Credit Crunch from Institutional Investor Perspective
One Year Ago

- Big Deals
- Lots of Debt
- Aggressive Assumptions
- Aggressive Pricing
Real Estate Returns have been attractive relative to other asset classes

<table>
<thead>
<tr>
<th>Average Annual Total Returns</th>
<th>1 year</th>
<th>3 Years</th>
<th>5 years</th>
<th>10 years</th>
<th>20 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large Cap Stock</td>
<td>5.5%</td>
<td>8.6%</td>
<td>12.8%</td>
<td>5.9%</td>
<td>11.8%</td>
</tr>
<tr>
<td>Small Cap Stock</td>
<td>18.1%</td>
<td>13.5%</td>
<td>20.6%</td>
<td>9.1%</td>
<td>11.5%</td>
</tr>
<tr>
<td>Public Real Estate</td>
<td>-15.7%</td>
<td>8.5%</td>
<td>18.2%</td>
<td>10.5%</td>
<td>12.3%</td>
</tr>
<tr>
<td>Private Real Estate (unleveraged)</td>
<td>15.8%</td>
<td>17.5%</td>
<td>15.1%</td>
<td>12.9%</td>
<td>8.8%</td>
</tr>
<tr>
<td>Corporate Bonds</td>
<td>4.9%</td>
<td>3.8%</td>
<td>5.1%</td>
<td>6.2%</td>
<td>8.0%</td>
</tr>
</tbody>
</table>

- Real estate returns compare favorably to other asset classes
- Real estate has lower volatility and higher income than other investment choices

Sources: Large Cap Stock: S&P 500 (Bloomberg), Small Cap Stock: Russell 2000 (Bloomberg), Public Real Estate: NAREIT Equity REITs, Private Real Estate: NCREIF, Corporate Bonds: Citigroup Broad Investment Grade Corporate Bonds (Bloomberg)  
As of Q4 2007
UK Real Estate Returns have fallen rapidly

Source: NCREIF, IPD Monthly Index

NCREIF through 4Q 2007, IPD through Feb. 2008

LaSalle Investment Management
Derivative pricing implies returns will decline 18% in 2008 from 2007 levels. The greatest previous yearly change in NCREIF total return was an 8% decline in 1991.

Source: NCREIF, Markit.com, LaSalle Investment Management

As of March 25, 2008
Institutional Investors Attitude Toward Real Estate

- Strong absolute returns
- Good relative returns
- Good fundamentals
- Low volatility
- High cash/income returns
Survey of Institutional Investors showed Capital Flows expected to continue

With increased target allocations, projected capital flows to real estate expected to increase dramatically, although declining US stock values since survey may impact investor plans.

Source: Kingsley and Associates Survey

Survey conducted during 4Q 2007

LaSalle Investment Management.
Restraints on Transactions

1.) Not wanting to “catch a falling knife”

2.) Denominator effect

3.) Global opportunities
Deal Volume only 33% - 50%

1.) Lack of Debt

2.) Smaller Transactions

3.) Large bid – ask gap
Deal Attributes

Great market

Great partner

Excellent debt financing
Target Returns

Unlevered: 7-8%

Core

Value

Levered: Low- to-Mid Teens

Levered: High Teens

Opportunistic
## Changes in Assumptions

<table>
<thead>
<tr>
<th>Prior Years</th>
<th>Today</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spikes in Rent</td>
<td>Flat/declining Rents</td>
</tr>
<tr>
<td>Aggressive lease-up</td>
<td>Extended lease-up</td>
</tr>
<tr>
<td>6 Month Downtime</td>
<td>6-12 Month Downtime</td>
</tr>
</tbody>
</table>
## Real Estate Market Conditions

<table>
<thead>
<tr>
<th>April 2007</th>
<th>April 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Big Deals</td>
<td>▪ Fewer and smaller deals</td>
</tr>
<tr>
<td>▪ Lots of Debt</td>
<td>▪ Moderate debt</td>
</tr>
<tr>
<td>▪ Aggressive Assumptions</td>
<td>▪ Conservative assumptions</td>
</tr>
<tr>
<td>▪ Aggressive Pricing</td>
<td>▪ Conservative Pricing</td>
</tr>
</tbody>
</table>
Purchases by Institutional Buyers have increased since the credit crunch

- Institutional buyers have continued to close deals and are now a record high share of total transactions

Source: Real Capital Analytics  Note: Only includes transactions of $5 MM and greater
Note: Institutional definition is applied to investments made by investment managers primarily focused on separate accounts or open-end funds. Tishman/Archstone transaction classified as Institutional.

Through Q4 2007