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PERSPECTIVES ON BOOK VALUE

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Perspectives on Book Value: Finding Hidden Value on the Balance Sheet

October 2012

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Conservative Accounting Rules For Property Create Opportunity

- ▲ Under GAAP Codification Section 360, land is recorded at cost and is then subject to an ongoing recoverability/impairment test. In most all cases, the carrying value of the land at any point in time is the lower of cost or fair value.
- ▲ This can lead to major understatements when the market value of a property is well above its original cost, and often occurs when the property in question is very old.

Undervalued Land On The Balance Sheet

- I. Alexander & Baldwin (ALEX)
- II. Gencorp (GY)
- III. Brookfield Residential Properties (BRP)



I. Alexander & Baldwin (ALEX)

Alexander & Baldwin, Inc.



Ticker: "ALEX"

Recent Stock Price: \$30 ⁽¹⁾

- ▲ Alexander & Baldwin is one of the most important companies in Hawaii's history and present-day economy
- ▲ Founded as a sugar plantation in 1870 in Hawaii, Alexander & Baldwin owns real estate businesses
 - ▲ 7.9 million square feet of developed GLA on Hawaii and the U.S. mainland
 - ▲ Real estate development pipeline on Hawaii comprising ~88,000 acres
- ▲ Capitalization:
 - ▲ Equity Market Value: \$1.3 billion
 - ▲ Total Enterprise Value: \$1.5 billion
- ▲ Operating Statistics ⁽²⁾:
 - ▲ 2011 Revenue: \$272 million
 - ▲ 2011 EBITDA: \$86 million

Source: Company documents

(1) All financials in this presentation assume a stock price of \$30

(2) Excludes discontinued operations

A&B Properties, Inc.



- ▲ 7.9m of commercial GLA on Hawaii and the U.S. mainland
 - ▲ Acquired by reinvesting proceeds of property sales over time through tax-deferred 1031 exchanges
 - ▲ Diversified across office, retail, industrial
 - ▲ Currently 92% leased and generating income
- ▲ Development pipeline in Hawaii
 - ▲ Resort and residential properties in different stages of development
 - ▲ Fully owned projects comprising ~620 entitled acres
 - ▲ JV projects requiring minimal cash contributions, comprising over 1,000 acres
- ▲ Ownership of additional "hidden" land assets
 - ▲ >75,000 additional acres on Maui and Kauai for potential future development
 - ▲ Extremely low basis given acquisition circa ~1870
 - ▲ Currently being farmed as a holding strategy

ALEX: Balance Sheet Snapshot

ALEXANDER & BALDWIN, INC. AND SUBSIDIARIES Condensed Consolidated Balance Sheets (In millions) (Unaudited)

	June 30, 2012	
Current Assets:		
Cash and cash equivalents	\$ 2.5	
Accounts receivable, net	7.3	
Inventories	60.0	
Real estate held for sale	1.5	Completed development properties for sale
Deferred income taxes	4.0	
Prepaid expenses and other assets	8.5	
Total current assets	83.8	
Investments in Affiliates	290.5	JV development projects
Real Estate Developments	158.6	Fully owned development projects
Property – net	832.1	
Other Assets	59.9	
Total assets	\$ 1,424.9	Retained investment properties (ie, leased CRE)

An NAV Calculation Will Include All of ALEX's Real Estate Assets

A bottoms-up analysis requires an assessment of three different categories of assets

- ▲ Leased, income-generating commercial real estate portfolio
 - ▲ Hawaii
 - ▲ Mainland
- ▲ Development pipeline in Hawaii
 - ▲ Fully owned projects
 - ▲ JVs
- ▲ Additional land assets
 - ▲ Low basis land for potential future development, currently being farmed as a holding strategy, comprising roughly 20% of Maui and 15% of Kauai

Easy to Value

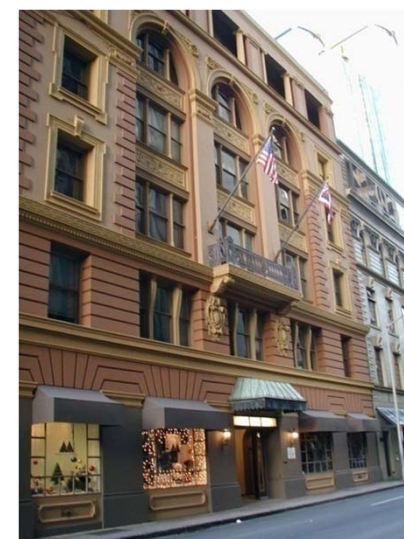


Harder to Value

Leased Commercial Properties: Hawaii

▲ We believe ALEX's leased commercial real estate on Hawaii is worth over \$400m

	Occupancy			Owned Sq. Ft.	Recent Market Price / Sq Ft.	Value
	2009	2010	2011			
Industrial	96%	86%	89%	564,800	\$100	\$56
Office	90%	91%	92%	185,800	150	28
Retail	96%	95%	92%	694,980	400	278
Unimproved Land ⁽¹⁾				11,770	5,000	59
Total Value						\$421
2011 NOI					\$26.5	\$26.5
Blended cap rate					6.5%	6.0%
Value					\$408	\$442



Source: Company documents, Marcato estimates

(1) Represents land leased to third parties and included in reported NOI. Numbers represent acres and \$ / acre

Leased Commercial Properties: Mainland

- ▲ We believe ALEX's leased commercial real estate on the mainland is worth close to \$500m today, and could be worth more as rents and occupancy improve from cyclically depressed levels

	Occupancy			Owned Sq. Ft.	Recent Market Price / Sq Ft.	Value
	2009	2010	2011			
Industrial	82%	83%	95%	4,466,800	\$50	\$223
Office	86%	84%	84%	1,267,800	150	190
Retail	90%	91%	88%	726,000	175	127
Unimproved Land ⁽¹⁾				28	0	0
Total Value						\$541
2011 NOI					\$34.3	\$34.3
Blended cap rate					7.5%	6.5%
Value					\$457	\$528



Source: Company documents, Marcato estimates

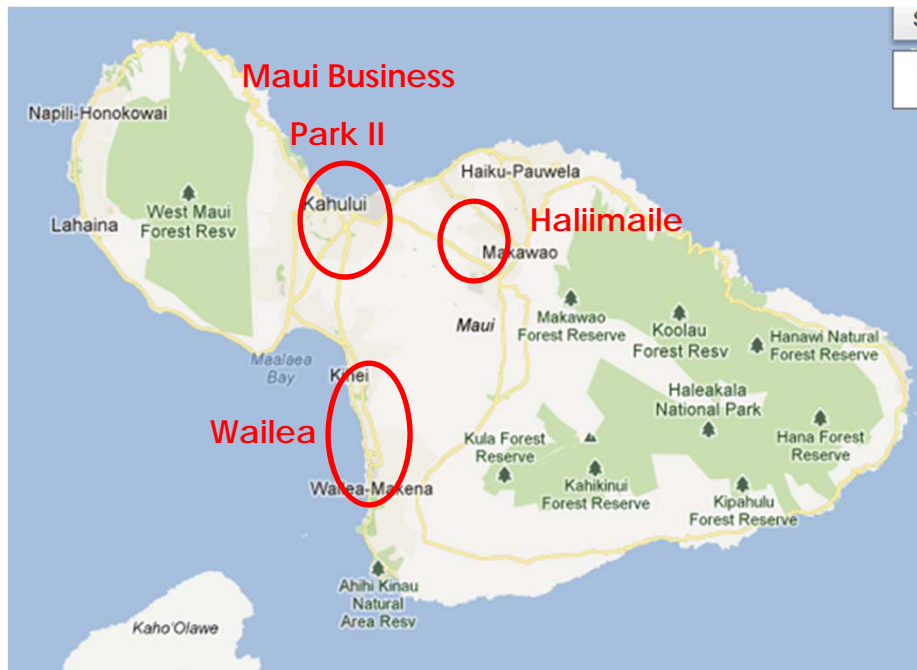
(1) Numbers represent acres and \$ / acre

ALEX: Valuation

	Balance Sheet Value	Market Value	Per Share
Commercial RE Portfolio			
Haw aii		\$425	\$10.02
Mainland		493	11.62
Total	\$819	\$917	\$21.63
Property Under Development			
Wholly Ow ned			
JV			
Total			
Land			
Less: Corporate ⁽¹⁾	0	(120)	(2.83)
Less: Debt	(224)	(224)	(5.28)
Equity Value		\$573	\$13.52
Current Stock Price			\$30.00
%Premium / (Discount) to Current			(54.9%)

Map of Important Development Projects

Maui



Kaua'i



Fully Owned Development Projects: Wailea



- ▲ Wailea resort originally developed by ALEX and sold to Shinwa Golf Group in 1989
- ▲ 270 fully zoned, undeveloped acres at Wailea reacquired in 2003 for \$67m
 - ▲ Subsequently sold 70 acres in 2004 for \$70m
 - ▲ Contributed 25 acres to Kai Malu JV with Armstrong Builders
- ▲ Remaining acreage in various stages of development
 - ▲ Planned for ~800 homes



Fully Owned Development Projects: Maui Business Park II



- ▲ Phase II of ALEX's Maui Business Park comprises 179 acres of industrial zoned lands in central Kahului, close to the airport and harbor
- ▲ Final zoning approval received in 2008 and infrastructure work completed in 2011
- ▲ Planned for 160, ½-acre lots
- ▲ Sales and leasing have begun
 - ▲ 4-acre anchor parcel sold to Costco in January 2012 at ~\$1.5m / acre

Fully Owned Development Projects: Waihonua at Kewalo



- ▲ 2-acre urban Honolulu parcel acquired by ALEX in 2Q10 for highrise condominium development

- ▲ Extremely well located in the Ala Moana corridor near shopping, restaurants, and beaches

- ▲ Successfully navigated complex permitting process

- ▲ Limited new product in supply-constrained market

- ▲ 341 units planned on 43 floors

- ▲ One-, two-, and three-bedroom residences averaging 1,000 square feet

- ▲ **257 units sold as of August 2012 (236 binding sales averaging >\$700 / sq. ft.)**



Fully Owned Development Properties: DCFs

Fully owned Development Properties	Entitled Acres	Value per Acre	Units / Sq. Ft	Avg. Sale Price	Sales Proceeds	Costs to Complete	Net Proceeds	Tax Basis	Tax Rate	Years to Complete	Discount Rate	NPV
Wailea - under development (ex Kai Malu JV)	27											
Bluffs at Wailea	7		12	\$1.5	\$18.0	\$0.0	\$18.0	\$9.0	35%	0	15%	\$14.9
Ridge at Wailea	7		9	1.5	13.5	0.0	13.5	8.0	35%	0	15%	11.6
Wailea MF-7	13		75	1.3	97.5	84.0	13.5	90.0	35%	3	15%	8.3
Wailea - future developments	140											
Wailea SF-8	13		90	0.3	27.0	25.0	2.0	25.0	35%	5	15%	0.9
Wailea MF-10 (Residential)	14		45	1.3	58.5	40.0	18.5	40.0	35%	5	15%	8.1
Wailea MF-10 (Commercial)			65,000	350.0	22.8	16.0	6.8	20.0	35%	5	15%	2.9
Wailea MF-6	23		60	1.3	78.0	14.0	64.0	20.0	35%	2	15%	35.5
Wailea MF-16	7		20	1.3	26.0	7.0	19.0	10.0	35%	3	15%	10.2
Wailea - Other	83	0.6										49.8
Wailea - Subtotal												\$142.0
Haliimaile	63		170	0.4	68.0	34.0	34.0	35.0	35%	5	15%	15.1
Kane Street (Residential)	4		103	0.5	51.5	32.0	19.5	33.0	35%	3	15%	9.9
Kane Street (Commercial)			20,000	300.0	6.0	2.0	4.0	2.0	35%	3	15%	1.7
Kahului Town Center (Residential)	19		440	0.5	220.0	200.0	20.0	202.0	35%	4	15%	9.8
Kahului Town Center (Commercial)			240,000	300.0	72.0	53.0	19.0	53.0	35%	4	15%	7.1
Maui Business Park II	179		160	1.0	160.0	82.0	78.0	95.0	35%	2	15%	44.9
Port Allen Residential - Kai Olino	4		75	0.5	37.5	19.0	18.5	30.0	35%	4	15%	11.3
Keola Lai (mostly sold)	3		10	0.6	6.0	0.0	6.0	5.1	35%	0	15%	5.7
Waihonua - Honolulu	2		341	0.7	238.7	185.0	53.7	206.0	35%	3	15%	32.2
Brydeswood			24	1.8	43.2	15.0	28.2	17.0	35%	3	15%	14.5
Total Fully Owned Development	441											\$294

We note that in 2006, Goldman Sachs performed DCFs of Wailea and Haliimaile, valuing the projects at \$144m and \$186m, respectively. ⁽¹⁾

Fully Owned Development Projects

We believe ALEX's fully owned development projects are worth roughly ~\$294 million

	Entitled Acres	Value
Wailea	167	\$142
Maui Business Park II	179	45
Waihonua - Honolulu	2	32
Kahului Town Center	19	17
Haliimaile	63	15
Brydeswood		14
Kane Street	4	12
Port Allen Residential	4	11
Keola Lai	3	6
Total Fully Owned Development	441	\$294

JV Development Projects: Kukui'ula



- ▲ 77% interest in JV with DMB Associates
- ▲ 1,000 acre master planned community on Kauai



- ▲ Up to 1,500 units planned
- ▲ High end resort / residential with price points \$1 - \$4 million / lot
- ▲ Amenities include golf course, spa, country club, water access, trails, parks
- ▲ 79,000 sq. ft. commercial retail center opened for business in August 2009 and construction is complete on 178 lots
- ▲ Construction of all amenities completed
- ▲ 88 lots sold to date



JV Development Properties: DCFs

JV Development Properties		Acres	Units / Sq. Ft	Avg. Sale Price	Sales Proceeds	Costs to Complete	Net Proceeds	Tax Basis	Tax Rate	Years to Complete	Discount Rate	% Owned	NPV
Kukui'ula	Koloa, Kauai	1,000	1,100	\$1.5	\$1,650.0	\$412.0	\$1,238.0	\$810.0	35%	10	15%	77%	\$343.7
Kukui'ula Village	Koloa, Kauai	10	83,200	800.0								60%	39.9
Kai Malu at Wailea (mostly sold)	Wailea, Maui	25	12	1.3	15.6	0.0	15.6	10.0	35%	0	15%	50%	6.8
Ka Milo	Kona, Big Island	31	113	1.2	135.6	113.0	22.6	120.0	35%	4	15%	50%	6.1
Palmdale Trade & Commerce Center	Palmdale, CA	18	315,000	150.0	47.3	41.0	6.3	45.0	35%	5	15%	50%	1.4
Crossroads Plaza	Valencia, CA	7	56,000	150.0								50%	4.2
Bakersfield - Panama Grove	Bakersfield, CA	57	575,000	150.0	86.3	79.0	7.3	90.0	35%	5	15%	50%	2.1
Santa Barbara Ranch	Santa Barbara, CA	22											0.0
Total JVs		1,170											\$404

We note that in 2006, Goldman Sachs performed a DCF of Kukui'ula, valuing the project at \$288m, before ALEX increased its project ownership from 60% to 77%. ⁽¹⁾

JV Development Projects

We believe ALEX's JV development projects are conservatively worth roughly ~\$404 million

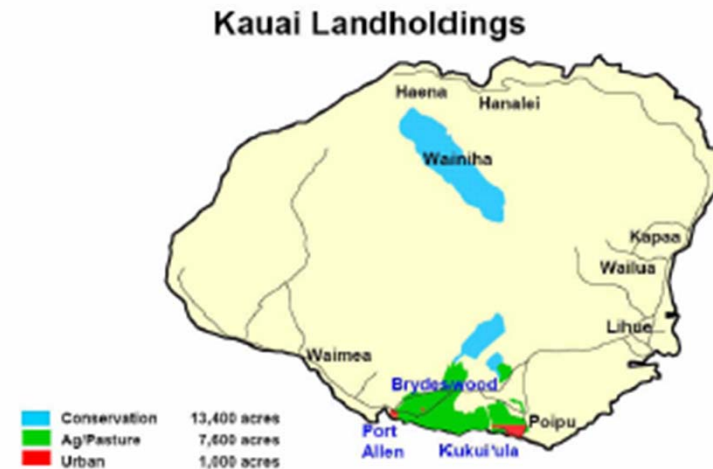
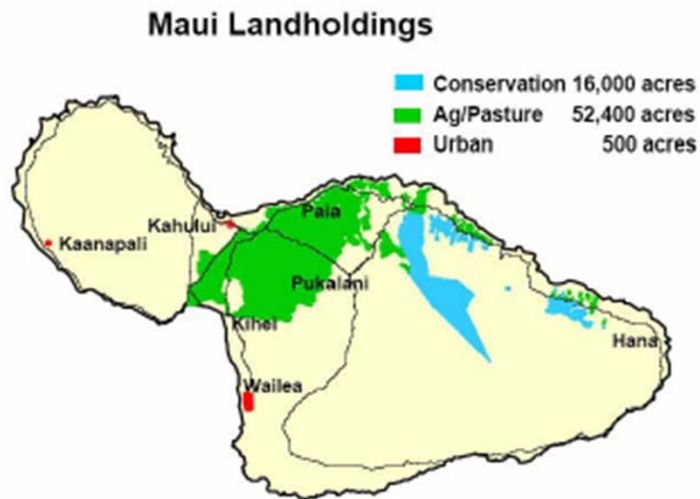
	<u>Acres</u>	<u>Value</u>
Kukui'ula	1,000	\$344
Kukui'ula Village	10	40
Kai Malu at Wailea (mostly sold)	25	7
Other	135	14
Total JV Development	1,170	\$404

ALEX: Valuation

	Balance Sheet Value	Market Value	Per Share
Commercial RE Portfolio			
Haw aii		\$425	\$10.02
Mainland		493	11.62
Total	\$819	\$917	\$21.63
Property Under Development			
Wholly Ow ned	\$159	\$294	\$6.93
JV	291	404	9.53
Total	\$449	\$698	\$16.46
Land			
Less: Corporate ⁽¹⁾	0	(120)	(2.83)
Less: Debt	(224)	(224)	(5.28)
Equity Value		\$1,271	\$29.99
Current Stock Price			\$30.00
%Premium to Current			(0.0%)

Additional Legacy Land Assets Provide Hidden Value

- ▲ ALEX owns 20% of the island of Maui and 15% of the island of Kauai, and a higher proportion of “usable” land
- ▲ This land was acquired circa 1870 and is carried on ALEX's books at \$150 / acre (~\$13m)



Recent ALEX Land Sales Average \$27,000 / Acre

ALEX Ag Land Sales Transactions - Last 5 Years

	<u>Total Acres Sold</u>	<u>Avg Price Per Acre</u>	<u>High</u>	<u>Low</u>
0 - 5 Acres	10	\$107,300	\$175,000	\$11,500
5 - 20 Acres	67	61,300	167,800	24,300
20 - 100 Acres	260	25,900	40,700	14,000
100+ Acres	649	22,800	29,000	11,300
Total	986	\$27,100	\$175,000	\$11,300

Recent Comparable Land Sales Average >\$30,000 / Acre

Maui Ag Land Sale Comps - Last 5 Years

	<u># of</u> <u>Transactions</u>	<u>Total</u> <u>Acres Sold</u>	<u>Avg</u> <u>Acres Per</u> <u>Transaction</u>	<u>Avg Price</u> <u>Per Acre</u>	<u>High</u>	<u>Low</u>
5 - 20 Acres	40	350	9	\$95,600	\$295,000	\$24,300
20 - 100 Acres	17	630	37	51,700	197,800	8,300
100+ Acres	8	2,900	361	18,300	50,100	11,300
Total	65	3,880	60	\$30,700	\$295,000	\$8,300

Kauai Ag Land Sale Comps - Last 5 Years

	<u># of</u> <u>Transactions</u>	<u>Total</u> <u>Acres Sold</u>	<u>Avg</u> <u>Acres Per</u> <u>Transaction</u>	<u>Avg Price</u> <u>Per Acre</u>	<u>High</u>	<u>Low</u>
5 - 20 Acres	32	300	9	\$111,000	\$297,700	\$25,000
20 - 100 Acres	3	70	23	68,700	86,400	27,700
100+ Acres	5	1,730	346	17,200	35,100	3,700
Total	40	2,100	52	\$32,100	\$297,700	\$3,700

Comparable Land Sales: Maui Land & Pineapple Company

- ▲ In recent years, Maui Land & Pineapple Company (NYSE: MLP), formed in the 1960s from ALEX landholdings in west Maui, has sold agricultural land at an average of over \$20,000 / acre
- ▲ MLP's precedent land sales provide additional data points for valuing ALEX's excess land:

Maui Land & Pineapple Precedent Land Sales

<u>Date</u>	<u>Acres</u>	<u>\$ / Acre</u>	<u>Description</u>
Jan-12	89	\$16,854	Upcountry Maui ⁽¹⁾
Mar-10	128	13,281	Upcountry Maui ⁽¹⁾
2008	111	39,460	Upcountry Maui
2007	683	29,136	Upcountry Maui
2006	2,200	15,227	Upcountry Maui
2005	640	44,063	Upcountry Maui ⁽²⁾
Q1-2002	9	70,112	Upcountry Maui
Total	3,860	\$23,267	

Lease Income: Cap Rate Valuation

- ▲ We note that, in recent years, ALEX has leased some of its agricultural land to third parties, and earned \$333 - \$584 of NOI per acre
- ▲ Valuing this acreage on a cap rate basis supports a valuation of ~\$6,700 per acre for ALEX's agricultural landholdings

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>Average</u>
NOI from leasing unimproved land in Haw aii	\$8.5	\$6.2	\$4.6	\$3.8	\$3.5	
Unimproved land leased to third parties in Haw aii	10,183	11,054	10,220	9,260	11,770	
Market rent / avg leased acres of ag land		\$584	\$432	\$390	\$333	\$435
Assumed "Normalized" Market Rent / Acre	\$435					
Cap Rate	6.5%					
Implied Value / Acre of Ag Land	\$6,690					

Additional Land Value

Value of Ag Land

<u>Methodology</u>	<u>Value Per Acre</u>	<u>Adjusted Value Per Acre ⁽¹⁾</u>	<u>Acres ⁽²⁾</u>	<u>Total Value</u>
Lease Value	\$6,690	\$6,690	46,005	\$308
Maui Land & Pineapple Value	23,267	7,586	46,005	349
Historical ALEX Sales	27,100	8,836	46,005	407
Land Comps	30,700	10,010	46,005	461

Plus: Other Land

	<u>Value Per Acre</u>	<u>Acres</u>	<u>Total Value</u>
Additional Entitled Land ⁽³⁾	\$675,000	177	\$119
Conservation Land	0	29,170	0

Plus: Value of Agricultural Operations

	<u>EBITDA</u>	<u>Multiple</u>	<u>Value</u>
LTM Agribusiness EBITDA	\$34	4.5x	\$154

Total Land Value

Low	\$582
Per Share	\$13.72
High	\$734
Per Share	\$17.32

Source: Company documents, Marcato estimates

(1) Adjusted for taxes and time value of money

(2) Represents all of ALEX's agricultural land, excluding the 11,770 agricultural acres leased to third parties in 2011, the income from which was included in the NOI of the Hawaiian leased commercial properties

(3) Includes entitled acreage not included in the 441 acres of fully owned development projects for which we performed DCFs

ALEX: Valuation

	Balance Sheet Value	Market Value		Per Share	
		Low	High	Low	High
Commercial RE Portfolio					
Hawaii		\$425	\$425	\$10.02	\$10.02
Mainland		493	493	11.62	11.62
Total	\$819	\$917	\$917	\$21.63	\$21.63
Property Under Development					
Wholly Owned	\$159	\$294	\$294	\$6.93	\$6.93
JV	291	404	404	9.53	9.53
Total	\$449	\$698	\$698	\$16.46	\$16.46
Land ⁽¹⁾	\$13	\$582	\$734	\$13.72	\$17.32
Less: Corporate ⁽²⁾	0	(120)	(120)	(2.83)	(2.83)
Less: Debt	(224)	(224)	(224)	(5.28)	(5.28)
Equity Value		\$1,853	\$2,006	\$43.70	\$47.30
Current Stock Price				\$30.00	\$30.00
% Premium to Current				45.7%	57.7%

Source: Company documents, Marcato estimates

(1) Balance sheet value of land estimated based on Company comments of \$150 / acre carrying value

(2) Estimated at \$15m of pre-tax expenses per year, capitalized at 8x



II. Gencorp (GY)

GenCorp, Inc.



Ticker: "GY"

Stock Price: \$9.75 ⁽¹⁾

▲ GenCorp is a supplier of propulsion technologies to the aerospace and defense industries

- ▲ Longstanding reputation as a highly regarded supplier
- ▲ Founded in the 1950s by Cal Tech scientists
- ▲ Technologies used on NASA missions since inception of U.S. space program

▲ Capitalization:

- ▲ Equity market value: \$600 million
- ▲ Enterprise Value: \$700 million

▲ Operating Statistics:

- ▲ LTM Revenue: \$930 million
- ▲ LTM EBITDAP⁽²⁾: \$113 million
- ▲ LTM CapEx: \$27 million
- ▲ LTM Free Cash Flow: \$69 million

▲ Valuation Multiples:

- ▲ EV / EBITDAP⁽²⁾: 6.2x
- ▲ EV / EBITDAP⁽²⁾ – CapEx: 8.2x
- ▲ FCF Yield: 11.5%

Source: Company and other public documents

(1) All financials in this presentation assume a stock price of \$9.75

(2) Earnings before interest, taxes, depreciation & amortization, and non-cash pension expenses

Balance Sheet Snapshot of GY Real Estate Value

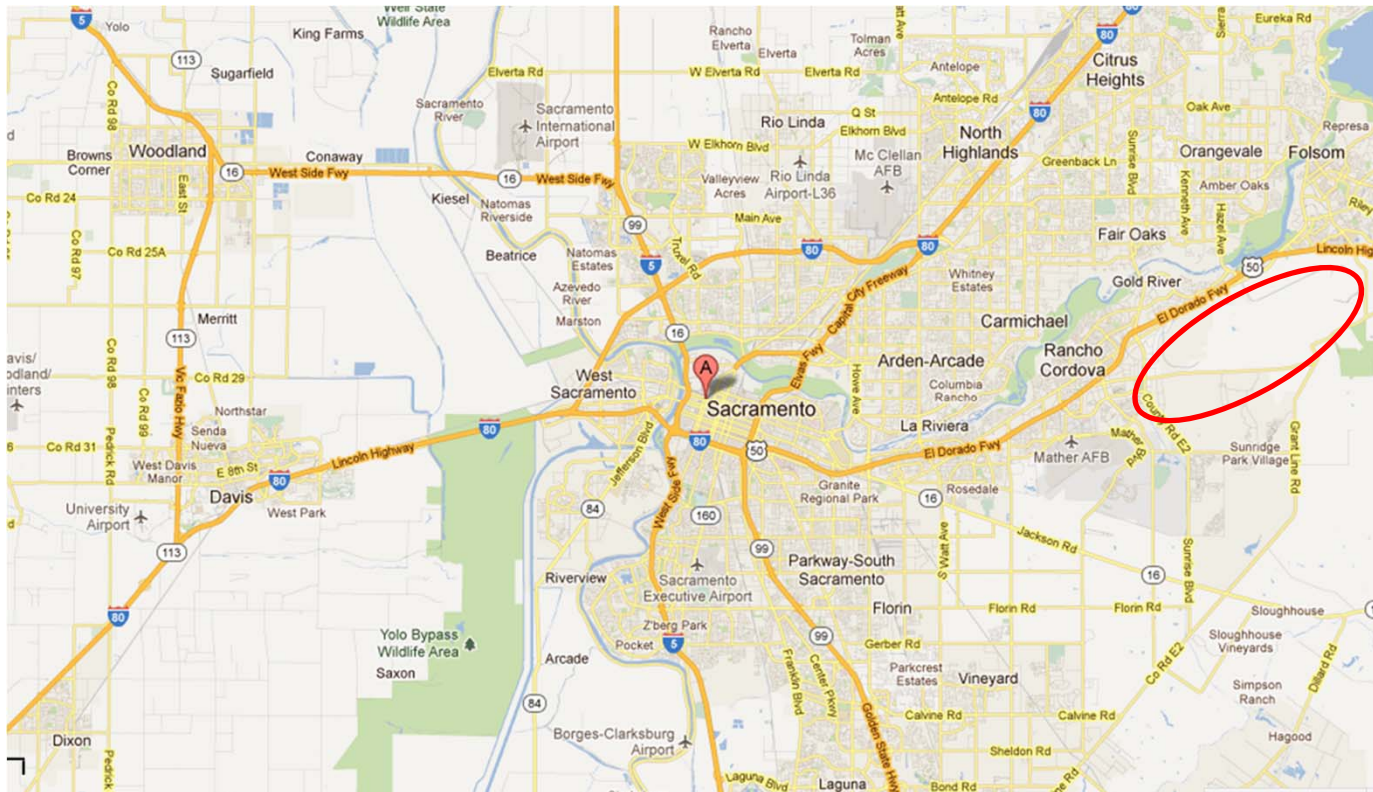
	May 31, 2012 (In millions sh)
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 150.2
Accounts receivable	107.8
Inventories	37.4
Recoverable from the U.S. government and other third parties for environmental remediation costs	22.3
Receivable from Northrop Grumman Corporation ("Northrop")	6.0
Other receivables, prepaid expenses and other	18.0
Income taxes	3.2
Total Current Assets	344.9
Noncurrent Assets	
Property, plant and equipment, net	127.7
Real estate held for entitlement and leasing	64.4
Recoverable from the U.S. government and other third parties for environmental remediation costs	109.9
Receivable from Northrop	66.8
Goodwill	94.9
Intangible assets	14.6
Other noncurrent assets, net	50.8
Total Noncurrent Assets	529.1
Total Assets	\$ 874.0

GY Owns Several Excess Real Estate Assets

- ▲ **12,000 acres of contiguous, developable raw land adjacent to a major highway in Sacramento**
 - ▲ GY originally acquired this land in the 1950s to test its propulsion systems, but stopped all tests there over a decade ago
 - ▲ 1950s acquisition led to low book value (~\$64m)
 - ▲ GY plans to turn 6,000 clean acres into a Master-Planned Community (“MPC”) called Easton, currently in different stages of zoning and development
 - ▲ These acres were never used for testing, but were a buffer between the test sites and civilization
- ▲ **310k square feet of excess Sacramento office space leased to third parties**
- ▲ **580 acres in Chino Hills, CA**

Civilization Has Encroached on the Sacramento Raw Land

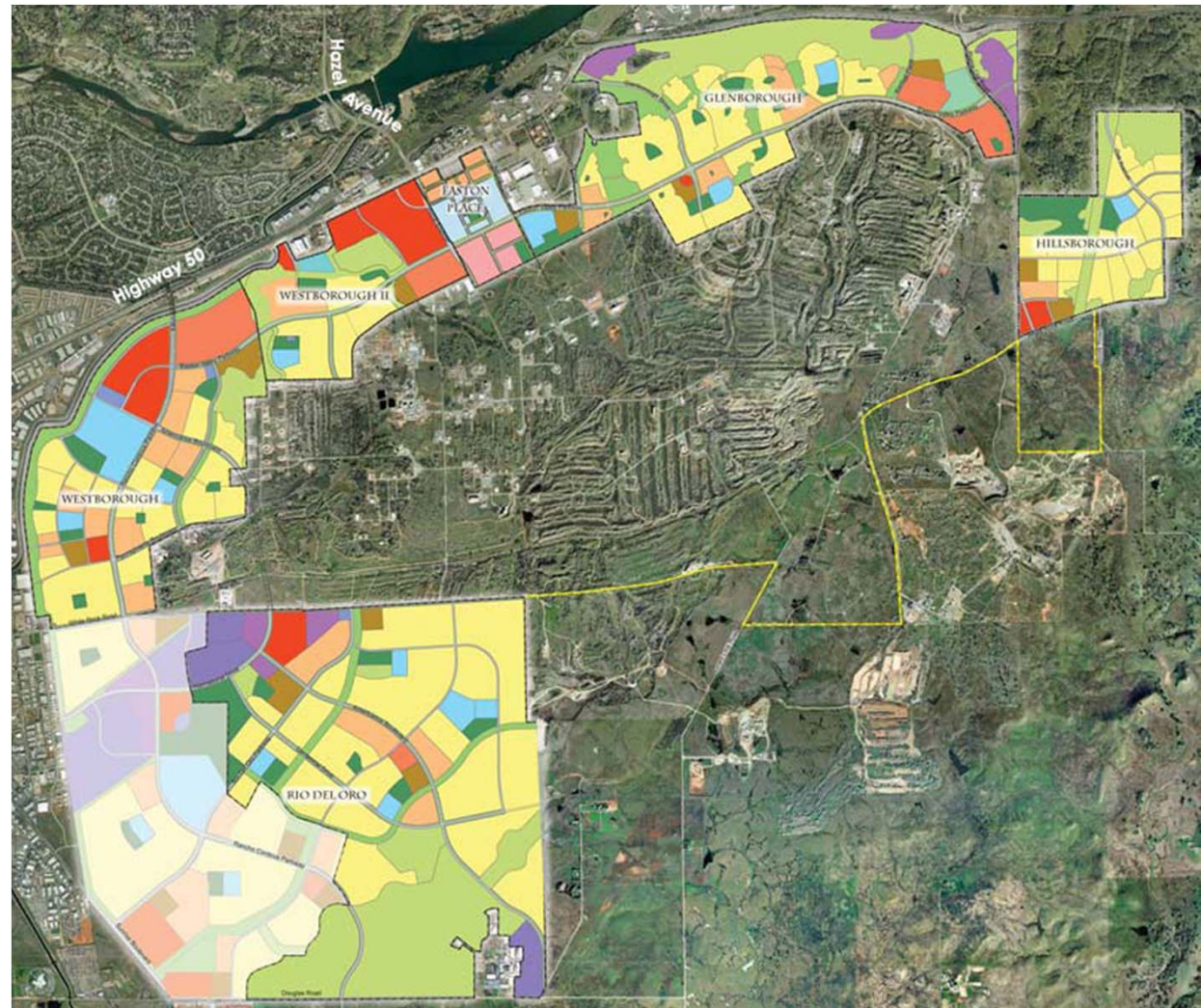
- ▲ In the 55 years since Aerojet acquired the land, civilization has encroached such that it is now in a very desirable location, adjacent to a main highway, adjacent to public transportation, and close to schools and retail and commercial districts



Easton Development in Progress

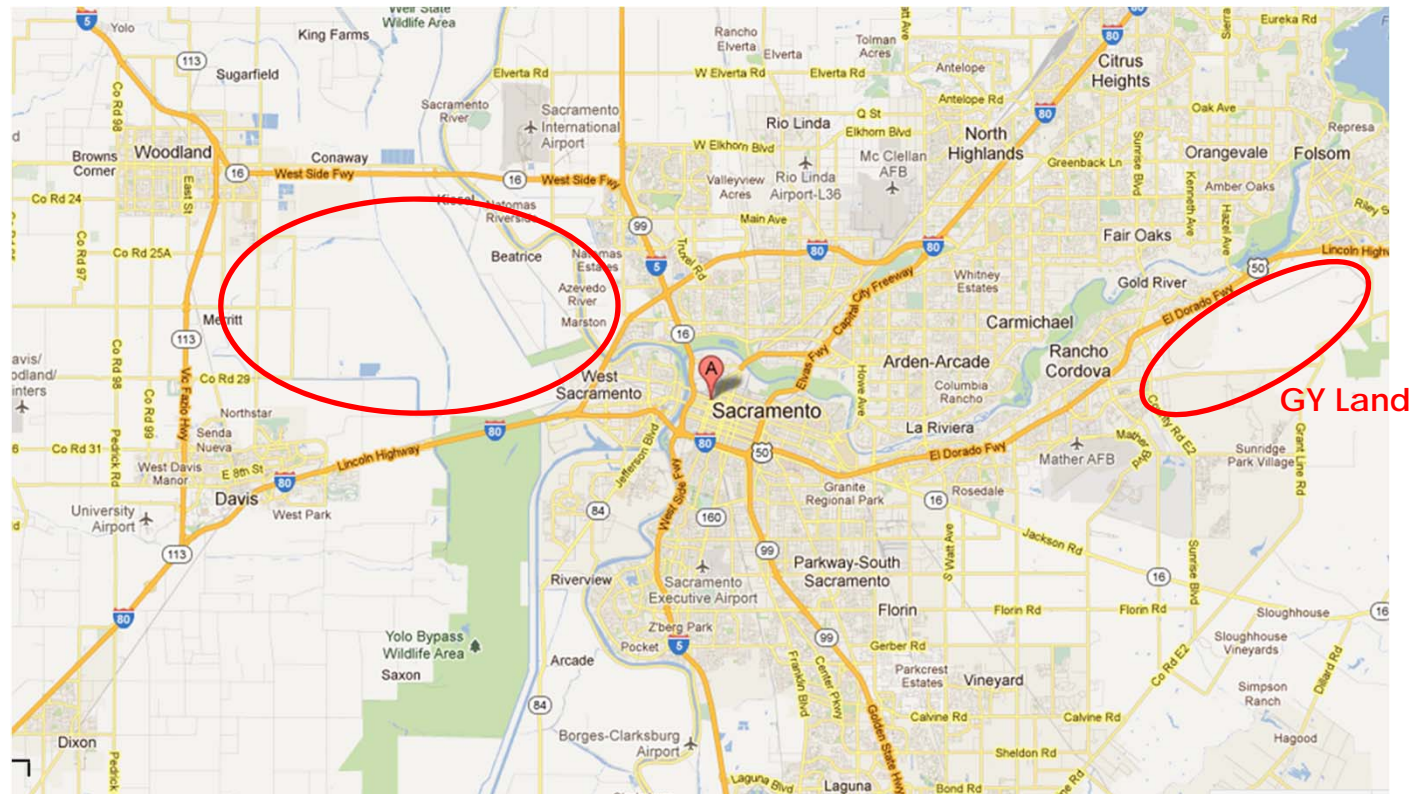
GY has extensive plans to turn the 6,000 clean acres into a master planned community called Easton, in five separate phases

Entitlement and zoning are in place for the first 1,400 acres (Glenborough and Easton Place), with detailed plans for residential, commercial, and office property development



Recent Land Sale Comp Available

In late 2010, prominent Sacramento developer AKT paid \$49,000 / acre for 17,000 acres of comparable raw land, in a less desirable location



Other Recent Land Sale Comps Available

- ▲ Current listings of unfinished, un-entitled land parcels in the Sacramento area confirm the range of \$50,000 - \$60,000 / acre

<u>Land Parcel</u>	<u>Acres</u>	<u>Price</u>	<u>\$ / Acre</u>
Gerber Rd	60	\$3,000,000	\$50,000
Rogers Rd and Bradshaw Rd	20	650,000	32,500
Rio Linda Blvd and Marysville Blvd	20	1,000,000	50,000
Raley Blvd, Santa Ana	19	1,620,432	87,120
Admiral Lane and Gerber Rd	14	925,000	67,766
El Centro Rd	10	600,000	60,484
24th St at Florin Rd	4	195,000	53,867
Straw berry Ln and Hwy 99	3	135,000	54,000
Average			\$56,967

Sacramento Office Space Generating >\$5m of NOI

- ▲ In addition to the Sacramento raw land, GY also owns 310,000 square feet of excess Sacramento office space that it leases to third parties
- ▲ This leasing activity generated \$5m of operating income in the LTM (and has generated as much as \$10m before the financial crisis)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>LTM</u>
Sacramento Office Space NOI	\$10.3	\$4.4	\$5.3	\$5.6	\$5.3

Excess Real Estate Valuation

We believe GY's excess real estate is worth ~ \$370m today, and potentially much more as real estate markets recover and the Company makes progress on its development plans

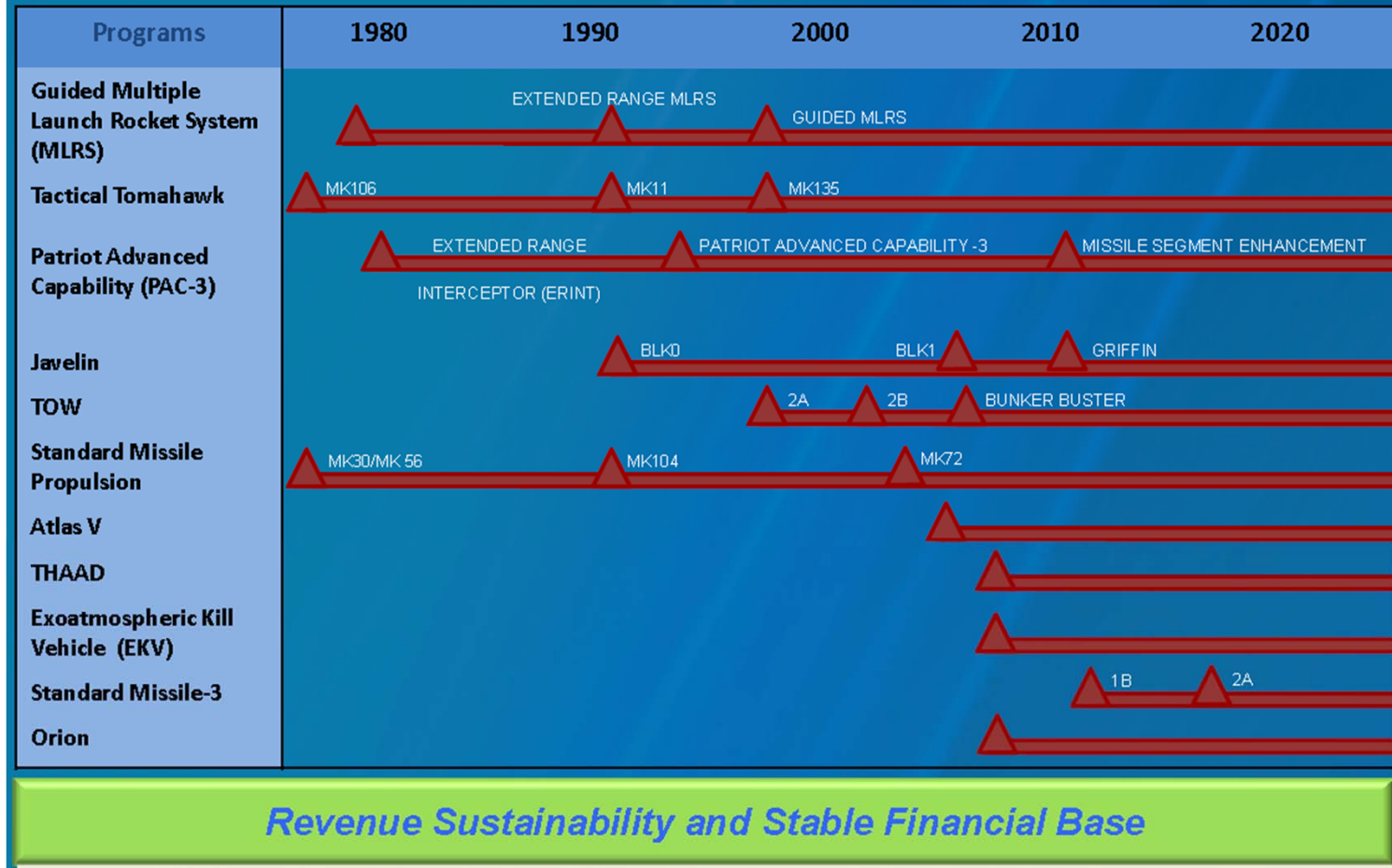
Excess Real Estate Valuation

<u>Asset</u>	<u>Value</u>	<u>Methodology</u>
Sacramento Land	\$302	6,044 acres @ \$50k / acre
Sacramento Office Space	66	LTM NOI @ 8% cap rate
Chino Hills Land	0	Conservatism ⁽¹⁾
Total	\$368	
Value / Share	\$5.99	
% of Current Market Cap	61%	

Source: Marcato estimates

Large, Diversified, Well-Positioned Program Portfolio

...With Enduring Program Life Cycles



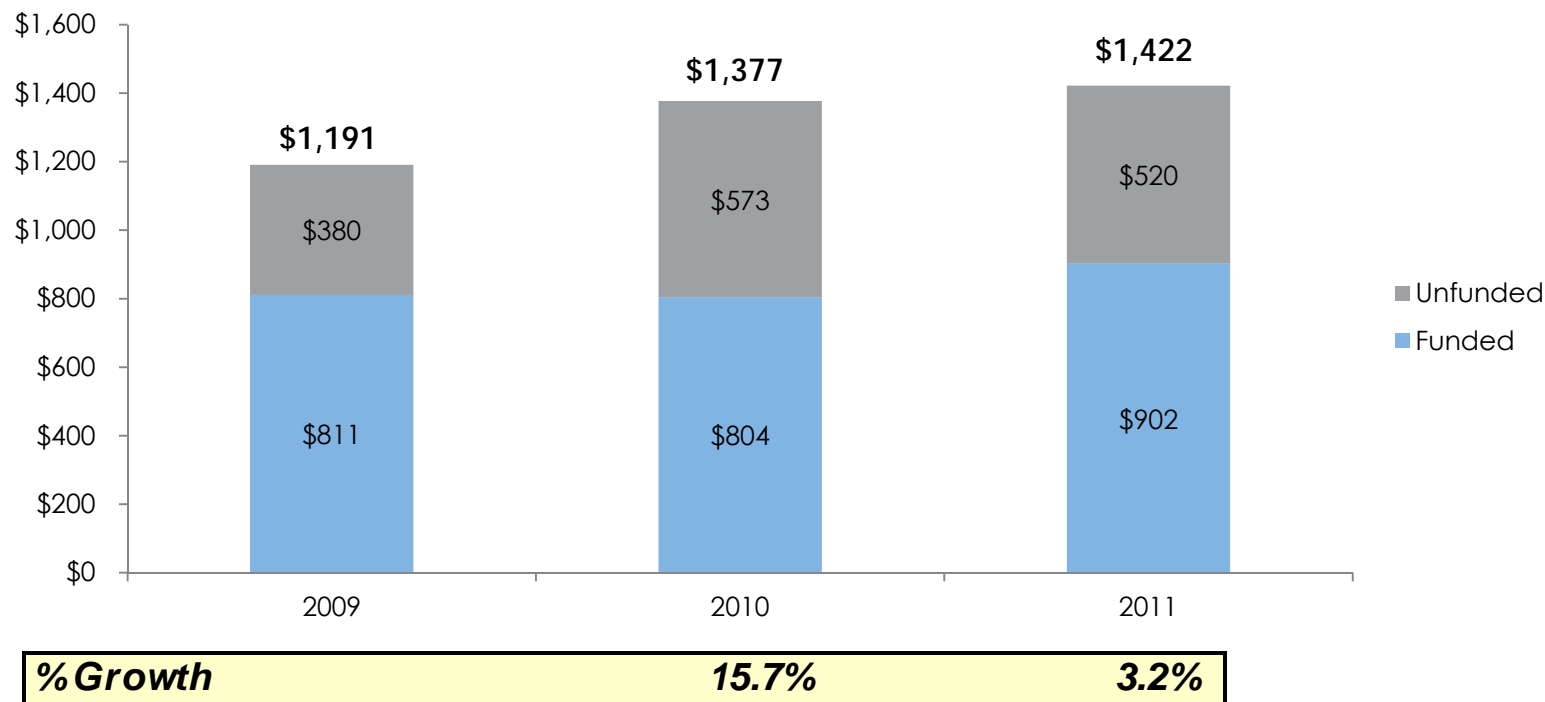
Growing Revenue and Stable Margins

- ▲ With half of revenue from cost-plus contracts, pre-corporate EBIT margins in GY's aerospace segment have consistently been between 9.8% and 11.7% for the past 8 years

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>'04 - '11 CAGR</u>
Aerospace Sales	489.1	615.8	\$614.6	\$739.1	\$725.5	\$787.2	\$850.7	\$909.7	9.3%
% Growth		25.9%	(0.2%)	20.3%	(1.8%)	8.5%	8.1%	6.9%	
Aerospace EBIT	56.6	60.2	61.2	84.8	78.0	84.4	99.6	99.7	8.4%
%Margin	11.6%	9.8%	10.0%	11.5%	10.8%	10.7%	11.7%	11.0%	

GenCorp's Core Business is Growing

Company Backlog Provides Revenue Visibility



Free Cash Flow Significantly Exceeds GAAP Net Income

GY's Free Cash Flow significantly exceeds its reported GAAP Net Income, for four separate reasons

- ▲ 1) Minimal cash taxes
- ▲ 2) Substantial non-cash GAAP pension charges
- ▲ 3) D&A > Ongoing cash Capital Expenditures
- ▲ 4) Non-cash interest expense

Free Cash Flow Significantly Exceeds GAAP Net Income

Adjusting for the combined effects of all of these dynamics, it becomes clear that GY is trading at 8.2x the recurring cash earnings power of its aerospace and defense business

	<u>GAAP</u>	<u>Adj.</u>	<u>PF Cash</u>	<u>Comment</u>
Revenue	\$930		\$930	
OpEx (incl Pension)	(862)	44	(818)	Addback Non-Cash Pension
D&A	(24)	4	(20)	Replace D&A w / Cash CapEx
EBIT	\$45	\$48	\$92	
Unusual Items	(6)	6	0	
Interest	(26)	16	(11)	Addback Non-Cash, PF for Refi
Taxes	(9)		(9)	
Net Income	\$4	\$69	\$73	

P / E Multiple	142.8x	8.2x
-----------------------	---------------	-------------

Transformative Acquisition

- ▲ In July, GY announced the acquisition of Pratt & Whitney Rocketdyne from United Technologies Corporation for \$550m
 - ▲ Deal expected to close 1Q 2013
- ▲ Significant Revenue and Cost Synergies
- ▲ Financing with cash on hand and new borrowings ➔ **Highly Accretive Transaction**

What is it Worth?

GY-Rocketdyne Pro Forma

	GenCorp	Rocketdyne	Synergies	PF Combined
Revenue	\$920	\$792		\$1,712
EBITDAP ⁽¹⁾	\$115	\$149	\$50	\$314
% Margin	12.5%	18.8%		18.3%
Interest ⁽²⁾	(2)	(36)		(38)
Taxes ⁽³⁾	(10)			(46)
Working Capital	(10)	(10)		(20)
CapEx	(25)	(21)		(46)
Free Cash Flow	\$68			\$164
Adj. TEV / EBITDAP				4.7x
Adj. TEV / EBITDAP - CapEx				5.5x
%FCF Yield to Current Market Cap				27.3%
Free Cash Flow				\$164
Target FCF Yield				10.0%
Implied Equity Value				\$1,638
Plus: Excess Real Estate ⁽⁴⁾				368
Total Equity Value				\$2,006
FD Shares Out ⁽²⁾				83.7
Implied Share Price				\$23.96
%Premium to Current				145.8%

- (1) EBITDAP = Earnings before interest, taxes, depreciation & amortization, and non-cash pension expense
- (2) Assuming full dilution from the \$200m outstanding 4.0625% convertible subordinated notes (strike price = \$9 / share)
- (3) GY pays minimal cash taxes due to a combination of NOLs and various tax planning strategies. We conservatively apply a 20% tax rate to the combined entity
- (4) Mid-point of Marcato estimated value



III. Brookfield Residential Properties (BRP)

Company Overview

Brookfield Residential

Ticker: "BRP"

Price: \$14.39 ⁽¹⁾

Capitalization

Mkt. Cap \$1.5B

TEV \$2.8B

- ▲ Brookfield Residential Properties ("BRP" or the "Company") is a hybrid land developer and homebuilder
- ▲ Primarily acquires and develops land for residential use
- ▲ Occasionally designs and constructs homes and commercial properties
- ▲ Operates both in Canada and the United States

Financials:

▲ 2011 Revenue ⁽²⁾

\$819M

▲ 2011 Free Cash Flow ⁽³⁾

\$163M

Valuation Multiples:

▲ P / Q2 2012 TBV

1.5x

▲ P / 2011 FCF

9.0x

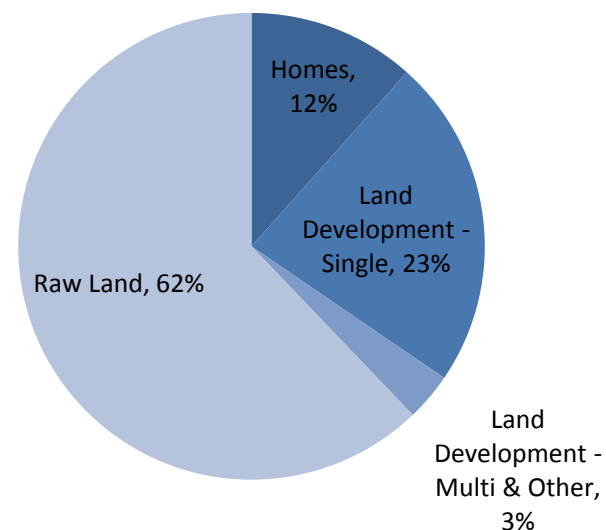
Land Holdings Dominate The Balance Sheet

Q2 2012 Balance Sheet

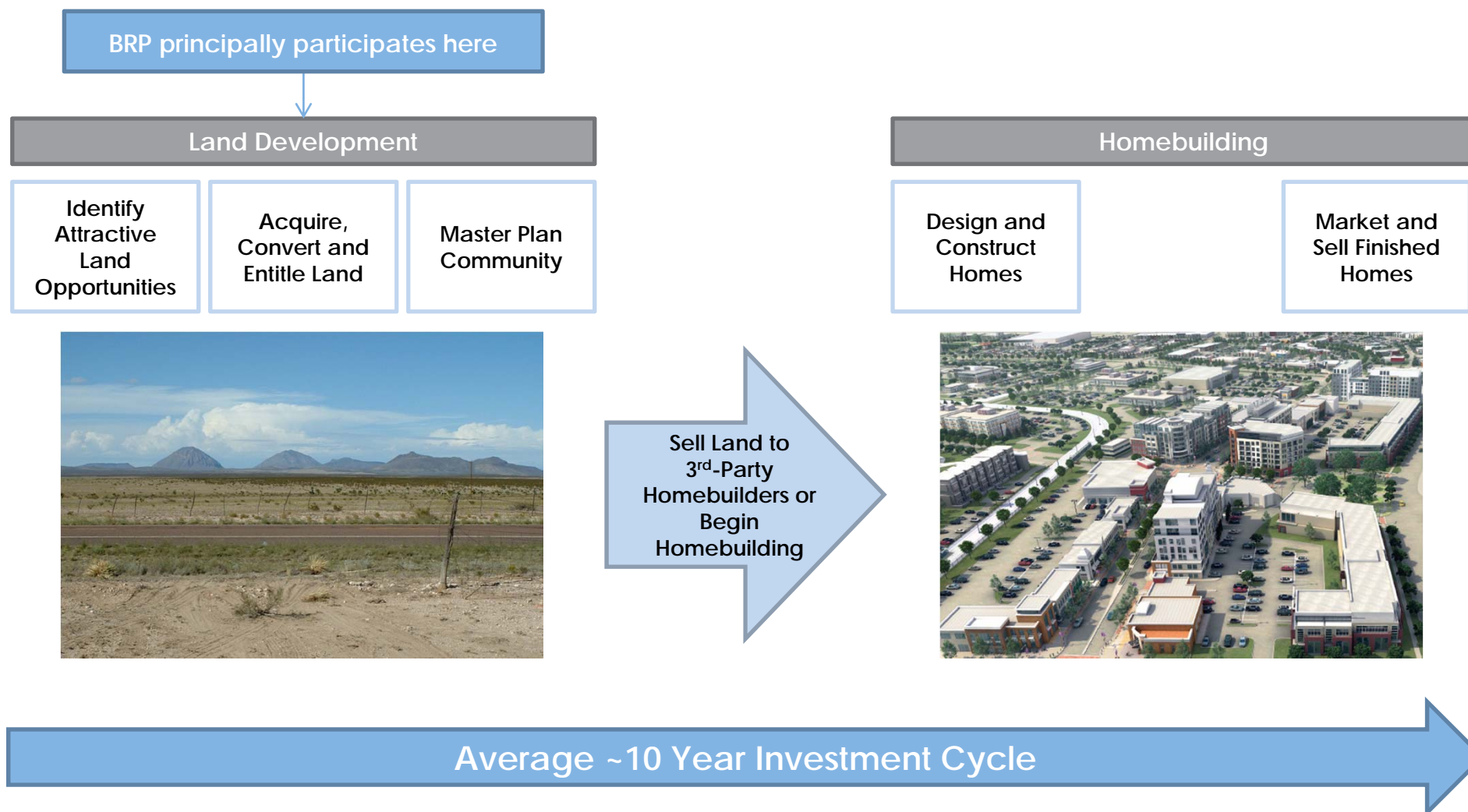
	Note	June 30 2012
Assets		
Land and housing inventory	2	\$ 2,212,184
Investments in unconsolidated entities	3	153,654
Receivables and other assets	4	328,891
Restricted cash	5	8,600
Cash and cash equivalents		7,801
Total assets		\$ 2,711,130
Liabilities and Equity		
Project-specific and other financings	6	\$ 932,724
Notes payable	7	472,128
Accounts payable and other liabilities	8	243,357
Deferred income tax liabilities	9	22,619
Total liabilities		1,670,828
Other interests in consolidated subsidiaries	10	31,801
Preferred Shares 69,261 shares outstanding (December 31, 2011)		
70,002 shares outstanding)	11	1,729
Common Shares 99,813,683 shares outstanding (December 31, 2011)		
99,342,718 shares outstanding)	11	96,022
Additional paid-in capital		407,489
Treasury stock, at cost	11	-
Retained earnings		412,748
Non-controlling interest	10	11,431
Accumulated other comprehensive income		79,082
Total equity		1,008,501
Total liabilities and equity		\$ 2,711,130

Vast majority of the Company's \$2.2B in property inventory consists of long-lived land investments

Q2 2012 Property Inventory by Type



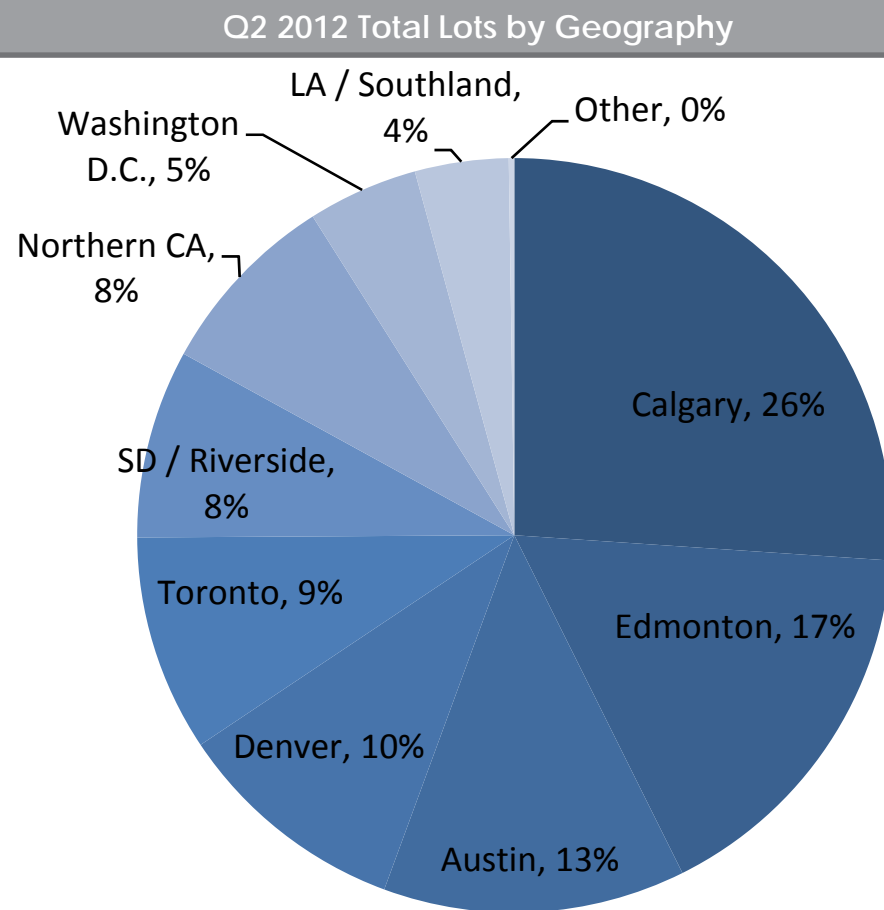
The Residential Development Process



Diversified North American Land Portfolio

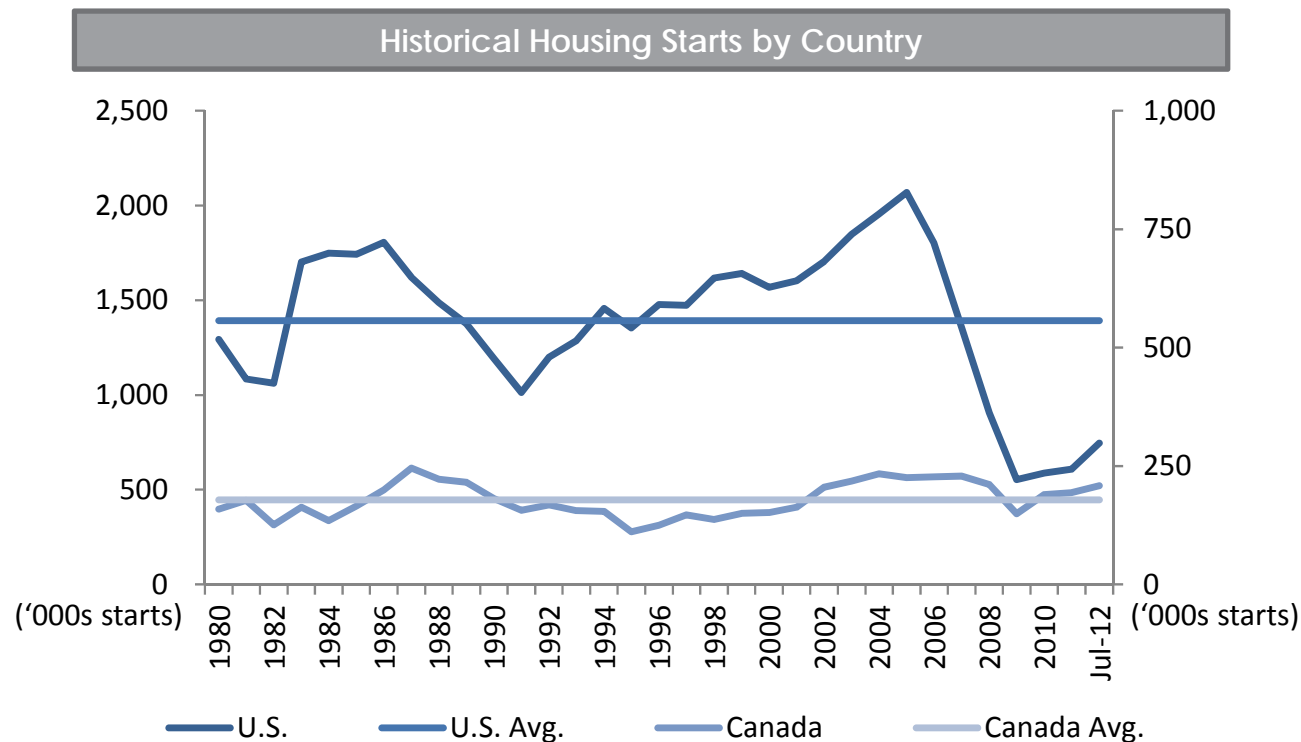


Diversified North American Land Portfolio (cont.)



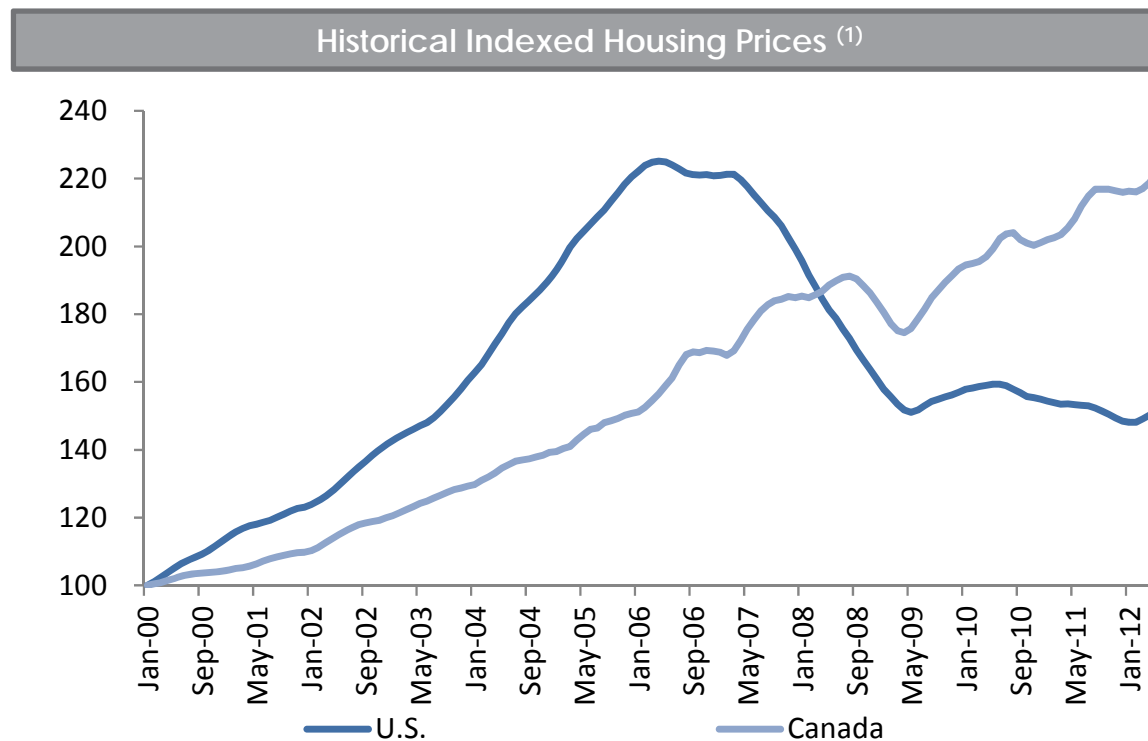
Home Start Trends are Encouraging

- ▲ Canadian home starts are within long-term averages and have recovered since the downturn
- ▲ U.S. home starts are still 50% below long-term averages but have begun to rise



Home Price Trends are Encouraging

- ▲ Canadian home prices have grown substantially this past decade, up over 100%
- ▲ U.S. home prices are still ~30% below peak but have begun to stabilize



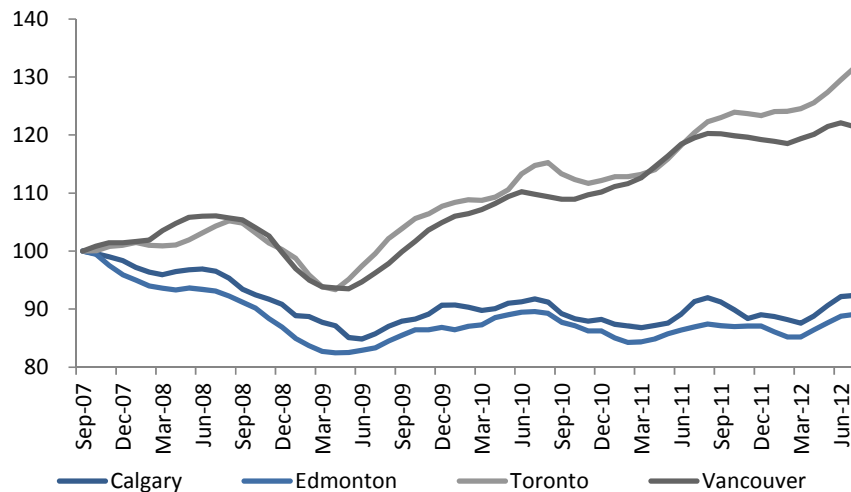
Canada Delivering Nearly All Gross Profit

2011 Gross Margin Breakdown ⁽¹⁾			
(\$Ms)	2011		
	Canada	U.S.	Total
<u>Lots:</u>			
Revenue	\$255	\$80	\$335
Expenses	(\$98)	(\$89)	(\$187)
Gross Margin \$	\$157	(\$9)	\$148
Gross Margin %	61.6%	-11.3%	44.2%
<u>Homes:</u>			
Revenue	\$323	\$161	\$484
Expenses	(\$268)	(\$146)	(\$414)
Gross Margin \$	\$55	\$15	\$70
Gross Margin %	17.0%	9.3%	14.5%
<u>Total:</u>			
Revenue	\$578	\$241	\$819
Expenses	(\$366)	(\$235)	(\$601)
Total Gross Margin \$	\$212	\$6	\$218
Total Gross Margin %	36.7%	2.5%	26.6%
% of Total Gross Margin	97.2%	2.8%	100.0%

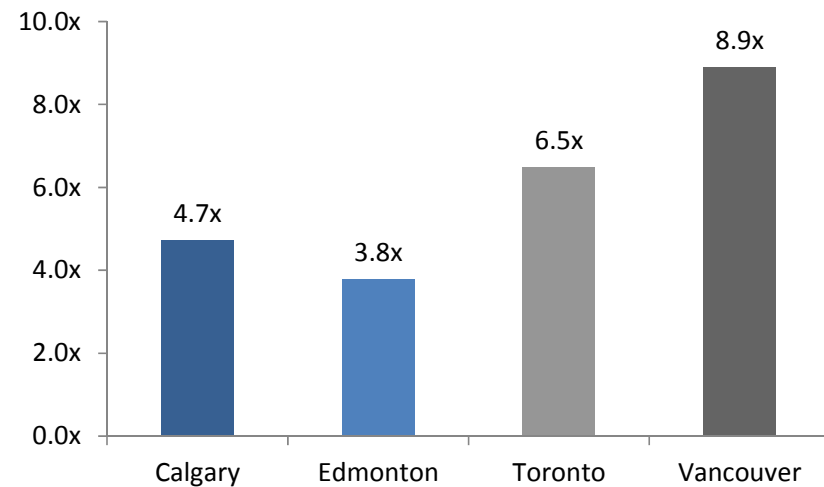
Concentrated in the Best Canadian Markets

- ▲ BRP's Canadian land investments are >80% concentrated in oil sands-rich Alberta
 - Alberta's GDP grew 5.2% in 2011, highest in Canada
- ▲ Despite stronger economic trends and better affordability ratios, Alberta's housing prices have underperformed Toronto and Vancouver since peaking in 2007

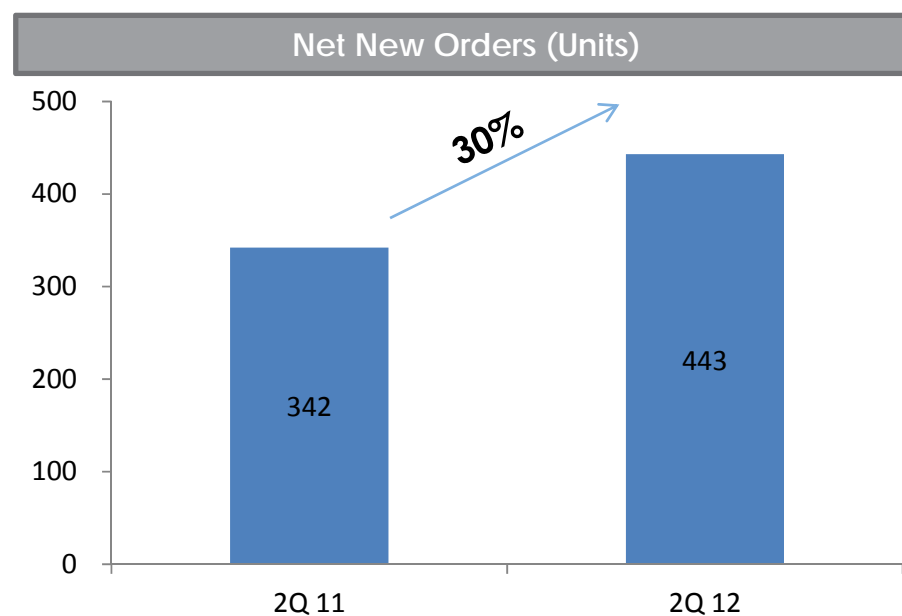
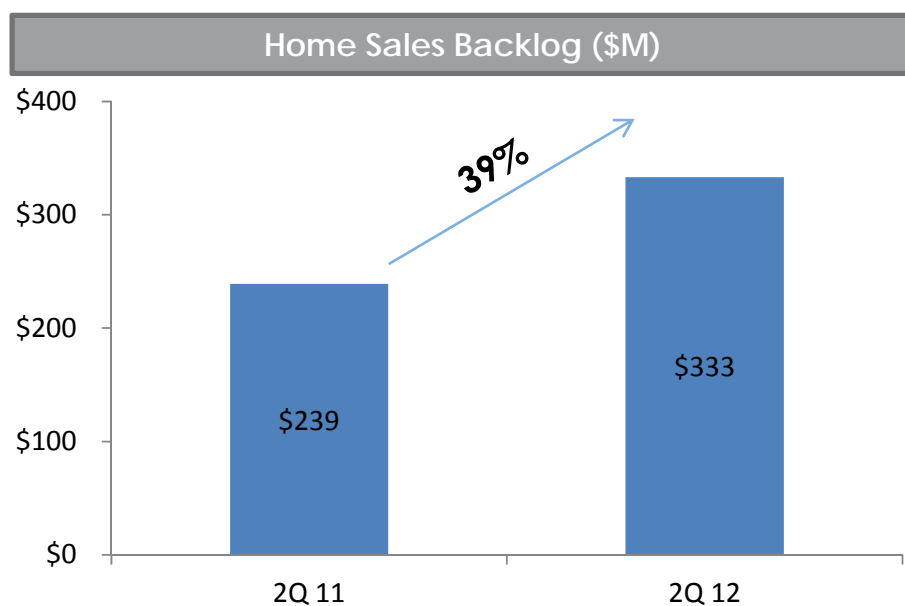
Historical Indexed Housing Prices ⁽¹⁾



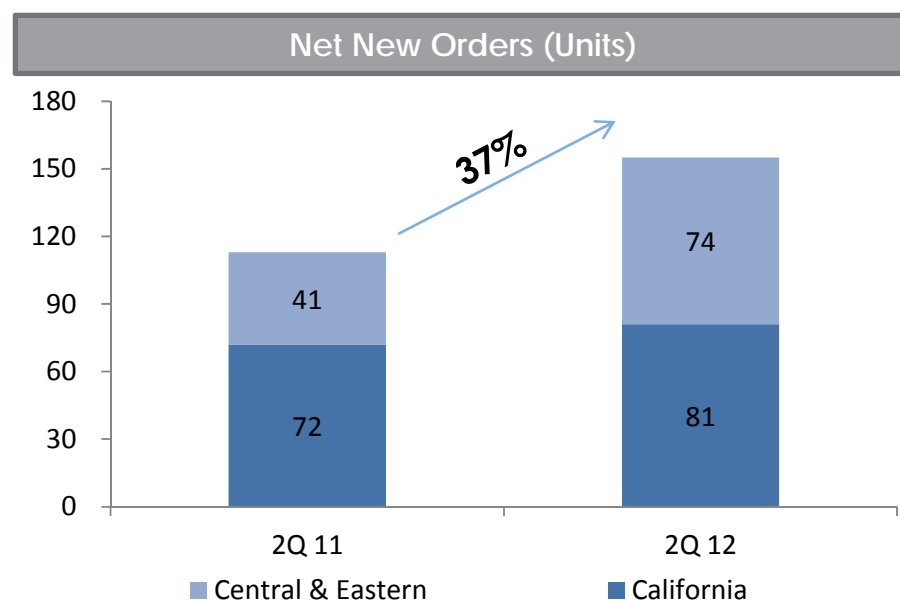
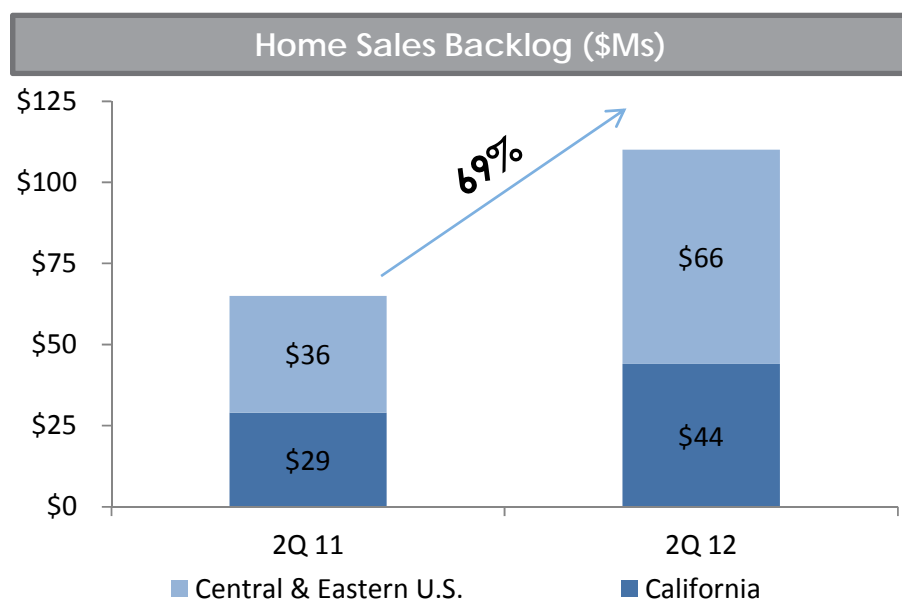
Housing Price to Median Family Income ⁽²⁾



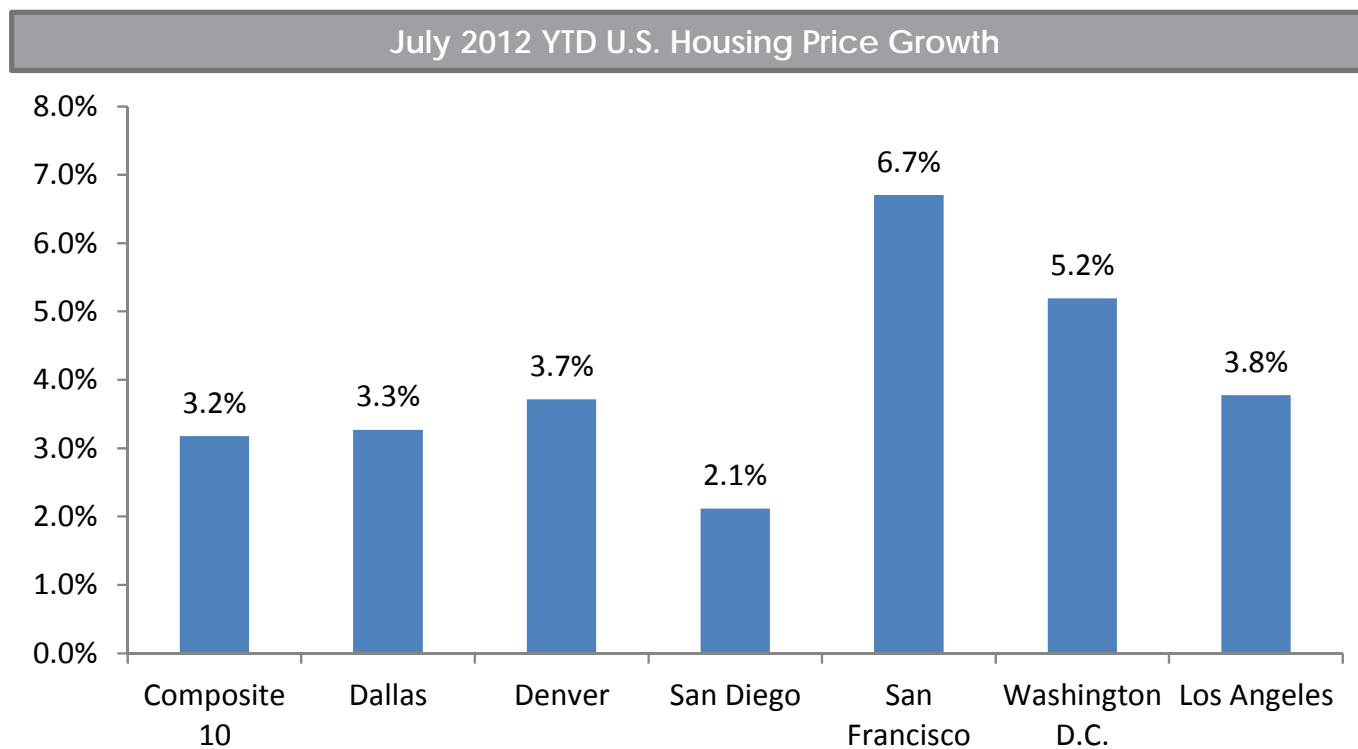
BRP's Canadian Markets Are Strong



U.S. Looks to be Recovering Rapidly



U.S. Looks to be Recovering Rapidly (cont'd)



Management is Forecasting Strong Growth

- ▲ Management began to provide FY2012 guidance commentary in Q1 2012
- ▲ Management's top-line guidance implies strong fundamental growth for FY2012
 - We conservatively assume flat pricing, margins and no U.S. land sales

FY2012 Management Guidance				
(\$Ms)	Actual 2011	Pro Forma 2011	Guidance ⁽¹⁾ 2012	Change
Home Closings:				
Canda	941	941	1,200	27.5%
U.S.	354	354	550	55.4%
Lot Closings:				
Canda	2,940	1,767	1,700	-3.8%
U.S.	534	534		-100.0%
Total Revenue	\$1,008	\$819	\$907	10.8%
Gross Margin	\$267	\$218	\$244	12.2%
<i>% Margin</i>	<i>26.5%</i>	<i>26.6%</i>	<i>26.9%</i>	<i>32 bps</i>

Strong growth despite management not providing guidance on U.S. land sales

Why is BRP Unique vs. Other Homebuilders?

	Other Homebuilders	BRP
Inventory Runway	<ul style="list-style-type: none">✗ Short✗ Cash flows needed to refill depleted land inventory	<ul style="list-style-type: none">✓ Long✓ Less need to recycle cash flows into new land acquisition
Portfolio Composition	<ul style="list-style-type: none">✗ Mostly homes✗ Recently acquired	<ul style="list-style-type: none">✓ Mostly land✓ Old
Carrying Value of Property	<ul style="list-style-type: none">✗ Marked-to-market (impairments)✗ Market prices have fallen/stagnated since purchase	<ul style="list-style-type: none">✓ Book value (original cost)✓ Market prices have since increased substantially

Long Runway Minimizes Cash Needs

- ▲ BRP's substantial land and housing portfolio provides it with ~30 years of runway at current volumes, allowing BRP to generate significant free cash flow while requiring minimal land capex
 - This is over 3x the inventory of other homebuilders at 2011's run-rate, despite BRP's Canadian operations running at full speed vs. other homebuilders' currently depressed sales volumes

Land and Housing Inventory			
	Years Inventory ⁽¹⁾		Homes as a % of Inventory ⁽³⁾
	2010	2011 ⁽²⁾	
Beazer Homes	6.6x	8.2x	30%
DR Horton	6.2x	7.4x	41%
Hovnanian Enterprises	6.8x	7.4x	77%
KB Home	5.4x	6.9x	27%
Lennar	9.5x	10.3x	33%
Meritage	4.1x	5.1x	35%
PulteGroup	8.6x	8.6x	28%
Standard Pacific	8.7x	10.3x	32%
Toll Brothers	13.2x	14.4x	70%
Average	7.7x	8.7x	41%
Brookfield Residential Properties	26.4x	30.1x	12%

BRP's portfolio consists of mostly mature land investments vs. more recent housing inventory for other homebuilders

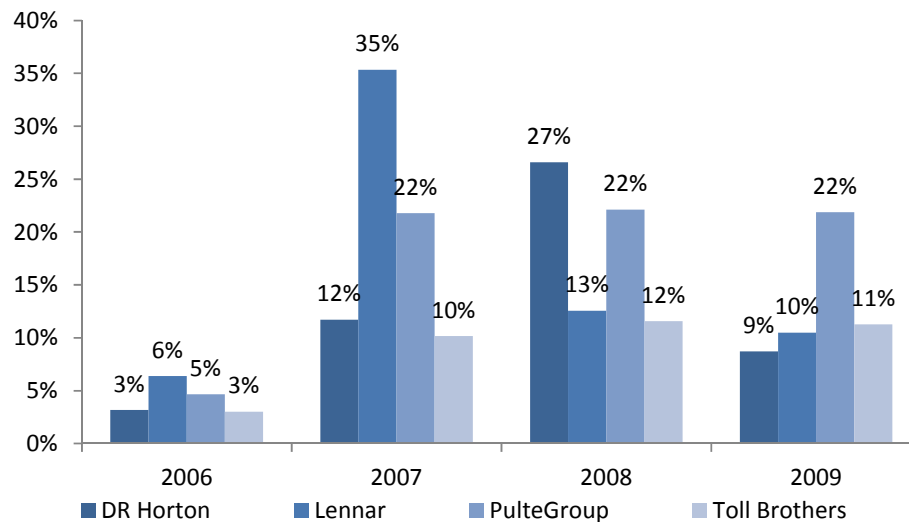
Long-Lived Assets Understate Value

- ▲ BRP's land and housing investments are recorded on its balance sheet at lower of carrying value (cost) or fair value
- ▲ We believe the aged nature of the Company's land assets causes them to be understated on the Company's balance sheet
 - Canadian land has an average age of ~8 years in Edmonton and Toronto and up to 15 years in Calgary
 - U.S. land has an average age of ~7-8 years
- ▲ During this timeframe, Canadian real estate has seen a historic appreciation in value
- ▲ BRP has also taken impairments of ~30% of cost for its U.S. land assets, in-line with other homebuilders ⁽¹⁾

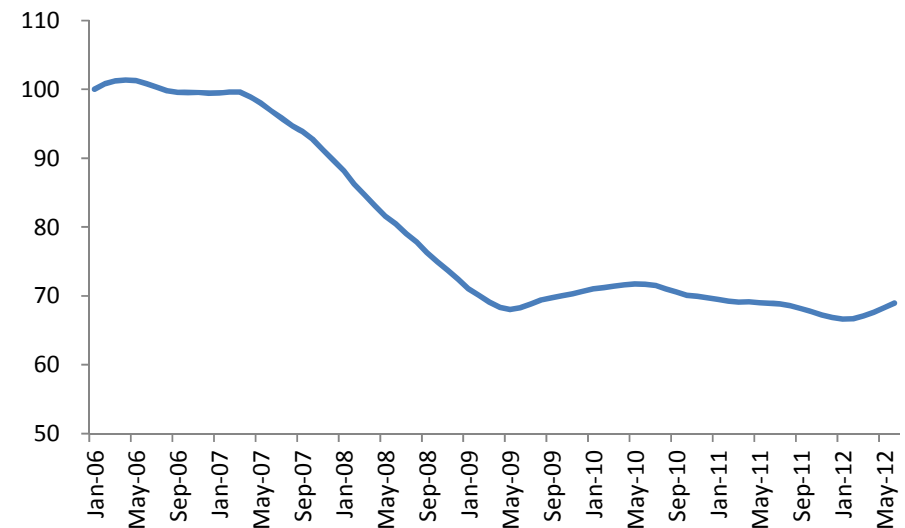
Other Homebuilders' Inventories are "Marked-to-Market"

- ▲ Due to their U.S. focus and inventory write-downs taken during the recent recession, BRP's homebuilding peers' assets are likely marked near market value

Impairments as % of Beginning Inventory



U.S. Home Prices Since 2006 ⁽¹⁾



Market Value of BRP's Assets is Significantly Above Carried Value

Estimated Market Value of BRP's Assets	
(\$ Ms)	
<u>Land and Housing Inventory:</u>	
Value of Homes	\$467
Value of Land - Single	\$783
Value of Land - Multi & Other	\$233
Value of Raw Land	\$2,244
Land and Housing Inventory	\$3,727
Homes Cost to Complete	(\$124)
Land Cost to Complete	(\$289)
"Market" Land and Housing Inventory	\$3,314
"Book" Land and Housing Inventory	\$2,212
% Increase (Decrease)	49.8%
<u>Tangible Book Value:</u>	
"Market" Land and Housing Inventory	\$3,314
Plus: All Other Assets	\$499
Less: All Liabilities & Minority Interest	(\$1,626)
"Market" Tangible Book Value	\$2,187
"Book" Tangible Book Value	\$995
% Increase (Decrease)	119.7%

Public Trading Comps

- ▲ Despite its portfolio of attractive land development and profitable Canadian operations, BRP trades at a substantial discount to U.S. peers

Public Trading Comps

(Ms Local Currency, except per share data)	Share Price	% Above (Below)		Mkt. Cap	TEV	P / BV	P / TBV	P / Adj. BV ⁽²⁾	P / Adj. TBV ⁽²⁾	P / E		% Growth
	9/24/12	52W L	52W H			MRQ	MRQ	MRQ	MRQ	2012	2013	2012-2013
Large-Cap:												
DR Horton	\$22.04	174%	-3%	\$7,037	\$7,967	2.0x	2.0x	2.0x	2.0x	27.7x	20.0x	38.2%
Lennar	\$36.96	204%	-3%	\$6,743	\$10,913	2.1x	2.1x	2.0x	2.0x	20.9x	24.5x	-14.8%
PulteGroup	\$16.76	409%	-4%	\$6,432	\$8,277	3.3x	3.5x	1.4x	1.5x	32.5x	18.3x	77.2%
Toll Brothers	\$36.13	175%	-3%	\$6,077	\$7,168	2.3x	2.3x	2.0x	2.0x	46.8x	31.7x	47.8%
Mean		241%	-3%			2.4x	2.5x	1.8x	1.9x	32.0x	23.6x	37.1%
Median		189%	-3%			2.2x	2.2x	2.0x	2.0x	30.1x	22.3x	43.0%
Smaller-Cap:												
Beazer Homes USA	\$3.85	186%	-4%	\$381	\$1,592	2.1x	2.1x	0.6x	0.6x	NM	NM	NM
Hovnanian Enterprises	\$3.83	330%	-5%	\$485	\$2,008	NM	NM	1.0x	1.0x	NM	NM	NM
KB Home	\$14.63	191%	-7%	\$1,128	\$2,436	3.0x	3.0x	0.9x	0.9x	NM	NM	NM
Meritage Homes	\$41.53	204%	-2%	\$1,470	\$1,985	3.0x	3.0x	2.5x	2.5x	51.7x	22.9x	125.3%
Standard Pacific ⁽³⁾	\$7.43	242%	-6%	\$2,660	\$3,493	4.1x	4.1x	2.3x	2.3x	34.5x	21.6x	59.8%
Mean		231%	-5%			3.0x	3.0x	1.5x	1.5x	43.1x	22.2x	92.6%
Median		204%	-5%			3.0x	3.0x	1.0x	1.0x	43.1x	22.2x	92.6%
Total:												
Mean		235%	-4%			2.7x	2.8x	1.6x	1.6x	35.7x	23.2x	55.6%
Median		204%	-4%			2.6x	2.6x	2.0x	2.0x	33.5x	22.2x	53.8%
Brookfield Residential Properties (Book) ⁽¹⁾	\$14.39	137%	-6%	\$1,475	\$2,753	1.5x	1.5x	1.3x	1.3x	NA	NA	NA
Brookfield Residential Properties (Market)						0.7x	0.7x	0.6x	0.6x			

Source: CapIQ, company filings and research
Note: As of September 24, 2012

What's BRP Worth?

Illustrative Valuation Range		
(\$Ms)	Median of Comps	
	Adj. TBV ⁽¹⁾	TBV
"Market" Tangible Book Value	\$2,287	\$2,187
Multiple	2.0x	2.6x
Equity Value	\$4,573	\$5,685
Total FD Shares Out.	102.48	102.48
Implied Share Price	\$44.63	\$55.48
Share Price (9/24/12)	\$14.39	\$14.39
% Increase (Decrease) to Current	210.1%	285.5%

Ignored by Analysts

Bulge Bracket Research Coverage											
	BZH	DHI	HOV	KBH	LEN	MTH	PHM	SPF	TOL	Avg.	BRP
BAML				Y	Y	Y	Y	Y	Y		
Barclays		Y		Y	Y	Y	Y	Y	Y		
Citi	Y	Y		Y	Y	Y	Y		Y		
Credit Suisse	Y	Y	Y	Y	Y	Y	Y		Y		
Deutsche Bank		Y	Y	Y	Y	Y	Y		Y		
Goldman Sachs		Y	Y	Y	Y	Y	Y	Y	Y		
JP Morgan	Y	Y	Y	Y	Y	Y	Y	Y	Y		
UBS	Y	Y	Y	Y	Y	Y	Y	Y	Y		
Total	4	7	5	8	8	8	8	5	8	6.8	0

Perspectives on Book Value: Finding Hidden Value on the Balance Sheet

October 2012