

From: Goodman, Jeffrey <jeffrey.goodman@lehman.com>
Sent: Wednesday, January 17, 2007 5:38 PM (GMT)
To: Klasewitz, Zev <Zev.Klasewitz@lehman.com>
Subject: FW: CNL

This is back live, you might try to make some assumptions for single transaction limit calc, this is pretty big with 1.4bn BE in hospitality, which is going to have big event risk # plus the debt. Mike Barr has more info but is likely to be busy for meeting today at 5pm

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> From: Hughson, Paul A
> Sent: Wednesday, January 17, 2007 11:08 AM
> To: Berkenfeld, Steven; Goodman, Jeffrey
> Cc: Cohen, Jonathan; Saldana, Evette
> Subject: CNL
>
> We have been working with tishman hospitality on a bid for CNL a
> publicly registered, non-traded hospitality REIT- we had given a non-
> bonding indication of \$19/share share last Wednesday to their advisor,
> UBS- msref was granted exclusivity by the company with an indication
> of \$20/share- we have done substantially more work than morgan on the
> underlying assets- at midnight last night morgan stanley's exclusivity
> period expired without a signed merger agreement- The real estate fund
> has been working with Tishman (the co-sponsor of our bid) to
> rationalize a \$20.50 price- the portfolio is really two components the
> "iconic assets" which are 8 5 star resorts- such as Grand Wailea,
> Arizona Biltmore, La Quinta, the Ritz and JW Marriott at Grand Lakes,
> JW Marriott at Desert Ridge, The Doral and the Claremont- as well as
> the "distinctive assets" which include approximately 51 mostly
> marriotts and hiltons- the plan is to keep the iconics and sell most
> of the distinctives in a gables style deal- the capitalization is
> Approx \$6.4 B-
>
> \$1.86 B of assumed debt on the iconic assets;
> \$740mm of new debt on the iconics
> \$2.2 B of new debt on the distinctives
> \$200+/- of sponsor equity
> \$1.4B of Bridge Equity-
>
> We have offered UBS 1/4 of the debt (which they accepted) they asked
> for equity as well and we told them no- This is moving incredibly fast
> and is going to unfold today- when can we sit down with committee?
> Mark and I are reaching out to Gelband now to get to executive
> committee as well-
>
> Paul Hughson

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