



▶ AMFAM ADDS APARTMENTS TO INVESTMENT MIX



▶ DEAL PACKAGE VOLUME AT ALL-TIME HIGH



COMMERCIAL MORTGAGE UPDATE

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WHAT IS AMERICAN FAMILY LOOKING FOR IN THE SECOND HALF OF 2008?

We will likely be even more selective during the second half of the year. An ideal transaction would be a combination of several of the following:

- Very low LTV
- Irreplaceable location
- Credit tenancy
- Long term leases
- Superior quality asset
- Material recourse
- Low cash flow risk
- Limited refinance risk

“No Beds” ... No More!

Many of you are familiar with American Family’s former policy of “nothing with a bed”... well, in 2008 we added apartments to the list of property types we consider for commercial mortgage loans. This decision will help us enhance our diversification and increase loan production.

American Family will initially target Class A apartment properties with strong operating histories, competitive amenities and on site management offices. We also have a strong preference for lower loan-to-value transactions.

Please feel free to contact us with any question on this program change.



American Family will now consider lending in multifamily housing

A Very Busy Beginning to 2008

Many of you have probably talked with our commercial mortgage team about the increased loan package volume American Family is seeing in 2008. The reduction in CMBS operations has increased the popularity of life insurance companies relative to the past several years. Unfortunately, life insurance companies do not have the capacity, and in some cases the appetite, to handle the number of opportunities available. Considering existing capital market conditions and economic uncertainties, it is critical for us to find the right combination of highest quality and lowest risk loan opportunities, at internally required spread levels. We have to turn down many more deals than in previous years just because of the total volume we have to review. We appreciate your patience and understanding as we continue to adapt to this challenging time.

Below are a few of the loans we have closed during the first half of 2008.



Retail – Minnesota

\$7,727,500 – 7 yr. term / 25 yr. amortization

STRENGTHS: Low loan to purchase (55%), long term grocery anchor lease, excellent location.

Retail – Kansas

\$3,705,000 – 23.7 yr. term / 23.7 yr. amortization

STRENGTHS: Loan fully amortizes over the term of the lease, credit tenant.



Office – Florida

\$5,200,000 – 7 yr. term / Interest Only

STRENGTHS: US Government as tenant, superb location, very low loan to purchase (50%).

