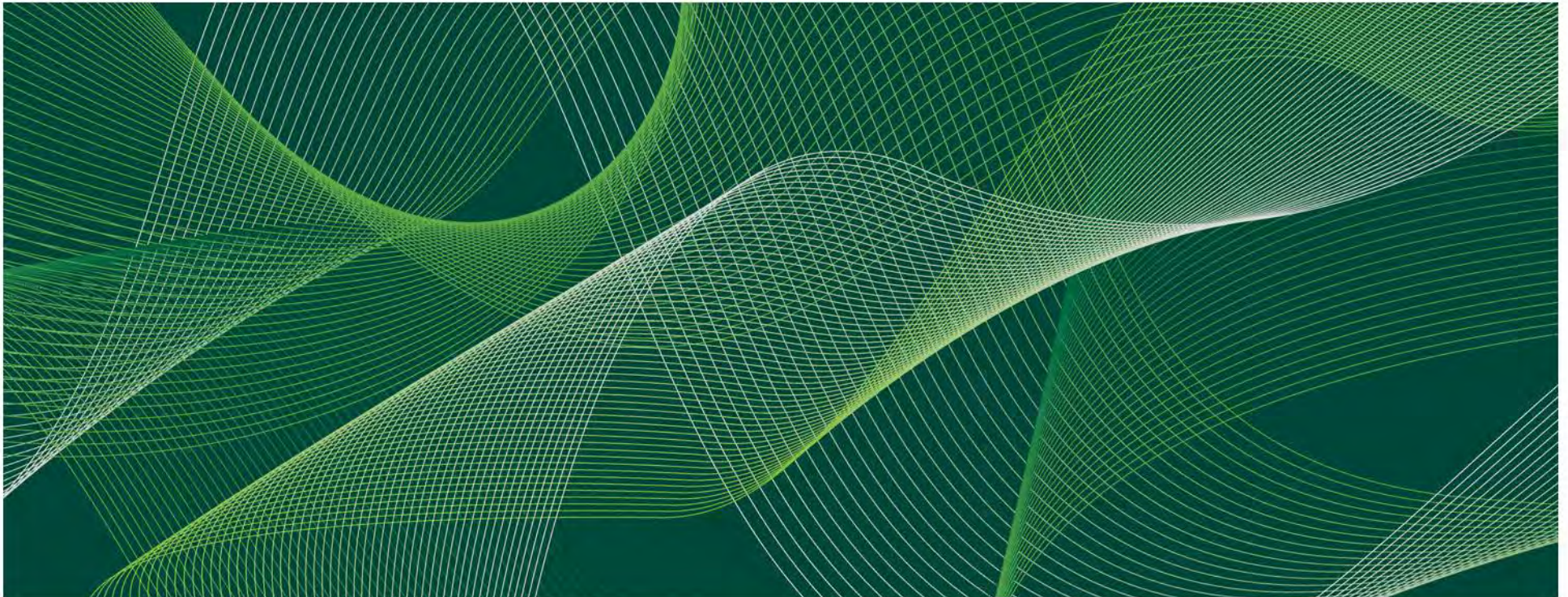


LEHMAN BROTHERS

Global Real Estate Group Update



Global Real Estate Group Balance Sheet At Risk

Balance Sheet (Regional Breakout)

	Q2 - '07	Q4 - '07	Q1 - '08	Est. Q2 - '08
Americas	\$26.8	\$33.4	\$32.4	\$27.9
Europe	9.9	13.7	13.3	12.2
Asia	5.9	8.2	9.3	8.9
TOTAL	\$42.6	\$55.2	\$55.0	\$49.0
Commercial	\$25.5	\$35.4	\$34.7	\$30.1
PTG	\$17.1	\$19.8	\$20.3	\$18.9
TOTAL	\$42.6	\$55.2	\$55.0	\$49.0

Balance Sheet (GAAP Asset Class Breakout)

	Q2 - '07	Q4 - '07	Q1 - '08	Est. Q2 - '08
Mort. Inventory	\$30.1	\$38.5	\$36.1	\$30.1
RE Held for Sale	12.5	11.7	11.8	9.5
Other*	0.0	3.0	5.2	7.6
SUB-TOTAL	\$42.6	\$53.2	\$53.1	\$47.2
Corp Equity	0.0	1.9	1.9	1.8
SUB-TOTAL	\$42.6	\$55.2	\$55.0	\$49.0
Gross-Up	4.9	9.5	9.4	10.0
TOTAL	\$47.6	\$64.6	\$64.3	\$59.0

*Includes Corp. Debt & Derivatives

GREG Balance Sheet Reduction Effort – Projected through May 31, 2008

	At Risk Balance Sheet	Commercial Mortgage	Real Estate Held for Sale	Corp Loan	Corp Equity	Other Assets
Global Total as of February 29, 2008	\$55,002	\$36,033	\$11,800	\$4,512	\$1,919	\$738
Less:						
Sales and Paydowns	(5,457)	(4,237)	(1,003)	(217)	0	0
Write downs	(349)	(75)	(69)	0	(205)	0
Add:						
Funding	1,666	1,333	253	70	0	47
FX Conversion	353	288	54	11	0	(3)
Hedges / Reclassifications / Other						
GAAP Reclass	(77)	(293)	(908)	1,105	19	0
Other	153	(117)	38	(2)	23	211
Global Total as of May 22 before Expected Closings	\$51,292	\$32,933	\$10,165	\$5,479	\$1,756	\$993
Expected net sell down by May 31	(2,269)	(2,798)	(673)	1,202	0	0
Global Total Expected at May 31, 2008	\$49,023	\$30,136	\$9,492	\$6,681	\$1,756	\$993

Global Real Estate Group – Top Risks

Exposure to top 10 positions reduced from \$15.9 Bn at 11/30/07 to \$12.2 Bn by 5/31/08

GREG Top 10 Risks (expected Market Value as of May 31, 2008)

Property/ Asset	Nov 2007 Funded Market Value (\$mm)	1H'08 Disposition	1H'08 Mark Downs	Addl. Fundings	5/29/08 Funded Market Value (\$mm)	Expected Closings Prior to 5/31/08	Projected 5/31/08 Mkt Value
Archstone	\$4,880	\$307	\$289	\$192	\$4,476	\$0	\$4,476
Diversity Funding (UK CMBS)	2,910	232	70	0	2,608	0	2,608
Hilton Hotels (Blackstone)	1,482	186	67	0	1,229	127	1,102
Prologis Portfolio (Dermody)	1,458	369	45	0	1,044	280	764
Coeur Defense	1,261	145	61	0	1,055	0	1,055
Project Green/AMV	867	105	22	0	740	130	610
Beacon III Portfolio (Broadway Partners)	1,006	327	13	0	666	297	369
EOP Austin Portfolio	649	117	22	0	510	0	510
Rosslyn Office Portfolio (Monday Prop.)	548	27	35	0	486	258	228
237 Park Avenue	846	333	53	0	460	0	460
Sub-Total Top 10	\$15,907	\$2,147	\$677	\$192	\$13,274	\$1,091	\$12,183
Sub-Total Next 10					\$4,413	\$619	\$3,794
TOTAL TOP 20					\$17,687	\$1,710	\$15,977

Archstone-Smith

(\$ in millions)

Overview

Property type:	Multifamily
Location:	Nationwide
Transaction Value:	\$22.2 Bn
Sponsors:	Tishman Speyer & Lehman
Lehman Role:	Advisory Debt Financing (47%) (1) Bridge Equity

Initial Capitalization

	Lehman \$ Amount	Total \$ Amount	% of Total
Mortgage Debt (2)	\$272.4	\$9,529.2	43.0%
Mezzanine Debt	505.7	1,096.7	4.9%
Assumed Debt	-	1,390.9	6.3%
Term Loans	2,253.2	4,764.0	21.5%
Preferred Equity	-	292.0	1.3%
Total Debt & Pfd.	\$3,031.3	\$17,072.8	77.0%
Bridge Equity	\$2,142.0	\$4,600.0	20.7%
Lehman (GP) (3)	245.9	250.0	1.1%
Tishman Speyer (GP)	-	250.0	1.1%
Total Equity	\$2,387.9	\$5,100.0	23.0%
Total Capitalization	\$5,419.2	\$22,172.8	

Fees & Marks

Advisory Fees	\$30.1
Origination & Bridge Equity Fees	203.0
Total Fees	\$233.1
Marks to date (5)	\$628.0

1. Other lenders include: B of A (28%) and Barclay's (25%)
2. Includes development acquisition and ground lease loans.
3. Includes \$4.1mm of ASN management rollover equity.
4. Includes \$44.3mm draw projected by end of June and \$70.4mm that may only be used to fund OID upon sale of the term loans.
5. Includes fees.

Lehman Exposure as of May 30, 2008

Type	Term	Rate	Initial	Repaid	Current Hold	Carrying (Mrkt) Value	
						\$	%
Funded Debt							
Mortgage Debt (floating) (2)	5, 7, 10	L + 247	\$272.4	(\$45.5)	\$226.9	\$216.9	95.6%
Mezzanine Debt (fixed)	2, 25	S + 272	242.3	-	242.3	239.9	99.0%
Mezzanine Debt (floating)	5 yrs	L + 288	263.3	(14.0)	249.3	246.8	99.0%
Term Loans	4, 5	L + 316	2,253.2	(287.8)	1,965.4	1,941.1	98.8%
Funded Permanent Debt			\$3,031.3	(\$347.3)	\$2,683.9	\$2,644.6	98.5%
Revolver	5 yrs	L + 300	-	217.2	217.2	215.1	99.0%
Total Funded Debt			\$3,031.3	(\$130.1)	\$2,901.1	\$2,859.7	98.5%
Funded Equity							
Bridge Equity			\$2,142.0	-	\$2,142.0	\$1,616.9	75.5%
Lehman (GP)			245.9	-	245.9	184.9	75.2%
Total Equity			\$2,387.9		\$2,387.9	\$1,801.8	75.5%
Total Funded Exposure			\$5,419.2		\$5,289.0	\$4,661.5	88.1%
Unfunded Commitments							
Revolver	5 yrs	L + 300	\$354.7	(\$217.2)	\$137.5		
Incremental Term Loan (4)	5 yrs	L + 325	114.7	-	114.7		
Total Equity			\$469.4	(\$217.2)	\$252.2		
Total Exposure			\$5,888.6		\$5,541.2		

Exit Strategy & Other Comments

- ◆ Majority of senior mortgage debt placed with Fannie & Freddie
- ◆ Asset-level mezzanine debt of \$1.04Bn (Lehman: \$492mm) to be opportunistically sold to mezz buyers and/or repaid with proceeds from asset sales
- ◆ Term loan marketing has been postponed
 - Initial term loan reduced \$579mm (Lehman: \$288mm) through asset sales
- ◆ Company is aggressively pursuing asset sales to repay debt
 - \$468mm sold to date; \$495mm under contract or LOI; \$3.0Bn currently in the market
- ◆ Lehman evaluating all strategic alternatives for equity including M&A and IPO

SunCal Companies

(\$ in millions)

Overview

Property Type:	Land
Location:	California
Purpose:	Residential Development
Original Basis:	\$1,989.8mm
Current Basis:	\$1,474.9mm
Origination Date:	Various
Sponsors:	SunCal Companies
Lehman Role:	Senior Lender Mezzanine Lender Equity Investor

Portfolio Overview

- ◆ The SunCal portfolio consists of 27 residential land development projects, primarily located in Southern California
 - 68% located in Southern CA
 - 17% located in Northern CA
 - 15% located in Central CA
- ◆ The portfolio includes approximately 47,000 lots
- ◆ Approximately 50% of the portfolio is entitled, with the balance in various stages of the entitlement approval process

Exposure Summary

- ◆ The total exposure related to the portfolio equals \$1,989.8mm
- ◆ The existing mark-to-market as of May 30, 2008 equals \$514.9mm
- ◆ The current basis equals \$1,474.9mm

Lehman Exposure as of May 30, 2008

Investment Type	Net Exposure	Pre 2007 Mark	FY 2007 Mark	YTD 2008 Mark	Current Basis
<u>GREG Balance Sheet</u>					
Debt	\$1,686.6	(\$15.4)	(\$82.4)	(\$233.7)	\$1,355.0
Mezz / Equity	303.2	(3.6)	(81.5)	(98.2)	119.9
Total Exposure	\$1,989.8	(\$19.0)	(\$163.9)	(\$331.9)	\$1,474.9

Key Restructuring Terms

- ◆ Lehman Brothers expects to enter into a restructuring transaction involving 18 of SunCal's land development projects (the "Properties"). The Transaction involves the following three key components:
 - Restructuring of \$1,368.4mm (legal balance) of capital funded by Lehman relating to 14 of SunCal's Properties. SunCal will transfer title of these Properties to Lehman
 - Foreclosure of the Pacific Point Property, which is currently secured by \$169.4mm of debt provided by Lehman
 - Extension of an existing \$20.0mm interim loan provided by Lehman, which is secured by three of SunCal's Properties
- ◆ SunCal will continue to manage the ongoing development of the Properties, with the exception of Pacific Point
- ◆ Subject to repayment of Lehman's funded capital, plus a 15% preferred return, SunCal will receive an incentive fee equal to 40% of the excess distributable cash flows

Hilton Portfolio – Project Murphy

(\$ in millions)

Overview

Property type:	Hospitality
Location:	Nationwide
Purpose:	Acquisition financing
Original Value:	\$28.4 Bn
Current Value:	No change/update
Origination Date:	October 24, 2007
Sponsors:	Blackstone
Lehman Role:	Co-Lender (7.5%) (1)

Initial Capitalization

	Lehman \$ Amount	Total \$ Amount	% of Total
Mortgage Debt	\$865.3	\$11,536.7	44.0%
Mezzanine Debt	677.7	9,036.6	34.4%
Total Debt	\$1,543.0	\$20,573.3	78.4%
Sponsor Equity	\$0.0	\$5,660.0	21.6%
Total Equity	\$0.0	\$5,660.0	21.6%
Total Capitalization	\$1,543.0	\$26,233.3	

Fees & Marks

Origination Fee	\$15.8
Marks to date (2)	\$88.6

Lehman Exposure as of May 30, 2008

Type	Initial	Mat. Date	Ext. Date	Rate	Current	Carrying (Mrkt) Value	
					Hold	\$	%
Funded Debt							
Mortgages (floating)	\$865.3	10/12/2010	3, 1-yr ext.	L + 245	\$865.2	\$799.8	92.4%
Mezz Debt (floating)	677.7	10/12/2010	3, 1-yr ext.	L + 245	464.0	429.1	92.5%
Total Debt	\$1,543.0				\$1,329.2	\$1,228.9	92.5%
Total Funded Exposure	\$1,543.0				\$1,329.2	\$1,228.9	92.5%

Exit Strategy & Other Comments

- ◆ Portfolio totals over 63,000 rooms (both owned & managed by Hilton)
- ◆ The syndicate group has sold the first loss piece – \$1.3Bn mezzanine tranche – and \$500mm unsecured loan (Lehman's portion was approximately \$135mm)
- ◆ GE has committed to purchase \$1.3Bn of Senior debt – Lehman's portion is approximately \$126mm (projected to close week of 5/27)
- ◆ Wells Fargo has circled \$200mm of mezzanine debt – Lehman's portion is approximately \$19mm (has not closed yet – 70% probability)
- ◆ Currently marketing the Senior debt and multiple mezzanine tranches
- ◆ Domestic-owned RevPAR increased 11.1% MTD January 2008 vs. MTD January 2007 – occupancy improved from 70.3% to 73.2%
- ◆ Top 20 international owned & leased hotels posted 10.2% RevPAR increase MTD January 2008 vs. MTD January 2007
- ◆ As a result of slowing economy, anticipate a slowdown in the hotel sector over the course of the next 12+ months. Lehman's risk is somewhat mitigated by the fact that it has sold the first loss piece.

1. Other lenders include: Bear Stearns (23.0%), bank of America (18.2%), Goldman Sachs (18.2%), Deutsche Bank (18.2%), Morgan Stanley (7.5%) and Merrill Lynch (7.5%).

2. Includes fees.

ProLogis – Dermody Portfolio

(\$ in millions)

Overview

Property type:	Industrial
Location:	PA, NV, NJ
Purpose:	Acquisition financing
Original Value:	\$1.79 Bn
Current Value:	No change/update
Origination Date:	July 11, 2007
Sponsors:	ProLogis
Lehman Role:	Debt Financing Bridge Equity

Initial Capitalization

	Lehman \$ Amount	Total \$ Amount	% of Total
Mortgage Debt	\$965.0	\$965.0	53.9%
Assumed Debt	-	107.3	6.0%
Total Debt	\$965.0	\$1,072.3	59.9%
Bridge Equity	\$574.4	\$574.4	32.1%
Sponsor Equity	-	143.6	8.0%
Total Equity	\$574.4	\$718.0	40.1%
Total Capitalization	\$1,539.4	\$1,790.3	

Fees & Marks

Origination & Bridge Equity Fees	\$31.9
Marks to date (1)	\$158.8

Lehman Exposure as of May 30, 2008

Type	Initial	Mat. Date	Ext. Date	Rate	Current	Carrying (Mrkt) Value		
					Hold	\$	%	
Funded Debt								
Bridge Loan (floating)	\$965.0	8/11/2008	none	L + 250	\$561.8	\$554.0	98.6%	
Mezz Debt (floating)	-	8/11/2008	none		34.1	34.1	100.0%	
Total Debt	\$965.0				\$595.9	\$588.1	98.7%	
Funded Equity								
Bridge Equity	\$574.4				\$574.0	\$456.4	79.5%	
Total Equity	\$574.4				\$574.0	\$456.4	79.5%	
Total Funded Exposure	\$1,539.4				\$1,169.9	\$1,044.5	98.7%	

Exit Strategy & Other Comments

- ◆ Portfolio of bulk distribution warehouses – Reno & Las Vegas account for 60% of the portfolio's NOI
- ◆ \$437mm of Lehman's senior loan has been refinanced by multiple insurance companies
- ◆ \$398mm of commitments from 3rd party lenders expected to close by June 2008
- ◆ Currently working with ProLogis to restructure the deal – Lehman will need to retain a mezzanine loan – expectation is that there will be \$180mm of mezzanine debt. Lehman's portion of this debt & ultimate structure still to be determined.

1. Includes fees.

Coeur Defense

(\$ in millions)

Overview

Property type:	Office
Location:	Paris, France
Purpose:	Acquisition financing
Original Value:	\$3.3 Bn
Current Value:	\$3.2 Bn (March '08)
Origination Date:	July 17, 2007
Sponsors:	Atemi & LBREP III
Lehman Role:	Debt Financing Bridge Equity

Initial Capitalization

	Lehman \$ Amount	Total \$ Amount	% of Total
Mortgage Debt	\$1,266.1	\$2,532.3	74.7%
Total Debt	\$1,266.1	\$2,532.3	74.7%
LBREP III (GP) (2)	\$110.0	\$110.0	3.2%
Atemi (GP)	-	6.0	0.2%
Bridge Equity	741.0	741.0	21.9%
Total Equity	\$851.0	\$857.0	25.3%
Total Capitalization	\$2,117.1	\$3,389.3	

Fees & Marks

Origination & Bridge Equity Fees	\$29.0
Marks to date (3)	\$93.0

Lehman Exposure as of May 30, 2008

Type	Initial	Mat. Date	Ext. Date	Rate	Current Hold	Carrying (Mrkt) Value	
						\$	%
Funded Debt							
Mortgage Debt (1)	\$1,266.1				\$0.0	\$0.0	
CMBS retained (1)	-	9/17/2012	n/a	various	523.0	501.0	95.8%
Total Debt	\$1,266.1				\$523.0	\$501.0	95.8%
Funded Equity							
LBREP III (GP) (2)	\$110.0				\$110.0	\$110.0	100.0%
Bridge Equity	741.0				624.8	554.4	88.7%
Total Equity	\$851.0				\$734.8	\$664.4	90.4%
Total Funded Exposure	\$2,117.1				\$1,257.8	\$1,165.4	95.8%

Exit Strategy & Other Comments

- ◆ 1.9mm SF of Class A office property located in the Paris La Defense business district
- ◆ Senior loan was syndicated 50% to Goldman Sachs at closing & exited through the \$2.1bn Windermere XII securitization and full placement of \$330mm junior notes.
- ◆ \$116mm of Bridge Equity was sold to GE Pension Trust in August 2007
- ◆ The property has not met its rental growth forecast
- ◆ The March '08 CBRE re-valuation of the property resulted in a 2% decline to \$3.2B from \$3.3B. The yield based on the re-valuation is 4.7% compared to 4.25% at close.

1. Mortgage loan contributed to Windermere XII (CMBS).
 2. Held by Private Equity.
 3. Includes fees.

Beacon III – Project Trois

(\$ in millions)

Overview

Property type:	Office
Location:	Various
Purpose:	Acquisition financing
Original Value:	\$2.16 Bn
Current Value:	No change/update
Origination Date:	May 17, 2007
Sponsors:	Broadway Partners
Lehman Role:	Debt Financing Bridge Mezzanine

Initial Capitalization

	Lehman \$ Amount	Total \$ Amount	% of Total
Mortgage Debt	\$845.2	\$845.2	39.2%
Mezzanine Debt	735.8	735.8	34.1%
Bridge Mezzanine	459.5	459.5	21.3%
Total Debt	\$2,040.5	\$2,040.5	94.6%
Sponsor Equity	-	\$117.0	5.4%
Total Equity	\$0.0	\$117.0	5.4%
Total Capitalization	\$2,040.5	\$2,157.5	

Fees & Marks

Origination & Bridge Equity Fees (1)	\$37.3
Marks to date (2)	\$85.6

Lehman Exposure as of May 30, 2008

Type	Initial	Mat. Date	Ext. Date	Rate	Current	Carrying (Mrkt) Value		
					Hold	\$	%	
Funded Debt								
Mortgage Debt (floating)	\$845.2	5/15/2009	3, 1-yr ext.		\$0.0	\$0.0		
Mezzanine Debt (floating)	367.1	5/15/2009	3, 1-yr ext.	various	168.2	135.6	80.7%	
Mezzanine Debt (fixed)	368.7	5/15/2012	none	various	125.0	102.7	82.2%	
Bridge Mezzanine	459.5	5/1/2009	none	11.57%	453.0	427.8	94.4%	
Total Debt	\$2,040.5				\$746.1	\$666.2	89.3%	
Total Funded Exposure	\$2,040.5				\$746.1	\$666.2	89.3%	

Exit Strategy & Other Comments

- ◆ Portfolio encompasses 5.7mm square feet of Class A office space in New York, Boston, San Francisco, and Los Angeles
- ◆ On March 19, 2008 the transaction was restructured resulting in a \$27mm paydown (applied to outstanding accrued interest & bridge mezz principal)
- ◆ Maturity date on the bridge mezz was extended to May 2009
- ◆ In addition, Lehman rec'd \$69mm in association with Broadway's obligations under the flex pricing agreement (applies to both Beacon III & 237 Park)
- ◆ Since April 30, have closed on the sale of approximately \$188mm of fixed rate mezz
- ◆ Currently marketing the mezzanine debt – approx. \$144mm of floating rate mezz circled w/ varying levels of probability of closing
- ◆ If market conditions persist, Broadway's ability to raise capital or sell the assets may be impaired & this deal will face potential restructure or foreclosure
- ◆ One Sansome under contract with Mirae Asset Management which is projected to result in \$112mm near term paydown of bridge mezz

1. Does not include \$69mm flex pricing payment (split between Beacon III and 237 Park).

2. Includes fees.

EOP Austin Portfolio

(\$ in millions)

Overview

Property type:	Office
Location:	Austin, TX
Purpose:	Acquisition financing
Original Value:	\$1.2 Bn
Current Value:	No change/update
Origination Date:	June 1, 2007
Sponsors:	Thomas Properties Group
Lehman Role:	Debt Financing Bridge Equity

Initial Capitalization

	Lehman \$ Amount	Total \$ Amount	% of Total
Mortgage Debt	\$382.6	\$382.6	31.8%
B Notes	286.8	286.8	23.9%
Mezzanine Debt	45.6	45.6	3.8%
Term Loan	192.5	192.5	16.0%
Revolver (1)	-	-	0.0%
Total Debt	\$907.5	\$907.5	75.5%
Bridge Equity	\$221.3	\$221.3	18.4%
Sponsor Equity	-	73.8	6.1%
Total Equity	\$221.3	\$295.0	24.5%
Total Capitalization	\$1,128.8	\$1,202.5	

Fees & Marks

Origination & Bridge Equity Fees (2)	\$10.9
Marks to date (3)	\$42.4

1. \$100mm commitment; undrawn to date.
2. Does not include 1-point profitability flex pricing.
3. Includes fees.

Lehman Exposure as of May 30, 2008

Type	Initial	Mat. Date	Ext. Date	Rate	Current Hold	Carrying (Mrkt) Value	
						\$	%
Funded Debt							
Mortgage Debt (fixed)	\$339.2	6/1/2017	none		\$0.0	\$0.0	
Mortgage Debt (floating)	43.4	6/1/2009	3, 1-yr ext.		0.0	0.0	
B Notes (fixed)	286.8	6/1/2017	none	various	286.8	276.2	96.3%
Mezzanine Debt (floating)	45.6	6/1/2009	3, 1-yr ext.	various	0.0	0.0	
Term Loan	192.5	6/1/2013	none	L + 325	112.5	111.4	99.0%
Revolver (1)	-	6/1/2012	none	L + 325	-	-	
Total Debt	\$907.5				\$399.3	\$387.6	97.1%
Funded Equity							
Bridge Equity	\$221.3				\$148.0	\$122.6	82.8%
Total Equity	\$221.3				\$148.0	\$122.6	82.8%
Total Funded Exposure	\$1,128.8				\$547.3	\$510.2	93.2%

Exit Strategy & Other Comments

- ◆ 10 Properties encompassing 3.5mm SF – 80% of value derived from five assets located in Austin's CBD
- ◆ Property operating performance and projected lease-up velocity in line with pro-forma
- ◆ Cap rate at origination approximately 3.5%; in-place NOI has increased 9% since acquisition; cap rate, based on original purchase price & increased NOI, equals 3.85%
- ◆ The low cap rate at acquisition is due to the opportunistic nature of the transaction – value add opportunity. Market cap rates are in the 6.0% range currently.
- ◆ Strategic vacancy remains in two buildings Frost Bank Tower and 300 West 6th (2 of the newest assets in downtown – potential upside)
- ◆ JV currently considering sale of suburban assets – at or near stabilization
- ◆ Lehman is currently marketing the B Notes

Rosslyn Portfolio

(\$ in millions)

Overview

Property type:	Office
Location:	Rosslyn, VA
Purpose:	Acquisition financing
Original Value:	\$1.29 Bn
Current Value:	No change/update
Origination Date:	May 15, 2007
Sponsors:	Monday Prop. & LBREP II
Lehman Role:	Debt Financing Bridge Equity

Initial Capitalization

	Lehman \$ Amount	Total \$ Amount	% of Total
Mortgage Debt	\$310.0	\$310.0	24.0%
Assumed Debt	-	251.0	19.4%
Mezzanine Debt	257.7	257.7	20.0%
Term Loan	-	77.0	6.0%
Revolver (1)	-	-	0.0%
Total Debt	\$567.7	\$895.7	69.4%
Bridge Equity	\$310.0	\$310.0	24.0%
LBREP II Equity	42.5	42.5	3.3%
Sponsor Equity	-	42.5	3.3%
Total Equity	\$352.5	\$395.0	30.6%
Total Capitalization	\$920.2	\$1,290.7	

Fees & Marks

Origination & Bridge Equity Fees (2)	\$13.0
Marks to date (3)	\$65.0

1. \$9mm commitment; undrawn to date.
2. Does not include 1-point profitability flex pricing.
3. Includes fees.

Lehman Exposure as of May 30, 2008

Type	Initial	Mat. Date	Ext. Date	Rate	Current	Carrying (Mrkt) Value	
					Hold	\$	%
Funded Debt							
Mortgage Debt (fixed)	\$310.0	5/15/2017	none		\$0.0	\$0.0	
Mezzanine Debt	257.7	5/15/2017	none	S + 60	257.7	209.8	81.4%
Term Loan	200.0	5/15/2012	none		0.0	0.0	
Revolver (1)	-	5/15/2012	none	L + 240	-	-	
Total Debt	\$767.7				\$257.7	\$209.8	81.4%
Funded Equity							
Bridge Equity	\$310.0				\$310.0	\$276.3	89.1%
LBREP II Equity	42.5				42.5	42.5	100.0%
Total Equity	\$352.5				\$352.5	\$318.8	90.4%
Total Funded Exposure	\$1,120.2				\$610.2	\$528.6	86.6%

Exit Strategy & Other Comments

- ◆ Portfolio of 10 buildings encompassing 2.5mm SF – 2 “irreplaceable” trophy assets account for 40% of total space
- ◆ Property operating performance outperforming pro forma
- ◆ April 2008 appraised value 12% higher than original allocated purchase price
- ◆ Cap rate at origination equaled 4.89%; in-place NOI increased 7% since acquisition; cap rate, based on original purchase price & increased NOI, equals 5.25%
- ◆ Evaluating alternative exit strategies – considering bifurcating the portfolio between trophy assets & value add opportunities.
- ◆ All tranches of the mezzanine debt have been circled – largest tranche (\$157.6mm) circled by Savannah; the balance by Guardian Life, AXA Financial and Prima Capital

237 Park Avenue

(\$ in millions)

Overview

Property type:	Office
Location:	New York, NY
Purpose:	Acquisition financing
Original Value:	\$1.34 Bn
Current Value:	No change/update
Origination Date:	May 15, 2007
Sponsors:	Broadway Partners
Lehman Role:	Debt Financing Bridge Mezzanine Bridge Equity

Initial vs. Current Capitalization

	Initial	Current (5/23/2008)
Mortgage Debt	\$675.0	\$675.0
Mezzanine Debt	225.0	225.0
Bridge Mezzanine (1)	332.5	309.0
Total Debt	\$1,232.5	\$1,209.0
Bridge Equity	\$59.0	\$0.0
Sponsor Equity	53.0	160.0
Total Equity	\$112.0	\$160.0
Total Capitalization	\$1,344.5	\$1,369.0

Fees & Marks

Origination & Bridge Equity Fees (3)	\$19.7
Marks to date (4)	\$122.4

1. Bridge Mezzanine converted to 5-year Mezzanine Debt.
2. Bridge Equity converted to equity investment in Broadway Fund III.
3. Does not include \$69mm flex pricing payment (split between Beacon III and 237 Park).
4. Includes fees.

Lehman Exposure as of May 30, 2008

Type	Initial	Mat. Date	Ext. Date	Rate	Current	Carrying (Mrkt) Value		
					Hold	\$	%	
Funded Debt								
Mortgage Debt (fixed)	\$675.0	5/15/2017	none	S + 91	\$0.0	\$0.0		
B Note (fixed)	-	5/15/2017	none	S + 91	0.0	0.0		
Mezzanine Debt (fixed)	225.0	5/15/2017	none	S + 91	225.0	175.6	78.0%	
Bridge Mezzanine (1)	332.5	5/1/2012	none	12.0%	306.4	283.9	92.6%	
Total Debt	\$1,232.5				\$531.4	\$459.5	86.5%	
Funded Equity								
Permanent Equity (2)	\$62.2				\$62.2	\$31.1	49.9%	
Total Equity	\$62.2				\$62.2	\$31.1	49.9%	
Total Funded Exposure	\$1,294.6				\$593.6	\$490.5	82.6%	

Exit Strategy & Other Comments

- ◆ 21-story Class A office building encompassing 1.3mm SF
- ◆ On March 19, 2008 the transaction was restructured resulting in a \$49mm paydown (applied to outstanding accrued interest & Bridge Mezzanine principal)
- ◆ Bridge Mezzanine was extended to May 2012
- ◆ Bridge equity was converted into an equity investment in Broadway Partners Fund III, which Lehman is carrying at a mark of 50%
- ◆ In addition, Lehman rec'd \$69mm in association with Broadway's obligations under the Capital Services Agreement (applies to both Project Trois & 237 Park)
- ◆ Closed on a sale of the \$255mm B Note to Prudential on May 20
- ◆ Lehman is currently marketing the Mezzanine Debt