

From: Platt, Rebecca [rebecca.platt@lehman.com].

Sent:6/16/2008 8:32 AM.

To: Kebede, Abe [akebede@lehman.com].

Cc: .

Bcc: .

Subject: FW: Discount Rates.

Abe,

These are the discount rates I used in the model. They are from page 7 of the 5/26 download on the website. They are slightly different than the ones below. I will save them to the Misc PTG folder from now on. Sorry for any confusion.

Thanks,  
Rebecca

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From: Kebede, Abe  
Sent: Sunday, June 15, 2008 1:27 PM  
To: 'Nicholas.McClay@ey.com'  
Cc: Rabin, Eli; Platt, Rebecca  
Subject: RE: Discount Rates

we do not use Korpatz any more. spreads are obtained from Real Estate Finance and Investments publication. I dont have a hard copy with me, but here is a download from their website.

CMBS Spreads Tighten

- 06/06/2008

Spreads on AAA bonds tightened by five basis points in another quiet week of trading, ending the week around swaps-plus-140, said <[http://www.iirealestate.com/Search.aspx?SearchStr=Douglas Hercher](http://www.iirealestate.com/Search.aspx?SearchStr=Douglas+Hercher)> Douglas Hercher, executive vice president and principal at <[http://www.iirealestate.com/Search.aspx?SearchStr=Cushman & Wakefield Sonnenlick Goldman](http://www.iirealestate.com/Search.aspx?SearchStr=Cushman+Wakefield+Sonnenlick+Goldman)> Cushman & Wakefield Sonnenblick Goldman. "We are seeing evidence that the gap between buyers and sellers is starting to narrow, particularly with multi-family assets where agency financing is still readily available, and new acquisition deals are starting to get done."

Hercher said the mezzanine market was showing signs of tightening as well as capital continued to amass and flow into that portion of the capital stack. He said the caution of balance-sheet lenders was reflected in lower proceeds and tighter borrowing covenants, and that borrowers were looking to head off trouble at the pass. "Many investors are taking steps now to de-lever their holdings rather than being forced into a hasty recapitalization by a debt maturity," he said.

Senior Mortgage Matrix June 4, 2008

3-5 Year 5-10 Year Fixed-Rate  
Floating-Rate Mortgages 2 3  
Mortgages 1  
Index: One-Month LIBOR Index: Equivalent Maturity  
Treasuries  
<65% LTV >65% LTV Lender Fee Property Type <65%  
LTV >65% LTV  
Residential  
225-250 250-325 75-100 bps Apartments 200-240  
250-275  
Retail  
225-275 275-300 75-100 bps Malls 225-250 250-350  
  
250-300 300-350 75-100 bps Strip and Power Centers  
250-300 300-400  
Industrial  
250-300 300-350 75-100 bps Multi-tenant 250-300  
300-450  
Office  
200-250 300-350 50-100 bps CBD 225-325 300-400  
  
200-250 300-400 75-100 bps Suburban 250-350  
350-450  
Hotel  
250-300 300-500 50-100 bps Full-Service 300-400  
350-500  
250-300 300-500 50-100 bps Limited-Service 300-450  
400-500  
1-Month LIBOR 2.85%\* (2.47%) 5-Year Treasury 3.41%\* (3.02%)  
  
3-Month LIBOR 3.09%\* (2.66%\*) 10-Year Treasury  
4.06%\* (3.78%)

1Assumes interest only 2Assumes no lender fee  
\*Number as of June 4, 2008

Mezzanine Financing Matrix June 4, 2008  
Debt Provider Rate Term LTV Range (%) Lender Fee  
Hedge/Opportunity Funds 11-18% 1-5 years >65% 1-3%  
Investment Banks 15-18% 1-5 years >65% 1-2%  
Insurance Companies 9-15% 3-10 years >60-75% 1-2%  
  
Private Sources 8-14% Six months to 6 years >70%

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From: Nicholas.McClay@ey.com [mailto:Nicholas.McClay@ey.com]  
Sent: Sunday, June 15, 2008 12:17 PM  
To: Kebede, Abe  
Subject: Re: Discount Rates

Yes,

Sorry, PTG made me request it, but please provide disc rate support for  
comL as well - just hadn't gotten there yet.

Thanks,

Nicholas

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"Kebede, Abe" <[akebede@lehman.com](mailto:akebede@lehman.com)>

06/15/2008 12:14 PM

To  
<[Nicholas.McClay@ey.com](mailto:Nicholas.McClay@ey.com)>

cc

Subject  
Re: Discount Rates

For which models? Ptg?

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

From: [Nicholas.McClay@ey.com](mailto:Nicholas.McClay@ey.com) <[Nicholas.McClay@ey.com](mailto:Nicholas.McClay@ey.com)>  
To: Kebede, Abe  
Cc: [Jerry.Gruner@ey.com](mailto:Jerry.Gruner@ey.com) <[Jerry.Gruner@ey.com](mailto:Jerry.Gruner@ey.com)>  
Sent: Sun Jun 15 11:53:46 2008  
Subject: Discount Rates

Abe,

Can you send me the REFI and the Korpacz that you used for discount rates?

Also, is there anything else that you used to reference researched rates (RE Alert, CM Alert, etc) that you think supports the valuation schedules?

Thanks,

Nicholas

Ernst & Young (r)  
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