LEHMAN BROTHERS

Global Real Estate Group Update

Confidential Presentation

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 Portolio	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 $	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
GREG Balance Sheet					
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)

Lehman Exposure as of May 30, 2008

Type	Initial	Mat. Date	Ext. Date	Rate	Current Hold	Carrying (Mrkt) Value $	Carrying (Mrkt) Value %
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%**

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

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 Hold	Carrying (Mrkt) Value $	Carrying (Mrkt) Value %
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 $	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 Hold	Carrying (Mrkt) Value $	Carrying (Mrkt) Value %
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 $	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

Lehman Exposure as of May 30, 2008

Type	Initial	Mat. Date	Ext. Date	Rate	Current Hold	Carrying (Mrkt) Value $	Carrying (Mrkt) Value %
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

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

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

Lehman Exposure as of May 30, 2008

Type	Initial	Mat. Date	Ext. Date	Rate	Current Hold	Carrying (Mrkt) Value $	Carrying (Mrkt) Value %
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

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.*