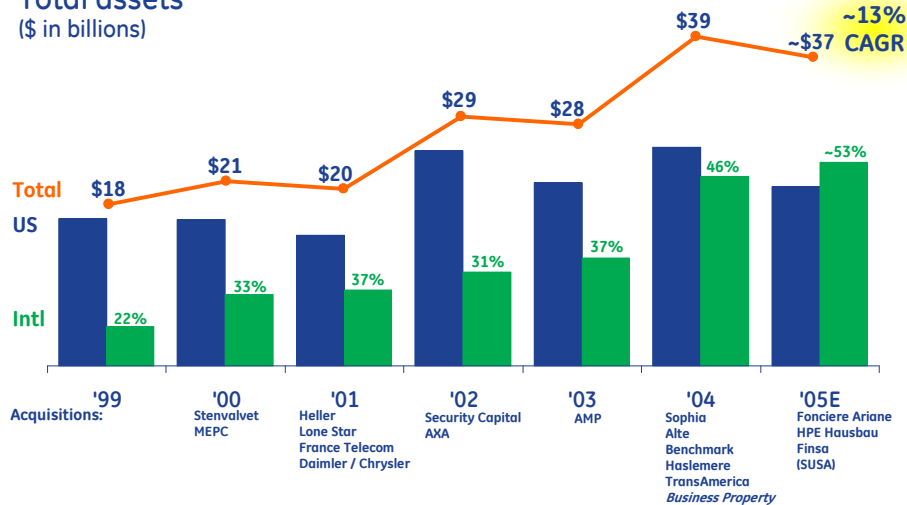
~\$48B assets under management  
2.7B square feet of global real estate  
30 offices across Europe, Asia, Americas in 20 countries



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## Continuing to drive a global portfolio

Total assets  
(\$ in billions)



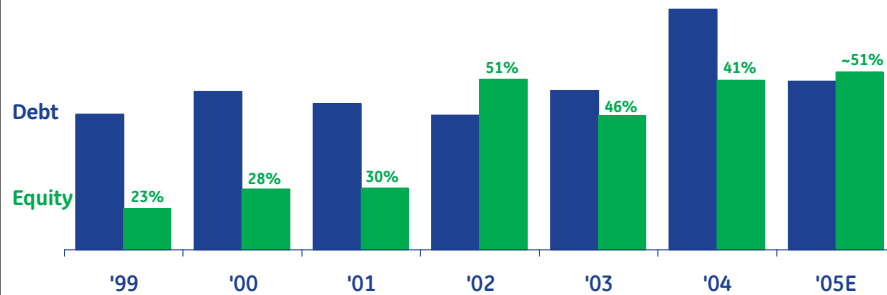
Greater diversity through globalization



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## Shifting to owning/operating real estate

Total assets  
(\$ in billions)

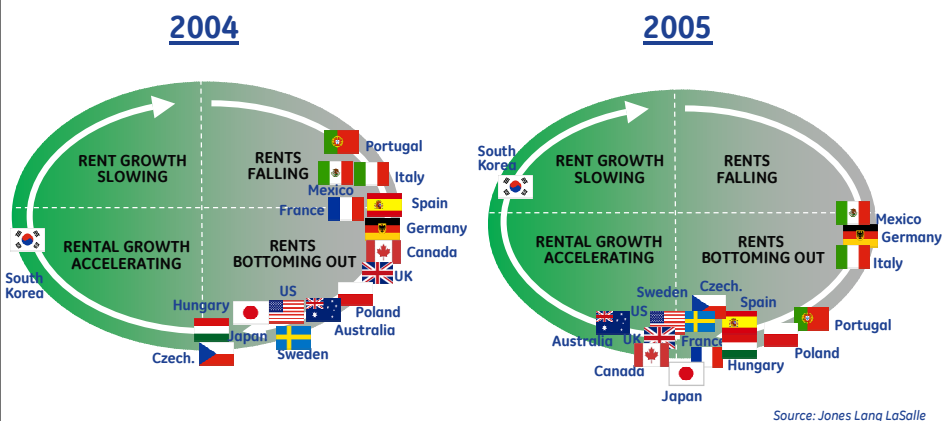


Diversifies earnings



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## Significant shift since 2004...



Source: Jones Lang LaSalle

Global markets poised for recovery



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## Global investment strategy

	Rental Growth Accelerating	Rental Growth Slowing	Rents Falling	Rents Bottom out
Fundamentals	Occupancy ↔ Rent ↑ Capital Flows ↑ Construction ↑ Value Growth > NOI Growth	Occupancy ↑ Rents ↑ Capital Flows ↑ Cap Rates ↓ Construction ↔	Occupancy ↓ Rents ↓ Cap Rates ↑ Construction ↓ More Conservative Underwriting	Defaults ↑ Capital Flows ↓ Constructions ↓ Vacancies ↑
Asset strategy	Buy	Evaluate	Sell / Hold	Hold / Buy
Origination strategy	Short term Equity Short term debt	Portfolio Financings Participating Loans	Capital markets Low leverage Services	Services Partner with survivors



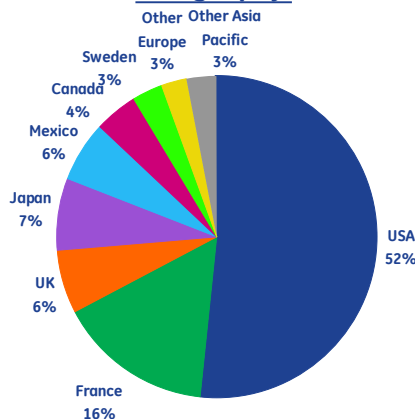
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## Well diversified portfolio

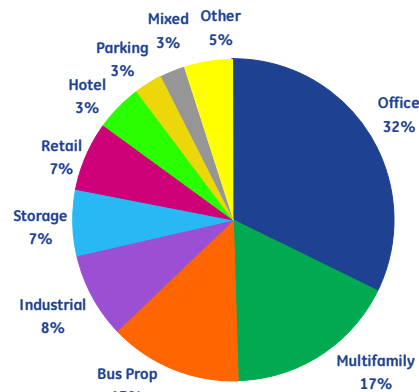
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~\$33B Net Earning Assets  
~\$7MM average investment

### Geography



### Asset Class

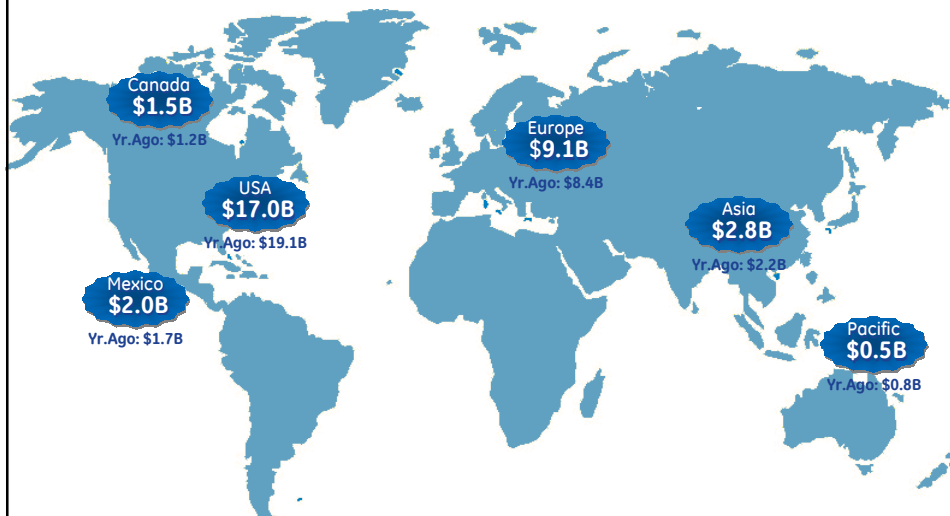


Diversification – key to risk management



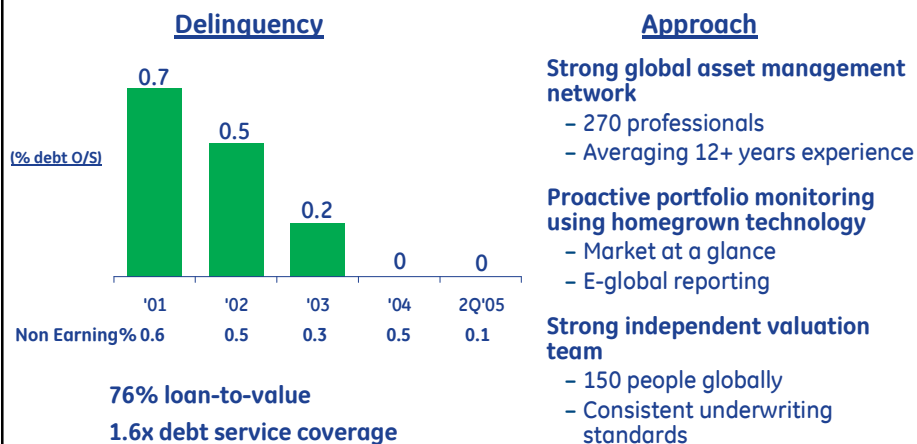
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## Geographic diversification



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## Excellent portfolio quality



**Small, secure hold positions**



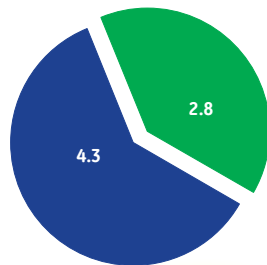
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## U.S. market primed for growth

(\$ in trillions)



### Americas



GE share only 0.20%

### Go Direct

- Geography: Mexico, U.S. Equity
- Asset classes: Industrial, residential
- Approach: Portfolios, take private, single assets

### Expand product offering

- Maximize early recovery office
- Focus on multi-family, retail, industrial asset classes
- Increase average deal size by leveraging Capital Markets

Stable growth in largest economy



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## Delivering consistent results by...

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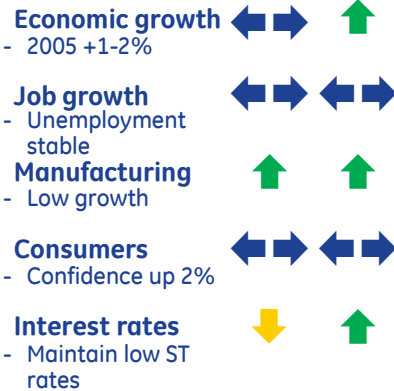
Continuing successful European growth

Driving exponential growth in Asia



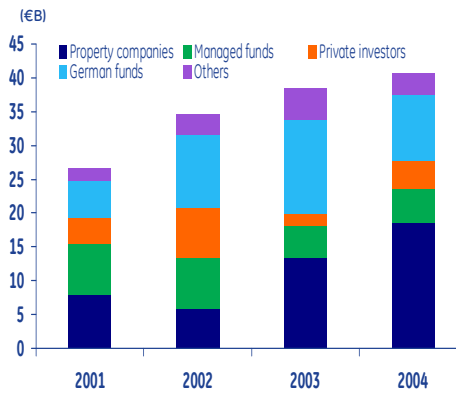
## Europe environment

### 2005 impact



Source: PMA

### Capital flows remain strong



Source: PMA/JLL

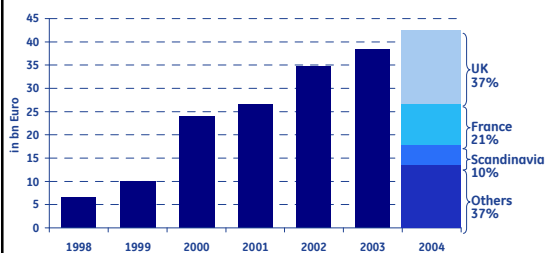
Stable but slower growth than U.S.



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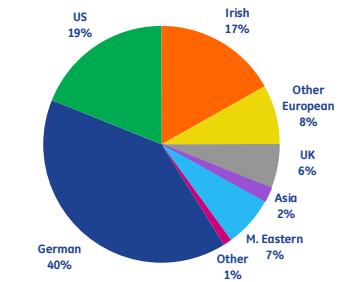
## Cross border investment activity increasing

### Cross border investment volumes



Source: PMA

### Cross border investors' nationality 2004



Source: PMA






German investors still leading the way, followed by U.S. and Irish

Cross border flows drive liquidity



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## Smart build out in Europe

	<u>Deal</u>	<u>Platform</u>
2001	France telecom 	Corporate outsourcing
2004	Benchmark Haslemere  Sophia 	West end office Scale in Paris
2005	HPE  Fonciere Ariane 	German residential French regional platforms



Growing what we buy

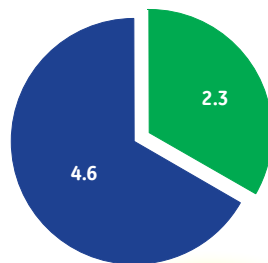
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## Exceptional opportunities to grow

(\$ in trillions)



### Europe



GE share only 0.16%

### Expansion Platforms

- Germany, Italy, Central Europe, Iberia
- Multi-family, corporate outsourcing, hotel and retail
- Strong asset class expertise

### Development

- Develop office, retail, warehouse and residential properties
- JV's with local partners
- Limit GE equity < \$10MM per development

Tapping into large, unserved markets



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## Delivering consistent results by...

Managing through the Real Estate cycles

Continuing successful European growth

Driving exponential growth in Asia



## Asia environment

### 2005 impact

Originate      Sell

**Economic growth** ← → ↑  
- 2005 +2%

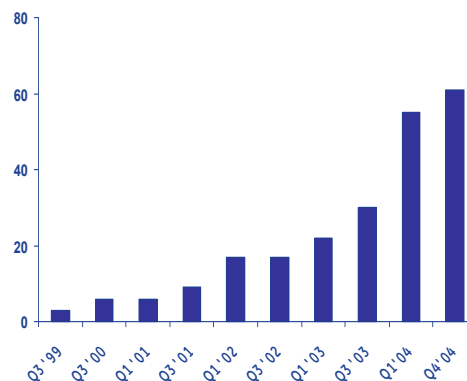
**Job growth** ↑ ↑  
- +370,000 jobs

**Manufacturing** ↑ ↑  
- 13 year high

**Consumers** ↑ ↑  
- Consumption up

**Interest rates** ↓ ↑  
- Maintain low ST rates

### # of companies investing aggressively in Real Estate



Source: Japan Real Estate Institute

Best markets in 10 years



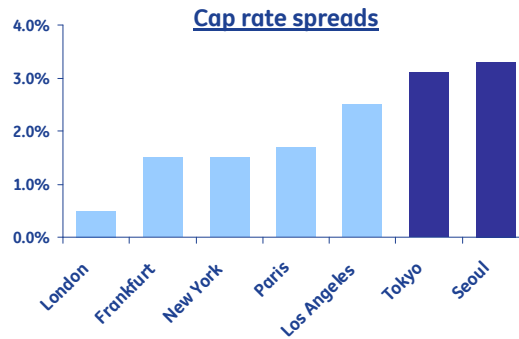
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## Attractive yield arbitrage

Spreads in Japan 2-3X higher than US or EU

Strong current return from holding assets – lower risk

Easier to underwrite because focus on tangible, in-place cash flow



Source: Deutsche Bank, CB Richard Ellis, Jones Lang LaSalle, The National Real Estate Institute

Solid running returns



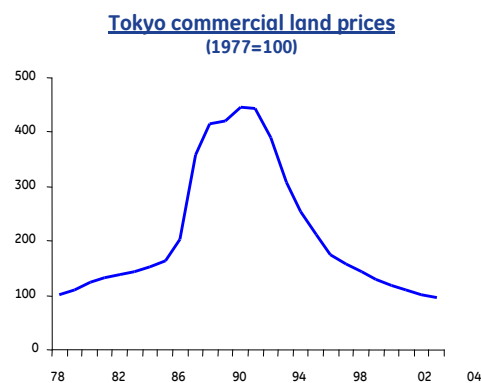
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## Rents and prices bottoming out

Fundamentals  
Improving In world's largest market

Land prices now at 25 year lows

Land comprises ~80% of total deal value.



More upside than downside



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# Opportunity to grow exponentially

(\$ in trillions)



GE share only 0.24%

## Growth opportunities

- Fundamentals stable: rents & occupancies beginning to recover
- Invest in lucrative larger asset deals with established JV partners (Shinsei, KNPC)
- Very successful track record & reputation

## India: Ascendas JV

- Ascendas is the leading Industrial developer / operator in South East Asia
- Establishing a pan-Asian JV to focus on light industrial / logistics centers / IT parks
- Completed purchase of first 2 IT parks

Best region in the world for growth

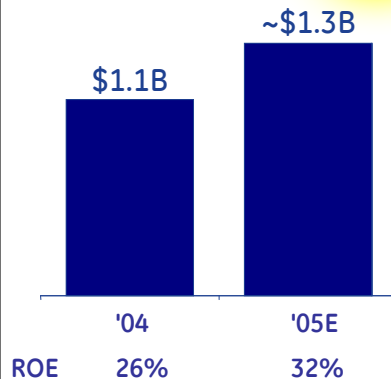


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# Summary

## Net Income

~18%+



Huge global market: \$10 trillion+ served

Consistent track record: 27% CAGR earnings growth over last 13 years

Diversified business: Geographically and by asset class... average investment \$7MM

Stable portfolio: Very low delinquencies, losses, non-earning assets over many years; active Asset Management

Multiple ways to make money: property sales, loan spreads, property NOI, managed real estate, development profit

Lots of runway



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