
From: Siebers, Kevin
Sent: Wednesday, February 06, 2008 9:56 AM
To: 'keith.cyrus@lehman.com'
Subject: Re:

I'll call you to discuss. We have made it very clear in every analysis that the growth rates have not been updated.

That being said, we can take another look now, with the company, for mezz marketing purposes if needed.

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

From: Cyrus, Keith <keith.cyrus@lehman.com>
To: Wright, David; Neighbor, Webster <rwebster.neighbor@lehman.com>; Wechsler, Jeffrey <jeffrey.wechsler@lehman.com>
Cc: Siebers, Kevin
Sent: Wed Feb 06 09:34:19 2008
Subject: RE:

the growth rates don't seem to be updated

we need to have the real growth rates in here before we go out to the mezz - and we need to do that very very soon

what are the final growth rates that archstone feels comfortable with?
how much lower are returns than 12.20% with these growth rates

incrementalizing this information to the banks is a bad idea

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

From: Wright, David [mailto:DWright@TishmanSpeyer.com]
Sent: Tuesday, February 05, 2008 4:04 PM
To: Neighbor, Webster; Cyrus, Keith; Wechsler, Jeffrey
Cc: Siebers, Kevin
Subject: RE:

Attached is a version with comments on the variances from the company.
If you need more detailed explanations, the company will likely have to go out to each region and asset which will take some time.

I also confirmed that these 2008 CY Budget P&L's are what the company sent to their JV partners and therefore what we should use.

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

From: Siebers, Kevin
Sent: Tuesday, February 05, 2008 1:19 PM
To: Wright, David; 'rwebster.neighbor@lehman.com'; 'keith.cyrus@lehman.com'; 'jeffrey.wechsler@lehman.com'
Subject: Re:

I would encourage you guys to assume the historical and 2008 data david sent is correct while we work on explaining fy vs cy variances. And, the future years should simple be based on the cy 2008 + the drivers.

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

From: Wright, David
To: 'Neighbor, Webster' <rwebster.neighbor@lehman.com>; 'Cyrus, Keith' <keith.cyrus@lehman.com>; 'Wechsler, Jeffrey' <jeffrey.wechsler@lehman.com>
Cc: Siebers, Kevin
Sent: Tue Feb 05 13:10:06 2008
Subject: RE:

As another point of reference: Comparing the file I sent to this group on 1.17.08 called "Budget total comp v7" which looked at both FY and CY budgets and the causes of the variances, attached is a rec of the gross NOI's to the current file.

You will see there are minimal variances (total of less than 400k). The company is also looking into this.

From: Siebers, Kevin
Sent: Tuesday, February 05, 2008 12:13 PM
To: Neighbor, Webster; Wright, David; Cyrus, Keith; Wechsler, Jeffrey
Subject: RE:

Agreed, although we should recognize that some expenses and income true-ups in a reforecasted Q4 2007 can be "lumpy" and result in variances greater than your tight boundaries allow for. We are still working with the Company to reduce the unexplained list.

From: Neighbor, Webster [mailto:rwebster.neighbor@lehman.com]
Sent: Tue 2/5/2008 9:10 AM
To: Wright, David; Cyrus, Keith; Wechsler, Jeffrey
Cc: Siebers, Kevin
Subject: RE:

Sounds good, it makes sense that some of the variance would be due to lease up, market anomalies, etc.

A quick back of the envelope check shows between 90 and 100 assets are outside of the expected range, so let's narrow down that field: the 33 lease up assets you identified aren't all applicable, as twelve of them weren't highlighted as extraordinary. Let's assume the non s/s factor does in fact explain the remaining 21 in that group. That leaves approx 75 high variance assets, of which 5 are presumably explained by the mello roos convention and another 5 are multi-tab or multi phase. So that leaves just 65 with significant CY vs. FY variances that can't be explained by a high level check on NOI growth, lease up, market anomalies, etc.

Any detail you have that would help us tie the new CY underwriting to the existing FY underwriting would be great. We are only swapping in Oct, Nov, Dec of 08 for the same months in 07, so we should be able to keep any variances to an explainable minimum (i.e. 9 out of 12 months remain completely unchanged).

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

From: Wright, David [mailto:DWright@TishmanSpeyer.com]
Sent: Tuesday, February 05, 2008 10:56 AM
To: Cyrus, Keith; Neighbor, Webster; Wechsler, Jeffrey
Cc: Siebers, Kevin
Subject: RE:

As a first high-level pass, most of the large variances are for assets which are not 2008 same-store. These variances are explainable as they are either new acq, in lease-up, or undergoing major redevelopments. In the file I have indicated which 33 assets these are. In one of the files from the meeting on Friday, these assets were also identified (although for that file it compared our original underwriting to the FY budget).

A second major variance is for 5 CA assets which have Mello Roos tax payments. For the model, we added these at the asset level, but the company includes at the company level and therefore not included in this file.

Also as Web mentioned a few of the assets are broken out into to separate tabs or consolidated in this sheet, I have indicated which these are.

I understand this is a high priority and will work with the company for more detailed explanations.

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

From: Cyrus, Keith [mailto:keith.cyrus@lehman.com]
Sent: Tuesday, February 05, 2008 10:27 AM
To: Neighbor, Webster; Wright, David; Wechsler, Jeffrey
Cc: Siebers, Kevin
Subject: RE:

david, this is a high priority for us - we need to engage mezz buyers asap, thanks

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

From: Neighbor, Webster
Sent: Tuesday, February 05, 2008 1:28 AM
To: 'Wright, David'; Cyrus, Keith; Wechsler, Jeffrey
Cc: Siebers, Kevin
Subject: RE:

Thanks David. Please help us with a few questions as we try to understand this in the context of "the plan" model. In comparing these CY08 figures to the FY08 in the model, there appear to be some discrepancies that are tough to explain at first pass:

We would anticipate the CY08 NOI numbers would be approximately equal to FY08 (from "the plan" model) grown at imputed NOI growth for 1/4 year (adjusting for compounding). Broadly speaking, this would imply that CY08 NOI would be between 0% and 3% greater than FY08 NOI. However, there are some meaningful reasons that explain why on occasion this relationship might not hold true: lease up assets, a difference in financial reporting as-in one consolidated asset vs two phases reported independently, outliers such as westbury, specific market nuances, etc.

Even considering these mitigants, it is not apparent why so many assets in this evening's distribution would exhibit either negative NOI growth when comparing FY to CY, or NOI growth far in excess of expected growth at 1/4 year adj for compounding. It seems that c. 40% of the assets may fall in these unusual categories. As a rough guide, these are identified in red and yellow in the attached.

As noted above, this was a quick review and we may well have missed insights gained through the months of analysis on this topic. We look forward to fleshing out the support for these projections.

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

From: Wright, David [mailto:DWright@TishmanSpeyer.com]
Sent: Monday, February 04, 2008 7:09 PM
To: Cyrus, Keith; Neighbor, Webster; Wechsler, Jeffrey
Cc: Siebers, Kevin
Subject: RE:

Guys- attached is new P&L file with actuals from 2004-2007, the 2008 CY budget, and projections for 2009+ based on the growth rates in the model. The file isn't perfect as we are waiting on clarification on the Wheaton Station budget and the Oakwood assets don't reset to market in 2012 (might want to show just through 2012), but we wanted to get it over to you.

Let me know if have any questions

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

From: Wechsler, Jeffrey [mailto:jeffrey.wechsler@lehman.com]
Sent: Thursday, January 31, 2008 11:43 AM
To: Cyrus, Keith; Siebers, Kevin
Subject: RE:

ENJOY!

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

From: Cyrus, Keith
Sent: Thursday, January 31, 2008 11:27 AM
To: Wechsler, Jeffrey; 'KSiebers@TishmanSpeyer.com'
Subject: Re:

Historicals + 2008 budget + projections

The P&L files

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

From: Wechsler, Jeffrey
To: Cyrus, Keith; 'KSiebers@TishmanSpeyer.com'
<KSiebers@TishmanSpeyer.com>
Sent: Thu Jan 31 11:24:45 2008
Subject: RE:

The budgets?

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

From: Cyrus, Keith
Sent: Thursday, January 31, 2008 11:24 AM
To: 'KSiebers@TishmanSpeyer.com'
Cc: Wechsler, Jeffrey
Subject: Re:

Jeff, please send kevin spreadsheets we used for mezz marketing

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

From: Siebers, Kevin <KSiebers@TishmanSpeyer.com>

To: Cyrus, Keith
Sent: Thu Jan 31 11:13:21 2008
Subject:

Were you going to send me the spreadsheet you wanted updated with actuals?

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