

# Archstone-Smith Trust

**LEH, along with its partners, acquired Archstone-Smith Trust, a large multi-family REIT, in the fourth quarter of 2007. The Firm has reduced its total exposure to \$5.4 billion<sup>(1)</sup>**

Company	Transaction
<ul style="list-style-type: none"> <li>◆ A portfolio of highly attractive assets                             <ul style="list-style-type: none"> <li>– 96.4% of Core NOI is derived from assets located in high barrier-to-entry coastal markets</li> <li>– Concentrated in prime submarkets (Washington D.C., New York, Southern CA, San Francisco, Boston, Seattle) within each market</li> <li>– Class A assets with many unique high-rise properties</li> </ul> </li> <li>◆ Attractive fundamentals                             <ul style="list-style-type: none"> <li>– Purchase price of \$323K per unit significant discount to the estimated replacement cost of \$390K per unit</li> <li>– 95.7% Occupancy rate across total portfolio</li> <li>– Rental rates increased in excess of 5.5% last year</li> <li>– Two recent sales out of the portfolio in December occurred at a cap rate of 4.1%, below the cap rate at which Archstone was acquired</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>◆ Over 50% of Lehman’s exposure to the acquisition was syndicated prior to the completion of the commitment</li> <li>◆ Lehman’s original committed exposure was \$11.5 billion, which was comprised of \$9.1 billion of debt, \$2.2 billion of bridge equity and \$250 million of permanent equity</li> <li>◆ The Firm has reduced its exposure to \$5.4 billion<sup>(1)</sup> through the following:                             <ul style="list-style-type: none"> <li>– \$5.7 billion<sup>(2)</sup> of asset sales, debt placement, and assumption of debt at closing or shortly thereafter</li> <li>– \$371 million<sup>(2)</sup> of asset sales and refinancings executed post-closing</li> </ul> </li> <li>◆ The Firm anticipates reducing its exposure by \$600 million during FY08 through asset sales, and refinancings</li> </ul>

## Lehman Brothers’ Share of Archstone-Smith Distribution

