

From: Reilly, Gerard <greilly@lehman.com>
Sent: Tuesday, August 21, 2007 1:32 AM (GMT)
To: Kebede, Abebual A <akebede@lehman.com>
Cc: Cohen, Jonathan <jonathan.cohen@lehman.com>; Chopra, Neeraj <neeraj.chopra@lehman.com>
Subject: RE: Archstone Commitment Update

Thanks lets put a memo together this will get a lot of focus

> _____
> From: Kebede, Abebual A
> Sent: Monday, August 20, 2007 6:48 PM
> To: Reilly, Gerard
> Cc: Cohen, Jonathan; Chopra, Neeraj
> Subject: Archstone Commitment Update
>
> Gerry-
>
> Further to your query regarding the MTM of our commitment on
> Archstone, I spoke with the deal managers this afternoon and below is
> an update:
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> * Term sheet for sale of \$7.35 billion (\$6.0 bn fixed rate & \$1.3
> billion floating) to Fannie Mae has been signed, subject to due
> diligence (ending on 9/14/07).
> * We have hedged \$7bn notional in interest rate swaps at the
> locked spreads for the Fannie Mae debt
> * Additional \$2.1 billion of floating rate loan is currently being
> looked at by Freddie Mac.
> * Marketing of the \$3.6 bn term loan has began and we will get
> feedback on how the market receives the offering in the next week or
> so.
> * At current spread levels, the bridge equity is expected to
> generate 13 ~ 14% IRR, net of bridge equity fees. The business
> believes this is in line with current market yields for similar
> investments.
>
> I am awaiting for more details so that we can have a closer look at
> the numbers and perform some scenario analysis, if needed.
>
>
> Thanks,
>
> Abe