

WHITEHALL STREET REAL ESTATE FUNDS

The Whitehall Street Real Estate Funds, established in 1991, invest opportunistically in real estate and real estate related investments. Investors include the Funds' sponsor and largest investor, Goldman Sachs, along with institutional investors, charitable foundations, pension funds, high net worth individuals and Goldman Sachs employees. Since inception, the Whitehall Street Real Estate Funds have raised more than \$11.9 billion of equity across eleven funds. More than \$11.2 billion of the total equity raised to date has been committed across approximately 295 separate investments for gross cost in excess of \$59 billion. Whitehall's diverse asset base includes more than 138 million square feet of commercial space, 66,000 multifamily units and 70,000 hotel rooms. This includes investments in approximately 20 countries including the US, Canada, Japan, the UK, France, Italy, Germany, Brazil, Sweden, Switzerland, Korea and Thailand. From inception through June 2002, Whitehall has also harvested over 12,000 assets involving Fund cost of \$15.2 billion, for total gross disposition proceeds of \$20.3 billion.

Goldman Sachs' Real Estate Principal Investment Area ("REPIA") currently employs approximately 100 professionals in offices in New York, Dallas, London, Paris, Frankfurt, Milan and Tokyo. Whitehall also leverages extensively off of Archon Group ("Archon"), a wholly-owned Goldman Sachs subsidiary that provides infrastructure and resources for many of its investments and operating platforms. Archon, headquartered in Dallas, Texas, has approximately 1,500 employees in 8 regional offices around the world.

During 2002, Whitehall closed more than 15 additional investments with a gross purchase price of approximately \$5.5 billion. During the year, in conjunction with its Archon Group operating platforms, Whitehall continued to focus on international investment activity, particularly in Europe and Asia, and opportunistic distressed and niche investments in the domestic markets. More than 85 percent of Whitehall's total investments in 2002 were located in western European and Asian markets.

Significant acquisition highlights for the year included:

In the United States: a portfolio of 254 golf courses located across 29 states, the UK and Japan; a 129,000 square foot retail building located in South Lake, Texas, which will be leased to a major retailer pending redevelopment into a 158,000 square foot retail center with three big box tenants and over 26,000 square feet of small shop space; participation, through a joint venture created to originate and purchase sub-investment grade securities, mezzanine debt and preferred equity positions in real estate credits, in the subordinate tranche of a \$350 million refinancing of a portfolio of six full-service hotels; a 260,000 square foot industrial building located in Hanover, Maryland to be redeveloped into an office/R&D/warehouse property; a 32-hole golf course with an adjoining 22,000 square foot clubhouse located 15 minutes from the Las Vegas strip in Henderson, Nevada.

In Europe: co-investment in a portfolio of 411 real estate sites comprising 2.38 million square meters of office/technical space located throughout France, with a concentration in the Paris region; a portfolio of 27 properties containing a total of 237,400 square meters of office space located in nine major Swedish cities; a real estate company with 70 office properties located primarily in Rome, Milan and Naples.

In Asia: five real estate portfolios located in Japan and representing \$520 million in total cost; 12 non-performing loan portfolios located in Japan, representing \$250 million in total cost; a collection of loans to golf course owner/operators representing \$265 million in total cost.

Goldman Sachs is in the process of investing its eighth Whitehall fund, Whitehall 2001, with investable capital of \$2.5 billion inclusive of employee capital. In addition to the Whitehall series of funds, in 2002, Goldman Sachs raised the GS Core Plus Real Estate Income Fund 2002, with \$220 million of committed capital. Like the Whitehall Funds, investors in the Core Fund include its sponsor and largest investor, Goldman Sachs, along with institutional investors, charitable foundations, pension funds and high net worth individuals. In contrast to the Whitehall Funds, which focus on opportunistic investments, the Core Fund will focus on the acquisition of stabilized assets that will generate immediate and sustainable cash flow.