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**From:** Parker Lewis [PL@haymancapital.com]  
**Sent:** 9/20/2015 3:36:52 PM  
**To:** J. Kyle Bass [k@haymancapital.com]  
**CC:** Dan Babich [DB@haymancapital.com]  
**Subject:** Distressed Debt Opportunity  
**Attachments:** image001.jpg; image003.png; Distressed Debt Model.xlsx

Kyle - see below (summary of returns/fees) and attached model on the real estate distressed debt opportunity. The baseline in the model assumes that we can deploy \$100mm of capital with a 1.25% management fee, 6.5% preferred return and a 70/30 split (LP/GP) after the preferred return hurdle. In terms of the key operating sensitivities, we assume that the notes that we acquire will generate default interest of 9%-11% and that we will acquire the notes at a 20%-30% discount to par. Based on these parameters, this would result in IRRs to our LPs of 13%-19% and total fees to the GP of \$15mm to \$25mm, assuming a 3-yr time horizon.

I've received initial feedback from land advisors on underlying collateral values; while the analysis still needs to be refined, the collateral values support the 1st lien bank loans (not UDF loans) on the target/priority deals which we have been focused on to this point. We believe there will be more opportunities than just the 30 priority deals/loans but most immediately, we think it is best to focus on the cleanest (relatively speaking) and most straight forward targets.

Dan and I met with Farley on Friday and we think it makes sense for you to have a conversation with him to discuss how our prospective partnership would be structured if we were to proceed. Hopefully, we can get something scheduled early this week (Mon/Tues); we could have Farley come to our office to video conference with you or we could just arrange for a phone call between the two of you.

I'm working on the shell of the presentation that we would use to take to LPs at the appropriate time, with the idea of having Farley/Mackinac collaborate on the deck and largely completing by the end of this week so we can be in position to go out should any news break.

Let us know your thoughts, I'm around if you'd like to discuss

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[cid:image001.jpg@01C84251.44A3D170]

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