

# Recent REIT Filings and Pricings

## Management Compensation Provisions

November 1, 2009

MORRISON | FOERSTER

REIT	Summary	Underwriters	Management Contract
Cypress Sharpridge (Ticker: CYS)	<p><b>Pricing/Filing Date</b> 6/11/2009</p> <p><b>IPO Amount:</b> \$100,100,000</p> <p><b>Proceeds:</b> \$93,093,000</p> <p><b>Investment Strategy:</b> Non-guaranteed whole-pool residential mortgage pass-through securities.</p>	<ul style="list-style-type: none"> <li>- Barclays Capital</li> <li>- JMP Securities</li> <li>- Oppenheimer &amp; Co.</li> <li>- Stifel Nicolaus</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>Base Management Fee:</b> Payable monthly in arrears in an amount equal to 1/12th of (a) 1.50% of the first \$250,000,000 of our net assets, (b) 1.25% of our net assets greater than \$250,000,000 and less than or equal to \$500,000,000, and (c) 1.00% of our net assets that are greater than \$500,000,000. For purposes of calculating the base management fee, our net assets means, for any month, the amount determined by subtracting our total liabilities from our total assets, as determined in accordance with accounting principles generally accepted in the United States, or GAAP. Our base management fee is adjusted to exclude special one-time events pursuant to changes in GAAP, as well as certain non-cash charges, after discussion between our Manager and our independent directors and approval by a majority of our independent directors in the case of non-cash charges. During 2007 and 2008, we paid our Manager \$2.4 million and \$1.6 million, respectively, in base management fees. During the three months ended March 31, 2009, we paid our Manager \$409,780 in base management fees.</li> <li>▪ <b>Incentive Compensation</b> We and our Manager have agreed that our Manager no longer will be eligible to receive any incentive compensation under the management agreement or otherwise upon completion of the offering. The only incentive compensation earned by our Manager to date, which was \$0.2 million during 2007, was waived by our Manager. Our Manager has agreed to waive the payment of any incentive compensation earned prior to the completion of this offering.</li> <li>▪ <b>Reimbursement of Expenses:</b> Certain expenses directly related to our operations incurred by our Manager on our behalf will be reimbursed by us, the most significant of which are office rent and other related overhead expenses, computer software and hardware, including market information and research systems, and the salary of several employees of Sharpridge.</li> <li>▪ <b>2006 Stock Incentive Plan:</b> Our Manager, its officers and employees, its sub-advisors and other individuals who provide services to us are eligible to receive stock awards pursuant to our 2006 Stock Incentive Plan.</li> </ul>
Invesco Mortgage (Ticker: IVR)	<p><b>Pricing/Filing Date:</b> 6/25/2009</p> <p><b>IPO Amount:</b> \$170,000,000</p> <p><b>Proceeds:</b> \$167,450,000</p> <p><b>Strategy:</b> Agency RMBS Non-Agency RMBS CMBS Residential Mortgage Loans Commercial Mortgage Loans</p>	<ul style="list-style-type: none"> <li>- Credit Suisse</li> <li>- Morgan Stanley</li> <li>- Barclays Capital</li> <li>- Keefe, Bruyette &amp; Woods</li> <li>- Stifel Nicolaus</li> <li>- Jackson Securities</li> <li>- Siebert Capital Markets</li> <li>- The Williams Capital Group, L.P.</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>Management fee:</b> 1.50% of our stockholders' equity per annum and calculated and payable quarterly in arrears. For purposes of calculating the management fee, our stockholders' equity means the sum of the net proceeds from all issuances of our equity securities since inception (allocated on a pro rata daily basis for such issuances during the fiscal quarter of any such issuance), plus our retained earnings at the end of the most recently completed calendar quarter (without taking into account any non-cash equity compensation expense incurred in current or prior periods), less any amount that we pay to repurchase our common stock since inception, and excluding any unrealized gains, losses or other items that do not affect realized net income (regardless of whether such items are included in other comprehensive income or loss, or in net income). This amount will be adjusted to exclude one-time events pursuant to changes in accounting principles generally accepted in the United States, or GAAP, and certain non-cash items after discussions between our Manager and our independent directors and approved by a majority of our independent directors. Our stockholders' equity, for purposes of calculating the management fee, could be greater or less than the amount of stockholders' equity shown on our financial statements. We will treat outstanding limited partner interests (not held by us) as outstanding shares of capital stock for purposes of calculating the management fee. To the extent we pay any fees to our Manager or any of its affiliates in connection with any PPIF, our Manager has agreed to reduce the management fee payable by us under the management agreement (but not below zero) in respect of any equity investment we may decide to make in any PPIF managed by our Manager or any of its affiliates by the amount of the fees payable to our Manager or its affiliates under the PPIF with regard to our equity investment. However, our Manager's management fee will not be reduced in respect of any equity investment we may decide to make in a Legacy Securities or Legacy Loan PPIF managed by an entity other than our Manager or any of its affiliates. Paid quarterly in cash.</li> <li>▪ <b>Expense reimbursement:</b> Reimbursement of operating expenses related to us incurred by our Manager, including certain salary expenses and other expenses relating to legal, accounting, due diligence and other services. Our reimbursement obligation is not subject to any dollar limitation. Paid monthly in cash.</li> <li>▪ <b>Termination fee:</b> Termination fee equal to three times the sum of the average annual management fee earned by our</li> </ul>

Manager during the prior 24-month period prior to such termination, calculated as of the end of the most recently completed fiscal quarter. Paid upon termination of the management agreement by us without cause or by our Manager if we materially breach the management agreement.

PennyMac Mortgage (Ticker: PMT)	<p><b>Pricing/Filing Date:</b> 7/29/2009</p> <p><b>IPO Amount:</b> \$320,000,000</p> <p><b>Proceeds:</b> \$302,352,408</p> <p><b>Strategy:</b> Primarily distressed debt.</p>	<ul style="list-style-type: none"> <li>- Merrill Lynch &amp; Co.</li> <li>- Credit Suisse</li> <li>- Deutsche Bank Securities</li> <li>- JMP Securities</li> <li>- Stifel Nicolaus</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>Base Management Fee to PCM:</b> PCM will be entitled to a base management fee equal to 1.50% per annum, calculated and payable quarterly in arrears, of our Shareholders' Equity. For purposes of calculating the base management fee, our "Shareholders' Equity" means the sum of the net proceeds from any issuances of our equity securities since inception (allocated on a pro rata daily basis for such issuances during the fiscal quarter of any such issuance), plus our retained earnings at the end of such quarter (without taking into account any non-cash equity compensation expense incurred in current or prior periods), less any amount that we pay for repurchases of our common shares, excluding any unrealized gains, losses or other non-cash items that have impacted shareholders' equity as reported in our financial statements prepared in accordance with accounting principles generally accepted in the United States ("GAAP"), regardless of whether such items are included in other comprehensive income or loss, or in net income, and excluding one-time events pursuant to changes in GAAP, and certain other non-cash charges after discussions between PCM and our independent trustees and after approval by a majority of our independent trustees.</li> <li>▪ <b>Incentive Fee to PCM:</b> PCM will be entitled to an incentive fee that is payable quarterly in arrears in an amount equal to 20% of the dollar amount by which Core Earnings, on a rolling four-quarter basis and before the incentive fee, exceeds an 8% incentive fee hurdle rate, which is calculated as the product of (1) the weighted average of the issue price per share of all of our public offerings multiplied by the weighted average number of common shares outstanding (including, for the avoidance of doubt, restricted share units) in the four-quarter period and (2) 8%. For the initial four quarters following the offering, Core Earnings will be calculated on the basis of each of the previously completed quarters on an annualized basis. Core Earnings for the initial quarter will be calculated from the settlement date of this offering on an annualized basis. Core Earnings is a non-GAAP measure and is defined as GAAP net income (loss) excluding non-cash equity compensation expense, excluding any unrealized gains, losses or other non-cash items recorded in the period, regardless of whether such items are included in other comprehensive income or loss, or in net income. The amount will be adjusted to exclude one-time events pursuant to changes in GAAP and certain other non-cash charges after discussions between PCM and our independent trustees and after approval by a majority of our independent trustees. In addition, any amounts that we pay to PCM and the underwriters relating to the conditional payment of the underwriting discount, as described under "Certain Relationships and Related Transactions—Conditional Payment of the Underwriting Discount," will be excluded from the calculation of Core Earnings. For purposes of calculating the incentive fee, to the extent we have a net loss in Core Earnings from a period prior to the rolling four-quarter period that has not been offset by Core Earnings in a subsequent period, such loss will continue to be included in the rolling four-quarter calculation until it has been fully offset.</li> <li>▪ <b>Termination Fee to PCM</b> The termination fee, payable for (1) our termination of the management agreement without cause or (2) PCM's termination of the management agreement upon a default in the performance of any material term of the management agreement, will be equal to three times (a) the average annual base management fee and (b) the average annual (or, if the period is less than 24 months, annualized) incentive fee earned by PCM during the prior 24-month period before termination. Under circumstances where the termination fee is payable, we will agree to pay to PCM its portion of the conditional payment of the underwriting discount as described under "Certain Relationships and Related Transactions—Conditional Payment of the Underwriting Discount."</li> <li>▪ <b>Loan Servicing Fee to PLS:</b> PLS will be entitled to base servicing fees that are competitive with those charged by specialty servicers. Base servicing fees are calculated as a percentage of the unpaid principal balance of the mortgage loans, with the actual percentage being based on the risk characteristics of the loans in a particular pool. Such risk characteristics include market value of the underlying properties, creditworthiness of the borrowers, seasoning of the loans, degree of current and expected loan defaults, current loan-to-value ratios, borrowers' payment history and debt-to-income levels. The base servicing fees will range from 30 to 100 basis points per annum of the unpaid principal balance of such loans. The risk characteristics used in calculating the base servicing fee for a particular portfolio of loans will be consistent with the assumptions used by PCM in determining the bid for that portfolio. PLS will also be entitled to certain customary market-based fees and charges, including boarding and deboarding fees, disposition fees, assumption, modification and origination fees and late charges, as well as interest on funds on deposit in custodial or escrow accounts. In the event PLS effects a refinancing of a loan on our behalf and not through a third party lender and the resulting loan is readily saleable, PLS will be entitled to receive from us an origination fee</li> </ul>
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of 1.0% of the unpaid principal balance of the loan plus \$750. Similarly, when PLS originates a loan to facilitate the disposition of real estate that we acquire through foreclosure, PLS will be entitled to a fee in the same amount. In addition, to the extent we participate in the U.S. Treasury's Home Affordable Modification Program (or other similar mortgage loan modification programs), or the HAMP, which established standard loan modification guidelines for "at risk" homeowners and provides incentive payments to certain participants, including loan servicers, for achieving modifications and successfully remaining in the program, PLS will retain any incentive payments made to it in connection with our participation therein.

- **Expense Reimbursement to PCM and PLS:** PCM will be entitled to reimbursement of organizational and operating expenses, including third party expenses, incurred on our behalf, as detailed in "Our Manager and the Management Agreement—Management Fees and Incentive Compensation—Reimbursement of Expenses." We will not have any employees. PCM and PLS are responsible for the compensation and other related expenses of all personnel who perform services for us pursuant to the management agreement and the loan servicing agreement, respectively. Under the management agreement, PCM may perform certain legal, accounting, due diligence, asset management, securitization, property management, brokerage, leasing and other services that outside professionals or outside consultants otherwise would perform on our behalf and is entitled to be reimbursed or paid for the cost of performing such tasks. PCM may retain third parties, including accountants, legal counsel, real estate underwriters, brokers or others on our behalf, and shall be reimbursed for the costs and expenses of such services. Under the loan servicing agreement, PLS is also entitled to reimbursement for all customary, reasonable and necessary out of pocket expenses incurred by PLS in connection with the performance of its servicing obligations as further described in the loan servicing agreement. In general, this right to reimbursement for out of pocket expenses is limited to proceeds (including liquidation proceeds and escrow deposits) received in respect of the mortgage loan for which the expense was incurred.

Starwood  
Property Trust  
(Ticker: STWD)

**Pricing/Filing Date:**  
**IPO Amount:**  
\$762,275,000  
**Proceeds:** \$810,000,000  
**Strategy:** Primarily  
commercial mortgage  
loans and CMBS.

- BofA Merrill Lynch
- Deutsche Bank Securities
- Citi
- Barclays Capital
- Calyon Securities (USA) Inc.
- Cantor Fitzgerald & Co.
- Piper Jaffray
- Wells Fargo Securities
- Scotia Capital

- **Base management fee:** 1.5% of our stockholders' equity per annum and calculated and payable quarterly in arrears. For purposes of calculating the management fee, our stockholders' equity means: (a) the sum of (1) the net proceeds from all issuances of our equity securities since inception (allocated on a pro rata daily basis for such issuances during the fiscal quarter of any such issuance), plus (2) our retained earnings at the end of the most recently completed calendar quarter (without taking into account any non-cash equity compensation expense incurred in current or prior periods), less (b) any amount that we pay to repurchase our common stock since inception. It also excludes (1) any unrealized gains and losses and other non-cash items that have impacted stockholders' equity as reported in our financial statements prepared in accordance with accounting principles generally accepted in the United States, or GAAP, and (2) one-time events pursuant to changes in GAAP, and certain non-cash items not otherwise described above, in each case after discussions between our Manager and our independent directors and approval by a majority of our independent directors. As a result, our stockholders' equity, for purposes of calculating the management fee, could be greater or less than the amount of stockholders' equity shown on our financial statements. The base management fee is payable quarterly in cash.
- **Incentive fee:** Our Manager will be entitled to an incentive fee with respect to each calendar quarter (or part thereof that the management agreement is in effect) in arrears. The incentive fee will be an amount, not less than zero, equal to the difference between (1) the product of (x) 20% and (y) the difference between (i) our Core Earnings (as defined below) for the previous 12-month period, and (ii) the product of (A) the weighted average of the issue price per share of our common stock of all of our public offerings multiplied by the weighted average number of all shares of common stock outstanding (including any restricted stock units, any restricted shares of common stock and other shares of common stock underlying awards granted under our equity incentive plans) in the previous 12-month period, and (B) 8%, and (2) the sum of any incentive fee paid to our Manager with respect to the first three calendar quarters of such previous 12-month period; provided, however, that no incentive fee is payable with respect to any calendar quarter unless Core Earnings for the 12 most recently completed calendar quarters is greater than zero. Core Earnings is a non-GAAP measure and is defined as GAAP net income (loss) excluding non-cash equity compensation expense, the incentive fee, depreciation and amortization (to the extent that we foreclose on any properties underlying our target assets), any unrealized gains, losses or other non-cash items recorded in net income for the period, regardless of whether such items are included in other comprehensive income or loss, or in net income. The amount will be adjusted to exclude one-time events pursuant to changes in GAAP and certain other non-cash charges after discussions between our Manager and our independent directors and after approval by a majority of our independent

directors. For purposes of calculating the incentive fee prior to the completion of a 12-month period following this offering, Core Earnings will be calculated on an annualized basis.

- **Partial payment of incentive fee in shares of our common stock:** One half of each quarterly installment of the incentive fee will be payable in shares of our common stock so long as the ownership of such additional number of shares by our Manager would not violate the 9.8% stock ownership limit set forth in our charter, after giving effect to any waiver from such limit that our board of directors may grant to our Manager in the future. The remainder of the incentive fee will be payable in cash. The number of shares to be issued to our Manager will be equal to the dollar amount of the portion of the quarterly installment of the incentive fee payable in shares divided by the average of the closing prices of our common stock on the NYSE for the five trading days prior to the date on which such quarterly installment is paid.
- **Expense reimbursement:** We will be required to reimburse our Manager for operating expenses related to us that are incurred by our Manager, including expenses relating to legal, accounting, due diligence and other services. Our reimbursement obligation is not subject to any dollar limitation. Expenses will be reimbursed in cash on a monthly basis. In addition, we will not reimburse our Manager for the salaries and other compensation of its personnel except that, pursuant to a secondment agreement between Starwood Capital Group and us, we will be responsible for Starwood Capital Group's expenses incurred in employing our chief financial officer, treasurer and chief compliance officer.
- **Fee Reduction for Investments in any Affiliate — Managed PPIF:** If we decide to make an equity investment in any PPIF managed by any affiliates, any management fees payable to our Manager or any of its affiliates in respect of such equity investment, or a Starwood PPIF management fee, will reduce the amount of compensation we would otherwise be obligated to pay our Manager pursuant to the management agreement. Each installment of a Starwood PPIF management fee paid by us will first be applied to reduce the amount of the next quarterly installment of the base management fee otherwise payable to our Manager and then the quarterly installment of the incentive fee otherwise payable at such time, if any. Any excess will be applied to reduce the next quarterly installment of the base management and the incentive fee in the same manner until we have received full credit for the Starwood PPIF management fee that is paid.
- **Termination fee:** Termination fee equal to three times the sum of the average annual base management fee and incentive fee earned by our Manager during the 24-month period prior to such termination, calculated as of the end of the most recently completed fiscal quarter. The termination fee will be payable upon termination of the management agreement (i) by us without cause or (ii) by our Manager if we materially breach the management agreement.
- **Refund of Manager's partial payment of initial underwriting discount:** Pursuant to the underwriting agreement among the underwriters, our Manager and us, our Manager will agree to pay the underwriters \$.20 per share with respect to each share sold in this offering (other than shares sold to certain investors in private funds managed by affiliates of Starwood Capital Group), representing a portion of the initial underwriting discount. Pursuant to the management agreement, we have agreed to refund our Manager for its partial payment of the initial underwriting discount if during any full four calendar quarter period during the 24 full calendar quarters after the consummation of this offering our Core Earnings for any such four-quarter period exceeds the product of (x) the weighted average of the issue price per share of all public offerings of our common stock, multiplied by the weighted average number of shares outstanding (including any restricted stock units, any restricted shares of common stock and any other shares of common stock underlying awards granted under our equity incentive plans) in such four-quarter period and (y) 8%. In addition, if the management agreement is terminated and we are required to pay our Manager the termination fee described above, we would also be required to refund our Manager for its partial payment of the initial underwriting discount irrespective of whether we have met the hurdle described above.
- **Equity incentive plans:** Our equity incentive plans include provisions for grants of restricted common stock and other equity based awards to our officers, our Manager and any officers or any personnel of our Manager or Starwood Capital Group who provide services to us. Concurrently with the completion of this offering, we will grant our Manager 1,037,500 restricted stock units. This award of restricted stock units will vest ratably on a quarterly basis over a three-year period beginning on the first day of the calendar quarter after we complete this offering. Once vested, this award of restricted stock units will be settled in shares of our common stock. Our Manager will be entitled to receive "distribution equivalents" with respect to these restricted stock units, whether or not vested, at the same time as distributions are paid to our common stockholders.

REIT	Summary	Underwriters	Management Contract
Colony Financial (Ticker: CLNY)	<p><b>Pricing/Filing Date:</b> 9/23/2009</p> <p><b>IPO Amount:</b> \$250,000,000</p> <p><b>Proceeds:</b> \$237,500,000</p> <p><b>Strategy:</b> Primarily whole loans and CMBS</p>	<ul style="list-style-type: none"> <li>- BofA Merrill Lynch</li> <li>- Goldman, Sachs &amp; Co.</li> <li>- Morgan Stanley</li> <li>- UBS Investment Bank</li> <li>- Calyon Securities (USA) Inc.</li> <li>- HSBC</li> <li>- JMP Securities</li> <li>- Keefe, Bruyette &amp; Woods</li> <li>- RBC Capital Markets</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>Base Management Fee:</b> 1.5% of our stockholders' equity, per annum. For purposes of calculating the base management fee, our stockholders' equity means: (a) the sum of (1) the net proceeds from all issuances of our equity securities since inception (allocated on a pro rata basis for such issuances during the fiscal quarter of any such issuance), plus (2) our retained earnings at the end of the most recently completed calendar quarter (as determined in accordance with accounting principles generally accepted in the United States, or GAAP, adjusted to exclude any non-cash equity compensation expense incurred in current or prior periods), less (b) any amount that we pay to repurchase our common stock since inception. Our stockholders' equity also excludes (1) any unrealized gains and losses and other non-cash items that have impacted stockholders' equity as reported in our financial statements prepared in accordance with GAAP, (2) one-time events pursuant to changes in GAAP and certain non-cash items not otherwise described above, in each case after discussions between our Manager and our independent directors and approval by a majority of our independent directors and (3) the portion of the net proceeds of this offering and the concurrent private placement that have not yet been initially invested in our target assets. As a result, our stockholders' equity, for purposes of calculating the management fee, could be greater or less than the amount of stockholders' equity shown on our financial statements. Paid quarterly in arrears in cash</li> <li>▪ <b>Incentive Fees:</b> Our Manager will be entitled to an incentive fee with respect to each calendar quarter (or portion thereof) that the management agreement is in effect in an amount not less than zero, equal to the difference between (1) the product of (x) 20% and (y) the difference between (i) Core Earnings (as defined below), on a rolling four-quarter basis and before the incentive fee for the current quarter, and (ii) the product of (A) the weighted average of the issue price per share of common stock in all of our offerings multiplied by the weighted average number of shares of common stock outstanding (including any restricted shares of common stock and any other shares of common stock underlying awards granted under our 2009 Non-Executive Director Stock Plan or future equity plans, if any, which we refer to collectively as our equity incentive plans) in such quarter and (B) 8%, and (2) the sum of any incentive fee paid to our Manager with respect to the first three calendar quarters of such previous four quarters; provided, however, that no incentive fee is payable with respect to any calendar quarter unless Core Earnings is greater than zero for the most recently completed 12 calendar quarters, or the number of completed calendar quarters since the closing date of this offering, whichever is less. For purposes of calculating the incentive fee prior to the completion of a 12-month period following this offering, Core Earnings will be calculated on an annualized basis. Core Earnings for the initial quarter will be calculated from the settlement date of this offering on an annualized basis. Core Earnings is a non-GAAP measure and is defined as GAAP net income (loss) excluding non-cash equity compensation expense, the expenses incurred in connection with our formation and this offering, including the initial and additional underwriting discounts and commissions, the incentive fee, real estate depreciation and amortization (to the extent that we foreclose on any properties underlying our target assets) and any unrealized gains, losses or other non-cash items recorded in the period, regardless of whether such items are included in other comprehensive income or loss, or in net income. The amount will be adjusted to exclude one-time events pursuant to changes in GAAP and certain other non-cash charges after discussions between our Manager and our independent directors and after approval by a majority of our independent directors Paid quarterly in arrears in shares of our common stock, so long as the ownership of such additional number of shares of our common stock by our Manager would not result in a violation of the stock ownership limits set forth in our charter, after giving effect to any waivers from such limit that our board of directors may grant to our Manager or its affiliates in the future. To the extent that payment of the incentive fee to our Manager in shares of our common stock would result in a violation of the stock ownership limits set forth in our charter (taking into account any applicable waiver, if any), all or a portion of the incentive fee payable to our Manager will be payable in cash to the extent necessary to avoid such violation. The number of shares to be issued to our Manager will be equal to the dollar amount of the portion of the quarterly installment of the incentive fee payable in shares divided by the average of the closing prices of our common stock on the NYSE for the five trading days prior to the date on which such quarterly installment is paid.</li> <li>▪ <b>Reimbursement of Expenses:</b> Reimbursement of expenses related to us incurred by our Manager, including legal, accounting, financial, due diligence and other services. We will not reimburse our Manager for the salaries and other compensation of its personnel. However, pursuant to a secondment agreement between us and Colony Capital, we will be responsible for Colony Capital's expenses incurred in employing our chief financial officer. We may be required to pay our pro rata portion of rent, telephone, utilities, office furniture, equipment, machinery and other office, internal and overhead expenses of our Manager and its affiliates required for our operations. Paid quarterly in cash</li> <li>▪ <b>Termination Fee:</b> Termination fee equal to three times the sum of (i) the average annual base management fee and (ii)</li> </ul>

the average annual incentive fee earned by the Manager, in each case during the 24-month period immediately preceding such termination, calculated as of the end of the most recently completed fiscal quarter before the date of termination. Paid upon termination of the management agreement by us without cause or by our Manager if we materially breach the management agreement.

- **Reimbursement of Manager's partial payment of initial underwriting discounts and commissions:** Pursuant to the underwriting agreement among the underwriters, our Manager and us, our Manager will agree to pay the underwriters \$0.40 per share with respect to each share sold in this offering, representing a portion of the initial underwriting discounts and commissions. Pursuant to the management agreement, we have agreed to reimburse our Manager for its partial payment of the initial underwriting discounts and commissions if, during any full four calendar quarter period during the 24 full calendar quarters after the consummation of this offering, our Core Earnings for any such four-quarter period exceeds the product of (1) the weighted average of the issue price per share of common stock in all of our offerings multiplied by the weighted average number of shares of common stock outstanding (including any restricted shares of common stock and any other shares of common stock underlying awards granted under our equity incentive plans) in such four-quarter period and (2) 8%. In addition, if the management agreement is terminated and we are required to pay our Manager the termination fee described above, we would also be required to reimburse our Manager for its partial payment of the initial underwriting discounts and commissions irrespective of whether we have met the incentive fee hurdle described above. Paid upon meeting the incentive fee hurdle or upon termination of the management agreement by us without cause or by our Manager if we materially breach the management agreement. Any such reimbursement of our Manager by us will be paid in the form of 250,000 shares (287,500 shares if the underwriters exercise their over-allotment option in full) of our common stock (the reimbursement amount divided by the public offering price per share of our common stock in this offering), subject to adjustment for stock splits, stock dividends, recapitalizations and similar events, so long as the ownership of such additional number of shares by our Manager would not result in a violation of the stock ownership limits set forth in our charter, after giving effect to any waivers from such limit that our board of directors may grant to our Manager or its affiliates in the future. To the extent that reimbursement of our Manager's partial payment of the initial underwriting discounts and commissions in shares of our common stock would result in a violation of the stock ownership limits set forth in our charter (taking into account any applicable waiver, if any), all or a portion of the reimbursement of our Manager will be payable in cash to the extent necessary to avoid such violation.

Apollo  
Commercial  
Real Estate  
Finance  
(Ticker: ARI)

**Pricing/Filing Date:**  
9/23/2009

**IPO Amount:**  
\$200,000,000

**Proceeds:** \$200,000,000

**Strategy:** Primarily whole  
loans and CMBS.

- J.P. Morgan
- Citi
- Barclays Capital
- Wells Fargo  
Securities
- Raymond James
- RBC Capital  
Markets
- Stifel Nicolaus

- **Base management fee:** 1.5% per annum of our stockholders' equity, calculated and payable quarterly in arrears. For purposes of calculating the base management fee, our stockholders' equity means the sum of the net proceeds from all issuances of our equity securities since inception (allocated on a pro rata daily basis for such issuances during the fiscal quarter of any such issuance), plus our retained earnings at the end of the most recently completed calendar quarter (as determined in accordance with accounting principles generally accepted in the U.S., or GAAP, except without taking into account any non-cash equity compensation expense incurred in current or prior periods), less any amount that we pay for repurchases of our common stock since inception, and excluding any unrealized gains, losses or other items that do not affect realized net income (regardless of whether such items are included in other comprehensive income or loss, or in net income). This amount will be adjusted to exclude one-time events pursuant to changes in GAAP and certain non-cash items after discussions between our Manager and our independent directors and approved by a majority of our independent directors. Our stockholders' equity, for purposes of calculating the base management fee, could be greater than or less than the amount of stockholders' equity shown on our financial statements prepared in accordance with GAAP.
- **Incentive fee:** None.
- **Expense reimbursement:** Reimbursement of expenses related to us incurred by our Manager, including legal, accounting, due diligence and other services. We will not reimburse our Manager or its affiliates for the salaries and other compensation of their personnel, except for the allocable share of the compensation of (1) our Chief Financial Officer based on the percentage of his time spent on our affairs and (2) other corporate finance, tax, accounting, internal audit, legal, risk management, operations, compliance and other non-investment professional personnel of our Manager or its affiliates who spend all or a portion of their time managing our affairs based on the percentage of time devoted by such personnel to our affairs. Paid monthly in cash.
- **Termination fee:** Termination fee equal to three times the average annual base management fee earned by our Manager during the prior 24-month period prior to such termination, calculated as of the end of the most recently

completed fiscal quarter. Such termination fee will be payable upon termination of the management agreement by us without cause or by our Manager if we materially breach the management agreement.

- **Refund of Manager's payment of initial underwriting discount:** Pursuant to the underwriting agreement among the underwriters, our Manager and us, our Manager will agree to pay the underwriters \$0.80 per share with respect to each share sold in this offering, representing the initial underwriting discount. Pursuant to the management agreement, we have agreed to refund our Manager for its payment of the initial underwriting discount if during any period of four consecutive calendar quarters during the 16 full calendar quarters after the consummation of this offering, our Core Earnings for any such four-quarter period exceeds the product of (x) the public offering price per share as shown on the cover page of this prospectus multiplied by the number of shares of common stock sold in this offering, including any shares that may be sold upon exercise of the underwriters' overallocation option, and in the concurrent private placement and (y) 8%. In addition, if the management agreement is terminated and we are required to pay our Manager the termination fee described above, we would also be required to refund our Manager for its payment of the initial underwriting discount irrespective of whether we have met the hurdle described above. Core Earnings is a non-GAAP measure and is defined as GAAP net income (loss) as adjusted, excluding
  - non-cash equity compensation expense;
  - depreciation and amortization (to the extent that we foreclose on any properties underlying our target assets);
  - any unrealized gains, losses or other non-cash items, regardless of whether such items are included in other comprehensive income or loss, or in net income; and
  - one-time events pursuant to changes in GAAP and certain other non-cash charges after discussions between our Manager and our independent directors and after approval by a majority of our independent directors.
- **2009 equity incentive plan:** Our officers and our Manager's personnel will be granted shares of our restricted common stock under our 2009 equity incentive plan which, as a group and together with the shares to be granted to our independent directors, will be an aggregate of 2.5% of the issued and outstanding shares of our common stock after giving effect to the shares sold in this offering, including shares sold pursuant to the underwriters' exercise of their overallocation option. The initial shares of restricted common stock to be granted to our independent directors, our officers and our Manager's personnel will vest in equal installments on the first business day of each fiscal quarter over a period of three years.

<p>AG Financial Investment Trust (Ticker: N/A)</p>	<p><b>Pricing/Filing Date:</b> 7/13/2009  <b>IPO Amount:</b> Up to \$300,000,000  <b>Proceeds:</b> N/A  <b>Strategy:</b> CMBS, non-Agency RMBS, triple net lease assets, Agency RMBS, commercial mortgage loans.</p>	<ul style="list-style-type: none"> <li>- J.P. Morgan</li> <li>- Wells Fargo Securities</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>Base management fee to our Manager:</b> Our Manager will be entitled to a base management fee equal to 1.50% per annum, calculated quarterly, of our Stockholders' Equity. For purposes of calculating the base management fee, our "Stockholders' Equity" means the sum of the net proceeds from any issuances of our equity securities since inception (allocated on a pro rata daily basis for such issuances during the fiscal quarter of any such issuance), plus our retained earnings at the end of such quarter (without taking into account any non-cash equity compensation expense incurred in current or prior periods), less any amount that we pay for repurchases of our common stock, excluding any unrealized gains, losses or other non-cash items that have impacted stockholders' equity as reported in our financial statements prepared in accordance with accounting principles generally accepted in the United States, or GAAP, regardless of whether such items are included in other comprehensive income or loss, or in net income, and excluding one-time events pursuant to changes in GAAP, and certain other non-cash charges after discussions between our Manager and our independent directors and after approval by a majority of our independent directors. The PPIF Manager is entitled to receive an annual base management fee for managing and advising AG-GECC PPIF. See "Offset" of base management fee below.</li> <li>▪ <b>Incentive fee to our Manager:</b> Our Manager will be entitled to an incentive fee relating to the performance of our Company. The general partner of AG-GECC PPIF, an affiliate of the PPIF Manager, will be entitled to receive a separate incentive allocation based upon the performance of AG-GECC PPIF, into which we currently intend to invest a significant amount of the proceeds from this offering           <ul style="list-style-type: none"> <li>- <i>Incentive fee from the company:</i> Our Manager is entitled to an incentive fee that is payable quarterly in arrears in an amount equal to % of the dollar amount by which Core Earnings, on a rolling four-quarter basis and before the payment of the incentive fee for the current quarter, exceeds the product of (1) the weighted average of the issue price per share of all of our public offerings multiplied by the weighted average number of shares of common stock outstanding in such quarter less our gross equity investment in AG-GECC PPIF and (2) 8% per annum. Furthermore, the Manager will, on a rolling 12-quarter basis calculate the dollar amount by which</li> </ul> </li> </ul>
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Core Earnings, before payment of the incentive fee for the related 12-quarter period, exceeds the product of (1) the weighted average of the issue price per share of all of our public offerings multiplied by the weighted average number of shares of common stock outstanding in such period less our gross equity investment in AG-GECC PPIF and (2) 8% per annum. We will either offset future quarterly incentive fees (to maintain the preferential income characterization of the fee reduction) or, to the extent permissible under the REIT income test, refund the lesser of (i) the incentive fees paid for quarterly periods during the preceding 12-quarter period where the 8% minimum annual preferential return was not achieved by our stockholders, and (ii) the amount necessary to achieve the 8% minimum annual preferential return for such 12-quarter period. For the initial four quarters following this offering, Core Earnings will be calculated on the basis of each of the previously completed quarters on an annualized basis. Core Earnings for the initial quarter will be calculated from the settlement date of this offering on an annualized basis. Core Earnings is a non-GAAP measure and is defined as GAAP net income (loss) excluding non-cash equity compensation expense, excluding any unrealized gains, losses, depreciation attributable to any real estate asset, including any triple net lease asset or other non-cash items recorded in the period, regardless of whether such items are included in our comprehensive income or loss, or in net income. The amount will be adjusted to exclude one-time events pursuant to changes in GAAP and certain other non-cash charges (as specified in our management agreement) after discussion between our Manager and our independent directors and after approval by a majority of our independent directors.

*Incentive compensation from AG-GECC PPIF:* The general partner of AG-GECC PPIF, an affiliate of the PPIF Manager, will be entitled to incentive compensation from the performance of AG-GECC PPIF. The general partner will receive such incentive compensation only after the other AG-GECC PPIF investors, which we expect will include our Company, receive a return of all invested capital plus a minimum % cumulative annual preferred return on their investment in AG-GECC PPIF. After AG-GECC PPIF investors receive such return, the general partner of AG-GECC PPIF will receive incentive compensation equal to % of all distributions that would otherwise be made to investors in AG-GECC PPIF.

- **Offset:** Our Manager has agreed to waive base management fees accruing and payable by us for equity capital investments made by us in AG-GECC PPIF. In addition, realized gains from our investment in AG-GECC PPIF will be excluded from the calculation of Core Earnings when calculating any incentive fee payable to our Manager.
- **Termination fee to our Manager:** The termination fee, payable for (1) our termination of the management agreement without cause or (2) our Manager's termination of the management agreement upon a default in the performance of any material term of the management agreement, will be equal to three times (a) the average annual base management fee and (b) the average annual (or, if the period is less than 24 months, annualized) incentive fee earned by our Manager during the prior 24-month period before termination. Termination of the management agreement with our Manager will also result in the termination of any fee waiver or incentive fee offset granted by our Manager for our investment in AG-GECC PPIF.
- **Expense reimbursement to our Manager:** Angelo, Gordon will be entitled to reimbursement of certain organizational and operating expenses, including third party expenses, incurred on our behalf, as described in the management agreement.

Ladder Capital  
Realty Finance  
(Ticker: LCG)

**Pricing/Filing Date:**

7/17/2009

**IPO Amount:** Up to  
\$400,000,000

**Proceeds:** N/A

**Strategy:** Commercial  
mortgage loans and  
CMBS.

- J.P. Morgan  
- Wells Fargo  
Securities

- **Base management fee:** 1.50% of our stockholders' equity per annum and calculated and payable quarterly in arrears in cash. For purposes of calculating the base management fee, our stockholders' equity means: (1) the sum of (a) the net proceeds from all issuances of our equity securities since inception (allocated on a pro rata daily basis for such issuances during the fiscal quarter of any such issuance), plus (b) our retained earnings at the end of the most recently completed calendar quarter (without taking into account any non-cash equity compensation expense incurred in current or prior periods), less (2) any amount that we pay to repurchase our common stock since inception. Our stockholders' equity also excludes (1) any unrealized gains and losses and other non-cash items that have impacted stockholders' equity as reported in our financial statements prepared in accordance with accounting principles generally accepted in the United States, or GAAP, and (2) one-time events pursuant to changes in GAAP, and certain non-cash items not otherwise described above, in each case after discussions between our Manager and our independent directors and approval by a majority of our independent directors. As a result, our stockholders' equity, for purposes of calculating the base management fee, could be greater or less than the amount of stockholders' equity shown on our financial statements. Except for Class B units, we will treat issuances of limited partner interests of our operating partnership other than to us as equity securities for purposes of calculating the base management fee

- **Incentive distribution and allocation:** Our operating partnership has issued Class B units to our Manager to provide an incentive to our Manager to enhance the value of our common stock. Under the partnership agreement of our operating partnership, the Class B units owned by our Manager entitle it to receive an incentive allocation and distribution (which we refer to as the incentive distribution), until redeemed, in an amount equal to 20% of the dollar amount by which Core Earnings (as defined in the partnership agreement of our operating partnership), on a rolling four-quarter basis and before the incentive distribution for the current quarter, exceeds the product of (1) the weighted average of the issue price per share of all of our offerings multiplied by the weighted average number of shares of common stock outstanding in such quarter and (2) 8%.

For the initial four quarters following this offering, Core Earnings will be calculated on the basis of each of the previously completed quarters on an annualized basis. Core Earnings for the initial quarter will be calculated from the settlement date of this offering on an annualized basis. Core Earnings is a non-GAAP measure and is defined as GAAP net income (loss) excluding non-cash equity compensation expense, unrealized gains, losses or other non-cash items recorded in the period, regardless of whether such items are included in other comprehensive income or loss, or in net income. The amount will be adjusted to exclude one-time events pursuant to changes in GAAP and certain other non-cash charges after discussions between our Manager and our independent directors and after approval by a majority of our independent directors.

Any net loss incurred by us in a given quarter or quarters will be offset against any net income earned by us in future quarters for purposes of calculating the incentive distribution in such future quarters. For example, if we experience a net loss of \$20.0 million in the fourth quarter of a fiscal year and a net loss of \$20.0 million in the first quarter of the following fiscal year (for a cumulative net loss of \$40.0 million in those two quarters), but then earn net income of \$25.0 million in the second quarter and \$25.0 million in the third quarter, then our \$25.0 million of net income in the second quarter would be reduced to zero, and no incentive distribution would be payable for the second quarter, and our \$25.0 million of net income in the third quarter would be reduced by the remaining \$15.0 million of net loss to \$10.0 million for purposes of calculating the incentive distribution for the third quarter.

Our Manager may elect to receive all or a portion of its incentive distribution in the form of our common stock or OP units, subject to the approval of a majority of our independent directors and all applicable New York Stock Exchange, or NYSE, rules and securities laws; provided, that under our management agreement, our Manager may not receive payment of its incentive distribution in shares of our common stock if such payment would result in our Manager owning directly or indirectly through one or more subsidiaries shares of our common stock in excess of the ownership limitation applicable to it. To the extent such distribution is paid in shares of our common stock or OP units, the number of shares of our common stock or OP units to be received by our Manager will be based on the average of the closing prices of the shares of our common stock on any national securities exchange over the ten consecutive trading days immediately preceding the issuance of such OP units.

- **Expense reimbursement:** We will reimburse operating expenses related to us incurred by our Manager, including expenses relating to legal, accounting, financial, due diligence and other services, as well as expenses associated with a dedicated Chief Financial Officer and, if provided by our Manager, a dedicated Compliance Officer. We will not reimburse our Manager for the salaries and compensation of its other personnel. Our reimbursement obligation is not subject to any dollar limitation. We may be required to pay our pro rata portion of rent, telephone, utilities, office furniture, equipment, machinery and other office, internal and overhead expenses of our Manager and its affiliates required for our operations. Expenses will be reimbursed monthly in cash.
- **Termination fee:** Termination fee will be equal to three times the average annual base management fee during the prior 24-month period immediately preceding such termination, calculated as of the end of the most recently completed fiscal quarter. The termination fee will be payable upon termination of the management agreement by us without cause or by our Manager if we materially breach the management agreement.

In addition, if the management agreement is terminated under circumstances pursuant to which we are obligated to pay a termination fee to our Manager, our operating partnership will redeem, concurrently with such termination, the Class B units for an amount equal to three times the average annual distributions paid in respect of the Class B units during the 24-month period immediately preceding such termination, calculated as of the end of the most recently completed fiscal quarter. If the management agreement is terminated under circumstances where we are not obligated to pay a termination fee to our Manager, then our operating partnership will redeem all of the Class B units for \$100.

- **Incentive plan:** Prior to the completion of this offering and the concurrent private placement, we will adopt an equity

Bayview  
Mortgage  
Capital, Inc.  
(Ticker: BAY)

**Pricing/Filing Date:**  
7/27/2009  
**IPO Amount:** N/A  
**Proceeds:** N/A  
**Strategy:** Mortgage  
loans, MBS, and other  
financial assets.

- Deutsche Bank  
Securities  
- Morgan Stanley  
- Credit Suisse

incentive plan. Our 2009 equity incentive plan will include provisions for grants of restricted common stock and other equity based awards to our directors or officers or any personnel of our Manager and the Ladder Capital Group who provide services to us. We will grant shares of restricted common stock to our Manager under our 2009 equity incentive plan, equal to % of the number of shares that we issue in this offering (without giving effect to any exercise by the underwriters of their overallotment option) and the concurrent private placement, which will vest ratably on an annual basis over a three-year period commencing on the first anniversary of the completion of this offering and the concurrent private placement. See “Our management—Executive and director compensation—2009 equity incentive plan.”

- **Base management fee:** Our Manager will be entitled to a base management fee equal to 1.50% per annum, calculated quarterly, of our stockholders’ equity. For purposes of calculating the base management fee, our stockholders’ equity means the sum of the net proceeds from any issuances of our equity securities since inception (allocated on a pro rata daily basis for such issuances during the fiscal quarter of any such issuance), plus our retained earnings at the end of such quarter (without taking into account any non-cash equity compensation expense incurred in current or prior periods), less any amount that we pay for repurchases of shares of our common stock (to the extent such amounts were not charged to retained earnings), excluding unrealized gains, losses or other non-cash items that have impacted stockholders’ equity as reported in our financial statements prepared in accordance with accounting principles generally accepted in the United States, or GAAP, regardless of whether such items are included in other comprehensive income or loss, or in net income, and excluding one-time events pursuant to changes in GAAP and certain other non-cash charges after discussions between our Manager and our independent directors and after approval by a majority of our independent directors. The amount of the conditional payment of the underwriting discount, if any, as described in “Certain Relationships and Related Transactions—Conditional Payment of the Underwriting Discount,” will be included in the calculation of stockholders’ equity only from and after the payment thereof. The base management fee will be reduced, but not below zero, by our proportionate share of any base management fees BAM or one of its subsidiaries receives in connection with any investment funds managed by BAM or one of its subsidiaries in which we invest, based on the percentage of equity we hold in such investment funds. The base management fee is payable quarterly in cash in arrears.
- **Incentive management fee:** Our Manager will be entitled to an incentive management fee that is payable quarterly in arrears in an amount equal to 20% of the dollar amount by which Core Earnings, on a rolling four-quarter basis and before the incentive management fee, exceeds the product of (1) the weighted average of the issue price per share of all of our public offerings multiplied by the weighted average number of common shares outstanding in the four-quarter period and (2) 8%. For the initial four quarters following this offering, Core Earnings will be calculated on the basis of each of the previously completed quarters on an annualized basis. Core Earnings for the initial quarter will be calculated from the settlement date of this offering on an annualized basis. Core Earnings is a non-GAAP measure and is defined as GAAP net income (loss) excluding non-cash equity compensation expense, excluding any unrealized gains, losses or other non-cash items recorded in the period, regardless of whether such items are included in other comprehensive income or loss, or in net income. The amount will be adjusted to exclude one-time events pursuant to changes in GAAP and certain other non-cash charges after discussions between our Manager and our independent directors and after approval by a majority of our independent directors. In addition, any amounts that we pay to BAM and the underwriters relating to the conditional payment of the underwriting discount, as described under “Certain Relationships and Related Transactions—Conditional Payment of the Underwriting Discount,” will be excluded from the calculation of Core Earnings. To the extent we have a net loss in Core Earnings from a period prior to the rolling four-quarter period that has not been offset by Core Earnings in a subsequent period, such loss will continue to be included in the rolling four-quarter calculation of the incentive management fee until it has been fully offset. The incentive management fee will be reduced, but not below zero, by our proportionate share of any incentive management fees BAM or one of its subsidiaries receives in connection with investment funds managed by BAM or one of its subsidiaries in which we invest, based on the percentage of equity we hold in such investment funds. The incentive management fee is payable quarterly in cash in arrears.
- **Other fees:** Our Manager will be entitled to receive certain diligence, commission and closing fees under our management agreement. See “Management—Management Agreement.”
- **Expense reimbursement:** We will reimburse our Manager or its affiliates for expenses paid to third-parties which relate to us. These expenses include legal, accounting, due diligence and other services, but exclude the salaries and

			<p>other compensation of our Manager's employees other than their commission fees. Expense reimbursements are payable monthly in cash.</p> <ul style="list-style-type: none"> <li>▪ <b>Termination fee:</b> Termination fee equal to three times the sum of (a) the average annual base management fee and (b) the average annual (or if the period is less than 24 months, annualized) incentive management fees earned by our Manager during the prior 24-month period before such termination, calculated as of the end of the most recently completed fiscal quarter. The termination fee is payable upon termination of the management agreement (i) by us without cause or (ii) by our Manager if we materially breach the management agreement. Under circumstances where the termination fee is payable, we will agree to pay to BAM its portion of the conditional payment of the underwriting discount as described under "Certain Relationships and Related Transactions—Conditional Payment of the Underwriting Discount."</li> <li>▪ <b>Servicing fees:</b> Our Servicer will be entitled to customary market-based servicing fees. Our Servicer also will be entitled to retain certain customary market-based ancillary fees and charges arising from the servicing of mortgage loans held in our portfolio, such as assumption, modification and origination fees and late charges, as well as earnings on funds on deposit in custodial or escrow accounts. In addition, to the extent we or our Servicer participate in the HAMP, which established standard loan modification guidelines for "at risk" homeowners and provides incentive payments to certain participants, including loan servicers, for achieving modifications and successfully remaining in the program, our Servicer will retain any incentive payments made to it in connection with our or our Servicer's participation therein.</li> </ul>
<p>Transwestern Realty Finance, Inc. (Ticker: TWF)</p>	<p><b>Pricing/Filing Date:</b> 7/29/2009  <b>IPO Amount:</b> Up to \$500,000,000  <b>Proceeds:</b> N/A  <b>Strategy:</b> Commercial mortgage loans and subordinated notes</p>	<p>- Barclays Capital</p>	<ul style="list-style-type: none"> <li>▪ <b>Base management fee:</b> Our Manager will not charge the base management fee until _____, 2010. Thereafter, until the first anniversary of the closing of this offering, the base management fee will equal 1.50% per annum of our aggregate equity capital invested in our target assets or non-core assets plus 1.0% per annum of our aggregate equity capital not invested in our target assets or non-core assets. After the first anniversary of the closing of this offering, the base management fee will be 1.50% per annum of our stockholders' equity.</li> </ul> <p>For purposes of calculating the base management fee, our stockholders' equity means: (a) the sum of (1) the net proceeds from all issuances of our equity securities since inception (allocated on a pro rata daily basis for such issuances during the fiscal month of any such issuance), plus (2) our retained earnings at the end of the most recently completed calendar month (without taking into account any non-cash equity compensation expense incurred in current or prior periods), less (b) any amount that we pay to repurchase our common stock since inception. It also excludes (1) any unrealized gains and losses and other non-cash items that have impacted stockholders' equity as reported in our financial statements prepared in accordance with accounting principles generally accepted in the United States, or GAAP, and (2) one-time events pursuant to changes in GAAP, and certain non-cash items not otherwise described above, in each case after discussions between our Manager and our independent directors and approval by a majority of our independent directors. As a result, our stockholders' equity, for purposes of calculating the management fee, could be greater or less than the amount of stockholders' equity shown on our financial statements. The base management fee is calculated and payable monthly in arrears in cash.</p> <p>We will treat issuances of limited partnership interests in our Operating Partnership, other than to our company, as equity securities for purposes of calculating the base management fee.</p> <ul style="list-style-type: none"> <li>▪ <b>Incentive fee:</b> Our Manager will be entitled to an incentive fee in an amount equal to 20% of the dollar amount by which Core Earnings (as defined below), on a rolling four-quarter basis and before the incentive fee for the current quarter, exceeds the product of (1) the weighted average of the issue price per share of all of our common stock offerings multiplied by the weighted average number of shares of common stock outstanding in such quarter and (2) 8%.</li> </ul> <p>For the initial four quarters following this offering, Core Earnings will be calculated on the basis of each of the previously completed quarters on an annualized basis. Core Earnings for the initial quarter will be calculated from the settlement date of this offering on an annualized basis. Core Earnings is defined as GAAP net income (loss) excluding non-cash equity compensation expense and unrealized gains, losses or other non-cash items recorded in the period, regardless of whether such items are included in other comprehensive income or loss, or in net income. The amount will be adjusted to exclude one-time events pursuant to changes in GAAP and certain other non-cash charges after discussions between our Manager and our independent directors and after approval by a majority of our independent directors.</p>

The incentive fee is calculated and payable quarterly in arrears in cash. Any net loss incurred by us in a given quarter or quarters will be offset against any net income earned by us in future quarters for purposes of calculating the incentive fee in such future quarters. For example, if we experience a net loss of \$25.0 million in the fourth quarter of a fiscal year and a net loss of \$15.0 million in the first quarter of the following fiscal year (for a cumulative net loss of \$40.0 million in those two quarters), but then earn net income of \$30.0 million in the second quarter and \$40.0 million in the third quarter, then our \$30.0 million of net income in the second quarter would be reduced to zero, and no incentive fee would be payable for the second quarter, and our \$40.0 million of net income in the third quarter would be reduced by the remaining \$10.0 million of net loss to \$30.0 million for purposes of calculating the incentive fee for the third quarter.

Our Manager may elect to receive all or a portion of its incentive fee in the form of our common stock or OP units, subject to the approval of a majority of our independent directors and all applicable NYSE rules and securities laws; provided, that under our management agreement, our Manager may not receive payment of its incentive fee in shares of our common stock if such payment would result in our Manager owning directly or indirectly through one or more subsidiaries shares of our common stock in excess of the ownership limitation applicable to it. To the extent such fee is paid in shares of our common stock or OP units, the number of shares of our common stock or OP units to be received by our Manager will be based on the average of the closing prices of the shares of our common stock on any national securities exchange over the ten consecutive trading days immediately preceding the issuance of such common stock or OP units.

- **Expense reimbursement:** We will reimburse all expenses related to us incurred by our Manager, including but not limited to, travel and lodging expenses, and legal, accounting, financial, due diligence and other services. We will not reimburse our Manager for the salaries and other compensation of its personnel or for rent, telephone, utilities, office furniture, equipment, machinery and other office and overhead expenses of our Manager and its affiliates. Expenses will be reimbursed monthly in cash.
- **Termination fee:** We will pay a termination fee to our Manager equal to three times the average annual base management fee and incentive fee during the 24-month period immediately preceding such termination, calculated as of the end of the most recently completed fiscal quarter before the date of termination, upon termination of the management agreement by us without cause or by our Manager if we materially breach the management agreement.

Brookfield  
Realty Capital  
(Ticker: BRCC)

**Pricing/Filing Date:**  
8/28/2009

**IPO Amount:** Up to  
\$500,000,000

**Proceeds:** N/A

**Strategy:** Commercial  
mortgage loans.  
Residential mortgage  
loans and RMBS.

- Goldman, Sachs  
& Co.

- **Base management fee:** 1.50% per annum of our Equity Capitalization. "Equity Capitalization" is defined as the sum of the net proceeds of this and any future equity or trust preferred securities issuances less any realized cash losses plus any cash earnings that are retained by us (and not paid to our stockholders as dividends), less any return of capital to investors. The base management fee is payable quarterly in arrears in cash.
- **Incentive fee:** To the extent cash earnings on an annualized basis exceed 8% of Equity Capitalization, we refer to such excess earnings as Excess Earnings.

To the extent that Excess Earnings are distributed to stockholders in the form of a cash dividend, which we refer to as a special cash distribution, an amount equal to 20% of the special cash distribution will be payable to our Manager as an incentive fee. If there is no special cash distribution paid to stockholders with respect to a quarter, our Manager will not earn an incentive fee for that quarter. To the extent we incur losses in any quarter, such losses will be disregarded for the purpose of calculating whether an incentive fee is payable in any future quarter.

No incentive fee will be paid on any cash distributions that constitute a return of capital to our stockholders.

For purposes of the calculation of Excess Earnings, cash earnings is defined as cash flow from operations as reported in our statement of cash flows (which is net of base management fees to our Manager), after excluding the effects of changes in short-term receivables and payables, if any, and excluding the payment of prior incentive fees to our Manager, if any.

Any such incentive fee will be paid on a quarterly basis in the form of Incentive Restricted Stock Units, which will vest annually in equal 1/3 increments over the course of three years, beginning on the first anniversary of the grant date. Once such Incentive Restricted Stock Units have vested, the Manager may elect to receive up to 50% of the value of the cumulative vested units in cash, with the remainder settled in shares of our common stock, so long as the ownership of such additional number of shares of our common stock by our Manager would not result in a violation of the stock ownership limits set forth in our charter, after giving effect to any waivers from such limit that our board of directors may grant to our Manager or its affiliates in the future. To the extent that payment of the incentive fee to our

Manager in shares of our common stock would result in a violation of the stock ownership limits set forth in our charter (taking into account any applicable waiver), all or a portion of the incentive fee payable to our Manager will be payable in cash to the extent necessary to avoid such violation.

The number of Incentive Restricted Stock Units payable to our Manager with respect to any incentive fee earned will be equal to the dollar amount of the incentive fee earned in such quarter divided by the weighted- average closing price of our common stock on the NYSE for the five consecutive trading days ending on the date the applicable special cash distribution is paid.

Our Manager will be entitled to receive "distribution equivalents" with respect to these Incentive Restricted Stock Units, whether or not vested, at the same time distributions are paid to our common stockholders.

- **Expense reimbursement:** We will reimburse our Manager for all out-of-pocket operating expenses that it incurs on our behalf, including expenses relating to legal, accounting, due diligence and other services. Our reimbursement obligation is not subject to any dollar limitation. In addition, we will not reimburse our Manager for the salaries and other remuneration of its management, personnel or support staff who carry out any services or functions for us or overhead for such persons; provided that if our chief financial officer is fully dedicated to us in the future, the salary for such dedicated chief financial officer will be reimbursed by us. Quarterly in cash.
- **Origination fee:** We will receive any origination fees charged to borrowers on loans that are originated by BREF or our Manager. For any such loans that have an original principal amount of at least \$25.0 million and that have a maturity date of not less than three years, we will pay to our Manager, out of the origination fees that we receive from such borrower, an origination fee equal to the lesser of (a) \$100,000 and (b) the amount of origination fees paid to us by such borrower. Paid promptly after the origination fee is received from the applicable borrower.
- **Transactions with Brookfield-managed funds:** For capital that is invested in affiliated Brookfield-managed funds or vehicles with third-party institutional limited partners, we will pay the same fee as the third-party institutional limited partners in such fund, subject to approval of our audit committee. Such fee historically has been, and in the future may consist of, an asset management fee and an incentive fee, which could be greater than the base management and incentive fees that we pay to our Manager. Any capital that is invested in any such funds will be disregarded for the purpose of calculating the base management fee, as described above. We will not invest in any affiliated Brookfield-managed fund without the prior approval of our audit committee.

For capital that is invested in affiliated Brookfield-managed funds or vehicles with third-party institutional limited partners, we will pay the fee at the same time as the third-party institutional limited partners in such fund.

- **Reimbursement of Manager's partial payment of initial underwriting discount:** Pursuant to an underwriting agreement among the underwriters, our Manager and us, our Manager will agree to pay the underwriters \$ per share with respect to each share sold in this offering, representing a portion of the initial underwriting discount. Pursuant to our management agreement, we have agreed to reimburse our Manager for its partial payment of the initial underwriting discount, subject to our achieving Excess Earnings within the first 24 full calendar quarters following the closing of this offering.

We have agreed to reimburse our Manager upon the closing of this offering \$ per share with respect to all shares sold in this offering, in the form of Underwriting Discount Restricted Stock Units valued at the initial public offering price. The Underwriting Discount Restricted Stock Units will vest and settle in shares of our common stock in equal 1/12 increments for each full calendar quarter (if any) after the consummation of this offering during which we achieve Excess Earnings (as described above) for such quarter, until such time as the full amount of the Manager's share of the underwriters' discount has been reimbursed or the end of the 24th full calendar quarter following of this offering, whichever occurs first.

Our Manager will be entitled to receive "distribution equivalents" with respect to the Underwriting Discount Restricted Stock Units, whether or not vested, at the same time distributions are paid to our common stockholders.

- **Termination; termination fee:** If we terminate the management agreement without cause (including non-renewal) or our Manager terminates the management agreement for cause, the following shall apply:
  - We must pay a termination fee.
  - Any unvested Underwriting Discount Restricted Stock Units will immediately accelerate and vest irrespective of whether we have met the Excess Earnings hurdle.
  - Any unvested Incentive Restricted Stock Units and any unvested restricted stock units issued to our Manager

in the future under the 2009 Plan, will immediately accelerate and vest.

- If the general partner of a fund that is managed by Brookfield or its affiliates in which we have invested does not approve our new replacement manager, then in such event we will lose our seat on the advisory board of such fund, to the extent we have such a seat. Thereafter, we will only be entitled to receive the annual audited financial statements and interim unaudited financial statements and will no longer be entitled to any other confidential information from such fund.

The termination fee is equal to three times the sum of the average annual base management fee and the average annual incentive fee paid to our Manager during the 24-month period immediately preceding the date of termination, calculated as of the end of the most recently completed fiscal quarter prior to the date of termination.

If we terminate the management agreement without cause (including non-renewal), the termination fee is payable on or before the last day of the initial term or the renewal term, as the case may be. If our Manager terminates the management agreement for cause, the termination fee is payable within 30 days after such termination.

If we terminate the management agreement for cause or our Manager terminates the management agreement without cause (including non-renewal or termination in the event we become regulated as an investment company under the Investment Company Act), the following shall apply:

- We would not be required to pay any termination fee.
  - Our Manager shall retain any unvested Underwriting Discount Restricted Stock Units subject to their existing terms.
  - Our Manager shall forfeit any unvested Incentive Restricted Stock Units and any unvested restricted stock units issued in the future under the 2009 Plan.
  - If the general partner of a fund that is managed by Brookfield or its affiliates in which we have invested does not approve our new replacement manager, then in such event we will retain our seat on the advisory board of such fund, to the extent we have such a seat.
- **Change in control:** In the event of a change in control of us, the following shall apply:
- Any unvested Underwriting Discount Restricted Stock Units will immediately accelerate and vest irrespective of whether we have met the Excess Earnings hurdle described above.
  - Any unvested Incentive Restricted Stock Units and any unvested restricted stock units issued to our Manager in the future under the 2009 Plan will immediately accelerate and vest.

Marathon Real Estate  
(Ticker: N/A)

**Pricing/Filing Date:**

8/28/2009

**IPO Amount:** Up to \$300,000,000

**Proceeds:** N/A

**Strategy:** Commercial mortgage loans. Residential mortgage loans and RMBS

- Credit Suisse  
- J.P. Morgan

- **Base management fee** Our manager will be entitled to a base management fee calculated and payable quarterly in advance in an amount equal to % per annum, of our Shareholders' Equity. Shareholders' Equity means the sum of the net proceeds from any issuances of our equity securities since inception (allocated on a pro rata daily basis for such issuances during the fiscal quarter of any such issuance), plus our retained earnings at the end of such quarter (without taking into account any non-cash equity compensation expense incurred in current or prior periods), less any amount that we pay for repurchases of our common shares, excluding any unrealized gains, losses or other non-cash items that have impacted shareholders' equity as reported in our financial statements prepared in accordance with accounting principles generally accepted in the United States, or GAAP, regardless of whether such items are included in other comprehensive income or loss, or in net income, and excluding one-time events pursuant to changes in GAAP, and certain other non-cash charges after discussions between our manager and our independent trustees and after approval by a majority of our independent trustees. Shareholders' Equity for purposes of the base management fee may be different than the amount of shareholders' equity on our financial statements.
- **Incentive fee:** Our manager will be entitled to an incentive fee that is payable quarterly in arrears in an amount equal to % of the dollar amount by which Core Earnings, on a rolling four-quarter basis and before incentive fees, exceeds the product of (1) the weighted average of the issue price per share of all of our public offerings multiplied by the weighted average number of common shares outstanding in such quarter and (2) %. For the initial four quarters following this offering, Core Earnings will be calculated on the basis of each of the previously completed quarters on an annualized basis. Core Earnings for the initial quarter will be calculated from the settlement date of this offering on an annualized basis. Core Earnings is a non-GAAP measure and is defined as GAAP net income (loss) excluding non-cash equity compensation expense, excluding any unrealized gains, losses or other non-cash items recorded in the period, regardless of whether such items are included in other comprehensive income or loss, or in net income. The

			<p>amount will be adjusted to exclude one-time events pursuant to changes in GAAP and certain other non-cash charges after discussions between our manager and our independent trustees and after approval by a majority of our independent trustees. Any net loss incurred by us in a given quarter will be offset against any net income earned by us in the next succeeding three quarters for purposes of calculating the incentive fee.</p> <ul style="list-style-type: none"> <li>▪ <b>Offset</b> To the extent any fees are payable to our manager in connection with the Marathon PPIF or another fund managed by our manager or any subsidiary of our manager in which we are invested, our manager has agreed to reduce the management fee payable by us under the management agreement (but not below zero) by the amount of the fees payable to our manager or its subsidiaries under the Marathon PPIF or such other fund with regard to our equity investment therein.</li> <li>▪ <b>Termination fee</b> Upon termination by us without cause, or upon our manager's decision not to renew the management agreement because we defaulted in the performance of any material term of the agreement and such default is not cured within a period of 30 days after written notice to us, our manager will be entitled to receive a termination fee equal to three times the average of the sum of the annual management and incentive fees for the immediately-preceding two-year period (or, if the period is less than two years, annualized). No termination fee will be owed if the management agreement is terminated for "cause," as defined in the agreement, if we are required to register as an investment company under the Investment Company Act and our manager terminates the agreement, or if our manager declines to renew the agreement for reasons other than a default by us as described above. In addition, following any termination of the management agreement, our manager must be paid all compensation accruing to the date of termination.</li> <li>▪ <b>Reimbursement of expenses</b> Our manager will be entitled to reimbursement of certain organizational and operating expenses, including third-party expenses incurred on our behalf but generally excluding the salaries and other compensation of our manager's employees, as described in the management agreement.</li> </ul>
<p>Sutherland Asset Management (Ticker: SLD)</p>	<p><b>Pricing/Filing Date:</b> 5/21/2009  <b>IPO Amount:</b> Up to \$250,000,000  <b>Proceeds:</b> N/A  <b>Strategy:</b> Agency and non-Agency MBS, residential loans, and other financial assets</p>	<ul style="list-style-type: none"> <li>- UBS Investment Bank</li> <li>- Keefe, Bruyette &amp; Woods</li> <li>- Macquarie</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>Base management fee:</b> 1.50% per annum of our stockholders' equity, calculated and payable quarterly in arrears. For purposes of calculating the base management fee, our stockholders' equity means the sum of the net proceeds from all issuances of our equity securities since inception (allocated on a pro rata daily basis for such issuances during the fiscal quarter of any such issuance), plus our retained earnings at the end of the most recently completed fiscal quarter (without taking into account any non-cash equity compensation expense incurred in current or prior periods), less any amount that we pay for repurchases of our common stock since inception, and excluding any unrealized gains, losses or other items that do not affect realized net income (regardless of whether such items are included in other comprehensive income or loss, or in net income). This amount will be adjusted to exclude one-time events pursuant to changes in accounting principles generally accepted in the United States (or GAAP) and certain non-cash items after discussions between our Manager and our independent directors and approved by a majority of our independent directors. Our stockholders' equity, for purposes of calculating the base management fee, could be greater than or less than the amount of stockholders' equity shown on our financial statements. Quarterly in cash.</li> <li>▪ <b>Incentive fee:</b> The incentive fee payable to our Manager shall be subject to (1) a quarterly hurdle, (2) a high watermark and (3) a clawback, each as described in more detail below. Quarterly, payable 50% in cash and 50% in restricted common stock, in each case subject to the clawback. <ul style="list-style-type: none"> <li><i>Quarterly Hurdle.</i> 15.0% of the dollar amount by which Core Earnings for the most recently completed fiscal quarter (or the Current Quarter) before the incentive fee and excluding the impact of any clawback received in relation to such fiscal quarter and any prior period, exceeds the product of (1) the weighted average of the issue price per share of common stock in all of our offerings multiplied by the weighted average number of shares of common stock outstanding during the Current Quarter and (2) the greater of (A) 8.0% and (B) 3.0% per annum plus the daily average of the one-month LIBOR for the Current Quarter (or the Hurdle), expressed on a quarterly basis.</li> <li><i>High Watermark.</i> The incentive fee payable for the Current Quarter to our Manager shall also be subject to a trailing four-quarter high watermark (or the High Watermark). The High Watermark shall be satisfied if the sum of Current Quarter and prior three fiscal quarters' Core Earnings exceeds an annual hurdle (or the High Watermark Hurdle) calculated based upon the sum of the Hurdle for the Current Quarter and the applicable Hurdle for each of the prior three fiscal quarters. For purposes of satisfying the High Watermark in the third fiscal quarter following this offering, Core Earnings and the High Watermark Hurdle will be calculated on the basis of the three then completed fiscal quarters.</li> </ul> </li> </ul>

*Clawback.* To the extent that the sum of the Core Earnings for the four fiscal quarters following the Current Quarter (or the Clawback Period) does not exceed the sum of the applicable Hurdle for each of the fiscal quarters in the Clawback Period, our Manager shall be required to repay to us any cash or common stock incentive fee payments made to our Manager in respect of the Current Quarter. Each incentive fee payment made to our Manager shall be subject to a one-time clawback test following the last day of the Clawback Period.

Core Earnings for the initial fiscal quarter following this offering will be calculated from the settlement date of this offering through the end of such fiscal quarter to the extent that such period is not a full fiscal quarter, and the Hurdle for the initial fiscal quarter following this offering will be calculated from the settlement date of this offering (allocated on a pro rata daily basis for such fiscal quarter). Core Earnings is a non-GAAP measure and is defined as GAAP net income (loss) excluding non-cash equity compensation expense, excluding any unrealized gains, losses or other items that do not affect realized net income (regardless of whether such items are included in other comprehensive income or loss, or in net income). This amount will be adjusted to exclude one-time events pursuant to changes in GAAP and certain non-cash items after discussions between our Manager and our independent directors and approved by a majority of our independent directors. For examples of the calculation of the incentive fee, see Appendix 1 to this prospectus.

Incentive fee payments made to our Manager in restricted common stock in respect of a Current Quarter shall vest upon lapse of time over a two year period in two equal installments of shares commencing on the last day of the same fiscal quarter in the following year.

No incentive fee shall be payable to our Manager in respect of the initial two fiscal quarters following the closing of this offering (including the fiscal quarter in which this offering is consummated).

- **Expense reimbursement:** Reimbursement of expenses related to us incurred by our Manager, including legal, accounting, due diligence and other services. We will not reimburse our Manager or its affiliates for the salaries and other compensation of their personnel, except for (1) the allocable share of the compensation of our Chief Financial Officer based on the percentage of his time spent managing our affairs and (2) personnel hired by our Manager who are dedicated exclusively to us. Monthly in cash.
- **Termination fee:** Termination fee equal to three times the sum of (1) the average annual base management fee and (2) the average annual incentive fee earned by our Manager during the prior 24-month period prior to such termination, calculated as of the end of the most recently completed fiscal quarter, except upon an internalization. See “Our Manager and the Management Agreement — Management Fees, Expense Reimbursement and Termination Fee.” Upon termination of the management agreement by us without cause or by our Manager if we materially breach the management agreement.

Western Asset  
Mortgage  
Capital  
Corporation

**Pricing/Filing Date:**  
6/12/2009

**IPO Amount:** Up to  
\$500,000,000

**Proceeds:** N/A

**Strategy:** Primarily non-  
Agency RMBS.

- Merrill Lynch &  
Co.
- Deutsche Bank  
Securities
- Citi

- **Base management fee:** Our Manager will be entitled to a base management fee equal to 1.25% per annum, calculated and payable quarterly in arrears, of our stockholders' equity. For purposes of calculating the base management fee, our "stockholders' equity" means the sum of the net proceeds from any issuances of our equity securities since inception (allocated on a pro rata daily basis for such issuances during the fiscal quarter of any such issuance), plus our retained earnings, calculated in accordance with accounting principles generally accepted in the United States, or GAAP, at the end of the most recently completed fiscal quarter (without taking into account any non-cash equity compensation expense incurred in current or prior periods), less any amount that we pay for repurchases of our shares of common stock, excluding any unrealized gains, losses or other non-cash items that have impacted stockholders' equity as reported in our financial statements prepared in accordance with GAAP, regardless of whether such items are included in other comprehensive income or loss, or in net income, and excluding one-time events pursuant to changes in GAAP and certain other non-cash charges after discussions between our Manager and our independent directors and after approval by a majority of our independent directors.. Quarterly in cash.
- **Expense reimbursement:** Reimbursement of operating expenses related to us incurred by our Manager, including legal, accounting, due diligence and other services. We will not reimburse our Manager or its affiliates for the salaries and other compensation of their personnel. Paid monthly in cash.
- **Fee reduction:** Our Manager has agreed to reduce the base management fee set forth in the management agreement by the amount of any separate fees payable to our Manager or its affiliates by the RLJ/Western Public-Private Investment Fund that are attributable to our equity investments in the RLJ/Western Public-Private Investment Fund. Any amount of such separate fees in excess of the current quarter's fees will be applied against and reduce the fees

payable to our Manager in subsequent quarters until we have received full credit for the fees paid to our Manager or its affiliates by the RLJ/Western Public-Private Investment Fund that are attributable to our equity investments in the RLJ/Western Public-Private Investment Fund. Fees payable by the RLJ/Western Public-Private Investment Fund to The RLJ Companies will not be set off against fees payable to our Manager. This fee netting arrangement is designed to ensure that total fees payable by us to our Manager will only be 1.25% of our stockholders' equity per annum. It is, however, possible that the actual fees earned by our Manager in certain periods may be higher than 1.25% per annum. See "Business—Recent Regulatory Developments—The Public-Private Investment Program" and "Our Manager and the Management Agreement—Base Management Fee, Expense Reimbursements and Refund of the Underwriting Discount—Fee Reduction for Investments in the RLJ/Western Public-Private Investment Fund."

- **Termination fee:** Termination fee equal to three times the average annual base management fee earned by our Manager during the prior 24-month period prior to such termination, calculated as of the end of the most recently completed fiscal quarter prior to such termination. See "Our Manager and the Management Agreement—Management Agreement—Term and Termination." Paid upon termination of the management agreement by us without cause or by our Manager if we materially breach the management agreement.
- **Refund of Manager's partial payment of initial underwriting discount:** Pursuant to the underwriting agreement among the underwriters, our Manager and us, our Manager will agree to pay the underwriters \$ per share with respect to each share sold in this offering, representing a portion of the initial underwriting discount. Pursuant to the management agreement, we have agreed to refund our Manager for its partial payment of the initial underwriting discount if during any four consecutive calendar quarters during the 24 full calendar quarters after the consummation of this offering our Core Earnings (see description below) for any such four-quarter period exceeds the product of (x) the weighted average of the issue price per share of all public offerings of our common stock, multiplied by the weighted average number of shares of our common stock outstanding (including any restricted shares of our common stock and any other shares of our common stock underlying awards granted under our equity incentive plans) in such four-quarter period and (y) 8%. In addition, if the management agreement is terminated and we are required to pay our Manager the termination fee described above, we would also be required to refund our Manager for its partial payment of the initial underwriting discount irrespective of whether we have met the hurdle described above. Payable upon meeting the performance hurdle.

Core Earnings is a non-GAAP measure and is defined as GAAP net income (loss) as adjusted, excluding:

- non-cash equity compensation expense;
  - any unrealized gains, losses or other non-cash items, regardless of whether such items are included in other comprehensive income or loss, or in net income;
  - one-time events pursuant to changes in GAAP and certain other non-cash charges after discussions between our Manager and our independent directors and after approval by a majority of our independent directors; and
  - depreciation and amortization (to the extent that we foreclose on any properties underlying our target assets).
- **Incentive plan:** Our equity incentive plans include provisions for grants of restricted common stock and other equity based awards to our Manager and employees of our Manager and to our directors or officers. Upon the completion of this offering and the concurrent private placement, we will grant an aggregate of shares of our restricted common stock to our Manager or employees of our Manager pursuant to our Manager Equity Plan, equal to 2.5% of the number of shares of common stock issued to the public in this offering (without giving effect to any exercise by the underwriters of their overallotment option), an aggregate of shares of our restricted common stock to our three director nominees and shares of our restricted common stock to our chief financial officer. See "Management—Equity Incentive Plans." Administered by the compensation committee of our board of directors.

CreXus Investment Corp. (Ticker: CXS)	<b>Pricing/Filing Date:</b> 9/16/2009 <b>IPO Amount:</b> \$200,000,010 <b>Proceeds:</b> \$192,000,010 <b>Strategy:</b> CMBS, commercial mortgage loans, other commercial	<ul style="list-style-type: none"> <li>- Deutsche Bank Securities</li> <li>- BofA Merrill Lynch</li> <li>- JMP Securities</li> <li>- Keefe, Bruyette &amp; Woods</li> <li>- RBC Capital</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>Management fee:</b> 0.50% per annum for the first twelve months following the completion of this offering, 1.00% per annum for the period after the first twelve months through the eighteenth month following the completion of this offering, and 1.50% per annum after the first eighteen months following the completion of this offering, calculated quarterly, of our stockholders' equity. For purposes of calculating the management fee, our stockholders' equity means the sum of the net proceeds from any issuances of our equity securities since inception (allocated on a pro rata daily basis for such issuances during the fiscal quarter of any such issuance), plus our retained earnings at the end of such quarter (without taking into account any non-cash equity compensation expense incurred in current or prior periods), less any amount that we pay for repurchases of our common stock, and less any unrealized gains, losses or</li> </ul>
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REIT	Summary	Underwriters	Management Contract
	real estate assets, Agency RMBS.	Markets	<p>other items that do not affect realized net income (regardless of whether such items are included in other comprehensive income or loss, or in net income). This amount will be adjusted to exclude one-time events pursuant to changes in accounting principles generally accepted in the United States, or GAAP, and certain non-cash charges after discussions between our Manager and our independent directors and approved by a majority of our independent directors. Quarterly in cash.</p> <ul style="list-style-type: none"> <li>▪ <b>Expense reimbursement:</b> Reimbursement of expenses related to us incurred by our Manager, including legal, accounting, due diligence and other services, but excluding the salaries and other compensation of our Manager's employees. Paid in cash as incurred.</li> <li>▪ <b>Termination fee:</b> Termination fee equal to three times the average annual management fee (or if the period is less than 24 months annualized) earned by our Manager during the 24-month period prior to such termination, calculated as of the end of the most recently completed fiscal quarter. Paid upon termination of the management agreement by us without cause or by our Manager if we materially breach the management agreement.</li> </ul>
Foursquare Capital (Ticker FSQR)	<ul style="list-style-type: none"> <li>- <b>Pricing/Filing Date:</b> 7/8/2009</li> <li>- <b>IPO Amount:</b> Up to \$500,000,0</li> <li>- <b>Proceeds:</b> N/A</li> <li>- <b>Strategy:</b> CMBS, RMBS, commercial and residential loans, other financial assets.</li> </ul>	<ul style="list-style-type: none"> <li>- Merrill Lynch &amp; Co.</li> <li>- Morgan Stanley</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>Base Management Fee:</b> 1.50% of our stockholders' equity per annum. For purposes of calculating the base management fee, our stockholders' equity means: (a) the sum of (1) the net proceeds from all issuances of our equity securities since inception (allocated on a pro rata daily basis for such issuances during the fiscal quarter of any such issuance), plus (2) our retained earnings at the end of the most recently completed quarter (without taking into account any non-cash equity compensation expense incurred in current or prior periods), less (b) any amount that we pay to repurchase our common stock since inception. It excludes (1) any unrealized gains and losses or other items that have impacted stockholders' equity as reported in our financial statements prepared in accordance with accounting principles generally accepted in the United States, or GAAP, and (2) one-time events pursuant to changes in GAAP and non-cash items, in each case the exclusion of which is recommended by our manager and approved by a majority of our independent directors. As a result, our stockholders' equity, for purposes of calculating the base management fee, could be greater than or less than the amount of stockholders' equity shown on our financial statements. Quarterly in arrears, in cash</li> </ul> <p>Base management fees payable in respect of the stockholders' equity that is allocable to our interests in the AB PPIF will be reduced (but not below zero) so that the sum of such base management fee plus our allocable share of management fees payable by the AB PPIF to its designated investment manager will not exceed 1.50% of our stockholders' equity per annum that is allocable to our interests in the AB PPIF, calculated as described above.</p> <ul style="list-style-type: none"> <li>▪ <b>Incentive Fee:</b> Our manager will be entitled to an incentive fee at the end of each quarter in an amount equal to 20.0% of the amount by which Core Earnings (as defined below) for the rolling four-quarter period consisting of that quarter and the three quarters preceding that quarter, plus the amount of such incentive fee, if any, payable during any of the fiscal quarters in such rolling four-quarter period and less the amount of any Core Earnings offset described below, exceeds the product of (1) the weighted average of the issue price per share of all of our offerings multiplied by the weighted average number of our common shares outstanding in such quarter and (2) 8.0%. For the initial four quarters following this offering, Core Earnings will be calculated from the settlement date of this offering on an annualized basis. Quarterly in arrears, one half in cash and one half in shares of our common stock.</li> </ul> <p>"Core Earnings" is a non-GAAP measure and is defined as GAAP net income (loss) excluding non-cash equity compensation expense, any unrealized gains, losses or other non-cash items recorded in the period, regardless of whether such items are included in other comprehensive income or loss, or in net income. The amount of Core Earnings will also be adjusted to exclude one-time events pursuant to changes in GAAP and certain other non-cash charges after discussions between our manager and our independent directors and after approval by a majority of our independent directors.</p> <p>For purposes of calculating the incentive fee, to the extent we have a net loss in Core Earnings from a period prior to the rolling four-quarter period that has not been offset by Core Earnings in a subsequent period, the loss will continue to be included in the rolling four-quarter calculation until it has been fully offset.</p> <p>To the extent that any incentive fee is payable in respect of our indirect ownership interest in the AB PPIF, our manager will waive any incentive fees payable by us to our manager in respect of our indirect ownership interest in the AB PPIF.</p> <ul style="list-style-type: none"> <li>▪ <b>Partial payment of incentive fee in shares of our common stock:</b> One half of each quarterly installment of the incentive fee will be payable in shares of our common stock so long as the ownership of such additional number of</li> </ul>

shares by our manager would not violate the 9.8% stock ownership limit set forth in our charter, after giving effect to any waiver from such limit that our board of directors may grant to our manager in the future. The remainder of the incentive fee will be payable in cash. Quarterly in arrears.

The number of shares to be issued to our manager in respect of partial payment of the incentive fee will be equal to the dollar amount of the portion of the quarterly installment of the incentive fee payable in shares, divided by the average of the closing prices of our common stock on the NYSE for the five trading days prior to the date on which such quarterly installment is paid.

- **Expense reimbursement:** Reimbursement of expenses related to us incurred by our manager, including legal, accounting, due diligence and other services. We will also be required to reimburse our manager for corresponding expenses which will be reimbursed by our manager to AllianceBernstein and its service providers, including the sub-advisors and the consultant, under the advisory, sub-advisory and consulting agreements. Quarterly in cash.

We will not reimburse our manager or its affiliates for the salaries and other compensation of their personnel, except for the allocable share of the compensation of consultants retained by AllianceBernstein to provide in-house legal and accounting resources to us, based upon the time they spend on our affairs and with respect to the chief financial officer to be retained by our manager that is dedicated exclusively to us. Our reimbursement obligation is not subject to any dollar limitation.

- **Termination fee:** Termination fee equal to three times the sum of (1) the average annual base management fee and (2) the average annual incentive fee earned by our manager during the 24-month period prior to such termination, calculated as of the end of the most recently completed fiscal quarter. Upon termination of the management agreement by us without cause or by our manager if we materially breach the management agreement
- **Incentive plan:** Our 2009 equity incentive plan includes provisions for grants of restricted common stock units and other equity based awards to our independent directors and our manager. We will grant to our manager restricted common stock units upon completion of this offering.

GC Net Lease REIT, Inc. (Ticker N/A)	<ul style="list-style-type: none"> <li>- <b>Pricing/Filing Date:</b> 10/29/2009</li> <li>- <b>IPO Amount:</b> Up to \$750,000,000</li> <li>- <b>Proceeds:</b> Up to \$675,000,000</li> <li>- <b>Strategy:</b> single tenant net lease properties</li> </ul>	<ul style="list-style-type: none"> <li>- Griffin Capital Securities, Inc.,</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>Acquisition Fees:</b> Up to 2.5% of the contract purchase price of each property or other real estate investments we acquire. Estimates: \$16,065,000 (estimate without leverage); \$40,160,000 (estimate assuming 60% leverage); \$64,260,000 (estimate assuming 75% leverage).</li> <li>▪ <b>Acquisition Expenses:</b> Actual expenses incurred by our advisor in connection with an acquisition, which we estimate to be approximately 0.5% of the contract purchase price of each property. In no event will the total of all acquisition fees and acquisition expenses payable with respect to a particular investment exceed 6.0% of the contract purchase price. Estimates: \$3,213,000 (estimate without leverage); \$8,032,000 (estimate assuming 60% leverage); \$12,852,000 (estimate assuming 75% leverage).</li> <li>▪ <b>Asset Management Fees:</b> A monthly fee up to 0.0625%, which is one-twelfth of 0.75%, of our average invested assets.</li> <li>▪ <b>Operating Expenses:</b> We will reimburse the expenses incurred by our advisor in connection with its provision of administrative services, including related personnel costs.</li> </ul>
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AVIV REIT, Inc. (Ticker N/A)	<ul style="list-style-type: none"> <li>- <b>Pricing/Filing Date:</b> 10/29/2009</li> <li>- <b>IPO Amount:</b> N/A</li> <li>- <b>Proceeds:</b> N/A</li> <li>- <b>Strategy:</b> ownership, acquisition and development of healthcare properties, principally skilled nursing facilities</li> </ul>	<ul style="list-style-type: none"> <li>- Morgan Stanley</li> <li>- BofA Merrill Lynch</li> <li>- Citi</li> <li>- UBS Investment Bank</li> <li>- BMO Capital Markets</li> <li>- Jefferies &amp; Company</li> <li>- RBC Capital Markets</li> </ul>	<b>N/A</b>
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