

**From:** Neighbor, Webster [rwebster.neighbor@lehman.com]  
**Sent:** Sunday, June 15, 2008 4:38 AM (GMT)  
**To:** Hughson, Paul A [phughson@lehman.com]; Cyrus, Keith [keith.cyrus@lehman.com]  
**Subject:** Re: ASN sensitivity summary

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Yes. In addition, I'd highlight that we still assume c. \$2.4bn of sales in yrs. 3-5 -- primarily Seattle (a market timing call), JVs (expiration of lockups), and Boston. These are at a blended 4.82% cap, the same as the T=7 cap rate.

If we are able to execute a meaningful proportion of the Related/Contract/In Negotiation, I'd argue that we push the T=3-5 sales (outlined above) to T=7, also at the same 4.82% cap rate. This is 65-95bps accretive to the current base case I outlined in the previous email.

----- Original Message -----

From: Hughson, Paul A  
To: Neighbor, Webster; Cyrus, Keith  
Sent: Sun Jun 15 00:07:43 2008  
Subject: Re: ASN sensitivity summary

Great-really helpful-looks like we have plenty of reason to feel good at 15

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Sent from my BlackBerry Wireless Handheld (www.BlackBerry.net)

----- Original Message -----

From: Neighbor, Webster  
To: Hughson, Paul A; Cyrus, Keith  
Sent: Sat Jun 14 21:09:12 2008  
Subject: ASN sensitivity summary

Revised ASN sensitivities:

(1) New "Base Case" IRR = 21.37%. This is down from 21.63% previously due to marking the near term sales to levels consistent with market feedback (Related NYC = \$1.33bn / 4.50% cap on '08 NOI; Executed contracts of \$410mm / 4.88%; In Negotiation = \$1.5bn / 5.00%). Assumes equity syndication at 12/31/08, free of asset mgmt fee and promote, and without carry at our current mark of 75.1% (\$533mm discount to par). Sales that had been forecasted for yrs. 1 & 2 that are not Related/Contract/Negotiation are pushed back to T=7 (the largest are Warner Center and Clinton, \$641mm total at a ~4.25% cap).

(2) T=7 sales are now at a 4.82% cap rate (down from 4.89% due to reshuffling of assets/hold periods as described above)

(3) Each 25bps exit cap widening is ~165bps dilutive (widening the entire portfolio excl. the >\$3.2bn outlined above). At 100bps widening, the 21.37% above becomes 14.82%. (Paul - this is higher than the 14.46% we discussed due to cleaning up the asset/hold period shuffling - most notably moving clinton to t=7)

(4) Each 25bps rent grown miss is 80-100bps dilutive, depending on the cap rate scenario being used.

(5) For example, 75bps cap rate and 25bps rent growth miss = 15.51%. 50bps cap rate and 75bps rent growth miss = 15.33%. 25bps cap rate and 125bps rent growth miss = 15.23%.

(6) Last, running all of these at the bridge + debt total mark of \$567mm is 40-45bps accretive depending on the scenario. So in that case, running the base case with 100bps exit cap widening (no rent flex) is a 15.25%.

Let me know if you have any questions.

Web  
Cell: 919-619-6385