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Sent: Monday, August 25, 2008 6:22 PM
To: Brad Zackson; Rick Gates
Subject: VISION STATEMENT

Rick and Brad

I have revised the Vision Statement. It was too wordy and self prompting. Since our meeting created the strategy, this document is meant to be a summary and a prod to move now. We don't need to promote.

What I have not included is a recommendation on what the next steps are if approved. We should have a checklist organized for me to review this week of what would be the next steps if DF signs off on the Vision Statement. This checklist should include the following (I believe)

1. Amount of each Fund
2. Structure
3. Split between GP and LP
4. Date to commence each Fund
5. Other

CMZ Ventures - Global Real Estate Funds

Overview

The purpose of this document is to outline CMZ Venture's vision and plan with respect to the global real estate industry. We focus on the investment strategy and our vision for maximizing returns to our investors.

The foundation of the vision is to establish two separate real estate funds:

- One will focus on distressed real estate opportunities solely in the United States
- The second will focus on opportunities in Eastern Europe and the Caucuses

These funds will run in parallel but will focus on separate markets globally, and will have different objectives, strategies and ultimately exit opportunities.

Investment Strategy

The vision of CMZ Ventures goes beyond a basic model of acquisition and disposal of an asset. The key aspects of our vision include:

Single Investor Funds

- CMZ is prepared to have a diversified group of shareholders or a single shareholder, depending on the interest of the main investor. The advantages of a single investor include less exposure, more flexibility, less reporting requirements and the ability to organize off-shore to maximize the return of the investor.

Property Asset Classes

- The capacity to operate the Funds as integrated real estate companies, covering management, development, leasing, finance, sales and marketing.
- Off market real estate opportunities with exclusive rights among multiple asset classes
- Asset turn-around and redevelopment where appropriate
- Targeting existing income producing property, repositioning and redeveloping existing property to enhance performance, more efficient leasing, management and operations, distressed and new property development.

Diversification

- Diversification through investing across asset classes and geographical areas
- Co-investing that will lead to investment in a much greater number of properties and its own equity in deals
- Not more than 15% of the Fund's capital can be invested in any one asset
- Acquisitions through individual purchases, portfolio acquisitions through REITs, public and private companies and institutions

Leverage

CMZ will use a leverage strategy that incorporates minimizing upfront equity in a deal, while maximizing its equity position through participation as a day-to-day operating partner and co-developer. This will enable CMZ to generate additional revenue in a transaction at different stages of the deal.

- In our model, CMZ will contribute 10% of the equity and we will source the remaining 90% through a third-party sponsor. The third party would have share control; however, CMZ would have management control of the opportunity.
- We are using a conservative debt/equity ratio of 66% of the value of a deal, which will allow for a tremendous increase in overall buying power available to CMZ. As an example, with a \$500 million fund established by CMZ, we will be able leverage buying power to \$15 billion.
- The leveraged equity will allow our funds to take full advantage of the current weakness in various global markets, by magnifying the amount of real estate we can acquire below replacement cost for as long as weak market conditions prevail.

CMZ's third party equity groups typically have a 3-5 year outlook for their investments. Therefore, CMZ will be prepared to restructure or take out its partners and hold the real estate for its long term income and appreciation.

US Real Estate Fund

CMZ will establish a US real estate fund to take immediate advantage of the distressed nature of the US property market. Currently, the market has high value opportunities being sold at substantial discounts. However, many of these opportunities are not available to the general investor. Our personal and unique relationships afford us exclusive and first consideration of many select properties in the United States.

While other global markets have different factors impacting its development, there are several key drivers that will continue to affect the distressed nature of the US market.

- Though distress first appeared in residential sub-prime, it is now spreading to commercial real estate assets e.g. where sponsors are getting caught in the credit squeeze, creating a pressure to refinance or shed assets.
- The "distress" in many cases relates only to the financial health of a specific sponsor, while the real estate fundamentals are good. The "distress" is the opportunity.
- With the tightening of credit markets, there is great opportunity for players with equity, especially now that loan to value ratios have fallen
- In today's real estate investment climate, the driver of success will be players experienced in operations in different stages of the real estate cycle and long

term ROI growth strategies. Speculation will cease to be a viable strategy as it has been in the past.

- Interest rates remain at or near historical lows in the US, giving advantage to credit worthy buyers

These factors will greatly provide our team with several advantages in operating a US real estate fund. At present, our team has already identified multiple real estate opportunities in the US that will provide significant revenue generation.

International Real Estate Fund

Based on the meetings in Monte Carlo and the presentation of the vision by the principal as relates to the ultimate disposition of current real estate assets (and identified assets not yet ready for development) CMZ is prepared to establish an international real estate fund.

The purpose of this Fund is to immediately combine the strengths of the principal and his projects with the flexibility of a western partner with access to the commercial and financial marketplaces. Rather than wait until the projects are completed, CMZ believes the opportunity exists today to create the Fund to accelerate the realization of return on the projects of the principal. The developments can be specifically constructed with an eye on the financial markets and exit strategies that will allow the principal to benefit while still maintaining control over many of the assets.

Future Positioning

Our vision to establish two real estate funds is based on providing the most flexible exit terms at the appropriate time. In addition to the reasons outlined above on the advantages of two separate funds given the diverse nature of real estate markets in various parts of the world, two separate funds will provide investors with flexible exit options.

Because some of the real estate projects can be treated in many ways over a longer period of time, some investors may want to exit in 3-5 years while others might prefer to take advantage of the longer term appreciation of the projects. Other options include:

- Keeping each fund distinct allowing for two separate exit scenarios at different times.
- Consolidating both funds at a strategic time to maximize total value.
- Expanding one or both funds depending on the growth and returns of each fund
- Taking one or both of the funds public through an IPO process

Regardless of the ultimate exit strategy, the dual nature of our real estate vision and structure will provide optimal flexibility to our investors.