10/17/07

LB Expected Share of Real Estate Commitments *($29,334 in millions)*

Transaction	LB Commitment	Funded*	Page #
25 Broad	$378	Yes	9
237 Park Avenue	$867	Yes	4
Archstone (Project Easy Living)	$6250	No	1
Beacon Capital Strategic Partners III (Rosslyn)	$673	Yes	4
Beacon Fund III	$1,153	Yes	2
Beta	$296	Yes	8
Calvino	$465	No	7
CalWest	$338	Yes	7
CarrAmerica DC Portfolio	**$0**	**Yes**	**12**
Coeur Defense	$1,112	Yes	2
Crescent Hotel Portfolio	$477	Yes- P	6
Dermody Portfolio	$1,540	Yes	2
Devonshire	**$0**	**Yes**	**12**
Drapers Garden	$358	Yes	10
Dubai Jebel Ali Free Zone Authority (JAZFA)	$500	Yes	6
EOP Austin	$900	Yes- P	3
Fontainebleau 320	$320	Yes- P	10
German Commercial RE Loan Portfolio #1 (Yellow)	$609	Yes	5
German Commercial RE Loan Portfolio #2 (Blue)	$452	Yes	8
GM Building	$475	Yes	6
Goodwater Advantage (German Office)	$380	Yes- P	9
Greenwich Apartments	$292	Yes- P	11
Harpen Immobilen	$335	Yes	10
Heritage Fields	$650	Yes	5
Innkeepers USA Trust	$801	Yes	4
Intrawest	$461	Yes- P	6
Kapalua Bay Resort	**$0**	**Yes- P**	**12**
Kapiteeli (Finnish Commercial Portfolio)	$566	Yes	5
Les Docks Lyonnais (Haussmann)	$385	Yes	9
Octopus (German Office Portfolio)	$370	Yes	10
Project Deuce	$975	Yes	3
Project Elevation	$525	Yes- P	5
Project Gospel	$2,948	Yes- P	1
Project Murphy	$1,575	No	2
Ryowa Life Create	$403	Yes	8
Toy Building	$793	Yes- P	4
Trizec Atlanta (Tishman Speyer)	$340	Yes	7
Vintners Place	$375	Yes	9
Total	**$29,334**		

10/17/07 Foreign Exchange Summary

- €1 = $1.4298
- £1 = $2.0512
- $1 = ¥114.549

* ***P = Partially Funded***

***** Bolded transaction(s)(if any) indicate new transaction(s).***

LB Expected Share of Real Estate Commitments

- **Total Commitments down $707MM mm to $29,334mm***

***** Majority of reduction due to removal of transactions less than $300mm (see pg 12).

Syndication Risk (final docs)

- **Archstone (Project Easy Living) $6.25bn (no change on the week)**
  - $22.97 billion acquisition of Archstone-Smith Trust by Tishman Speyer Properties and Lehman Brothers. Acquisition and financing transaction closed October 5, 2007.
  - Lehman and Tishman formed a core multifamily property fund consisting of the highest quality large-scale portfolio of multifamily assets in the sector. Lehman and Tishman would serve as 50/50 co-general partners of the Fund, with each investing $250 million of equity (Tishman receives 65% of economics). Lehman's Real Estate Private Equity Group will retain Lehman's permanent equity position. Lehman (47.3% share) would split of the remaining capitalization with BofA (27.5%) and Barclays (25%).
  - Total financing is comprised of: $17.87 billion (increased from $17.1bn) floating rate debt commitment; $2.3 billion junior mezzanine debt commitment (effectively equity); $2.3 billion bridge equity commitment; $250 million permanent equity commitment
  - Lehman's initial 47.3% share of the transaction: $2,176mm bridge equity and $8,450mm senior debt
  - Exposure reductions include $7.1bn senior loan (LB share $3.358bn) sold to FNMA (closed 10/5/07). $1.8bn (LB share $850mm) of debt to be syndicated (expected close early Nov) to Freddie Mac. Plus, $1.35bn asset sale (LB share $655mm).
  - As of October 12, 2007, Lehman's exposure totals $6.0bn (ex LBREM $0.28bn warehouse): $0.85bn senior debt, $2.47bn Term Loan, Mezzanine loan $0.54bn, Bridge Equity $2.14bn and perm equity of $250mm. Further, LB has warehoused $280mm for LBREM fund.
  - Lehman and Tishman are looking to syndicate all of the bridge equity to investors and make them LPs in a core fund where we are co-GPs with Tishman
  - Archstone-Smith is one of the largest U.S. multifamily REITs with asset concentrations in the best U.S. markets including Washington, D.C., New York City, San Francisco and Southern California

- **Project Gospel - $2,948mm (increase $25mm on the week)**
  - £1.6bn ($3.3bn) bid for Northern Rock's entire commercial real estate portfolio. The bid price is approximately 101.3% premium based upon excess spread in the pool
  - The portfolio contains 1159 fixed and floating rate loans backed by 2000 properties, with a weighted average LTV of 68%, 3.5 year seasoning and historically low delinquencies. The portfolio is diversified by asset type (43% office, 21% retail, 16% industrial) and geography. The pool is granular with some concentrations, the top ten loans account for 20% of pool with the largest asset accounting for 3.7%
  - Won bid on 5/24/07; last tranche funding 10/1. Amount reduced to $3bn due to loans where borrower consent was required and not obtained on a timely basis.
  - The portfolio is targeted for securitization moved back off to 2008, however subject to market conditions. Based upon the initial LTV the estimated capital structure would include 83.5% AAA.
  - Servicing for the portfolio is currently carried out by Northern Rock, third party servicers have been considered.
  - Northern Rock sold the portfolio for capital efficiency and due to a change in commercial mortgage strategy. Northern Rock is a leading UK retail mortgage bank reliant upon wholesale funding, and under current market conditions has received emergency backstop funding from the Bank of England. The share price has dropped 75% since July and a sale is being explored.

- **Project Murphy - $1,575mm (no change from last week)**
  - The Blackstone Group has asked Lehman Brothers to participate in 7.5% of the $21 billion acquisition financing commitment for Hilton Hotels Corporation
  - The Commitment has a loan to cost of approximately 80%, requiring Blackstone to contribute equity for 20% of the total transaction price. The $21 billion Commitment is expected to be financed with cross-collateralized CMBS debt secured by Hilton's owned and leased hotels, timeshare collateral and its franchise assets
  - Hilton is engaged in the ownership, management and development of hotels, resorts and timeshare properties and the franchising of lodging properties. The Company's system contained 3,005 properties with 505,363 rooms in 76 countries and territories.
  - The transaction is anticipated to close on October 22, 2007 subject to the approval of Hilton's shareholders, as well as other customary closing conditions.
  - The Company's two largest business units, management and franchise and owned hotels, make up 80% of its EBITDA. Approximately 50% of Hilton's owned EBITDA comes from four irreplaceable assets (Waldorf=Astoria, Hilton New York, Hilton Hawaiian Village and Hilton Waikoloa Village). In addition, the Americas account for 72% of the Company's total EBITDA, with the balance coming from its recent acquisition of Hilton International.
  - It is anticipated that the investment grade portion of the Loan equal to 31.4% LTV will be contributed to a standalone floating-rate securitization scheduled for the 1Q08. The mezzanine tranches will be marketed to institutional investors

- **Beacon Fund III $1,152.5mm (no change on the week)**
  - Financing commitment to Broadway Partners to acquire a sub-portfolio of Beacon Capital Strategic Partners III, L.P.
  - Portfolio encompasses 5.7mm square feet of Class A office space in New York, Boston, San Francisco, and Los Angeles
  - Financing consists of $1,581mm of senior debt, $322mm of senior bridge mezzanine, and $142mm of junior bridge mezzanine; sponsor contributed $113mm of equity
  - Funded 5/16; approximately $144mm was securitized in the LBCMT 2007-C3 that settled on July 26th $330.2mm securitized in LBFRC C5 and $418.3mm securitized in LBUBS C6
  - Lehman plans to contribute the investment grade portion of the fixed and floating rate loans to its next fixed and floating rate securitizations have changed, and are now targeted for first quarter 2008. The portion beyond investment grade and the mezzanine loan will be marketed by Lehman to institutional investors; Lehman's bridge mezzanine is intended to be fully redeemed within 12 months of close through either co-investor syndication or additional Broadway Fund III investors

- **Dermody Portfolio $1,540mm (no change on the week)**
  - $1,540mm financing commitment to ProLogis to acquire and manage a 25 million square foot industrial portfolio located in Reno, the Mid-Atlantic, Las Vegas, Chicago and Southern California
  - The Portfolio also includes approximately 1,260 net acres of developable land, which is not included as part of Lehman's proposed financing
  - The Portfolio is being sold by DP Industrial, a joint venture between Dermody Properties and the California State Teachers' Retirement System (CalSTRS).
  - Lehman's proposed financing is comprised of an approximate $965 million bridge debt commitment and a $575 million bridge equity commitment.
  - Funded on 7/11/07
  - Majority of the portfolio is comprised of warehouse/distribution centers (93%) while the balance of the portfolio consists of light industrial (6%) and office/flex (1%)
  - Lehman and ProLogis intend to jointly syndicate Lehman's equity within six months after closing to third party investors

- **Coeur Defense (Paris Office) $1,112mm (up $9mm on the week)**
  - Firm financing commitment for a €1.63mm ($2.33bn) senior loan and €475mm ($679mm) bridge equity financing to support the acquisition of the Coeur Defense office building located

in the La Defense business district in Paris by LBREP and Atemi SAS. The vendors are Whitehall and Unibail.
  - Financing consists of the 5 year, 75% LTC senior loan facility and bridge equity representing 86.4% of the total equity envelope. The acquisition price is €2.10bn (4.1 % net initial yield, 4.65% reversionary) for the SPV owning the property; full mortgage security is expected through merger with the asset company within months of closing
  - Funded 13 July 2007; 50% of senior loan syndicated to Goldman Sachs at closing.
  - The bridge equity is to be marketed to institutional investors immediately within a targeted 7 month time frame. €75m ($107mm) was syndicated to GE Pension Fund mid-August and marketing to eight investors currently.
  - The senior loan was exited through a $2.1bn single loan securitization and $165mm placement of junior unlisted notes, joint-led by Goldman Sachs. $135mm of BBB and the $165mm junior unlisted tranches placed with investors at closing. LB sales to date of senior tranches $469mm, with $533mm remaining.
  - The property was constructed in 2001 and comprises 1.8mm sf of Grade A+ office space in La Defense. Occupancy is 90% occupied with 15 high quality tenants and weighted average term of 3.7 year. The business plan is to achieve rental growth during upcoming lease renewals based upon expected ERV growth in the Paris La Defense district.
  - LBREP and Atemi have worked together on multiple transactions over the past five years, with LBREP owning a 40% stake in Atemi. Atemi is a asset management firm whose CEO has extensive management experience in France and La Defense

- **Project Deuce- $975mm (no change on the week)**
  - financing commitment to Broadway Real Estate Partners for the $3.425bn acquisition for a portion of the Beacon Fund II Portfolio
  - financing package consists of a $1.75bn (55.5% LTC, 1.22x DSCR) senior loan and a $1.0bn (87.3% LTC, 0.67x DSCR) mezzanine loan; assignment will be split 50% LB / 50% Greenwich; sponsor will contribute $320mm of permanent equity
  - funded 12/28; syndicated $106mm of Mezzanine Loan to Blackrock and Petra (50/50); syndicated another $26mm of mezzanine debt to GSC on 5/2/07
  - LB plans to contribute senior loan over several securitizations (original expectation for exit pushed out – possibly by early 2008); $86.7mm securitized in the LBUBS 2007- C2 securitization; $68mm securitized in the GS Mortgage Securities Trust, 2007-GG10 in June; $181mm securitized in LBFRC 07 C5; the non-investment grade portion of the senior loans and the mezz will be jointly marketed by LB and Greenwich to institutional investors
  - properties include 8 office properties and a 2,000 space parking garage with over 5.8mm sq ft of space located in Boston, Washington D.C. and California
  - Broadway Real Estate Partners is a private real estate investment and management firm based in NY; since 2000 Broadway has purchased approximately 8.5mm sq ft of office space valued at $2.7bn

- **EOP Austin- $900mm (no change on the week)**
  - Financing commitment to Thomas Properties Group to acquire and manage a 3.5mm sq foot office property in Austin, TX
  - Portfolio represents the former Equity Office Properties' Austin portfolio which was purchased by Blackstone as part of their $39bn take-private acquisition of the public REIT.
  - Financing consists of a $908mm debt commitment, a $100mm credit facility (undrawn at closing), and a $221mm bridge equity commitment
  - Funded debt and bridge equity on 6/4/07; syndicated $74mm of the bridge equity on 7/5 to ADIA; approximately $212mm was securitized in the LBCMT 2007-C3 that settled on July 26th; $43mm securitized in LBFRC C5.
  - Portfolio includes five of the city's premier CBD office buildings (2.5mm square feet) and five Class A/B suburban assets (1mm square feet)
  - Thomas Properties is a national full-service real estate operating company. TPG has acquired properties in the West Coast, Southwest and Mid-Atlantic regions of the United States and currently owns and/or manages approximately 12 million rentable square feet, including 5.6mm sq ft in the state of Texas

- **237 Park Avenue $867mm (no change on the week)**
  - Financing commitment to Broadway Real Estate Partners to acquire 237 Park Avenue
  - Broadway is acquiring a portion of the property through its recently announced acquisition of Beacon Fund III; remaining interests in the property will be purchased by Monday Properties
  - Financing comprises of $900mm senior debt, $225mm of senior bridge mezzanine, $104mm of junior bridge mezzanine, and $58mm of bridge equity; sponsor contributed $53mm of equity
  - Funded 5/15; approximately $420mm was securitized in the LBCMT 2007-C3 that settled on July 26th
  - Collateral is a 21-story Class A office tower located in the Grand Central Submarket in Midtown Manhattan; property is 98% occupied
  - Lehman plans to contribute the investment grade portion of 237 Park Loan into the next fixed rate securitization; the portion beyond investment grade and the mezzanine will be marketed by Lehman to institutional investors; Broadway plans to syndicate all of Lehman's bridge equity within six months

- **Innkeepers USA Trust Deal - $801.3mm (no change the week)**
  - acquisition financing of $1.2bn to Apollo Investment Corp for a take private Innkeepers USA Trust, a public hotel REIT; deal announced on April 16th
  - financing represents 80% LTC; loan split into $825mm fixed rate debt, $368mm floating rate debt, and a $21mm term loan; term loan is secured by the Hilton Suites in Anaheim, CA; sponsor equity is $198mm
  - $412.7mm of fixed rate debt securitized in the LBUBS 07 C6. Another $413million expected to be contributed to LBUBS 07 C7 scheduled to price in November 2007.
  - assets are 69 hotels, primarily extended stay and limited service; main flags are Marriot's Residence Inn and Hamptons Inn
  - Funded 6/29

- **Toy Building- $793mm (no change on the week)**
  - Financing commitment to L&L Acquisitions to acquire and redevelop 200 Fifth Avenue, the Toy Building, a New York office tower prominently located in the Flat Iron District Submarket in Midtown Manhattan.
  - Total capitalization of $820mm; includes $575mm construction loan and a $195mm bridge equity investment. Lehman's equity commitment also includes $45mm of permanent equity in the Sponsor Entity; L&L made a $5mm equity investment
  - Funded $293mm of the senior loan and all of bridge and permanent equity in May 07
  - Syndicated $22.5mm of permanent equity on 5/24
  - Business plan is to redevelop the asset and lease the space as Class A office
  - L&L will syndicate Lehman's bridge equity within a six month period
  - L&L Acquisitions is a savvy New York City landlord with a portfolio of seven buildings totaling three million square feet

- **Beacon Capital Strategic Partners III - $673mm (down $41mm on the week)**
  - Financing of $1,139mm to purchase the Rosslyn, VA assets of Beacon Capital Fund III for $1.225mm from Broadway Partners, the winning bidder of the entire Beacon fund
  - Sponsors are Monday Properties and LBREP II who committed $40mm of equity each
  - LB underwrote $568mm of new mortgage debt ($385mm A-Note; $183mm B-Note), $120mm in bank debt, and a $100mm revolver; LB also provided $310mm of bridge equity on 1000 -1100 and 1101 Wilson Blvd and $41mm on the newly added 1812 building; Sponsors assumed $251mm of existing debt.
  - Funded on 5/15**;** Lehman syndicated $90mm of the revolver and $25mm of the bank debt on July 26th
  - the office assets in Rosslyn are high quality and represent a good repositioning and redevelopment play
  - **In October 2007, the $41mm #1812 Building loan paid off.**
  - institutional return on bridge equity is expected to be in the 13% area, assuming a 7 year holding period

- **Heritage Fields - $650mm (no change on the week)**
  - The senior A&D commitment has been increased to $775mm from $445mm. The loan proceeds are being used for the development of the former El Toro Marine Corps Aviation Airstation in Orange County, CA. As part of the loan amendment maturity date has been extended (out 50 months with 2 one year extensions) and interest rate reduced to L+200bps.
  - borrower is a SPV controlled by Lennar Corporation, LNR Property Corporation as developers and a consortium of seven other capital partners originally contributing a total of $541mm of equity. As part of the amended use of proceeds the borrower may receive up to a $125mm return of capital distribution.
  - loan closed on 11/30/05 and refinances a temporary $253mm bridge loan closed by LBREM in July 2005; LBREM held a 30% junior participation behind LB. The most recent amendment reduced LBREM's participation to 16% from 30%.
  - The amended loan participation is as follows: $650mm from PTG and the $125mm LBREM. The current funded amount totals $547mm ($459mm PTG / $88mm Mezz fund).
  - this is a newly planned community situated on 3,723 acres and will consist of 3,630 residential home sites, 3.1 million square feet of R&D / office space, 225,000 square feet of retail space and two golf courses

- **German Comm. RE Loan Portfolio #1 (Yellow) - $609mm (up $5mm on the week)**
  - LB was highest bidder (94% of par) on €569mm ($814mm) pool of performing and sub-performing German commercial real estate loans sold by AMV
  - business plan consists of refinancing existing loans within Yellow, bringing in other assets borrowers may have outside of Yellow; once all have been refinanced, exit through securitization in 4Q07
  - LB continues to meet with borrowers to discuss refinancing and recapitalization options and have issued termsheets to the main borrowers**;** planned exit will be via a pan-European CMBS securitization **being marketed for possible launch in 4th quarter.**
  - collateral is primarily West German and heavily concentrated, with top 5 loans comprising of 69% of the pool

- **Kapiteeli (Finnish Commercial Portfolio) – $566mm (up $5mm on the week)**
  - acquisition financing to Whitehall Street and Niam for the €424mm ($606mm) purchase of 563 commercial properties located throughout Finland. The sponsor contributed €33mm ($47mm) of equity.
  - Closed end Mar-07. At closing Whitehall purchased smaller portfolio than originally planned, reduced in size from €561mm ($802mm). The loan decreased from €562mm ($804mm) to €396mm ($566mm). LTC remained at 93%, however based upon higher valuations the LTV decreased from 93% to 84.5%.
  - State of Finland is selling Kapiteeli, one of largest Finnish real estate investment companies; sponsors have teamed up with Sponda (largest Finnish real estate investment company) to acquire Kapiteeli; Sponda will acquire the operations while the sponsors will acquire the remaining more liquid properties
  - loan expected to be split into senior note of €348mm ($498mm and 75% LTV) and B-Note of €48m ($69mm and 85% LTV). Senior note expected to be included in the **Windermere XIV (Nov-07)** transaction while the B-Note will be sold to investors
  - The portfolio consists of 55% retail, 35% office and 10% mixed use with greatest concentration (42%) in Helsinki, Tampere and Turku
  - Whitehall Funds are primary real estate private equity investment for GS; Niam is largest real estate private equity company in Northern Europe

- **Project Elevation - $525mm (no change on the week)**
  - Financing in connection with Morgan Stanley Real Estate Value Fund V, L.P.'s acquisition of The Blackstone Group's downtown San Francisco office portfolio purchased from EOP
  - The portfolio consists of 10 Class A office buildings and 1 parking garage; Lehman will be financing the acquisition of 7 out of 10 of the office assets within the financial district
  - Total capitalization will be $712mm

- On 4/24/07 Lehman funded $214mm of the senior and $117mm of the mezzanine loan representing four properties; remaining balance was funded in August 2007
- Lehman contributed $187mm of the senior into LBFRC C5 its floating rate securitization in the 3rd quarter of 2007 and will sell the remaining mezzanine loan to financial institutions

- **Dubai Jebel Ali Free Zone Authority (JAZFA) - $500mm (no change on the week)**
  - Long term asset backed financing of JAZFA's warehouse, storage and distribution facilities (Jebel Ali Port complex)
  - Financing is a $2bnn senior loan from LB, Dubai Islamic Bank, Deutsche Bank and Barclays (each 25%), LB exposure is $500mm
  - JAZFA is a decree company considered to have government-like status. Bridge security is guarantee by JAZFA (unrated, indicative A) with covenant requiring 100% Dubai government ownership and mandatory prepayment upon asset sales
  - Corporate bond takeout considered likely given market conditions
  - LB may provide 15 year Dirham currency and interest rate swap hedges, resulting in being exposed to potential depegging/inconvertibility of the Dirham
  - Funded week of 19 March 2007

- **Crescent Hotel Portfolio- $477mm (no change on the week)**
  - $477 million financing package for Walton Street Capital, LLC in connection with their acquisition of Crescent Real Estate Equities' Portfolio of six hotel properties, one office tower and a golf course.
  - Financing Package consists of five individual senior loans totaling approximately $387mm and one preferred equity component of approximately $90mm
  - Funded senior loans on 5/24
  - Lehman will likely contribute the senior loans into its next floating rate securitization. It is anticipated that Lehman Brothers will market all of the Preferred Equity to institutional investors.
  - The hotel portion of the portfolio contains approximately 1,852 rooms and in 2006 achieved an average ADR and RevPar of $195.11 and $136.21, respectively. In addition, overall, the hotels have achieved a weighted average occupancy of 71%. The office portion consists of 339,116 sf of Class A office space and is 96.9% occupied.

- **GM Building $475mm (no change on the week)**
  - On September 19, 2007 Lehman purchased a 25% participation in the newly originated $1.9 billion commercial mortgage loan, originated by Deutsche Bank, secured by the GM Building.
  - Macklowe Properties will use the loan proceeds to repay the existing $1.1 billion mortgage loan, retire the $630 million bridge loan and repatriate $134 million in equity.
  - Collateral is a 50-story Class A office tower located in the Plaza District submarket in Midtown Manhattan; property is 98% occupied
  - Lehman plans to contribute 100% of the senior debt into the next fixed rate securitization expect in 4Q07.
  - Macklowe Properties is a real estate investment firm in New York City that buys, develops, manages and leases commercial office properties and apartment building primarily in Manhattan.

- **Intrawest - $461mm (no change on the week)**
  - financing commitment to Fortress Investment Group for the $2.9bn acquisition of Intrawest Corporation; purchase price of $35.50 equates to a $32% premium prior to announcement of the deal in Aug 06
  - financing package consisted of a 1 year $620mm revolving facility (out of a total of $1.775bn) and a $80mm credit facility; facility to be split with DB and Bear; Fortress will also invest $1.25bn of equity
  - remaining exposure consists of $371mm of term loans and a $90mm revolver
  - Intrawest is a developer of leisure-oriented resorts and adventure travel
  - Fortress Investment Group is a alternative investment firm founded in 1998 with over $22bn in equity capital under management

- **Project Calvino - $465mm (up $4mm on the week)**
  - €343mm ($490mm) mezzanine acquisition loan to an SPV sponsored by Whitehall, for the purchase of up to 95% of publicly traded Italian closed end real estate fund, Berenice.
  - Closed September 2007. Purchase price of €479mm ($685mm) represents a 11% premium to NAV and 7% premium to current unit prices.
  - The acquisition loan is at the Bidco level and will be secured by the fund units. LTC is 70% of acquisition costs with 30% (€147mm or $210mm) equity provided by Whitehall. Senior secured mortgage debt at the Fund level is at 49% LTV; the acquisition loan has an 92% LTV and is conditional upon 50% of units being tendered and no additional propco level debt. LB has provided a commitment to back up the bid.
  - The fund comprises 51 Italian assets with concentrations in Rome (47%) and Milan (25%). The assets are mainly high quality office buildings with some mixed use; 86% occupancy and is underrented. The business plan calls for disposal of the portfolio over a three year average period and increased rents by a 14% increase in gross rents.
  - Exit is through the planned syndication of €304mm ($435mm) in senior mezzanine up to 87% LTV to Italian banks and retention of up to a €38mm ($54mm) junior mezzanine piece.

- **CalWest- $337mm (no change on the week)**
  - financing commitment to special purpose affiliate of Walton Street Capital to co-fund a $2.45 billion ($104 psf) financing package with Barclays (50%) and Goldman Sachs (25%)
  - Financing provided for Walton's acquisition of a 98 property industrial portfolio comprising 23.6 million square feet located in seven states and thirteen MSA's throughout the United States. The Portfolio is occupied by over 2,100 tenants and the 10 largest tenants account for only 9.7% of the square footage (2,282,840 sf).
  - The Portfolio is being sold by a joint venture between RREEF and CalPERS for a total purchase price of $2.78 billion ($118 psf). The anticipated total capitalization is $2.88 billion ($121 psf), yielding a Loan-to-capitalization of 85% and a going-in cap rate of 4.74%.
  - Lehman's portion of the loan is $613mm; funded 6/4/07
  - Approximately $275mm was securitized in a floating rate CMBS priced August 24, 2007. The mezzanine Loan will be bifurcated into a senior mezzanine loan and a junior mezzanine loan. Plan is to sell the senior mezzanine to investors in conjunction with any of the securitizations and to jointly market the junior mezzanine
  - Walton Street Capital is a private real estate investment company that sponsors a series of performance based equity funds which to date have received total equity commitments of $3.4bn through its five fund

- **Trizec Atlanta (Tishman Speyer) - $340mm (no change on the week)**
  - acquisition financing to Tishman Speyer concerning its purchase of 21 assets and 5 development sites in Atlanta (from Blackstone / Brookfield Properties)
  - financing package includes a $520mm five-year senior mortgage loan (70% LTC), a $35mm revolving facility and $95mm of bridge equity; Tishman will contribute $63mm of equity
  - closed 10/2
  - $182mm of the senior was securitized in LB-UBS 2006-C7; $57.2mm securitized in LBFRC 07 C5.
  - LB and Tishman will each look to syndicate 50% of their respective equity and hold the remainder; the remaining investment grade paper will be securitized in upcoming floating rate securitization while the non-investment grade portion will be sold to financial institutions
  - One Alliance building was sold in February with LB/Tishman JV retaining a 20% ownership interest in the property. Palisades sold $52m debt repaid, and $14mm equity.
  - Initial portfolio consists of 21 office buildings (3.4mm sq ft) clustered in 5 locations in the Buckhead, Midtown, Northwest and Central Perimeter submarkets and are on average 93% occupied (portfolio also has over 2mm sq ft of development rights)
  - Tishman Speyer is a repeat LB borrower as we have completed over $6.2bn of real estate transactions with them; the company is headquartered in New York and has over 17 offices worldwide

- **Project Beta - $296mm (up $3mm on the week)**
  - €314mm ($448mm) one year acquisition bridge loan and €14.7mm ($21mm) equity investment for the purchase of up to 100% of publicly traded Italian closed end real estate fund, Fondo Beta
  - The sponsor group consists of LB (31%), Pitagora (29%), Sansedoni (20%) and Immobiliare Lombarda (20%). The sponsors bid in late July 2007. The tender offer for the fund has closed. Proposed purchase price of €349mm ($499mm) represents an 8% premium to current unit price and a substantial 23% discount to the sponsors' estimated NAV of €431mm ($616mm).
  - The acquisition loan is at the Bidco level and will be secured by the fund units. LTC is 86% of the acquisition costs with 10% (€48mm or $69mm) equity provided by the sponsors. The acquisition debt has an effective 72% LTV and maximum LTV of 75%. Financing is conditional upon 50% of units being tendered. LB has provided a commitment to back up the bid.
  - The fund comprises 27 mainly office properties located 70% in Rome. The business plan calls for renegotiation of the fund management fee to market levels for significant savings, and disposal of the portfolio over a three year period.
  - The loan exit is planned through an immediate 100% syndication to Italian banks
  - Sponsors are Pitagora (29%), a closed end real estate fund with high net worth investors; Sansedoni (20%), a leading Italian real estate company with €300mm ($429mm) under management; and Immobiliare Lombarda (20%), the property management arm of Italy's third largest insurer, Fondiaria.

- **German Comm. RE Loan Portfolio #2 (Blue) - $452mm (up $4mm on the week)**
  - LB won bid for €365mm ($522mm) (96% of par) on €380mm ($543mm) pool of performing German commercial real estate loans sold by AMV
  - insurer AMV is exiting the commercial real estate business and this is the second portfolio sale (initial portfolio Project Yellow); LB is not bidding for nonperforming portfolio which is being sold concurrently
  - 70% LTV is expected to be investment grade and securitized together with Yellow in a securitization being marketed now for possible launch in late October junior tranches to be syndicated separately.
  - collateral is 230 properties consisting of 38% multifamily, 23% retail, 14% office, and remainder mixed use; the portfolio is diversified with no property or tenant greater than 5% of the pool and with concentration in Bavaria and North Rhine-Westphalia

- **Ryowa Life Create (Japanese Condominium Developer) - $403mm (up $10mm on the week)**
  - acquisition financing to Toranomon Capital for a tender offer bid ("TOB") of Ryowa Life Create K.K., a Tokyo based publicly traded condominium developer
  - financing consist of an ¥46.2bn ($403mm) acquisition loan; Sponsor will contribute ¥5.0bn ($44mm) of equity. LB will hold nominal equity for 49% of bid vehicle
  - security for loan will shares of target company, with intention for LB to refinance with real estate loan once tender is completed. LB may also look to invest in equity of entity
  - anticipated holding period of the stock is 24 months with an intention to either sell the shares or re-list; funded 2/6
  - Ryowa has been in distress as a result of the arrest of CEO Susumu Nishioka in May 06 over allegations of illegal property transfers; current background checks on existing management team has been positive
  - sponsor has retained turnaround specialist REVAMP is looking to reorganize Ryowa post acquisition.
  - portfolio is comprised of 18 residential buildings currently undergoing various stages of construction, 15 vacant land parcels not yet scheduled for construction, and 27 residential buildings whose construction has not commenced for a total of 60 properties. 54 of the 60 properties are located in central Tokyo.
  - REVAMP is one of the most famous turnaround specialists in Japan; Toranomon Capital is a company with businesses in real estate consulting, M&A advisory and tax consulting pertaining to turnaround management and real estate investment.

- **Les Docks Lyonnais (Haussmann) - $385mm (up $4mm on the week)**
  - commitment to Les Docks Lyonnais to finance the acquisition of a Class-A office building in the Paris CBD
  - the facility is a 61.5% LTV senior facility with a seven year term and three year extension; sponsor will contribute €171.9mm ($246mm) of equity
  - funded mid Feb
  - the asset is a 267,000 sq ft office building located in the prime Paris CBD, location of Boulevard Haussmann in the 9th Arrondisement (100% let to 2 tenants, Reuters (A3/A- stable) and Atos Euronext)
  - the borrower SPV is owned by SIIC vehicle Les Docks Lyonnais, which in turn is 95% owned by a joint venture between UBS Wealth Management Continental Europe Property Fund and Shaftesbury International Holdings; LdL owns a portfolio of French, predominately office assets valued at €1.0bn ($1.36bn), pro forma for the acquisition.
  - target exit of the entire loan through the Windermere XIV **(Nov-07)** securitization targeted for Q4:2007

- **25 Broad - $378mm (no change on the week)**
  - $378 million senior loan to Swig Equities LLC for costs associated with the refinance and condominium conversion of a 345-unit luxury apartment building known as 25 Broad Street in the Financial District of Downtown Manhattan
  - The Project was recapitalized by a senior loan of $378mm (89.9% LTC) and $42.5mm of Sponsor Equity; senior was bifurcated into a $278mm mortgage loan and a $100mm mezzanine loan
  - The Loan has a two-year term with one 12-month extension option and pays interest at 1 month Libor + 395 bps.
  - LB originally provided a $309mm senior loan in August 2005 for the acquisition and conversion of the property. LB's senior loan was subsequently included in the LBFRC 2006 – C2 securitization. The recapitalization will payoff the property's existing debt and remaining hard and soft costs of the conversion
  - The Borrower's business plan is to convert the Property to residential condominium units.
  - Swig Equities, LLC is a fully integrated real estate firm focusing on the acquisition, development and management of residential and commercial real estat

- **Goodwater Advantage (German Office) $380mm (up $3mm on the week)**
  - €284mm ($406mm) facilities to sponsors LBREP (85%) and Atos (15%) to acquire two German office portfolios from separate vendors.
  - The senior loan facility has an 86.8% LTV.
  - The portfolios contain 89 mostly office properties (61%) covering 2.7mm sf of space geographically spread across Germany. Initial occupancy is 77% with the top ten tenants accounting for 39% of rent. The net initial yield is 5.7% with a weighted average lease term of 2.8 years.
  - Exit of the senior loan is targeted for Windermere XIV **(Nov-07)**
  - Atos is an experienced Hamburg-based asset management company which will manage the properties after closing. The business plan calls for sale of 25% of the portfolio the first year, combined with improved asset management of the retained portfolio including aggressive lease-up of vacant space

- **Vintners Place (London Office) $375mm (up $4mm on the week)**
  - GBP 182mm ($373mm) firm commitment to provide acquisition financing for Lehman Brothers (90%) and Atlas Capital (10%) proposed purchase of an office building in the City of London
  - The proposed financing includes GBP 117mm ($240mm) senior loan at 65% LTC, a GBP 4mm ($8mm) capex facility, bridge equity of GBP 50.3mm ($103mm) and joint venture equity of GBP 11.3mm (23.0mm). Equity financing consists of bridge equity (80%) and sponsor equity (20%), of which Atlas is providing GBP 1.2mm ($2.4mm) (10%)
  - The transaction funded June 2007
  - The asset is a 268,045 sq ft office building located on the Thames in the London City market, 100% let to 12 tenants and approximately 7% under rented; the net purchase price is GBP

172mm ($350mm) for a net initial yield of 5.3% and reversionary yield of 5.9%. The business plan is to asset manage the property and take advantage of expected City rental uplifts; 38% of rent rolls in the initial three years
  - Bridge equity syndication is targeted within six months; the senior loan exit strategy is through the Windermere UK label, expected 2008
  - Atlas Capital is a specialist real estate investor founded in 2006 by principals with investment experience with UBS and the Witkoff Group; this Atlas's third investment

- **Octopus Portfolio (German Office Portfolio) - $370mm (up $3mm on the week)**
  - final binding bid to acquire a German commercial real estate portfolio; seller is Sireo, the asset management arm of Deutsche Telekom; LB to acquire the portfolio together with Berlin-based asset management company Barg Group, which will invest 10% of the equity
  - financing by LB includes senior debt of €221mm ($316mm) (90% LTV), mezz at €9.9mm ($14mm) (94% LTV), equity of €25mm ($36mm) and a capex facility of €2.9mm ($4mm)
  - funded 3/5
  - LB intends to exit from the portfolio within 12 months of closing through the sale of sub portfolios; the senior loan may be securitized and the mezz syndicated
  - portfolio includes 41 properties and the composition (by rental income) is office (53%), technical (23%) and storage and retail (23%); Deutsche Telekom (A3/A-/A-) represents 76.7% of rental income under new leases; the top ten tenants account for 92.5% of rents
  - Barg Group manages 35mm square feet of rentable space and previously has co-invested and asset managed German real estate investments exclusively with Babcock & Brown

- **Drapers Garden (London Office Development) $358mm (up $3mm on the week)**
  - £172.5mm ($351mm) senior construction loan and £2mm ($4mm) VAT facility to finance the development of the Drapers Garden office building by sponsors Omega Land BV (wholly owned by MSREF, 80% partner) and Canary Wharf (20%).
  - Financing consists of a 5 year senior loan facility at 75% LTC or 65% loan to Net Development Value.
  - The project consists of the demolition of a major 1960's tower building and speculative development of a 290,000 sf Grade A office building in a prime location within the City of London. Practical completion is scheduled for August 2009, with a targeted projected sales date of March 2011.
  - Closed June 2007. Expected exit is through a horizontal syndication of the loan, with senior 70% LOC portion (£161mm) to be syndicated and a junior 70-75% LTC (£11.5mm) to be retained. $30million syndicated in closed late August. Expect to close on $40mm during the first week of October.
  - Both sponsors are existing LB clients. Morgan Stanley Real Estate Funds was formed in 1990 and has acquired a total of $14bn of European assets. Canary Wharf is an integrated property development and investment group which owns and manages the Canary Wharf estate.

- **Harpen Immobilen $335mm (up $3mm on the week)**
  - committed financing provided to Cerberus and Whitehall to purchase Harpen Immobilen from parent RWA AG; Harpen owns 71 properties in Germany and a 90 employee development business
  - sponsors plan to wind down development business and transfer employees to affiliates
  - A-Notes targeted for Windermere XIV **(Nov-07)** securitization or loan syndication**;** B-Notes will likely be syndicated separately
  - portfolio is mixed including 24% logistics, 23% office and 20% industrial; well diversified by tenant and property (top 5 assets 36%)

- **Fontainebleau - $320mm (down $80mm on the week)**
  - $400 million construction loan to a special-purpose bankruptcy remote entity owned and controlled by Fontainebleau Resorts, LLC for the acquisition and development of approximately 286,500 square feet of retail space as part of the Fontainebleau Las Vegas Casino & Resorts development

- The construction commenced in January 2007 and has an estimated completion date of October 2009.
- The Loan was bifurcated into a $315 million senior loan and a $85 million mezzanine loan; the Senior Loan is secured by a first mortgage on the leasehold estate (expected to be converted to the fee title upon completion) of the Retail Space and the Mezz Loan is secured by a pledge of ownership interest in the Borrower
- Funded mezz and $126mm of the senior on 6/6/07. $80 million of the senior note was syndicated on September 24, 2007.
- Lehman's remaining $320 million Loan is projected to yield a 12.7% IRR with $131.7 million profit for the 40-month holding period. However, assuming the Senior Loan is syndicated at the assumed sizing and pricing, Lehman's $85 million Mezz Loan is projected to yield a 20.7% IRR with $73.2 million profit for the same holding period.
- Completion guaranty, payment guaranty and environmental indemnity by Jeffrey Soffer and Fontainebleau Resort
- Fontainebleau Resorts, LLC, formed by Jeffrey Soffer (Principal of Turnberry Associates) and Glenn Schaeffer (former President and CEO of Mandalay Resort Group), operates and develops luxury hotels, condominiums, convention facilities and gaming operations in key urban markets..

- **Greenwich Apartments - $291mm (no change on the week)**
  - financing commitment to Antares Real Estate Partners for the purpose of converting two town-home apartment complexes totaling 462 units (Weaver Hill and Putnam Green) located in Greenwich, CT, to condominium ownership
  - original financing consisted of a $291mm senior loan and $25mm bridge equity (sold to Arch Street Capital)
  - current funded exposure is $247mm **(commitment $291mm); the current value reported by TriMont (asset management) approx. $278mm.**
  - due to slowing demand for condos it is not anticipated that loan would be syndicated at this time
  - to date there are no executed contracts (22 soft contracts) and based on discussions with local brokers the pricing of the units are too high
  - sponsor is currently receiving refinancing proposals to pay us off, but Lehman would need to take back a significant non-current pay mezz position. Alternative is foreclosure.
  - Antares is a real estate development and management company co-founded by Jim Cabrera and Joe Beninati in 1997 and headquartered in Greenwich, CT. Antares manages a multi-asset real estate portfolio valued at approximately $2.5bn

REMOVED FROM TOTALS – WILL NO LONGER APPEAR STARTING NEXT MONTH

- **Kapalua Bay Resort - $271mm (no change on the week)**
  - Original commitment consisted of $371.4mm (62.3% LTC) construction loan financing to JV partnership consisting of Maui Land & Pineapple Company, Ritz Carlton Development Company and Exclusive Resorts
  - total project cost of $596.5mm was going to be originally funded by $371mm senior loan from LB, $131.3mm of borrower equity and $94mm of bonded purchaser deposits
  - LB restructured loan into a $232mm senior and a $39mm mezzanine; funded $160mm of the senior and $27mm of the mezzanine on 3/27
  - Maui Land & Pineapple is a land-holding and operating company owning 28,600 acres of land on Maui; Ritz-Carlton Development Company is a wholly-owned subsidiary of Marriott International; Exclusive Resorts Development Company is a subsidiary of Exclusive Resorts, a Denver based non-equity private club with 1,700 members

- **Devonshire - $215mm (up $2mm on the week)**
  - firm commitment to finance the acquisition of a Class A office building in London's West End, with purchase cost of £294mm ($598mm), a 4% net initial yield and 5.6% reversionary yield
  - facilities include a £193mm ($393mm) 68% LTV senior loan, £16mm ($33mm capex facility) and £89mm ($181mm) bridge equity commitment.
  - the asset is a 187,000 sq ft office building located in Mayfair, 100% let to 10 tenants and approximately 30% under rented; the business plan is to capture reversion of rent to market through upcoming rent reviews and improve asset management through refurbishment.
  - Closed end of Mar 2007
  - bridge equity syndication targeted within six months; working with 7 investors at early stage. The senior loan was exited through Windermere XI, which settled in early August. A £16mm ($33mm) B Note remains and is being marketed.
  - The Witkoff Group specializes in acquiring undervalued properties in central business districts and newly emerging markets; terms of the transaction are similar to the 90 Long Acre transaction with respect to the 87.5% LB share of bridge equity and sponsor 12.5% contribution

- **CarrAmerica DC Portfolio - $185mm (no change on the week)**
  - acquisition financing commitment to Tishman Speyer to purchase a $2.9 billion real estate portfolio from Blackstone consisting of 21 office buildings and a development site in Washington D.C. area and an asset management services company
  - financing includes $1.225bn of senior debt (50% LTC), $925mm of bridge equity, $370mm term loan and an $200mm revolver; partnership will assume $103mm of JV debt and Tishman will provide $200mm of equity through its fund
  - deal closed 12/27; have syndicated $602mm to date to SITQ ($335mm), ADIA ($100mm), NLI ($35mm), PacLife ($34mm), Hartford ($34mm), Norinchukin ($25mm), and Copera ($24mm), Mannheim ($14mm).
  - $250mm of bridge equity was syndicated to GE Pension Trust and $12.5mm was syndicated to Consolidated on July 31, 2007. Bridge equity currently totals $128million.
  - $487mm of the senior went into the LB-UBS 2007-C1 Securitization in Feb 07 and $400mm went into the LB-UBS 2007-C2 in April 07. $111mm of the Tishman Speyer DC Portfolio II (10yr) Mezzanine debt was sold to AEGON and $30mm of the A-2 Note of the Tishman Speyer DC Portfolio I (7yr) Mezzanine Loan was sold to Landesbank Saar in Aug; senior $35,000,000 of the Tishman Speyer DC Portfolio II (10yr) Mezzanine loan was sold to The Hartford at S+75. Currently, $58million of debt remains. Term loan sold on 12/29 while the revolver has only $7.5mm remaining
  - the portfolio represents a subset of the assets acquired by Blackstone in its $5.6bn acquisition of CarrAmerica which closed on 7/13; the assets total 5.5mm sq ft in the D.C. metro area