

From: Kirk, Alex (FID) [akirk@lehman.com]
Sent: Tuesday, May 29, 2007 2:25 PM (GMT)
To: 4955214@archwireless.net [8774955214@archwireless.com]
Subject: FW: Archstone-Smith Agrees to Be Acquired by Tishman Speyer

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> From: Seery, James
> Sent: Tuesday, May 29, 2007 10:24:29 AM
> To: Kirk, Alex (FID)
> Subject: FW: Archstone-Smith Agrees to Be Acquired by Tishman Speyer
> Auto forwarded by a Rule

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> From: Heflin, Chip [NY]
> Sent: Tuesday, May 29, 2007 10:23 AM
> To: Loan Sales - 4th Floor
> Subject: Archstone-Smith Agrees to Be Acquired by Tishman Speyer

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> All..pls see press release below announcing ASN/Tishman/LEH
> transaction. LEH/Boa providing the financing. I will be out with
> additional details when available. A syndtrack site has been set-up
> to the extent your receive inquiry from accounts
>
> DENVER--(BUSINESS WIRE)--May 29, 2007
> Archstone-Smith (NYSE:ASN) today announced that it has signed a
> definitive merger agreement to be acquired by a partnership sponsored
> by Tishman Speyer and Lehman Brothers (including its Private Equity
> group), (the "Partnership"), in a transaction valued at approximately
> \$22.2 billion, including the assumption and refinancing of
> Archstone-Smith's outstanding debt and excluding transaction costs.
> The transaction represents the largest public to private merger and
> acquisition transaction in the multifamily REIT sector.
>
> Under the terms of the merger agreement, the Partnership will
> acquire all outstanding common shares of beneficial interest in
> Archstone-Smith for \$60.75 per share in cash. The purchase price per
> share represents a 22.7% premium over the share price on May 24, 2007,
> immediately prior to published reports regarding a potential
> acquisition. The company will pay its regular quarterly dividend that
> is payable on May 31, 2007 to common shareholders of record as of May
> 16, 2007, but will not pay any additional dividends on its common
> shares thereafter. It is currently expected that, in connection with
> the merger, Archstone-Smith's Series I preferred shares will either be
> redeemed at the liquidation preference of \$100,000 per share plus
> accrued but unpaid dividends through the closing date of the merger or
> be converted into preferred shares of the surviving entity in the
> merger, at the election of the Partnership.
>

- > "Archstone-Smith has created a fantastic portfolio of apartment
- > communities and has developed an industry-leading platform that
- > includes more than 2,500 talented associates who are vital to our
- > success," said R. Scot Sellers, chairman and chief executive officer,
- > Archstone-Smith. "We have always been committed to maximizing value
- > for our shareholders, and we believe this merger accomplishes that
- > objective, offering a significant premium over the unaffected share
- > price. We are looking forward to continuing to provide great
- > apartments and great service to our customers as part of the Tishman
- > Speyer family, and continuing to grow our business for many years to
- > come."
- >
- > Archstone-Smith's board of trustees unanimously approved the
- > merger agreement and the merger and has recommended the approval of
- > the transaction by common shareholders. Completion of the transaction,
- > which is currently expected to occur in the third quarter of 2007, is
- > contingent upon customary closing conditions and the approval of
- > Archstone-Smith's shareholders, who will be asked to vote on the
- > proposed transaction at a special meeting that will be held on a date
- > to be announced. The transaction is not contingent on receipt of
- > financing by the Partnership.
- >
- > Unitholders of Archstone-Smith Operating Trust, the operating
- > entity through which Archstone-Smith conducts substantially all of its
- > business and which owns substantially all of its assets, will be
- > offered the opportunity to elect to receive \$60.75 per unit in cash or
- > a newly issued preferred unit in Archstone-Smith Operating Trust.
- >
- > Rob Speyer, Senior Managing Director of Tishman Speyer, stated,
- > "Archstone is an exceptional company that has built one of the finest
- > collections of multifamily assets in the industry. We are excited to
- > work with such an extraordinary management team led by Scot Sellers
- > and welcome the opportunity to help grow this company."
- >
- > At the request of the Partnership and in connection with the
- > execution of the merger agreement, R. Scot Sellers agreed to terms of
- > employment with the Partnership that will supersede his current
- > employment arrangements with Archstone-Smith effective upon and
- > subject to completion of the merger.
- >
- > The transaction is being financed by equity provided by Tishman
- > Speyer with the balance of the debt and equity capital provided and
- > arranged by Lehman Brothers Inc. and Bank of America.
- >
- > Morgan Stanley acted as exclusive financial advisor and Hogan &
- > Hartson LLP acted as legal advisor to Archstone-Smith. Lehman Brothers
- > Inc. and Bank of America acted as financial advisors to the
- > Partnership. Wachtell, Lipton, Rosen & Katz, DLA Piper LLP, and
- > Schulte Roth and Zabel LLP provided legal counsel to Tishman Speyer.
- > Weil Gotshal & Manges LLP and Cadwalader, Wickersham & Taft LLP
- > provided legal advice to Lehman Brothers Inc. Kirkland & Ellis LLP
- > provided legal advice to Bank of America. In addition, Cadwalader,
- > Wickersham & Taft LLP represented Lehman Brothers Inc. and Bank of
- > America as joint lead arrangers of the credit facilities.
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- > About Archstone-Smith

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> Archstone-Smith (NYSE:ASN), an S&P 500 company, is a recognized
> leader in apartment investment and operations. The company's portfolio
> is concentrated in many of the most desirable neighborhoods in the
> Washington, D.C. metropolitan area, Southern California, the San
> Francisco Bay Area, the New York metropolitan area, Seattle and
> Boston. The company continually upgrades the quality of its portfolio
> through the selective sale of assets, using proceeds to fund
> investments in assets with even better growth prospects. Through its
> two brands, Archstone and Charles E. Smith, Archstone-Smith strives to
> provide great apartments and great service to its customers -- backed
> by unconditional service guarantees. As of March 31, 2007, the company
> owned or had an ownership position in 344 communities, representing
> 86,014 units, including units under construction.
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> About Tishman Speyer
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> Tishman Speyer is one of the leading owners, developers,
> operators, and fund managers of first-class real estate in the world.
> Since 1978, Tishman Speyer has acquired, developed and operated more
> than 230 properties totaling over 100 million square feet and over
> 14,000 residential units, and manages a property portfolio in excess
> of \$40 billion in total value across the United States, Europe, Latin
> America and Asia, including signature properties such as New York's
> Rockefeller Center and the Chrysler Center, Berlin's Sony Center and
> Torre Norte in Sao Paolo, Brazil.
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> Archstone-Smith's archived press releases are available on its web
> site at www.ArchstoneSmith.com or may be obtained by calling (800)
> 982-9293.
>
> This press release contains forward-looking statements within the
> meaning of Section 27A of the Securities Act of 1933 and Section 21E
> of the Securities Exchange Act of 1934. These statements are based on
> current expectations, estimates and projections about the industry,
> markets in which Archstone-Smith operates, management's beliefs,
> assumptions made by management and the transactions described in this
> press release. While Archstone-Smith management believes the
> assumptions underlying its forward-looking statements and information
> are reasonable, such information is necessarily subject to
> uncertainties and may involve certain risks, many of which are
> difficult to predict and are beyond management's control. These risks
> include, but are not limited to, (1) the occurrence of any event,
> change or other circumstances that could give rise to the termination
> of the merger agreement; (2) the outcome of any legal proceedings that
> may be instituted against Archstone-Smith and others following
> announcement of the merger agreement; (3) the inability to complete
> the merger due to the failure to obtain shareholder approval or the
> failure to satisfy other conditions to completion of the merger,
> including the expiration of any waiting period under the
> Hart-Scott-Rodino Antitrust Improvements Act of 1976, if applicable,
> and compliance with German anti-trust regulations; (4) risks that the
> proposed transaction disrupts current plans and operations and the
> potential difficulties in employee retention as a result of the
> merger; (5) the ability to recognize the benefits of the merger;
> (6) the amount of the costs, fees, expenses and charges related to the

> merger and the actual terms of certain financings that will be
> obtained for the merger; and (7) the impact of the substantial
> indebtedness incurred to finance the consummation of the merger; and
> other risks that are set forth under "Risk Factors" in
> Archstone-Smith's 2006 Annual Report on Form 10-K and Quarterly Report
> on Form 10-Q for the quarter ended March 31, 2007. All forward-looking
> statements speak only as of the date of this press release or, in the
> case of any document incorporated by reference, the date of that
> document. All subsequent written and oral forward-looking statements
> attributable to us or any person acting on our behalf are qualified by
> the cautionary statements in this section. We undertake no obligation
> to update or publicly release any revisions to forward-looking
> statements to reflect events, circumstances or changes in expectations
> after the date of this press release.

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> Additional Information About the Merger and Where to Find It

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> This communication is being made in respect of the proposed merger
> transactions involving Archstone-Smith and Archstone-Smith Operating
> Trust. Archstone-Smith will file a proxy statement with the SEC in
> connection with the proposed merger. Archstone-Smith urges investors
> and shareholders to read the proxy statement when it becomes available
> and any other relevant documents filed by Archstone-Smith with the SEC
> because they will contain important information. Separately,
> Archstone-Smith Operating Trust will file a prospectus/information
> statement with the SEC in connection with the proposed Archstone-Smith
> Operating Trust merger. Archstone-Smith Operating Trust urges
> investors and unitholders to read the prospectus/information statement
> when it becomes available and any other relevant documents filed by
> Archstone-Smith Operating Trust with the SEC because they will contain
> important information.

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> The final proxy statement will be mailed to Archstone-Smith
> shareholders and the prospectus/information statement will be mailed
> to Archstone-Smith Operating Trust unitholders. The proxy statement,
> prospectus/information statement and other documents filed with the
> SEC will be available free of charge at the website maintained by the
> SEC at www.sec.gov. In addition, documents filed with the SEC by
> Archstone-Smith and Archstone-Smith Operating Trust will be available
> free of charge on the investor relations portion of Archstone-Smith's
> website at www.archstonesmith.com, or by contacting the investor
> relations department of Archstone-Smith, telephone (303) 708-5959.

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> Archstone-Smith and certain of its trustees and executive officers
> may be deemed to be participants in the solicitation of proxies from
> its shareholders in connection with the merger. The names of
> Archstone-Smith's trustees and executive officers and a description of
> their interests in Archstone-Smith is set forth in definitive proxy
> statement for its 2007 annual meeting of shareholders, which was filed
> with the SEC on April 11, 2007. Investors, shareholders and
> unitholders can obtain updated information regarding the direct and
> indirect interests of Archstone-Smith's trustees and executive
> officers in the Archstone-Smith merger by reading the proxy statement
> when it becomes available.

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> This communication shall not constitute an offer to sell or the

> solicitation of an offer to sell or the solicitation of an offer to
> buy any securities, nor shall there be any sale of securities in any
> jurisdiction in which such offer, solicitation or sale would be
> unlawful prior to registration or qualification under the securities
> laws of any such jurisdiction.
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> CONTACT:
> Archstone-Smith
> H. Andrew Cantor, 800-982-9293 or 303-708-5959
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> -0- May/29/2007 14:15 GMT
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>
> Chip Heflin
> Vice President
> Lehman Brothers
> Loan Syndicate
> Phone: 212-526-3922
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> Disclaimer: This message is a product of sales and trading and is not
> a research report.
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