

To Gerry
Reilly

From

K Cohen

To Gerry
Reilly

From

K Cohen

U.S

25 Broad 40
 Blway III 100
 EOP Austin 51
 Zouhouer 30
 Terrazas 13
 Col. Grand 9
 Bethesda 8
 The Mark 7
 MARIPOSA 15
 Commons 35

Need 15 From Eur

403
 619
 383
 180

 1585
 -15 - EUR
 -9 - SANTA MONICA

1561

308 July → EUR 70mm → ASIA 25mm
 Global July 403

U.S. Aug

Scout Cat 215
 Prologis 50
 200 5th 45
 Austin 20
 Postgen 40
 Pinedium 7.85
 Hilton 26
 237 DVIK 45
 Various States 45
 Archstone 125

Project base B -11 + 3.8 + 7mm
 → GUM // 685 5th

10,000 Santa Monica + 9

618.95

+PTG 383 + 117 / 500 Total
 + EUR 180 + 70 / 250 Total

Europe

Uinters B.E - 10
 Longere 5
 Devonshire 10
 Coeur Defense 50
 Chancery Gate 10
 B-B Market Harbor 6
 Inverness Stream 3,1
 Radisson 9.4
 Harley 1
 Edinburgh House 8.2
 Mission 11
 City Lofts 10
 Rockpoint 34
 Big Apple 2
 CMBS Debt, B notes, 80.7

250.4

10,000 Sudentank
 9
~~manhattan 7~~
~~Westgate~~
~~Pledge 5~~

70 July

Asia

25mm - July

Deal Mgr	Position	Updated List	Comments	For Sale Residential Housing	Reason
Cho	PCCP LB MOUNTAIN HOUSE LLC	(42,000,000)	Equity investment in entitled land and partially developed lots (966 lots) in Mountain House, CA, a commuter suburb to the Bay area. \$28mm of senior debt provided by Wells Fargo. MTM is based on slower sell-out and reduced prices.	Yes	Credit
Ridini	Commons of McLean	(35,000,000)	REO asset comprised of garden apartments in MacLean, VA. MTM reflects anticipated sale price.	Yes	Credit
Bruni	ORLANDO ASSETS ACQUISITION LLC	(30,000,000)	REO asset comprised of garden apartments in Orlando, FL. MTM reflects anticipated sale price.	Yes	Credit
Visone	LB WEST BAY DEVELOPMENT LLC	(30,000,000)	REO asset comprised of land and unsold condos outside of Naples, FL. Previous business plan assumed development of three additional condo towers. MTM reflects sale of units at significantly reduced prices and no development of future phases.	Yes	Credit
Ridini	MONUMENT REALITY LINE	(30,000,000)	Line of credit to Monument Realty, one of the largest clients of GREG and LBREP. Collateral pledged to our facility is secured by future development profit which will likely not materialize in this environment. Several assets are being sold and not developed (Watergate, Commons of MacLean and Potomac Place).	Yes	Credit
Bruni	MONTELUCCIA HOTEL & VILLAS MEZZ	(30,000,000)	Hotel and Villa development under construction in Scottsdale, AZ. Borrower has \$70mm in cash equity and \$25mm of cost overruns. Sr. loan in default with Euro-Hypo due to construction loan out of balance. LB is unwilling to fund additional capital to bring the loan into balance due to declining hotel value. LB currently negotiating with the borrower to a nominal buy-out of our mezzanine position and walk away from the deal.	Yes	Credit
Bruni	BOULDER SPRINGS	(25,000,000)	First mortgage loan secured by entitled land (1,148 lots) in inland Empire, CA. Loan matured 6/30 and is currently in default. LB pursuing foreclosure and will market the land for sale.	Yes	Credit
Schoenherr	PRESTIGE PORTFOLIO	(20,000,000)	50/50 JV equity investment with Archon secured by portfolio of apartments in Florida. Currently not achieving u/w business plan.	No	Yield
Bruni	PETRINI BAKERSFIELD	(17,000,000)	First mortgage loan secured by entitled land (1,629 lots) in Bakersfield, CA. Loan matured 6/30 and is currently in default. LB pursuing foreclosure and will market the land for sale.	Yes	Credit
Cho	PCCP LB MARIPOSA LAKES LLC	(15,231,918)	Option contract to purchase 9000 lots in Stockton, CA. \$2mm estimated cost to complete coupled with \$30mm option payment (March '09) in a weakening market renders this investment worthless.	Yes	Credit
Bruni	TERRAZAS RIVER PARK VILLAGE	(13,276,283)	Mezzanine loan on Condo tower under construction in Miami, FL. I-Star has called the construction loan out of balance and LB is unwilling to fund additional capital to rebalance the loan and carry the senior debt.	Yes	Credit
Ridini	SWENSON CONSTRUCTION LLC	(10,000,000)	REO asset comprised of land and unsold condos outside of Las Vegas. Mark reflects current letter of intent to purchase from a student housing operator.	Yes	Credit
Visone	222 BROADWAY	(9,510,077)	Mezzanine loan Condo tower under construction in Oakland, CA. Projected slower sell-out of units coupled with lower pricing will result in full principal loss to the mezzanine loan.	Yes	Credit
Ridini	POTOMAC PLACE MEZZANINE	(9,008,992)	Mezzanine loan Condo conversion in Washington, DC. Projected slower sell-out of units coupled with lower pricing will result in full principal loss to the mezzanine loan.	Yes	Credit
Schoenherr	COLONIAL GRAND AT BAYSHORE SEN	(9,000,000)	REO asset comprised of garden apartments in Bradenton, FL. MTM reflects anticipated sale price.	Yes	Credit
Visone	OASIS	(9,000,000)	Mezzanine loan on Condo tower recently completed in Fort Meyers, FL. Projected slower sell-out of units coupled with buyer fall-out and lower pricing will result in a projected 50% principal loss to the mezzanine loan.	Yes	Credit
Westfahl	LB LECRAW PORTFOLIO LLC	(8,617,446)	40% JV equity investment with AEW and Lyon secured by portfolio of apartments in Atlanta. Currently not achieving u/w business plan.	No	Credit
Ridini	LB WATERGATE LLC	(8,578,414)	Mezzanine loan recently matured and was extended to market the property for sale. Property is listed for sale and preliminary price talk suggests that LB's equity is worthless.	Yes	Credit
Visone	LB BETHESDA 8400 LLC	(8,385,234)	Equity investment in a land parcel in Bethesda to construct luxury condos. Deed-in-lieu July '08.	Yes	Credit

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Cho	LB WHITEFACE LODGE LLC	(8,000,000)	REO asset owned 60/40 in JV with Gramercy Capital comprised of land and unsold fractional interests in Lake Placid, NY. MTM reflects indication of expected bid levels.	Yes	Credit
Schoenherr	Lincoln Pointe	✓ (8,000,000)	A first mortgage secured by a multifamily project in Aventura, FL. LB is foreclosing on property and is marketing for sale. MTM reflects anticipated sale price.	Yes	Credit
Cho	PCCP ROSEVILLE/FIDDYMENT	(7,500,000)	Reversal of previous mtm. 3434 lots in Sacramento. \$45mm of Wells Fargo debt. MTM reflects bid from our JV partner.	Yes	Yield
Bruni	THE MARK- PARK LOFTS LLC	(7,300,000)	MTM reflects DPO to existing borrower on a completed condo project in San Diego.	Yes	Credit
Schoenherr	LB SOUTH BEACH LLC	(7,008,514)	Condo hotel located in Miami. LB was under contract with existing client (Gencom) for \$73mm which fell out of bed 7/31 due to failed negotiations with hotel management company. Indications are client will ask for a \$5mm price reduction.	Yes	Credit
Bruni	LB TROXLER RESID VENTURES 16	(6,869,506)	Equity investment in a single family residential (235 lots) construction deal in Woodland, CA. First Bank is re-margining the debt and LB declines capital call due to weakening market fundamentals and is walking away from the transaction.	Yes	Credit
Cho	PCCP LB SAND CREEK AND SADDLEB	(6,437,558)	Equity investment in a single family residential construction deal in Sacramento. Market fundamentals are deteriorating and LB is walking away from the transaction.	Yes	Credit
Ridini	CLEMSON SENIOR	(6,000,000)	First mortgage loan secured by entitled land, 50 acres of commercial retail land (936 lots) in Clemson, SC. Loan ran out of interest reserve and borrower was negotiating a DPO. LB pursuing foreclosure simultaneously and will market the land for sale.	Yes	Credit
Schoenherr	LB THUNDER SPRINGS	(6,000,000)	REO asset comprised of unsold condos in Sun Valley, ID. Mark sale of 6 remaining units at reduced prices.	Yes	Credit
Ridini	LB NWP LLC	(5,943,442)	Equity ownership in an office building located in Rosemont, IL. Property has been slow to lease up and is currently operating at 50% occupancy. MTM is based on the underperformance of the collateral relative to underwriting		Yield
Visone	LB 1200 MAIN PARTNER LLC	(5,178,637)	REO asset comprised of unsold condos in Dallas, TX. MTM reflects slower absorption coupled with sale of units at reduced prices.	Yes	Credit
Brogan	RIVER SOUND DEVELOPMENT LLC	(5,000,000)	REO asset comprised of vacant unentitled land in Old Saybrook, CT. MTM reflects liquidation value.	Yes	Credit
Visone	ICON BRICKELL	(5,000,000)	Mezzanine loan on Condo tower recently completed in Miami, FL.. Projected slower sell-out of units coupled with buyer fall-out and lower pricing will result in a projected 50% principal loss to the mezzanine loan.	Yes	Credit
Brogan	LB COLORADO SPRINGS LLC	(5,000,000)	REO position in entitled mixed-use development in Colorado Springs, CO. The value of residential land has plummeted in Colorado Springs which will result in slower absorption in sales	Yes	Credit
Manna	Sheraton Keahu	✓ (5,000,000)	Mezzanine loan secured by a beach resort hotel in Hawaii. Borrower is unwilling to fund operating shortfalls and was marketing the property for sale. MTM reflects bid.	No	Credit
Bruni	LB BRENTWOOD LLC	(4,715,934)	Position is part of a portfolio capitalized by LB and Venture Capital Corporation, a Bay Area developer, to construct and sell commercial condos. Sell-out has stalled due to market conditions and VCC is attempting to recapitalize combined with a sale of assets to Buchanan Street. These MTM reflect the pending sale.	No	Credit
Westfahl	LB SPRING CREEK INVESTORS LLC	(4,409,064)	40% JV equity investment with AEW Lyon Housing purchased three garden-style apartment communities totaling 1,180-unit in Sandy Springs, GA. Challenging local market conditions have put downward pressure on occupancy and rental rates at all three properties, ultimately causing operating shortfalls that require additional equity.	No	Credit
Bruni	LB EL CAJON LLC	(4,181,653)	Business plan was to re-entitle 9.3 acres of land in San Diego, CA for a 280 condo unit development. Residential development no longer viable due to deteriorating market conditions and property is under contract for \$20.75MM "as-is."	Yes	Credit
Westfahl	RIVERWALK SQUARE	(4,000,000)	Mezzanine loan secured by a condo development under construction in Scottsdale, AZ. With the extended presumed sell out and slower sales, the senior loan interest carry has eroded profit and impaired the value of the mezzanine loan. Borrower has offered \$14mm as a discounted payoff of the loan.	Yes	Yield
Cho	PCCF KAMILOS	(4,000,000)	Developer for Mountain House, College Park and Mariposa. A personal loan secured by ownership interests in several land development projects.	Yes	Credit

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Visone	Riande	(4,000,000)	Operating hotel with a planned renovation in south beach. Loan matures in October '08 and LB has told our borrower that we will not open the construction loan funding. It is expected that LB will stay in the deal in a subordinate mezz loan. Refi risk.	No	Yield
Cho	PCCP LB COLLEGE PARK LLC	(3,820,388)	Equity investment in a single family residential construction deal in Mountain House, CA. Bank of the West is expected to re-margin the debt in conjunction with an extension which LB will not fund. It is anticipated that they will foreclose.	Yes	Credit
Visone	LB SANCTUARY BAY HILL ACQUISIT	(3,600,000)	REO asset -304 unit partially converted condo conversion in Orlando, FL. Foreclosed on the property through the mezz loan on 4/08 and marketing the remaining units in bulk for a discount.	Yes	Credit
Bruni	OTAY MESA	(2,500,000)	Position is part of a portfolio capitalized by LB and Venture Capital Corporation, a Bay Area developer, to construct and sell commercial condos. Sell-out has stalled due to market conditions and VCC is attempting to recapitalize itself combined with a sale of assets to Buchanan Street. These MTM reflect the pending sale.	No	Credit
Bruni	LB EL DORADO LLC	(2,214,954)	Position is part of a portfolio capitalized by LB and Venture Capital Corporation, a Bay Area developer, to construct and sell commercial condos. Sell-out has stalled due to market conditions and VCC is attempting to recapitalize combined with a sale of assets to Buchanan Street. These MTM reflect the pending sale.	No	Credit
Osgood	LB 816 CONGRESS AVE LLC	(2,000,934)	Equity ownership in an office building located in Austin, TX. LB is expected to sell the position and the MTM is based on the expected sales price	No	Credit
Bruni	VCC HILLSBORO	(2,000,000)	Position is part of a portfolio capitalized by LB and Venture Capital Corporation, a Bay Area developer, to construct and sell commercial condos. Sell-out has stalled due to market conditions and VCC is attempting to recapitalize combined with a sale of assets to Buchanan Street. These MTM reflect the pending sale.	No	Credit
Bruni	OCEAN RANCH (DEBT POSITION)	(2,000,000)	Position is part of a portfolio capitalized by LB and Venture Capital Corporation, a Bay Area developer, to construct and sell commercial condos. Sell-out has stalled due to market conditions and VCC is attempting to recapitalize combined with a sale of assets to Buchanan Street. These MTM reflect the pending sale.	No	Credit
Cho	LB FORT LEE LLC	(2,000,000)	Reversal of prior MTM. Two class-A office buildings in Ft. Lee, NJ consisting of 243,000 SF. The property was sold for \$86.2MM and Lehman retained a \$7.8MM interest in a Seller Preferred Equity Loan accruing at 6%.	No	Yield
Westfahl	HOUSTON APARTMENTS	(2,000,000)	REO asset comprised of three class-B garden style, multifamily properties in Houston, Texas. No The properties have suffered from poor management that ran occupancies down to as low as 70%. Lehman is marketing the properties for sale.	No	Credit
Bruni	LB TACOMA ELKS LLC	(2,000,000)	Equity investment in a development site in Tacoma, WA. Senior loan has matured and borrower has not secured necessary entitlements. We are marketing the property for sale and LB and recovery of it's investment.	Yes	Credit
Bruni	LB NEV-SPANISH SPRINGS LLC	(1,986,109)	Position is part of a portfolio capitalized by LB and Venture Capital Corporation, a Bay Area developer, to construct and sell commercial condos. Sell-out has stalled due to market conditions and VCC is attempting to recapitalize combined with a sale of assets to Buchanan Street. These MTM reflect the pending sale.	No	Credit
Bruni	SCOTTSDALE TECHNOLOGY CENTER	(1,916,374)	Mezzanine loan in an office building located in Scottsdale, AZ. The borrower is marketing the No property for sale and the MTM is based on the expected sales price	No	Credit
Bruni	LB WA MILL CREEK LLC	(1,662,793)	Position is part of a portfolio capitalized by LB and Venture Capital Corporation, a Bay Area developer, to construct and sell commercial condos. Sell-out has stalled due to market conditions and VCC is attempting to recapitalize combined with a sale of assets to Buchanan Street. These MTM reflect the pending sale.	No	Credit
Bruni	LB ELK GROVE LLC	(1,245,470)	Position is part of a portfolio capitalized by LB and Venture Capital Corporation, a Bay Area developer, to construct and sell commercial condos. Sell-out has stalled due to market conditions and VCC is attempting to recapitalize combined with a sale of assets to Buchanan Street. These MTM reflect the pending sale.	No	Credit
Bruni	LB TROXLER RES VENT 38 LLC	(1,100,000)	150 buildable acres of industrial land.E18	No	Yield

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Bruni	MILPITAS	(1,000,000)	Position is part of a portfolio capitalized by LB and Venture Capital Corporation, a Bay Area developer, to construct and sell commercial condos. Sell-out has stalled due to market conditions and VCC is attempting to recapitalize combined with a sale of assets to Buchanan Street. These MTM reflect the pending sale allocated across the portfolio.	No	Credit
Bruni	ROCKLIN	(1,000,000)	Position is part of a portfolio capitalized by LB and Venture Capital Corporation, a Bay Area developer, to construct and sell commercial condos. Sell-out has stalled due to market conditions and VCC is attempting to recapitalize combined with a sale of assets to Buchanan Street. These MTM reflect the pending sale allocated across the portfolio.	No	Credit
Bruni	LB LANCASTER LLC	(891,971)	Position is part of a portfolio capitalized by LB and Venture Capital Corporation, a Bay Area developer, to construct and sell commercial condos. Sell-out has stalled due to market conditions and VCC is attempting to recapitalize combined with a sale of assets to Buchanan Street. These MTM reflect the pending sale.	No	Credit
Bruni	LB PALM DESERT LLC	(725,288)	Position is part of a portfolio capitalized by LB and Venture Capital Corporation, a Bay Area developer, to construct and sell commercial condos. Sell-out has stalled due to market conditions and VCC is attempting to recapitalize combined with a sale of assets to Buchanan Street. These MTM reflect the pending sale.	No	Credit
Bruni	EAGLE RANCH	(531,476)	Position is part of a portfolio capitalized by LB and Venture Capital Corporation, a Bay Area developer, to construct and sell commercial condos. Sell-out has stalled due to market conditions and VCC is attempting to recapitalize combined with a sale of assets to Buchanan Street. These MTM reflect the pending sale.	No	Credit
Bruni	PALMDALE II	(500,000)	Position is part of a portfolio capitalized by LB and Venture Capital Corporation, a Bay Area developer, to construct and sell commercial condos. Sell-out has stalled due to market conditions and VCC is attempting to recapitalize combined with a sale of assets to Buchanan Street. These MTM reflect the pending sale allocated across the portfolio.	No	Credit
Bruni	PALMDALE	(500,000)	Position is part of a portfolio capitalized by LB and Venture Capital Corporation, a Bay Area developer, to construct and sell commercial condos. Sell-out has stalled due to market conditions and VCC is attempting to recapitalize combined with a sale of assets to Buchanan Street. These MTM reflect the pending sale allocated across the portfolio.	No	Credit
Bruni	SNOQUALMIE	(500,000)	Position is part of a portfolio capitalized by LB and Venture Capital Corporation, a Bay Area developer, to construct and sell commercial condos. Sell-out has stalled due to market conditions and VCC is attempting to recapitalize combined with a sale of assets to Buchanan Street. These MTM reflect the pending sale allocated across the portfolio.	No	Credit
Bruni	VCC HILLCREST SENIOR	(500,000)	Position is part of a portfolio capitalized by LB and Venture Capital Corporation, a Bay Area developer, to construct and sell commercial condos. Sell-out has stalled due to market conditions and VCC is attempting to recapitalize combined with a sale of assets to Buchanan Street. These MTM reflect the pending sale allocated across the portfolio.	No	Credit
Bruni	PALM DESERT	(500,000)	Position is part of a portfolio capitalized by LB and Venture Capital Corporation, a Bay Area developer, to construct and sell commercial condos. Sell-out has stalled due to market conditions and VCC is attempting to recapitalize combined with a sale of assets to Buchanan Street. These MTM reflect the pending sale allocated across the portfolio.	No	Credit
Bruni	VCC VACAVILLE SENIOR	(500,000)	Position is part of a portfolio capitalized by LB and Venture Capital Corporation, a Bay Area developer, to construct and sell commercial condos. Sell-out has stalled due to market conditions and VCC is attempting to recapitalize combined with a sale of assets to Buchanan Street. These MTM reflect the pending sale allocated across the portfolio.	No	Credit
Bruni	VCC LAS VEGAS	(500,000)	Position is part of a portfolio capitalized by LB and Venture Capital Corporation, a Bay Area developer, to construct and sell commercial condos. Sell-out has stalled due to market conditions and VCC is attempting to recapitalize combined with a sale of assets to Buchanan Street. These MTM reflect the pending sale allocated across the portfolio.	No	Credit

(518,848,430) 84% of MTM related to for-sale residential housing.

(501.8)