

From: Grzeskowiak, Dennis [dgrzeskowiak@trimontrea.com]
Sent: Sunday, March 23, 2008 9:16 PM (GMT)
To: EJDRealCom@aol.com [EJDRealCom@aol.com]; Southerland, John [jsoutherland@trimontrea.com]
Cc: Koutouvides, Ari [akoutouv@lehman.com]; Barsanti, Anthony [abarsant@lehman.com]
Subject: Re: IRR Model Question

Totally agree, that's why we've been working on putting this in place.

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

From: EJDRealCom@aol.com
To: Grzeskowiak, Dennis; Southerland, John
CC: LB_Koutouvides, Ari; LB_Barsanti, Anthony
Sent: Sun Mar 23 14:41:06 2008
Subject: Re: IRR Model Question

Thanks Dennis.

Generally, in a strong market the methodology could be okay, though not great. However, in a weak market, as we are experiencing now, this approach renders the Current Value field totally worthless when calculated at 105% of total cap.

Hopefully, this is changed sooner, rather than later.

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In a message dated 3/23/2008 11:08:46 A.M. Pacific Daylight Time, dgrzeskowiak@trimontrea.com writes:

That ties to TriMont's current valuation methodology (and really goes back to how product control wanted to see the current values in the export), we're working on revising that policy to using a npv of deal cash flows to determine the CV for all sellout deals, regardless of whether sales have begun or not. We've got the team leaders comfortable with the concept, now we're getting them comfortable with the way to determine the discount rate used in the npv calculation.

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

From: EJDRealCom@aol.com [<mailto:EJDRealCom@aol.com>]
Sent: Sat 3/22/2008 1:22 PM
To: Southerland, John
Cc: LB_Koutouvides, Ari; Grzeskowiak, Dennis
Subject: IRR Model Question

JJ,

I'm told that the "Current Value" is determined by formula at 105% of total cap, if no units have been sold. However, for those projects where sales have begun, Current Value is determined by discounting the "Remaining Value" to the Exit Date.

I don't understand why the latter doesn't apply universally. Please advise.

Thanks.

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