RICHARD KATZENSTEIN
MONY REALTY CAPITAL, INC.
Managing Director
New York, NY

Richard Katzenstein, is a Managing Director and member of the Executive Committee of MONY Realty Capital, a wholly owned subsidiary of the MONY Group. Mr. Katzenstein is responsible for the origination, underwriting and asset management of all general account, construction/perm and mezzanine loans for MONY's Northeast Region, as well as the Trading and Loan Participation facilities and B-Note acquisitions for the entire country. His responsibilities at MONY have also included loan participation and syndication, note purchases/sales, loan work-outs, and asset dispositions. Since joining MONY in 1995, Mr. Katzenstein has been personally responsible for real estate transactions totaling in excess of $1 billion. Prior to joining MONY, Mr. Katzenstein was involved in Loan Advisory work on Performing and Non-performing Asset Portfolios with various banks and financial institutions and was responsible for over $1 billion of commercial loan origination. He has demonstrated expertise in new business origination, acquisition, loan syndication, asset management, pricing, structuring and loan sales.

Mr. Katzenstein received a Master of Business Administration from Long Island University and a Bachelor of Science in Finance from The State University of New York at Albany. Richard is a member of various real estate organizations, including the Real Estate Board of New York, YMBA (Young Mortgage Bankers Association), RELA (Real Estate Lenders Association), and Real Estate Finance Committee of New York. He is a member of New York University's Real Estate Institute Advisory Board and is the Vice-Chairman for The Kids Foundation for Development Diseases. Mr. Katzenstein has also served as a panelist/speaker/moderator for numerous real estate symposiums and conferences.

RICHARD E. KATZENSTEIN

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SUMMARY

Seasoned professional with a proven track record in satisfying customer needs and exploiting market opportunities through innovation and disciplined risk-taking. Demonstrated expertise in new business origination, acquisition, pricing, servicing, structuring disposition and financing.

PROFESSIONAL EXPERIENCE

MONY REALTY CAPITAL, INC. — NEW YORK, NY
Managing Director — 9/01-Present
Executive Committee Member

- Developed strategy and policy for MONY Life Insurance Company's new subsidiary MONY Realty Capital including the introduction of new product lines, solicitation/development of third party fee business and development of a new marketing campaign which indirectly resulted in first year income of 400% over plan.
- Launched MONY Realty Capital's new $250 million B-note Fund, MONY B-Note Value Fund I, L.P. with responsibilities including raising third party equity, securing a credit facility, origination of all B-note investments and active management of the affairs of the Fund.
- Originated over $300 million of mezzanine loans, B-notes and structured real estate investments resulting in over $4 million in fee revenue.
- Marketed and sold whole loan or participation interests in over $200 million of MONY Realty Capital's loans through the public and private markets resulting in significant yield enhancement.

MONY LIFE INSURANCE COMPANY — NEW YORK, NY
Regional Director, Real Estate Investment Management — 9/95 – 9/01

- Increased national loan business from annual volume of $0 in 1996 to $700 million in 2000 by developing/marketing existing general account program and creating new products including conduit, construction/perm, and mezzanine financing.
- Directed Northeast Region's Loan Origination Program including the sourcing, underwriting, structuring and closing of $150-$200 million of loans annually, a production level constrained by MONY's limited allocation to real estate.
- Asset managed a $750 million debt portfolio and a $350 million equity portfolio with responsibilities including business plan development/implementation, lease negotiation, construction oversight, dispositions and loan workouts.
- Trained and supervised an origination staff of eight analysts/junior loan officers developing their collective ability to underwrite, negotiate and close new loans.

R.E.K. & ASSOCIATES INC. — NEW YORK, NY
President — 4/90 - 9/95

- Advised various banks and financial institutions on an aggregate $125 million portfolio of performing and non-performing loans resulting in substantial profits through bulk sales of re-performing/restructured loans, foreclosure and REO sales, and negotiated settlements with borrowers.
- Originated, structured, and negotiated mortgages in the amount of $250 million for private investors, achieving returns in excess of 20%.
- Arranged commitments of $50 million from financial institutions for the purpose of acquiring Tax Lien Certificates resulting in an average annual return to the investors of over 13.5%.

COPELAND SECURITIES NEW YORK, NY
Senior Vice President of Investments 3/87 - 4/90

- Directed the acquisition, analysis, and repositioning of real estate assets totaling $75 million which included refinancing and loan workout activity.
- Successfully established and maintained various real estate investment banking relationships with public companies, including raising equity and obtaining financing.
- Developed and directed a division to asset manage both institutional debt and private equity.

R.H. SHAPIRO &CO. NEW YORK, NY
Vice President of Affiliate Gotham Realty Group 6/84 -3/87

- Developed and packaged real estate transactions at both joint venture and retail levels totaling $80 million.
- Acquired real estate debt and equity with responsibilities including market research, site selection, and subsequent financing of the various projects.
- Helped establish an equity fund which raised over $40 million for acquisitions totaling $135 million.

AMERICAN INTERNATIONAL GROUP NEW YORK, NY
Financial Underwriter, Financial Surety Guarantee Bond *6/83 - 6/84*

- Analyzed real estate tax shelters by reviewing financial projections, performing market research and performing due diligence on the general partners and principals.
- Closed limited partnership transactions totaling $500 million with responsibilities including investor credit review, financial review and borrower due diligence.

EDUCATION

LONG ISLAND UNIVERSITY BROOKLYN, NY
GRADUATE SCHOOL OF BUSINESS
M.B.A. Finance, May 1983

- Graduated with distinction and honors
- Full Graduate Assistantship Scholarship

STATE UNIVERSITY of NEW YORK AT ALBANY ALBANY, NY
SCHOOL OF BUSINESS
B.S. Marketing Management, Minor - Economics, May 1982

- Graduated Cum Laude

LICENSES

- Mortgage Brokers License - State of New York
- Insurance Brokers License - State of New York
- Real Estate Brokers License - State of New York

PROFESSIONAL AFFILIATIONS

- Member of the New York University Real Estate Advisory Board
- Vice Chairman for Kids Foundation for The Developmentally Disabled
- Adjunct Professor of Real Estate Finance at New York University's Real Estate Institute
- Member of Young Mortgage Bankers Association
- Member of Real Estate Lenders Association
- Member of New York Finance Committee
- Member of Real Estate Board of New York

- Member of Urban Land Institute

The Firm will make principal investments in subordinate debt positions such as B-notes and mezzanine loans through the Subordinate Debt Business Unit (SDBU). The SDBU, headed by Richard Katzenstein, will be comprised of a team of originators, underwriters and analysts with an extensive track record in sourcing, structuring, underwriting and closing B-notes and mezzanine loans. The SDBU will seek to enhance yields on its investments by leveraging its capital though either a third-party co-investment offering or a capital markets transaction such as a CDO in conjunction with the Firm's other business units.

I. INVESTMENT SOURCING & MARKET OPPORTUNITIES

Target Investments

SDBU will target both B-notes and mezzanine loans. These two investments are generally differentiated by the security collateralizing the loan. While B-notes are typically structured as subordinate positions in first mortgages, mezzanine loans are typically structured separately from the first mortgage and are secured by an assignment of the partnership interests in the borrowing entity. Mezzanine loans are also often higher leverage investments (i.e. 85-90% LTV) while B-notes typically fall within the LTV envelope of a traditional first mortgage. SDBU will target B-notes and mezzanine loans having the following characteristics:

Yield Targets. SDBU will target both fixed and floating rate loans. B-note spreads will range from 350 – 600 bps over the corresponding Treasury Rate or LIBOR rate (in the case of a floater). Mezzanine spreads will typically range from 600 – 850 bps over the corresponding Treasury Rate or LIBOR rate. It is anticipated that interest on all B-notes and mezzanine loans will be paid on a current basis.

Leverage. Target B-notes will include the tranche from 55-65% up to 75-80%. Target mezzanine loans will include the tranche from 70-75% up to 80-85%.

Size. B-notes and mezzanine loans in the $1-$30 million range will be targeted indicating overall transaction sizes of $5-$125 million.

Type. Targeted product types will include office, retail, industrial, multi-family and hotel assets.

Term. Investments may be as short as 2 years and as long as 10 years. Targeted terms will be in the 3-7 year range.

Geographic. The Fund will invest in primary and secondary markets throughout the U.S.

Class. The Fund will concentrate on institutional grade real estate represented by Class A&B assets.

Security. B-note collateral will consist of a subordinate position in the first mortgage with the B-note holder's rights relative to the A-note holder set forth in a participation agreement. Mezzanine collateral may consist of a pledge of the partnership interests in the Borrower.

Sources of Business

The selection of a lender or buyer in the market for subordinate debt is ultimately based on three overriding factors…1) pricing, 2) creativity/structuring and 3) relationship/execution. While the SDBU origination platform will be price competitive, the real competitive advantage will be in the experience, problem-solving skills and track record of the SDDU team. SDBU will utilize a tri-channel approach to sourcing B-note and mezzanine investments. Through all three channels experience and ability to execute will be primary selling points. A description of each of the three channels along with the expected percentage of the total investment volume to be sourced through each respective channel is shown below.

Internal Investment Opportunities (25%). A significant component of SDBU's business will be sourced internally through co-lending arrangements with other Firm business units including Small Loan, Conduit and Large Loan. Examples of these types of transactions might include the investment in a B-note or mezzanine loan generated by the Large Loan Group or a "top-off-the-tank" mezzanine investment in conjunction with the Conduit Group. The Firm's strategic advantage in this investment arena stems from its ability to offer the entire portion of the debt stack with "in-house" distribution of each portion of the debt to a different business unit within the Firm. This setup should translate to lower borrowing and transaction costs for the Firm's clients but perhaps as importantly, should offer clients a higher degree of confidence in the execution of the loan.

With regard to internally generated investment opportunities, SDBU will lend its expertise in underwriting and structuring subordinate debt products in order to make for a more efficient and collaborative origination process. In order to make this process as seamless as possible, SDBU will assign primary responsibility for interfacing with the other business units to one of its underwriters.

Investment Banks & Co-Lending Opportunities (50%). A second source of B-notes and mezzanine loans will be third party lending institutions with a need to distribute the subordinate portion of the debt stack on an individual loan through a private transaction. Likely sources of product through this channel will be Wall Street large loan groups such as Wachovia, CSFB, JP Morgan Chase, Deutsche Bank, etc. and insurance companies who want to limit their exposure to individual investments. The sale of B-notes and mezzanine loans by securitized lenders is becoming more and more commonplace as rating agencies have become comfortable with the rights of the subordinate lenders.

Having closed a number of transactions with Investment Banks, the team members of SDBU are poised to aggressively target this fast growing market. The relationships between A and B note holders or senior and mezzanine lenders can be very complex. The members of SDBU have already worked through a number of these issues with multiple lenders, offering a template for the structure to future deals. Richard Katzenstein, having managed the B-note program for a major life insurance company, has relationships with all of the Investment Banks selling B-notes ensuring strong deal flow for SDBU through this channel. In addition to managing the business of SDBU, Richard will have primary responsibility for sourcing business from Wall Street.

Direct Opportunities (25%). The final source of product will be direct solicitation of the owner/brokerage community. Since mezzanine investments often involve direct relationships between the Borrower and the mezzanine lender (as opposed to B-note investors which typically do not have direct relationships with the borrower), this channel is more likely to be a source of mezzanine investments than B-notes.

The members of SDBU have been successfully originating life insurance company loan product on a direct basis (without the benefit of correspondent relationships) for anywhere from 5-10 years. The team members were an integral part of the origination platform that invested nearly all of the proceeds of a $300 million mezzanine fund. SDBU currently has access to a contact database with over ___ names of national, regional, and local investors and intermediaries. Two junior loan officers will have primary responsibility for originating mezzanine loans on a direct basis.

II. PRODUCTION TARGETS

Once the Firm is fully operational, SDBU conservatively projects an annual origination capacity of $175 million with average deal sizes of $10-$20 million. SDBU believes that approximately 50% of the annual production will be sourced through third party institutions such as investment banks and insurance companies. The balance of the production will be 25% internally generated and 25% generated through direct channels. The following table details the total production volume anticipated for 2004 and 2005 in each of SDBU's product categories and a range of spreads for each category. A more detailed quarterly investment schedule can be found in *Appendix A.*

	Fixed Rate B-Notes	Floating Rate B-Notes	Fixed Rate Mezzanine	Floating Rate Mezzanine
$ Volume (in 000's)	$75,000	$75,000	$50,000	$50,000
% of Total Volume	30%	30%	20%	20%
Projected Spreads				
Base Case	T+450	L+450	T+650	L+800
Best Case	T+500	L+500	T+700	L+850
Worst Case	T+350	L+400	T+600	L+700

III. SDBU OPERATIONS & PERFORMANCE

Operations/Personnel

The operating budget for SDBU will be $1.2 million for the first full year of operations ($2.1 million including the 9 month stub year of 2004). The bulk of this expense (nearly 75%) will pay for salary and benefits of the SDBU staff. As currently contemplated, the staff will consist of five professionals and two administrative assistants as follows:

- *Managing Director & Principal.* The Head of the SDBU will be Richard Katzenstein. Aside from the strategic and day-to-day management of the SDBU, Richard will oversee the origination, asset management and disposition functions of the Group. With regard to origination, Richard will have primary responsibility for purchasing or co-originating B-notes and mezzanine loans from institutional third parties. Richard will also have primary responsibility for working with the other Business Units in a successful exit through CDO.

- *Director – Underwriting.* The Director of Underwriting will be responsible for the oversight of the structuring, pricing, analysis and closing of all loans. To a lesser extent, this position will also have some origination responsibilities. Most likely the primary origination responsibility will be interfacing with the other Business Units to generate internal investment opportunities. Qualifications for this position will include 8-10 years in real estate finance with significant experience in credit analysis, property analysis, cash flow analysis, loan structuring and debt pricing. A team member of Richard Katzenstein's existing Group will likely fill this position.

- *Director – Origination.* The Director of Origination will serve as the Group's junior originator and will primarily focus on generating mezzanine investments directly through the investor/brokerage community. Secondary responsibilities include assistance in the sourcing of deals through both internal sources and third party institutional sellers. Qualifications for this position will include 5-7 years of origination experience and an extensive, national list of investor/developer/broker contacts. There are two former members of Richard Katzenstein's existing Group who have not been approached, but are likely candidates for this position.

- *Analyst (2).* Two analysts will be required to perform all aspects of the investment analysis including: sponsorship, credit, property, market, tenancy, etc. Aside from deal analysis, analysts will assist originators in the structuring and presentation of deals and will be primarily responsible for closing transactions. It is anticipated that one of the analysts will have 4-5 years of real estate analysis experience preferably on the debt side of the business. The other analyst position is expected to have at least 2-3 years of relevant experience. The junior analyst will likely be hired through Richard Katzenstein's existing Group.

- *Admin Asst (2).* The Business Unit will require two admin assistants with different responsibilities. One assistant will work closely with the professionals during the investment process to collect information, generate reports and investment recommendations and close transactions. The relevant background for this position might be a legal assistant or a paralegal. The other administrative assistant will serve as more of an office manager/receptionist with the responsibility of running the office, scheduling, answering phones and filing. This position will likely be filled from within Richard Katzenstein's existing Group.

The staffing level outlined above contemplates an origination platform with the capacity to invest up to $250 million per annum. The Group will not have an internal servicing function. Servicing may be handled in-house by another group within the Firm, but will more than likely be outsourced to a third party. In most cases where SDBU has invested in a B-note, which is part of a securitizable first mortgage, responsibility for servicing the B-note will be with the master/special servicer of the trust.

The expenses of the SDBU other than payroll/benefits include rent, utilities, supplies, equipment and T&E. In addition to these ongoing expenses there will be approximately $120,000 in start-up costs for one-time expenses such as furniture, computer hardware/software and professional fees. The expenses of SDBU are detailed on a quarterly basis in *Appendix B.*

SDBU Performance Targets

SDBU expects to aggregate $250 million of B-notes and mezzanine loans by the end of the first stabilized year. For the purposes of the Business Plan, the assumption was made that all investments will be sourced through Firm equity. In reality, SDBU expects to contribute at least a portion of its collateral to a CDO at some point within the first stabilized year, which will free-up Firm equity for reinvestment. SDBU's investments are projected to yield 8%-9% on a gross, unleveraged basis. When combined with the investments of the other Business Units, the collateral originated by SDBU should make for an attractive CDO collateral pool that should increase yields into the low-mid teens.

SDBU's revenues will be a combination of origination and collateral management fees as well as an incentive return based on the performance of the Unit's investments. Origination fees will total 1.0% of all originations while collateral management fees will total .75% of committed equity/annum. The incentive structure will allow for a 15% promote over a 8% hurdle rate and a 25% promote over a 10% hurdle rate.

The proforma for the stub year and the first stabilized year does not account for any promoted interest as the return thresholds are not expected to be met without the execution of a CDO or some other type of credit facility. Instead revenues during the first two years of the analysis are derived solely from origination and collateral management fees. Based on these revenues, net income for the Business Unit is projected at $1.13 million in the stub year and $2.42 million in the first stabilized year as shown in *Appendix B.* Upon the successful completion of a CDO, the income to SDBU should exceed these amounts.

Assuming that the SDBU, achieves or exceeds its origination goals, the bonus pool for the Group should not be less than 50% of the net income that the Group generates. In order to align the interest of the various business units and foster cooperation, it makes sense to pay a portion of the bonuses from the earnings of the Business Unit and a portion of the bonuses from the earnings of the combined business units.

IV. Challenges/Risks

Competition. The market for subordinate debt is increasingly saturated, with the supply of capital far out pacing demand, thereby putting downward pressure on spreads. A low cost of capital and the successful implementation of the Firm's integrated origination platform coupled with the track record and relationships of the SDBU's members will be key to winning business.

Cannibalization. There is a risk that the integrated origination platform of the Firm may alienate some of the third party sellers of subordinate debt who may be in competition with the Firm's other business units on the origination front. Existing relationships would hopefully offset this issue, but if not, more of the SDBU's investments would likely have to be either internally or directly generated.

Market. The real estate markets continue to experience softness, which makes investing in the first-loss pieces of the debt stack riskier. Quality underwriting and selectivity of investments will be key to avoiding losses resulting from market problems.

	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	
Appendix A									
Investor Cash Flows	(in 000's)								
Quarterly Basis									
Unleveraged									
	Mar-04	**Jun-04**	**Sep-04**	**Dec-04**	**Mar-05**	**Jun-05**	**Sep-05**	**Dec-05**	**Total**
Monthly Investments									
Fixed B-Notes		4,500	9,000	9,000	13,125	13,125	13,125	13,125	75,000
Floating B-Notes		4,500	9,000	9,000	13,125	13,125	13,125	13,125	75,000
Fixed Mezzanine		3,000	6,000	6,000	8,750	8,750	8,750	8,750	50,000
Floating Mezzanine		3,000	6,000	6,000	8,750	8,750	8,750	8,750	50,000
Loan Balances									
Fixed B-Notes		4,500	13,500	22,500	35,625	48,750	61,875	75,000	
Floating B-Notes		4,500	13,500	22,500	35,625	48,750	61,875	75,000	
Fixed Mezzanine		3,000	9,000	15,000	23,750	32,500	41,250	50,000	
Floating Mezzanine		3,000	9,000	15,000	23,750	32,500	41,250	50,000	
Income									
Interest Income		201	704	1,208	1,950	2,830	3,711	4,591	15,194
Origination Fees		105	210	210	306	306	306	306	1,750
Total Income		**306**	**914**	**1,418**	**2,256**	**3,136**	**4,017**	**4,897**	**16,944**
Expenses									
Origination Fees		150	300	300	438	438	438	438	2,500
Asset Management Fees		469	469	469	469	469	469	469	3,281
Transaction Costs		38	75	75	109	109	109	109	625
Servicing Fees		1	4	8	12	18	23	29	94
Total Expenses		**658**	**848**	**851**	**1,028**	**1,033**	**1,039**	**1,044**	**6,501**
Net Income		**(351)**	**66**	**566**	**1,228**	**2,103**	**2,978**	**3,853**	**10,444**

Proforma Assumptions	
Origination Fee	1.00%
Asset Mgt Fee	0.75%
Assumed T-Bill	4.00%
Assumed LIBOR	1.50%
Transaction Costs	0.25%
Servicing Fees	0.05%
Spreads	
Fixed B-notes (30%)	T+400
Floating B-Notes (30%)	L+400
Fixed Mezz (20%)	T+650
Floating Mezz (20%)	T+800

Appendix B
SDBU Cash Flows (in 000's)
Quarterly Basis
Unleveraged

	Qtr 1 Mar-04	Qtr 2 Jun-04	Qtr 3 Sep-04	Qtr 4 Dec-04	Qtr 1 Mar-05	Qtr 2 Jun-05	Qtr 3 Sep-05	Qtr 4 Dec-05	Total
Income									
Origination Fees		150	300	300	438	438	438	438	2,500
Asset Management Fees		469	469	469	469	469	469	469	3,281
Incentive Returns		-	-	-	-	-	-	-	-
Total Income		619	769	769	906	906	906	906	5,781
Expenses									
Salaries									
MD & Sr. Originator		62	62	62	62	62	62	62	437
Jr. Originator		25	25	25	25	25	25	25	175
Deal Manager		31	31	31	31	31	31	31	219
(2) Financial Analyst		38	38	38	38	38	38	38	263
(2) Admin Assts		25	25	25	25	25	25	25	175
Total Salaries		181	181	181	181	181	181	181	1,269
Benefits									
Health @ 30% of Sal		54	54	54	54	54	54	54	381
Professional Fees									
Legal		5	5	5	5	5	5	5	35
Accounting		1	1	1	1	1	1	1	9
Total Professional Fees		6	6	6	6	6	6	6	44
Occupancy Costs									
Rent		30	30	30	30	30	30	30	210
Electric		2	2	2	2	2	2	2	16
Total Occupancy		32	32	32	32	32	32	32	226
Travel									
Airfare, Hotel, & Car Rental		5	5	5	5	5	5	5	35
Ground Transportation		4	4	4	4	4	4	4	26
Travel - Meal & Entertainment		5	5	5	5	5	5	5	35
Total Travel		14	14	14	14	14	14	14	96
Printing & Supplies									
Printing/Supplies		1	1	1	1	1	1	1	6
Office Supplies		2	2	2	2	2	2	2	14
Total Printing & Supplies		3	3	3	3	3	3	3	20
Communications									
Telephone		6	6	6	6	6	6	6	44

Postage	0	0	0	0	0	0	0	1
Shipping & handling	1	1	1	1	1	1	1	5
Total Communications	7	7	7	7	7	7	7	50
Sundry								
Seminars/Registration Fees	1	1	1	1	1	1	1	9
Subscriptions	1	1	1	1	1	1	1	9
Association Memberships	1	1	1	1	1	1	1	7
Total Sundry	4	4	4	4	4	4	4	25
Equipment & Maint								
Equip Leases & Contracts	1	1	1	1	1	1	1	7
Total Expenses	302	302	302	302	302	302	302	2,116
Net Income	316	466	466	604	604	604	604	3,665